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ACTIVITIES OF THE JOINT INSPECTION UNIT

Report by the Director-General

In accordance with Board decision IDB.24/Dec.11, reports on recommendations contained in JIU reports relevant to UNIDO during 2004.

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Introduction

1. The Joint Inspection Unit (JIU) became a subsidiary organ of the Industrial Development Board by its decision IDB.1/Dec.22. A pilot scheme of follow-up to JIU recommendations was outlined in document IDB.24/18 and subsequently approved in decision IDB.24/Dec.11. In accordance with the provisions therein, one regular Board session per year will consider JIU reports (except in certain specified cases).

2. A total of ten JIU reports¹ have been issued since the most recent Board document covering this subject (IDB.28/4 dated 9 March 2004). The present document provides the Organization's comments on those reports that are of direct or some relevance to UNIDO.

3. Information on compliance with JIU recommendations with regard to substantive and thematic issues and follow-up thereon is currently being compiled by the JIU based on comments provided by all participating organizations. Member States will be apprised of this document.

Recent JIU reports

JIU/REP/2004/1

Multilingualism and access to information: Case study of the International Civil Aviation Organization

JIU/REP/2004/2²

Review of the headquarters agreements concluded by the organizations of the United Nations system: Human resources issues affecting staff

JIU/REP/2004/3

Administration of justice: Harmonization of the Statutes of the United Nations Administrative Tribunal and the International Labour Organization Administrative Tribunal

JIU/REP/2004/4

Review of management and administration in the Office of the United Nations High Commissioner for Refugees

JIU/REP/2004/5²

Overview of the series of reports on managing for results in the United Nations system

JIU/REP/2004/6²

Implementation of results-based management in the United Nations organizations (Part I)—Series on managing for results in the United Nations system

JIU/REP/2004/7²

Delegation of authority and accountability (Part II)—Series on managing for results in the United Nations system

JIU/REP/2004/8²

Managing performance and contracts (Part III)—Series on managing for results in the United Nations system

JIU/REP/2004/9²

Procurement practices within the United Nations system

JIU/REP/2004/10²

Harmonization of the conditions of travel through the United Nations system

I. REPORTS SUBMITTED BY THE JOINT INSPECTION UNIT OF DIRECT RELEVANCE TO UNIDO

A. Review of the headquarters agreements concluded by the organizations of the United Nations system: Human resources issues affecting staff (JIU/REP/2004/2)

4. The report of the Joint Inspection Unit entitled "Review of the headquarters agreements concluded by the organizations of the United Nations system: Human resources issues affecting staff" concerns the identification of areas where adjustments in headquarters agreements might be advisable, particularly those areas deemed essential to the reform of human resources management. The report was also intended to contribute to the elaboration of model rules for future headquarters agreements and, wherever possible, the amendment of existing agreements. Among other aspects, the report recognizes the fact that a majority of United Nations system organizations were established decades ago, and a good number of their headquarters agreements have been amended in some very specific areas in an effort to reflect present realities. The report focuses in particular on areas affecting staff that arise in these headquarters agreements.

¹ All JIU reports can be accessed via the JIU website <http://www.unsystem.org/jiu>.

² Indicates a report of direct or some relevance to UNIDO.

Table 1. Recommendations of direct or some relevance to UNIDO

	Recommendation	For action by:
Recommendation 1	The legislative bodies of the organizations should bring to the attention of the host countries the desirability of adopting, as appropriate, more liberal policies as regards the granting of work permits or establishing of similar arrangements in favour of the spouses of staff members and officials of international organizations.	Governing bodies
Recommendation 2	The legislative bodies of the organizations should remind the host countries of the importance of fully implementing the provisions of the headquarters agreements, and ensuring the use of simplified procedures to facilitate the exercise of the privileges, immunities and benefits granted to the organizations and their staff members and officials, including in such areas as: <ul style="list-style-type: none"> • Granting of work permits for children and visas for domestic helpers; • Acquisition and rental of real property; • Integration into the social security system; • Retirement in the host country; and Tax exemption benefits, the issuance of special cards to be used in tax-free transactions, as well as the periodic review of the provisions on taxation, taking into account changes in domestic legislation as well as developments within the organizations.	Governing bodies
Recommendation 3	In order to better acquaint staff, particularly new recruits and new arrivals at a duty station, with the contents of the host country agreements, the executive heads of organizations are requested to issue comprehensive information circulars and publicize, by electronic and other appropriate means, the privileges, immunities and other benefits granted to staff members and officials, as well as their obligations.	Secretariat
Recommendation 4	The legislative bodies of the organizations should bring to the attention of the host countries the significance of adequately informing the local administration, public services and business communities, especially those situated outside the capital or seat of the various organizations, about the privileges, immunities and benefits granted to United Nations system organizations, their staff members and officials, so as to facilitate the exercise of these privileges, immunities and benefits and to ensure that the staff and officials of the organizations receive adequate cooperation and understanding in the fulfilment of their obligations.	Governing bodies
Recommendation 7	The legislative bodies of the organizations should remind host countries of the significance of simplified procedures that would ensure the speedy processing of visas for staff and officials travelling on mission for United Nations organizations, and prevent undue delays in the substantive work of the organization as well as limit possible financial losses.	Governing bodies

5. The report has been based on an analysis and review of approximately 20 headquarters agreements and has resulted in a total of seven recommendations, five of which are addressed to the governing bodies, one to the secretariats of the United Nations organizations and one to the United Nations Chief Executives Board for Coordination (CEB).

UNIDO comments

6. The majority of recommendations contained in this report are supported by the provisions in UNIDO's headquarters agreement and have long been practiced. They testify to the prevailing good relationship between the Organization and the host country. However, attention should be drawn to some examples of system-wide interest and good practices in other duty stations which could also be introduced in Austria, such as simplified value added tax-reimbursement arrangements, or tax-free purchases of petrol and other goods and services.

B. Series of reports on managing for results in the United Nations system (JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7 and JIU/REP/2004/8)

7. The report of the Joint Inspection Unit entitled "Managing for results in the United Nations system" consists of three parts, namely an overview document (JIU/REP/2004/5); Part I—Implementation of results-based management in the United Nations system (JIU/REP/2004/6); Part II—Delegation of authority and accountability in human resources management (JIU/REP/2004/7); and Part III—Managing performance and contracts (JIU/REP/2004/8). The overview document summarizes the overall findings and recommendations of the report that are articulated in a "benchmarking framework."

8. The objective of this series of reports is to identify the factors that are critical to the successful implementation of results-based management (RBM) in the organizations of the United Nations system. Although the study recognizes from the outset that RBM has already been introduced in the majority of United Nations system organizations, it does not attempt to evaluate the impact of new RBM policies and practices. Instead, based on the findings from an evaluation of the on-going RBM implementation processes in the organizations of the system, it identifies a list of critical success factors within the context of a benchmarking (or "scorecard") framework, that is

designed to enable the organizations of the system to measure their progress towards RBM.

UNIDO comments

9. UNIDO fully endorses the comments of the Chief Executives Board Secretariat, some of which are reflected below. This series of JIU reports can be considered a useful comprehensive analysis of the different environments under which results-based management approaches are evolving, reflecting the differences amongst the management structures, resources, policies, programmes and activities of the organizations of the United Nations system. While the RBM benchmarks articulated in the report represent highly desirable situations and management ideals, the reality is such that not all of these benchmarks can be completely or easily realized by all segments of the United Nations system. The JIU acknowledges that the change to a RBM culture has been lengthy and difficult, with many organizations struggling to establish environments that promote high performance and accountability, empower managers and staff alike and include them in the setting and accomplishing of programme goals.

10. The research and in-depth analysis contained in Parts I, II and III of the report that deal with the identification of suitable success criteria are appreciated. Part I of the report contains nine benchmarks for implementation of result-based management in the United Nations system organizations. Part II contains a total of sixteen benchmarks in relation to human resources management, eight each for delegation of authority and accountability, respectively. Part III contains eight benchmarks for implementing a successful performance management programme, six benchmarks for rewarding performance and five for effective contractual arrangements.

11. The report concludes with two recommendations to: (a) legislative organs to endorse the benchmarking framework (shown below); and (b) the CEB to establish a task force to harmonize RBM implementation system-wide.

12. As stated in the *Annual Report 2004* (PBC.21/2-IDB.30/2), the Programme and Budgets 2006-2007 (PBC.21/6-IDB.30/6) as well as in the Office of the Comptroller General Annual Report for 2004 (IDB.30/21 and IDB.30/CRP.2), UNIDO has undertaken during the year 2004 major undertakings with regard to the introduction of RBM in the Organization.

Table 2. Recommendations and benchmarks

Managing for results in the United Nations system (JIU/REP/2004/5)	
Recommendation 1	Legislative organs of participating organizations may wish to endorse this benchmarking framework as a tool for them, the pertinent oversight bodies and the secretariats to measure the progress towards an effective implementation of results-based management in their respective organizations, taking into account their specificities, and may wish to request their secretariats to present to them a report thereon.
Part I—Implementation of results-based management in the United Nations organizations (JIU/REP/2004/6)	
Benchmark 1	A clear conceptual framework for RBM exists as a broad management strategy.
Benchmark 2	The respective responsibilities of the organization's main parties are clearly defined.
Benchmark 3	Long-term objectives have been clearly formulated for the organization.
Benchmark 4	The organization's programmes are well aligned with its long-term objectives.
Benchmark 5	The organization's resources are well aligned with its long-term objectives.
Benchmark 6	An effective performance monitoring system is in place.
Benchmark 7	Evaluation findings are used effectively.
Benchmark 8	RBM is effectively internalized throughout the organization.
Benchmark 9	A knowledge-management strategy is developed to support RBM.
Part II—Delegation of authority and accountability in human resource management (JIU/REP/2004/7)	
A. Delegation of authority	
Benchmark 1	The vertical chain of command is clear and unambiguous.
Benchmark 2	Delegation of authority is clearly determined.
Benchmark 3	Delegation of authority is clearly defined in general administrative instruments and/or individual delegation orders, and is consistent.
Benchmark 4	Adequate management information systems support the delegation of authority.
Benchmark 5	Managers are empowered through adequate access to information.
Benchmark 6	Managers are empowered through adequate central support services and help-desks for human resources management.
Benchmark 7	Managers demonstrate required competencies.
Benchmark 8	Managers are empowered through adequate training.
B. Accountability	
Benchmark 1	A clear legal framework for the accountability system, including the system of administration of justice, is framed in relation to the results-based management system adopted.
Benchmark 2	Performance-oriented systems of accountability replace traditional, compliance-based systems.
Benchmark 3	Accountability is applicable at all levels, from the top down. The executive heads and the heads of major organizational units are therefore the first to be held accountable for the results that they are expected to deliver.
Benchmark 4	Unflinching commitment of leadership.

Benchmark 5	Accountability for the use of human resources is based on the assessment not only of the degree of achievement of expected results, but also of the managerial competencies demonstrated in the achievement of these results, as measured for instance through a 360-degree feedback mechanism.
Benchmark 6	Effective monitoring systems are in place for human resources management.
Benchmark 7	Strong oversight systems exist.
Benchmark 8	A transparent, swift, independent and equitable system of administration of justice is in place.
	Part III: Managing performance and contracts (JIU/REP/2004/8)
	A. Performance management
Benchmark 1	The main pre-requisite for an effective performance management system is a change in the culture of organizations concerned.
Benchmark 2	Performance management systems communicate and clarify organizational goals to staff and align individual performance expectations with organizational goals.
Benchmark 3	Performance management systems are seen as managerial tools that help the organizations run, direct and control their resources on a day-to-day basis.
Benchmark 4	Performance management systems are simple and light to administer.
Benchmark 5	Performance management systems use appropriate and balanced measures of achievement of goals.
Benchmark 6	Performance management systems ensure consistency in assessment throughout a given organization.
Benchmark 7	The results of performance appraisal are used as a basis for appropriate personnel actions, and in particular for career development.
Benchmark 8	Performance management systems identify and address staff development needs. They also identify and address chronic under-performance.
	B. Rewarding performance
Benchmark 1	Strong performance management and accountability systems are in place so that employees perceive that performance pay is reliable and awarded fairly and consistently.
Benchmark 2	The performance reward scheme emphasizes organizational results, not just individual performance.
Benchmark 3	There are clear links between performance appraisal and salary increase, and PFP systems are designed so that performance awards are commensurate with the staff members' contributions to the programme delivery.
Benchmark 4	Funding is ensured and the pay-for-performance scheme financially viable.
Benchmark 5	The reward system must be shown to have a clear motivational impact.
Benchmark 6	Pay-for-performance schemes must be widely accepted to become effective.
	C. Contractual arrangements
Benchmark 1	Human resources are aligned with the strategic objectives of the organization.
Benchmark 2	The specific needs of international public organizations are recognized and a balance is achieved between time-limited and indefinite contracts, which is conducive to performance.
Benchmark 3	Transparent, effective and fair recruitment/placement systems are in place to support results-oriented contractual policies.
Benchmark 4	The focus of contractual reforms is shifted to performance.
Benchmark 5	The jurisprudence of the Administrative Tribunals is taken into account.

C. Procurement practices within the United Nations system (JIU/REP/2004/9)

13. The objective of the report was to identify opportunities for increasing procurement efficiency and effectiveness in the United Nations system, especially through productivity enhancement, improved cooperation and coordination and technological innovations. The report contains a total of 12 recommendations addressed to the Secretary-General and the executive heads, as well as the Inter-Agency Procurement Working Group (IAPWG).

14. Procurement in the United Nations system in 1992 represented about \$4.6 billion, or 37 per cent of the organizations' combined regular and extrabudgetary resources. The JIU noted that procurement functions have evolved over the past ten years from a relatively obscure administrative activity, to a financially high-profile and high-risk function. The United Nations has introduced a programme of procurement reform, which has not been fully taken over by a number of organizations. The JIU believes that there is a need to rationalize the procurement of particularly common user items, and to increase outsourcing of procurement tasks among the organizations in order to reduce overlap and competition within the international procurement community. Furthermore, the JIU recommends the Secretary-General to review the feasibility and efficiency benefits of further consolidating the overhead structures and costs of procurement services at Headquarters, strengthening collaboration and avoiding overlap between the United Nations Office for Project Services (UNOPS) and Inter-Agency Procurement Services (IAPSO), including their possible merger.

15. Electronic procurement (e-procurement) is given considerable attention as it is seen as offering potential benefits for the modernization of the procurement function. Some benefits highlighted include enhanced efficiency and effectiveness resulting from a reduction of transaction costs and process time cycles, greater transparency and integrity in procurement processing.

UNIDO comments

16. UNIDO has taken note of the recommendations contained in the report and, to the extent possible, will endeavour to implement them, taking into account the mandate of the Organization (see table 3).

D. Harmonization of the conditions of travel throughout the United Nations system (JIU/REP/2004/10)

17. The objective of the report was to conduct a comparative analysis of various elements of travel—categories, class and means of travel, stopovers, subsistence allowances, terminal expenses, lump sum

options—of officials travelling at United Nations' expense, as well as to propose measures to harmonize travel policies and practices throughout the United Nations system. The report has used previous reports prepared by the JIU in 1996 and the Consultative Committee on Administrative Questions (CCAQ)/CEB, as well as information received from 14 United Nations organizations, the OECD and two private sector companies (IBM Switzerland and Nestlé) for comparison purposes. The report contains a total of 12 recommendations addressed to the General Assembly as well as the Secretary-General and other executive heads.

18. The JIU notes that new travel policies have been adopted by the United Nations system since the issuance of its report in 1996 (JIU/REP/95/10, A/50/692), partially aimed at improving travel conditions, adapting existing policies to the rapid and drastic changes which have taken place in the travel industry and the negative impact on the quality of travel, as well as streamlining administrative procedures with regard to staff travel. Many new travel practices are being shared between the United Nations organizations through inter-agency consultations and coordination mechanisms with the objective of increasing harmonization in the conditions of travel throughout the system. However, disparities still exist between the various organizations, particularly with regard to the thresholds for granting business class travel (flight duration requirement varies from 5 to 9 hours). In this context, the report reflects the views expressed by the Director of the United Nations Medical Service following a meeting of the medical doctors of the common system in the early 1990s.

19. The report furthermore highlights the need to use the most cost-effective means of travel whereby the JIU considers that air travel, although stated as the preferred means of travel in the staff rules of many organizations, in certain cases may not be as cost- and time-effective as for instance rail travel.

20. The JIU concludes that with the introduction of RBM within many organizations of the United Nations system, a review of the current rules and regulations will have to be undertaken. Such a review must be carried out with a view to adapting relevant rules and regulations to new realities so as to help managers achieve expected results

UNIDO comments

21. It should be noted that a number of these JIU recommendations do not require any action by UNIDO as many of them are already in place (e.g. lump sum, class of travel, DSA advance). The other recommendations will be considered by the Secretariat taking into account the provisions of the UNIDO staff regulations and rules (see table 4).

Table 3. Recommendations of direct or some relevance to UNIDO

	Recommendation	For action:
Recommendation 4	<p><i>Staff with legal background</i></p> <p>All executive heads should ensure that their respective procurement services have adequate and timely legal support, and that some of their existing staff receive training in the legal aspects of procurement.</p>	Secretariat
Recommendation 5	<p><i>Procurement training initiative</i></p> <p>Notwithstanding the agreement reached at the 29th IAPWG meeting to focus on the project proposal entitled “Common Procurement Training Initiative for the United Nations” on a certification system for procurement officers, active consideration should continue to be given to: (a) where applicable, further increasing the procurement training budgets of the organizations; (b) integration, as far as practicable, of specialized procurement training initiatives and capacities available within the United Nations system; (c) expanded training in e-procurement methods; and (d) development of a technical assistance strategy supporting capacity-building in public procurement agencies in the recipient countries coupled with mobilization of resources to this end.</p>	Secretariat
Recommendation 6 (a)	<p><i>Procurement policy and procedures manuals</i></p> <p>The executive heads of the organizations should ensure that procurement manuals exist in the working languages of the secretariats of the organizations in line with the relevant multilingual policies of the organizations concerned, in order to foster the integrity of the procurement process in all field offices.</p>	Secretariat
Recommendation 9	<p><i>Electronic procurement methods</i></p> <p>The executive heads should ensure that the development of e-procurement solutions in their respective organizations is guided by the following basic principles, inter alia:</p> <ul style="list-style-type: none"> (a) The existence of a legal and procedural framework; (b) Inter-agency cooperation and coordination; (c) The promotion of an incremental approach to the establishment of e-procurement; and (d) The development of a relevant new skill set through training and retraining programmes. 	Secretariat
Recommendation 10	<p><i>Capacity-building in public procurement agencies in the recipient countries</i></p> <p>In view of the growing importance of the issue of government transparency in public procurement in the context of World Trade Organization agreements, as recently endorsed by General Assembly resolution 55/247 of 1 May 2001 on procurement reform, the executive heads of the organizations should, upon request, develop technical capacity-building support in their procurement portfolio programmes to support capacity-building in public procurement agencies in the recipient developing countries so that they can participate actively and strengthen their abilities to participate in procurement. The programmes in question should aim to complement ongoing activities in this area of the World Bank, OECD, ILO Turin Centre and IAPSO, among others.</p>	Secretariat

Table 4. Recommendations of direct or some relevance to UNIDO

	Recommendation	For action:
	Lump sum option for travel	
Recommendation 3	The executive heads of the organizations of the United Nations system paying a lump sum amount for home leave, family visit and education travel should use as a benchmark 75 per cent of the full economy fare (the International Air Transport Association (IATA) published fare, by most direct route).	Secretariat
	Travel by other means of transportation	
Recommendation 6	The executive heads of the organizations of the United Nations common system should enforce the use of alternative modes of transportation when more cost-effective in the interest of the organizations. Relevant rules and provisions should be modified as applicable in each case.	Secretariat
	Stopovers	
Recommendation 10	The executive heads of the organizations of the United Nations system where staff members travel business class should increase the threshold for the granting of stopovers for rest purposes from 10 to 16 hours. Conversely, staff members not travelling in business class should be entitled to have a stopover after a 10-hour journey.	Secretariat
	Categories of travel	
Recommendation 11	The executive heads of the respective United Nations system organizations that have not yet done so, should adopt provisions based on best practices with regard to reverse education travel, travel of breastfeeding mothers, travel of single parents, possibility of choosing an alternative place of home leave taking into account the nationality of the spouse, and the minimum number of days to be spent in the country of home leave.	Secretariat

II. JIU WORK PROGRAMME FOR 2005

22. As required under the statute of the JIU, all participating organizations are approached by the JIU for suggestions for work to be performed by the JIU in the following year. Such proposals should reflect items which are high on the agenda of the United Nations system; have the potential to improve the way the system delivers programmes or services; are system-wide in scope; can lead to improved efficiency and/or potential savings; and where possible are synergetic with other reports of the JIU or other internal oversight bodies and/or the Board of Auditors, while avoiding duplication of effort.³ Further, the JIU informed the General Assembly through a conference room paper (A/C.5/59/CRP.1) that it would “proactively and systematically identify those specific and cross organizational priority issues and areas at risk where its involvement is expected to add maximum value”. UNIDO, in November 2004, therefore proposed the following topics to the JIU:

- After-service health insurance (ASHI) liabilities, and other service-related liabilities;
- Contribution of the United Nations system to achieving the United Nations Millennium Development Goals;
- Incentive systems for inter-agency partnership;

- Evaluation of United Nations Common Country Assessments (CCAs) and United Nations Development Assistance Framework (UNDAF) initiatives.

23. Of particular interest was the proposal that the JIU undertake a review of the system-wide liabilities with regard to after-service health insurance (ASHI) and other service-related liabilities with a view of proposing system-wide funding solutions. UNIDO’s External Auditors have been raising this issue for several years (PBC.21/8-IDB.30/8 refers). The Secretariat’s position, which was accepted by the current External Auditor has been that in view of the considerable liabilities and the funding required, a system-wide solution should be found. These issues are also of concern to many other United Nations system organizations. The Secretariat is pleased to inform the Board that the JIU has accepted UNIDO’s proposal regarding ASHI. The Secretariat will apprise the Board of developments in this regard.

III. ACTION REQUIRED OF THE BOARD

24. In compliance with the provisions of the Statute of JIU, resolution 48/221 of the General Assembly, and paragraph 9 of the pilot system of UNIDO follow-up to JIU recommendations, the Board may wish to take note of the information contained in the present document and provide guidance for further action.

³ Document A/59/75 of 22 April 2004.