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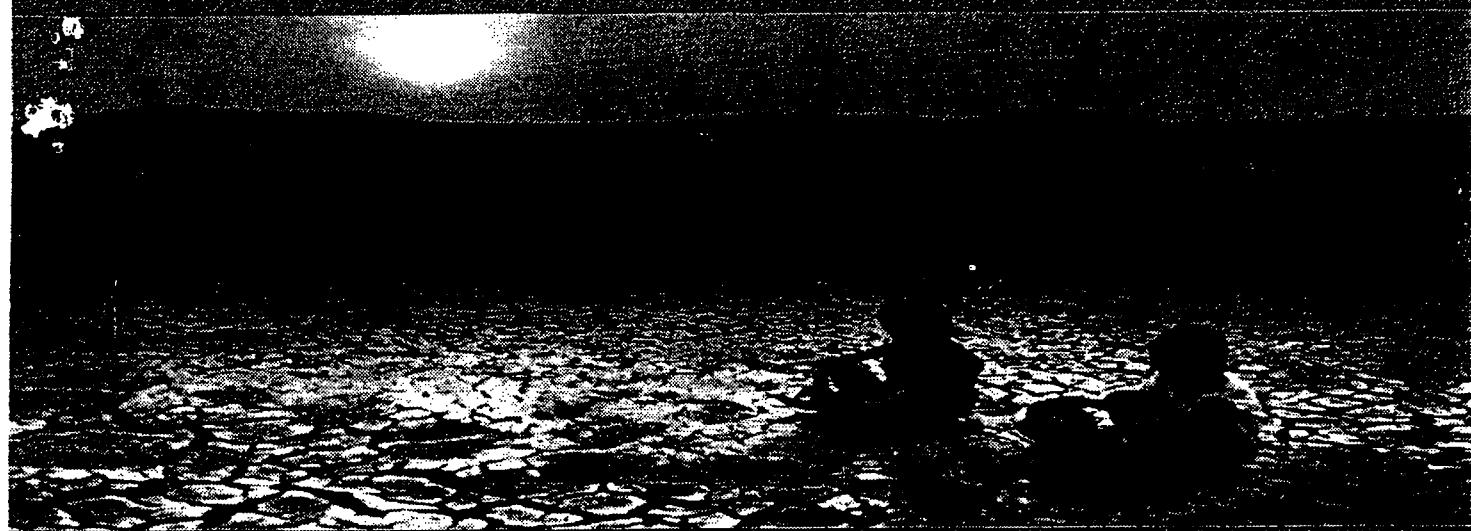
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Management and organisation study



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Ms E Dowdeswell
Executive Director
United Nations Environment Programme
P.O. Box 30552
Nairobi
Kenya

2 February 1993

Dear Ms Dowdeswell,

MANAGEMENT AND ORGANISATION STUDY

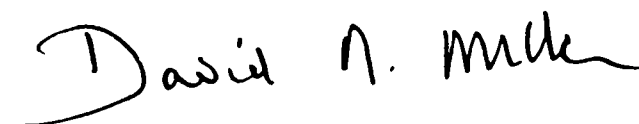
In accordance with the instruction of Dr Mostafa Tolba, your predecessor as Executive Director of UNEP, we have carried out a review of UNEP's management and organisation. This review was carried out in two phases. The first report, which was entitled Management and Organisation Study - Executive Summary, was presented in January 1992. This, our final report, is presented at the end of the second phase and encompasses the conclusions of both the first report, modified where appropriate, and the results of our assessment of Agenda 21 and other changes that have taken place in 1992.

We would like to acknowledge the help and assistance which has been given to us by the staff and senior executives of UNEP. Their cooperation and enthusiasm for constructive change has not only been of invaluable assistance for us but, more importantly, augurs well for the future under your leadership and direction.

We appreciate that it has not been possible for you to provide an input to this study, as your appointment effectively took place after we had completed the second phase of our work. We believe that our recommendations will provide you with the basis for the radical reform which is needed, and an impetus to you as you prepare your own personal programme for steering UNEP forward in the coming years.

We shall of course be delighted to discuss this report with you, and the actions which need to be taken, at your convenience.

Yours sincerely,



David N. Miller
Head of Environmental Services
Partner
For and on behalf of Coopers and Lybrand

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I UNEP's programme

Background and summary of January 1992 recommendations

101 In our report of January 1992, we described the main areas of UNEP's programme. We noted that the General Assembly decided by its resolution 2997(XXVII) that the environment fund should be used for financing such programmes of general interest as regional and global monitoring, assessment and data-collection systems, including, as appropriate, costs for national counterparts, the improvement of environmental quality management; environmental research, information exchange and dissemination; public education and training, assistance for national, regional and global environmental institutions; the promotion of environmental research and studies for the development of industrial and other technologies best suited to a policy of economic growth compatible with adequate environmental safeguards; and such other programmes as the Governing Council might decide upon. In the implementation of such programmes, due account was to be taken of the special needs of developing countries.

102 The original functional tasks of the programme, outlined in part II of Governing Council decision 8 (II) of 22 March 1974, were: Environmental assessment/Earthwatch; environmental management; and supporting measures (information, education, training and technical assistance). The priority subject areas of the programme, set out in part I of the same decision, were:

- human settlements, human health, habitat and well-being
- land, water and desertification
- trade, economics and the transfer of technology
- oceans
- conservation of nature, wildlife and genetic resources
- energy.

103 These priorities were reflected in the first United Nations System-Wide Medium Term Environment Programme (SWMTEP) and are on the whole retained in SWMTEP II, covering the period 1990-1995, as approved by UNEP's Governing Council on 18 March 1988.

104 On 25 May 1989, in the context of its decision 15/1 on "strengthening the role and effectiveness of the United Nations Environment Programme", the Governing Council decided that UNEP should concentrate on a selected number of areas, which are not listed in any particular order of priority, namely:

- protection of the atmosphere by combating climate change and global warming, depletion of the ozone layer, and transboundary air pollution

- protection of the quality of freshwater resources
- protection of oceans and coastal areas and resources
- protection of land resources by combating deforestation and desertification
- conservation of biological diversity
- environmentally sound management of biotechnology
- environmentally sound management of hazardous wastes and toxic chemicals
- protection of human health conditions and quality of life, especially the living and working environment of poor people, from degradation of the environment.

105 We noted that it would have not have been appropriate, either politically or institutionally, for us to have attempted to "second-guess" UNEP's own deliberative and legislative processes, nor would it, in any case, have been a realistic option given the constraints of time. That said, we were able in the course of our work to talk about UNEP's priorities not only to a large number of UNEP' staff engaged in different programme areas, but also to many governmental officials, including a considerable number of the members of the Committee of Permanent Representatives. We have also been in contact with several non-governmental organisations, as well as with many individuals in different countries whose interests in, and knowledge of, United Nations' actions in the field of environment and development extends over many years.

106 In the light of those discussions, we made the following recommendations, grouped under six main headings, in areas where, in our view, UNEP could build most effectively on its intrinsic strengths and capabilities.

Earthwatch

The further development of Earthwatch seems vital. Special points of interest are:

- the possibility of creating an early warning system within Earthwatch to provide information on acute environmental problems, including those with security implications
- intergovernmental risk assessment as the link between the collection of knowledge and the decision on action. **An advisory intergovernmental steering group for Earthwatch with risk assessment included in its mandate might be set up**

- UNEP's role with regard to the prevention of environmental damage could also be strengthened by **improving and developing on a broad regional basis the principles and concepts embodied in Earthwatch**
- **strengthening the technical assistance component of Earthwatch**, particularly in the area of training and institution-building for environmental monitoring and assessment
- catalysing financial and other resources to help developing countries build up environmental data bases.

Normative or codification function

107 **UNEP should maintain the emphasis on the development of international environmental treaties, conventions and other agreements whether at global or regional level.**

108 **An important component of UNEP's work involves assisting developing countries with environmental legislation and institutional framework. Working through the various convention secretariats, or directly with the countries, UNEP must seek to address the real problems of implementation, using its own good offices to ensure, where this is possible, the provision of appropriate assistance, whether financial or technical.**

109 **The successful conclusion of a Climate Convention will pose immense new responsibilities and challenges for UNEP. Governments will themselves decide what arrangements they wish to make for the Climate Convention's Secretariat. In our view any such arrangements should ensure close substantive links with UNEP. UNEP plays a key role in the United Nations' Earthwatch programme and Earthwatch will help to provide the essential scientific data for the implementation of a Climate Convention.**

110 **The same considerations will apply, to a greater or lesser extent, as far as the implementation of other conventions or agreements, for example the Convention on Biological Diversity.**

111 **If UNEP is to perform effectively a "service function" for these important international environmental agreements, it will need to ensure that its own in-house capability, particularly in terms of qualified personnel, is adequate for the task.**

The environment/development nexus

112 **UNEP'S work in promoting methodologies for environmental impact assessment, social cost-benefit analysis, environmental and natural resources accounting and integrated physical planning as tools for decision-making needs to be strengthened.**

113 UNEP should build up its own intellectual capacity in this field ie the use of economic instruments, and seek to incorporate these aspects of environmental management in its own programmes of assistance to developing countries, including training programmes for administrators and development planners.

Environmental management - getting at the sources

114 UNEP's ability to **get at the sources** of environmental damage, either directly through its own activities and programmes, or through the cooperating and supporting organisations, should be strengthened.

115 **Technical innovation and diffusion will be critical determinants of the pace and character of future economic growth and environmental management.**

116 In our judgement, UNEP should be in a position to make an important contribution in this field, both through its Industry and Environment Office (IEO) and through the International Environmental Technology Centre which was the subject of the Governing Council's decision 16/34 of 31 May 1991.

117 In the field of agriculture and forestry, we stress the need for UNEP to support programmes such as FAO's Programme on Sustainable Agriculture and Rural Development, to make a substantive contribution to the current reshaping of the Tropical Forestry Action Plan and to support current efforts to achieve an international convention on the conservation and sustainable development of forests.

118 As far as energy is concerned, we stress the need to strengthen UNEP's own capabilities, particularly in view of its responsibilities with respect to the environmental impacts of the production and use of various sources of energy, as well as responsibilities which may be assigned to it in connection with the Climate Convention and having regard to the fact that at the present time, with the exception of the IAEA in the case of nuclear energy, no United Nations body has a global remit for energy-related environmental problems. **UNEP should also collaborate actively with the IEA/OECD initiative to establish an energy technology information system, aimed at the control of greenhouse gas emissions.**

119 We stress the need for UNEP, in cooperation with other UN agencies, to devote increased attention to **transport** issues, in view of the major contribution of the transport sector to urban air pollution and other gaseous emissions, including CO². **Co-operation between UNEP and the International Maritime Organisation (IMO) remains essential.** UNEP should continue to press for the full implementation of conventions such as MARPOL, aimed at the protection of the marine environment. UNEP should also devote increased attention to tourism which can be a source of environmental degradation, if not properly managed.

Stronger focus on regional support

120 **We believe that the strengthening of UNEP's regional offices and/or the creation of sub-regional offices is a matter of outstanding importance, particularly if UNEP is to perform effectively the tasks of technical cooperation for improved environmental management in which it has a special interest and capability.**

121 **Governments should re-examine urgently the Executive Director's preliminary proposals in this regard, as presented to the 15th session of the Governing Council, as well as other relevant suggestions. Links with UNDP's regional offices (currently based in New York) will clearly be important. So too will the arrangements to be made, including possible co-location, with the United Nations Regional Economic Commissions or the regional offices of other UN agencies.**

122 **Given the environmental challenges which are currently posed by developments in Central and Eastern Europe, we believe there is a strong case for strengthening UNEP's Regional Office for Europe so that, in addition to the liaison and representative functions which it currently performs, it can also provide useful substantive environmental services to the countries of the region, particularly those of Central and Eastern Europe.**

Increased assistance to countries

123 **A recurring theme in our report is the need to strengthen UNEP's capacity to assist countries with their own environmental programmes. There are areas where UNEP has its own "comparative advantage" and where the assistance it can provide to countries either directly or through an intermediary may make a vital difference in helping that country to move forward on the path to sustainable development. Almost all of UNEP's programmes provide for the possibility of technical assistance of one kind or another - such as in the fields of environmental monitoring or assessment, or the integration of environment into development planning or environmental education and training and other forms of capacity building. We believe that the emphasis on this kind of technical assistance must be maintained and, if possible, substantially increased.**

124 **We do not believe that UNEP should develop a technical assistance capability and programmes in areas where other agencies or bodies can or should be active - such as forestry projects or water supply and sanitation projects. We do believe, however, that there are specifically environmental skills and competencies, for example those mentioned above, where UNEP has already a considerable actual capacity and an even larger future potential.**

125 **UNEP should be in a position to place that capacity, that potential, at the service of the countries who need it in whatever region of the world - developed or developing - they may be found.**

126 **In making the above recommendations in January 1992, we recognized that the outcome of the United Nations Conference on Environment and Development**

(UNCED), and in particular Agenda 21, would establish or reconfirm priorities in the field of environment and development and that UNEP's own priorities would certainly need to be reviewed in the light of the agreements reached by UNCED. The terms of reference for the phase two study require us specifically to take into account the recommendations made by UNCED relating to the future mandate and work programme of UNEP.

127 We have therefore in the course of our phase two study made an intensive survey of the texts adopted at UNCED, particularly Agenda 21. We have also discussed UNCED's implications for UNEP with a wide range of interested and informed persons.

128 In our view it is impossible to understate the importance of the key paragraphs of Chapter 38 of Agenda 21, which set out in very clear terms UNEP's mandate, functions and responsibilities and which should indeed serve to orient UNEP's activities well into the next century.

129 Para 38.22 of Agenda 21 indicates that the priority areas on which UNEP should concentrate include the following:

- strengthening its catalytic role in stimulating and promoting environmental activities and considerations throughout the United Nations system
- promoting international cooperation in the field of environment and recommending, as appropriate, policies to this end
- developing and promoting the use of techniques such as natural resource accounting and environmental economics
- environmental monitoring and assessment, both through improved participation by the United Nations system agencies in the Earthwatch programme and expanded relations with private scientific and non-governmental research institutes; strengthening and making operational its early warning function
- coordination and promotion of relevant scientific research with a view to providing a consolidated basis for decision-making
- dissemination of environmental information and data to Governments and to organs, programmes and organizations of the United Nations system
- raising general awareness and action in the area of environmental protection through collaboration with the general public, non-governmental entities and intergovernmental institutions

- further development of international environmental law, in particular conventions and guidelines, promotion of its implementation, and coordinating functions arising from an increasing number of international legal agreements, *inter alia*, the functioning of the secretariats of the Conventions, taking into account the need for the most efficient use of resources, including possible co-location of secretariats established in the future
- further development and promotion of the widest possible use of environmental impact assessments, including activities carried out under the auspices of United Nations specialized agencies, and in connection with every significant economic development project or activity
- facilitation of information exchange on environmentally sound technologies, including legal aspects, and provision of training
- promotion of sub-regional and regional cooperation and support to relevant initiatives and programmes for environmental protection including playing a major contributing and coordinating role in the regional mechanisms in the field of environment identified for the follow-up to UNCED
- providing technical, legal and institutional advice to Governments, upon request, in establishing and enhancing their national legal and institutional frameworks, in particular, in cooperation with UNDP capacity-building efforts
- supporting Governments, upon request, and development agencies and organs in the integration of environmental aspects into their development policies and programmes, in particular through provision of environmental, technical and policy advice during programme formulation and implementation
- further developing assessment and assistance in cases of environmental emergencies.

130 We note that the above priorities are broadly consistent with the recommendations made in our January 1992 report. We also note the view of the Executive Director as expressed in his policy paper of October 30, 1992 as circulated to the Committee of Permanent Representatives that: "Agenda 21 addresses all areas of UNEP's activities but the overall impact has been to reinforce UNEP's role without changing it significantly and to point the way to changes of emphasis, rather than major changes of substance."

131 On the whole, we agree with the Executive Director's evaluation of the implications of UNCED for UNEP. We do however believe that there are some aspects of UNEP's programme which will need to be substantially strengthened in the light of UNCED, and in line with our earlier recommendations. We also believe that

some aspects of UNEP's "coordinating" role will need to be reexamined in the light of other UNCED decisions as far as institutional arrangements are concerned, notably those having to do with the setting up of the Commission on Sustainable Development (CSD). We address the latter question in section VIII of the present report: Future Institutional Arrangements.

132 As far as the programme aspects of UNEP's work are concerned, our analysis of Agenda 21, and the discussions we have had during the course of our study, serve to confirm our view that in many areas UNEP will be an increasingly important player in the follow-up to UNCED. We do not argue that UNEP will automatically and necessarily be the 'lead' agency in any particular field. We are however convinced that there are some areas where UNEP has already developed a natural 'comparative advantage' and where it would be common sense for UNEP's skills and experience to be utilized to the fullest possible extent. What is clear is that in the massive international collaborative effort which lies at the heart of Agenda 21, UNEP will have a key role to play - to use the language of Chapter 38 - as the principal body within the United Nations system in the field of environment".

133 We set out below a brief summary of Agenda 21 and our own analysis of the implications for UNEP. For convenience, we cross-refer to the twelve major elements of the UNEP programme. We would point out, however, that the chapters of Agenda 21 and the programme areas cited do not necessarily cover exactly the same ground. In some instances the scope of the programme area is wider than that of the chapter cited; in others it is the other way round.

Analysis of Agenda 21's implications for UNEP

134 In our view, of Agenda 21's forty chapters, no less than sixteen are of major relevance to UNEP:

CHAPTER 9. PROTECTION OF THE ATMOSPHERE - UNEP PROGRAMME AREA 1 (PROTECTION OF THE ATMOSPHERE)

135 This chapter proposes objectives and activities intended to be consistent with and not to override such international agreements as the Vienna Convention, the Montreal Protocol and the Framework Convention on Climate Change. It covers the following areas: improving the scientific base for decision-making, promoting sustainable development (energy, transportation, industrial development, land and marine resource development), preventing stratospheric ozone depletion and transboundary atmospheric pollution. It calls for development of the Global Climate Observing System, of environmentally sound energy systems, particularly new and renewable ones, the reduction of harmful emissions from the transport sector, better resource efficiency and pollution abatement in the industrial sector.

Implications for UNEP

136 The impact of this chapter of Agenda 21 is to reinforce the activities of the World Climate Impacts Assessment and Response Strategies Programme (WCIARSP). New directions for WCIARSP were agreed post-UNCED at the meeting of the Scientific Advisory Committee (SAC) held in Boulder 26-29 October, 1992.

137 It also emphasizes the need for intra-programme cooperation within UNEP as well as inter-agency coordination within the United Nations family on cross-sectoral issues that arise out of climate variability and change and atmospheric pollution; and in the periodic evaluation of the effects of enhanced UV radiation through ozone layer depletion on humans, animals, agriculture, forestry, natural and aquatic systems, especially in tropical and subtropical regions.

138 Given the lacunae in the United Nations system where the handling of environmental issues relating to energy and transport is concerned, there is a need for UNEP to strengthen its capability in both these fields.

CHAPTER 18. PROTECTION OF THE QUALITY AND SUPPLY OF FRESHWATER RESOURCES - UNEP PROGRAMME AREA 2 (ENVIRONMENTAL MANAGEMENT OF FRESHWATER RESOURCES).

139 This chapter focuses on the problems of developing countries and the approaches necessary to establish holistic and sustainable management in use of water resources. It also stresses the need to consider water as an economic good. It covers integrated water resource development and management, water resources assessment, protection of water resources, water quality and aquatic eco-systems, drinking water supply and sanitation, water for sustainable food production, rural and urban development, and the impact of climate change on water resources.

Implications for UNEP

140 The chapter serves to reinforce the basis of the current UNEP water programme. Para 18.39 specifically calls on states to participate in the Global Water Quality Monitoring Programme (GEMS/WATER) and in UNEP's programme for the Environmentally Sound Management of Inland Water (EMINWA). It emphasizes the importance of capacity building at regional and local level including in areas relevant to UNEP, e.g. water quality assessment and monitoring.

141 To implement the above policy, the freshwater programme needs to strengthen:

- its integrated approach to attain sustainable development of a given shared basin, and cooperation among concerned countries.
- its cooperation with other UNEP units, PACs, regional offices, as well as other UN agencies, to contribute collectively to capacity building and institutional arrangements at both national and regional level.

CHAPTER 15. CONSERVATION OF BIOLOGICAL DIVERSITY - UNEP PROGRAMME AREA 3 (ENVIRONMENTAL MANAGEMENT OF TERRESTRIAL ECOSYSTEMS AND THEIR RESOURCES)

142 This chapter is intended, *inter alia*, to support the Convention on Biological Diversity. It covers national strategies for the conservation of biological diversity and the sustainable use of biological resources, integration of these strategies into national development strategies/plans, the sharing of benefits derived from research, development and use of biological and genetic resources, country studies and periodic world reports on the state of biodiversity conservation.

Implications for UNEP

143 This chapter is of central importance for UNEP. UNEP's programme for environmental management of terrestrial ecosystems and their resources includes the conservation and sustainable use of biodiversity and UNEP has played a key role in the development of the Convention on Biological Diversity which was opened for signature at Rio in June 1992. While UNEP will need to work closely with other agencies in UN system, particularly FAO, and NGO's such as IUCN, it could play an increasingly important part in helping countries meet the objectives of this chapter, for example developing national strategies for the conservation of biological diversity and the sustainable use of biological resources, undertaking country studies to identify the components of biodiversity etc.

144 Under Article 40 of the Biodiversity Convention, UNEP provides the secretariat on an interim basis, pending the Convention's entry into force.

CHAPTER 17. PROTECTION OF THE OCEANS, ALL KINDS OF SEAS, INCLUDING ENCLOSED AND SEMI-ENCLOSED SEAS, AND COASTAL AREAS AND THE PROTECTION, RATIONAL USE AND DEVELOPMENT OF THEIR LIVING RESOURCES - UNEP PROGRAMME AREA 4 (ENVIRONMENTAL MANAGEMENT OF OCEANS AND COASTAL AREAS MANAGEMENT).

145 This chapter seeks to encourage integrated management and sustainable development of coastal areas, enhance marine environmental protection from pollution, develop sustainable use and conservation of marine living resources both on the high seas and in areas under national jurisdiction, address critical uncertainties arising from the risks of climate change, strengthen international cooperation and address the particular circumstances of small islands.

Implications for UNEP

146 UNEP's oceans programme is highly relevant to the above. The purpose of the programme is the protection of the global marine environment and coastal areas and their resources through provision of assistance to governments to achieve sustainable development of these resources on the basis of monitoring and assessment, in the framework of Earthwatch, of the state of the marine environment. The programme also aims to assist governments in the control of marine pollution regionally and

globally, and through the promotion of regional approaches to sound management and rational use of living marine resources.

147 Under Para 17.26 the UNEP Governing Council is invited to convene as soon as practicable an intergovernmental meeting on protection of the marine environment from land-based activities.

148 Para 17.120 calls for strengthening UNEP's Regional Seas Programme. In general, Agenda 21 serves to emphasize the need for enhanced cooperation with UNEP regional offices, UN agencies and others, as well as strengthening inter- and intra-regional cooperation.

CHAPTER 7. PROMOTING SUSTAINABLE HUMAN SETTLEMENTS DEVELOPMENT - UNEP PROGRAMME AREA 5 (ENVIRONMENTAL HEALTH, HUMAN SETTLEMENTS AND WELFARE)

149 This chapter addresses the problems caused by rapid, unplanned urbanisation particularly in developing countries and the importance of more sustainable urban development in industrialised countries. It seeks to improve the quality of human settlements and the living and working environments for all people, in particular the urban and rural poor. It identifies strategies to provide adequate shelter for all, improve human settlement planning and management (including in disaster-prone areas), integrated provision of environmental infrastructure, sustainable energy, transport and construction activities and related human resource development and capacity building.

Implications for UNEP

150 While other agencies, e.g. WHO and UNHCS (HABITAT) and ILO, are clearly centrally involved in the implementation of this chapter, UNEP's existing sub-programmes, human settlements, waste management, hazards of pollution and environmental aspects of human health, need to be further enhanced by actions in response to Agenda 21.

CHAPTER 8. INTEGRATION OF ENVIRONMENT AND DEVELOPMENT IN DECISION-MAKING - UNEP PROGRAMME AREA 6 (ENVIRONMENTAL ECONOMICS, ACCOUNTING AND MANAGEMENT TOOLS)

151 This chapter promotes the need to integrate environmental considerations into general economic and social policy programmes, through measures such as effective legal and regulatory frameworks, use of economic instruments and establishing integrated environmental and economic accounting ("satellite" or supplementary national accounts for natural resources).

Implications for UNEP

152 The chapter is highly relevant to the heart of UNEP's mandate, as set out in Chapter 38. UNEP, together with UNDP and the World Bank, is specifically

mentioned as having the task of working with governments in this field (8.2). UNEP's existing activities and programmes relating to economics, law, education, capacity-building etc clearly need to be strengthened if the objectives of the chapter are to be achieved.

*CHAPTER 19. ENVIRONMENTALLY SOUND MANAGEMENT OF TOXIC CHEMICALS -
UNEP PROGRAMME AREA 7 (TOXIC CHEMICALS AND WASTE MANAGEMENT)*

153 This chapter proposes objectives and activities for the environmentally sound management of chemicals. The programme is largely concerned with assisting developing countries to develop the necessary legislation and expertise to ensure the safe use of dangerous chemicals. It also has a section on prevention of illegal international traffic in toxic and dangerous products. It covers assessment of chemical risks, harmonisation of classification and labelling of chemicals, information exchange, establishment of risk reduction programmes and strengthening of national capabilities and capacities for management of chemicals.

Implications for UNEP

154 This chapter is of major interest to UNEP. Para 19.6, for example, indicates that:

"Collaboration on chemical safety between the **United Nations Environment Programme (UNEP)**, the International Labour Organisation (ILO) and the World Health Organization (WHO) in the International Programme on Chemical Safety (IPCS) should be the nucleus for international cooperation on environmentally sound management of toxic chemicals. All efforts should be made to strengthen this programme."

155 There are further specific references to UNEP's role in this field, particularly in chemicals risk assessment (19.14 (a), 19.15 (b)); prior informed consent (19.36, 19.39 (d)); risk reduction (reference is made to UNEP's programme for Awareness and Preparedness for Emergencies at Local Level (APELL) (19.47, 19.49 (e); accident prevention (19.61) etc. We note also the call (para. 19.76) for UNEP, with ILO and WHO, to organize an intergovernmental meeting on chemical risk assessment and management within one year.

156 It is clear that UNEP's response to Agenda 21 must be to give more prominence to this area, emphasizing international cooperative activities, as well as the building of national capacities for the assessment and management of chemicals and wastes.

*CHAPTER 20. ENVIRONMENTALLY SOUND MANAGEMENT OF HAZARDOUS WASTES -
UNEP PROGRAMME AREA 7 (TOXIC CHEMICALS AND WASTE MANAGEMENT)*

157 This chapter addresses the management and trans-boundary movement of hazardous wastes, building on the International Basel Convention and (African) Bamako Convention. It also contains a section on prevention of international traffic

in hazardous wastes. The overall objective of this chapter is to prevent where possible and minimise the generation of hazardous wastes as well as to manage those wastes in such a way that they do not cause harm to health and the environment.

Implications for UNEP

158 UNEP's role in this field was already recognized by General Assembly Resolution 44/226 of 22 December 1989 (cited in para 20.5). The chapter places major emphasis on the implementation of the Basel Convention, where UNEP continues to have a special involvement through its responsibility for the Basel Secretariat.

159 Numerous tasks are assigned to UNEP either explicitly or by implication. For example, Para 20.13 (j) states that:

"A relevant and competent United Nations organization should take the lead, in cooperation with other organizations, to develop guidelines for estimating the costs and benefits of various approaches to the adoption of cleaner production and waste minimization and environmentally sound management of hazardous wastes, including rehabilitation of contaminated sites, taking into account, where appropriate, the report of the 1991 Nairobi meeting of government-designated experts on an international strategy and an action programme, including technical guidelines for the environmentally sound management of hazardous wastes; in particular in the context of the work of the Basel Convention, **being developed under the UNEP secretariat;**

International organizations, **through the UNEP Cleaner Production programme and ICPIC**, should extend and strengthen existing systems for collection of cleaner production information;"

160 Para 20.45 states that:

"The regional commissions, **in cooperation with and relying upon expert support and advice from UNEP** and other relevant bodies of the United Nations system, taking full account of the Basel Convention, shall continue to monitor and assess the illegal traffic in hazardous wastes, including its environmental, economic and health implications, on a continuing basis, drawing upon the results and experience gained in the **joint UNEP/ESCAP** preliminary assessment of illegal traffic."

161 For UNEP to discharge these responsibilities effectively, units such as IRPTC and IE/PAC will need to be significantly strengthened.

CHAPTER 21. ENVIRONMENTALLY SOUND MANAGEMENT OF SOLID WASTES AND SEWAGE-RELATED ISSUES - UNEP PROGRAMME AREA 7 (TOXIC CHEMICALS AND WASTE MANAGEMENT)

162 This chapter is linked to the chapters on fresh water, human settlements, health and changing consumption patterns. It seeks to minimise wastes, maximise environmentally sound waste re-use and recycling, promote environmentally sound waste disposal and treatment, and extend waste service coverage. It acknowledges that the emphasis given to each of these areas will vary according to local circumstances.

Implications for UNEP

163 UNEP's role in standard-setting and monitoring with reference to waste-related pollution is specifically mentioned (21.31).

CHAPTER 30. STRENGTHENING THE ROLE OF BUSINESS AND INDUSTRY - UNEP PROGRAMME AREA 8 (INDUSTRY, ENERGY AND THE ENVIRONMENT).

164 This chapter seeks to ensure that governments, business and industry, including transnational corporations, should aim to increase the efficiency of resource utilisation and to reduce the quantity of wastes discharge. It also encourages sustainable management and utilisation of natural resources by entrepreneurs and an increase in the number of entrepreneurs engaged in enterprises that contribute to sustainable development policies.

Implications for UNEP

165 UNEP's programme on industry, energy and the environment is of direct relevance to the implementation of this chapter of Agenda 21. Agenda 21 reinforces the international coordinating and catalyzing role of UNEP in this area, particularly the need to intensify efforts to develop the appropriate tools and policies to assess the impacts of industrial and energy developments on the environment. UNEP's work with the business sector of the community and the development of guidelines and charters, e.g. support for the ICC charter on sustainable development, or the WICEM conferences, is highly relevant. UNEP programmes in this area, particularly those of IE/PAC and TEB, will require enhancement and refocussing in the light of Agenda 21.

CHAPTER 35. SCIENCE FOR SUSTAINABLE DEVELOPMENT - UNEP PROGRAMME AREA 9 (EARTHWATCH: DATA, INFORMATION, ASSESSMENT AND EARLY WARNING).

166 This chapter brings together the science-related requirements identified in other Agenda 21 chapters. It seeks to strengthen the scientific basis for sustainable management, enhance scientific understanding, improve long-term scientific assessment, and to build up scientific capacity and capability. It includes references to satellite monitoring

Implications for UNEP

167 Like Chapter 8, this chapter of Agenda 21 goes to the heart of UNEP's mandate as defined in Chapter 38. Environmental monitoring and comprehensive assessments of major environmental media constitute the background of the UN system-wide Earthwatch process. Timely and relevant scientific information will enable decision-makers to protect and enhance the environment.

168 UNEP's own contribution to Earthwatch includes GEMS, INFOTERRA, GRID, IRPTC, SOE etc. Specific activities will have to be further developed and strengthened in the light of Agenda 21.

CHAPTER 40. INFORMATION FOR DECISION-MAKING - UNEP PROGRAMME AREA 9 (EARTHWATCH: DATA, INFORMATION, ASSESSMENT AND EARLY WARNING)

169 This chapter stresses the importance of sound, accessible information on environment and development conditions and trends. It seeks to strengthen relevant data collection and assessment at all levels, including work on sustainable development indicators. It also seeks to strengthen existing national and international mechanisms of information processing, exchange and related technical assistance.

Implications for UNEP

170 As with chapter 35 (Science for Sustainable Development), this chapter is of major importance for UNEP.

171 Para 40.13 states that:

"40.13. Institutional capacity to integrate environment and development and to develop relevant indicators is lacking at both the national and international levels. Existing institutions and programmes such as the **Global Environmental Monitoring System (GEMS)** and the **Global Resource Information Database (GRID)** within UNEP and different entities within the system-wide Earthwatch will need to be considerably strengthened. Earthwatch has been an essential element for environment-related data..."

172 Para 40.24 states that:

"The organs and organizations of the United Nations system, as well as other governmental and non-governmental organizations, should document and share information about the sources of available information in their respective organizations. Existing programmes, such as those of the Advisory Committee for the Coordination of Information Systems (ACCIS) and the **International Environmental Information System (INFOTERRA)**, should be reviewed and strengthened as required."

173 Implementing this part of Agenda 21 will involve strengthening UNEP's contribution to Earthwatch, where UNEP through GEMS, INFOTERRA etc has played a key coordinating and integrating role. In particular:

- capacity-building in developing countries needs to be increased
- the availability of reliable information needs to be improved
- methods need to be developed for the verification of impacts of international treaties on the environment
- there is a need to develop a systematic and structured approach to environmental indicators
- special attention needs to be given to early warning and risk assessment within Earthwatch.

CHAPTER 34. TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGY, CO-OPERATION AND CAPACITY-BUILDING - UNEP PROGRAMME AREA 10 (CAPACITY BUILDING FOR ENVIRONMENTALLY SOUND AND SUSTAINABLE DEVELOPMENT)

174 This chapter defines environmentally sound technologies as total systems embracing technological know-how, procedures, organisation and material skills as well as equipment or goods and services. Technology transfer and co-operation will involve enterprise, governments and research facilities. Long-term collaborative arrangements and partnerships should be encouraged between enterprise in developed and developing countries. The chapter aims to improve access to information about environmentally sound technologies, facilitate the access to and transfer of these technologies and related know-how to developing countries, and provide support to build the technological capacity of developing countries to assess and manage environmentally sound technology.

Implications for UNEP

175 UNEP has an important role to play in this field in collaboration with other agencies. The new Centre on Environmental Technology based in Japan could be especially relevant.

CHAPTER 37. NATIONAL MECHANISMS AND INTERNATIONAL CO-OPERATION FOR CAPACITY-BUILDING IN DEVELOPING COUNTRIES - UNEP PROGRAMME AREA 10 (CAPACITY BUILDING FOR ENVIRONMENTALLY SOUND AND SUSTAINABLE DEVELOPMENT)

176 This chapter aims to develop and improve national and regional capacities and capabilities for sustainable development, with the involvement of the non-governmental sectors. Each country should aim to complete, by 1992 if possible, a review of capacity-building requirements for devising national sustainable development strategies, including those for generating and implementing its own Agenda 21 action programme. By 1997, the UN Secretary-General should submit to the General Assembly a report on progress towards strengthening technical co-operation programmes for sustainable development, as well as on the additional measures required.

Implications for UNEP

177 Almost every chapter of Agenda 21 demands additional capacity building to enable developing countries to achieve sustainable development. Chapter 37 sets the overall framework for the capacity building exercise.

178 Special mention is made of UNEP's potential contribution to building the national consensus and formulating capacity building strategies for implementing Agenda 21. Thus Para. 37.5 states that:

"The United Nations Development Programme should use and further improve its network of field offices and its broad mandate to assist, using its experience in the field of technical cooperation for facilitating capacity building at the country and regional levels and making full use of the expertise of other bodies, in particular the **United Nations Environment Programme**, the World Bank and regional commissions and development banks, as well as relevant international intergovernmental and non-governmental organizations.

179 Para 37.8 states that:

"Organizations, organs, bodies and institutions of the United Nations system, together with other international and regional organizations and the public and private sectors, could, as appropriate, strengthen their joint activities in technical cooperation, including that related to technology transfer and know-how, in order to address linked environment and development issues and to promote coherence and consistency of action. Organizations could assist and reinforce countries, particularly least developed countries, upon request, on matters relating to national environmental and developmental policies, human resource development and fielding of experts, legislation, natural resources and environmental data."

180 Para 37.9 again refers to UNEP's expertise in the environmental field:

"The United Nations Development Programme, the World Bank and regional multilateral development banks, as part of their participation in national and regional coordination mechanisms, should assist in facilitating capacity and capability building at the country level, **drawing upon the special expertise and operational capacity of the United Nations Environment Programme in the environmental field** as well as of the specialized agencies, organizations of the United Nations system and regional and subregional organizations in their respective areas of competence..."

181 The implications of this chapter, together with the sections of other chapters in Agenda 21 that relate to capacity building need are now being carefully assessed by UNEP. Increased emphasis will need to be given to capacity building exercises at the national level and to the best way of achieving this objective, particularly through collaboration with UNDP and by strengthening UNEP's own delivery capability in those fields where it has a clear 'comparative advantage'. Delivery mechanisms should

involve greater use of UNEP's regional offices and participation by UNEP in capacity-building efforts at the country level, in cooperation with other relevant agencies.

CHAPTER 39. INTERNATIONAL LEGAL INSTRUMENTS AND MECHANISMS - UNEP PROGRAMME AREA 11 (ENVIRONMENTAL LAW, INSTITUTIONS AND POLICY)

182 This chapter surveys the state of international environmental law and identifies areas where further law needs to be developed. It stresses the need for effective implementation of existing agreements and to prevent environmental measures from resulting in unnecessary restrictions to trade. It covers mechanisms for avoidance and settlement of international disputes in the field of sustainable development and refers large scale destruction of the environment in times of armed conflict to the Sixth Committee of the General Assembly, taking into account the role of the International Committee of the Red Cross.

Implications for UNEP

183 This chapter also goes to the heart of UNEP's mandate as defined by Chapter 38, particularly 38.22 (h) which calls for the 'further development of international environmental law..etc'and thus reinforces the priority which UNEP has already given to this area.

184 Para 39.1 (d) states that:

"developing countries should also be provided with technical assistance in their attempts to enhance their national legislative capabilities in the field of sustainable development".

185 As part of its general capacity building efforts, UNEP will increasingly need to assist in national efforts to establish and enhance legal and institutional frameworks.

CHAPTER 36. PROMOTING EDUCATION, PUBLIC AWARENESS AND TRAINING - UNEP PROGRAMME 12 (SUPPORT TO AND COOPERATION FOR ENVIRONMENTAL ACTION)

186 This chapter promotes environmental and development education in schools and colleges, activities to increase public awareness of the issues and training.

Implications for UNEP

187 Relevant aspects of programme area 12 should be reviewed in the light of the above.

188 Para 36.5 states that:

"Within two years the United Nations system should undertake a comprehensive review of its educational programmes, encompassing training and public awareness, to reassess priorities and reallocate resources. The UNESCO/UNEP International Environmental Education Programme should,

in cooperation with the appropriate bodies of the United Nations system, governments, non-governmental organizations and others, establish a programme within two years to integrate the decisions of the (Jomtien) Conference (Education for All: Meeting Basic Learning Needs) into the existing United Nations framework adapted to the needs of educators at different levels and circumstances..."

189 In general, Agenda 21 has high-lighted awareness building for all target groups and education and training as the basis for all future development. Once again, this will involve for UNEP the increased emphasis on regional and sub-regional activities and the strengthening of UNEP's regional offices as a vehicle for the delivery of assistance at the country level.

A new emphasis on the regional dimension

190 We recommended the strengthening of the regional offices in our earlier report. The conclusions of UNCED highlight the need for local delivery and we therefore take this opportunity to stress once again the need for UNEP to focus more strongly on the **regional dimension of its activities**.

191 We note that para 38.22 (k) of Agenda 21 in particular stresses as one of UNEP's priority areas:

"promotion of sub-regional and regional cooperation and support to relevant initiatives and programmes for environmental protection including playing a major contributing and coordinating role in the regional mechanisms in the field of environment identified for the follow-up to UNCED;"

192 We also note that para 38.23 states "UNEP's regional offices should be strengthened".

193 If UNEP is to be successful in promoting the concept of environmentally sound development through proper environmental management, it must understand better environmental issues in all parts of the world and appreciate more fully concern about these issues. Whether such problems manifest themselves globally, regionally or locally, actions to deal with them must have some defined geographic ("Eco-region") focus.

194 As noted in our first report, we believe that the UNEP Governing Council should urgently re-examine the whole matter of UNEP's regional structures, and the possibility of strengthening existing regional offices and creating new sub-regional offices which will, in particular, enable the organization to make a full and valuable contribution to the UN's system-wide capacity-building exercise.

195 Links with UNDP's regional offices (currently based in New York) will clearly be important. So too will the arrangements to be made, including possible co-location, with the United Nations Regional Economic Commissions or the regional offices of other UN agencies.

196 It may also be appropriate for the Governing Council to examine to what extent some decentralization of UNEP "global" activities may make sense, e.g. aspects of Earthwatch. Equally, the Governing Council may wish to consider to what extent it is possible or desirable to consolidate or collocate (cf. Agenda 21, para 38.22 (h)) currently dispersed units, for example the secretariats of international conventions for which UNEP is responsible and which have close links with key UNEP Programme areas, e.g. ozone, biodiversity and waste management.

197 In short, we believe the next UNEP Governing Council should place the regional issue high on its agenda and that the new Executive Director should, if possible, provide at an early date a paper setting out possible future directions. We return in more detail to the question of UNEP's regional structure and activities in section III.

II Present and proposed funding arrangements

Present funding arrangements

201 General Assembly Resolution 2997 (XXVII) provides that

"the cost of servicing the Governing Council and providing the small secretariat shall be borne by the regular budget of the United Nations and that operational programme costs, programme support and administrative costs of the environment fund shall be borne by the fund".

202 The environment fund is financed by voluntary contributions from governments; governments may pledge, ie formally commit to give a contribution in the future or make contributions to the fund at any time.

203 The Executive Director may establish trust funds with the approval of the Governing Council for specified purposes, consistent with the policies, aims and activities of the fund. These trust funds receive contributions from donor governments in accordance with the trust deeds of each trust fund.

204 The Executive Director may accept contributions in cash or kind for the cost of specific goods or services (counterpart contributions) from both governments and other sources as set out in individual project documents.

205 UNEP thus has a variety of sources of funds. As shown in table 2.1 below, voluntary contributions constitute the vast majority of UNEP's funding:

Table 2.1: UNEP contributions as a percentage of total funding

	1980	1985	1990	1991	1992
Environment Fund	82	74	63	62	64
Trust Funds	6	12	25	23	22
Counterpart Contributions	0	3	6	8	8
Regular Budget	12	11	6	7	6
Total	100	100	100	100	100

Note: Trust funds pledges exclude pledges for the Interim Multilateral Fund Under the Montreal Protocol.

Trends in funding

206 The character of UNEP's funding has changed significantly over the past decade. The proportion of the total accounted for by the environment fund has fallen as individual governments have increased their contribution to trust funds etc. The proportion of UNEP's total budget coming within the direct jurisdiction of the Governing Council has fallen correspondingly.

207 While contributions to the environment fund have decreased as a proportion of total funding in recent years, the absolute trend is upward, as shown in table 2.2 below.

Table 2.2: Environment fund contributions 1988 to 1993

	\$ Million
1988	34.5
1989	39.1
1990	52.1
1991	58.6
1992	63.7
1993	65.0 (estimated)

208 This trend is not matched by an increase in the number of contributing countries, however (1988: 67 contributing countries, 1990: 65 contributing countries, 1992: 65 contributing countries), leaving a greater burden on those who continue to contribute. The majority of non-contributors are less developed countries.

209 Table 2.3 shows the distribution of voluntary contributions from governments to the environment fund for the biennium 1990/91 as well as contributions for the biennium 1992/93, based on actual contributions for 1992 and estimated contributions for 1993.

Table 2.3: Sources of funding for UNEP

Source of Funds	\$ Million			
	1990/91 Actual	1992 Actual	1993 Estimated	1992/93 Total
Environment Fund				
United States of America	26	17	21	38
Japan	13	8	8	16
United Kingdom	12	8	7	15
Germany	12	6	6	12
USSR	7	0	0	0
Sweden	6	4	3	7
Finland	5	4	4	8
Norway	5	3	3	6
France	4	2	2	4
Switzerland	3	2	3	5
Italy	3	2	2	4
Others	14	7	6	13
Total Environment Fund	110	63	65	128

Issues relating to present funding

210 There are two issues which concern us in relation to the present funding arrangements. They are:

- level of funds available
- uncertainty in funding.

Level of funds

211 The implications of Agenda 21 for UNEP are such that it would be desirable for UNEP's resource base, including funding to be significantly enlarged and reshaped over the coming years. In our report of January 1992, we estimated that professional staff should more than double by 1995 and that the financial resource required could be of the order of \$300m annually by that time. Since UNCED, those estimates would, if anything, be further increased - but equally, we recognise that further significant financial commitments to the environment and sustainable development activities have not, as yet, been forthcoming and therefore the implementation of programmes which require a major increase in resource looks, at the present time, to be most unlikely. The clear impact of this on UNEP is that much attention will have to be given to the **realistic** setting of priorities within the programme areas so that the maximum benefit is obtained from the available funds. We develop this theme in section IV.

Uncertainty in funding

212 Appropriations from the environment fund, approved by the Governing Council, and representing a "best estimate" of the total voluntary contributions expected from governments, help to minimise the uncertainty inherent in the voluntary nature of much of UNEP's funding.

213 Appropriations do not represent firm commitments of amounts to be contributed by governments, however and variations in contributions by governments have been marked in recent years.

214 Uncertainty in amounts of funding could be reduced by governments pledging contributions prior to the start of the year. However, such future pledges have been reducing over time, as shown in table 2.4.

Table 2.4: Percentage of contributions pledged prior to the start of the year

	1989 %	1990 %	1991 %	1992 %
Percentage of actual contributions pledged before start of year	54.68	38.82	27.88	28.57

215 Some governments pledge during the year of contribution, and others, including some significant contributors, do not pledge at all. In the latter cases, although UNEP may hear unofficially of a government's intention to contribute a given amount, this is not certain, and it is not prudent to commit to expenditure until the contribution is received.

216 For 1993, the situation looks better as a result of the confirmation of the pledged contribution from the US of \$21 million. Based on estimated total contributions to the environment fund of \$64.9 million, the proportion firmly committed before the start of the year has increased to 43.80%. However, it should be noted that only two other pledges of over \$1 million for 1993 had been received before the beginning of the year.

217 The Governing Council, in resolution its 16/44 of 31 May 1991, paragraph 7, strongly appealed again

"to all governments to pay their contributions either before the end of the year preceding that to which their contributions relate or as near as possible to the beginning of the year to which they relate".

218 The timing of funding remains uncertain, and the flow into the fund continues to be variable. In 1992 half of the (projected) contributions to the fund by governments had been received by June, compared with August in the previous year and July in 1990. In some months of the year, no money is contributed to the environment fund (for example, January 1992) while in other months substantial amounts are received (in June 1992 over \$16 million was received). In 1992, payments into the environment fund in the first three quarters of the year represent over 86% of the total expected contributions for the year: this is a significant improvement on previous years, but it cannot be guaranteed to continue in the future.

Consequences of the uncertainty in funding

219 UNEP's present funding arrangements have a number of deficiencies, many of which relate to the uncertainty inherent in the reliance upon voluntary contributions.

220 The uncertainty in funding leads to a tendency towards short term programme planning. Expenditure is rarely committed to programmes more than a year ahead, and many staff are on contracts of two years or less. Although the Governing Council approved the appropriation for "core programme" activities of \$150 million for 1992/93 as its sixteenth session in May 1991, the caveats to the approval encourage this short term planning:

- an additional appropriation of \$30 million for supplementary programme activities was approved on the understanding that this will be used "only as and when additional resources become available"
- in the event of a shortfall of expected contributions, allocation to identified higher priority areas or a 15 percent cut in all programme areas was recommended for consideration by the Executive Director
- authorisation for forward commitments not exceeding \$20 million for fund programme activities was given (GC decision/16/44).

221 UNEP is understandably cautious in allocating funds to programmes until there is confidence that those funds are available. Without available funds, fixed costs such as salaries may not be met, and UNEP does not have the ability to borrow money. The Governing Council stressed again at its sixteenth session the need to maintain the liquidity of the fund at all times, and it is felt necessary to maintain liquid balances to cover the requirements for the first quarter of a new year at 31 December as few contributions are paid in the first three months of the year.

222 This policy of caution has been extended in recent years by restricting the funds allocated to programmes, so that the fund currently has convertible currency liquid balances of approximately \$46 - \$47 million, or nearly three quarters of a year's expenditure. While maintaining such a high balance is perhaps understandable in view of the financial uncertainty, it has given the impression that UNEP is either underspending or unable to find worthwhile activities, and that there is no necessity to increase funding in the future, as one Governing Council representative observed at the Governing Council's sixteenth session.

223 The trend in favour of contributions to specific projects via trust funds and counterpart contributions is a result of governments' desire to control where their contributions to UNEP are spent. This may distort the emphasis of UNEP's programme by reducing UNEP's scope to take expenditure decisions. In addition, trust funds and counterpart contributions are administratively burdensome, involving additional accounting and reporting procedures. Nearly half of the Financial Report and Accounts for 1990 consists of financial statements relating to trust funds, and the Governing Council in decision 16/46, para 14, requested the Executive Director to

"produce options for reducing the number of such funds". UNEP is currently carrying out a review of a number of trust funds, with the intention of presenting a paper on the issue to the Governing Council in May 1993.

224 **To rationalise further the sources of funding and to reduce administrative burdens, consideration should be given to merging the technical cooperation trust funds which give financial support to UNEP personnel.** We recognise that this would result in the amalgamated trust funds being audited as a single fund, and that this might not satisfy individual donors' financial requirements. However, there may be sufficient will amongst donors to allow some rationalisation of trust funds.

225 In addition, we recommend that UNEP seek to reduce towards a ceiling of 10 the number of trust funds administered by UNEP, to be exceeded only in exceptional circumstances, thus controlling their administrative burden:

Proposed funding arrangements

226 In our first report, we stated that we believed that the costs of the fund programme, and programme and programme support costs should be funded on the basis of assessed contributions as follows:

- "Core" fund programme activities (appropriation of \$150 million in 1992 to 1993 approved by the Governing Council)
- Programme and programme support costs.

227 Supplementary fund programme activities (\$30 million appropriated in 1992 to 1993) could be continued to be funded on a voluntary basis.

228 We also recognised that there may be a reluctance among some donors to move from voluntary to assessed contributions. Some may fear a loss of political "control", others may find themselves paying more than they might otherwise have done. Nevertheless, we believe that combining core programme activities and programme and programme support costs funding into an assessed basis has significant advantages for UNEP:

- uncertainty over amounts of funding is reduced - the amounts to be funded could be established with certainty every two years by the Governing Council
- programmes, with guaranteed funding, could carry out effective planning of activities over a longer time frame
- the time devoted to fund raising by the Executive Director and other key members of UNEP's staff could be lessened

- the need to protect UNEP's financial position with large unused cash balances could be reduced
- senior management's concerns over expenditure would also be reduced, allowing greater autonomy for middle management in budgets within specified parameters, and consequently freeing senior management to concentrate on policy issues.

229 We also indicated that we believed, though we appreciated the political sensitivity of this issue, that provision should be made in the rules of the UNEP Governing Council for the adoption of the programme and budget if possible by consensus; but where consensus cannot be achieved, by two thirds majority vote. That two-thirds majority vote should include at least 50% of the developed countries, as well as at least 50% of the developing country members. .

230 We saw a continued important role for voluntary contributions to the UNEP budget, so as to cover the supplementary programme. We believed that voluntary donors should give clear and bankable pledges as to the amounts they are ready to commit to UNEP in support of the supplementary programme over the biennium. The overall costs financed by both assessed and voluntary contributions or "negotiated pledges", would in this way provide a firm and reliable basis on which to programme the activities of UNEP, its own staff and operations, as well as support to cooperating and supporting agencies and organisations.

231 In the light of UNCED, we remain convinced that there is still a strong case for moving towards assessed contributions as a source of finance for UNEP's core programme and we have set this out in more detail in section VIII. We recognise that not all relevant parties are as yet convinced of the desirability of such a move. We believe that UNEP Governing Council should therefore as a matter of urgency give renewed consideration to the question of UNEP's funding arrangements with a view to reaching a political consensus on this issue.

232 Such a review by the UNEP Governing Council should also consider the desirability of dispensing totally with the contribution to UNEP resources presently being made through the UN regular budget, as we argue elsewhere in this report (section IV). We believe there is in fact a strong case for handling UNEP's budget as a single integrated whole.

233 If the reforms we suggest in UNEP's funding arrangements were introduced, the case for discontinuing the present contribution to UNEP from the United Nations regular budget would be very strong on institutional grounds as well as permitting major simplifications in budgetary procedures.

234 Clearly, if a political consensus cannot be reached and it is necessary to continue with a primarily voluntary basis, the Governing Council should be asked to consider afresh, a process whereby pledges can be made at a much earlier date.

III Management and structure

Introduction

301 In our phase I report of January 1992 we made proposals which were accepted by the then Executive Director Dr Mostafa Tolba, to divide UNEP's programme into two. We emphasised that the core of the organisation should be the environment programme and that two Assistant Executive Directors should be assigned to the management of the programme, namely an AED (Natural Environment and Assessment) and an AED (Social Environment and Programme Support). We suggested that a third AED would be responsible for Finance and Administration.

302 The key elements of our proposals were that units with responsibility for the key environmental media; oceans, freshwater, atmosphere and land as well as Earthwatch would be grouped under the Natural Environment and Assessment branch. Units with responsibility for mainly cross-sectoral functions would be grouped under Social Environment and Programme Support Branch, including law and secretariat functions for conventions, inter agency affairs, human impact, programme information and the regional and liaison offices.

303 Since January 1992, a number of changes have taken place. The key changes are summarised as follows:

- the earth summit at Rio, among whose outcomes is Agenda 21 and the priorities defined therein
- Elizabeth Dowdeswell has been appointed as the new Executive Director for UNEP, with effect from January 1993
- UNEP has lost the two ASG level posts previously funded by the UN regular budget

These factors have affected our proposals in a number of ways and have made it necessary to modify in certain respects the organisation structure we recommended.

304 The remainder of this chapter on management and structure is set out under the following headings:

- Management style
- Characteristics of the current structure
- The PAC approach
- The recommended programme structure
- Strengthening the regional and liaison offices

- Fund and administration structure.

Management style

305 A key priority for the new Executive Director will be to define a top management structure and identify a top management team able to direct and coordinate the broad range of programme activities effectively. Top management needs to be strengthened by the appointment of an ASG Programme. We recommend that the new organisation structure should have two ASG level posts; one Deputy Executive Director and ASG programme, and one ASG Fund and Administration. (However, we recognise that in the short term, the ASG Fund and Administration will serve as the Deputy Executive Director.)

306 The appointment of the new Executive Director, combined with a number of forthcoming retirements at senior levels within the organisation, will provide an unusually strong opportunity for change.

307 The management style of the new top team will be largely determined by the style preferred by the new Executive Director. In our earlier report we proposed the principle of delegating authority to the maximum extent practicable, within a framework of clear accountability and authority. For the future, we propose a substantial delegation of authority, not only to the Deputy Executive Director and Assistant Executive Director, but also to directors of each of the organisational units below them. The head of each programme unit would normally be responsible for decisions relating to the work of their unit, including decisions on finance, travel and personnel matters.

308 The delegation of authority we propose should be managed through a centrally directed management framework and information system, based upon:

- UNEP's biennial plans
- the project screening and project approval committee
- budgets and performance targets which correspond to organisational units
- clear and explicit guidelines on how far programme officers can commit the organisation when drawing up plans for projects with outside bodies.

309 The head of any organisation like UNEP must, of course, have a large measure of freedom to determine the management methods and organisational culture which he/she considers appropriate to the organisation as well as his/her own personal style.

310 We believe that UNEP would benefit very much from the development of an organisational vision. Such a vision tends to describe the core values, beliefs and moral principles of the organisation. It should be simply expressed, represent an aim

to be achieved in the long term, and provide a yardstick by which to judge future performance.

311 We recommend that UNEP's top management team and senior management should undertake a process of consultation and involve as many staff members as possible in drawing up a vision which is meaningful to UNEP's staff. When the vision has been agreed, a short mission statement can be defined which should be published and distributed to all staff.

312 UNEP's mission statement should be a short simple statement which sets out where UNEP adds value to the world environment platform which positively distinguishes the organisation in the minds of everyone with whom UNEP interacts - UN organisations, governments, UNEP staff, the public - and provides clear, inspiring decision-making criteria. The mission statement should describe the way UNEP wants to be seen by others.

313 UNEP's mission statement will need to be underpinned by a set of goals and objectives that are factual, tangible and measurable. These objectives can then be cascaded down to each organisational level through the process of defining outputs and performance targets.

314 Benefits of such a statement are that it acts as an impetus for securing fundamental and lasting change. A mission statement provides a shared understanding of the desired organisation which can be articulated and communicated to all staff. A mission statement will help UNEP to use the skills and energies of its staff more fully and to empower people through a shared understanding of the organisation's priorities and their part in it.

315 Responsibility for developing a mission statement clearly lies with the Executive Director and senior managers of UNEP. However, an example is set out at annex B.

316 The new Executive Director will need to build a top management team which we believe would normally meet weekly, and not at rather irregular intervals as the current management group does. The management team would consist of the Executive Director, Deputy Executive Director, the AED Fund and Administration, and Director (Natural Environment) and Director (Social Environment). This group would form the policy making body of the organisation and coordinate the activities of the programme through defining its priorities and monitoring performance against targets.

Characteristics of the current structure

317 The outcome of UNCED and priorities defined in Agenda 21 need to be reflected in UNEP's programme. The priority areas of activity were defined at the Stockholm Conference and these have been maintained to a greater or lesser degree by GC 16 and up to June, 1992 when they were largely reconfirmed.

318 Primary activities would have resources channelled into organisational units representing these primary programme areas. In addition, new areas of emphasis for UNEP, identified in Agenda 21 will need to be clearly represented. These include toxic chemicals, biodiversity, biotechnology and toxic waste management.

319 UNEP also needs to recognise the areas where other organisations play a leading role. In these areas we would not identify separate organisational units assigned to these activities, but determine how best to optimise the use of resources in providing a supporting role to other lead agencies and bodies. Examples of these secondary areas are:

- sustainable agriculture (FAO)
- demography (UN Population Fund)
- human settlements (Habitat)
- forests (FAO, ITTO etc).

320 The procedures UNEP should adopt in order to achieve its objectives were set out at the Stockholm Conference. Three levels of activity were defined; assessment, management and support measures. The functional links between the environmental media components of the programme on a vertical scale, and the assessment, management and support measure components on the horizontal scale need to be reflected in how the organisation operates. However, the key to successful implementation of a necessarily complex matrix organisation such as UNEP is to separate accountability and reporting relationships from the functional linkages.

321 The current organisation structure includes elements of both form and function. A useful model for the future would be provided by separation of these elements organisationally. The structure needs to show clear accountability for the separate components of the programme, and clear links between resources (both financial and human) and performance targets. In order to achieve this level of clarity we recommend that organisational units have corresponding budget lines. The links between actions, performance and finance should be transparent.

The PAC approach

322 In support of transparent links between programme inputs, activities and outputs we recommend that all programme units in the new organisation structure have equal status and are managed in a way similar to the existing PACs. This will mean that a number of smaller PACs will need to be merged with separate budget lines identified for separate activities. This will be particularly relevant to Earthwatch where there are currently a large number of small PACs. In other areas of the programme new PACs will need to be set up, replacing the previous branches.

323 Advantages of the PAC approach are summarised below:

- PACs represent a limited number of coordinated projects. This has an advantage over the branches which may have as many as twenty projects running, some with very limited budgets, and all with different start and end dates
- there is a Fund Management Officer to provide budget information and support to the PAC.
- a single budget line for each organisational unit would provide better flexibility to allocate funds to meet changing priorities in the programmes during a biennium
- activities, funds and staffing are planned on a biennial basis for PACs and this provides for an element of continuity and direction within each programme area
- PACs have often achieved longer term projects compared with branches, some running for many years. The smaller projects have a lower level of flexibility and security attached to their activities and have on occasions been axed when a critical mass has not been achievable
- a planned biennial programme means that efforts can be directed towards the programme activities themselves, rather than the considerable efforts currently undertaken in the branches to follow leads and identify new projects
- a thorough process is already in place for screening, approval and evaluation of the biennial plans and budgets for PACs. When a project document is approved, the PAC director is delegated responsibility (and should then be held accountable) for the management and disbursement of resources

324 In our view, the larger PACs (or groups of PACs) would benefit from a personnel officer located within the PAC (or group), who would provide personnel and administrative support and information for staff within that PAC. The personnel officer would work together with the fund management officer (also located within the PAC), in providing management information and support to the PAC director. In smaller PACs these functions could be combined in a single post and so limit additional resource requirements.

325 We envisage that the PACs would have a critical mass of at least 6 to 12 staff and could therefore be expected to make some solid achievements in the substantive programme areas. Achievements should be defined as clear deliverables and performance targets set over a specific time frame. In the current structure, a number of organisational units are very small, some with only one or two staff members, which has hindered their progress.

The recommended programme structure

326 After reviewing in detail various organisational options, we recommend that the new organisation structure should have the following characteristics:

- an Executive Director (at USG level) with a streamlined office of the Executive Director and a small public relations unit
- a Deputy Executive Director (at ASG level) who also heads up UNEP's programme
- two main divisions for the substantive programme, (each headed up by an Assistant Executive Director at D2 level) covering:

Programme area A - Natural Environment
Programme area B - Social Environment

- an Assistant Executive Director (preferably at ASG level) for Fund and Administration.

Figure 1 show: the top level recommended organisation structure

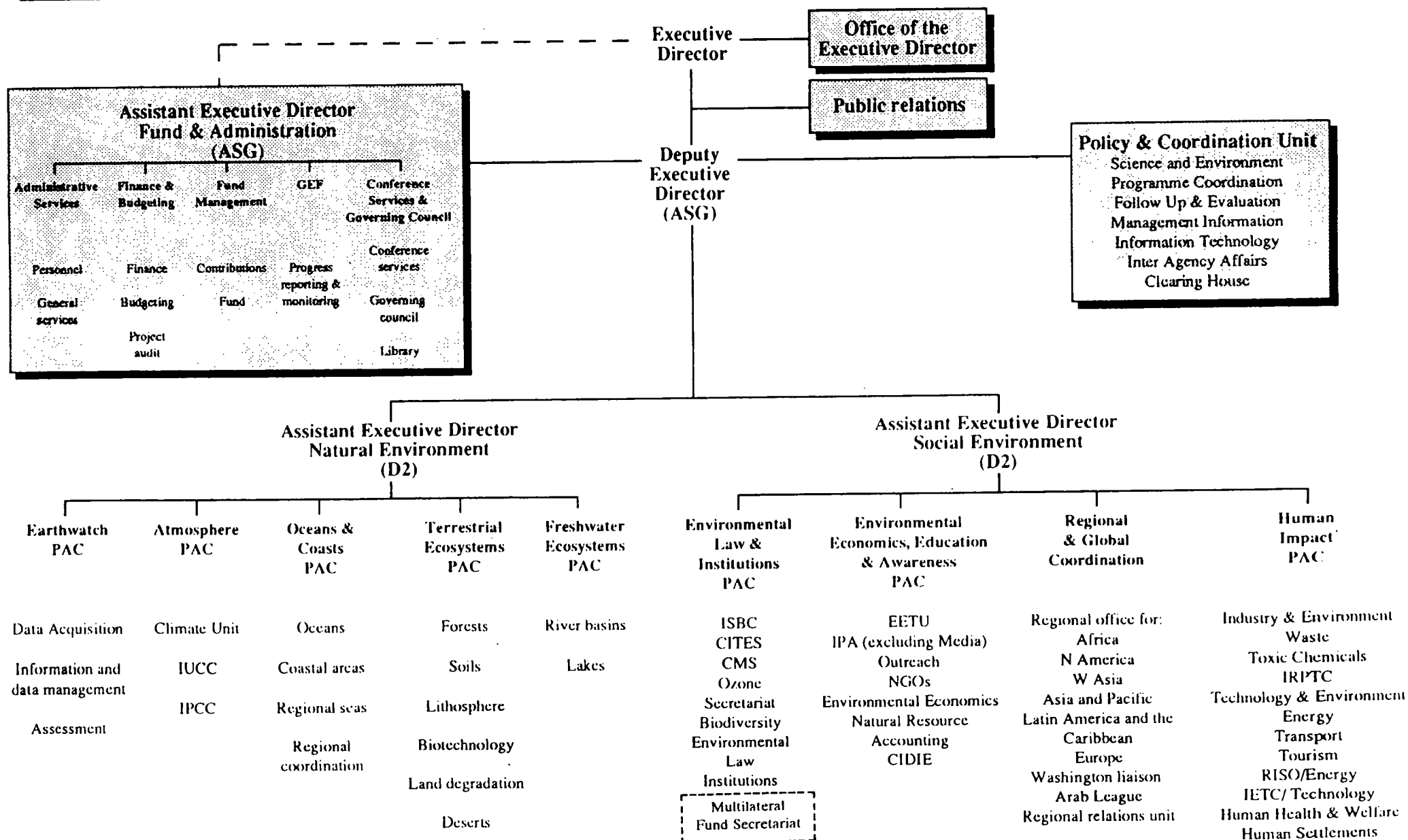
327 Given UNEP's current workload, and the expansion of activities envisaged in Agenda 21, we consider it necessary that UNEP's programme should be headed by the Deputy Executive Director and ASG Programme. The programme itself would be divided into two parts. Programme area A would include the core environmental media - atmosphere, oceans, freshwater and terrestrial ecosystems, as well as the assessment component, Earthwatch: Programme area B would essentially include all supporting measures - law and institutions, economics, education and awareness raising, as well as the regional offices and the human impact components of the programme.

328 We envisage that a Policy and Coordination Unit should be set up to support the Deputy Executive Director in his role as coordinator of UNEP's programme.

329 Components of the unit would include the functions of the existing Programme Coordination Unit (PCU) as well as the programme-wide functions of the current Policy Development and Inter-Agency Affairs division - policy advice, follow up and evaluation of programme activities and projects, and managing inter-agency affairs. Under this scenario, the follow-up and evaluation function would need to be expanded to support a learning process - so that programme areas can benefit from previous experience - and not to perform an internal audit function. The function would need to be included in the policy and coordination unit and cover all programme areas. An increase in resources from the existing single post will be required in order to carry out these functions effectively. Additional functions which would be carried out by the unit include:

Recommended Organisation Structure

Figure 1



- coordination of information technology across the programme. This will enable the use of common systems and technology with a view to sharing management information and providing for common access to data where appropriate. The potential introduction of compatible technology and networked systems across the organisation has clear benefits for improved internal communications as well as the processing of data and information for external use
- Clearing House. The functions of the clearing house are somewhat limited at the moment, owing to the significant decrease of funds for disbursement to developing countries under clearing house projects. We suggest that human resources currently allocated to clearing house should be diverted to other parts of the organisation until this funding picks up. In the longer term, the location of the Clearing House in the Policy and Coordination Unit would facilitate the management and coordination of clearing house functions across the whole of UNEP's programme
- Science and Environment. This is a new initiative identified in Agenda 21 which would logically need to have input from all programme areas and might therefore be included in the activities of the policy and coordination unit

330 Programme area A would be headed by an Assistant Executive Director (Natural Environment) at D2 level and would include five main organisational units or PACs:

- Earthwatch - including the current functions of GEMS, GRID, INFOTERRA and SoE including emphasis on assessment of freshwater ecosystems and terrestrial ecosystems
- Atmosphere - including the current functions of IUCC, the Climate Unit and UNEP's input to IPCC
- Oceans and coastal areas - including the existing functions of OCAPAC and the regional seas programmes
- Freshwater Ecosystems - including inland waters and the existing functions of the water group in the current terrestrial ecosystems branch
- Terrestrial Ecosystems - including the appropriate sections of the current terrestrial ecosystems branch including lithosphere, and the technology and environment branch, as well as DCPAC.

331 Programme area B would also be headed by a D2 level post; an Assistant Executive Director (Social Environment). This part of the programme would be comprised of four organisational units, three of which would form PACs:

- Environmental Law and Institutions - including the existing functions of ELIPAC as well as the provision of secretariat services for ISBC, the Biodiversity Convention, the Ozone Convention and the Montreal Protocol, as well as responsibility for links with CITES and CMS
- Environmental Economics, Education and Awareness - including the functions of the EETU, the IPA (except the media section), environmental economics, natural resource accounting and CIDIE

Whilst it is clear that close contact with the Executive Director is needed to fulfil the public relations and media role, other organisational units within the current information and public affairs department need to establish close working relationships with staff in the substantive programme units in order to function effectively. In order to provide information to the public about UNEP's programmes accurately, the input and expertise of staff in the relevant part of the programme is required. In addition, the PAC would support the programme areas in the preparation and publication of technical information. These activities are important to UNEP's awareness raising role and to capacity building across the whole programme

- Human Impact - including the existing functions of IEPAC in Paris and the appropriate sections of the current Technology and Environment Branch; energy, transport, tourism, human health and welfare, human settlements, and the activities associated with IRPTC in Geneva, toxic chemicals and the new waste management functions. The PAC would also have links with the UNSCEAR committee and with UNCUEA functions as appropriate
- Regional and Global Coordination - this includes the existing six regional offices, the Washington Liaison office, the Arab League office and the regional relations unit. Additional activities would include coordination of country programmes and sub regional programmes.

332 We envisage that each of the units would be managed as a PAC, with the exception of regional and global coordination. The regional and liaison offices would themselves each comprise a small PAC, with separate budgets, performance targets and accountabilities.

Strengthening the regional and liaison offices

333 The need to strengthen UNEPs presence at a regional and sub-regional level is clear. Growing regional interests are reflected in the UNCED Agenda 21 Chapter 38 which assigns to UNEP as a priority activity the "promotion of sub-regional and regional cooperation and support to relevant initiatives and programmes for environmental protection including playing a major contributing and coordinating role

in the regional mechanisms in the field of environment identified for the follow-up to UNCED".

334 Under the current structure regional offices have a number of different roles with different offices showing different emphases. Roles range from representation, promotion and liaison, to information gathering, information dissemination, education and technical cooperation.

335 The roles and responsibilities of regional offices have evolved over time; each office carries broad common responsibilities while simultaneously bearing special roles unique to its location. Generally, each office represents UNEP in its area, providing an organisational presence and promoting concepts of environmental management and sustainable development. They inform and raise environmental awareness by disseminating information through newsletters, press releases, pamphlets directed to governments, professional audiences and the general public.

336 Additionally, they furnish technical cooperation to developing countries through consultancies, fellowships, seminars, and projects. They provide programme development support for UNEP's projects implemented in their region. They also provide regular information and data from the regions and their countries on environmental problems, policies and measures that can be undertaken to deal with them.

337 Additionally, each of the offices has roles unique to its own region and location:

- The New York office links to UN Headquarters, and in particular with UNDP
- the Geneva office ties UNEP to many of the UN specialised agencies
- Bangkok leads cooperative efforts with the Economic and Social Commission for Asia and the Pacific (ESCAP), the Asian Development Bank (ADB), and intergovernmental regional groups like the Association of South-East Asian Nations (ASEAN), the South Asia Co-operative Environment Programme (SACEP) and the South Pacific Regional Environment Programme (SPREP)
- Mexico City manages the Action Plan for the Environment in Latin America and the Caribbean
- Nairobi has assumed major responsibilities for the implementation of the African Ministerial Conference on the Environment (AMCEN)
- Tunis and then Cairo provided links to the Arab League Educational, Cultural and Scientific Organisation (ALECSO) and to the Council of Arab Ministers Responsible for Environment (CAMRE)

- Bahrain established ties to the Regional Organisation for the Protection of the Marine Environment (ROPME) and in 1990 served as the focal point for the UN agency co-operative programme on the environment, following the Iraq-Kuwait conflict
- The Washington office is UNEP's link to the USA, and has taken the lead in mobilising women around the world to work on the environment. The office also provides an important link to GEF and inputs to STAP.

338 The range and amount of regional and liaison activities has expanded dramatically, as environmental issues have risen to the top of the world's political agenda.

339 The regional office system cannot respond adequately to current environmental challenges, largely for the following reasons:

- inadequate staff and financial resources for the extent of the areas to be covered, the governments to be served and the mandate to be discharged
- consequent inability to take full advantage of all opportunities for collaborative action and to undertake a systematically programmed structure of activities
- inadequate definition of the role of the regional offices and of their relationship with headquarters
- administrative problems.

340 Opportunities already identified for strengthening these offices include:

- an integrated UN presence at the country level - UNDP, UNEP and other UN agencies would share the same building and facilities, and provide a coherent approach to development in that country
- the possible integration of the functions of UNEP's regional offices with the Regional Economic Commissions to form joint divisions
- the establishment of sub-regional offices in order to make the jurisdiction of each office more manageable (cf. the proposals contained in UNEP/GC 15/5/Add.3)
- The secondment by UNEP of a professional staff member to selected UNDP offices to provide an environmental input to the country programme and advice on environmental matters.
- Outposting technical staff from the substantive programme areas (eg from the Regional Seas Programme in OCAPAC) to regional offices -

this would facilitate exchange of skills and knowledge between regional offices and the programme, and would enhance opportunities for capacity building. At present, some of UNEP's regional programmes operate separately from the regional offices.

- Collocation of regional information officers with the regional offices, with links to the functions of the education and awareness part of the programme would strengthen the exchange of information between the programme and the regional offices.

341 An assessment will need to be made of these opportunities for strengthening UNEP's regional framework against a range of criteria including the following:

- political and strategic requirements
- the logistics and practical needs of respective constituencies
- the cost-effectiveness of a UNEP presence
- UNEP's visibility in relation to other agencies and bodies
- opportunities for functional integration and the varying roles and activities which need to be undertaken in the different regions or sub-regions
- priorities and changes in the programme areas.

342 Historically, the regional offices were set up primarily for representational and liaison purposes and substantive programme requirements were limited. This situation is clearly changing with more regional offices getting involved in the development of regional action plans at an early stage, and in providing advice in specific programme areas to ministries and government departments at the country level.

343 In order that Regional offices can provide a link between the Programme and the main regional concerns, the regional offices need to be informed about regional initiatives in the programme areas.

344 The activities of regional office PACs will need to be planned in the same way as the rest of UNEP's programme. Regional offices will need to draw up biennial plans which support both the development of regional action plans and the immediate needs of each region. Deliverables and performance targets will need to be defined within the planning time frame for each regional office, in consultation with the core programme areas, in the same way as for the PACs.

345 In our recommended organisation structure we have included "Regional and Global Coordination" under the Social Environment division of the programme for the following key reasons:

- many of the activities of regional offices are closely linked with components of the social environment programme; providing advice at country level on the legal aspects of regional programmes; assisting with setting up environmental institutions including ministry frameworks; education and awareness campaigns; information collection and dissemination; providing advice on the clean-up campaign to deal with waste; inputs to national and regional development plans; advice on environmental components of energy policy, transport plans etc; advice on issues relating to human health
- the directors of each regional office would report to the AED (Social Environment) who would be responsible to ensure that appropriate regional and sub-regional linkages are in place across the social environment programme
- the arrangement facilitates transfer of resources between headquarters functions and regional offices within the social environment programme, which would enable UNEP to respond more quickly to changes in emphasis at a regional and country level
- the span of control would be too broad for the regional directors to report directly to the Deputy Executive Director - his involvement with each region would be limited to an insufficient level.

346 Under this arrangement the regional relations unit would continue to coordinate progress report and information between the regional offices, and would act as a point of contact between headquarters functions and the regions. It is envisaged that each regional office would operate as a PAC with a biennial plan and budget, and would therefore be subject to the same approval and review processes as the programme areas.

347 Options for locating the regional offices in a separate framework of the organisation structure, possibly forming a third division of the programme and reporting to the Deputy Executive Director and ASG (Programme) will need to be considered against the advantages and disadvantages of including them within the social environment division. At present, the regional offices are small and have limited financial and human resources. If in the future, dispersion of UNEP's activities takes place resulting in enhancement of regional activities there may be a strong case to evolve the structure and form a separate regional framework.

348 The primary function of the Washington Liaison office is to support UNEP's role in GEF and its involvement in STAP. A logical next step in strengthening UNEP's activities in this direction would be to transfer staff currently assigned to GEF in Nairobi across to Washington, and form a centre of excellence where it is most required. It has been suggested that part of the brief of this unit might be to actively participate in GEF project reviews with responsibility for the environmental component of the approval process. Progress reports and monitoring of UNEP's input

to GEF would be managed internally by the Fund Management Branch under this scenario.

349 In summary UNEP's programme would be comprised of:

- a Deputy Executive Director, ASG (Programme)
- a Policy and Coordination Unit of up to 15 professional staff
- a Natural Environment Division of five PACs
- a Social Environment Division of three PACs
- Regional and liaison offices, managed as small PACs, included within the Social Environment Division.

Fund and administrative structure

350 The Fund and Administration division of UNEP would be headed by an Assistant Executive Director (preferably at ASG level). The functions carried under Fund and Administration out would be as follows:

- administrative services - including personnel and general services functions
- finance and budgeting - including the audit of project activities currently carried out by the follow-up and evaluation unit
- fund management - including the contributions section who are responsible for monitoring, analysing and acknowledging contributions received
- monitoring and progress reporting on the Global Environment Facility and
- Conference Services and Governing Council - including the management of UNEP's library.

351 Roles and responsibilities undertaken by these functions would be largely the same as those currently carried out, with the exception of fund management and personnel services both of which would essentially play a coordinating role, with the fund management officers (FMOs) and personnel officers transferred to the programme activity centres, leaving only central management and control activities under Fund and Administration.

352 Financial planning and budgeting activities are currently undertaken jointly between the programme areas and the office of environment fund and administration,

only at the highest levels. Transfer of FMOs and personnel officers to the programme areas should facilitate the process of pushing responsibility for financial and human resource planning and budgeting down to the appropriate organisational units.

353 In the recommended structure, financial control and monitoring would need to continue to be carried out by the finance assistants in the budget and data control unit (under Fund and Administration) as well as by the FMO's in the PACs.

354 Other implications of including FMOs in the programme areas include the need for the Fund Management Branch to control the commitments of each fund centrally. Expenditure and cash flow activities will also need to continue to be managed centrally because of the uncertainty of funding against the budget. Furthermore, budget monitoring information will be needed both centrally and in the PACs.

355 Advantages of including FMOs and personnel officers in the PACs include:

- better coordination between fund and programme activities
- improved ability for programme areas to manage their financial and human resources and budgets
- financial authority and accountability which corresponds to operational authority and accountability.

356 In section IV we have set out our proposals on changes to the way in which the budget is set in order to provide for more explicit financial monitoring and control activities which will be required if organisational units are to be held properly accountable for the way in which they have implemented their programmes. In section V we have outlined the roles of personnel officers in the PACs and the activities which we envisage central personnel would need to undertake.

357 In conclusion, the aim of the PAC structure for programme areas is to provide for:

- accountable management of activities corresponding to the priority areas identified in Agenda 21
- results which are transparent and can be successfully planned, implemented and monitored
- a shift of resources out of administration and into core programme activities
- a strengthening of the amount of senior management time devoted to programme activity.

358 We recognise that UNEP is at an early stage in responding to UNCED and in the introduction of a new management style. We also recognise that the organisation structure will need to evolve, over perhaps the next biennium according to priorities and as a critical mass of resources is built up in key areas.

359 We would therefore anticipate that modifications will need to be made to these proposals by the Executive Director and that it is likely that further modifications will be needed during 1994.

IV Planning, budgeting and audit

Planning

401 As part of its coordinating role, UNEP consults with other United Nations organisations and bodies to prepare a common approach in tackling environmental problems. This approach has in the past been articulated in the System-Wide Medium-Term Environment Programme (SWMTEP). The current SWMTEP covers the period 1990-1995.

402 The Commission for Sustainable Development (CSD) will, in future, play a key role in coordinating the response of the United Nations system as a whole as far as the implementation of Agenda 21 is concerned. Change in both the overall coordination of activities and the form and role of SWMTEP is therefore most likely and the precise form will be evolved in the coming months.

403 Against this background, UNEP may need to modify its role to that of being a key participant and also on that basis modify its planning process so that the development and presentation of its forward plans is compatible (within resource constraints) to the overall scenario. It will mean changes to both UNEP's internal processes and also the formal content and context of planning and budgeting documents to the Governing Council.

Budget setting and reporting

404 The present position as regards the Governing Council is that at its sixteenth session, the Governing Council received the following documents related to the use of UNEP's resources:

- the use of resources in 1990-1991 and the proposed use of projected resources in 1992-1993 and 1994-1995
- proposed programme budget for the biennium 1992-1993
- programme and programme support costs of the environment fund
- report of ACABQ on the performance report on the programme and programme support costs budget for the biennium 1990-1991 and the proposed budget for programme and programme support costs for the biennium 1992-1993
- additional sources of funding and management of trust funds
- financial report and audited accounts for the environment fund for the biennium 1988-1989, ending 31 December 1989.

405 Similar documents will be prepared for the forthcoming Governing Council session, with some variation:

- information on resources additional to those channelled through the environment fund (the regular budget, trust funds etc.) will be included in the document on the projection of environment fund resources
- the proposed programme budget will include a table on the place of trust funds within the environment fund programme
- the number of tables, particularly with regard to the regular budget and the PPSC budget will be reduced
- the format of documents will be harmonised by a grouping of items into executive direction and management, programme of work and programme support.

406 The provision of the additional information proposed will, we believe, assist in an appreciation of the finances of UNEP. However, the number and the format of the proposed documents are, in our view, unlikely to meet the Governing Council's needs for a comprehensive assessment of programmes and their priorities in a readily digestible and transparent format.

407 In view of the time required to prepare the programme and budget documents and to distribute them before the meeting, our proposed changes which are described in the following paragraphs, if agreed, will have to be implemented after the next Governing Council.

408 Nevertheless, we think it might be helpful for the Governing Council to agree to a new format, which would be presented as a 'mock up' and that **subsequently** the 1994/5 biennium figures should be reworked and presented by the Executive Director to the Chairman on an informal basis. If, of course, the Governing Council decides to meet in 1994 they would be ratified at that time.

409 In order to achieve an overall budget, UNEP needs to modify its planning process and to develop a budget format which reflects the organisation structure. With reference to the recommended organisation structure shown in figure 1, the overall budget would therefore have three key components:

- PAC costs - relating to each of the programme activity centres under AED Natural Environment, and AED Social Environment
- Administrative costs - relating to the AED Fund and Administration and the organisational units reporting to him.
- Central management costs - relating to the Office of the Executive Director, Public Relations, the Deputy Executive Director, the Policy

and Coordination Unit, the AED Natural Environment and the AED Social Environment.

410 PAC costs would be equivalent to the current fund programme activities budget, together with environmental programmes within the PPSC budget - the "programme of work" in UNEP terminology. PAC costs would be divided into each of the PACs identified in the recommended organisation structure. Budgeted costs of PACs would be further divided into two parts:

- disbursements to supporting and cooperating agencies for external projects
- remaining direct costs of PACs - primarily staff costs and internal projects (costs of coordination and implementation).

411 Administrative costs would include all costs incurred by those units falling under Fund and Administration in the proposed organisation structure, with the possible exception of conference services which it may be feasible to charge out to users of their services. Administrative costs would correspond to "programme support" using UNEP terminology.

412 Central management costs would include the costs of the Office of the Executive Director, Public Relations, the Deputy Executive Director, the AEDs in the Programme and the costs incurred by those units falling under the Policy and Coordination Unit in the recommended organisation structure. Taken together, the administrative budget and the central management budget would replace the current PPSC budget.

413 The allocation of the great majority of UNEP's costs under such a budget format would be clear; staff costs for example would be attributed on the basis of the organisational unit in which a member of staff works. However, it would be necessary to devise a method for allocating the charges paid by UNEP for UN Common Services at Gigiri to organisational units.

414 The budgeting procedure at UNEP would then be as follows:

- **Preparation of individual budgets:** programme heads, working with fund managers, referring to guidelines drawn up by the senior management group, would draw up budgets for their PAC for the biennium. These budgets would be separated into two parts: disbursements to supporting and cooperating agencies and other PAC costs (costs of coordination and implementation)
- **Prioritisation of budgets:** UNEP's PACs will already reflect UNEP's priorities in the light of Agenda 21; however individual areas within PACs (and between PACs) should also be prioritised. While it may not be feasible to provide a ranked list of priorities, at least an identification of areas into priority and non-priority groupings should be made

- **First review of budgets:** draft budgets for PACs, administrative units and central management units would be reviewed and discussed by the senior management group. Results of this review would be fed back to programme and administrative heads
- **Preparation of second draft:** a second draft incorporating amendments from the senior management group would be prepared. This would be the last revision of individual budgets
- **Second review of budgets:** the senior management group should discuss and agree the amended individual budgets
- **Identification of priorities:** to combat potential shortfalls in funding, programme areas should be sorted into an order of priority by the senior management group in consultation with programme heads and based on the draft prioritisation already produced during drafting of individual budgets. This order of priority would form the basis for expansion or contraction of activities once the actual level of funding becomes clear
- **An overall budget:** showing the costs (though not the staff numbers) associated with each PAC and with administrative and central management units should be presented to the UNEP Governing Council for approval
- **Monitoring of progress against budget:** during the biennium, progress against budget should be monitored by UNEP's management. For this to be achieved, it will be necessary to produce cost reports showing costs directly attributable to PACs and to administrative and central management units.

415 An important element in the current budgetary process is the flexibility given to the Executive Director to adjust apportionments approved by the Governing Council by 20 per cent. This flexibility should be maintained for PAC budgets, subject to the senior management group's approval, thus enabling UNEP to continue to accommodate changes in the world environment during the two year budgeting cycle. Under the proposed process, the Executive Director would have the ability to move 20% of the budget between the total costs of each PAC and have full powers of virement on individual expenditure lines. These powers may be delegated by the Executive Director as appropriate.

416 Ex post it is possible, and desirable for management information purposes, to report the source of funds used by PACs and administrative and central management units, and to identify costs by their function or object of expenditure. This would give a reporting structure, in which the total funds of UNEP may be looked at in three different ways. Each functional cost may be analysed by source of funding, or may be broken down into PACs, administrative and central management units; each organisational unit may be analysed by functional cost or by source of funding; each

source of funding may be separated into the functional costs or the organisational units which it supplies.

417 To achieve such reporting, transactions should be coded for recording in UNEP's system identifying source of funds, organisational unit and functional cost classification. The allotment and project ledgers at UNEP, which have a three alpha digit and eight numeric digit code structure (for example "ABC 12345678") may be able to accommodate this coding with modifications to the system currently in operation.

418 The introduction of such a planning, programming, budgeting and reporting system would cover more than 90% of UNEP's activities leaving the UN regular budget to provide the funds for a small central secretariat, the Governing Council, the Committee of Permanent Representatives and Conference Services. We believe, however, that in the longer term, UNEP should consider dispensing with the regular budget - the procedures for this budget are complex but dictated by the UN Budget Division. The results of the UN regular budget exercise should be reported to and noted by the Governing Council only - as no decision is required.

Internal audit processes

419 UNEP continues to receive its internal audit function from the United Nations Internal Audit Division (UNIAD). UNIAD's office in Nairobi currently has four professional staff, and it is planned to increase this to a full complement of five in the near future. Increasing the number of professional staff based in Nairobi would allow greater coverage of operational areas.

External audit processes

420 Responsibility for the external audit of UNEP is allocated on a rotational basis by the Board of Auditors to one of its members. The external auditors carried out an audit of the 1990-1991 biennium financial statements in 1992. Their detailed audit points highlighted a number of important issues, particularly concerning the many revisions to project documents due, in part, to the uncertain nature of funding, and to the high administrative burden caused by the plethora of trust funds. However, the requirement that individual Auditor Generals are familiar with the national financial arrangements in the many countries where UNEP is active is onerous. We therefore **recommend** that consideration be given to a permanent UN system of external audit, or to a contracted-out service whereby internationally recognised auditors would be invited to compete for the work.

V Human resources management

501 In our earlier report, we envisaged a substantial strengthening of UNEP's human resources in selected priority areas. There is still a need to ensure that priorities identified at UNCED for the environment programme are reflected in the allocation of human resources, but given that funding is unlikely to permit substantial increases in resources, we have concentrated in this report on the human resource levels which we believe are tenable in the medium term.

502 This section is set out under the following headings:

- Staffing in UNEP
- Personnel policies and procedures
- Human resource planning
- Human resource development
- Strengthening the personnel function.

Staffing in UNEP

503 Table 5.1 overleaf summarises the staffing levels in UNEP. At 31 December, 1992 there were 792 staff in post, of which 706 were funded by voluntary contributions and 86 funded by the UN regular budget. There were 295 professional staff in post, and 497 General Service staff.

Table 5.1: Number of staff employed by UNEP (31 December, 1992)

	UN regular budget posts	Other posts	Total posts
Professional staff			
Permanent contracts	10	29	39
Probationary contracts	1	0	1
Fixed term contracts	22	233	255
Total professional staff	33	262	295
General service staff			
Permanent contracts	19	72	91
Probationary contracts	0	0	0
Fixed term contracts	34	372	406
Total general service staff	53	444	497
Total	86	706	792

504 When UNEP was set up in 1972 as a "small secretariat" of the United Nations, it was decided by GA resolution 2997 (XXVII) that the costs of the secretariat and those of servicing the Governing Council would be borne by the regular budget of the UN. UNEP was therefore set up with a core secretariat of staff, funded by the UN regular budget. The full terms and conditions of employment of the UN Secretariat should apply to this group of staff who should, in the main, hold permanent positions.

505 All other employees are funded under the voluntary contributions received directly by UNEP. They often hold fixed term contracts and administration of staff is delegated to the Executive Director. These staff are recruited and promoted directly by UNEP without the need for reference to the UN Secretariat in New York. The Executive Director is bound to follow the staff regulations of the United Nations for these staff. However, their employment situation differs from those appointed to UN regular budget posts in the following ways:

- UNEP staff have limited opportunity for mobility and transfers are constrained to UNEP posts across the world
- the conditions for converting a fixed term contract into a permanent contract are stricter for UNEP staff than other groups of staff managed by the UN Secretariat

- UNEP staff seeking a "G to P" (general grade to professional grade) promotion are not able to sit the UN Secretariat examination but sit an examination set by UNEP.

506 Staff funded under voluntary contributions are therefore disadvantaged in comparison to their UN regular budget counterparts through not benefitting from the security and variety of posts offered to regular budget post holders.

507 Staff funded under the regular budget appear to be rather haphazardly distributed throughout UNEP and bear little resemblance to the purpose of UN regular budget contributions. For example, 75% of the posts in the section supporting the Conference and Governing Council Service are funded by voluntary contributions.

508 We believe UNEP should urgently review the rationale behind the allocation of posts funded from the regular budget. UNEP needs to define its core activities and put in place mechanisms to gain more secure funding in these areas. The overall objective should be to move towards longer term fixed contracts, (subject to probation) of say up to 5 years, for key posts.

Personnel policies and procedures

509 In the following paragraphs, we consider the effectiveness or otherwise of personnel policies and procedures in UNEP and the effectiveness of the personnel section in ensuring these policies and procedures are applied in a way which supports UNEP's objectives.

This section is set out under the following sub-headings:

- Employment contracts
- Creation and deletion of posts
- Recruitment and promotion
- Vacancy rates and resignations
- Performance management
- Pay and conditions.

Employment contracts

510 As shown in table 5.1, the majority of staff are on fixed term contracts (most of which are of between one and two years). The percentage of staff on these contracts has increased during the last year, away from the recommendations of our previous report and against the declared intention of the (former) Executive Director. It remains common for these contracts to be renewed several times, the length of the

contract increasing as the length of service in UNEP increases. Some long-serving staff are never offered permanent contracts.

511 UNEP offers fewer permanent contracts to their professional and general staff than most organisations in the UN. A comparison of the percentage of staff offered permanent contracts in other UN organisations for 1991 is summarised in Table 5.2 below (Figures are not yet available for all these organisations for 1992):

Table 5.2: Percentage of staff offered permanent contracts in the United Nations (31 December, 1991)

UN organisation	Number of professional staff on permanent contracts	Percentage of professional staff on permanent contracts	Number of general service staff on permanent contracts	Percentage of general service staff on permanent contracts
UNEP				
30 November, 1991	37	15	99	23
31 December, 1992	39	13	91	18
UN (including UNEP)	2676	69	5715	66
UNDP	636	47	2562	51
UNHCR	342	49	325	24
UNESCO	167	18	814	51
WHO	202	18	614	26
IAEA	13	2	35	3

512 UNEP keep staff on fixed term contracts for four main reasons:

- to guard against the uncertainty of incoming voluntary contributions
- to enable changes to be made in staffing to reflect changes in programme priorities
- as a performance control measure (unsuitable staff can be released without having to follow formal and lengthy disciplinary procedures)
- for resourcing short term projects, avoiding the need for longer term plans.

513 UNEP has a culture which is strongly influenced by the fear of contract termination and there is a degree of cynicism regarding contract renewal. We believe the negative aspects of this culture severely inhibit the open and constructive criticism and discussion required for an effective performance management system.

514 UNEP loses much by offering such transitory employment contracts. In particular the organisation:

- cannot attract first rate candidates seeking more secure posts
- loses commitment from staff who are naturally looking elsewhere for the next job
- loses money and productive time as posts change hands.

515 Furthermore, short-term contracts contribute to the problem of high vacancy rates in UNEP. UNEP is not unique in having to manage its activities under conditions of uncertainty of incoming funds and this should not prevent the organisation from recognising the value of its employees.

516 We believe that UNEP should continue to offer fixed term contracts to staff in small or short term projects and those employed to meet temporary needs (such as conference services). These contracts should be genuinely for a fixed period of time - ie there is no intention or expectation that they may be renewed. For other staff joining UNEP they should, we suggest, initially be given a probationary contract for say 2 years. This then might be renewed once before the staff member was considered for a permanent position. All staff carrying out UNEP's core activities should be eligible for permanent positions (subject to probation and performance) and have career development opportunities.

Creation and deletion of posts

517 We discussed the creation and deletion of posts in our previous report. The process remains unchanged and depends on the funding of the post:

- regular budget posts are approved by the General Assembly
- project and programme supports costs (PPSC) posts are approved on a post by post basis by the Governing Council
- all other posts are approved in-house through the approval of project budgets which are within the authority of the Executive Director.

518 Over the years, the distinction between PPSC posts and programme posts has become blurred as posts have been reallocated from one part of the organisation to another. Since our visit a year ago, examples include reallocation of posts from the

State of the Environment and Earthwatch to the Chief of the Office of the Executive Director. In some key programme areas, posts cannot be filled owing to lack of funds.

519 The original purpose of PPSC posts - to provide secretariat and coordination functions - has been deviated from, and in practise the distinction from programme is difficult to maintain.

520 We recommend that the Governing Council should approve a joint budget for the programme and its support, combining the existing PPSC and programme budgets. Appointments and promotions, and the creation and deletion of all posts within this joint budget should be within the control of the Executive Director.

Recruitment and promotion

521 UNEP follows two broad paths for the recruitment and promotion of staff. Posts funded under the regular budget of the UN are dealt with by the UN Secretariat in New York. UNEP is involved in drawing up job descriptions and in shortlisting candidates. The UN Secretariat makes the final decision based on the perceived merits of the candidates and with reference to the UN system of equitable geographic distribution of staff. The process takes too long (generally six months or more).

522 The process of recruitment and promotion of staff into environment fund and trust fund posts differ from the above, is seen to be less transparent, and is the subject of considerable complaint within UNEP. These posts are filled by UNEP using an Appointments and Promotions Board. The process that has been applied is not ideal and we believe worth describing in outline:

- a job description was drawn up by a manager in the programme area (often with reference to the preferred candidate)
- the post was advertised by the Personnel Section and separate shortlists of candidates were drawn up by the Personnel Section and the programme area
- the short lists were sent to the (former) Executive Director, who commented on the candidates on the lists and decided which candidates should be included in the shortlist submitted to the Appointments and Promotions Board
- the shortlists were sent to the Board, which advised the Executive Director of the preferred candidate.

523 The involvement of the (former) Executive Director in the "vetting" of shortlists is not desirable. We believe the process contributes to the delays in filling vacant posts and to the cynicism of staff regarding the merit or otherwise of the candidates chosen. We recommend that the process should be modified appropriately and streamlined.

524 We believe the activities of the personnel section could also be strengthened to assist programme managers in the recruitment and promotion process. We discuss in later sections our views and recommendations regarding the effectiveness of the personnel function.

525 For UN regular budget posts a geographic distribution must be followed. The General Assembly defines desirable ranges of geographic distribution of appointments across all UN organisations based on a number of factors including contributions, populations, the balance between undeveloped and developed countries etc and using a complex formula. The range is updated every two or three years by the Secretary General.

526 For posts funded by means other than the UN regular budget UNEP is not bound to follow these regulations for geographic distribution. However, in the interest of providing a political balance and range of views across the organisation, UNEP seeks to follow UN guidelines in its own recruitment policies as far as is practicable. The Annual Report for 1991 sets out the Executive Director's objective to ensure an equitable geographic distribution among staff in the professional and higher categories, with particular emphasis on the maintenance of a balance between the number of staff from developed and developing countries. UNEP needs to strike a balance between a clear transparent policy on geographic distribution on the one hand and the ability to retain sufficient flexibility to attract and appoint the best candidates on the other.

Vacancy rates and resignations

527 Vacancy rates are difficult to determine in UNEP, owing to the range of definitions given to the term vacant post. Definitions range from a post which was previously filled and has fallen vacant owing to the post holder being promoted or transferred within the organisation or leaving the organisation, to those with or without the approval of the Executive Director, and with or without funding.

528 For the purposes of our analysis, set out table 5.3, we have defined a vacant post as one which has been formally approved, (either by the General Assembly for regular budget posts, by the Governing Council for PPSC posts or by the Executive Director within a project document for environment fund posts), ie. included in the formal establishment of UNEP. Posts that were previously filled and have fallen vacant are also included in this definition.

529 Vacancy rates on 31 December, 1992 were 18% for professional staff and 10% for general service staff. The rate for professional staff has decreased by 2% since November 1991 and for general service staff has increased by 3%. Table 5.3 below provides a summary of the vacancy rates.

Table 5.3: Vacancy rates for 1991 and 1992 as a percentage of establishment

	30 November 1991 Vacancy rate (%)	31 December 1992 Vacancy rate (%)
Professional staff	20	18
General service staff	7	10
Total	13	13

530 UNEP continues to have a high level of professional vacancies. We raised concern in our previous report that more than one in six professional posts remain unfilled. We believe the high level of vacancies are due to:

- delays in filling posts
- the freezing of posts due mainly to the non-availability of funds
- concern, by some, about the desirability of working in Nairobi.

It should be noted, however, that large numbers of applications are received for advertised positions. For example, 114 applications were received for a P3 post in Clearing House last year. Steps can be taken to overcome delays in filling posts through the streamlining of the recruitment process referred to above.

531 The filling of other vacant posts is more complex. At 31 December 1992, 15 vacant posts could not be filled due to lack of funds, as less voluntary contributions have been received by UNEP than was planned in the 92/93 biennial budget. All these posts are in the programme areas:

- GEMS (1 post)
- Industry and Environment (5 posts)
- INFOTERRA (4 posts)
- IRPTC (5 posts).

532 There are a large number of professional posts in the programme areas for which a need has been identified (eg. four posts in INFOTERRA) but for which no funding is available. These posts are identified as new posts on organisation charts and 'frozen' until funding becomes available.

533 UNEP does not have any formal mechanism to prioritise which posts are filled first as funding is released, and this has caused difficulties, both in terms of setting in motion the process for recruiting the right staff, and the planning of activities in key programme areas.

534 UNEP needs to develop and implement effective human resource planning procedures to enable decisions on recruitment, promotions and transfers of staff to be made objectively, based on UNEP's priorities and requirements.

535 The number of professional staff who left UNEP during 1992 is 52, the corresponding figure for 1991 is 49. Staff have left mostly through resignation and termination of contracts.

536 Staff turnover amongst the general service grades is slightly lower than the professional grades, the number of general service staff leaving UNEP in 1992 was 40. The equivalent figure for 1991 was 35. Some employees are of the opinion that the best quality staff are leaving to join the private sector in Kenya for better pay and conditions. However, we understand that none of the general service staff who have left UNEP this year have cited pay and conditions as the cause of their decision to leave.

Performance management

537 There seems to be little recognition within UNEP that the development of employee performance is an important management activity. For UNEP to deliver a focused and effective programme, every member of staff should benefit from a performance management process whereby they discuss, agree and evaluate the contribution which they have to make to achieving UNEP's objectives.

538 Setting and measuring personal objectives and targets is the key to a successful performance management system. Many organisations design and use a performance evaluation system to achieve this, in which the organisation's overall objectives are cascaded down to departments and sections, the objectives of which in turn are interpreted at an individual level.

539 UNEP uses the UN Secretariat performance evaluation system which covers all staff at levels D1 and below. Reviews are completed once every three years or before contract renewal or separation from the organisation. This system has serious flaws:

- there is no discussion and agreement regarding individual performance objectives and targets
- as there are no objectives and targets, there is no discussion on how well the individual met these objectives and targets during the review period

- there is no discussion about the development needs of individuals and how these needs could be met, for example, through training and coaching
- there is inadequate discussion with professional staff about the challenges of delivering technical solutions
- managers are encouraged to consistently over-rate the performance of their staff.

540 We understand the problems associated with this system are not unique to UNEP. However, they are compounded by the practice of terminating the contracts of staff rated "good" or below. It is therefore not surprising that 96% of staff evaluated during 1992 were rated in the top two categories (compared to 98% in 1991).

541 The UN Secretariat (in consultation with the International Civil Service Commission) is in the process of improving the evaluation system for implementation by the end of 1993. We recognise that UNEP is bound to use the systems developed by the UN Secretariat. However, we recommend that in the short term UNEP should develop and introduce a supplementary review system which concentrates on the setting and evaluating of individual objectives for each member of staff at least once a year. UNEP should be proactive in ensuring the successful elements of these supplementary reviews are incorporated in the design of the new UN Secretariat performance management system. This new system should be viewed as a minimum requirement and UNEP should consider whether a UNEP-specified supplementary review is required which focuses on the setting and evaluation of objectives and targets.

Pay and conditions

542 A common pay system is set up centrally through the International Civil Service Commission (ICSC) and all UN agencies and organisations are required to adhere to the system. For professional staff, the salary scale is determined by the General Assembly in New York and is set in US dollars. In addition to base salary, professional staff receive a post adjustment which is designed to ensure they receive comparable pay at different locations. The level of adjustment is determined the ICSC and changes are made (often on a quarterly basis) to reflect changes to exchange rates and cost of living. General Service staff pay scales are determined by the Secretary General, and for Nairobi are set in Kenyan Shillings.

543 Pay and conditions are the cause of some complaint within UNEP and there is a perception by some staff that post adjustments for Nairobi are too low. We believe that UNEP could be more proactive in two ways:

- by ensuring that pay and benefits are adequately considered by the UN General Assembly and Secretary General when salary surveys and comparators are drawn up

- by ensuring that sufficient information is available to UNEP professional and general service staff on pay and benefits, and that they are fully conversant with the allowances etc to which they are entitled.

544 Furthermore, the Governing Council should request the Executive Director to submit for their approval a compendium of staff rules, conditions of service and disciplinary procedures, which although modelled on the UN standards should be specifically tailored to UNEP's needs.

545 In providing this compendium we believe careful consideration should be given to the desirability of increasing responsibilities and authorities of individual staff members and thus through a performance appraisal system, an opportunity for the recognition of excellent performance both in terms of status and pay. On the other hand, it is in our view, highly desirable that the senior management of UNEP have the power to reprimand, retrain, and if necessary dismiss staff who are low performers. This would, of course, be subject to an appropriate disciplinary appeals procedure. At present this is carried out through to a centralised system of the UN in New York which is, we understand, perceived as being bureaucratic, time consuming (and hence costly) and weighted towards the status quo. In this case, modifications to the present process are needed and we suggest that the Governing Council invites the Executive Director to make proposals for improvements, after consultation with the UN Headquarters.

546 Pay scales for foreign language secretarial staff on general service grades continue to cause difficulties for attracting and retaining staff of the required calibre. Such staff are particularly in demand in the Governing Council and Conference Services department. In practice, a few secretarial staff are recruited overseas and receive a percentage of their pay in foreign exchange together with an overseas benefits package including home leave. UNEP needs to be more proactive in drawing up a formal arrangement to ensure that the UN Secretariat responds to these requirements effectively, and that the existing situation of recruiting significant numbers of foreign language secretarial staff on expensive short term contracts is rectified.

Human resource planning

547 UNEP currently undertakes very limited human resource planning and has no formal human resource planning mechanisms. As a result, the organisation cannot benefit from the planned succession of staff as staff in key posts retire, and there is no formal process to prioritise appointments where funding is uncertain. This has a negative effect on the planning of UNEP's programmes and activities and potentially limits the overall effectiveness of the organisation.

548 Analysis of staff by function indicates that when numbers of professional staff working in core programme areas (delivering UNEPs mandate) are compared with numbers of staff in managing or supporting functions, only 21% of UNEP total staff are professionals working in the core programme areas. Figures are provided in table 5.4 overleaf. We believe this is too low a percentage and represents a poor allocation of human resources within the organisation. This situation is the result of inadequate manpower planning, and is exacerbated by the need for appropriate management information to support the decision making process.

549 UNEP needs to prepare a human resource plan linked to the 94/95 biennial budget, which as a minimum:

- estimates the number of posts at all levels (and their cost) needed to meet UNEP's objectives
- estimates the number of staff who are likely to leave during 94/95
- estimates the number of staff who will need to be recruited and promoted
- outlines the procedures for delivering development and training requirements
- outlines the measures needed to ensure that the plan is implemented and revised through the period.

550 In addition, UNEP needs to plan for the succession of many senior professional staff on a post by post basis, who have retired or are due to retire over the next few years.

551 The level of vacancies at senior levels is a cause of concern in UNEP. These vacancies are summarised in table 5.5 below. The Executive Director will need to draw up plans to appoint staff to key posts as a matter of urgency.

Table 5.5: Vacancies at senior levels in UNEP (31 December, 1992)

Grade	ASG	D2	D1	P5	P4
Vacant posts	0	2	7	20	16
Authorised posts	1	19	32	73	92

552 In the medium term, action needs to be taken to draw up succession plans for staff who are due to retire or are known to be leaving within the next two years. Effectively, succession planning is a long term process, involving the identification of

middle level managers with potential, many years before they reach the top of the organisation. UNEP should introduce a system which identifies younger staff with potential and "groom" these staff through training and a planned variety of postings (worldwide) for senior management positions.

Human resource development

553 All organisations need to develop in response to changes in their internal and external environment and UNEP is no exception to this. If UNEP is to develop into a more effective organisation in the future, it has to do so through the development and training of staff.

554 There are two key principles with UNEP should address:

- managers should be responsible for identifying the training and development needs of their staff
- the role of the Personnel Section should be to provide a training service to managers and their staff to meet those needs.

555 The key to the success of an effective staff development programme is the greater involvement of managers through the implementation of a new and better performance management system. We discussed the shortcomings of the existing system in earlier paragraphs and recommended that UNEP should introduce a system for setting personal objectives. This new system should include the discussion of the training needed to meet these objectives.

556 Also key to the success of a development programme is the nature of the training services provided by the Personnel Section. The Personnel Section needs to orientate its training activities towards the recognition of the need to provide training **services**. This requires a re-orientation in culture from the provision of general courses to an enhanced understanding of the needs of managers and their staff and the provision of tailored services to meet those needs.

557 The Training Officer has been effective in responding to these needs in the area of software skills training and the introduction of a new supervisory skills programme. However, we believe from our discussions with managers that major gaps in the provision of training remain and that there has been little apparent commitment to understand (through training needs analysis) and fill these gaps. These gaps are as follows:

- the induction or "orientation" of staff
- personal presentation and influencing skills - for professional staff in the programme areas
- management development for senior staff

- secretarial and administrative skills.

558 We believe the development and introduction of a suitable induction programme for staff is **essential** and an **immediate requirement**. The planning for the introduction of this programme has been started, but the Personnel Section is unable to agree on the way forward. This induction programme needs to address the following issues:

- staff joining UNEP should be aware of **all** their entitlements - the current view held by some managers that staff do not need to know what they are entitled to conflicts with good practice in this area
- staff should be given some help in their first few days in getting around UNEP, finding accommodation, locating hospitals, supermarkets and so on
- staff should be given a statement showing the calculation of their pay and allowances on their first day (or before).

559 The development of a simple "reader friendly" booklet containing the above information is the first priority and should be sent to staff before they arrive at their duty station. Staff should also be allocated a "mentor" of a similar grade to look after them for the first month. A more sophisticated induction programme can then be developed to supplement this.

560 There are a number of barriers to the effective implementation of a staff development programme:

- the reluctance on the part of some managers to introduce any personnel management processes which are not developed and administered by the UN Secretariat in New York. We believe these managers could (and should) be more proactive in developing personnel management processes (such as objective setting) which can be based on UN procedures and **enhanced** by UNEP
- the reluctance of some professional staff to accept training initiatives from the Personnel Section. The credibility of the Personnel Section needs to be raised through developing a more service orientated approach
- the predominance of short fixed term contracts does not support initiatives for staff development. As contracts are lengthened, the commitment to train and develop staff should be strengthened.

**Table 5.4: Allocation of staff between core programme and other areas
(31 December 1992)**

Office	Professional Staff	General Services Staff	Total Staff
Earthwatch	80	62	142
OEMS	75	93	168
DPCU	3	2	5
EETU	3	3	6
ELIPAC	31	32	63
Total Core Programme	192	192	384
ALLO	1	1	2
WASHINGTON	1	0	1
ROA	5	9	14
ROAP	4	7	11
ROE	5	10	15
ROLAC	8	18	26
RONA	3	7	10
ROWA	3	6	9
Total Regional Offices	30	58	88
Administration (including EDP and MIS)	27	141	168
GCCS	33	75	108
Library	1	6	7
Fund Management	14	14	28
Total Administrative Units	75	236	311
Clearing House	11	14	25
IPA	24	17	41
DED	4	8	12
ED	9	15	24
OPDM	5	7	12
PCU	4	3	7
FUES	1	2	3
Total Central Management	58	66	124
Sum Total	364	561	925

Strengthening the personnel function

561 The personnel function is the subject of considerable comment by all levels of staff in UNEP. The comments are mostly unfavourable and relate to:

- the reluctance or inability of the Personnel Section to inform staff about their full terms and conditions of service, most especially when first entering UNEP, but also with regard to day to day queries
- antagonism between the Personnel Section and other UNEP staff regarding the length of time taken to recruit staff
- the reluctance or inability of the Personnel Section to see themselves as a **service unit** - with a role of helping managers and staff.

562 When there are problems with human resource management, the first reaction of many organisations is to point the finger at the personnel function. However, problems are nearly always more complex than this and rest on a common misunderstanding which we believe needs to be addressed in UNEP. The ultimate responsibility for human resource management should lie with managers and not entirely with the personnel function. Managers are in the best position to understand the needs of their staff and should be responsible for all aspects of their performance and development. However, managers need to be supported in this role by human resource **professionals** who are there to:

- provide advice
- provide personnel services.

The development of an effective and professional personnel function should have a major impact on the ability of managers to motivate and develop their staff.

563 We recommend that the Personnel Section in UNEP needs to be decentralised and upgraded in response to the following requirements:

- a re-orientation in culture towards the provision of services to line managers in UNEP
- a change in the mix of staff employed to fewer, professionally trained staff.

564 In order to achieve these changes we believe the personnel section should be decentralised with only a core of staff remaining in the central personnel section. Professionally qualified personnel officers should be located in the larger PACs or at divisional level. The role of these personnel officers should include:

- provision of advice on a range of human resource management services including advice on recruitment, promotion and performance evaluation for their PAC or Division
- working with managers to prepare a human resource plan and budget as part of the overall budgeting process
- obtaining a better understanding of the services needed by managers and taking initiative to meet those needs.

565 The role of the central personnel section should be to:

- develop and implement human resources strategy and policy (in liaison with the UN Secretariat)
- co-ordinate recruitment and retain overall central control, maintain geographic balance etc.
- co-ordinate the preparation of human resource plans
- provide training services
- develop as a centre of expertise on complex matters such as pensions
- manage the decentralised services

566 This requires an upgrading of the skills of staff currently working in the Personnel Section. Able staff should be selected for professional training or suitability qualified staff should be recruited externally.

VI Communications

Introduction

601 UNEP operates from its headquarters in Nairobi, Kenya, supported by regional and liaison offices in Europe, the US, Latin America, Africa, Asia, and the Caribbean. In undertaking its environmental activities, UNEP collaborates with many regional and national bodies in almost every country in the world. Thus, UNEP's operations span across countries with advanced communication infrastructures as well as developing countries with mostly unreliable communications.

602 Effective communication facilities between UNEP's offices and those of its collaborating bodies are vital to the successful undertaking of UNEP's overall coordination and catalytic role in providing sound environmental action throughout the world.

603 The importance of telecommunications and the need to improve existing UNEP communications were recognised by the Governing Council of UNEP in May 1991 when it requested the Executive Director to negotiate with the Government of Kenya with the aim of improving telecommunication facilities for the UNEP headquarters in Nairobi.

604 In the past year, the importance of electronic communications was further emphasised through a clear reference in Agenda 21. The following quote is from Chapter 40, paragraph 40.25:

"Countries, international organisations, including organs and organisations of the United Nations system, and non-governmental organisations should exploit various initiatives for electronic links to support information sharing, to provide access to databases and other information sources, to facilitate communication for meeting broader objectives, such as the implementation of Agenda 21, to facilitate intergovernmental negotiations, to monitor conventions and efforts for sustainable development, to transmit environmental alerts, and to transfer technical data."

605 In this section on communications, we have set out our findings under the following headings:

- UNEP's communication requirements
- Existing facilities
- Plans and current actions to improve communications
- Recommendations.

UNEP's communication requirements

606 UNEP's communication requirements broadly fall into two categories:

- voice telephony and facsimile
- data communications.

Voice telephony and facsimile

607 The clear and most urgent need is for a much improved telephone network (which supports both voice and facsimile) to cater for UNEP's day to day operations.

608 In-house communications within the Nairobi UN complex are provided by a local switch (a PABX) which was installed in 1976. Current demand on this PABX is considerably in excess of its capacity and the need has been established for a modern replacement with a significant growth capability.

609 At the international level, we have identified a critical necessity for reliable operation of voice and facsimile communications between UNEP offices, as well with other UN and non-UN organisations throughout the world. Based on current patterns, principal demand appears to be for international voice and facsimile communications between the UNEP headquarters in Nairobi and the regional and liaison offices in Geneva, Washington, New York, Mexico City, Bangkok and other cities. Reliable statistics were not readily available to enable us to assess the pattern of existing demand for voice and facsimile.

Data communications

610 In data communications, UNEP appears to have broadly two types of requirements - common and specialised requirements. UNEP appears to have common requirements for the typical needs of any large international organisation (eg messaging). Specifically, however the various programme elements of Earthwatch (eg. GRID, INFOTERRA, GEMS) have specialised data communications requirements.

611 Current data communications include:

- access to environmental information archived on the GRID computer database (MetaDatabase)
- transfer of high resolution images (obtained via environment monitoring satellites) between GRID centres distributed across the world. The size of such image files is large - ranging from 25 Mbytes to 300 Mbytes - and would therefore require a communications capability to transfer large data volumes

- access to the INFOTERRA database, and potentially to the GEMS database
- transfer of documents, especially project documents ranging from about 10 to 40 pages
- exchange of electronic mail messages, particularly between individuals operating in different timezones.

For these data requirements, reliable statistics were not readily available to enable us to assess the pattern of existing demand.

Existing facilities

612 Currently, UNEP's annual operational expenditure on telecommunications is around \$2m. This figure, we believe does not include any significant capital and equipment purchase.

613 UNEP currently employs a range of telecommunications facilities for its voice, facsimile, telex and data transfer requirements at its headquarters in Nairobi. These facilities are outlined below.

Voice telephony and facsimile

614 The public telephone network of Kenya's Post and Telecommunications Corporation (KPTC) is used for voice telephony and facsimile. The number of direct lines from the public network are set out below:

- approximately 50 direct lines for UNEP most of which terminate at Gigiri. Of these, 13 lines are dedicated for facsimile. The lines can handle local as well as international calls and virtually all of these support incoming as well as outgoing calls
- UNEP shares the capacity of the PABX with other UN organisations at Gigiri -115 public telephone lines terminate on this PABX of which 53 handle incoming calls, 43 outgoing and 19 lines are via the PABX operator.

Telex

615 There are 3 telex lines dedicated for UNEP.

AVD line

616 There is a single leased line (known as the AVD line) between the UNEP headquarters in Nairobi and the UN in New York and extended to Geneva. This is a low speed (9600 bps) analogue line supporting data, telex and voice. We understand

that the AVD line connects the administrative computer in Nairobi in the UN computer centre, but does not provide wider access to other networks - public or private.

Data service

617 UNEP is currently making use of KPTC's service (KENPAC) which is designed to handle data communications efficiently. KENPAC is a public data service with employs the widely deployed X.25 packet switching standard for data communications.

618 There are 13 KENPAC lines dedicated for UNEP's use at Gigiri. We understand that KENPAC is used to access data messaging facilities of CompuServe, Dialcom (BT) and other database information services from UNEP's offices. Because it is not used heavily at present, it may be too early assess the reliability of KENPAC.

E-mail

619 An e-mail package is currently being used on a limited trial basis. The package, BBS Galactacom, is used on IBM personal computers. We understand that currently it is used to provide support for day-to-day administrative messaging between a handful of personal computers in Nairobi and Mexico city.

620 The UN standard for e-mail is Lotus cc:mail. We understand that a member of staff has been seconded from the MIS section on a full time basis to introduce Lotus cc:mail in Nairobi. This is scheduled to take place in the next month or two.

Satellite earthstation

621 In April 1992, UNEP procured a transportable satellite earthstation to enable international communications in times of emergency.

622 The earthstation is a Saturn Compact (1/001) model and is designed to be used with the Inmarsat A satellite based service. We understand that it can support two channels - for voice, facsimile or low speed data.

623 This earthstation is operational but is reserved for emergency use only. This resource could be used on a day to day basis but the cost must be taken into account - Inmarsat A service is expensive, costing about \$10 per minute (compared with about \$4.50 per minute for calling Europe and the US via the public network).

Plans and current actions to improve communications

624 In the past year a number of plans have been proposed to improve communications for UNEP. We have reviewed these plans and current actions, and highlight in the following paragraphs some of the issues resulting from our assessment.

PABX (local switch) at the UN complex, Nairobi

625 This is a modern PABX based on digital technology which would improve voice and facsimile communications within the UN Complex in Nairobi. The supplier is Northern Telecom - a leading telecommunications equipment supplier worldwide. The PABX would initially service the new buildings being constructed in the UN Complex, these buildings are expected to be fitted with 'structured' wiring to support voice and potentially data services. At a later stage, the PABX will service all existing buildings and is expected to have a capacity to support some 2000 extensions. We understand that costs are estimated to be about \$2.5m.

626 From our assessment of this PABX initiative, we understand that the 50 or so direct telephone lines should be connected into the new PABX rather than terminate in individual offices. Advanced features of the PABX (eg. Direct Dialling Inward) should be exploited to enable a more cost effective use of the direct lines.

UN satellite network

627 The network would enable a worldwide 'private' network for the UN, based on satellite communications and is expected to provide capacity for voice and facsimile communications primarily, as well as some capacity for data communications. Satellite earth stations are expected to be installed at the major UN sites in New York and Geneva as well as other UN sites in Nairobi, Addis Ababa, Santiago, Bangkok, Vienna, and other cities.

628 This initiative has only reached the 'Request for Proposal' (RFP) stage which is of broadly establishing capabilities of equipment suppliers. A formal Invitation to Tender (ITT) has not been prepared as yet. The satellite earthstation in Nairobi is expected to be installed around end 1993/early 1994. We would expect the other earthstations to be installed in this same timeframe. We understand that the satellite earthstation in Nairobi is estimated to cost \$500K-\$600K.

629 From our assessment of this initiative, the following issues arise:

- this is an intra-UN solution, and the plans are not clear at this stage with regard to the issue of wider public network access. Opportunities for accessing the public networks (allowing for regulatory issues) need to be explored. The issue of communications outside the UN is important for UNEP since it is affiliated with potentially hundreds of collaborating regional and national entities in many countries of the world
- accurate demand patterns were not available and the basis for design of the UN satellite system is not clear. By way of evidence, the provisional allocation of capacity between Nairobi - New York, and Nairobi - Geneva seems to contradict apparent needs

- operations and maintenance responsibilities as well as costs have yet to be determined.

MERCURE

630 MERCURE is an unsolicited proposal presented in May 1992 by a consortium of the European Space Agency (ESA) and equipment suppliers to support UNEP's data requirements, especially elements of Earthwatch including GRID, GEMS and INFOTERRA. Data requirements include transmission of short messages and documents as well as computer files of high resolution images

631 The initial network would comprise 16 earthstations, with major hubs in Nairobi and Geneva. The network would grow into 90 worldwide sites, many of which do not have adequate communication facilities today.

632 We understand that the Swiss PTT has provided about Sfr 500K for ESA to carry out a feasibility study which is due to be completed in February 1993. UNEP expect a cost-benefit analysis to be carried out together with the preparation of technical proposals.

633 The initial network of 16 earthstations could be installed in about 20 months following contract sign off. We understand that the capital cost of the initial network is estimated at \$8m-\$10m. UNEP is assuming that this cost will be financed by ESA. The additional cost of the 90 site network (assumed to be financed by UNEP) is estimated at \$5m.

634 The annual operational costs for the initial network are estimated by UNEP to be \$1.65m to \$2.2m, depending on the space segment capacity used. UNEP estimates the annual operational costs of the full 90 site network to be about \$3.4 m.

635 From our assessment of this initiative, the following issues arise:

- MERCURE is planned to cope with transmission of messages and short documents. However, based on the proposal, transmission of a computer file of high resolution images (size 100 Mbytes) from say Katmandu to Geneva would take about 20 hours
- the proposal appears to be designed primarily for UNEP's data requirements, but the more urgent need for UNEP appears to be for day-to-day voice and facsimile communications. Support for voice and facsimile needs further investigation
- as with the UN satellite solution, this is a private network solution, and the proposal does not clearly explain wider access to the public telephone network
- operations and maintenance responsibilities need to be determined.

KPTC's Intelsat Business Service (IBS) plan

636 Under this proposal KPTC would provide a satellite antenna to UNEP to provide international communications through access to the satellite based Intelsat Business Service (IBS).

637 In August 1992, KPTC made an offer to provide this service to UNEP, potentially to meet all its international communications requirements. However, KPTC's plan does not indicate firm timescales. We understand that the initial cost would be about \$1.3m. Annual operational costs were not available at the time of review.

638 From our assessment of this initiative the following issues arise:

- we understand that IBS supports high speed data transmission and TV but not voice and facsimile. Therefore, this solution would be inappropriate for UNEP's day-to-day voice and facsimile requirements
- as this service would be provided by KPTC, it is important to know their annual charges for operations and maintenance.

Recommendations

639 Our review has highlighted the steps that UNEP has taken during the past year, notably, to reach a position where a contract for a PABX with enhanced facilities can be made. Taking into account current actions at a local level we would expect the new PABX to improve communications within the UN complex.

640 We believe that the next urgent need for UNEP is to improve international communications. We recognise that improvements in voice and facsimile are likely to be of a higher priority than establishing high speed data communications.

641 Our review also highlighted that there is inadequate data to assess the pattern of demand for international voice and facsimile communications, and there is inadequate understanding of the types of telecommunication facilities that could be put in place through the local linkage of the Kenya Posts and Telecoms Corporation (KPTC) or separately, to meet the demand. We have separated our recommendations on these aspects under the following broad categories:

- voice telephony, facsimile and messaging (in particular E-mail)
- data communications and videoconferencing.

Voice telephony, facsimile and messaging

642 **Undertake demand analysis of the traffic pattern.** There is an unquestioned need to improve international voice telephony and facsimile. This does not require

an in depth 'needs assessment', but we believe that a focused demand analysis is required in order to determine the pattern of today's (constrained) traffic as well as the future (unconstrained) traffic.

643 **Investigate solutions for the short term.** These should be focused on KPTC's facilities, and would need to be explored and developed with their full cooperation. Potential solutions could include:

- improved routing of traffic and potentially additional capacity from the UN complex directly into KPTC's international gateway
- a microwave link to replace land lines between the new PABX and KPTC's international gateway
- a special solution similar to the new service jointly launched by KPTC and AT&T in Kenya - *AT&T USA Direct* - which involves special routing, numbering and potentially dedicated network capacity on links to the USA.

The short term solution must take into account the longer term needs and must be compatible with the future UN solution.

644 **Assess potential of longer term solutions.** Taking into account results of the demand analysis, investigate the suitability of proposed plans (eg UN satellite solution, MERCURE) to meet UNEP's specific needs for voice telephony and facsimile. Investigate other solutions which may be suitable - for instance a hybrid solution with a mix of KPTC and UN facilities.

645 **Investigate the suitability of e-mail versus other solutions for electronic messaging.** This includes investigation of high speed facsimile (Group 4 fax) to cater for document transfer requirements. If the investigation concludes that E-mail is required, UNEP should investigate the suitability of an E-Mail package. The investigation should take into account a range of criteria such as availability, cost effectiveness, technical support, standards conformance, and perhaps most importantly, compatibility with the package used by the user community that UNEP staff communicate with most extensively.

646 We believe that it is important that decisions are taken in the next two or three months which enable international voice and facsimile communications and messaging to be improved in 1993. UNEP also needs to undertake a demand analysis of the traffic pattern for voice telephony, facsimile and messaging and to investigate both short and long term solutions as a matter of urgency - at the very latest by February/March 1993.

Data communications and videoconferencing

647 **Carry out a needs assessment for data communications.** We understand that potential solutions such as MERCURE require capital investments of \$10m - \$15m.

In view of such significant investments, we believe that it is important for UNEP to undertake an in depth analysis of its data requirements to establish a clear understanding within UNEP of the type of services it needs, the current traffic volumes and likely growth, and perhaps most importantly, the relative priority of the various requirements.

648 This will take into account not only the routine day to day requirements for data, but more importantly, the specialised data requirements of the Earthwatch elements.

649 **Investigate alternative solutions for data communications.** Based on the results of the needs assessment, UNEP should undertake a thorough investigation of potential solutions. This could involve a UN solution, MERCURE, or some other.

650 **Investigate potential applications of desktop videoconferencing.** These facilities could have substantial benefits in reducing travel costs and demands on the time of UNEP's key staff. Costs of videoconferencing equipment which were about \$200K-\$300K about 10 years ago are now down to about \$5K for desktop video of acceptable quality, and can be used via a modified personal computer (instead of specialised video equipment). Also, low capacity lines (equivalent to 2 digital telephone circuits) would usually be adequate for the emerging equipment. Although this solution would be unsuitable for large meetings with translators and interpreters, it would enable small (and mono-lingual) meetings and expert consultations to be held cost effectively using today's telecommunication facilities.

VII Administrative services and management information systems

Introduction

701 In this chapter of our report we consider UNEP's administrative and support services and the role within the organisation of management information systems.

702 All professional positions in UNEP inevitably have some administrative content and require administrative support. The 295 professional staff are supported by 497 general services staff carrying out secretarial and administrative roles. In our judgement, there is scope for improvement in the way that these staff are managed, and a higher level of output could be achieved through tighter management and control.

703 In the context of this brief review, we have not attempted to examine the case for detailed staffing changes. However, we consider that UNEP should apply work study techniques to review its administration and identify the scope for improved efficiency. In our experience, modern management techniques of this sort generally identify significant improvements. UNEP does not have the necessary expertise in house and should seek assistance, either from within the UN system or externally, in order to carry out this review.

704 Many of UNEP's administrative services are provided by the Administrative services department. The roles of the sections responsible for personnel, finance and contributions and of the communications function in the general services section are discussed elsewhere in this report. In this chapter we focus in particular on the roles of the general services, electronic data processing (EDP) and management information systems (MIS) sections.

General services section

705 The general services section has 84 staff, responsible for a number of administrative tasks of which the most important are the communications, stores, registry, mail and pouch services, transport within and around Nairobi and international travel. Our conclusions about these functions have an important theme which mirrors our recommendations for UNEP's administration as a whole. Considerable efficiency improvements could be achieved by the application of modern management techniques and the use of up to date information technology based on systems.

706 UNEP's stores records have only recently been computerised and the stores function is not yet making full use of the system in terms of its potential for management information. Areas such as registry, mail and pouch services are not making any use of IT systems at present. The management information system on the transport fleet is not sufficient to support decisions on whether to use internal or

external transport or the optimal size of the vehicle fleet. In all these areas there is scope for efficiency gains.

707 A second theme of our recommendations is that costs should be recharged to programme areas where they can be sensibly allocated and in particular it will create efficiency incentives, eg for programme area staff to look elsewhere for services or to make more effective use of the internal administration function. Postage costs and some supplies items are already charged in this way. We consider that the practice should be extended to cover such areas as transport, visas and shipping services.

708 In the stores, we found that stock holdings were high and stock turnover was low. There is scope for reducing stock holding levels by improving stock ordering policy. At present UNEP has \$1,000 worth of stationery stock per employee which is excessive and the policy of making only one major stock order per annum is costly in locking up capital. There are considerable quantities of useless items cluttering the stationery store which need to be sold or thrown away. In general, redundant stock should be identified and disposed of more quickly.

709 In the registries we noted a number of lapses from best practice and it is clear that registry discipline needs to be reinforced both on UNEP staff as a whole and within the registries. Private filing systems are developing in individual's offices, registry files are incomplete and inactive files are staying in the registries because key papers are awaited. The archive, to which material is sent from the registries, is full of old paper. A disposal effort is now being mounted because of plans for a change of location. However, longer term guidelines are needed on the type of material which should be kept in archive and the time period for which it should be kept to prevent an accumulation of old papers in the future.

710 Arrangements for transport within and around Nairobi involve a fleet of about twenty vehicles. There is very little management information on the performance of the fleet and transport costs are treated as an overhead. Management information systems need to be enhanced significantly in order to improve decision taking on the acquisition, disposal, management and use of vehicles. Costs also need to be recharged to programme areas to ensure that proper account is taken of cost in using UNEP vehicles.

711 International travel is subject to extremely cumbersome approval arrangements. We believe that the only effective solution is to devolve responsibility for such approvals to cost conscious budget holders, while applying sanctions to budget holders and staff who abuse the system. We also believe that this is an area where it is particularly important to improve staff productivity through management and training.

712 UNEP's gift shop is apparently profitable according to the management accounts. However, we believe that these accounts give an unduly favourable picture of the shop's finances and in practice the shop is not operating commercially and is making losses. In part these losses stem from poor retail practice and there are serious deficiencies in ordering policy which ought to be remedied in any event. However, given its location, there must be doubts over whether the shop will ever

achieve the turnover to be profitable. UNEP must therefore decide whether the promotional benefits of the shop justify its retention.

EDP and MIS sections

713 The EDP section is responsible for the administration of UNEP's computer hardware and software, running and maintaining the existing systems. The MIS section deals with the development and implementation of new systems in accordance with requests from users. However, this distinction has proved difficult to maintain in practice. Each section reports to the chief, administration services. The current systems deal with a range of financial activities, eg accounts and payroll and other needs such as personnel and project management, word processing and the maintenance of rosters. The main systems are run on a Wang VS 75 computer but a range of microcomputers, both IBM compatible and non IBM compatible, are used for other functions. The use of IT is growing rapidly, but on a stand alone basis, in programme areas such as GEMS, GRID and IRPTC. UNEP is also participating in important data base applications such as the Development Activity Information CD-ROM, which contains 68,000 records and the Exchange of Development Activity Newsletter.

714 In general, the EDP and MIS functions at UNEP have developed in a piecemeal fashion. Individual parts of UNEP have created their own systems to respond to the needs of a particular programme or functional activity (eg the stores). Apart from the Wang computer, hardware has been chosen for stand alone applications rather than to fit in with a network. The separation of the EDP and MIS sections has tended to reinforce this pattern by separating systems development from operations.

715 The increasing use of IT in UNEP is creating a growing recognition of the need for integration. The UN worldwide has adopted an Integrated Management Information System (IMIS) which should be implemented in UNEP in 1994. There are plans to appoint a manager to oversee both the MIS and EDP sections, which may in due course be merged. However, IMIS will cover only finance and personnel and as such is clearly not a complete management information system. Similarly, close working links between EDP and MIS will not of themselves create an integrated management information strategy for UNEP.

716 In our opinion, UNEP's management information systems do not provide sufficient or adequate information to manage and control the organisation effectively. Moreover, the information that is available is not integrated effectively into a single information system. In part this reflects factors such as the separation between the MIS and EDP sections. But, far more importantly, it is a reflection of UNEP's culture, which is for different parts of the organisation to operate semi autonomously and for upward reporting of performance and results to be extremely limited.

717 Consequently, UNEP needs to face up to both a management and a technical challenge. At the managerial level, it needs to decide what information is required to

assist in setting performance targets and monitoring performance. It also needs to determine the information which should be shared across the organisation. At the technical level, it needs to coordinate future ordering policy so that an integrated network can be created where there is currently a range of disparate hardware.

718 We therefore consider that UNEP should carry out a comprehensive management information strategy study, designed to assess its future information needs and the role of information technology in meeting those needs. The appointment of a new Executive Director, UNEP's changing role in the light of UNCED and related developments, the impetus to strengthen UNEP from within, and external developments such as IMIS, mean that a strategic study is particularly well timed at the moment. It would involve a number of stages, of which the most important are:

- Assessing in broad terms how UNEP is expected to develop and the contribution which IT might make to its operations
- Determining appropriate performance indicators and associated information needs for the management of UNEP both in the short and medium term
- Determining how far such needs are met from existing systems or planned developments, in particular IMIS, and identifying gaps
- Specifying detailed user requirements for new and improved systems and determining priorities between systems, as a basis for hardware and software selection
- Identifying preferred computer systems to implement the strategy
- Preparing an implementation plan, including timescales and outputs.

719 The study would require input from both experienced IT professionals and the senior management of UNEP, possibly with external assistance. In order to drive the work forward, we consider that an UNEP's IT steering committee needs to be revamped, with new terms of reference. It might have task forces reporting to it assessing information needs at functional levels, eg for the programme areas as a whole or for individual programmes.

VIII Future institutional arrangements

Institutional reform

801 In our January 1992 report, we noted that the creation of UNEP in 1972 was without doubt one of the most positive outcomes of the Stockholm Conference. Working together with the agencies and bodies of the United Nations system, or with supporting organisations, or through internally implemented projects, UNEP has over the last two decades played a major role in raising the level of awareness of environmental issues worldwide and in defining appropriate responses to environmental challenges at the national, regional and global level.

802 In the course of our review, we found there was widespread appreciation of the contribution made by UNEP to the negotiation and successful conclusion of vital international treaties such as the Montreal Protocol on Substances that Deplete the Ozone Layer, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. Other international initiatives, such as UNEP's support of the World Commission on Environment and Development and its sponsorship, together with the World Meteorological Organisation (WMO), of the Inter-governmental Panel on Climate Change (IPCC), or the implementation of the Regional Seas Programme, received high marks. It was universally recognised that UNEP has played a vital role, in conceptual as well as organisational terms, in the United National Global Environmental Monitoring System (GEMS) and that through the activities of GEMS, GRID, INFOTERRA and IRPTC it has indeed, as GA Resolution 2997 (XXVII) requires, contributed to the acquisition, assessment and exchange of environmental knowledge.

803 The results of UNCED have in our judgement confirmed that assessment. The Rio conference has helped define the international agenda on environment and development, at least for the short and medium term, and possibly well into the next century. Chapter 38 of Agenda 21 has in particular established the institutional framework for the activities of the United Nations and its various bodies. Special recognition is given to the role of the United Nations Environment Programme. Para 38.21 states:

"In the follow-up to the Conference, there will be a need for an enhanced and strengthened role of UNEP and its Governing Council. The Governing Council should within its mandate continue to play its role with regard to policy guidance and coordination in the field of the environment, taking into account the development perspective."

804 Agenda 21, as was indicated in section I of this report (UNEP's Programme), has also set out very clearly the priority areas on which UNEP should concentrate, including the following:

- strengthening its catalytic role in stimulating and promoting environmental activities and considerations throughout the United Nations system
- promoting international cooperation in the field of environment and recommending, as appropriate, policies to this end
- developing and promoting the use of techniques such as natural resource accounting and environmental economics
- environmental monitoring and assessment, both through improved participation by the United Nations system agencies in the Earthwatch programme and expanded relations with private scientific and non-governmental research institutes; strengthening and making operational its early warning function
- coordination and promotion of relevant scientific research with a view to providing a consolidated basis for decision making
- dissemination of environmental information and data to Governments and to organs, programmes and organizations of the United Nations system
- raising general awareness and action in the area of environmental protection through collaboration with the general public, non-governmental entities and intergovernmental institutions
- further development of international environmental law, in particular conventions and guidelines, promotion of its implementation, and coordinating functions arising from an increasing number of international legal agreements, inter alia, the functioning of the secretariats of the conventions, taking into account the need for the most efficient use of resources, including possible co-location of secretariats established in the future
- further development and promotion of the widest possible use of environmental impact assessments, including activities carried out under the auspices of United Nations specialized agencies, and in connection with every significant economic development project or activity
- facilitation of information exchange on environmentally sound technologies, including legal aspects, and provision of training
- promotion of sub-regional and regional cooperation and support to relevant initiatives and programmes for environmental protection including playing a major contributing and coordinating role in the regional mechanisms in the field of environment, in liaison for the follow-up to UNCED.

- providing technical, legal and institutional advice to Governments, upon request in establishing and enhancing their national legal and institutional frameworks, in particular, in cooperation with UNDP capacity building efforts
- supporting governments, upon request, and development agencies and organs in the integration of environmental aspects into their development policies and programmes, in particular through provision of environmental, technical and policy advice during programme formulation and implementation
- further developing assessment and assistance in cases of environmental emergencies.

Agenda 21 (para 38.23) goes on to state that:

"In order for UNEP to perform all of these functions, **while retaining its role as the principal body within the United Nations system in the field of environment** and taking into account the development aspects of environmental questions, it would require access to greater expertise and provision of adequate financial resources and it would require closer cooperation and collaboration with development and other relevant organs of the United Nations system."

"Furthermore, UNEP's regional offices should be strengthened without weakening its headquarters in Nairobi, and UNEP should take steps to reinforce and intensify its liaison and interaction with UNDP and the World Bank."

Implications for UNEP

805 The conclusions of UNCED and the subsequent developments as far as institutional and coordination questions are concerned (cf. the UN Secretary General's report on UNCED (A/47/598 of 29 October 1992, and the General Assembly's consideration of UNCED follow-up) have important implications for UNEP. UNEP post Rio must and will change. We list below some of the areas where such change is in our view necessary and inevitable.

Mandate

806 As far as UNEP's **mandate** is concerned, we think there is a strong case for repeating and restating the language of Agenda 21, Chapter 38 insofar as it refers specifically to UNEP (paras 38.21-23), in a specific resolution of the Governing Council which could be adopted at the Governing Council's next session. This text of Agenda 21 has of course been endorsed in general terms by the General Assembly as part of the general package of documents adopted at Rio. But it has not achieved the specific endorsement of the General Assembly in the way that other key passages of

Chapter 38 of Agenda 21 have been endorsed or confirmed, e.g. those relating to the Commission on Sustainable Development or to UNDP's role in capacity building which have now been the subject of specific General Assembly resolutions.

Coordination

807 The same new resolution of UNEP's Governing Council could also address the question of **coordination**, and UNEP's role in this regard within the overall UN system.

808 While the precise drafting must obviously be the subject of inter-governmental negotiation, it seems clear that the following elements will need to be addressed:

- the role of the Commission for Sustainable Development (CSD) as an over-arching body looking at questions both of environment and development and the relationships between the two, and UNEP's relationship to the CSD
- the role of the ACC as the forum where discussion will take place at heads of agency level on environment and development matters, with the Executive Director of UNEP participating fully as a head of agency in such meetings
- the role of the Inter-Agency Committee on Sustainable Development (IACSD) as being the prime forum for inter-agency coordination at secretariat level on environment and development matters
- coordination mechanisms based on a cluster of agencies according to the subject matter, with the lead agency varying (cf the Secretary General's report on UNCED follow-up etc)

809 In our view, it would not make sense for any new General Assembly resolution to repeat the language of GA resolution 2997 (XXVII) regarding the Environment Coordination Board (ECB). GA resolution 32/197 which assigned the functions of the ECB to the ACC should also be deemed to have been superseded by the new arrangements announced by the ACC in October 1992.

The System-Wide Medium-Term Environment Programme (SWMTEP)

810 In the light of UNCED, we do not think it makes sense to maintain SWMTEP in its present form. We would expect further exercises in system-wide medium term planning and programming to take place within the broader context of the follow-up to Agenda 21 and to be coordinated by the department for Policy Coordination and Sustainable Development announced by the Secretary General on December 4, 1992.

Designated Officials for Environmental Matters (DOEM)

811 By the same token, the Designated Officials for Environmental Matters (DOEM), which at present function as an advisory group to the Executive Director and which also prepare SWMTEP, should in our view now be absorbed into the IACSD. It is clear that UNEP's Executive Director or UNEP's staff may wish from time to time to seek the advice of colleagues within or outside the United Nations system, especially in areas where UNEP has a clear competence or mandate or is acting as the "lead" agency for some particular theme or programme. That is both natural and desirable. We do not however think it makes sense to retain the existing UNEP led coordinating machinery of the DOEM in view of the new system-wide post UNCED arrangements.

Committee of International Development Institutions on the Environment.

812 However, as far as the Committee of International Development Institutions on the Environment (CIDIE) is concerned, we are persuaded that it does make sense to retain this body, with UNEP continuing to act as the CIDIE secretariat. Since our previous report, CIDIE has been revitalized and an action programme has been adopted for implementation by the participating institutions.

813 The UN Secretary General's report on UNCED (and the ACC statement annexed to it) calls in particular for effective ways of involving the multilateral financial institutions in the follow-up of Agenda 21. We consider that CIDIE is a useful mechanism for this purpose and one whose effectiveness could be increased still further by the strengthening of UNEP's capabilities in the area of environmental economics, natural resource accounting etc which we have recommended elsewhere in this report.

UNEP Governing Council

814 As noted above, UNCED called for the "role of UNEP and its Governing Council to be enhanced and strengthened."

815 GA Resolution 2997 (XXVII) provided for a Governing Council of 58 members. **20 years after Stockholm, we believe the time has come for UNEP's governing body to be enlarged so as to be open to all the members of the United Nations or its specialised agencies.**

816 For an organisation whose activities are in large part to do with raising awareness of, and promoting adequate response to, environmental challenges in all parts of the world, we believe that the advantages of universal membership are overwhelming.

817 Expanding the membership of UNEP's governing body will permit far closer involvement in UNEP's activities by many states who at present attend Governing Council sessions rarely, if at all. It will help concerned elements in those countries (eg national environment ministries) in the performance of their tasks by giving them an

- however where consensus cannot be achieved, voting should be by two thirds majority
- that two thirds majority vote should include at least 50% of the developed countries who are members of the (enlarged) UNEP Governing Council, as well as at least 50% of the developing countries' members.

823 We note that the kind of "practical partnership" envisaged above has already been followed for certain financial arrangements under the Montreal Protocol, and that similar ideas are being actively discussed within the UNCED framework and elsewhere, for example in connection with the Global Environmental Facility (GEF).

824 We see a **continued important role of voluntary contributions** to the UNEP budget, so as to cover the supplementary programme, as for example defined in part II of the Governing Council's decision 16/23. In order to determine accurately the size and scope of this supplementary programme, we believe that voluntary donors should give clear and bankable pledges as to the amounts they are ready to commit to UNEP in support of the supplementary programme over the biennium. We refer in this context to the concept of "negotiated pledges" as put forward in the final report by the Nordic UN Project (Stockholm, 1991).

825 Such "negotiated pledges" could be made at a session of the UNEP Governing Council before the Governing Council finally adopts its programme and budget. The assessed and voluntary contributions would in this way provide a firm and reliable basis on which the Governing Council could decide how the overall programme, budget and activities of UNEP are programmed, its staff and operations as well as the support it gives to co-operating agencies and supporting organisations.

826 We recognise that there is nothing startling new in the above proposals. Similar ideas were for example put forward by the Executive Director in his report on future orientation of the work of UNEP as long ago as 1987 (UNEP/GC 14/4, Add. 4 of 15 January 1987). In the present circumstances, we believe the transformation of the **method** of financing UNEP to be essential if its basic purposes are to be achieved. **Many of the problems which we have found relating to UNEP's programme activities, or to its personnel policies and management, have to do in our view with UNEP's basic financial insecurities.** The truth of the matter is that UNEP's programme and budget document as currently presented does not give a complete view of the activities of the organisation; it does not include all the sources of funds; there is no way of telling when or even whether the monies indicated will be available. That is not a sound basis for running an enterprise.

UNEP's Executive Board

827 UNEP should have an Executive Board with a more restricted membership which would meet in between sessions of the Governing Council, once or perhaps twice a year. The primary responsibility of the Executive Board would be to supervise the execution of UNEP's programme and budget as adopted by the Governing

Council. The membership of the Board would, as is normal with UN bodies, be determined by the parent body, ie the Governing Council, the number and regional distribution of members being specified.

828 In the case of some UN agencies, for example WHO, IAEA and the World Bank, the governing body meets on an annual basis. If it was decided that the UNEP's Governing Council should meet annually, rather than biennially (as we understand is now under consideration), we doubt whether there would be a need for an Executive Board.

The Committee of Permanent Representatives

829 The chairmanship and membership of the bureau of UNEP's legislative bodies should in our view be reflected in the organisation of the work of the Committee of Permanent Representatives. In other words we believe that the country holding the chairmanship of the Governing Council should normally serve as the chairman of the Committee of Permanent Representatives; the same provisions would apply to the vice-chairman etc. In our view the Committee of Permanent Representatives particularly through the bureau, should continue to play an important role in ensuring the necessary liaison between UNEP's legislative bodies and its staff during inter-sessional periods. In this connection, the Executive Director, the CPR and perhaps the Governing Council may wish to consider:

- a progress report by the Executive Director (or the Deputy Executive Director) on a quarterly basis to a formal meeting of the CPR
- ad hoc briefings by UNEP's senior management as part of an annual programme.

830 Pending more formal arrangements of the kind suggested above, we would propose that the Executive Director specifically designate a staff member within the Conference Services and Governing Council department as the focal point for responding to information requests and other legitimate concerns of individual members of the CPR.

The Executive Director

831 The enlarged UNEP Governing Council would elect the Executive Director of UNEP at one of its biennial sessions. This would of course represent a change from current practice.

832 We believe that the rules of procedure of the Governing Council should specify that the Executive Director should be elected for a six-year term, with the possibility of re-election limited to one further term of office.

UNEP's new status

833 It will no doubt be argued by some that the institutional changes proposed above are tantamount to giving UNEP the status of a UN agency. We accept that this is both the practical effect, and the intent, of our proposals. UNCED, and in particular Chapter 38 of Agenda 21, gives UNEP clear substantive and operational responsibilities in the field of the environment, in addition to any coordinating and catalytic role. In other words, though it will often work with and through the agencies, it will also - like the United Nations Population Fund - have to engage increasingly in direct support to regional and country environmental programmes (programmes which may themselves be part of wider national actions to achieve sustainable development).

834 While we are not arguing for UNEP to have the formal status of a UN specialised agency, like FAO, Unesco, WHO etc (this would entail a lengthy period of intergovernmental negotiations), we are indeed suggesting that the new and strengthened UNEP should have the essential characteristics of an agency and that while obviously it would operate as part of the UN system, the decisions of UNEP's governing bodies would not be subject to further confirmation by other United Nations bodies.

835 In essence, we are arguing for a transformation in UNEP's status that reflects better its present role and activities, as well as enhancing the part which the organisation could potentially play in the post UNCED framework.

A new General Assembly resolution is needed

836 Lawyers, diplomats, politicians and other interested parties will need to work out the modalities of adjusting the status of UNEP in the manner suggested so as to give effect in the most practical ways possible to UNCED's vision of UNEP's future. There is plenty of scope, it seems to us, for inventive proposals.

837 One model, in particular, which may be worth examining is that of the United Nations Population Fund (UNFPA) which was set up in 1972 by the General Assembly and which, as noted above, like UNEP has to perform a catalytic and coordinating role vis a vis other bodies in the UN system, as well as a direct support function to developing countries' population and family planning programmes.

838 Another relevant model could be the International Atomic Energy Agency (IAEA) which, though not a specialised agency, was established by a General Assembly resolution as a "agency under the aegis of the United Nations", with financial and administrative as well as legislative autonomy. That, for us, is the key point. UNEP should have the financial, administrative, and legislative autonomy to discharge its functions to the best of its ability - and its Executive Director should be accountable to the body which has appointed him or her.

839 In practical terms, in the post UNCED situation, the best way forward may well be for governments who believe in UNEP's future, and in the ability of the United Nations system as a whole to play its part in confronting present and future

environmental challenges, to propose a new comprehensive General Assembly resolution on the future of UNEP. Such a resolution could inter alia:

- restate and as necessary redefine UNEP's mandate on the basis of the specific language used in Chapter 38 of Agenda 21 (see para 804)
- specify membership of UNEP as being open to all members of the United Nations or its specialised agencies
- define the role of the UNEP's legislative bodies, namely the Governing Council (and possibly Executive Board), and subsidiary bodies, eg the proposed single Programme and Budget Committee, Committee of Permanent Representatives etc
- define the role of the Executive Director as a legal entity along the lines already laid down in GA resolution 2997 (XXVII) and of UNEP's staff
- outline the basic organisational structures, including regional offices
- establish a sound long-term financial basis, involving both assessed contributions and a system of "negotiated pledges"
- establish a new budgeting and programming procedure covering all sources of funds and all types of expenditure
- establish the principles under which UNEP could accept other voluntary contributions.

840 While it would be sensible and practical to build on existing texts to the largest extent possible, a new Governing Council resolution on the future of UNEP post Rio must, to avoid confusion, clearly be aimed at replacing and repealing (after its transmission by the Governing Council to the General Assembly) the first GA Resolution 2997 (XXVII) relating to UNEP which was adopted after the UN Environment Conference held in Stockholm in 1972, and other subsequent resolutions as necessary.

841 The forthcoming 48th session of the General Assembly would therefore have to consider a new resolution on the future of UNEP, adopted by the next session of UNEP's Governing Council, together with any other matters arising from the Governing Council session and forwarded to the GA.

842 Given the tightness of this schedule, we believe that it would make sense for interested governments, and of course UNEP itself, to consider these and other points as a matter of urgency so that **drafts of relevant texts can be prepared for adoption by the Governing Council at its next session.**

IX Action plan

Introduction

901 We have made a number of recommendations throughout this report, some of which require early action at the intergovernmental level within the context of preparations for GC 17 (see, for example, Section VIII). Others are within the authority of UNEP to implement and in the main relate to the management and operation of UNEP itself.

902 As far as the latter are concerned, we believe that a comprehensive action plan to cover each of these areas in a phased programme, with in-built flexibility, should be developed once the new Executive Director has had an opportunity to assess the organisation and the top management team have met to consider in detail the proposals contained in the report.

903 Clearly, the process to be adopted and the timescale for achieving the changes will need to be determined by the Executive Director and UNEP's management, taking into account available resources.

The process for achieving change in UNEP

904 Managing change is a continuous process and by its very nature difficult to define in terms of detailed actions. UNEP needs to define key milestones in the change process and to set up a number of task forces, drawing on its own internal resources, to focus on these key milestones.

905 The process for achieving successful change must both be directed by UNEP's top management team, and have their full commitment. In view of the scale of changes envisaged we suggest that the process should be distinguished from ongoing line management processes. This will enable the impetus, actions, achievements and accountabilities to be transparent - both to UNEP's management and staff, and externally.

906 We suggest that a steering committee should be formed, chaired by the Executive Director, to oversee the change management process, and that a small number of task force teams are formed to address the key issues we have identified.

907 We envisage that the membership of these teams would vary according to the needs of the action plan, with specialists being brought in as required. Each team should, however, have a permanent core of three or four people who are held responsible for progress and for achievement of deliverables against plans.

908 Other teams should be formed as required, for example, to progress the implementation of a more integrated strategic planning process or to give specialist advice on UNEP's external image.

909 We suggest that the task force teams should report to the steering committee, the membership of which should comprise the Executive Director and her top management team.

910 Limited consulting support could be used in setting up these task force teams and external advice provided to each team as required. Benefits of external support include:

- supplementing UNEP's limited resources with staff dedicated to specific components of an action plan
- the provision of specialist project management skills which could be transferred to the task force team members
- facilitating the work of each task force team through the use of techniques such as workshops and focus groups
- enabling the knowledge from the first and second phase reviews to be maintained through the action planning process, particularly in the areas of organisation development, human resources, finance and administration.

911 Specific action plans with defined deliverables and targets should be drawn up for each task force team against a clear time frame. The Executive Director will need to determine the priorities for action and to agree a timetable with target dates with the top management team. The key components of these action plans will of course, form the basis of her own priority actions for UNEP to be presented to the Governing Council's seventeenth session. The steering committee will need to monitor progress against these action plans regularly, to ensure that the changes are realised early and in full.

912 We suggest that four task force teams should be formed initially, comprising:

- TF1 - Strategic and organisation development team
- TF2 - Human resources and training team
- TF3 - Finance, IT and administration team
- TF4 - Communications team.

913 The following paragraphs provide a brief summary of the principal focus of each task force team.

TF1 - Strategic and organisation development team

914 This team would be primarily concerned with strategic issues for UNEP at the highest level. It would help to define policy, for example, for longer term work with UNDP, or on forging a closer alliance with other agencies. This team would also play a lead role in defining the details of the organisation structure for UNEP and ensure

that the priorities for actions and deliverables are reflected across the new organisation.

915 The specific actions required for organisation development relate to the following processes:

- phased development and implementation of the recommended structure
- creation of new posts for the new structure
- initiating the appointment of new staff and managing the transitional period. (For example, it is likely that it will not be possible to recruit a new ASG, if agreed, until late 1993 and so some interim arrangements will need to be made)
- revision of existing posts, where necessary, to satisfy the requirements of the new structure
- preparation of appropriate job descriptions which clearly define new roles, responsibilities and objectives
- establishment and communication of new reporting lines, levels of authority, accountability and decision making powers
- creation of new and effective procedures for the preparation of appropriate budgets and plans to assist control of the new organisation
- identification of the resources to be reallocated from administration to programme activities and development of the necessary procedures to do this.

TF2 - Human resources and training team

916 The specific actions for human resource development and training comprise:

- formulation of a new recruitment policy (separate to that of the UN), which allows longer (5 year) fixed term appointments to be offered to core staff working directly or indirectly for UNEP's core programme
- development of new procedures and mechanisms for recruitment covering:
 - the financing and levels of decision making for creation and deletion of posts
 - 'fitness for purpose' matching abilities, contract length and types against appropriate posts

Example mission and values statement

Our vision for the 1990's is to play a full part in the implementation of Agenda 21 together with other aspects of UNEP's mandate.

Our approach in achieving this is to:

- be results orientated and focused on strategic objectives
- be participative in our approach to management, and encourage managers to be innovative and to take decisions for themselves
- recognise the valuable contribution made by individuals
- consciously and visibly build and utilise a strong sense of team identity and commitment to UNEP's objectives.

As a top management team, we are therefore committed to:

- responding to opportunities positively and tackling opportunities as they arise
- taking a global view rather than being concerned only with our own programme area
- taking our decisions having sought the views of our colleagues where appropriate
- providing career development opportunities for staff with a view to achieving their own, and UNEP's, objectives
- regularly reviewing the working arrangements of the top management team to maximise their effectiveness.

As managers we are committed to:

- ensuring that staff are briefed on UNEP's objectives and performance and are clear about their own objectives and limits of authority
- encouraging staff to take decisions for themselves within the limits of their authority
- fostering the development of teams to promote achievement
- being supportive to staff in their endeavours, allowing them an opportunity to put forward their views, and encouraging initiative.

Terms of reference

Phase I study

At its sixteenth session, the Governing Council of UNEP invited the Executive Director to engage an international recognised consultancy firm to assess the management and organisation of the UNEP and to make results available to governments before 1st February 1992.

The Council decided that the terms of the reference should include, inter alia the following elements:

- (a) An assessment of the present functioning and capacity of the United Nations Environment Programme, based on a comprehensive analysis of its internal management and organisation including, inter-alia, the areas of financial and administrative efficiency, staffing, personnel structure, decision-making, and infrastructure, bearing in mind the legislative mandates contained in relevant decisions of the Governing Council, relevant resolutions of the General Assembly, the reports of the Administrative Committee on Co-ordination and comments made by delegations at the present session of the Governing Council; and
- (b) The need for the United Nations Environment Programme to maintain or, where appropriate, enhance flexibility and efficiency in its operations in the light of conclusions drawn under the above analysis, changing demands on the Programme, the need to ensure sound co-ordination among both programme and administrative support units, the need to improve further the ability of the United Nations Environment Programme to fulfil its catalytic and co-ordinating role within the United Nations organisations, with Governments and other international organisations.

In undertaking its task, the selected consultant firm would necessarily have to bear in mind General Assembly decision 2997 (XXVII) which established the institutional financial arrangements for international environmental co-operation, subsequent policy decisions of the General Assembly and the Governing Council of UNEP, the Financial Rules of the United Nations and of the Environment Fund, the General Procedures Governing the Operations of the Fund of UNEP, the United Nations Staff Rules, Administrative Instructions issued by the Secretary General of the United Nations and the delegation of authority provided to the Executive Director of UNEP by the Secretary General.

In order to comply with the decisions of the Council, the Executive Director is inviting bids from recognised firms of international management consultants to prepare an initial report made up of two parts, as follows:-

Part I - assessment of present functioning and capacity of UNEP

Analysis of UNEP's organisational structure, deployment of human resources, staffing policy, including recruitment practices, efficiency of financial and administrative practices and the capabilities of these structures and practices to cover, inter alia:

- (i) developing long term strategies and policies in the light of the changing priorities of the programme;
- (ii) efficient decision making through appropriate delegation of authority;
- (iii) intra office communication and co-ordination, including the structure and use of UNEP's regional and other offices;
- (iv) communication and co-ordination with other UN bodies, other international organisations, governments and NGO's;
- (v) UNEP's work programme in all its aspects, its development, implementation and management including inter alia:
 - (a) Earthwatch its data bases and assessment of data (taking into consideration the report of the Secretary General to the General Assembly on the subject);
 - (b) Integration of environment in development planning and co-operation (taking into consideration the report of the Secretary General to the General Assembly on the implementation of its Resolution on Sustainable Development and Environmental Perspective);
 - (c) Environment and sectoral issues - industry, tourism, transport, energy and agriculture;
 - (d) Management of natural resources;
 - (e) Environmental law and institution building; and
 - (f) Environmental awareness, information, education and training.
- (vi) programme implementation;
- (vii) programme management;
- (viii) administrative support; and

- (ix) evaluation and feedback processes.

Part II - Recommendations to improve the functioning of UNEP

On the basis of the above mentioned analysis, taking into account the mandate laid down for UNEP by the General Assembly and the Governing Council, together with the rules and regulations under which UNEP operates and the delegated authority provided to the Executive Director, specific recommendations should be developed for enhancing the flexibility and efficiency of UNEP. These recommendations would include, inter alia:

- (i) proposals for changes in organisation structure to improve decision-making, enhance UNEP's strategic planning capabilities and improve internal and external communications and co-ordination; and
 - (ii) proposals for streamlining administrative procedures;
 - (iii) and on the basis of the above two sets of proposals, proposals for actual needs of finance and staffing.
3. Equal weight should be given to both parts of the report.
 4. In addition to the main parts of the report, an executive summary of 10-15 pages will be required.
 5. The selected firm will have access to all relevant documents and can consult any staff member without unduly diverting him/her from their normal duties.
 6. The selected firm may, as it feels appropriate, consult with relevant United Nations agencies and governments.
 7. The team should be prepared to discuss its draft report with UNEP management in Nairobi or Europe during the week of the 16th of December. The final version of the report should be submitted to UNEP on or before 31 December 1991.

Phase II study

1. Take into account:
 - (i) the recommendations made by the United Nations Conference on Environment and Development (UNCED) relating to the future mandate and work programme of UNEP;
 - (ii) decision 16/6 of the Governing Council of UNEP;
 - (iii) the report of the First Phase study relating to UNEP;

- (iv) the comments by the delegations to the third special sessions of the UNEP Governing Council (UNEP/GCSS III/6, paras 95-99);
 - (v) relevant initiatives taken by the United Nations Secretary-General on reform of the United Nations Secretariat, specifically the establishment of the Department of Economic and Social Development (DESD);
 - (vi) the report of the July 1992 session of the Economic and Social Council specifically with regard to reform of the economic and social sectors of the United Nations systems;
 - (vii) the results of the 47th session of the United Nations General Assembly specifically with regard to the recommendations made by the UNCED and United Nations reform.
2. Review of recommendations contained in the report of the First Phase study.
 3. Make specific recommendations on:
 - (i) Changes in organizational structure to meet the recommendations for areas of concentration defined by UNCED and to improve management including decision-making, enhance UNEP's strategic planning capabilities and improve internal and external communications and co-ordination;
 - (ii) streamlining administrative procedures;
 - (iii) changes in budgetary procedures and presentation and financing of UNEP as may seem appropriate for the future, in particular with regard to posts and activities and their respective financing through the regular budget of the United Nations, the PPSC or the programme budget.
 4. The selected firm will have access to all relevant documents and can consult any staff member of UNEP without unduly diverting them from their normal duties. It may, as it feels appropriate, consult with relevant United Nations bodies and agencies, Governments, and in particular, the Committee of Permanent Representatives.
 5. The selected consultants should be prepared to discuss their draft report with UNEP management and the Committee of Permanent Representatives of the Governing Council of UNEP not later than Mid-February 1993. The final version of the report should be submitted to UNEP not later than 15 March 1993.

Contents

Section	Paragraphs
I	UNEP's programme
	Background and summary of January 1992 recommendations
	Analysis of agenda 21's implications for UNEP
	A new emphasis on the regional dimension
II	Present and proposed funding arrangements
	Present funding arrangements
	Proposed funding arrangements
III	Management and structure
	Introduction
	Management style
	Characteristics of the current structure
	The PAC approach
	The recommended programme structure
	Strengthening the regional and liaison offices
	Fund and administrative structure
IV	Planning, budgeting and audit
	Planning
	Budget setting and reporting
	Internal audit processes
	External audit processes
V	Human resources management
	Introduction
	Staffing in UNEP
	Personnel policies and procedures
	Human resource planning
	Human resource development
	Strengthening the personnel function

VI	Communications	601 - 650
	Introduction	601 - 605
	UNEP's communication requirements	606 - 611
	Existing facilities	612 - 623
	Plans and current actions to improve communications	624 - 638
	Recommendations	639 - 650
VII	Administrative services and management information systems	701 - 719
	Introduction	701 - 704
	General services section	705 - 712
	EDP and MIS sections	713 - 719
VIII	Future institutional arrangements	801 - 842
	Institutional reform	801 - 804
	Implications for UNEP	805 - 842
IX	Action Plan	901 - 922
	Introduction	901 - 903
	The process for achieving change in UNEP	904 - 919
	Steering committee	920 - 922

Annex

A	Acronyms
B	Example mission and values statement
C	Terms of reference

- the formulation of more effective procedures to be used by the Appointments and Promotion Board.
- creation of a local pilot programme to determine the value of assessment centres for permanent staff appointments. Depending upon the result of this programme a regional pilot programme could be developed
- development of procedures for the revision of future job descriptions, if and when necessary
- preparation and implementation of improved performance monitoring systems
- examination of UNEP's performance appraisal system, which is currently being altered, to ensure that it is fair, well balanced and meaningful. If appropriate, it may be necessary to formulate a new performance appraisal and evaluation system, targeted separately at professional staff and at general service staff
- introduction of human resource planning procedures and development of a human resource plan linked to the 94/95 biennial budget
- preparation of succession plans on a post by post basis, in particular for the succession of senior professional staff who are due to retire or are known to be leaving within the next two years
- assessment of the relevance and feasibility of using training programmes available through other UN organisations for general service and professional staff. If the findings are unfavourable, outline training programmes could be formulated to meet the specific requirements of UNEP staff in skill development and technical advancement
- analysis of training needs across the organisation and definition of training priorities and plans
- development and implementation of an induction programme for all levels of UNEP's staff.

TF3 - Finance, IT and administration team

917 We envisage that the salient actions for this task force to be to:

- conduct an assessment of how the present trust funds could be merged, consolidated or re-arranged
- develop improved procedures and systems allowing the administrative budget and programme budget to be fused into a single document

- define the role of fund managers in the new PAC structure and draw up a job description setting out their responsibilities and functional reporting lines to the Fund and Administration division.
- investigate potential for efficiency gains through introduction of a management information system in particular, for:
 - stores records
 - registry, mail and pouch services
 - transport fleet management
- review effect of recharging internal administration costs to programme areas, in particular for transport, visas and shipping services.
- review stock ordering systems and determine optimum levels of stationery and stores to be held in stock
- review registry system and produce guidelines on archiving material
- investigate the proposals to devolve responsibility for international travel approval procedures to budget holders and develop appropriate control mechanisms
- review the promotional benefits of UNEP's gift shop and determine whether they justify its retention
- set up a management information strategy study to determine:
 - the management information required for setting performance targets and for monitoring performance
 - information which should be shared across the organisation
 - UNEP's future information needs
 - the role of information technology in meeting management information requirements
- develop an outline IT strategy for programme areas and administrative functions ahead of the proposed IMIS systems initiative planned for 1995. The key elements of the strategy could include:
 - identification of unsatisfied system needs and prioritisation
 - resolution of computer software and hardware relationships

- detailed statements of users' requirements from systems within the new administrative and new programme areas
- identification of preferred computer systems to implement the IT strategy.

918 It is more than likely that external assistance will be required in the management information and IT areas to ensure that UNEP's requirements are satisfactorily met. We envisage a separate IT steering committee will be required including both experienced IT professionals and the senior management of UNEP, which might then have IT project teams reporting to them who assess information needs at functional levels or for separate organisational units.

TF4 - Communications Team

919 Key actions which would need to be carried out by the communications task force team include:

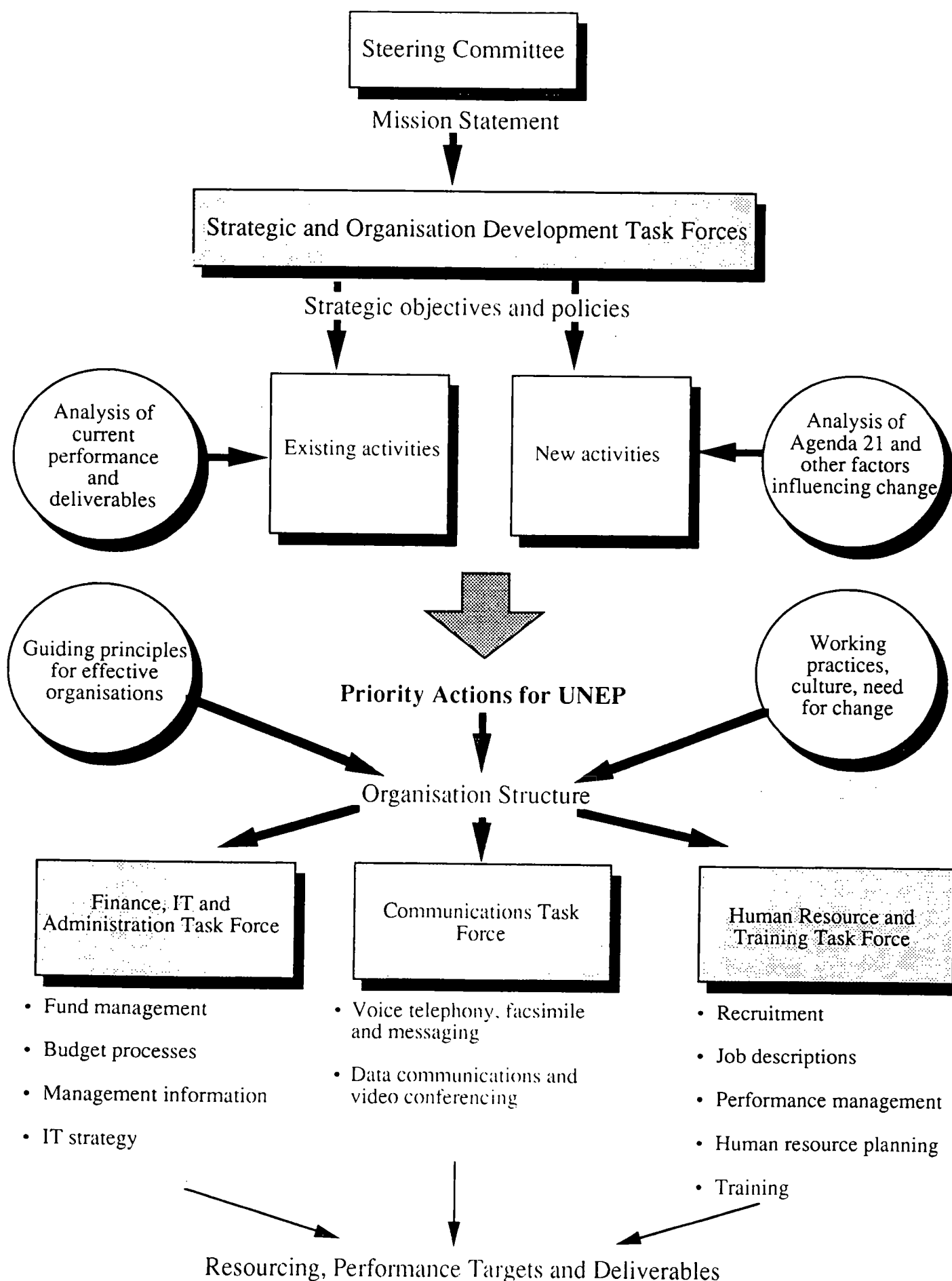
- voice telephony, facsimile and messaging:
 - undertake demand analysis of the traffic pattern
 - investigate solutions for the short term (focusing on KPTC's facilities)
 - assess longer term proposals (including MERCURE)
 - investigate electronic messaging solutions.
- Data communications and videoconferencing:
 - carry out a needs assessment for data communications
 - investigate alternative solutions for data communications
 - investigate potential applications of desktop videoconferencing.

Steering committee

920 In our view, one of the key tasks which needs to be achieved in order to implement successful change, is the formulation of a vision for the organisation. A vision is a statement of what UNEP wants to be. It conveys a picture of where the organisation is going, and how it is going to get there. It is a simple to understand, inspirational, focusing statement of the UNEP's mission.

921 A mission statement focuses attention on aims with which everyone can identify. The statement becomes a deep, abiding belief - a rallying point that everyone understands. Mission statements incorporate components that both add value to others and focus on strategic objectives.

922 Preparation of a mission statement needs to be a priority action of the steering committee and involve members from all the task force teams. UNEP's mission can then be cascaded down into strategic objectives, policies and organisational processes. The process of organisational development is shown in figure 2, which sets out the interlinkages between the action plans of the steering committee and task force teams.



Acronyms

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Co-Ordination
ACCIS	Advisory Committee for the Coordination of Information Systems
ADB	Asian Development Bank
AED	Assistant Executive Director
AG FUND	Arab Gulf Programme for United Nations Development Organisations
ALECSO	Arab League Educational Cultural and Scientific Organisation
AMCEN	African Ministerial Conference on the Environment
APELL	Awareness and Preparedness for Emergencies at Local Level
ASEAN	Association of South-East Asian Nations
ASG	Assistant Secretary General
CAMRE	Council of Arab Ministers Responsible for Environment
CAR/RCU	Caribbean/Regional Coordination Unit
CMS	Convention on the Conservation of Migratory Species of Wild Animals
CGS	Conference and Governing Council Services
CIDIE	Committee of International Development Institutions on the Environment
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPC	Committee for Programme and Co-Ordination
CSD	Commission for Sustainable Development

DAC	Development Assistance Committee (of OECD)
DCPAC	Desertification Control Programme Activity Centre
DED	Deputy Executive Director
DOEM	Designated Officials for Environmental Matters
DOESD	Designated Officials on Environment and Sustainable Development
DPCU	Development Planning and Co-Operation Unit
EAP's	Environmental Action Plans
ECB	Environment Co-ordination Board
ECE	Economic Commission for Europe
ECOSOC	Economic and Social Council
EDP	Electronic Data Processing Unit
EETU	Environmental Education and Training Unit
ELC	Environment Liaison Centre
ELIPAC	Environmental Law and Institutions Programme Activity Centre
EMG	Environmental Management Guidelines
EMINWA	Environmentally Sound Management of Inland Waters
ESA	European Space Agency
ESCAP	Economic and Social Committee for Asia and the Pacific
FAO	Food and Agriculture Organisation of the UN
FMO	Fund Management Officer
GA	UN General Assembly
GEF	Global Environment Facility
GEMS	Global Environment Monitoring System

GESAMP	Joint Group of Experts on the Scientific Aspects of Marine Pollution
GRID	Global Resource Information Data Base
HEM	Harmonisation of Environmental Measurements (Munich)
IACSD	Inter-Agency Committee on Sustainable Development
IAEA	International Atomic Energy Agency
IARC	International Agency for Research on Cancer
IBRD	International Bank for Reconstruction and Development
IBS	Intelsat Business Service
ICAO	International Civil Aviation Organisation
ICC	International Chamber of Commerce
ICPIC	International Cleaner Production Information Clearing House
ICSU	International Council of Scientific Unions
IEPAC	Industry and Environment Programme Activity Centre
IEEP	International Environmental Education Programme
IEO	Industry and Environment Programme Activity Centre
IFAD	International Fund for Agriculture Development
IFIs	International Financial Institutions
IGBP	International Geosphere-Biosphere Programme
IIED	International Institute for Environment and Development
ILCA	International Livestock Centre for Africa
ILO	International Lending Organisations
IMIS	Integrated Management Information System
IMO	International Maritime Organisation

INC	Intergovernmental Negotiating Committee (for Climate Change)
INFOTERRA	International Environmental Information System
IOC	International Oceanographic Commission
IPA	Information and Public Affairs
IPCC	Intergovernmental Panel on Climate Change
IPCS	International Programme on Chemical Safety
IPM	Integrated Pest Management
IRPTC	International Register of Potentially Toxic Chemicals
ISBC	Interim Secretariat for the Basle Convention on the control of Transboundary movement of Hazardous Wastes and their Disposal
IT	Information Technology
ITTO	International Tropical Timber Organisation
IUCC	Information Unit on Climate Change
IUCN	International Union for the Conservation of Nature and Natural Resources
KENPAC	Kenyan Public Packet Switching Network
KPTC	Kenya Post and Telecommunications Corporation
MARPOL	International Convention for the Prevention of Pollution from Ships
MDB	Multilateral Development Bank
MEDU	
MIS	Management Information System
NEAPs	National Environmental Action Plans
NGOs	Non-Governmental Organisations
OAS	Organisation of American States

OCAPAC	Oceans and Coastal Areas Programme Activity Centre
OECD	Organisation for Economic Co-operation and Development
OED	Office of the Executive Director
OEMS	Office of Environmental Management and Support Measures
OEP	Office of the Environment Programme
OTL	Trust Funds Overheads
PAC	Programme Activity Centre
PCU	Programme Coordination Unit
PEEM	Panel of Experts on Environmental Management for Vector Control
PPSC	Programme and Programme Support Costs
PREC	Project Review and Evaluation Committee
PTT	Posts, Telecoms and Telegraph
RB	Regular Budget
REIOs	Regional Economic Integration Organisations
ROPME	Regional Organisation for the Protection of the Marine Environment
SAC	Scientific Advisory Committee
SACEP	South Asia Co-operative Environment Programme
SCOPE	Scientific Committee on Problems of the Environment
SDPs	Sustainable Development Plans
SoE	State of the Environment
SPREP	South Pacific Regional Environment Programme
STAP	Scientific and Technical Advisory Panel (for GEF)
SWMTEP	System-Wide Medium-Term Environment Programme
TEB	Terrestrial Ecosystem Branch

UNCED	United Nations Conference on Environment and Development
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNCUEA	United Nations Centre for Urgent Environmental Assistance
UNDP	United Nations Development Programme
UNEA	United Nations Environment Assembly
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHQ	United Nations Headquarters
UNIAD	United Nations Internal Audit Division
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNSCEAR	United Nations Committee on the Effects of Atomic Radiation
UNSO	United Nations Sudano-Sahelian Office
WCIARSP	World Climate Impacts Assessment and Response Strategies Programme
WCIP	World Climate Impact Studies Programme
WCIRP	World Climate Impact Research Programme
WHO	World Health Organisation
WICEM	World Industry Conference on Environmental Management
WMO	World Meteorological Organisation
WRI	World Resources Institute
WWF	Worldwide Fund for Nature