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## STRATEGY, PLANNING AND REFORM

### Delivering Strategy and Reform – Voyage Together Trust Fund and related matters

#### Submitted by the Secretary-General

#### SUMMARY

*Executive summary:* This document provides information on the Delivering Strategy and Reform – Voyage Together Trust Fund, together with its programmed activities, in particular, on the functional review of the Secretariat. It also provides general information of extrabudgetary funds in IMO

*Strategic direction:* 4

*High-level action:* 4.0.1 and 4.0.3

*Output:* 4.0.1.4

*Action to be taken:* Paragraph 17

*Related documents:* C 118/D, C 118/5 and A 30/7

#### Introduction

1 The new Strategic Plan for the 2018-2023 period, which has been endorsed by the Council and presented in document A 30/7 to the Assembly for consideration and adoption at its thirtieth session, identifies seven Strategic Directions (SD) on which particular focus will be placed during that period. Of those, SD 7 relates to organizational effectiveness, through which the Organization will continue to introduce and implement best practices in its activities, delivering efficient and effective processes to deal with the ever-changing work of the Organization, thereby ensuring that Member States, donors and other partners' resources are utilized for the purpose intended and as efficiently as possible. In addition, IMO will continue to manage and utilize its financial resources efficiently, paying particular attention to the extrabudgetary funds provided by Member States and other donors, which provide funding to meet the Organization's activities. In its technical cooperation work, IMO will endeavour to establish new, and further develop existing, long-term strategic donor relationships, and to optimize other sources of funding.

2 The Council at its 118th session noted that the Secretary-General would provide an update on the Delivering Strategy and Reform – Voyage Together Trust Fund (DSR-VTTF), including, in particular, the methodology and scope of the functional review, to the Council at C/ES.29 under the agenda item on Strategy, planning and reform.

### **Delivering Strategy and Reform – Voyage Together Trust Fund**

3 The Secretary-General had identified four strategic areas for the Organization's evolution (i.e. focus on better implementation of IMO standards; improvement of capacity building; enhancing the performance of the Secretariat; and promotion of a global approach and awareness). In order to deliver his mandate and taking into account the planned adoption of the new Strategic Plan, the Secretary-General has been examining new methods to continue to address the challenges facing the Organization.

4 In this regard and to further assist him to fulfil the vision under which he was elected, the Secretary-General established a new multi-donor trust fund (MDTF), the DSR-VTTF in September 2016, pursuant to the authority under the Organization's Financial Regulations, for an effective way for interested Member States and other stakeholders to contribute funds for the continued reform of the Organization. The Secretary-General's vision is of a genuine "voyage together" where no one is left behind, with all parties contributing to a future ready Organization and efficient Secretariat. The DSR-VTTF provides a mechanism to facilitate and accelerate the development of this vision.

### ***Initiatives in progress under the Fund***

5 As noted by the Secretary-General in document C 118/5, initial work has been undertaken to establish a framework within which the continued reform programme can operate through a number of initiatives. In addition, in developing the Secretariat's Business Plan for 2018-2019, all Directors were asked to identify strategic and reform initiatives within their areas of responsibility, which would contribute to the achievement of the Secretary-General's goals. The refinement, integration and delivery of these initiatives will form a key area of focus for the Secretariat during 2018-2019.

6 Some activities related to the four strategic areas that are the focus of the Secretary-General's proposals for the Organization are currently ongoing or are in an initial developmental stage, such as the review of IMO's data and knowledge management and the functional review of the Secretariat. Initial research has already been undertaken to learn key lessons and best practices from similar exercises carried out in other United Nations organizations. Further information, including a delivery plan of the activities put in place will be provided to C 120.

7 With a new Strategic Plan to be implemented for the 2018-2023 period, it is timely and appropriate to perform a review of the functions of the Secretariat in order to adequately support the Member States through the next six years and beyond, as well as to be able to accommodate the delivery of the additional responsibilities assigned to it. This review will consider challenges and opportunities that could influence and shape the way the Secretariat will work as it moves forward. It will also develop its capabilities to be able to meet future challenges and deliver on its strategic objectives.

8 From the corporate perspective, this provides an invaluable opportunity to review and critically assess the Secretariat's structure and functions to align and restructure them, where necessary, to not only support and facilitate the delivery of the new Strategic Plan, but to also create a platform from which to coordinate the ongoing exercise of business strategy development and sustainable resource planning.

9 The methodology will combine qualitative and quantitative approaches. The project will begin with deskwork comprising data collection including questionnaires to division directors and interviews in person. The review will take into consideration available reports and previous reviews conducted by other United Nations organizations as well as related examinations of business operations at the divisional level. During the process, professional external advice may be sought, as appropriate, in order to guarantee that the best and most up-to-date business practices are followed for the benefit of the Organization.

10 Although the purposes of the DSR-VTTF have been developed based on the above-mentioned four strategic areas, the Secretary-General will continue to consult with the IMO Membership, the shipping industry, the seafaring community and other concerned stakeholders, as appropriate, to develop initiatives for the benefit of the Organization. The Secretary-General will report regularly to the Council in relation to the activities and operation of the Fund. Donations to the DSR-VTTF may be made at any time and the donor has the option to identify a particular area of work for which their funds should be utilized or alternatively, without being specific as to their use.

### **Extrabudgetary funds in IMO**

11 Extrabudgetary funds of the Organization include those that support or supplement the regular programmes of the Organization and those that provide for technical cooperation assistance, under the Integrated Technical Cooperation Programme (ITCP), to Member States either through existing funding arrangements, establishing new arrangements or through the United Nations common system. The use of extrabudgetary funds for various activities is a widespread practice in the United Nations system organizations.

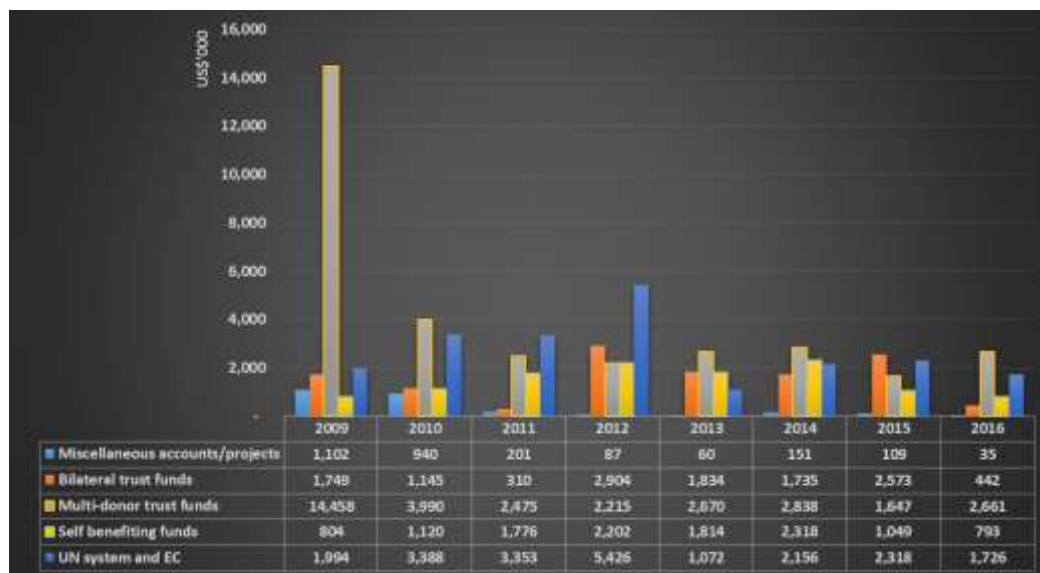
12 Multi-donor trust funds (MDTFs) are a special modality of channelling donors' contributions through a pooled mechanism for specific programmes of strategic importance. They provide more flexible, predictable and coordinated funding to implement specific activities or projects. This modality also facilitates the programme plan and reduces the administrative and transaction costs of the trust funds' management by pooling resources and avoiding individual reports on the utilization of donated funds. There are several MDTFs that are currently established in the Organization: the International Maritime Security Trust Fund; the West and Central Africa Maritime Security Trust Fund; the Djibouti Code of Conduct Trust Fund; the International Search and Rescue Trust Fund; the Ship Recycling Trust Fund; the London Convention/Protocol TC-Trust Fund; the Research and Development Trust Fund; and the DSR-VTTF. The Organization exercises full control of those MDTFs, while for the bilateral trust funds, the Organization exercises only managerial control over donated resources with no governance of the funds, as the ownership belongs to the donor until the closure of the funds.

13 Bilateral funds, as the name suggests, are funds established by one donor (Member State or other stakeholder) which determine what specific projects or programmes the Organization will carry out with the funds provided.

14 The chart below shows that, in most of the previous years, donations to the MDTFs were the largest in comparison to those made to other funding arrangements.

## Chart

**Contribution trend in extrabudgetary funds by funding modality  
(expressed in \$'000)**



15 Concerning the donors of extrabudgetary funds, the major portion (63%) of the funding was from Member States through bilateral trust funds, MDTFs and/or self-benefiting programmes<sup>1</sup>. For the period of 2009-2016, a total of 63 Member States funded \$51.16 million, while the private sector, largely maritime related industries, covered/donated \$3.86 million (5%), mostly for self-benefiting or fee-based programmes. Other United Nations system organizations, in particular, UNDP and UNEP, have also contributed a significant part to the extrabudgetary funds over the past years, as may be seen in the table below, which shows major donations over the 2009-2016 period. It can be noted from the table that the top 15 donations accounted for 91%, on average, of the total extrabudgetary funding for the period under review.

<sup>1</sup> Those are JPO programmes, GESAMP-Ballast Water, GESAMP-EHS, GBS and VIMSAS.

**Table****Major donations of extrabudgetary funds for the period 2009-2016  
(expressed in US\$'000)**

	2009	2010	2011	2012	2013	2014	2015	2016	TTL(09-16)
<b>Japan</b>	13,703	122	1,000	368	136	1,132	147	157	<b>16,765</b>
<b>Republic of Korea</b>	1,482	1,200	940	1,749	890	1,159	798	2,465	<b>10,683</b>
<b>UNEP</b>	1,412	1,121	1,198	1,204	1,043	1,499	745	1,102	<b>9,324</b>
<b>EC *</b>	381	1,489	1,522	3,175	21	117	222	-	<b>6,927</b>
<b>UNDP/GEF</b>	-	875	621	1,000	150	537	1,542	694	<b>5,419</b>
<b>Norway</b>	298	217	372	1,417	1,087	287	1,322	117	<b>5,117</b>
<b>World Bank</b>	-	3,100	304	785	5	-	-	-	<b>4,194</b>
<b>USA</b>	427	496	403	524	470	360	410	350	<b>3,440</b>
<b>Germany</b>	736	342	231	335	572	358	256	209	<b>3,039</b>
<b>UK</b>	282	266	-	46	323	898	465	50	<b>2,330</b>
<b>Denmark</b>	107	18	50	709	1,108	120	142	50	<b>2,304</b>
<b>Canada</b>	91	19	56	142	220	703	838	20	<b>2,089</b>
<b>China</b>	207	119	10	200	410	210	310	13	<b>1,479</b>
<b>Sweden</b>	213	171	258	148	54	-	-	-	<b>844</b>
<b>Netherlands</b>	122	-	113	158	65	116	45	127	<b>746</b>
<b>Total 15 donors</b>	<b>19,461</b>	<b>9,555</b>	<b>7,078</b>	<b>11,960</b>	<b>6,554</b>	<b>7,496</b>	<b>7,242</b>	<b>5,354</b>	<b>74,700</b>
<b>% of total contribution</b>	<b>97%</b>	<b>90%</b>	<b>87%</b>	<b>93%</b>	<b>88%</b>	<b>81%</b>	<b>94%</b>	<b>95%</b>	<b>91%</b>

\* Total receipt from the EC during 2009-2016 was equivalent to \$8,673k but the revenue recognition as shown above was made only for the amount certified as expenditure by the EC and the rest was recorded as liability to the EC in the financial statement, in accordance with the agreement with the EC and the International Public Sector Accounting Standards (IPSAS).

16 There are currently 69 extrabudgetary trust funds and accounts, which have been maintained and reported as part of the financial statements of the Organization. In order to maintain data hygiene and reduce the administrative burden in the Secretariat's processes, a review of the funds and accounts of the Organization will be carried out in due course. The findings, together with planned measures and actions, will be reported to the Council at its 120th session.

**Action requested of the Council**

17 The Council is invited to note the information provided in this document and comment as appropriate.