

# THE 1993 MANAGEMENT ACCOUNTABILITY RESOLUTION

In 1992 and 1993 the Secretariat provided some very disappointing reports on management reform, but they were sharply contradicted by several very new and quite critical outside reports. The contrast between Secretariat lassitude and external analysis of a faltering UN management process finally led the General Assembly to firmly insist in a landmark resolution that a UN management accountability system must be established.

The first required Secretariat report, in October 1992, briefly and blithely brushed aside any need for new mechanisms for staff reporting of misuse of UN funds. It stated that

"United Nations staff members [especially managers in administration and finance] ... are required to report to senior management any inappropriate uses of [UN resources]. ... ample provision exists [in the Staff Rules and Financial Rules] for assigning personal responsibility ... for any financial loss incurred ... Such provisions ... have been invoked when required ... [and] serve as a deterrent to the potential misuse of [UN resources.]

... [Whistleblower] ... programmes are thus far to be found in only a few Member States.

At the national level ... those who report abuses have frequently been the target of retaliation since ... it has been difficult to guarantee confidentiality ... [also there are problems of] extensive due process requirements ... and unfounded and malicious reports ... [establishing] an administrative structure, with the associated costs ... would be compounded in a global organization [like the UN.]

The difficulties [of such a system] might therefore outweigh the potential benefits ... It seems ... best ... [to apply] strict adherence to the existing UN provisions and the enhancement of existing internal controls.

The matter will, however, be kept under active review. Should developments warrant in the future, ,, additional measures would be reconsidered and the General Assembly would be so informed.

The Secretary-General attaches great importance to his fiduciary responsibility vis-à-vis Member States for the prudent management of resources entrusted to the Organization. Care is taken to ensure that these resources are utilized for the purposes for which they were provided, that they are spent with all due regard for economy and that there is accountability at all stages for their use."

"Measures to facilitate reporting by staff members of inappropriate uses of the resources of the organization: .... : Report of the Secretary-General", UN document A/47/510 of **October 8, 1992**, paras. 9-14. [emphasis added]

This assessment was actually at variance with actual practice and accountability emphases in various UN Member States. But the insistence that no real action was needed was even further out of touch with the UN's own problems of mismanagement

and waste of resources, as already discussed in the lengthy subsection of this archive on Corruption in the UN . (The one item of "straight talk" in the Secretariat report was the contention that those people who report abuses are frequently the target of retaliation: this very real, still-current, and troubling problem within the UN is discussed later in this section of the archive, in the oversight section which follows, and under recent developments as well.

In fact, a very in-depth investigation of UN mismanagement and waste was published in September 1992, just a few weeks before the above UN document was issued. Its four-part series of reports began with the following overview:

"The images are familiar ... blue-bereted U.N. peacekeepers performing difficult missions ..., humanitarian relief workers fighting poverty and hunger ..., idealistic U.N. employees striving to make 'the new world order' a reality.

But behind these images lies an enormous, largely uncontrolled bureaucracy, subject to abuses and deficiencies that impair its effectiveness, a nine-month study of the United Nations by the *Washington Post* has found. Interviews with current and former U.N. officials on four continents, review of thousands of pages of documents and visits to UN program sites [yield many examples] ....

These examples characterize a U.N.system that has grown into what former undersecretary general Brian Urquhart calls 'an enormous ramshackle structure ... a most astonishing concoction.' In ways that reform advocates find both absurd and infuriating, the U.N. system appears to have careened out of control. ...

The United Nations, its internal critics say, has been self-protecting and self-perpetuating, rather than self-policing. It has proved largely incapable of setting priorities, evaluating program results or eliminating useless make-work. Budgets are opaque and auditing inadequate. Many entities have overlapping functions, but efforts to coordinate them have largely failed."

Branigan, William, "The UN empire: Polished image, tarnished reality", *Washington Post*, September 20, 21, 22, and 23, 1992.

[The first of this set of articles was entitled "As U.N. expands, so do its problems: Critics cite mismanagement, waste."]

The article went on to observe that:

" ... [The UN programs which eat] up the great bulk of U.N. resources ... the economic, social and humanitarian programs aimed at development, emergency relief and 'better standards of life' around the world ... [get little scrutiny.] ...

Clearly, the United Nations employs many hard-working and idealistic people. [but] ... Parts of the system are overstaffed and lethargic, while others, particularly field offices in unpleasant places, are overstaffed and overworked. ...

Local employees tend to bear the brunt of disciplinary action ... when fraud or abuse are discovered ... while erring international professional staffers often survive and even advance in the organization. At the same time, U.N. employees who complain about irregularities [lose promotions or must transfer elsewhere.]

It is a system that tends to cover up its abuses and discourage whistle-blowers.

...

A European U.N. official, who recently left his agency in frustration, [said] 'A certain enabling environment ... allows {fraud} to happen. The question is not whether

you do it or not, but whether you're stupid enough to be caught."

"Basically, there's a lack of determination to combat the sleaze factor' he said. 'In an environment where mediocrity has a strong self-protective interest, these things flourish.'"

William Branigin, "The U.N. empire: polished image, tarnished reality", "As U.N. expands, so do its problems: Critics cite mismanagement, waste", Washington Post, **September 20, 1992**, pp. 3-4.

And the article further stated that:

"UN officials who advocate a cleanup ... say that management by ... top officials has been inept and, occasionally, corrupt. 'There is no [regular] supervision of any agency' ... said [a senior official.] Governing councils ... are 'basically rubber-stamp bodies.'

The U. N. Board of Auditors ... cites numerous [problems] and 'weak internal controls' ... during 1990 and 1991 ... [in a] 136-page report that enumerates irregularities or deficiencies in hiring, cash and property management, internal audits and purchases of everything from project equipment to airline tickets. ...

Many anomalies [that they report] 'appear to be recurring' and point to a 'lack of determination to enforce regulations and rules and make the heads of units of the organization accountable,' the report says.

A recent confidential internal paper circulating in the U. N. Development Program ... put the problem more bluntly. Citing 'a deplorable vacuum of basic ethics' in the system, it noted widespread criticism of 'prolific structures, pompous-Byzantine attitudes of ranking officials, operational inefficiency and ... gross mismanagement of financial and personnel resources.'

The 10-page paper listed a dozen cases of corruption involving the development agency's staffers or programs that totaled millions of dollars in pilfered funds."

William Branigin, "The U.N. empire: polished image, tarnished reality", "As U.N. expands, so do its problems: Critics cite mismanagement, waste", Washington Post, **September 20, 1992**, p 4.

Another article in October 1992 reported further on the findings of severe management problems by the UN Board of Auditors:

"Mismanagement, waste, abuse and in some cases fraud. These are among the findings by the U.N. Board of Auditors in its examination of Secretariat operations cited by the United States in a presentation to the General Assembly's budget-writing Fifth Committee.

The [U.S. representative] stated that the Secretariat 'has not made significant progress' in addressing these problems.

Referring to the current audit report [and affirming his status as a U.N. supporter, he] said it led to the conclusion that "existing mechanisms alone are unable to administer and safeguard funds entrusted to the organization.'

The Board's report identified serious deficiencies and abuses in program management, use of staff, payment of staff allowances and benefits and in procurement and property management, he said."

"Auditors' report blasts U.N. for waste, fraud", Diplomatic World Bulletin (New York), **October 19-26, 1992**, p. 1.

A third decisive rebuttal to the UN's October 1992 "status

quo" report followed four months later, from no less than the UN's top manager, in a departing report to Secretary-General Butros Butros-Ghali. His report, the "Thornburgh report," was quickly suppressed by the UN Secretariat, but hundreds of copies nevertheless circulated, and IO Watch has a copy too. The author noted that he had joined the UN for a one-year tour, at the request of US president (and former US Ambassador to the UN) George Bush, to evaluate UN integrity, efficiency and cost-effectiveness from an outside viewpoint. His report said in part:

"Fraud, waste and abuse"

The United Nations presently is almost totally lacking in effective means to deal with fraud, waste and abuse by staff members of the type which has so recently been highlighted in the reports of audit agencies and in the news media. ...

... The chronically fragmented and inadequate structure for audit, inspection, investigation and programme evaluation is currently so ineffective that, time and again, we have been called upon to create *ad hoc* teams to carry out investigations into allegations of serious wrongdoing. The delay inherent in the process of recruiting and staffing these teams often allows the trail to 'grow cold.' It also deprives the investigation of its vitality and the professionalism and impartiality which would come from more regularized procedures. ...

[Reform is] especially crucial given the mounting concern of major contributing Member States over the rising level of [UN] expenditures ... in nearly every area. As noted in the Volcker-Ogata report, 'support for improved financing will be dependent upon a perception that funds are economically managed and effectively spent.' Major donors, and indeed all Member States, deserve the reassurance that ... their contributions are being wisely and prudently utilized [which they can then convey] to their taxpayers, the ultimate supporters of all United Nations activity.

This reassurance can only come ... from the prompt and effective activation of a strong [UN] Inspector General's office along the lines I have previously suggested."

Dick Thornburgh, Under-Secretary-General for Administration and Management, "Report to the Secretary-General of the United Nations" ["The Thornburgh report"], **1 March 1993**, pp. 29-31.

This report were widely discussed in the news media, and an article by Mr. Thornburgh himself provided a succinct summary of its major point:

"Unfortunately, the mechanisms in place to ... deal with allegations of fraud, waste, and abuse within the United Nations are creaking leftovers from more placid times. Internal audit units are woefully understaffed [and] external audit functions are ill defined ...

What is needed is an Office of Inspector General, staffed to audit, investigate and lay the basis for remedial action in serious cases of conflict of interest, misappropriation of funds or other corrupt practices..

Creation of this office should be coupled with adoption of a comprehensive code of conduct with strict financial disclosure requirements for key UN staff members; a moratorium on further expensive worldwide conferences; reduced travel expenditures; elimination of 'featherbedding' practices, and more strenuous control over the unnecessarily wide array of UN publications ... The Inspector General's office is the centerpiece of this agenda for reform."

Dick Thornburgh, "How to clean up the United Nations", International Herald Tribune, **March 26, 1993**.

[Note: Mr. Thornburgh is still engaged in the restructuring of severely troubled organizations, as one of several experts with "prestige and integrity" helping clean up the scandal-ridden Worldcom firm, see Jonathan D. Glater, "A cleaned up image doesn't come cheap.", International Herald Tribune, December 14-15, 2002.]

However, the heaviest pressure for change certainly came from the U.S. Congress:

"The [U.S. House of Representatives] voted Wednesday to withhold back payments owed by the United States to the United Nations until the UN sets up an inspector-general's office to oversee management practices.

"I do not believe the UN has treated the American taxpayer with respect," said [the Congressman] who introduced the motion ...

The [U.S.] Senate, in its version of an appropriations bill passed in July, approved \$44 million to repay a portion of U.S. debts to the United Nations, but conditioned funding on creation of an independent UN office to root out waste."

"House pushes for UN watchdog unit," International Herald Tribune, **September 30, 1993**.

These knowledgeable criticisms and pressures seem devastating. But the Secretariat's subsequent 1993 report on establishing a new system of management accountability (required by no less than four General Assembly resolutions) remained remarkably casual and dismissive. It pontificated on general considerations and multiple factors to be reflected upon. It outlined policy-level issues for the various participants, and in expanding field operations. It pondered managerial responsibilities at various levels, but then discussed centralized UN procedures and UN managers' unhappiness with their restrictive nature. Finally, it concluded that

"The more complicated and increased demands by Member States, coupled with greater managerial discretion, may require adjustments in [Secretariat regulations and rules] ... in the context of the new realities. The balance between centralized controls and the legitimate concerns for a more decentralized style of management will have to be rethought.

Action to be taken:

" ... In the course of the preparation of this report, many suggestions for improvements were made ...

But *ad hoc* adjustments will not address the central problem of [balancing] ... the need for a greater degree of managerial discretion by senior staff ... and the ultimate responsibilities to Member States. A thorough review of the [relevant] regulations, rules and procedures [for staff] will be undertaken in the coming year to ... provide sufficient discretion in the conduct of their work ... and make the necessary adjustments to the [existing UN] systems of accountability and responsibility.

[The Secretary-General would intend] to report to the General Assembly on the outcome of that comprehensive review ..."

"Accountability and responsibility of programme managers in the United Nations: Report of the Secretary-General", UN document A/48/452 of **October 5, 1993**, paras. 57-60.

[Note: the recommended Secretariat action, calling for preparation of another

report, did not even give a "due date."]

In the very same month, the JIU issued still another detailed report on UN accountability and oversight problems. It found the existing mechanisms to be "seriously deficient", and concluded that "rising criticisms and concerns" clearly indicated a "crisis of confidence" among Member States about the UN's deteriorating management performance, which required urgent and far-reaching corrective action. It summarized the situation as follows:

- " ... the four main oversight units ... are foundering:
  - internal audit needs "urgent strengthening", again
  - internal evaluation is an acknowledged "somewhat sickly child";
  - monitoring spews out only a flood of tepid numbers;
  - management advisory efforts fall far short of stated objectives.
- The various other accountability, control, and oversight processes in the Secretariat fare little better:
- on-site inspection work scarcely touches operating units;
  - fraud and abuse investigations are too little, too late;
  - "hotlines" are considered to be too much trouble;
  - information systems work is tied up in one big project;
  - financial control discipline is questioned in many areas;
  - management training will begin, but very late in the day;
  - management improvement potential is scarcely being tapped;
  - many other "assessment reports" often have little to say;
  - management consultants are reserved for internal use;
  - reorganizations have brought confusion as well as streamlining;
  - needed programming tools have not developed as expected; and
  - effective personal accountability does not exist."

Joint Inspection Unit, "Accountability and oversight in the United Nations Secretariat", UN document A/48/420 of 12 October 1993 and Add. 1 of 22 November 1993, pp. 2, 25.

In December 1993 the General Assembly "regretted" the inadequacy of the Secretariat's dismissive report in response to the four prior Assembly resolutions calling for change. Instead, it followed the advice of the Board of Auditors, its top manager, and the JIU (and the pressure from the U.S. Congress.) In the firmest and most specific management reform guidance in the UN's five-decade history, it called upon the Secretariat to establish a system of management accountability, as follows:

- "The General Assembly ...
4. Endorses the recommendations of the Committee for Programme and Coordination on the establishment of a transparent and effective system of accountability and responsibility no later than 1 January 1995...;
  5. Requests the Secretary-General to include in the system of accountability and responsibility the following elements, taking into account relevant experience within and outside the United Nations system;
    - (a) The establishment of clear responsibility for programme delivery, including performance indicators as a measure of quality control;

(b) A mechanism ensuring that programme managers are accountable for the effective management of the personnel and financial resources allocated to them;

(c) Performance evaluation for all officials, including senior officials, with objectives and performance indicators;

(d) Effective training of staff in financial and management responsibilities."

"Review of the administrative and financial functioning of the United Nations",  
General Assembly resolution 48/218 A, **23 December 1993**, paras. I.E. 2-5.

[emphasis added]

Yves Beigbeder, one of the very few long-term analysts of the UN's decades of management reform struggles (whose incisive thoughts are cited often in this IO Watch website) observed about these General Assembly "marching orders":

"The fact that these very sound and well-recognized management principles seem to have been 'discovered' by the UN ... [almost fifty] years after its creation, and then only implemented in part in 1994, is a candid admission that, in the past, senior UN managers have either not been aware of, or have not been seriously concerned with, the basic need for a strong management base for the Organization's programmes and operations."

Yves Beigbeder, The internal management of United Nations Organizations: The Long Quest for Reform, Macmillan, London and St. Martins, New York, 1997, p. 127.

Even before the General Assembly acted, however, the Secretary-General had surrendered, and established a new internal oversight unit (by simply combining the four existing units) in September 1993. [Subsequent developments in this very important area are discussed in detail in the next major subsection, on Internal Oversight: The OIOS .]

The first head of the new temporary unit, Mohamed Aly Niazi, had extensive "hands-on" UN audit experience, especially as head of the struggling (because resource-starved and powerless) UN internal audit unit. In his report of September 1994 on the new unit's first year, he warned that despite "high expectations", the 60 professional staff of the new unit could not properly oversee the billions of dollars of annual UN expenditures scattered worldwide. He observed in particular that:

"The effectiveness of an oversight office depends to a large extent on how senior officers perceive their roles. The concept of management accountability in the United Nations has not been consistently applied. ... no system of accountability will be effective without the assurance that sanctions will be promptly applied when violations occur. I strongly recommend that any new system of accountability and responsibility include specific penalties or sanctions for United Nations managers and other staff who disregard United Nations regulations and rules or who are negligent in the conduct of their duties and responsibilities. ...

[This Office] has initiated a comprehensive overhaul of the oversight functions of the United Nations ... with high expectations but with [an acknowledged] inadequate level

of resources. During this first year, [it] has addressed symptoms but has not yet been able to address the root causes of many [UN] problems. I refer to such issues as recruitment and promotion policies, the administration of justice, management reporting systems, staffing and financing of peacekeeping operations and contract management.

*A vast amount of work remains to be done before the United Nations has management structures and a management culture adequate to the great tasks entrusted to it....* "

"Report of the Office of Inspections and Investigations", UN document A/49/449, **28 September 1994**, pages 5-6. [emphasis added]