



The Executive Director

**“Commitment to Good Governance”**

**Progress Report on Management Reform  
(April 2002 – April 2003)**

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### Contents

	<i>Page</i>
<b>I. Committed to deliver</b> .....	<b>3</b>
<b>II. A Transparent and Innovative <i>Office on Drugs and Crime (2002-2003)</i></b> .....	<b>3</b>
A. Framing priorities with Member States’ guidance and staff concurrence.....	3
B. Delivering the Operational Priorities.....	4
C. Converting ideas into facts .....	5
D. One <i>Office</i> : progress on integration of crime and drugs.....	6
E. Building partnerships .....	7
<b>III. The Way Ahead (2004-2005)</b> .....	<b>8</b>
A. Stakeholders and strategy: 2004-2005 Programme and Budget.....	8
B. Processes of change .....	8
C. Resources: a plea for stability, predictability and flexibility.....	9
D. Alternative funding (in-kind contributions).....	10
E. New funding mechanisms under exploration.....	10

### Annexes

I. Synthesis of <i>Operational Priorities: guidelines for the medium term</i> .....	11
II. Office on Drugs and Crime .....	12

# “Commitment to Good Governance”

## Progress Report on Management Reform (April 2002 – April 2003)

### I. Committed to deliver

The process of re-engineering of the United Nations *Office on Drugs and Crime* (UNODC) was set in motion following the 45<sup>th</sup> CND in April 2002—which adopted resolution 45/17—and the change in management in May the same year. Since then, and following a thorough examination of the factors hindering performance, the *Office* (which in the meantime changed its name to its current formulation) engaged in an action plan involving Member States and staff at large.

From the outset, five areas of management were singled out for improvement:

- (a) Governance,
- (b) Funding,
- (c) Operations,
- (d) Human resources,
- (e) Communication.

At the heart of this framework is UNODC’s commitment to deliver its programmatic objectives, rather than seeing the resources at its disposal as an entitlement to spend. The present report summarizes the decisions adopted over the last twelve months in reforming the *Office*, with a view on the management measures expected for the next 12 months.

### II. A Transparent and Innovative *Office on Drugs and Crime* (2002-2003)

State-of-the-art management stresses the importance to be given, respectively, to (i) owners, which at the United Nations means Member States; (ii) clients, in this case assisted countries and institutions; (iii) human resources, namely the *Office’s* staff. Reference is often made to the social responsibility of management, which in this case can be subsumed to mean (iv) relations with the civil society organizations. On all these fronts managerial improvements have been significant.

#### A. Framing priorities with Member States’ guidance and staff concurrence

A key means in establishing the framework for programme delivery is good governance, both internal and external.

##### Transparency and openness towards Member States

Periodic meetings (bilateral and multilateral) and workshops with Member States PRs in Vienna as well as in missions around the globe, have demonstrated the *Office’s* intention to be guided by its governing bodies, the community of donors and of assisted countries. To this end, periodic meetings with Permanent Missions (both at the full

membership and at the regional level) have complemented parallel Town Hall meetings with staff. In addition Information Sessions on technical matters have been conducted to inform PRs of the *Office's* activities. Similar events are planned for the period ahead.

The process leading to the definition of the UNODC operational priorities for the medium term benefited from extensive consultations, both within and outside the *Office*. These consultations produced in January 2003 the UNODC *Operational Priorities, Guidelines for the Medium Term* (see annex 1) and have established the foundations for rationalizing the *Office's* work programme and organizational structure.

A three-pronged functional management structure—operational programmes, institutional development, and management support—was presented in December 2002 and again in January 2003 to governments and staff and unanimously approved (see annex 2).

### **Collegial management**

UNODC's Executive Committee (ExCom), established in May 2002, comprised of all the Directors of Divisions, is empowered with decision-making and strategic planning to demonstrate the *Office's* collegiality in policy. ExCom, which meets weekly, takes all policy decisions and all main administrative measures.

### **Communication with staff**

Regular senior staff and "Town Hall" meetings with all staff to ensure sharing of information and exchange of opinions supplement the collegial functions of ExCom. Regular consultations are held between management and the Staff Council. Another improvement in the working of UNODC concerns the transparency of communication, with all major decisions, appointments, events and statements posted on the *Office's* intranet.

### **Compliance with procedures**

In line with the Secretary-General's reform, the *Office* is pursuing a policy of strict adherence to rules and procedures. This is ensuring career development, including fair prospects of promotion, job security and mobility. A new staff selection system (Galaxy) was introduced in May 2002 integrating all human resources management functions. The Galaxy procedures have been followed to the letter.

### **Litigation avoidance**

An informal mechanism for dispute prevention and resolution was established at Vienna. An Ombudsman is under recruitment, to enhance fairness in the treatment of staff and reduce the number of grievances.

## **B. Delivering the Operational Priorities**

### **Value for money**

Member States will never know whether their tax-payers' resources are well spent until the *Office* establishes an independent Evaluation Function. This was now decided and vacancy announcements published. In addition to servicing the governing bodies and the normative work on treaty implementation, the UNODC's measure of success or failure lies in its operations on the ground, which helps countries meet the UNGASS objectives. The Evaluation Function will guarantee that programmes and projects are anchored into:

- (i) rigorous design, management and execution. In other words, the delivery is most professional;
- (ii) transparent implementation, including the way money is spent.

The Evaluation Function's location and prominence in the new organizational setting will strengthen the accountability of the *Office*. Its independent (from management) character will allow a frank and open system to assess success and failures in meeting project objectives and results.

#### **Involving stakeholders**

The *Office's* main electronic financial reporting system is being extended to capitals. Since 2002, the *Office* already gives Member States online accountability by providing access to project financial activity through the Programme and Financial Management Information System (ProFi). This online reporting will give Member States full reading about the utilization of their resources and the use of their contributions.

#### **Integrating funding and activities**

ProFi is being extended to include project documents, so as to link project objectives to resource utilization. The next phase of the system will give stakeholders and—equally important—programme managers full access to substantive information on the implementation of project activities and their achievements.

#### **Strategic approach**

The *Office* produces periodic (yearly) Country Profiles and Country Strategic Programme frameworks for each assisted country and region, that integrate crime, drugs and terrorist-related information and map technical operation work in both areas. This will put an end to ad hoc project selection.

### **C. Converting ideas into facts**

Following the definition of its *Operational Priorities*, UNODC launched an internal review of each office work programme and plans, budget and resources. The integration of drugs and crime issues and the creation of a sound knowledge base both require the development of new tools to facilitate efficient delivery of programmes and better services to governing bodies.

#### **Intellectual leadership**

This function is needed and it will be provided by a new Policy and Planning Office. This new function, with an integrated research capacity handling both crime and drugs, will count on UNODC's grey-matter power, which must remain first-rate and unchallenged. The recent publication of the Opium Economy in Afghanistan will soon be followed by other studies on the cocaine economy and the environmental impact of manufacturing illicit drugs, and by the yearly publication of the Illicit Drugs Trends and Crime Trends.

#### **Counting on human capital**

The *Office* is now heavily engaged in a process of reforms, known as the "4Rs":

- (i) re-structuring,
- (ii) re-profiling,

- (iii) re-deployment
- (iv) rotation.

Efficiency will derive from (i) redeployment towards the delivery of programmes without increasing personnel costs. In particular, it will indicate possibilities for redeployment of expertise to Field Offices to strengthen their capacity of services to countries. The network of offices in the field is being (ii) re-profiled to assure that there is logic and consistency to their staffing levels and budgets, in line with the programme they manage. Increased synergies on drugs and crime can be achieved with the (iii) restructuring of the *Office*, so as to achieve full integration of operational activities, normative work, as well as in the areas of advocacy/communication and NGOs.

Furthermore plans, in line with the UN Secretariat's policy on mobility, to launch a (iv) rotation programme. This policy will assure, inter alia, a regular exchange of knowledge and talent between the field and HQs. As a small organization, the rotation will require a great deal of planning and flexibility. It is expected that 10 to 20 per cent of professional positions will be put on the market by summer 2003 to implement this ambitious rotation scheme.

#### **Fairness and rule adherence**

UNODC has strengthened the instrument for human resource accountability. Three convergent measures have been implemented.

- (i) A programme balancing work and family time was launched, offering staff the opportunity, under certain rule-based conditions, to tailor the time spent at the office;
- (ii) To accompany this flexible approach to work-time, a system of time management was introduced, so as to give opportunity to staff to report accurately on their presence at the office. This time keeping also allows management to ascertain the true cost of operations (including projects funded by voluntary contributions) and their opportunity cost;
- (iii) Staff entry and exit time is now recorded electronically, thus helping the appreciation of security risks, should an emergency arise.

None of the "4Rs" can be achieved in isolation. Attitudes must change along with ways of working. Mechanisms that assure transparency, fairness and adherence to the rules must be set up; the imbalance of funding and funding sources between crime and drug programmes must be addressed.

### **D. One *Office*: progress on integration of crime and drugs**

#### **Crime and Drugs Programmes integration**

The process has been facilitated, as of 1 January 2003, by moving the authority to manage the Crime Prevention and Criminal Justice Fund from New York to Vienna. This responsibility along with the management of the regular budgets of the two programmes is now integrated in a single UNODC Finance and Budget Section (another benchmark innovation made in the course of the year). In the course of 2003, the entire consolidation of budgetary and financial services will be achieved, resulting in savings and allowing redeployments that will benefit operations.

### **A new matrix structure of operations**

UNODC's new organization will be based on a matrix structure, linking geographical technical cooperation managed by regional advisers (the horizontal dimension in the matrix) with the technical expertise associated to dealing with drugs, crime and terrorism (the vertical dimension). On the basis of the Country Profiles (issued biannually) and Strategic Programme Frameworks on drugs and crime (developed yearly), the *Office* will endeavour to achieve an holistic approach in the development of its portfolio.

### **Balanced demand and supply in dealing with both crime and drugs**

In line with the operational priorities, the *Office's* twin programmes are pursuing a more homogeneous demand and supply approach, reflecting a better balance between preventive action and countermeasures.

## **E. Building partnerships**

UNODC cannot pretend to do everything alone, nor can it continue to rely only on a small group of donors to provide the funding for both its projects and support structure. Its resources (about \$100 million/year) are very limited, not stable nor predictable. They are also so tightly earmarked to weaken seriously the implementation of the new *Operational Priorities*. This amount represents about 1% of the resources governments spend on their own (or provide bilaterally) to address the same drug and crime issues. Furthermore, and in contrast to the paucity of UNODC resources, the lobbies proposing drug liberalization and drug receptive lifestyles can count on aggregate budgets several times greater than UNODC's (no less than \$500 million/year). The power of partnership with like-minded institutions is an asset there to be used.

### **Crime and Drugs in sustainable development**

The *Office* plays an active role in the Millennium Declaration Goals Project, coordinated by UNDP, to assure that the impact of crime and illicit drugs on sustainable development is recognized in the work of other UN programmes and funds as well as the world community at large.

### **Alternative livelihoods**

Over the last year, UNODC has reached out to financial institutions (World Bank, IMF, other IFIs) and other specialized agencies (such as FAO) to alert and educate them about supporting crime and drug programmes, and related trends that will help ensure sustainable development.

### **HIV/AIDS**

Likewise, UNODC has strengthened its partnership with UNAIDS in order to better address the explosive growth of the incidence of HIV/AIDS through injecting drug use in several regions of the world.

### **Reaching out to civil society**

The public sector (whether national such as governments, or international such as the United Nations) cannot do everything anymore. As a positive counter-development to this recognized limitation of public finances, a strong movement of volunteer services has developed over time. UNODC is now tapping these extraordinary human (and financial)

resources to carry out field projects, especially in the area of drug demand reduction and treatment.

Recognizing the value and potential of NGOs, the *Office* is working with civil society organizations in line with the Secretary-General's policy of outreach—to learn from their experiences and call upon their expertise. The 46<sup>th</sup> Session of the CND itself was organized to assure NGOs had opportunities for participation and sharing of experiences and, for those with ECOSOC consultative status, appropriate participation in the ministerial segment.

### **III. The Way Ahead (2004-2005)**

Having chartered the guidelines on operational priorities for the medium term, the action of the *Office* over the next months will be aligned around three interlinked elements.

#### **A. Stakeholders and strategy: 2004-2005 Programme and Budget**

Later this year, UNODC—working through advisory (ACABQ) and governing bodies, HQ's colleagues in New York and staff—will present its strategic objectives and priorities by regions and instruments for the next biennium with clear measurable goals, resources allocation, indicators of performance and achievement. The result of this work will be the presentation of the 2004-2005 proposed budget.

#### **B. Processes of change**

Key processes for further management improvement will be developed in an open and transparent fashion. The “4Rs” (re-organization, re-deployment, re-profiling and rotation) cannot be accomplished piecemeal, and must be completed as early as possible. In this way, UNODC can focus on the delivery of programmes while the uncertainty for the staff, with the implementation of the “4Rs”, can be put behind. With the reorganization and the rotation policy, the management of human resources will give priority to staff training and retooling.

- (i) At the level of operations, additional management reforms will address the project cycle and its instruments such as the Project and Programme Committee (PPC), with a view to:
  - Improving and streamlining project selection in line with the priorities;
  - Increasing the quality of project design in line with best and most modern practices;
  - Setting firm and accepted standards for project approval.
- (ii) At the level of Field Offices, a study on their reconfiguration will be presented to Member States and staff in June 2003. The report will help delineate the network of offices in the field, where they are most needed—in accordance with strategic priorities and the policy guidance of governing bodies, their staffing to manage crime and drug projects and their self-financing through adequate programme volumes.
- (iii) At the level of management, the reorganization of the *Office*, along its functional representation will entail a number of steps, including:

- Completion of the ongoing internal management and budget review process and consultations with staff (April/May 2003);
- Consultations with HQs in New York and preparation of revised Secretary-General Bulletins covering UNOV/UNODC (June 2003);
- Presentation to Member States of the structure, post allocations and functions under each pillar of the Organigram (July 2003).

(iv) At the level of information technology

- UNODC is moving away from atoms (paper) and into bytes (electronics), whether in Vienna or in dealing with capitals: information and technology are another key component of the reform process. Member States themselves have started to use facilities (hardware and software) of UNODC to promote consultations within individual government's administration (inter-ministerial video-conference, for example). But there is more in the pipeline as;
- Most of ProFi Phase I activities (online financial reports) have been completed. Phase II, with its substantive project reporting component, will be launched in 2003 (with the financial help of donors) and will provide a valid measure by which Member States can assess the performance of the *Office*, liaise with the *Office* (online) and access UNODC systems from far away locations.

(v) At the level of human resources

The management of human resources will also give special priority to:

- The hiring of qualified women in order to meet the goal of gender balance, which is currently at 41 per cent;
- A more international (geographically) staff;
- The recruitment of young professionals, well below the current average of 48 years of age.

### **C. Resources: a plea for stability, predictability and flexibility**

The improvements made, intended to apply efficiently UNODC's priorities, call for a secure and stable funding base to support the operations at/from headquarters and in the field. The *Office* is greatly encouraged by the dedication and hard work of the CND working group on stable financing which has toiled through the winter and into spring to consider various options. The management of the kind of programmes that Member States want and deserve requires a stable staff structure in the field and at headquarters to do the work, provide the expertise and backstop the projects. The *Office* cannot provide consistent, high-quality services if the majority of its staff is faced with the uncertainty of contracts (currently limited to only six months in duration).

The situation is being slowly reversed through:

- (i) Maintenance of a sufficient resource balance in the Fund of the Drug Programme, and because of
- (ii) Forthcoming contributions to general purpose funds or to the support budget that match income to expenditures.

- (iii) For its part, UNODC will seek additional areas in which to cut costs, increase project income, augment cost-sharing and find alternative funding sources in order to reduce the pressure on contributions from traditional donors.

#### **D. Alternative funding (in-kind contributions)**

At the same time the *Office* is seeking to involve assisted States to a greater extent than in the past. A new policy on cost-sharing and partnerships with assisted governments has been developed, seeking to involve middle-tier States in programmes and projects in which the *Office* provides the expertise and the assisted nation provides some or all of the project costs.

Another (human resources) model is under testing, for the provision of resources in kind. It intends to reduce reliance on international staff in Field Offices and projects, and—whenever possible—recruit National Programme Officers. More fundamentally, the *Office* intends to encourage volunteerism and will seek to utilize UN and international volunteers.

#### **E. New funding mechanisms under exploration**

UNODC is examining new approaches to funding, in particular with non-profit foundations and the corporate sector. A report on the effectiveness of this mechanism will be provided at the next session of the Commission on Narcotic Drugs.

### Synthesis of *Operational Priorities: guidelines for the medium term*

In the period ahead the *United Nations Office on Drugs and Crime* is committed:

- (a) To pursue an integrated approach to drug and crime issues;
- (b) To place drug and crime issues in the context of sustainable development;
- (c) To balance prevention and enforcement activities;
- (d) To select operations on the basis of knowledge and strategic vision;
- (e) To help establish institutions that promote international best practices;
- (f) To leverage resources to exploit the power of partnership.

To some extent, the first three of the above could be understood as operational priorities, while the remaining ones have a connotation of programmatic and operational instruments. The relative emphasis placed on these themes will vary between countries, reflecting different stages of development and different intensities of social problem. The breaking down of the *country strategies* into programmes and projects, reflecting both the *Office's* operational priorities and each State's policy environment, is a crucial responsibility of management at Headquarters and in the field.

Clarity as to priorities is not sufficient. Their context also needs to be fortified:

- A number of *guiding principles* will keep operations focused. Firstly, operations will address especially issues with cross-border implications. Secondly, activities will make use of the unrivalled strength of the United Nations and the multilateral framework it offers for consultations and actions. Thirdly, operations will take into account gender-sensitive issues;
- Certain *enabling conditions* need to be satisfied for the effective application of the priorities set. At the top of the list is the requirement for sound, predictable and stable financing. Staff with the appropriate skills are also needed, supported by an efficient management system. Field offices need adequate integration and communication with Vienna.

# Office on Drugs and Crime

(functional organization)

Operational Programmes		Institutional Development			Management Support
Crime	Drugs	Policy Organs	Policy & Analysis	External Relations	
Global Programmes	Demand Reduction	Treaty Affairs & Legal Advice	Planning	Advocacy & Communication	Financial Resources
Crime Prevention & Criminal Justice	Supply Reduction	Commissions Secretariat	Research	Co-financing	Human Resources
<ul style="list-style-type: none"> <li>◆ Technical Cooperation</li> <li>◆ <i>Regional Advisers</i></li> <li>◆ <i>Field Offices</i></li> </ul>	Scientific Services		Evaluation	Inter-agency coordination & NGO relations	Information & Communications Technology

# Matrix structure of operations: geographic and thematic

	Drugs			Crime
	Demand Reduction	Supply Reduction	Scientific Services	Global Programmes
Regional Adviser for East Asia, including field offices	<i>Programmes</i>	<i>and</i>	<i>Projects</i>	Crime Prevention & Criminal Justice
Regional Adviser for Africa, including field offices				
Regional Adviser for Latin America, including field offices				
Regional Adviser for Eurasia, including field offices				