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## ORGANIZATIONAL REVIEW

### Note by the Secretary-General

#### SUMMARY

<i>Executive summary:</i>	This document provides a further report on the Implementation of the Secretary-General's Change Management Programme (CMP)
<i>Action to be taken:</i>	Paragraph 30
<i>Related documents:</i>	C 89/11

#### Introduction

1 This document supplements the report on the Secretary-General's Change Management Programme (CMP), which was circulated to the Council as document C 89/11. During the period August to October 2002, the Change Programme directed its primary focus towards identifying an agreed framework for the improved implementation of technical co-operation; organizing training workshops for all staff, building on the senior management concepts which were introduced at the Tylney Hall leadership workshop; and redefining human resources management within the context of IMO as a specialized agency of the United Nations system.

2 This document also reports on the progress achieved in strengthening the organization and systems for finance and budgeting in IMO.

#### Status of CMP projects

##### Technical Co-operation (TC)

3 The aim of this element of the CMP was to build on up-to-date management procedures and to redefine the interface with financial systems, leading to the consolidation of the TC management activity and the integration of the TC financial management systems.

4 A key feature of the CMP is to secure the commitment of all the interests in technical co-operation delivery to improved work procedures and, to this end, a series of consultations was held to consider the strengthening and consolidation of the management of TC, particularly in the context of the low financial delivery of planned TC activities and the under-utilization of donor funds. These were followed by a detailed process-mapping exercise that brought together participants from five divisions, including the Maritime Safety Division, the Marine Environment Division, the Legal Affairs and External Relations Division, the Administrative Division, and the Technical Co-operation Division (TCD).

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5 The detailed TC process mapping exercise undertaken in May 2002 highlighted a number of areas of potential improvement in the TC delivery process. In parallel, the TC financial management issues were taken up in the context of the work done on financial management and budgeting with the assistance of Deloitte & Touche.

#### Approval of a new TC institutional framework

6 Taking into account the information on the TC work flows, as reflected in the results and recommendations of the process mapping exercises, a comprehensive proposal on the strengthening of technical co-operation at IMO was presented to the Secretary-General and to the Senior Management Committee on 4 September 2002. The document recalled the institutional framework that defined the scope of the technical co-operation project within the CMP, as established by the Assembly at its 22<sup>nd</sup> session, and identified the modalities for developing the proposal elements.

7 The paper outlined some 10 broad areas for the potential strengthening of the leadership and management of technical co-operation, in order to improve the effectiveness, quality and timely delivery of its TC programmes as well as exploring alternative contemporary approaches to the programme implementation framework. The TC process was analysed under the following broad management roles: Leadership, Strategic planning, resourcing and programming; Oversight; Contract manager; Implementing agent; and Implementing officer. Based on the foregoing, a range of management options was considered.

8 The proposed solution reflects a practical approach to the Council's request to the Secretary-General to "improve the management of TC programmes by consolidating the management activity into one Division under the responsibility of one line manager". The solution puts this recommendation into practice by breaking down the concept of "management" into different functions and roles and by assigning authority and accountability for each role to specific Divisions and line managers.

9 The solution's effectiveness lies in defining the operative elements of management. It differentiates between, on the one hand, a consolidated line of authority for the overall management of the Integrated Technical Co-operation Programme (ITCP) and its end "product" or result while, on the other hand, respecting the specific functions of project management and delivery. The cornerstone of this proposal is the introduction of the "contract manager" whose role is made possible through the definition of measurable milestones and indicators by which the progress of delivery can be assessed.

#### Key innovations

10 Following the Senior Management Committee's consideration of and agreement on the proposal on 4 September 2002, the Secretary-General approved the measures for strengthening the Organization's technical co-operation implementation functions. The strengthening of the delivery management process will be achieved through:

- .1 Contract Manager: the Technical Co-operation Division (TCD) assumes responsibility for designing the implementation contract for each activity or set of activities, and for monitoring delivery rates against the specified milestones and indicators. The constituent programmes within the Integrated Technical Co-operation Programme (ITCP) are sub-divided into discrete activities such as regional workshops, group training and fellowships, or consultancies. The

Contract Manager will select an Implementing Agent for each activity, or group of activities, taking into account TCC's decision to strengthen the role of national and regional entities as delivery mechanisms for IMO's TC activities;

- .2 Implementing Agent (IA): The implementing entities can be internal to IMO, including the technical divisions and the Technical Co-operation Division, or external agents such as the IMO Regional Co-ordinators, regional entities, regional training institutions, other regional partners, and specialized consultancies. In keeping with the new policy, the role of the technical divisions as Implementation Agents will include responsibility for the implementation of TC activities in accordance with the Implementation Contract, and the achievement of the agreed outputs and deliverables in their TC activities;
- .3 Implementation Officer: the Implementing Agent has the responsibility for selecting the individual Implementation Officer to undertake the TC activities as stipulated in the Implementation Contract.

11 The modalities for establishing the new structure and management tools will be developed and implemented in-house, through:

- .1 the establishment of a contractual framework between TCD and the selected Implementation Agent (IA), which will specify the delivery of the outputs and achievement of results on the basis of agreed parameters, including time-lines and measurable indicators, with objective and measurable instruments of success;
- .2 the strengthening of the monitoring system, through the harmonization of reporting on achievements measured against the schedule of activities, the defined milestones, and the programme indicators; and
- .3 the introduction of "Contingency plans" as fall-back measures which would be initiated in cases of significant slippages or delays in the implementation schedule for programme activities; TCD is assigned the responsibility to intervene and find alternative solutions if serious implementation problems arise.

12 In addition, the solution recognizes TCD's custodian responsibilities for the Organization's regional presence, and reinforces TCD's accountability for:

- .1 The quality of the ITCP;
- .2 the allocation of resources to TC activities;
- .3 the selection of the appropriate Implementing Agent and the design of the Implementation Contracts, taking into account TCC's decision to strengthen the role of national and regional entities as delivery mechanisms for IMO's TC activities;
- .4 the quality of the overall monitoring and impact assessment;
- .5 the effectiveness of its interventions when there are significant implementation delays; and

- .6 reporting to the TCC, Council and Assembly on all TC-related matters, including the Technical Co-operation Fund.

13 The technical divisions will retain their existing role as Implementing Agents<sup>1</sup>, and are responsible in particular for the achievement of the agreed outputs and deliverables for their TC activities.

14 The TC solution institutionalizes a more effective overall management framework for TC, and the revised delineation of authority between divisions is illustrated under the TC Management Functional Framework, represented through a “Decision-making and Consultation Matrix” which is annexed, for the Council’s information, to this document.

#### Implementation of the new TC measures

15 In accordance with the strengthened leadership role assigned to TCD, the Director of TCD will implement the new measures, in consultation with all interested divisions, based on the introduction of advanced management and finance structures for TC, and on an enhanced monitoring framework in consultation with all interested divisions.

16 The financial aspects of the TC processes are central to the success of the new measures, and will be based on an integrated TC information and data-retrieval system. They will be linked to the introduction of the Enterprise Resource Planning (ERP) system, which is scheduled to come on stream in January 2004. Pending its introduction, an “interim finance solution” is being designed to provide a provisional interface between TC users and the finance and accounting functions.

#### **Leadership and Management Programme**

17 Building on the outcome of the Leadership Workshop for senior management, held in July 2002, individual coaching was offered by the MANNET consultants for the workshop participants, with the aim of supporting their personal response in light of the results of the 360-degree exercise feedback.

18 In order to maintain the momentum and the expectations that were raised by the first leadership course, workshops have also been held for Heads of Section, Heads of Unit and all officers at P5 level. These two-day (non-residential) workshops were entitled “Leadership, change management, and personal effectiveness”, and were held in London on 19 and 20 September 2002 and 17 and 18 October 2002. The approach was similar to the Tylney workshop (but excluded the 360-degree exercise), aiming to strengthen the management of IMO and with particular emphasis on assisting individual officers to improve their leadership and management abilities.

19 Further workshops are planned for November and December 2002, and it is envisaged that all members of staff will receive training on “Leadership, change management, and personal effectiveness”.

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<sup>1</sup> The Implementing Agent can be internal to IMO, including the technical divisions and the Technical Co-operation Division, or external agents such as the IMO Regional Co-ordinators, regional entities, regional training institutions, other regional partners, and specialized consultancies.

## **Human resources management**

20 A series of meetings were held with the Director of Administration and the Head of Personnel, to define the way forward for human resources development at IMO. One of the principles of the CMP and its Communication Strategy is to provide staff members with a forum for expressing their concerns and views on a number of human resources issues which will impact on the whole Organization. With this in mind, staff participated in discussion groups on “Performance management and appraisal”, “Staff training and development” and “Promotion”, respectively. A MANNET consultant acted as moderator to the discussions groups, which also included the participation of the Change Facilitation Team (CFT) and members of the Communications Team.

21 The Change Facilitation Team has developed an Action Plan outlining the way forward in the development of a comprehensive Human Resources strategy. This HR Action Plan received broad agreement from the Director of Administration and the Head of Personnel. The Head of Personnel, who will be leading the drive in this phase of the project, is considering CFT proposals for process changes and delegation to Line Managers. The elements of a comprehensive Human Resources strategy for IMO will be developed over the next three months, covering the following aspects: training and development; performance management systems and appraisal; delegation; and competencies.

## **Strengthening the Organization and Systems for finance and budgeting in the IMO**

22 Following the recommendations made by Deloitte & Touche in their report in June that IMO introduce an Enterprise Resource Planning (ERP) system to replace a number of existing financial and management information systems, and the Council’s endorsement of this recommendation, the Secretary-General provided a progress report on the main developments in C 89/11. The following paragraphs provide an update on further progress made.

### **ERP Procurement**

23 The Secretariat has followed a three-stage procurement process, with an initial Request for Expression of Interest document advertised on the IMO’s website and in international procurement and maritime publications. Eleven organisations submitted a response to this document, and a short list of five were asked to submit a detailed proposal. A review of the costs, implementation approach, technical capability and experience of the five bidders allowed the selection of a short list of three suppliers. These three suppliers have been asked to demonstrate their system at the IMO’s headquarters during October 2002, and following this demonstration a preferred supplier will be selected.

24 Of the three short-listed suppliers, two are offering world-leading ERP solutions (SAP and Oracle), with the third offering a mid-range ERP package (Agresso). All of these systems are presently in operation elsewhere in the United Nations family. An assessment of the tenderers and a summary of the costs/benefits of the wider “business” case for an ERP solution, will be provided in an addendum to this document.

## Budget Development 2004-2005

25 The Secretariat has addressed the need to change its biennial budgeting process to allow effective delegation of budgets to Directors and their staff, and to ensure that the budget information is structured in a way which will meet the Organization's ongoing reporting needs. The re-organization of the Finance and Budget Section into two separate Sections, the Financial Services Sections and the Management Accounting Services Section, is in train.

26 The new budgeting process will be 'Zero Based', in that when assessing their initial budget estimates, Directors will be asked to construct their resource requirements on the basis of the needs of the work programme and priorities, taking into account the scope for efficiency savings where deliverable, and not on the existing formal complement of staff. The new process is designed to:

1. increase transparency by explicitly linking resources to outputs; and
2. involve Directors and their staff throughout the process, from initial submission to refining and agreeing the overall budget. Directors are asked to account for and retain ownership of their submissions at each stage, and collective debate on any contentious issues will take place within the Senior Management Committee.

27 Budget preparation has begun on this basis, with the aim of constructing a first assessment of prospective programme demands during November and December 2002. This is to allow further refinement in January and February 2003, so that the Secretary-General's proposed Work Programme and Budget can be issued as a Council document in early March 2003. The Secretary-General would recall that the Council, under agenda item 12, Consideration of the Strategy and Policy of the Organization, will be providing broad planning guidelines on the Work Programme and Budget for 2004-2005, in the context of its work on the development of a Strategic Plan.

### **Interim Financial Management**

28 An ERP implementation date of 1 January 2004 leaves a number of financial management issues to be addressed in the short term. With this in mind, work has begun on Interim Financial Management Solution, considering:

1. means of improving the capture of commitments and expenditure information;
2. the introduction of a month-end financial close process, and improving ongoing financial controls; and
3. ways of improving the timeliness and usefulness of financial reporting to management, in respect of the regular budget and technical co-operation.

29 It is planned that new processes will be in place by 1 January 2003, but that these will be continuously refined and improved throughout 2003.

### **Action requested of the Council**

30 The Council is requested to take note of the information contained in this document and to comment and decide as appropriate.

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## ANNEX

**TC MANAGEMENT FUNCTIONAL FRAMEWORK**  
**Decision-making and Consultation Matrix**

<b>Management functions ► Main TC processes ▼</b>		<b>Decision making authority</b>	<b>Leading the work</b>	<b>Consultation and support</b>	<b>Governance approval</b>	<b>Leadership, programming, oversight...</b> <sup>1</sup>
I ITCP	<b>Developing</b>	---	<b>TCD</b>	TecDiv and the Committees	---	TCD
	<b>Approval</b>	TCD	---	---	TCC	TCD
II Resourcing	TC fund	TCD	TCD	TecDiv	Council/TCC	TCD
	Non-TC Fund	TCD <sup>2</sup>	TCD/TecDiv	TCD/TecDiv	---	TCD
III <b>Programming</b>	Draft PID	---	TCD	TecDiv	---	TCD
	Appoint IA	TCD	TCD	TecDiv	---	TCD
	Select IO and other staff	IA	IA	TCD	---	TCD
	Allocate financial resources	TCD	TCD	TecDiv	---	TCD
	Approve PID	TCD	---	TecDiv	---	TCD
IV <b>Implementation</b>	Execute activities	IO	IO	TCD/TecDiv	---	TCD
	Engage in contingency plans	IA	IO	TCD	---	TCD
	Escalation— intervention (new PID or IA)	TCD	TCD	IA	---	TCD
V Monitoring	<b>Activity</b>	---	<b>IO</b>	TecDiv	---	TCD
	<b>Programme</b>	---	<b>TCD</b>	TecDiv	---	TCD
<b>VI Impact assessment</b>		TCD	TCD	IO/TecDiv/IOS	TCC	TCD

<sup>1</sup> Leadership, strategic planning, resourcing, and programming, oversight and contract management

<sup>2</sup> Except for special projects assigned by the SG to a Technical Division (which then becomes the contract manager).