



COUNCIL – 102nd session

C 102/SR.1
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SUMMARY RECORD OF THE FIRST MEETING

**held at IMO Headquarters, 4 Albert Embankment, London SE1 7SR
on Monday, 29 June 2009 at 9.30 a.m.**

Chairman: Mr. J. FRANSON (Sweden)
Vice-Chairman: Mr. D. NTULI (South Africa)
Secretary-General: Mr. E. E. MITROPOULOS

A list of participants is given in document C 102/INF.1.

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OPENING OF THE SESSION

The CHAIRMAN declared open the 102nd session of the Council and extended a warm welcome to all Members.

INVITATION TO NON-MEMBERS OF THE COUNCIL TO ATTEND THE SESSION

The CHAIRMAN said that, in accordance with Article 20 of the IMO Convention, the following Members of the Organization had expressed a wish to participate in the session: Algeria, Angola, Antigua and Barbuda, Bahrain, Barbados, Belgium, Belize, Bolivia (Plurinational State of), Bulgaria, Colombia, the Cook Islands, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, the Dominican Republic, Ecuador, Estonia, Finland, Gambia, Ghana, Grenada, Honduras, Iran (Islamic Republic of), Ireland, Liberia, the Libyan Arab Jamahiriya, the Marshall Islands, Mauritania, Monaco, Morocco, Peru, Poland, Saint Vincent and the Grenadines, Senegal, the Syrian Arab Republic, Tonga, Ukraine, the United Arab Emirates, Uruguay, Vanuatu and Venezuela (Bolivarian Republic of). Hong Kong, China (Associate Member) also attended the session as an observer.

He suggested that the representatives of those countries should be invited to attend the session as observers.

It was so decided.

AGENDA ITEM 1 – ADOPTION OF THE AGENDA (C 102/1/Rev.1 and C 102/1/1)

The CHAIRMAN invited the Council to adopt the agenda contained in document C 102/1/Rev.1 and to note the annotations to the agenda contained in document C 102/1/1.

It was so decided.

The SECRETARY-GENERAL recalled that the Council, at its ninety-third session, had adopted guidelines on the organization and method of its work in order to enable it to conduct its business in an efficient and effective manner. In that regard, deadlines had been set for the submission of documents and the Secretariat instructed to apply the rules as strictly as possible and not to accept late submissions. With the exception of reports of meetings that had taken place during the previous month, the Secretariat had endeavoured to comply with the guidelines to the extent possible. Therefore, it had been decided not to accept three late submissions from two Member States, whereas a document on the budget for the next biennium that had already been issued had been processed.

The CHAIRMAN said that, with respect to agenda item 18(d) on "Relations with non-governmental organizations", the Council would recall that at its eighty-fourth session it had decided to ask a group of its Members to screen new applicants for consultative status and advise the Council on whether they fulfilled the basic conditions before the applications were referred to the relevant committees. Under the same agenda item, the Council was also required to review non-governmental organizations in consultative status and advise the Assembly accordingly. To enhance efficiency, the Council might wish to request the same group to carry out a preliminary review of those organizations and advise the Council as appropriate. He therefore invited the Council to convene a group to consider the applications submitted by the Bureau International des Containers et du Transport Intermodal (BIC), the Green Ship Recycling Association (GSRA), the Inflatable Safety and Survival Equipment Technical Association Limited (ISSETA), the Regional

Clean Sea Organization (RECSO), the International Dangerous Goods and Containers Association (IDGCA), the Nautical Institute (NI), the Certification Association “Russian Register” and the Superyacht Builders Association (SYBAss), and to review the list of non-governmental organizations in consultative status with IMO. He suggested that the group should be composed of representatives from Brazil, Canada, Germany, Malaysia, the Republic of Korea, Saudi Arabia and South Africa and that it should be chaired by Mr. Malik (Malaysia). Other Council Members and representatives of delegations could also attend the group’s meetings.

It was so decided.

**AGENDA ITEM 2 – REPORT OF THE SECRETARY-GENERAL ON CREDENTIALS
(C 102/2)**

The SECRETARY-GENERAL reported that credentials had not yet been received from all delegations and invited representatives who had not submitted their credentials to do so as soon as possible.

AGENDA ITEM 3 – STRATEGY AND PLANNING:

(a) MONITORING OF PERFORMANCE (C 102/3(a))

Mr. NTULI (South Africa), speaking in his capacity as chairman of the *Ad Hoc* Council Working Group on the Organization’s Strategic Plan, said that the working group had held its ninth session from 27 to 29 April 2009. Its first priority had been to finalize the draft guidelines on the application of the Strategic Plan and the High-level Action Plan, as requested by the Assembly in resolution A.990(25). In 2008, a correspondence group coordinated by the Netherlands had prepared a first draft, which had been elaborated on by the working group. The re-established correspondence group had developed that version into an excellent basic document for the working group’s subsequent discussions. He thanked the group’s coordinator, Mr. Polderman (Netherlands), and all its participants for their dedication. Their endeavours had greatly facilitated finalization of the draft guidelines and associated draft Assembly resolution, as set out in annex 1 to document C 102/3(a).

The texts before the Council responded directly to the Assembly’s instructions and provided a mechanism for strengthening working practices, so that the planning, funding and delivery of and reporting on the Organization’s work would be permanently guided by the Strategic Plan and the High-level Action Plan. Indeed, implementation of the guidelines would permit the more structured development and execution of a transparent, predictable and achievable programme of work over a biennium that was fully consonant with the Organization’s strategic goals, linked resources to planned outputs and provided the flexibility to address emerging issues.

As envisaged by the Assembly, implementation of the guidelines would require changes in the organization and working methods of the Council, committees and Secretariat in line with future advances in results-based budgeting and management – a closely-related topic that would be addressed under agenda item 8. Recognizing that a “migration plan” would be required to ensure an orderly transition from current arrangements, the working group, as a first step, had requested him to explain the draft guidelines to a meeting of chairmen held in the margins of the eighty-sixth session of the Maritime Safety Committee. The outcome of that meeting had been reported to the MSC, which had forwarded to the Council for its consideration and action the views contained in paragraph 67 of document C 102/9/Add.1. The latter implied that some aspects of the guidelines and the “migration plan”, such as the responsibilities of some committees under certain conventions, the unique working methods of other committees, and the

resource implications of planned and unplanned outputs, needed clarification. It was imperative that the adopted guidelines be clearly understood and embraced by everyone concerned. Therefore, further work on the matters raised by the Maritime Safety Committee that were not sufficiently clear to the chairmen would be beneficial. Accordingly, although the working group had invited the Council to approve and forward the draft resolution and draft guidelines to the Assembly, it might prefer to approve the draft texts, in principle, and invite the working group to revise them so as to accommodate, as appropriate, the matters raised by the chairmen and the Maritime Safety Committee. If the Council agreed, the working group could do so at its tenth session, when it would also be elaborating the envisaged “migration plan” and the updated versions of the Strategic Plan and the High-level Action Plan. The results of its work could then be submitted to the Council’s twenty-fifth extraordinary session for consideration, approval and, where appropriate, transmission to the Assembly for adoption.

The other main topic addressed by the working group concerned elements of a long-term strategy for reducing the cost of international meetings. The working group had previously considered the matter, at the Council’s request, following its consideration of a related recommendation by the Joint Inspection Unit. The working group had considered an analysis by the Secretariat of measures that could be implemented quickly to reduce some costs associated with IMO meetings. Table 1 in annex 2 to document C 102/3(a) provided a list of those measures recommended by the working group for approval by the Council. Such measures were linked directly to the first results-based budget proposal submitted by the Secretary-General and were also cross-referenced under paragraph 9.11 of document C 102/8. Table 2 in the same annex set out certain other measures for the Council’s consideration, which the working group was currently unable to recommend.

The group had had another productive meeting, and the Council was invited to take the action indicated in paragraph 9 of document C 102/3(a), subject to further work being carried out on the draft guidelines on the application of the Strategic Plan and the High-level Action Plan.

The SECRETARY-GENERAL said that the development and finalization of the guidelines on the application of the Strategic Plan and the High-level Action Plan was a major step forward in ensuring that the Organization’s work on strategy development, work programme construction, consequential budgeting, performance monitoring and assessment of results, was steered by the objectives and priorities of the two plans. He commended the efforts of the correspondence and working groups and thanked Mr. Ntuli for pointing out the desirability of further fine-tuning before the guidelines were adopted by the Assembly. Because they would influence IMO’s working methods in the future, it was important to respond to the requests for clarification arising from the Maritime Safety Committee and the meeting of chairmen in order to ensure their suitability. He commended the draft resolution contained in annex 1 to document C 102/3(a) to the Council for its approval, in principle, and subsequent submission, possibly through the Council’s twenty-fifth extraordinary session, to the Assembly for adoption.

Turning to the further development of a long-term strategy to reduce the cost of international meetings, he said that the working group had welcomed the Secretariat’s suggestions for measures that could be implemented quickly. When drawing up the biennial budget proposal, the Secretariat always strove to identify all potential efficiencies. It would continue to periodically assess the viability and desirability of other measures that might not have been recommended at this stage, as well as new ones that might emerge in the future.

The working group had considered a request from the United Nations General Assembly that all the United Nations system’s strategic planning cycles should be aligned with the new quadrennial cycle for the United Nations General Assembly’s comprehensive policy reviews of

operational activities for development. The working group had concluded that IMO's cycle was sufficiently aligned with that of the General Assembly and that no change was required either to the period of validity or the frequency of updating of its own Strategic Plan. With the Council's approval, those findings would be brought to the attention of the United Nations Secretariat.

Mr. ANASTASAKOS (Greece) thanked the chairmen of the *ad hoc* working group and the correspondence group for their detailed report and commended them on the progress made in developing guidelines on the application of the Strategic Plan and the High-level Action Plan as set out in document C 103/3(a), as well as on the related draft Assembly resolution. He placed emphasis on the need for the working group to develop the practical steps needed to facilitate transition from current arrangements to full implementation of the Strategic Plan and the High-level Action Plan.

Mr. MORENO (Chile) paid tribute to the chairmen and members of the working group and the correspondence group, in which Chile had participated. The rigorous application of the short- and medium-term measures contained in annex 2 would help to reduce the cost of meetings and improve the way in which they were organized. Strategies such as strengthening the Organization's subsidiary bodies, improving planning, limiting the number of agenda items, setting realistic deadlines and reducing the number of working and correspondence groups, would all contribute towards a more effective application of the Strategic Plan and the High-level Action Plan, thereby benefiting both IMO and the international maritime community as a whole.

Mr. SERGHIOU (Cyprus), referring to paragraph 9.1 of document C 102/3(a), in which the Council was requested to consider and approve the draft guidelines, pointed out that, under Articles 31, 36, 41 and 46 of the IMO Convention, the committees when exercising their functions conferred upon them by or under any international convention or other instrument must conform to the relevant provisions of that convention or instrument, particularly regarding the rules governing the procedure to be followed. Unfortunately, the draft guidelines did not take into account those provisions, and therefore could not be approved in their present form. A possible solution might be to include a provision in the draft Assembly resolution contained in annex 1 to document C 102/3(a) specifically mentioning that the guidelines were not applicable when the committees performed functions conferred upon them by a convention or an instrument. If that was acceptable, he suggested that the words "which, however, will not be applicable for matters pertaining to the provisions of Articles, 31, 36, 41 and 46 of the IMO Convention" should be inserted after "resolution" at the end of operative paragraph 1 of the draft resolution. He did not rule out other solutions to the problem, but it would have to be resolved before his government could accept the draft guidelines.

Mr. POLDERMAN (Netherlands), speaking as coordinator of the correspondence group, commended Mr. Ntuli on his leadership skills and thanked all those who had assisted the group in its work. The Netherlands fully supported approval of the draft guidelines and the related draft Assembly resolution and their submission to the twenty-sixth session of the Assembly. When fully implemented, the guidelines would provide a vital component in a results-based management approach that emphasized the achievement of results in planning, implementation, feedback and reporting. He also underlined the importance of the proposed migration plan and expressed his willingness to contribute to the development of such a plan during the tenth session of the working group. The group's recommendations on identified options for a long-term strategy for reducing the cost of international meetings, as set out in annex 2 of the report, appeared to be straightforward and relatively simple to implement and would also have a bearing on the Council's consideration of the budget proposals under item 8. He understood the concerns expressed by the representative of Cyprus and affirmed that there had never been any intention to impinge on the specific,

autonomous responsibilities of the committees. The working group should be able to resolve the matter during its tenth meeting.

Mr. ELAHI (Bangladesh) regretted that Bangladesh had been unable to attend the meeting of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan. He stressed the importance, however, of developing guidelines on the application of the Strategic Plan and the High-level Action Plan, particularly in the context of strategy development, work programme construction, budgeting and auditing. He supported the submission of the draft guidelines, after revision, to the twenty-sixth session of the Assembly for adoption.

His delegation noted with appreciation the working group's recommendations regarding a long-term strategy for the reduction of costs of international meetings, set out in annex 2. Drawing attention to the disadvantages of the recommendation to use font size 11 for all documents, he said he was not currently in favour, and was hopeful that enhanced ability to use computer screens in future during meetings would address that issue. Regarding the recommendation to stop sending documents to Member States in hard copy unless explicitly requested, he considered that that should also apply to NGOs and IGOs. He encouraged Member States wishing to obtain documents in hard copy to download them in accordance with the United Nations system green meetings advice. As to the recommendation to stop making documents available during the meetings themselves, he wondered what alternative was suggested. His delegation otherwise generally agreed with the recommendations set out in annex 2. Turning to paragraph 8 of the document, he concurred with the conclusion of the working group in response to the request by the United Nations General Assembly, in resolution 63/232, for all the United Nations system's strategic planning cycles to be aligned with the new quadrennial cycle for the General Assembly's comprehensive policy reviews of operational activities for development.

Mr. LAM (Singapore) recalled that Singapore had been a strong supporter of the Strategic Plan initiative and had been actively involved in the drafting of the Strategic Plan and the High-level Action Plan since 2000. The proposed guidelines would contribute to better alignment of the priorities and work methods of all IMO bodies with the objectives identified in the two plans. That would strengthen the link between the Organization's resources and outputs, especially as it embarked on a new results-based budget. His country thus agreed with the draft guidelines in principle and supported the suggestion to revise them in the light of the concerns raised earlier.

Mr. RIBEIRO (Brazil) said that the finalization of the guidelines would enhance the Organization's performance by effectively translating the plans into concrete action and ensuring that the work of the Organization was steered by the two plans in its strategic planning, performance monitoring and evaluation of outcomes. Brazil had attended the meeting of the working group and fully endorsed the outcome of its deliberations, in particular the approval of the guidelines.

Mr. LIM (Republic of Korea) commended the significant progress achieved since the establishment of the working group, although the guidelines required further consideration to ensure their full compliance with the IMO conventions. In his view, the issue of the reduction of costs of international meetings should be considered, together with other budgetary issues, under item 8 of the agenda.

Mr. GINDIA (Egypt) expressed appreciation for the recommendations proposed by the working group. On the issue of performance, however, he noted with regret that Arabic interpretation was provided only at major meetings and been ruled out, for instance, for the Facilitation Committee. In view of the difficulties that posed, he called for Arabic interpretation to be reinstated in the Facilitation Committee.

Mr. LEGROUX (France) welcomed the draft guidelines, which were almost ready for implementation. Faced with growing needs and limited resource availability, particularly in the context of the current economic crisis, the Organization needed to establish a consistent management policy. He commended the progress achieved with regard to the long-term strategy for the reduction of costs. Considering that the circulation of documents in hard copy was not necessary, his delegation encouraged all Member States to take advantage of the powerful IT tools available at IMO and thus contribute to achieving substantial economic and environmental savings. Some international organizations were already operating on the basis of “paperless” meetings, which should be a medium-term objective for IMO.

Mr. ISHIZUKA (Japan) supported in principle the submission of the draft guidelines to the next session of the Assembly for adoption.

Mr. OLIMBO (Italy) recalled that his delegation had attended the meeting of the working group and had participated in the work of the correspondence group. The guidelines, which were not intended to micro-manage the work of any IMO body, would add value to the Organization’s Strategic Plan. Furthermore, they would provide the linkage between the Organization’s strategy, the work of the various IMO bodies and the biennial budget. Italy thus endorsed the submission of the draft guidelines to the next Assembly for adoption and supported the “migration plan” regarding the effective transition from current arrangements to the full implementation of the guidelines. He was confident that the concerns expressed by the representative of Cyprus would be addressed at the next session of the working group.

Mr. BELL (Bahamas) supported the outcome of the meeting of the working group and the resulting draft guidelines. Electronic forms of working documents were now accessible to all, so that Member States could print them out in the font size of their choice. He therefore suggested printing out documents for distribution at meetings in A5 form, which would result in considerable savings for the Secretariat.

Mr. MARSICO (Argentina), drawing attention to IMO’s praiseworthy efforts to achieve significant savings in the context of the United Nations reform process, supported the draft guidelines and recommendations. The reduction of costs was a positive goal provided that the needs of those countries that were unable to follow technological progress were not overlooked. His delegation echoed the concern raised by Cyprus and believed that the matter should be resolved at the next session of the working group.

Mr. de GRACIA (Panama) hoped that the draft guidelines and the related draft Assembly resolution would be adopted by the Assembly at its twenty-sixth regular session, since they represented a tool for improving the mechanisms currently used in the activities of the various IMO bodies – particularly in relation to the inclusion of new agenda items. He noted the low level of participation by Member States and by chairmen of the IMO committees and subcommittees in the working group’s meetings, despite constant appeals. He approved the recommendations submitted to the Council on identified options for a long-term strategy for the reduction of costs and agreed with the suggestion by the Republic of Korea to consider the recommendations during the discussion of agenda item 8. The amendments proposed by Cyprus should be considered at the next session of the working group as suggested by the Netherlands, and Panama welcomed the proposal by the Bahamas to reduce paper costs.

Mr. BRADY (Jamaica) said that his delegation could support in principle a decision to submit the guidelines to the Assembly and further suggested that, at the next session of the working group, strict timelines should be applied in implementing the recommendations contained in

table 1. That would contribute to the fulfilment of the results-based budget imperative. He concurred with the suggestions made by Cyprus, the Netherlands and the Bahamas.

Mr. BIO (Nigeria), while recognizing that there was still room for improvement, endorsed the recommendations contained in the document under review.

Mr. NORDSETH (Denmark) supported the draft guidelines presented by the working group. While the issue of reducing the costs of international meetings was linked to the budget, to be discussed under agenda item 8, it was also closely linked to strategic considerations and should therefore also be considered under the present agenda item. Denmark agreed on the recommendations set out in table 1, but requested clarification on the savings that might be achieved through potential staff reductions. He emphasized the need to review the recommendations contained in table 2 of annex 2. Staff costs, particularly in the context of meetings, accounted for the most significant part of the budget, thus calling for a review of the length of meetings and the way in which they were conducted. His delegation considered that the number of MSC sessions and meeting days could be reduced, following the example of the Legal Committee which, in recent years, had held only one annual meeting and would do the same in 2010. Reducing the number of subcommittees was more difficult, but it could be worthwhile reconsidering their tasks and responsibilities and whether they were managing their time effectively. He urged the working group to use a holistic approach in tackling the issue at its next session. Noting that translation costs accounted for a large portion of the budget allocated to working group reports, he suggested reconsidering the way in which reports were structured and whether they were actually necessary. He suggested that the Secretary-General should provide information to the working group on the production and staff costs incurred by the reports of the committees and subcommittees, and how that would differ – both in terms of costs and staff implications – if only a summary of decisions were produced. While the issue was understandably sensitive, Member States should be prepared to make concessions in a genuine effort to achieve savings that were essential for the Organization.

Mr. VASSALLO (Malta) commended the work done by the *Ad Hoc* Council Working Group. Many of the cost-reduction suggestions were worthy of further consideration, and he therefore agreed with the proposal by the representative of Denmark that the working group at its tenth session should review the options contained in annex 2 to document C 102/3(a). He was, however, reluctant to agree to the suggestion that only summaries of committees' decisions should be produced, rather than full reports of their proceedings, since reports were valuable in helping future delegates understand the ways in which IMO's conventions were interpreted. The suggested shortening of the break period during meetings would deprive delegates of a valuable opportunity for discussion. The introduction of paperless meetings would create considerable problems for some delegations. The private sponsorship of meetings might lead to an agenda controlled by money rather than need.

Mr. LANTZ (United States) supported the proposal by the representative of Denmark that, in the interests of achieving further cost reductions, the identified options that had not been recommended for a long-term strategy for the reduction of costs of international meetings, set out in table 2 of annex 2 to document C 102/3(a), should be re-examined. The draft guidelines on the application of the Strategic Plan were clear, and he agreed to their transmission to the Assembly for adoption.

Ms BERGLUND (Sweden) agreed with previous speakers that the working group would be able to fine-tune the draft guidelines at its tenth session, before their submission to the Assembly for adoption. She also supported the proposal by the representative of Denmark that the cost-saving measures contained in table 2 of annex 2 should be reviewed, as insufficient time had

been devoted to their discussion. She urged Member States to be prepared to consider all cost-reducing measures, including those that implied some sacrifice on their part.

Ms BETHGE (Germany) said that she supported the approval of the draft guidelines on the application of the Strategic Plan, which the working group could fine-tune at its next session. The identified options for reducing the cost of international meetings set out in annex 2 provided a good starting point, and she agreed with the representative of the Bahamas that further options might emerge from a discussion of the issue under agenda item 8. She also endorsed Denmark's proposal that the options listed in table 2 of annex 2 should be re-examined.

Mr. NOGUEIRA (Spain) said that, while the reduction of costs was a goal desired by all, IMO's important role should not be diminished thereby.

Mr. NTULI (South Africa), speaking as chairman of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan, thanked delegates for their comments. The concerns raised by the representative of Cyprus and by MSC 86 would be reflected in the report of the working group's tenth session to be submitted to the forthcoming extraordinary session of the Council. He assured the representative of Bangladesh that the intention of recommended option 1.7 in table 1 of annex 2 was not to discontinue the availability of the documents produced during meetings, but of those already issued before meetings took place. He agreed with the representative of Jamaica that a timetable should accompany the recommended cost-reduction options so that delegates knew when those recommendations would be introduced. He also concurred with Denmark's view that an item on cost-saving measures should be included in the agenda of future sessions of the working group to ensure that further options were explored.

The SECRETARY-GENERAL, in response to delegates' comments, informed the representative of Bangladesh that the Organization had not sent documents in hard copy to international organizations since 2004. In reply to the question raised by the representative of Egypt concerning interpretation in Arabic for the FAL Committee, he explained that the committee's penultimate session had lacked such interpretation because it had not at that stage been institutionalized; its subsequent session had been interpreted in Arabic, as would all its future sessions. Any decision on Denmark's suggestion of reducing the duration of MSC meetings would need to be deferred until the MSC had had an opportunity to discuss the proposal at its next session, which would not take place until after the working group's tenth session and the Council's twenty-fifth extraordinary session. While the representative of Denmark's proposals to reduce translation costs would have a significant impact on costs, the Council should not lose sight of the need for the Secretariat to continue to offer high-quality services to the Organization, as had been pointed out by the representative of Malta.

The CHAIRMAN invited the Council to note the information set out in document C 102/3(a) and that provided orally by the chairman of the *Ad Hoc* Council Working Group on the Organization's Strategic Plan and by the Secretary-General.

He invited the Council to approve, in principle, the draft Assembly resolution and draft guidelines on the application of the Strategic Plan and the High-level Action Plan, set out in annex 1 to document C 102/3(a), with the request that the working group revisit the draft texts at its tenth session, with a view to accommodating, as appropriate, the matters raised by the Maritime Safety Committee at its eighty-sixth session and by Cyprus, regarding the role of the committees, as detailed in the IMO Convention, with respect to the functions conferred on the Organization by or under international conventions; to note the working group's views on the need for a migration plan, and its intention to elaborate one at its tenth session, in order to support an effective transition from the current arrangements to full implementation of the aforementioned guidelines throughout

the Organization; to request the working group to submit any proposed changes to the aforementioned draft resolution and draft guidelines, together with its proposed “migration plan”, to the Council, at its twenty-fifth extraordinary session, for consideration, approval and, where appropriate, submission to the twenty-sixth regular session of the Assembly for adoption; to approve the working group’s recommendations on identified options for a long-term strategy for the reduction of costs of international meetings, as set out in table 1 of annex 2 to document C 102/3(a); to note the working group’s conclusion in response to the request of the United Nations General Assembly in resolution 63/232; and to approve the report in general.

Finally, he invited the Council to thank the working group’s chairman, Mr. D. Ntuli (South Africa), the coordinator of the correspondence group, Mr. K. Polderman (Netherlands), the members of the correspondence and working groups, and the Secretariat, for the satisfactory outcome of the working group’s ninth session.

It was so decided.

(b) RISK MANAGEMENT (C 102/3(b))

Mr. Ntuli (South Africa), speaking as chairman of the *Ad Hoc* Council Working Group on the Organization’s Strategic Plan, said that the Working Group had held its fourth session on 30 April and 1 May 2009, mainly to discuss the outcome of the risk management exercise carried out by the Secretariat in response to the Council’s invitation to the Secretary-General to apply the Organization’s risk management framework to the Secretariat’s related key objectives for 2009. To that end, and as the first step of the risk management process, the Secretariat had developed a “context document” (contained in annex 1 to document C 102/3(b)), which the working group had invited the Council to approve for submission to the forthcoming Assembly for endorsement.

The Secretariat’s report on the outcome of its first, full-scale risk management exercise had enabled the working group to review detailed risk event tables, on the basis of which the Secretariat had analysed three main factors: aspects of the risk management framework that might require improvement or additional guidance; the practicalities of applying the process; and the main risks to the Organization identified through the exercise. The Secretariat’s work had identified a number of lessons learned, and had enabled the working group to make a number of recommendations, as set out in paragraphs 6 to 8 of document C 102/3(b).

While acknowledging that some improvements to the framework might be required, the working group had recommended that it should not be changed substantially at present, that appropriate resources to support future application of the risk management process should be allocated and that, with regard to the principal risks identified, the Secretary-General should advise the Council of any impacts arising, for example, from reliance on a small number of key Secretariat staff in critical areas of operation, and from potential reductions in publishing revenues. As to the risks associated with information and communication technology, it had recommended a holistic approach which would involve identifying all the requirements for the development of new systems or for improvements to existing ones, with costed options that could be prioritized within available resources.

In view of its revised terms of reference, the working group had decided to re-establish its correspondence group to examine whether and how the risk management framework should eventually be applied across all elements of the Strategic and High-level Action Plans, not just those related to the Secretariat.

The SECRETARY-GENERAL said that at its fourth session the group had examined the results obtained by the Secretariat's first risk management exercise using the approved risk management framework. The scope of the exercise had covered key areas of risk related to 37 Secretariat outputs and objectives for 2009, involving 79 "principal risk events". The core of the exercise had been the development of a context document, followed by the identification and detailed assessment of risk events. He was pleased with the group's positive review of the Secretariat's report, which some Members intended to use as a model in the future and which demonstrated that the risk management framework had been easily incorporated into the Organization's existing processes, rather than becoming an additional layer of bureaucracy.

The Secretariat's analysis of the exercise pointed to issues that would need to be addressed. He therefore welcomed the recommendations that the working group had submitted to the Council, the first of which was the approval of the risk management context document contained in annex 1 to document C 102/3(b), which, in paragraph 3.3, listed four key factors that might affect the Organization's regulatory functions and the Secretariat's operations, namely the current financial climate, safety and security, the impact of climate change, and the energy position.

He concurred with the group's conclusion that any changes to the risk management framework should be deferred until the Secretariat had gained additional experience and insights from a second full-scale exercise. He would strive to implement the recommendations aimed at improving the practical aspects of carrying out future risk management exercises, as the Secretariat was keen to ensure that risk management was undertaken efficiently and effectively. He would continue to monitor any potential adverse impacts of the key risks identified, in particular those related to information and communications technology, because they affected the Members, observers and the Secretariat in several critical areas of operations. No one was today immune – especially in the absence of unlimited resources – from the difficulties resulting from failures or inadequacies of information and communications technology systems. He would also attempt to put into effect the group's recommendation for a holistic approach to requirements that would facilitate prioritization and resource allocation.

He was sure that the Council would appreciate both the working group's efforts and the input of the Secretariat. The Council's endorsement of his decision to establish in 2004 the Policy and Planning Unit was bearing fruit, as was the selection of Mr. Winbow and subsequently of Mr. Espinoza-Ferrey to head that unit. He thanked them and the unit's staff for responding ably to his expectations.

The CHAIRMAN invited the Council to note the information set out in document C 102/3(b) and that provided orally by the chairman of the Council Risk Review Management and Reporting Working Group and by the Secretary-General.

In particular, he invited the Council to approve the risk management context document contained in annex 1 to the document and to transmit it to the twenty-sixth session of the Assembly for endorsement; to note the working group's consideration of the report on the Secretariat's risk management exercise 2009 and, in that regard, invite the Secretary-General to make adequate provision of resources to support the delivery of future iterations of the risk management process; to note the risks to the Organization highlighted by the working group, based on the Secretariat report and endorse the working group's associated recommendations; to endorse the working group's recommendation that, before any substantive changes are made to the risk management framework, the Secretariat should undertake a second iteration of the risk management process, the scope of which should cover the strategic directions and high-level actions falling under the Secretary-General's responsibility, as well as the Secretariat's related key objectives for the 2010-2011 biennium; to endorse the re-establishment of the working group's correspondence

group, with terms of reference as proposed in annex 2 to the document; and to approve the report in general.

Finally, he invited the Council to thank the Working Group's chairman, Mr. D. Ntuli (South Africa), the members of the working group and the Secretariat for their work and the satisfactory outcome of the group's fourth session.

It was so decided.

AGENDA ITEM 4 – ORGANIZATIONAL REFORMS (C 102/4 and C 102/4/1)

The SECRETARY-GENERAL, introducing document C 102/4, said that he would first deal with the 2007 JIU report on "Review of management and administration in the International Maritime Organization", in which the JIU had made 11 recommendations to IMO. At its 100th session, the Council had taken decisions on the three recommendations addressed to the legislative organs of the Organization and, at its 101st session, it had noted information on follow-up action being taken by the Secretariat in response to the remaining recommendations, including the drawing up of an action plan. The annex to the document provided an update on progress with the action plan. The JIU had been advised of progress to date.

At its previous session, the Council had noted that, as a further reform initiative, he had commissioned a strategic review of the Organization's information and communication technology to be conducted by the United Nations International Computing Centre (UNICC). In its review, UNICC had concluded that, while the Organization's IT infrastructure was relatively well managed, its information systems were exposed to a number of risks and the Organization's IT services required a significant and timely investment of both time and money, directed either at increasing the capability of staff in the IT and Information Systems Section to enable them to provide such services in-house or at targeted outsourcing to an external supplier. The recommendations in the report provided options for both strategies and noted that they were not mutually exclusive: certain services could continue being provided in-house while others were outsourced. UNICC had also made recommendations aimed at improving the monitoring of server performance, the capacity of data storage arrangements, data back-up infrastructure, disaster recovery and business continuity, and e-mail and file services.

In order to determine whether the correct level of investment or the correct purchasing decisions were being made in the light of the competing demands on IT resources, UNICC had recommended that a body should be set up within IMO, comprising the business users and IT, to provide direction regarding the IT services. Further details on planned IT oversight arrangements were given in document C 102/4/1.

In response to the UNICC review report, action was being taken to address the issues raised and the associated recommendations, in relation to both in-house services and equipment and those that were candidates for possible outsourcing, taking into account the risks involved, the impact on the Organization's operations if no action were taken, and the total cost of implementation, as well as related maintenance and upgrade costs.

As the Council would appreciate, the Organization, in common with governments and businesses, was increasingly reliant on its IT systems in providing services that were critical to its operations, and the costs associated with providing the scope, level and type of IT services that were currently expected by the membership were unlikely to lessen in the coming years.

Mr. POLDERMAN (Netherlands) thanked the Secretary-General for the documents and for his introduction. The status report on the implementation of the Joint Inspection Unit's (JIU) recommendations was satisfactory, and he commended the Secretary-General for the progress made in that regard. However, he took it that actions on recommendations 1 and 4 were still ongoing and he expressed concern that actions to be taken on some recommendations had been put on hold due to budgetary limitations.

He welcomed the prompt action taken with regard to the implementation of the UNICC recommendations, particularly in relation to paragraphs 12 and 13. However, he expressed concerns regarding the conclusion drawn in paragraph 14 of document C 102/4/1, particularly when linked to paragraph 6.5.2 of document C 102/3(b) which drew attention to the need to ensure that the Organization had in place a robust information and communication technology infrastructure and information systems with the capability of responding to changing requirements by both internal and external users. The Council Risk Review, Management and Reporting Working Group had recommended a holistic approach, and the Council had just endorsed that recommendation. He thus emphasized that a strategy must not be cost-driven, nor be put on hold due to budgetary limitations.

Mr. COCKBURN (United Kingdom) welcomed the progress made on a number of the recommendations made by the JIU. He emphasized the importance placed by the United Kingdom on three areas highlighted by the JIU inspectors. First, he recognized the progress made in results-based management, and requested an assessment of the remaining challenges to be faced in that area. His delegation shared the view expressed by the United Nations Secretary General, in his 2008 report on a United Nations accountability framework, that results-based management was the final key component in improving governance and oversight of the Organization and the effectiveness and accountability of management. Results-based management provided the basis for greater transparency, more effective budgetary decision-making, and therefore better working practices between governing bodies and executive management.

Second, on human resource management, he hoped that the recruitment and promotion process for the Organization would remain open, transparent and merit-based, as in the rest of the UN system.

Finally, in the area of governance and oversight, he requested that the Secretariat consider the need for an oversight advisory committee, which represented best practice in corporate governance and which was becoming increasingly common across the UN system. Both the International Labour Organization and the World Health Organization had established such committees. He requested that a document be provided on that issue to be discussed at the Council's next session.

Mr. RIBEIRO (Brazil) thanked the Secretary-General for his overview of the implementation of the JIU recommendations and said he was confident that the remaining recommendations would be met in due course. He welcomed the review of the Organization's information and communication technology services, and the actions to be taken in light of the UNICC recommendations. Given the essential role of the information and communication technology system, he welcomed the progress made in that regard.

The SECRETARY-GENERAL said he had taken note of the comments made on document C 102/4. He agreed with the need to ensure a robust information and communication technology system was in place, and the importance of a holistic approach. Delivery could not be risked because of budgetary limitations. With regard to human resource management he drew the Council's attention to the existing recruitment and promotion policies, and said the creation of new

posts required the agreement of both the Council and the Assembly. He would discuss the need for an oversight advisory committee with the United Kingdom delegation. The Organization already had an internal oversight section and External Auditors. However, he would ensure that a document was prepared for submission to the Council if necessary.

Turning to document C 102/4/1, he said it provided a further update on the Organization's progress, since the 101st session of the Council, towards implementation of the International Public Sector Accounting Standards (IPSAS) and reported on the progress of the related project to upgrade the Organization's SAP system and to implement Human Resources and payroll functionality.

First, regarding IPSAS implementation, significant progress had been made since his previous report to the Council in November 2008. The main steps taken were outlined in paragraph 3. A revised draft of the Financial Regulations had been prepared and was attached as annex 2 to the document, with some revisions having been made to the version presented at the 101st session of the Council, to take into account comments made by Council members during that session, and the greater clarity available in the linkage between the Strategic Plan and High-level Action Plan and the results-based budget. It was his intention, when appropriate, to submit further revisions to the Financial Regulations to take account of work being done to standardize financial regulations and financial rules across the UN system. That work would not be complete within the time frame of the Organization's adoption of IPSAS, and consequently there was a need to make interim changes, in order to ensure that the Organization's adoption of IPSAS was consistent with the Financial Regulations. Annex 1 to document C 102/4/1 contained a draft resolution for approval by the Council and submission to the twenty-sixth session of the Assembly for adoption.

With regard to the Financial Rules, he intended to have in place, by the end of the year, a working draft amended for consistency with IPSAS and with other initiatives for change. Following the operation of such changes on an interim basis, the outcome would be reported to the Council for information during 2010. A full set of accounting policies to be applied from 1 January 2010 was now in place, although further revisions might be required to that document nearer to its implementation when considering the detailed application of the policies.

Paragraph 4 contained an outline of the progress to be made, and work on detailed issues was ongoing. Since the preparation of document C 102/4/1, the Organization had also participated in the latest meeting of the UN Task Force on Accounting Standards, which was the specialist accounting group that had initially recommended IPSAS for adoption across the UN system. The World Food Programme (WFP) was the only remaining "early adopter" in the UN system, having prepared its 2008 accounts on an IPSAS basis. At that meeting of the UN Task Force, it had provided some insight into its approach and the lessons learned.

Two important lessons had been identified from the experience of WFP. First, that IPSAS was not an end in itself, but simply a part of a wider programme to provide greater clarity, transparency and accountability. That had been reflected at IMO, for example, in the parallel introduction of results-based budgeting, which would be discussed further under agenda item 8, and in the initial implementation of the Risk Management Framework, which had been discussed under agenda item 3. Second, the World Food Programme, for example, had noted that accounts presented the first year could not be perfect. That point had been emphasized by both the WFP staff and by representatives from the United Kingdom National Audit Office, the auditors of WFP, which recognized that, while it was important that the first set of IPSAS-compliant financial statements was a true and fair representation of the Organization, they would not be 100 per cent accurate. Initial implementation would enable the Organization to determine the areas that could be

improved in future years, and he assured the Council that progress would be made in that regard. The sustainability of the Organization's response to IPSAS was as important as the initial implementation.

WFP had also noted that, as of 1 January 2008, it had not been fully IPSAS-compliant, and that that had only been possible later in the year through a continuous process of review and refinement. While it remained the Organization's aim to be fully compliant as of 1 January 2010, a dry-run set of financial statements would be produced for 30 June 2010, and lessons learned during that process would lead to ongoing work during the latter half of 2010 to ensure that there were no surprises when the year-end financial statements were to be produced.

Effective staff training was also a priority in order to ensure uniform implementation of IPSAS and, as outlined in paragraph 5 of the document under review, training material being developed for system-wide use would be used. In that regard, he was pleased to report that the IPSAS project team and the Organization's Human Resource Services were working closely together to ensure effective delivery and integration with other training initiatives.

He welcomed the approach, attitude and input provided by the External Auditors throughout the project to date, and looked forward to their continuing engagement and positive contribution during the challenging time that lay ahead.

Finally, he turned to the progress made in the related project to upgrade the Organization's SAP system, and implement Human Resources and payroll functions.

Paragraphs 6 to 11 of document C 102/4/1 contained a recap of the Organization's experience of SAP to date, from the initial discussions surrounding its selection to the benefits realized thus far from its implementation. It was clear that, while significant tangible and intangible benefits had been obtained through the adoption of SAP, in order to get the full benefit in the long term of the Organization's significant investment to date there was a need to make some changes to the way in which the system was supported and developed, and to ensure that there was a robust governance framework in place. Paragraphs 12 to 14 outlined issues with the present structures identified by the Organization's Internal Oversight Section (IOS); as summarized in paragraph 15 and set out in more detail in document C 102/4, their findings were consistent with those of the United Nations International Computer Centre (UNICC).

Paragraphs 17 and 18 summarized the work done on the project up to the Council's 101st session in November 2008, and the scope of the project at that time, with the outcome of the work by the Organization's chosen consultants, Deloitte, being reported in paragraphs 19 and 20. The Deloitte report contained some technical recommendations with regard to the most effective means of continuing to make the Organization's publication sales through SAP and providing a clear focus for Human Resource enhancement and management reporting as areas where significant benefits could be obtained. In addition it contained further recommendations such as a significant revised governance structure for managing SAP, which might, in time, be extended to the Organization's other major systems.

Taking those factors into account, and because of the likely costs and benefits involved, and in particular the risks to one of the Organization's critical systems of not taking action to provide it with appropriate support, it had been decided to extend the scope of the implementation project to include necessary changes to publication sales operations and to outsource the hosting and support of the system.

In arriving at that conclusion, the likely costs of delivering the required level of service in-house had been carefully considered, taking into account not only current arrangements and the actions needed to address the shortcomings identified in the IOS, UNICC and Deloitte reports, but also the proposals made by the UNICC itself to host and support the system. The latter, provided by those with an understanding of the UN system and of undoubted technical expertise, would provide a reasonable estimate of the actual cost of delivering a comparable service in-house.

Having recognized the scope of that change, a robust and thorough procurement process had been conducted, supported by Deloitte and involving at each stage the participation of all key Secretariat staff. The procurement had had three stages, with eight bidders, including the UNICC, being asked to respond to a full requirements document, after which three bidders had been shortlisted and invited into the Organization to make a presentation on the key features of their approach and to submit a revised offer. Following a review of the final offers, two bidders had been shortlisted for detailed contract negotiations.

Having thereby determined the costs of a commercial offering to host and support the system, the Organization had been able to compare those costs, and the associated risks and benefits, with those of continuing with, and enhancing, the in-house option. He wished to emphasize four key points in that analysis.

First, in view of the estimated costs of enhancing the in-house delivery of services mentioned earlier, the outsourced option proved more cost-effective. That was particularly the case where, in the current economic climate, the addition of further staff posts at a level necessary to attract the required skills was not responsible or viable. Second, an outsourced approach reduced the risk to the Organization of key skills and knowledge residing with only a small number of staff. An outsourcing approach with a key system, such as SAP, mitigated the Organization's risk in that area to a significant extent. Third, a closer partnership with a more involved supplier would allow the Organization to continuously improve its system, taking advantage of best practice and lessons learned in other comparable situations, both at a theoretical and a practical level. Finally, an outsourced solution offered a means of addressing the identified current issues much more rapidly than an in-house recruitment and retraining exercise.

The document provided more detail on that analysis, concluding that the most appropriate option for the future hosting and support of the Organization's SAP systems was to adopt an outsourced approach. Outsourcing of such services was relatively common in the UN system, with a number of organizations outsourcing their hosting and support to UNICC, while others, including both the UN Development Programme and the International Labour Organization outsourced their hosting and support to commercial companies. Outsourcing at IMO should not be seen only within its own context and with the outcome of the risk management review in mind, but also in the context of the broader change for the Organization's information and communication technology services recommended by UNICC, which was set out in more detail in document C 102/4.

After reaching that conclusion, which had been supported through a business case developed independently by Deloitte, work had begun immediately on the detailed contract negotiations with the two shortlisted suppliers. A contract had been signed in June 2009, and work on delivering the project had already begun. The total contract cost of implementing IPSAS, the SAP upgrade, Human Resources and payroll was slightly over £800,000 which, when added to internal costs for covering staff seconded to the project and the cost of the work done by Deloitte, was less than the budget allocated in the Headquarters Capital Fund. The full commercial contract, which included four years of support and hosting services, in addition to the SAP upgrade, implementation of Human Resources and payroll functions, implementation of system changes required to support the introduction of IPSAS, and necessary changes to the Organization's

publication sales systems, amounted to approximately £2.8 million over the life of the contract. Those project costs which related directly to enhancements of publications sales operations would be borne in 2009 by the Printing Fund, while the costs of implementation, support and hosting were within the limit set in the results-based budget proposals made for the coming biennium.

Mr. FARIS (United States) welcomed the thorough report given by the Secretary-General, and said the basis for outsourcing support for the SAP system was sound. He further welcomed the involvement of UNICC and Deloitte in that process. However, he said that the impact on the General, Printing, and Headquarters Capital Funds of the Organization would have to be discussed.

Concerning the revisions to the Financial Regulations, he drew the Council's attention to the ambiguity in the first sentence of Regulation 4.5, as contained in annex 2 of document C 102/4/1. He requested that clarification should be provided as to whether a sum to be transferred from one strategic result to another under that Regulation would be no more than 10 per cent of the appropriation for the specific strategic result, or 10 per cent of the total appropriation for all strategic results. He believed the former would be most appropriate, in particular as the Organization had not frequently needed to make such large transfers in the past. He also suggested amending the Regulation to state that no more than 10 per cent of the smaller approved appropriation should be transferred from a given strategic result, as was common practice in other UN organizations. He would provide a written suggestion to the Secretariat during the break.

In addition, he asked to join the discussions between the United Kingdom and the Secretariat on the need for an oversight advisory committee, so as to share his experience within the UN system.

The SECRETARY-GENERAL reminded the Council that the revised financial regulations were an interim measure during the implementation of the IPSAS, but welcomed the amendment proposed by the representative of the United States.

The meeting rose at 12.35 p.m.