



AD HOC COUNCIL WORKING GROUP ON  
THE ORGANIZATION'S STRATEGIC  
PLAN  
8th session  
Agenda item 2

CWGSP 8/2  
1 September 2008  
ENGLISH ONLY

## CONSIDERATION OF RECOMMENDATIONS BY THE JOINT INSPECTION UNIT

### Note by the Secretariat

#### SUMMARY

<b>Executive summary:</b>	This document makes proposals for a strategic approach to recommendations 1 and 7 of the Joint Inspection Unit report "Review of management and administration in the International Maritime Organization (IMO)" which has been referred to the Group by the Council for further consideration
<b>Strategic direction:</b>	4
<b>High-level action:</b>	4.5.1
<b>Planned output:</b>	Not applicable
<b>Action to be taken:</b>	Paragraph 34
<b>Related documents:</b>	C 100/15(b), C 100/D (paragraphs 15(b)2(i) and (iii)); C/ES.24/12(e)

#### BACKGROUND

1 At its hundredth session, the Council considered the recommendations of the Joint Inspection Unit (JIU) in its "Review of management and administration in the International Maritime Organization (IMO)" (JIU/REP/2007/7), together with the Secretary-General's comments thereon (see document C 100/15(b)). Following discussion, the Council referred recommendations 1 and 7 in the JIU report to the present session of the *ad hoc* Council Working Group on the Organization's Strategic Plan (CWGSP), for consideration, and requested the Working Group to report the outcome thereof to C 101 (see document C 100/D, paragraphs 15(b)2(i) and (iii)).

2 In recommendation 1, the JIU proposed that the Council should request the Secretary-General to submit for its consideration a long-term strategy for the reduction of costs of international meetings. This strategy should include, *inter alia*, measures aimed at:

- (a) reducing the number of meetings of the committees, subcommittees and working groups and their duration; and

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- (b) enforcing the documentation rules and guidelines adopted by the Council and the technical committees more consistently and reducing the volume of documentation.

3 In recommendation 7, the JIU proposed that the Council should request the Secretary-General to develop a mechanism for the regular evaluation and needs assessments of programmes, in order to identify activities which might have become obsolete, inefficient or of marginal usefulness to Member States. The JIU further proposed that, in so doing, IMO should draw on the results and experience of the Voluntary IMO Member State Audit Scheme (VIMSAS).

#### **LONG-TERM STRATEGY FOR THE REDUCTION OF COSTS OF INTERNATIONAL MEETINGS**

4 In order to assist the Working Group in its consideration of recommendation 1, the Secretariat has identified – on the basis of the JIU report, the Secretary-General’s comments thereon, the discussions in Council, and other factors – a number of issues that the CWGSP may wish to consider in discussing an overall strategic approach to reducing meeting costs.

5 In this regard, such issues may be considered on the basis of three main elements, each of which contains a number of possible solutions to problems identified by the JIU. While each of the suggestions outlined require significant investigation to understand the costs, benefits and risks involved, to ignore any one of the three elements will result in an incomplete attempt to resolve what is one of the Organization’s fundamental challenges, indeed, one that resurfaces at least once per decade, if not more periodically – how to balance the need for strategic direction and focus on IMO’s mission, with the need to remain agile enough to respond to emerging concerns quickly and effectively. That is, in essence, how to prioritize between the important and the urgent, within the defined resource constraints of the Organization itself and its Members.

6 In the light of the comments made at C 100, the CWGSP will wish to ensure that future suggestions do not lead to a reduction in the ability of the Organization to provide the timely and quality service expected by Member States. If a long-term strategy for cost reduction is to be achieved, whilst maintaining current output, the way forward appears to be in either ‘working smarter’ through efficiency gains, or by setting financial or other resource targets and prioritizing the number, duration and type of meetings within agreed set limits, with any savings derived from such measures being re-assigned, where feasible, to allow enhanced investment in broader areas which might enable further efficiency gains for both Members and the Organization. Accordingly, the three main elements towards a long-term cost reduction strategy might be:

- improving meeting efficiency and effectiveness;
- improving cost-effective delivery of the meeting programme; and
- reducing the Organization’s fixed cost base;

each of which is discussed in more detail in the following paragraphs.

#### **Improving meeting efficiency and effectiveness**

7 Whilst the Organization’s meeting programme operates, for the most part, efficiently and effectively at present, any improvements which could be made in the management and operation of meetings would provide significant benefits. Initiatives to make better use of the time available in meetings – itself a scarce resource – would improve output and possibly lead to a reduction in the number of meetings required to deliver the Organization’s High-level Action Plan (HLAP) in support of the Strategic Plan (SP).

*Indicative areas for action*

*(a) Prioritization of the work programme*

8 In considering the potential for improvements under this element, it may be recalled that, through the work of the Correspondence Group that is currently developing ‘Guidelines on the application of the Strategic Plan and the High-level Action Plan’, the CWGSP is already considering mechanisms by which the strategic planning process might be more closely integrated with the meetings’ programme, which will have consequent benefits to the effective operation of meetings. Taking this a step further, the extension of IMO’s Risk Management Framework to formalize the existing process by which meeting agendas are developed and prioritized might, without adding further administrative burden, provide a greater level of transparency in determining where meeting time might most profitably be spent. The concept of considering each topic and asking the question “what would be the impact on the Organization should this issue not be resolved?” is deceptively simple, and much work would be required on the benefits and concerns of such an approach and how it might operate in practice.

9 In this regard, in the aforementioned Correspondence Group, there has been wide convergence on the initial conclusion that the planned outputs of the HLAP effectively constitute the Organization’s programme of work over a biennium – a programme that is designed to ensure progress towards the achievement of the Organization’s Strategic Directions.

10 As the CWGSP is aware, the process of constructing the HLAP entails contributions from the IMO organs (Assembly, Council, Committees (and their subsidiary bodies) and the Secretariat) all leading to the preparation of a draft resolution – through the CWGSP itself and the Council – and its subsequent adoption by the Assembly. Concurrently, another process takes place, which is the preparation of the Organization’s biennial budget. While, clearly, the budget is prepared and approved by the membership in order to finance the Organization’s biennial work programme, there is as yet no direct linkage between the two processes in terms of their timing. As a consequence, there is not yet a clear link between individual outputs/results desired (HLAP) and inputs/resources needed (budget).

11 That link was addressed by the JIU in its recommendation 5, which also dovetails with its recommendation 2 (on results-based management, to which C 100 affirmed its commitment), although neither was referred to the Working Group. However, in considering a long-term cost reduction strategy, the CWGSP may wish to examine whether it would be feasible, timely and appropriate for the Organization to merge the two aforementioned processes by combining strategic planning with risk management, on one hand, and results-based budgeting, on the other.

12 By way of a simple illustration, if, during a biennium, all IMO organs were to identify their outputs/results for the next biennium (with reference to the Strategic Directions and High-level Actions) by, say, September of the second year, and if each of those outputs/results were costed on a standard basis to identify the inputs/resources needed, the resulting product might go some way towards having a proposed biennial HLAP cross-referenced to a results-based budget, as shown overleaf.

**Table 1**

<b>Strategic Direction</b>	<b>High-level Action</b>	<b>Planned Output for 2008-2009</b>	<b>Estimated cost (illustrative only)</b>
4 (internal governance and management)	4.1.1 (effective/efficient use of resources)	4.1.1.1 (approved accounts)	£52,200 (contract of External Auditor)
	4.2.1 (knowledge management)	4.2.1.4 (improved IMO websites)	£100,000 (Secretariat time and consultancies)
	4.3.1 (transparency in operations)	4.3.1.1 (SP and HLAP for 2010-2011)	£60,000 (2 CWGSP meetings and Secretariat time)
	4.4.1 (risk management)	4.4.1.1 (risk management framework adopted)	£23,000 (1 CWGRM meeting and Secretariat time)
	4.5.1 (working methods and processes)	4.5.1.1 (revised guidelines)	£75,000 (meetings of IMO organs and Secretariat time)

13 It may be seen in the table that the ‘total costs’ of a planned output include both the ‘marginal costs’ (e.g., external consultancy costs) and the ‘fixed costs’ (e.g., a proportion of staff time) associated with delivering the output. Were it decided not to proceed with a particular output, savings would be realized only on the ‘marginal costs’. However, if similar decisions were taken across a range of outputs, this might then result in a reduction of ‘fixed costs’ which might be re-assigned to other outputs, although this would not be as straightforward as the transfer of staff time from one output to another as the skills required in effective delivery of outputs may not be transferable. This is not to suggest that such a process would be impossible, or undesirable, but simply to reflect that, again, a deceptively simple concept has practical issues which would need to be considered.

14 With such a draft product in hand, the Council could subsequently engage in a process of prioritization which would merge strategic planning with risk assessment, as proposed in paragraph 8 above. In other words, the Council would identify matters of strategic importance for the Organization during the next biennium, having weighed each costed element of the proposed HLAP (i.e. the outputs/results desired) against the risks to the Organization’s status and effectiveness of not carrying them out. The Council would in effect be prioritizing the outputs/results desired, assigning to them the corresponding inputs/resources needed – even if this might result in some outputs/results being assigned reduced inputs/resources or, indeed, none at all, over the next biennium.

15 In the context of IMO meetings, it would thus be possible for the Council to determine, perhaps with greater accuracy and through a more disciplined approach towards the attainment of strategic objectives, the level of meeting days required by the various IMO organs to accomplish the now prioritized outputs/results, and their consequential costs.

16 If the CWGSP were to consider such an approach – and it is possibly one that could take some time to examine fully – it is submitted that the initial challenge would entail a comprehensive discussion on how the work of the Sub-Committees, Committees, Council and Assembly might be alternatively organized in the future.

17 A further challenge would be the reconciliation of the Council’s role in oversight of the delivery of the SP and HLAP and the associated resources, with the necessary independence of the Organization’s various organs, including, specifically, those responsibilities given to them under various treaty instruments. One approach to this – consistent with the desire to produce

overall cost management, while not compromising the work of the various organs – might be for the Council to provide the Committees with resource constraints, based on the Organization's high-level priorities, within which the Committees would be free to manage themselves. Whilst this approach might have benefits, the complexities involved in its practical implementation are likely to mean that this becomes a long-term consideration rather than an area for rapid implementation.

**(b) Documentation volumes**

18 A further area for consideration under this element is to address the volume of documentation produced for meetings to ensure it is as streamlined as possible without losing quality and, consequently, the level of debate. The CWGSP's current work is anticipated to have some positive effect with respect to the reduction of documentation, through a more streamlined reporting system, closely linked with the achievement of the objectives in the SP and the outputs of the HLAP.

19 This work is not, however, expected to have any effect on the volume or predictability of documentation submitted by Member States to the various IMO bodies, factors which lead directly to additional costs. There are opportunities to address this issue, and more broadly the question of the volume of documentation, for example, through adherence to the JIU recommendation on strict enforcement of the rules and guidelines already in place; enhanced information systems and electronic sharing of data (a concept which might be extended to the further development of the Global Integrated Shipping Information System (GISIS) to encompass electronic submission of statutory/voluntary information returns); shorter documents (amending guidelines accordingly); a 'maximum number of pages' limit per meeting; etc. Reducing documentation volumes would also reduce translation work and generate cost-savings, without thereby reducing the level of service in the Organization's three working languages, which was a concern expressed during C 100.

**Improving cost-effective delivery of the meeting programme**

20 Under the current arrangements, the meetings' programme is delivered in a cost-effective manner providing a high-quality service to Members. However, there are opportunities to amend working practices and take advantage of modern technology to deliver cost-savings in the meetings' programme, should the benefits be judged to outweigh the costs.

***Indicative areas for action***

**(a) Changes to working practices**

21 Under this area, possibilities include: consider the structure of the meetings' programme with a view to having a limited number of longer meetings, possibly resulting in cost savings for Members; the reduction of interpretation services offered for meetings, resulting in a direct saving in the relevant costs; a change in the standard working practice of meetings to no longer require the preparation of a final report for the final day of the meeting but allow this to be circulated for confirmation following the meeting, leading to a reduction in overtime costs; and an increased reliance on electronic documentation with a consequent reduction in printing costs.

**(b) Extended application of technology**

22 Changes possible to increase the use of technology include: increased use, if feasible, of Computer Aided Translation (CAT) tools; an increase in the use of virtual meetings such as

correspondence groups, with the possibility of using the internet to facilitate communication; an increase in the use of videoconferencing rather than face-to-face meetings at the Organization's Headquarters, an additional effect of which would be a smaller carbon footprint. The latter option, in particular, would reduce the costs to Member States in addition to those to the Organization, and it might also be noted that a reduction in the use of the Headquarters meeting facilities would open up greater opportunities to increase the level of income earned through commercial use of those facilities.

23 It is entirely possible that any of these initiatives could result in a change in the level of service provided to Members and, consequently, each would require careful investigation of the associated costs, benefits and risks.

### **Reducing the Organization's fixed cost base**

24 The biennial programme budget established by the Assembly for 2008-2009 made provision for 38.4 meeting weeks at a total regular budget direct staff cost of £11,750,300, broken down as in Table 2 below.

**Table 2**

<b>International meetings</b>	<b>2008</b>	<b>2009</b>	<b>Total (£)</b>	<b>% of total</b>
<b>Translation services</b>	3,710,900	3,757,200	7,468,100	63%
<b>Wordprocessing services</b>	1,040,300	1,120,400	2,160,700	18%
<b>Conference services</b>	443,200	470,000	913,200	8%
<b>Documentation services</b>	587,900	620,400	1,208,300	11%
	5,782,300	5,968,000	<b>11,750,300</b>	<b>100%</b>

25 To these figures should be added the costs relating to interpreters (approximately £1,200,000); external translation services (£1,000,000); and part time conference assistance and other miscellaneous costs (£300,000), totalling approximately £2,500,000 over the biennium – a total biennial meetings cost of over £14,250,000 (or approximately 26% of the total appropriation). For indicative purposes, if it is assumed that the various *ad hoc*, intersessional and working group meetings which are held in addition to the agreed meeting weeks are at a marginal additional cost of effectively zero, each of the 38.4 weeks costs the Organization approximately £370,000. However, when considering the marginal costs of additional meeting weeks, and consequently the savings achieved by reducing meeting weeks, the figure is smaller because of the relatively high level of fixed cost maintained by the Organization to meet everyday demand.

26 This low marginal cost means that a marginal change in volume does not have a proportional impact on the level of cost and, equally, that the incentive to reduce meeting weeks is low, as the overall impact on the Organization's budget and, consequently, the assessment on individual Members, is not significant. The management of the meeting support programme is further complicated by a workload which requires a consistently high level of background work with intermittent peaks of intensive demand.

### ***Indicative areas for action***

27 When looking to reduce a fixed cost, the most common approach is to consider outsourcing of services to companies or individuals paid on the basis of volume worked. This approach has already been taken for the Organization's publication printing operations, as the CWSGP will recall. Its extension to the delivery of meeting services would require a comprehensive analysis, not least since any changes in the level of service delivered would be felt directly by the membership. It is also likely that such actions would not by themselves result

in direct cost savings, but would simply make the Organization more responsive to changes in future working volumes, meaning that reductions in the number of meeting weeks or other changes resulting from other elements of the strategy could produce clearer benefits in terms of cost.

28 While there are certainly significant risks – including most notably in the availability of service; the requirement for an understanding of specific technical language in order to produce a quality debate; and the reliability of external parties in delivery to deadlines with an unpredictable workload – it may be that the CWGSP, when examining such an approach, nevertheless considers that the benefits to the Organization’s future flexibility merit further investigation.

### **Implementation**

29 The strategic approaches to the reduction of meeting costs outlined in this paper allow for the parallel development of a number of different initiatives to different timeframes but with a consistent goal and a common theme. All of the ‘indicative areas’ outlined above have costs, benefits and risks, and a close examination of each will be required to determine which offer real opportunities to benefit the Organization and which, on further analysis, will result in unacceptable risks or in reductions in the level of service delivered to Members which are not compensated for by the associated cost savings.

30 Should the CWGSP conclude that the strategy outlined is appropriate to the stated goal of reducing the costs of international meetings, it may wish to request that the Correspondence Group and/or the Secretariat develop a detailed implementation plan to address some, or all, of the suggestions made, including any additional suggestions made by the Group itself, which will result in due course with the presentation to the Group of a ‘business case’ for the CWGSP’s further consideration.

### **MECHANISM FOR REGULAR EVALUATION AND NEEDS ASSESSMENT OF PROGRAMMES**

31 The CWGSP will be aware that, as outlined in the Secretary-General’s response to recommendation 7 of the JIU report and reiterated by several delegations during C 100, the Organization’s current process for reviewing the SP and developing the biennial HLAP requires, as a matter of course, the consideration of the continuing need for existing work programme items and agenda priorities.

32 The CWGSP may, therefore, wish to consider whether any further progress is desirable in establishing prioritized agendas for the purpose of keeping under constant review items which might be considered to be obsolete, inefficient or of marginal usefulness. In so doing, the Group may wish to take into account the work of the Correspondence Group with respect to proposals on new work programme items, which might be enhanced or modified for that same purpose, as well as the matters raised in paragraphs 8 to 17 of this document.

33 Additionally, and in response to the JIU recommendation to consider the outcomes of VIMSAS audits in such a process, the CWGSP may wish to consider how best to incorporate those outcomes in the construction of the SP and HLAP, particularly if issues are raised which highlight a need for the development of a new regulatory regime, amendments to existing regulations, the provision of implementation support, or items which might be considered to be obsolete, inefficient or of marginal usefulness. In this regard, the CWGSP will be further aware that, at the request of the MSC, the FSI Sub-Committee is now examining how, with the same objectives in mind, the Organization can best make use of the consolidated audit summary reports.

**ACTION REQUESTED OF THE WORKING GROUP**

34 The Working Group is invited:

- .1 with respect to a long-term strategy for the reduction of costs of international meetings (JIU recommendation 1) to:
    - .1 consider and comment on, as appropriate, the information and suggestions provided – in particular, the three key elements of such a strategy and the corresponding indicative areas for action in its support (paragraphs 4 to 29);
    - .2 identify additional opportunities for action and how they might best be addressed; and
    - .3 instruct the Correspondence Group and/or the Secretariat, if considered necessary, to develop further the key elements of the strategy and the indicative opportunities for action for future consideration by the Group; and
  - .2 with respect to a possible mechanism for the regular evaluation and needs assessments of programmes, to consider and comment on, as appropriate, the information and suggestions provided (paragraphs 30 to 32).
-