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EXTERNAL RELATIONS

(b) Joint Inspection Unit

Note by the Secretary-General

SUMMARY

<i>Executive summary:</i>	This document provides information and comments on JIU reports received since C 113
<i>Strategic direction:</i>	1.1
<i>High-level action:</i>	1.1.2
<i>Planned output:</i>	1.1.2.14
<i>Action to be taken:</i>	Paragraph 31
<i>Related documents:</i>	None

INTRODUCTION

1 Since the 113th session of the Council in December 2014, the Secretary-General has received the following JIU reports, which contain recommendations addressed to him and the Council:

- .1 "Analysis of the Evaluation Function in the United Nations system" (JIU/REP/2014/6);
- .2 "Use of Non-staff Personnel and related contractual modalities in the United Nations system organizations" (JIU/REP/2014/8);
- .3 "Contract Management and Administration the United Nations system" (JIU/REP/2014/9); and
- .4 "Evaluation of mainstreaming of full and productive employment and decent work by the United Nations system organizations" (JIU/REP/2015/1).

Copies of the aforementioned reports are available from the website of the JIU at <https://www.unjiu.org>.

2 The Secretary-General and the senior management have given due consideration to the reports and their recommendations and the comments provided in the ensuing paragraphs are on those recommendations that are applicable and germane to the role and functions of the Organization.

ANALYSIS OF THE EVALUATION FUNCTION IN THE UNITED NATIONS SYSTEM (JIU/REP/2014/6)

General

3 The United Nations system organizations are increasingly faced with the need to account for the use of resources and demonstrate results and the added value of their work in an environment that calls for impartial, valid and credible evidence on the relevance, added value, effectiveness, efficiency, impact and sustainability of their policies, programmes and activities. In such an environment the evaluation function provides a platform for organizations to respond to these demands. The objective of this analysis was to help strengthen the capacity of the evaluation function across the system.

4 The report contains nine recommendations addressed to the executive heads of the organizations and legislative/governing bodies, of which eight recommendations (Recommendations 1 to 7, and 9) require action by IMO. The eight recommendations applicable and addressed to IMO, together with comments thereon, are provided in the following paragraphs.

Recommendation 1

The executive heads of United Nations system organizations in which the central evaluation function is co-located and integrated with other oversight functions or integrated with the executive management functions should enhance the function and ensure its quality, integrity, visibility and added value.

Recommendation 2

The executive heads of United Nations system organizations should adopt a balanced approach in addressing the purpose of evaluation for accountability, and for the development of a learning organization that has the appropriate incentive systems for innovation, risk-taking and the use of multidisciplinary perspectives.

Recommendation 3

The legislative bodies should request the executive heads of United Nations system organizations to develop comprehensive budget frameworks and resource allocation plans for their respective evaluation functions, based on the cost of maintaining an effective and sustainable evaluation function that adds value to the organization. The plans should be submitted for consideration to the legislative bodies within existing budgetary and reporting mechanisms and processes.

Recommendation 6

The executive heads of United Nations system organizations should make the use of evaluation an organizational priority based on a well-defined vision, strategy and results framework for the evaluation function, and report to their legislative bodies on the level, nature and impact of use of evaluation.

Recommendation 7

The executive heads of United Nations system organizations should request evaluation offices to reassess the policies, strategies and priorities of the evaluation function. They should strategically position the evaluation function in their respective organizations so as to enhance its relevance in enabling the United Nations system to address current changes and challenges, and to achieve impact and sustainability

5 The Secretary-General welcomes and fully supports the above five recommendations to strengthen and enhancing the evaluation function. The Internal Oversight and Ethics Office (IOEO) within the Office of the Secretary-General, carries out the internal oversight function (internal audit, investigation and evaluation) as contained in the terms of reference of internal oversight (Appendix II of the Financial Regulations and Rules), and the ethics function which was recently established (C 112/3/3, annex). The Secretary-General notes that the existing resources of IOEO are used primarily in fulfilling its internal audit and ethics functions and for investigation services and that no substantive work has since been carried out for the evaluation function, except for the analysis of responses from ex-post evaluation questionnaire of training activities conducted through the IMO's Integrated Technical Cooperation Programme (ITCP), due to limited resources available to the office.

6 The Secretary-General recognizes the importance of an evaluation function as emphasized in the JIU analysis, and that the evaluation function of the Organization is currently under-resourced. In view of this and also in response to recommendation 3, which recommends the legislative bodies to request the executive heads of the United Nations system organizations to develop comprehensive budget frameworks and resource allocation plans for the evaluation function, the Secretary-General will assess the adequacy of the existing resources available in IOEO and ensure that the office is adequately resourced, without any additional budgetary burden to the Organization, to carry out effectively all the mandated evaluation functions, including the implementation of recommendations 1, 2, 6 and 7.

Recommendation 4

The legislative bodies should direct the executive heads of United Nations system organizations to review and revise, as necessary, existing policies for the appointment of the heads of evaluation offices, in order to enhance independence, integrity, ethics, credibility and inclusion, with due regard to the following criteria:

- **term limits should be established for a single non-renewable term of office of between five and seven years, with no possibility for the incumbent of re-entry into the organization;**
- **the head of evaluation should have qualifications and substantial experience in evaluation, complemented by experience in the related fields of strategic planning, basic and operational research and knowledge management, and should have excellent management and leadership attributes.**

7 The Secretary-General sees no compelling need to change the existing practice, which conforms to the general principles of competitive or open recruitment, and no just cause for the termination of services, which are the current norms within the Secretariat and are also applicable to all staff members. There has been no reason within IMO to question the integrity and professionalism of holders of the post of Head, IOEO, since it was established, either

because of the length of tenure or fear of dismissal. Therefore, the Secretary-General concludes that there is no need to adopt a very restrictive regime which, as suggested in the first point of the recommendation, could be unattractive to quality professionals.

Recommendation 5

The Secretary-General of the United Nations, in his capacity as chair of the United Nations System Chief Executives Board for Coordination (CEB), should request UNEG to collaborate in developing a robust and harmonized quality-assurance system for the evaluation function across the United Nations system.

8 The Secretary-General welcomes this recommendation and will support the work related to this request, if presented and proposed as part of the UNEG annual work programme during future meetings of UNEG, of which IMO is a member.

Recommendation 9

The executive heads of United Nations system organizations should develop the institutional framework and necessary support systems to enhance the quality and added value of decentralized evaluation and the role it could play in supporting the United Nations system to address emerging challenges, including those of the post-2015 development agenda, and to enhance coherence and alignments in evaluation within and across United Nations system organizations, and with national institutions.

9 The Secretary-General notes that the recommendation was addressed to IMO on the basis that, at the time of the review by JIU, impact assessment exercises commissioned by the Technical Cooperation Committee, and carried out every four years covering the Integrated Technical Cooperation Programme, have always been decentralized under the coordination of the Technical Cooperation Division. However, starting from the next impact assessment exercise to be carried out in 2016, covering the ITCP for the two biennia, 2012-2013 and 2014-2015, the evaluation work will now be managed by IOEO. The recommendation would no longer be applicable as the evaluation function in IMO would now be centralized under the responsibility of IOEO.

USE OF NON-STAFF PERSONNEL AND RELATED CONTRACTUAL MODALITIES IN THE UNITED NATIONS SYSTEM ORGANIZATIONS (JIU/REP/2014/8)

General

10 The JIU conducted a review of the use of non-staff personnel and related contractual modalities in the United Nations system organizations, with special emphasis on field office practices. This JIU review provides an assessment from a system-wide perspective of the use of non-staff personnel, including relevant policies, regulations, contractual practices and associated managerial processes in the United Nations system organizations.

11 This review resulted in thirteen recommendations addressed to the executive heads of organizations and legislative organs, of which, four recommendations (recommendations 1, 2, 4 and 5) are addressed to IMO and other United Nations system organizations. The four recommendations addressed to IMO, together with comments thereon, are provided in the following paragraphs.

Recommendation 1

The executive heads of the United Nations system organizations should revise their non-staff policies, including the definition of non-staff and the criteria for the use of non-staff personnel, by using the employment relationship principle in accordance with relevant labour recommendations of the International Labour Organization.

Recommendation 4

The executive heads of the United Nations system organizations should strengthen their internal monitoring, control and oversight of the use of non-staff personnel, through the sustained application of effective internal control mechanisms, systematic corporate monitoring and information/data collection, analysis and audits. They should ensure that a central department/unit at the corporate level is held responsible for global monitoring, analysis and reporting on the issue.

Recommendation 5

The executive heads of the United Nations system organizations should ensure periodic analytical reporting both internally (to senior management) and externally (to the respective governing body) on the use of non-staff personnel in their organizations. Such reports should include detailed data and analysis on the use of non-staff, including the number of non-staff and associated expenditure, their weight in the total workforce, the breakdown of contractual modalities and the areas and locations used, the developing trends and the potential risks and corresponding measures.

12 The Secretary-General welcomes and supports the above recommendations 1, 4 and 5.

Recommendation 2

The legislative/governing bodies of the United Nations system organizations should systematically exercise their oversight functions on the use of non-staff personnel through regular reviews of non-staff personnel information/data provided by the respective executive heads.

13 The Secretary-General agrees with this recommendation and will inform the Council on the use of non-staff personnel.

CONTRACT MANAGEMENT AND ADMINISTRATION IN THE UNITED NATIONS SYSTEM (JIU/REP/2014/9)

General

14 The United Nations system organizations awarded over \$16 billion in contracts for goods and services in 2013, to meet their mandates and deliver their programmes. This volume of resources demonstrates the extent of risk exposure that organizations are facing when engaging with contractors. This JIU review analyses how the organizations of the United Nations system manage contracts for goods and services after award, with a view to identifying good practices and lessons learned, exploring areas for further improvement and enhancing coherence system-wide.

15 This review resulted in twelve recommendations addressed to the executive heads of organizations and legislative organs. One recommendation (recommendation 12) was addressed specifically to the United Nations Secretary-General. The eleven recommendations addressed to IMO and other United Nations system organizations, together with comments thereon, are provided in the following paragraphs.

16 The Secretary-General notes that the top 10 procuring organizations in the United Nations system account for 91% of all procurement, by value, with the largest and smallest of these representing, respectively, some \$3 billion (UN Secretariat Procurement Division) and \$320 million (FAO). Between them, the remaining organizations procure about \$1.5 billion worth of goods and services, with IMO's share representing only some \$19.6 million. As IMO is not among the top 10 organizations, it was not included in the Contract Management-Process Assessment Model (CM-PAM) survey that informs a large part of this JIU report and, accordingly, IMO's relative position needs to be taken into account when considering the applicability of the JIU's recommendations. Viewed from that perspective, several recommendations may not be practical for IMO to implement given the limited scale of its procurement function, but it will continually strengthen its procedures in line with those recommendations that are relevant to the Organization.

Recommendation 1

The legislative bodies of the United Nations system organizations should direct the executive heads of their organizations to update and, when necessary, develop specific policies, procedures, guidance and follow-up systems to ensure effective and efficient management of post-award contract activities.

17 Appropriate policies, procedures and guidance are already provided in IMO's Procurement Manual which is updated periodically to reflect lessons learned, audit recommendations and best practices within the United Nations. Follow-up systems include management oversight and internal and external audits. In the case of large or complex contracts, contract-specific governance mechanisms are also introduced and have functioned/are functioning successfully.

Recommendation 2

The executive heads of the United Nations system organizations should incorporate in their annual statements of internal controls certifications, by individuals with procurement and contracts management authority, that the execution of contracts has been in full compliance with the organization's policies, procedures and rules.

18 The Secretary-General accepts this recommendation. The recommended certifications will be incorporated in the Organization's annual statement of internal control which will be rolled out from 2016.

Recommendation 3

The legislative bodies of the United Nations system organizations should direct the executive heads of their organizations to put in place a system whereby the persons designated to manage contracts after award are notified in writing about their accountability and responsibilities when managing a contract, and possess the required qualifications to manage the contract.

19 Management of each contract is systematically transferred to a named and duly qualified individual after award, normally to the senior manager most closely connected with the contract. The transfer document states the individual's responsibilities in detail.

Recommendation 4

The executive heads of the United Nations system organizations should re-assess the financial and human-resource needs for post-award contract management in terms of current and projected contract volume, value, complexity and type and decide on the best support structures required (e.g. centralized or decentralized) to ensure best value for money and the achievement of the organization's objectives.

20 The Secretary-General accepts this recommendation and considers that the resources and support structures already in place are proportionate to the need in terms of current and projected contract volume, value, complexity and type.

Recommendation 5

The executive heads of the United Nations system organizations should develop a specific contract-management training programme in their organizations that would include courses offered as a requirement for all persons managing contracts of a certain size, value and complexity.

21 The Secretary-General believes contract managers at IMO already possess the skills required to manage the contracts assigned to them and that the orientation and guidance available to them through procurement officers and manuals is proportionate to the tasks required of them.

Recommendation 6

The executive heads of the United Nations system organizations should ensure that supervisors of persons managing contracts incorporate contract-management criteria in these persons' annual performance evaluations.

22 The Secretary-General agrees with this recommendation. Performance management in the Organization is currently under review and incorporation of this recommendation will be considered in cases where contract management is a significant job responsibility.

Recommendation 7

The executive heads of the United Nations system organizations should ensure that for contracts of a certain value and complexity risk-management plans are in place covering post-award contract activities. These plans should include risk-mitigation measures and also clear designation of responsibility to those persons executing such measures.

23 The Secretary-General accepts this recommendation, which IMO follows for those contracts that are of a significant value and complexity.

Recommendation 8

The executive heads of the United Nations system organizations should ensure that a system exists in their organizations for documenting and reporting on a contractor's performance in meeting contract requirements, and assign responsibility and management accountability for completeness of the contractor's performance reporting.

24 This is the current practice at IMO. A system for documenting and reporting on contractors' performance has already been developed and is being implemented.

Recommendation 9

The executive heads of the United Nations system organizations should conduct a study in their organizations to analyse the causes of modifications in contracts above certain thresholds and identify systemic deficiencies contributing to cost increases and delays. Remedial action should follow to address such deficiencies.

25 The Secretary-General does not consider it fundamentally necessary to conduct a study of this kind. To date, there has been no evidence of systemic deficiencies in its contract management operations. Modifications to contracts are always subject to close management scrutiny and also to internal and external audit.

Recommendation 10

The executive heads of the United Nations system organizations should ensure that, when applicable, appropriate levels of liquidated damages and other remedies are included in the standard clauses of contracts and are judiciously enforced to protect the interests and rights of their organizations.

26 This is the current practice at IMO. Such measures have already been included within contracts and, where appropriate, IMO enforces them to the extent that enforcement is likely to be productive.

Recommendation 11

The executive heads of the United Nations system organizations should augment the capabilities of their existing information technology systems such as Enterprise Resource Planning systems, or consider other specialized contract-management systems, to support the management of post-award contract activities based on a cost/benefit analysis and taking into account the level of need for such functionality.

27 The Secretary-General considers that such augmentation of its existing ERP system, or the adoption of other specialized contract-management systems, is not yet necessary in IMO's case and is unlikely to bring benefits in proportion to the cost, given the Organization's traditional contract volume, value, complexity and type.

EVALUATION OF MAINSTREAMING OF FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK BY THE UNITED NATIONS SYSTEM ORGANIZATIONS (JIU/REP/2015/1)

28 Full and productive employment and decent work for all are an internationally agreed goal which is closely linked to the achievement of several of the Millennium Development Goals (MDGs), and to the ongoing discussion on post-2015 sustainable development goals. The purpose of this evaluation is to provide information to the legislative and governing bodies of the participating organizations and to the members of the United Nations Chief Executives Board for Coordination (CEB) on how the United Nations system organizations have implemented the resolutions aimed at mainstreaming or supporting the decent work agenda with a view to using the lessons learned in the finalization of the post-2015 agenda.

29 This evaluation resulted in seven recommendations, of which one (recommendation 1) was addressed specifically to the United Nations Secretary-General in his capacity as Chair of the United Nations Central Executive Board and another (recommendation 5) was addressed specifically to the International Labour Organization. Four recommendations (recommendations 2, 3, 4 and 7) were addressed specifically to entities within the United Nations Secretariat. Recommendation six is addressed to IMO and other United Nations system organizations, and is provided in the following paragraph, together with comments thereon.

Recommendation 6

Executive heads of United Nations system organizations should instruct their respective technical units to re-examine their work to identify if there are areas where the decent work agenda can be linked to their activities and to make existing linkages more explicit. Such organizations may wish to cooperate with ILO for support in this process.

30 The Secretary-General recognizes that the objectives of full and productive employment and decent work for all, have, since the 2006 ECOSOC Ministerial Declaration, been and continue to be key objectives to strive towards. IMO remains supportive of these internationally endorsed objectives. However, the Secretary-General notes that IMO is responsible for setting international standards for safety, security and environmental protection in relation to international shipping; IMO's objectives do not provide specifically for full employment and decent work, and as such, IMO does not conduct direct implementation projects that would enable IMO to implement policies to achieve the objectives. Nevertheless, IMO's work significantly contributes towards the sustainable development of human resources, capacity building and a safe working environment, for example, the competency of seafarers and safer ships, and so on, which, in turn, can aid the achievement of full employment and decent work objectives.

ACTION REQUESTED OF THE COUNCIL

31 The Council is invited to take note of the information contained in this document and to consider and decide, as appropriate, on the reports identified in paragraph 1 and the Secretary-General's comments therein.
