

**Chief Executives Board
for Coordination**

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HIGH-LEVEL COMMITTEE ON MANAGEMENT (HLCM)

**Conclusions of the Thirteenth Session of the
High-Level Committee on Management**
(Frascati, Rome, 19-20 March 2007)

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INTRODUCTION

1. The High Level Committee on Management held its thirteenth regular session in Frascati, Rome on 19-20 March 2007. The meeting was chaired in alternate sessions by the Committee's Chairperson, UNFPA Executive Director, Thoraya Obaid, and by the Vice Chairman, WHO Assistant Director-General, Representative of the Director-General, Denis Aitken. For the third time HLCM was meeting at the same time and venue as the High Level Committee on Programmes (HLCP), and a joint session with HLCP was held on the afternoon of 20 March.

I. ADOPTION OF THE AGENDA

Documents:

- ✓ CEB/2007/HLCM/1/Rev.1 (Agenda)
- ✓ CEB/2007/HLCM/2/Rev.1 (Programme of Work)

2. In opening the session, the Chair welcomed new members of the Committee. The complete list of participants is provided in Annex 1.

3. The agenda as adopted by the Committee is provided in Annex 2.

4. All documents related to the session are available on the CEB website at: <https://hlcm.unsystemceb.org/documents/200703/>.

II. DIALOGUE WITH REPRESENTATIVES OF FICSA AND CCISUA

5. In accordance with established practice, the Committee conducted an exchange of views with the representatives of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA). FICSA was represented by Maria Dweggah and by Mauro Pace; CCISUA was represented by Rick Cottam. The statements of the representatives of FICSA and CCISUA are provided in Annex 3.

6. The discussion that followed focused mainly on the areas of staff/management relations, security and safety of staff, the HLCM proposal in the area of business practices, the UN Joint Staff Pension Fund, training of staff representatives.

7. The satisfaction expressed by the representatives of FICSA and CCISUA on the consultative process and outcome of the special SMCC in January 2007 was fully shared by the Committee. As stated by CCISUA, "... *staff representation and management interaction has turned the corner over the past year. A level of engagement by both parties that provides for meaningful dialogue where management and the staff representatives can set out their stall and collaboratively work to a consensus on issues that affect the staff and the managers alike*". The UN re-iterated the importance of working together to develop common, stronger positions not only with member states but also with the ICSC.

8. In this respect, both the Committee and the Associations underlined that a better understanding of the role and responsibilities of the staff representatives, as well as training in

the skills and tools needed to perform this function, were a critical requirement in ensuring smooth and effective staff/management relations.

9. Both CCISUA and FICSA had participated fully and actively in the Interagency Security Management Network meeting in Rome, and expressed appreciation for this opportunity to participate as a valued partner in the debate and policy discussion of the Department of Safety and Security and the IASMN. UN/DSS acknowledged the contribution of the staff associations in the discussion on safety and security, and re-iterated the critical importance of addressing the security issues concerning national staff. Also, UN/DSS strongly affirmed that outsourcing security and safety services in the field would be impossible and unaffordable.

10. The concerns expressed by staff associations in connection with the recent discussion on UN Joint Staff Pension Fund's investment policy, in particular the new investment policy of the Fund's concerning the North America portfolio, were addressed by the United Nations USG for Management. She clarified that, notwithstanding the Fifth Committee's endorsement of the indexation of the portfolio, any action on the subject matter was suspended until the results of the Asset Liability Management (ALM) study that was currently being prepared would be made available and evaluated. She also informed that the staffing of the Investment Committee had not yet been completed.

11. With respect to the HLCM document on business practices (CEB/2007/HLCM/3), the staff representatives expressed their appreciation for any proposal that would achieve the goals of *“harmonization and coherence, simplification, results/performance based management, results based budgeting, consistency in performance evaluation systems, accountability, transparency and oversight. However, the choice should be one of upward movement and not fall to the lowest common denominator”*.

12. The staff representatives also requested that any inter-agency effort towards improved system-wide coherence be carried out in full consultation with the staff.

13. Several organizations expressed the wish that FICSA and CCISUA consider the possibility of joining forces again in the near future. The staff associations informed that a working group had been established to study the matter appropriately.

14. The HLCM Chair informed the Committee that the UNDP/UNFPA/UNOPS 33rd Staff Council had formally requested to be invited to the Committee's sessions. The request would be duly considered on the basis of the criteria for staff representation established by the former ACC and CCAQ.

Conclusions and Action Points

15. The Secretary of HLCM will conduct a de-briefing with FICSA and CCISUA representatives after the meeting.

III. HLCM proposal on Business Practices

Documents:

- ✓ CEB/2007/HLCM/3 - Proposal for a follow-up by the HLCM on the recommendations of the Report of the Secretary-General's High Level Panel on United Nations System-wide Coherence
- ✓ A/61/583 entitled "Delivering as One" (background paper only, not for discussion)
- ✓ G77 & China draft joint letter of 15 March 2007 to the Secretary-General
- ✓ Recommendations of the HR Network on Business Practices (attached Annex 5)

16. The Director of the CEB Secretariat presented a proposal (CEB/2007/HLCM/3) outlining the possible content and modalities of an HLCM-driven, system-wide response to the recommendations of the "Delivering as One" report in the area of business practices.

17. The proposal represented a first step for an in-depth, broad review of the Committee's programme of work. Its aim was to identify areas with a good potential for coordinated action by the organizations of the UN system, to design an acceptable process to carry out such action, and to ensure appropriate support and funding for any agreed plan.

18. The document under review presented items grouped into six subject areas:

- (A) cross-cutting general management;
- (B) accountability and oversight;
- (C) data warehouses;
- (D) human resources management;
- (E) financial management;
- (F) knowledge sharing.

19. Individual proposals belonging to each category were synoptically outlined in Annex I to document CEB/2007/HLCM/3, which provided indications of actions already taken at the inter-agency level in each of the areas referred to.

20. The Chair underlined that the review of the proposal would have to be inspired by the principle that business practices reforms should be in support of the UN system becoming more effective and efficient at delivering its mandate in terms of programmes, technical advice, standard setting etc. Any discussion on business practices should not be de-linked from the substantive work and rationale of UN organizations. A harmonized business process should not focus on savings alone to the detriment of the specific substantive and operational requirements of UN organizations.

21. In order to inform the discussion with the latest developments on the recommendations of the High-level Panel, the Director of the CEB Secretariat read a letter of the Group of 77 and China of 15 March 2007 to the Secretary General, which suggested that *"any process aiming at achieving coherence of the UN system should be inclusive and take into account previous recommendations made by the internal and external oversight bodies [...] and already endorsed by the General Assembly"*.

22. The Committee acknowledged the letter and noted that management reforms, in great part, do not require inter-governmental discussion and remain instead within the purview of the Executive Heads.

23. The Human Resources Network, through its Spokesperson, offered a first, very detailed analysis of the proposal, which had been thoroughly discussed at its last meeting of 14-16 March. The full text of the HR Network comments is available in Annex 4.

24. The HR Network fully endorsed the objective of greater coherence, and emphasized that harmonization was not about “aligning on the lowest common denominator” but about finding the right, balanced solution agreeable to all. Action towards this end would have to be inspired by the following key objectives:

- a) Restoring competitiveness and making the work environment more conducive to attracting and retaining qualified staff;
- b) Ensuring that HR practices/systems support and promote a results-based culture, good management and team-based approaches;
- c) Enhancing staff well-being;
- d) Building trust by ensuring cohesiveness and harmonization of policies and processes;
- e) Finding means to share knowledge and build better networks and promote communities of practices;
- f) Promoting and enhancing staff mobility (inter-agency, geographical and functional).

25. Updating and harmonizing human resource policies and practices remained a top priority objective for the HR Network, and an overriding one that would inspire and direct the HR Network current and future work.

26. These comments were followed by numerous interventions by Committee members, all offering support for the proposal, identifying priorities among the broad range of items under review, and indicating alternative options for a concrete, realistic process to follow-up on the proposal in a way that was feasible and within organizations’ governance and funding constraints.

27. As the recent adoption of Internal Public Sector Accounting Standards proved, harmonization is difficult but not impossible. It requires a strong mandate by top management, clear business logic, and demonstrated benefits when compared to alternative, non-system-wide approaches. Harmonization must, in the first place, make good business sense, and allow for a corresponding substitution/reduction of costs to be derived by individual organizations.

28. Consensus emerged on the need to immediately set the high-level priorities and timeframe for the items initially listed in Annex I to document CEB/2007/HLCM/3, including whether they could be characterized as an ongoing activity in no need for additional investment, or a potential quick win, or long term objective, or a low priority. The result of such effort of prioritization is outlined in Table 1 below, where each item has been given a priority rating ranging from High to Low. There was a common understanding that, given the limited time available at the meeting, the ratings summarized in Table 1 represented only an initial attempt at assigning priorities to a list of items that could themselves be in need of further consideration and refinement at a later stage.

29. One item originally not included in the Business Practices proposal was a review of the International Civil Service Commission (ICSC). There was consensus on the fact that the

Committee should develop its own position on the matter, and to submit it to the CEB before any discussion would start at the inter-governmental level.

30. The United Nations also noted that the increasing weight of Peace-keeping, Peace-building and Political missions in the overall activities of the UN Secretariat would have a considerable impact on the direction and implementation of management reform in the United Nations system, and encouraged the Committee to include this factor in its future discussions.

Table 1. Prioritized list of items for the development of the HLCM Programme of Work

(O = Ongoing, H = quick wins, high priority; M = longer term, medium priority; L= low priority)

Cross-cutting Management Issues	
ENTERPRISE RESOURCE PLANNING	M
COMMON SERVICES	O
COMMON PAYROLL (DISBURSEMENT FUNCTION)	L
INTERNATIONALLY RECOGNIZED STANDARDS	M
SECURITY MANAGEMENT SYSTEM	H
Governance and Accountability	
RESULTS-BASED MANAGEMENT	M
EVALUATION MECHANISMS & PERFORMANCE MEASURES	M
RISK MANAGEMENT; FRAUD & CORRUPTION PREVENTION; INTERNAL CONTROL	H
HARMONIZATION OF AUDIT RATINGS	L
Data Warehouses	
UN SYSTEM-WIDE STATISTICS	H
FINANCIAL RESOURCES TRACKING SYSTEM IN INTER-AGENCY OPERATIONS	L
EMERGENCY PERSONNEL ROSTERS	L
Human Resources Management	
COMMON PERFORMANCE EVALUATION SYSTEM, ENTITLEMENTS AND CONTRACTS	O
STAFF MOBILITY	H
SPOUSE EMPLOYMENT	M
SENIOR MANAGEMENT NETWORK	H
Financial Management	
SYSTEM-WIDE TRAINING ON IPSAS	H
BUDGET IMPLICATIONS WITH IPSAS	M
HARMONIZATION OF FINANCIAL RULES & REGULATIONS	H
Knowledge Sharing	
UN SYSTEM PORTAL	H
DEFINITION OF A COMMON UN-SYSTEM CLASSIFICATION	M
PUBLISHING OF UN-SYSTEM WEB-BASED CONTENT	M
UN-SYSTEM GOOGLE MAP	M
ONE UN GOOGLE EARTH LAYER	M



Conclusions and Action Points

31. The Committee, supported by its Networks, will develop a detailed, sequenced and costed plan of action for implementation, based on document CEB/2007/HLCM/3 and on the indicative priorities and areas of interest identified above. The plan of action would be

incorporated into the HLCM programme of work, and would include detailed terms of reference outlining the scope, objectives, timeline and resources that each project entails.

32. A Steering Committee supported by the CEB Secretariat, led by the HLCM Vice-Chair (WHO) and composed by the organizations whose representatives currently chair the HLCM Networks (UN, IAEA, UNESCO, WFP), would drive the development of such plan of action, to be submitted to the Committee for approval at its 14th session in the fall 2007.

33. The HLCM Chair would report on the Committee's conclusions at the forthcoming meeting of the CEB of 20-21 April 2007. This would allow advance build-up of the necessary support to the proposal by the donor community and by the organizations themselves, in preparation for specific requests for funding upon approval of individual projects.

IV. COLLABORATION BETWEEN HLCM AND UNDG MANAGEMENT GROUP

Document:

- ✓ As background document, UNDG structure and work plan (attached Annex 5)

34. The HLCM Chair recalled that a briefing by the Chair of the UNDG Management Group was a standing item on the agenda of the Committee, which had the objective of identifying possible areas of cooperation and avoiding duplication of work.

35. The Chair underlined that the current discussion on Business Practices, together with the recent intense activity of the UNDG in connection with the One UN Programme, as well as the ongoing review of the CEB, would certainly have a significant impact on the forthcoming discussion on the relationship between UNDG and the HLCM.

36. UNICEF Deputy Executive Director was invited in substitution of the Chair of the UNDG/MG to provide an update on the work of the Management Group. He informed the Committee that it was agreed at the February 12, 2007 Management Group meeting that the main focus of the work of the MG in 2007 would be to provide support to the eight One UN Pilots. All MG working groups had been requested to revise and align their 2007 work plan accordingly and to fully take into account the work of the HLCM and its Networks. In 2007 the following working groups under the Management Group are in existence: Common Premises, ICT, Audit, Multi Donor Trust Funds, Financial Policies, Procurement, Resident Coordinator Issues Group and Joint Office.

37. On the issue of the One UN Pilots the Committee was informed that a two-day joint retreat of the UNDG Programme and Management Groups had taken place on January 30-31, 2007. The pilots had been discussed on other occasions since then, including during the March 5, 2007, Global Regional Directors' Meeting of UNDP, UNICEF, UNFPA, and WFP where a number of other UN system organizations were also present. It was expected that a Steering Committee for the One UN Pilots with a mix of members from the Funds and Programmes and Specialized Agencies would be formally established after the April CEB meeting.

38. In the ensuing discussion concerns were raised regarding possible overlap between HLCM and the UNDG MG, and the need for UNDG tasking memoranda to be re-defined in view of the newly emerged priority was emphasized.

39. Also, recommendations were made to carry out a formal hand-over to HLCM of issues not anymore within the purview of the UNDG, and to reach a clear definition of the roles and responsibilities of the two bodies.

40. A note including UNDG structure and work plan as of 14 March 2007 was circulated to all participants, and it is available as Annex 5 to this report.

Conclusions and Action Points

41. The Committee thanked UNDG/MG for the briefing and expressed appreciation for this increased dialogue between the UNDG and the HLCM.

42. The Committee also re-affirmed the conclusion reached at its last session that the UNDG and HLCM programmes of work and corresponding responsibilities would have to be urgently re-examined in the light of actions affecting inter-agency structures that may be taken in the process of follow-up to the outcome of the High-level Panel on System-wide Coherence, including the review of the CEB and the launching of the One UN pilots.

V. RELATIONSHIP BETWEEN IAPWG and HLCM

Document:

✓ CEB/2007/HLCM/4

43. The Vice-Chair recalled that HLCM, at its last session, had recognized the increasing importance and complexity of management and coordination issues related to procurement and, more broadly, to the supply chain.

44. He further recalled that, in stressing the need for appropriate, extensive consultation on any proposals on this subject, the Committee had requested further inter-agency discussions in this area in particular through the IAPWG; had encouraged interested parties to carry out further study; and was looking forward to receiving updates, including a report back from IAPWG.

45. He then invited the Chairman of IAPWG to present the proposal outlined in document CEB/2007/HLCM/4, which contained a recommendation that IAPWG be designated as the new procurement network of HLCM, along the lines of the current networks for Human Resources, Information, Communication & Technology, and Finance & Budget.

46. The proposal was welcomed by the Committee, as it was in line with the current efforts towards harmonization and coherence across the UN system, and responded to the increasing importance of procurement for the UN system.

Conclusions and Action Points

47. The Committee agreed to designate IAPWG as the new procurement network of HLCM, and to rename it "HLCM Procurement Network". UNDP/IAPSO would continue to serve the network as its secretariat.

48. The Procurement Network would report to the Committee regularly, following the model already in place for the other HLCM Networks, i.e. providing a short briefing on the

network's recent activities and referring to the Committee any issues in need of further endorsement/approval.

49. The Committee further asked the newly established Procurement Network to finalize its programme or work, which should include a review of the modalities for automatic suspension of suppliers upon suspension by one of the network members, and to present it at the next session of the HLCM.

50. The Committee also decided to include the subject of procurement in its plan of action (business practices proposal) and to review the functioning and achievements of the Procurement Network in three years time.

VI. SECURITY AND SAFETY OF STAFF

Document:

- ✓ CEB/2007/HLCM/5 - Report of the Technical WG on Cost-sharing arrangements for the UN SMS

51. The Chair gave the floor to the United Nations Under-Secretary General for Safety and Security, for a briefing on the general security environment within which the staff of the United Nations System are currently operating, as well as on the recent accomplishments and the future challenges facing the UN Department for Safety and Security.

52. Among the accomplishments, DSS listed the significant progress in the staffing of the Department; the introduction of advanced training for all UN staff in "phase" locations; the strengthening of a valuable alliance with the UN System Staff College to ensure that security was included at the earliest stage of country programme planning; increased engagement with host countries; and support to Designated Officials.

53. Some critical challenges still remained: maintaining momentum and achieving balanced focus on staff security; resolving the significant gaps in service provision (safety, crisis management and emergency reinforcement); and addressing the need for greater engagement with member states.

54. DSS informed the Committee that a de-brief regarding the Canal Hotel bombing was being prepared for the surviving victims, as well as for the families of the victims, who would be the first to receive it.

55. A significant growth in demand for security services was predictable, namely in the Middle East, East and North Africa, as well as for expanded operations in Afghanistan and for possible developments in Somalia, Sudan, Chad and the Central Africa Republic.

56. DSS thanked the Technical Working Group, IASMN members and HLCM for their continued and important support for UN security development.

57. The Committee then considered a report (CEB/2007/HLCM/5) by the Technical Working Group on Cost-sharing arrangements for the UN Security Management System, which was established by the HLCM at its videoconference meeting of 22 November 2006, to review the current cost-sharing formula pertaining to the UN SMS, with a view to ensuring that it is fair, transparent and based on objective parameters.

58. The HLCM Chair commended the Working Group and its Chair for completing its work within very strict deadlines.

59. The report of the Working Group, as outlined by its Chair, included some recommendations on the function, value and funding mechanisms of the Security Management System, as well as a proposal for two alternative options to apportion UNDSS HQ Field-related costs for 2008-2009 (15% of total costs).

60. The World Bank recalled the history of its participation in the UN SMS, and stressed the fact that most of the security and safety services the Bank benefited from were paid out of its own budget, with limited value from the UN SMS itself.

61. Nevertheless, the Bank re-affirmed its continuing support for the UN SMS and thanked the Committee for its efforts to find an agreement on the cost-sharing arrangements. In doing so, the Bank presented a third, alternative option to the two already outlined in the report of the Working Group for the apportionment UNDSS HQ Field-related costs. This option called for a review of the work of the UNDSS Division of Regional Operations, with a view to ascertaining the percentage of time spent on providing direct operational support by Headquarters to field offices. In so doing, reference was made to paragraphs 32 and 33 of the Secretary-General's report A/56/469 that set out the principles for the cost-sharing arrangements for the UN Security Management System.

62. Some organizations underscored that the UNDSS performance for 2006 indicated considerable unspent balances over the biennium 2006-2007, due mainly to delay in the filling of vacant posts (for FSOs). It was stressed that any unspent funds within the 2006-2007 budget should be used only for the purposes already approved by IASMN and HLCM in accordance with the UNDSS original working plan, with the balance returned to organizations at the end of the biennium.

Conclusions and Action Points

63. After intense discussion, the Committee decided to endorse the recommendations contained in paragraphs **6 a), b), c), e) and g)** of CEB/2007/HLCM/5, with some minor modifications, as follows:

- 6 a) The HLCM reaffirms that security is a necessary cost that needs to be funded in a sustainable manner and this cost should be regularly reviewed by the Committee to ensure that the essential aspects of security are not minimized and that an adequate level of security continues to be provided to UN staff;
- 6 b) The census be replaced by headcounts provided by respective Agency HQs, based on the most accurate information available as of the end of the calendar year preceding the budget submittal for the following biennium, excluding staff on travel or mission less than three months and following the other criteria set out in paragraphs 17 and 20 of CEB/2007/HLCM/5;
- 6 c) UNDSS Field costs for 2008-2009 (85% of total costs) be apportioned by headcount, i.e. on the basis of the percentage of actual staff in the Field;
- 6 e) Implementation of the agreed changes be applied in a uniform manner to all participants of the Security Management System;

- 6 g) The HLCM decides to move forward with a more comprehensive, all encompassing project to address significant issues remaining outside the mandate of the current review of the cost-sharing formula (including alternate sources of funding and mainstreaming) for the 2010-2011 biennium.

64. The Committee agreed that Option 2 (Equal distribution by Agency) for the UNDSS HQ portion of Field-related costs was not a feasible one, and decided to allow for some limited additional time for bilateral discussions between UN/DSS (supported by the UN/DM) and the World Bank to find an agreement on the apportionment of UNDSS HQ portion of Field-related costs, within the parameters already established by the HLCM and the definition of “direct operational support by Headquarters to field offices” endorsed by the General Assembly, with a view to bringing to conclusions such discussions at the forthcoming CEB meeting of 20-21 April 2007.

VII. INFORMATION AND COMMUNICATION TECHNOLOGY ISSUES

Document:

- ✓ CEB/2007/HLCM/6 – Common ICT Services Study

65. The HLCM at its video conference of 22 November 2006 had welcomed a presentation by the ICT Network on a proposal to study the value of common services, focusing on data centers and common global telecommunications.

66. The Committee had concurred in principle with the proposal, and agreed to proceed utilizing funding from organizations committed to the project. Also, it had asked the ICT Network to provide additional detail within the proposal, with an emphasis on timeliness and specific usage of requested funding. The detailed proposal should also include the structure and modalities of a governance mechanism to oversee the project.

67. The Vice-Chair invited Mr. David Benfield in representation of the ICT Network to present the detailed proposal for the two studies as outlined in document CEB/2007/HLCM/6, and to provide a briefing on the recent activities of the Network.

68. For the study on data communications, UNICEF had agreed to take the lead and was currently arranging the related procurement procedures; the CEB Secretariat was working with the UN Procurement Division for the data centre study.

69. Contribution commitments received from eight organizations amounted to US\$140,000. Some organizations, while expressing support in principle, had requested additional information prior to making a commitment. Document CEB/2007/HLCM/6 was intended to address such requests.

70. Obtaining formal financial commitment by organizations was critical to start the procurement process for the two studies.

71. Other issues on the ICT Network agenda included a closer working relationship with the UNDG working group on ICT. The Chairs of the two groups met recently in New York and agreed that the Chair of the UNDG working group would attend the next meeting of the ICT Network. Through this collaboration the two groups would seek to eliminate duplications and obtain greater synergy between their tasks, with the UNDG working group concentrating on ICT issues that impact at the country level.

Conclusions and Action Points

72. The Committee thanked the ICT Network for the progress made and approved the project proposals as outlined in document CEB/2007/HLCM/6.
73. The Committee encouraged all organizations to formalize their pledges for the two studies, on the basis of the normal apportionment criteria used for HLCM projects.

VIII. FINANCE AND BUDGET ISSUES

Document:

- ✓ CEB/2007/HLCM/7 – Progress Report on IPSAS

74. The Vice-Chair noted with pleasure that the adoption of International Public Sector Accounting Standards (IPSAS) by the UN system was a highly recognized project of inter-agency nature, recently quoted as an example of good coordination among the organizations of the UN system by the High-level Panel on System-wide Coherence.
75. He further recalled that HLCM, at its 12th session, had requested the Task Force on Accounting Standards to keep the Committee informed on the progress of work and on all developments with this critical project.
76. He then invited the Spokesperson of the Finance and Budget Network and Chairman of the Task Force on Accounting Standards to present a Progress Report on the IPSAS project (CEB/2007/HLCM/7).
77. Progress in this project was most evident in the two areas of *Accounting Policies and Guidance* and *Communication*. These two areas were strongly inter-related. The significant increase in communication “out-reach” supports increased activity and involvement in accounting policies and the development of guidance process through the introduction of “focus groups” and, most recently, increased interactions with auditors.
78. Since the beginning of August 2006, the project team had developed nineteen separate papers covering accounting policies, recommended practices and guidance relating to pro-forma financial statements, revenue, expenses, property, plant and equipment, inventories, intangible assets, employee benefits, and the use of transition periods.
79. There had been a substantial increase in communication activities due to a correspondingly large increase in staff and other parties, for example auditors, involved in IPSAS issues during this period. The website with IPSAS adoption information had been kept up-to-date and further expanded.
80. Since the previous progress report, the main progress made by the system-wide team in “implementation support” related to support for IPSAS training, and consideration of the implications of IPSAS for budget practices.

81. Three organizations, ICAO, WFP and WHO, planned to adopt IPSAS effective 1 January 2008¹. Accounting policy issues identified by “Early Adopters” had been given the highest priority in developing the Accounting Policy Work Plan. In addition, this plan had been accelerated to ensure that all efforts possible were being made to finalize policies by August 2007 and thereby supporting Early Adopters.

82. Part 2 of document CEB/2007/HLCM/7 summarized IPSAS adoption progress across United Nations System organizations and provided information on issues arising from IPSAS adoption. A brief discussion of budget usage and team capacity was also provided in the progress report.

Conclusions and Action Points

83. The Committee took note with appreciation of the progress report and invited the Task Force on Accounting Standards and the IPSAS Project Team to report again to HLCM at its next session.

IX. HUMAN RESOURCES ISSUES

84. Speaking in her capacity as HR Network Spokesperson, the representative of UNESCO (Ms. Dyane Dufresne-Klaus) briefed the Committee on the recent conclusions of the Network regular session of 14-16 March.

85. In addition to the specific discussion on the HLCM Business Practices proposal (see above, section III) and on the Senior Management Network (see below, section XI), the Network had focused on the following key issues:

- (a) **Harmonization of policies of entitlements**, with particular reference to termination/separation package, contractual arrangements, and entitlements for staff in field missions (non-family duty stations);
- (b) **General Service Job Evaluation**. This was a common initiative being undertaken by ICSC and HR Network, aimed at developing a single job evaluation and classification standard for the GS staff within the UN.
- (c) **The JIU report on Age Structure**. The Network had discussed the recommendations of the JIU report on Age structure in the organizations of the UN system. Members had agreed that each organization should have the flexibility to determine the right age structure, in relation of its mandate. In the next 5 to 10 years most organizations would be losing a high number of staff at the P5 and above levels. Hence, the importance of succession planning.
- (d) **UN Dual Career and Staff Mobility**. The Network sought HLCM support for the Local Expatriate Spouse Associations (UN/LESA), in order to make this initiative more inclusive (a possible cost-shared project); obtain greater commitment from the Resident

¹ As of July 2006, three further organizations were investigating this option. Since then those three organizations – UNDP, UNFPA and UNOPS, have decided to progressively adopt IPSAS within the UNSAS framework, but not fully adopt IPSAS until 2010.

Coordinators to establish LESA in their countries of assignment; and establish LESA at Headquarters. The HR Network agreed to harmonize spouse employment policies throughout the UN system and to prepare a proposal for the next meeting of HLCM.

Conclusions and Action Points

86. The Committee noted with appreciation the extensive work carried out by the Network and endorsed its substantive priorities.

X. CONFIDENTIALITY OF INTERNAL AUDIT REPORTS

Documents:

- ✓ A/61/669 - Report of the Office of Internal Oversight Services on the audit and investigative reviews of the tsunami relief operations conducted by the United Nations Secretariat, funds and programmes and specialized agencies
- ✓ CEB/2007/HLCM/XIII/CRP.1 - Fifth Committee deliberations on the OIOS report

87. The HLCM at its 9th session of April 2005 had concluded that “*internal audit reports were an important management tool for executive heads and should therefore remain confidential*” (CEB/2005/3 – paragraph 22(a)).

88. The Committee noted that some organizations had this year been requested by a few Member States both during formal sessions of their governing bodies and subsequently in writing to share internal audit reports.

89. The Committee also noted that the Report of the OIOS on the audit and investigative reviews of the tsunami relief operations conducted by the United Nations Secretariat, funds, programmes and specialized agencies (A/61/661), explicitly referred to the inability of OIOS to finalize the report “*because the funds and programmes and specialized agencies stated they could not share their internal audit reports, which were restricted to their respective management and governing bodies in accordance with their mandate*”.

90. The Committee also considered an informal note on the General Assembly Fifth Committee's discussion on the subject (CEB/2007/HLCM/XIII/CRP.1).

91. Several organizations noted that they still strongly believed in the “management” nature of internal audit reports. Internal audit reports represented, according to this view, an enormous support for management in addressing those very precise issues that Member States themselves are so keen about solving (mismanagement, fraud, etc).

92. However, many participants recognized that, in the overall context of enhancing accountability and transparency, organizations needed to examine this issue carefully and to come up with an appropriate common position which would make room for some form of disclosure.

93. In various statements organizations (UNDP, UNICEF, FAO) outlined some possible ways to address the requests of Member States within the limits of pre-determined criteria, such as, for example: consideration of sensitivity issues in connection with investigations and with the rights of individuals concerned in the reports; the possibility of excluding the management-related suggestions from the reports, and instead make them part of the

Evaluation reports; the possibility of sharing “summary” versions of the internal audit reports, already in use by many organizations.

94. It was also noted that it was critical to re-affirm the fact that OIOS was not the inspector general of the United Nations system. Also, it would be helpful to clearly define the line of demarcation between the UN, the Funds and Programmes, and the Specialized Agencies, with respect to the authority of the internal audit function.

Conclusions and Action Points

95. The HLCM decided that the Finance and Budget Network, in consultation with the Heads of Internal Oversight of member organizations, as well as with their External Auditors and with the Institute of Internal Auditors, should prepare a position paper on behalf of the HLCM as a document to support the discussion of this item by Executive Heads at the upcoming CEB meeting of 20-21 April 2007. Any newly developed position on such issue should not be applied retroactively to past reports, but only to future ones.

96. The HLCM would review (electronically) the output from the Finance and Budget Network prior to consideration by the CEB.

XI. SENIOR MANAGEMENT NETWORK

Document:

- ✓ CEB/2007/HLCM/8 - Status Report as at 1 March 2007

97. The Chair recalled that the SMN was approved by CEB in 2004 and had already received formal endorsement by the HLCM. She emphasized that this project belonged to all of us, and it was now ready to start.

98. The Chair then invited the representative of UNESCO, in her capacity as HR Network Spokesperson, to brief the Committee on the status and next steps of the Senior Management Network.

99. The Spokesperson recalled that the SMN comprises four elements: a set of Core Competencies; a system-wide Programme for Leadership Development; Networking Tools to provide a communications channel; and Global Management Fora as a means of bringing together members of the Network for knowledge sharing.

100. She then recalled the rationale behind the development of the initiative:

- a) Build up a corporate culture at the managerial level across the UN system;
- b) Enhance inter agency coordination and mobility;
- c) Promote inter agency learning.

101. The CEB had approved the creation of the SMN and had also agreed that the CEB machinery would be responsible for supporting its establishment, guided by the HR Network on behalf of the CEB and HLCM.

102. Among the main issues to be noted by the Committee were the following:

- a) **SMN Membership:** it will consist of approximately 600 to 1,000 senior staff. Executive Heads will be responsible for the selection (typically D1 and above). Membership will be defined by functions and roles rather than by grades. It is expected that the Secretary-General will approach Executive Heads asking them to identify the membership within their own organizations. Certain selection criteria will be provided.
- b) **Networking tools:** will provide a communications channel, act as the portal to resource materials on management and leadership, provide the Virtual Learning Environment (VLE) for participants in the leadership development programme and help facilitate the global management fora. This component of the SMN requires urgent funding to develop the electronic platform for such tool (funding requirement USD 170,000 one-time).
- c) **Global Management Fora:** will be a means of bringing together members of the Network for knowledge sharing and building esprit de corps across the system, including an annual senior leaders' conference as well as periodic events on a thematic level to discuss cross-functional and inter-disciplinary issues (funding requirement USD 70,000 on an annual basis).
- d) **Establishment of a position for a SMN project manager,** possibly to be based in Geneva within the offices of the CEB Secretariat, reporting to the HLCM through the Secretary of the HLCM. He/she would work closely with the CEB Webmaster and the UNSSC Coordinator of the Leadership Development Programme, to coordinate and manage the SMN (funding requirement USD 320,000 on an annual basis, including support and travel costs).
- e) **Development of a comprehensive communication strategy.**

103. The HR Network Spokesperson underlined that a number of components needed to be funded as a matter of urgency for the SMN to become a reality and to allow the Network Tools and the Leadership Development Programme to proceed.

104. The HLCM Chair then invited the Director of the UN System Staff College to provide a briefing on the current developments and status of the other important element of the SMN, the **Leadership Development Programme**_(LDP).

105. The Director of the UN System Staff College explained that the Erasmus Rotterdam School of Management (RSM) had been selected, upon the recommendation of an HLCM sponsored interagency committee, to design the Leadership Development Programme. They were contracted by the UNSSC, who was working closely with the RSM on the design and development of the programme. Inquiry missions by the school and UNSSC took place in the last quarter of 2006 and first quarter of 2007 to New York, Rome, Geneva, Turin, Paris and Nairobi.

106. The overall design of the LDP was almost complete. Contractual arrangements for the development and delivery would now commence. A pre-requisite for the programme to begin would be the identification of the SMN membership and ideally the development of the networking tools and the holding of the first Forum to launch the Network.

107. The UNSSC was covering, from voluntary funds from external donors, the costs of design and development of the LDP. This amounted to some USD 200,000 and USD 700,000, respectively. As from the end of 2007, agencies would be expected to contribute to the participation of their staff. It was estimated at this stage that the cost for the agency

contribution would be between USD 10,000 and USD 12,000 per participant. For costs exceeding these estimates, UNSSC would seek external donor funding.

108. The Committee welcomed the progress reports with enthusiasm. Several speakers noted that the Senior Management Network was a very ambitious project, that needed strong support by top management in order to be successfully launched. The ASG for Human Resources of the United Nations encouraged organizations' representatives to ensure that their respective Executive Heads expressed commitment and support to this project at the forthcoming CEB meeting of 20-21 April 2007.

109. Particular appreciation was expressed for the inter-agency nature of the Leadership Development Programme and for its multi-location approach.

110. Some suggestions were made on the need to cater to the bilingual needs of participants; to tag this effort to the Resident Coordinator assessment; and to assign a critical importance to the development of a comprehensive communication strategy to ensure internal buy-in by each organization.

111. Many comments focused on the funding requirements of the overall SMN project, as well as on the expected cost per participant in the Leadership Development Programme. It was unanimously suggested that the budgetary constraints of organizations be taken in due consideration when deciding the expected number of participants in the first phase of the Programme. Also, it was suggested that a detailed cost plan for the overall SMN be submitted to the Committee for approval.

Conclusions and Action Points

112. The Committee fully endorsed the launching of the Senior Management Network and its Leadership Development Programme. The UNSSC may proceed with the development and delivery stages with the RSM and its consortium.

113. The Committee would expect a request from the Secretary General to Executive Heads asking them to nominate members of the Senior Management Network.

114. The UNSSC, in coordination with the CEB Secretariat, would develop a detailed cost plan for the whole SMN and its individual components, for inclusion in the Business Practices proposal and approval by the Committee.

XII. OBSERVATIONS OF THE PANEL OF EXTERNAL AUDITORS ON TSUNAMI

Document:

- ✓ P/47/06/1 – Observations and recommendations on the intervention of the UN in the aftermath of the Tsunami

115. In its report P/47/06/1, the Panel of External Auditors presented a number of observations and recommendations on the intervention of the United Nations, its Funds, Programmes and Specialized Agencies in the aftermath of the Indian Ocean tsunami of 26 December 2004.

116. The report would be distributed to the Executive Heads of CEB members by the Panel of External Auditors. It was therefore requested that the HLCM consider the observations and recommendations included in the report at its spring 2007 session.

Conclusions and Action Points

117. The Committee took note of the Panel's report, particularly the observations and recommendations contained in paragraphs 5 through 24, and noted that some of them had already been taken into consideration in the development of the Business Practices proposal outlined in document CEB/2007/HLCM/3, while some others were referred to other inter-agency fora, as appropriate.

118. The Committee requested its members to bring the Panel's report to the attention of their Executive Heads in preparation for the upcoming CEB meeting of 20-21 April 2007.

XIII. WORLD BANK FINANCIAL MANAGEMENT FRAMEWORK AGREEMENT

119. The Chair invited the Committee to consider a note prepared by UNICEF (available as Annex 6 to this report) which outlined the need expressed by many member organizations to carry out a joint effort for the development of a financial management framework agreement with the World Bank to be subscribed by all interested organizations.

120. UNICEF explained that eleven UN organizations (WHO, ILO, FAO, UNESCO, WFP, UNDP, UNICEF, UNFPA, UNHCR, UN-HABITAT, and UNOPS) were together negotiating an agreement with the World Bank on the operational and administrative issues that arise when they receive funding from the World Bank or spend funds provided by the World Bank to others (such as IDA credits to borrower Governments), building on the strengths of the March 2006 Financial Management Framework Agreement, signed by the UN Under-Secretary-General for Management and the World Bank's Vice-President for Operations and Country Services (with FAO as an original signatory as well).

121. The March 2006 Agreement had been adopted by many UN organizations. Outstanding issues included such elements as procurement rules, reporting, disbursement requirements, and requests from the World Bank in connection with its anticorruption initiative.

Conclusions and Action Points

122. The Committee acknowledged the significant progress already made with respect to this matter thanks to the March 2006 Agreement, developed under the leadership of the UN Assistant Secretary-General, Controller.

123. The Committee further agreed that a Working Group be established under the guidance of the Finance and Budget Network, to lead a joint effort for the development of a new financial management framework agreement with the World Bank to be subscribed by all interested organizations.

XIV. MALICIOUS ACTS INSURANCE POLICY (MAIP)

124. The Chair invited the United Nations to present a note (available as Annex 7 to this report) outlining the criteria, conditions and benefits applicable to the Malicious Acts Insurance Policy currently subscribed by a vast number of UN organizations and administered by the UN.

125. The UN explained that over the years, some participants chose to withdraw from the programme and establish separate policies. These included WFP, WHO and, effective 1 January 2007, UNHCR. Some of the reasons cited were lower risk profiles, compliance with common security procedures, and concerns about sharing common policy limits.

126. The MAIP is an example of cooperation among UN system organizations, which takes advantage of economies of scale and synergies to achieve cost efficiencies for all participants. The UN system as a whole has materially stronger market power in negotiating the program.

☞ Conclusions and Action Points

127. The Committee, recognizing the validity of the reasons that may have induced some member organizations to withdraw from the MAIP common programme, agreed that it would be desirable and in line with the current efforts towards increased harmonization and coherence, to establish a Working Group of interested organizations to discuss the possibility – should the presence of a strong business case be demonstrated - of stipulating a single, system-wide policy as of the next insurance cycle.

XV. AFTER SERVICE HEALTH INSURANCE (ASHI)

128. The United Nations informed the Committee that the General Assembly had already endorsed “recognition” of ASHI liabilities in the organization’s financial statements, which was in line with IPSAS requirements.

129. The main issue was, nevertheless, the “funding” of such liabilities. In a recent report submitted to the GA, the UN proposed to start accruing for the past and future liabilities through a 8 % charge on staff costs.

130. The GA’s Fifth Committee was currently examining the proposal, which was supported by a number of additional arguments of legal nature, as well as by the comments provided by the ICSC on the matter.

131. The Fifth Committee had already made some comments on the proposal, including one on the possibility of creating a UN system-wide investment pool for the ASHI-related resources.

Conclusions and Action Points

132. With due consideration of the fact that organizations are in different positions with respect to the funding of their ASHI liabilities, including some that have a full funding of such liabilities, and that the issue of ASHI is of extreme importance for both its major financial implications, and its relevance as an entitlement of UN staff, the Committee recommended that a joint Working Group of the FB and the HR Networks be established to guide the discussion on the subject in a coordinated manner.

XVI. SYSTEM-WIDE COHERENCE IN THE PROVISION OF LEGAL SERVICES

Document:

- ✓ Letter of 15 March 2007 from the UN USG for Legal Affairs to the HLCM Chair

133. The HLCM Chair informed the Committee that, in a letter of 15 March 2007, the Legal Counsel, USG for Legal Affairs, had addressed to the USG, United Nations Department of Management, a request to “*explore ways for the institutional improvement of the link between the networks [of (1) the Legal Advisers of the UN system and of (2) the Legal Liaison Officers] and the HLCM.*”

134. The Legal Counsel explained in his letter that “*the objective of the meetings of the networks as well as the e-mail exchanges and discussion fora in-between the meetings was to keep one another better informed and to achieve more coherence in providing legal advice throughout the UN system. Of course, this was done with full respect to the various mandates and competencies of the participants of the networks*”.

Conclusions and Action Points

135. The Committee responded positively to the request of the networks of (1) the Legal Advisers of the UN system and of (2) the Legal Liaison Officers to become a formal network under the auspices of the HLCM, under the condition that one network only, bringing together the two groups, be established.

136. The new network would report to the Committee regularly, following the model already in place for the other HLCM Networks, i.e. providing a short briefing on the network’s recent activities and referring to the Committee any issues in need of further endorsement/approval.

137. The HLCM further asked the to-be-established network to update the Committee on progress on this matter at its next session, and to present a draft programme of work for its consideration.

XVII. OTHER BUSINESS

(a) HLCM cost-shared activities

138. The Committee recommended that the CEB Secretariat prepare a list of all HLCM cost-shared activities, including the amounts subject to cost-sharing and the criteria used for the apportionment of such costs among organizations.

(b) Documentation for the HLCM sessions

139. The Committee heard the comments of several organizations, suggesting that more strict criteria be fixed to submit documents for consideration and discussion by the HLCM at its sessions. Such criteria should include both a limit to the length of each document, as well as a deadline for the submission of the documents for circulation prior to meetings.

140. Such comments met wide support within the Committee. In particular, it was underlined that compliance with similar self-imposed criteria would greatly facilitate the Committee in carrying out its mandate which, as per its Terms of Reference², included “*acting on behalf of and in the name of CEB on matters affecting the administrative management of all member organizations*” and “*taking decisions on behalf of the Executive Heads*”.

141. The Committee therefore asked the CEB Secretariat to draft “**Procedures and criteria for the preparation of agendas and for submission of documents for consideration and discussion by the HLCM at its sessions**”, and to submit this proposal to the Committee for approval before its next session.

(c) Dates and venue for next session

142. The dates and venue for the next session of the Committee will be determined shortly, after the dates of the fall session of the CEB will be known, and upon consultation with the HLCP on the possibility of holding again a joint session of the two Committees.

143. Any proposed date would take into paramount consideration the need to avoid overlapping with organizations’ governing body meetings.

144. It was proposed that the next meeting be held in either New York or Geneva.

(d) Staffing of the CEB Secretariat

145. The Director of the CEB Secretariat informed the Committee that the interviews for the HR Network advisor position would take place shortly, and confirmed that the recruitment would be completed through an inter-agency process. The recruitment Panel for this position included WHO (Chair), FAO, UNESCO, the UN, and the CEB Secretariat.

146. The post of HLCM secretary would be left open until after the finalization of the CEB review. This selection would also go through an inter-agency process.

² TORs as proposed by CCAQ High-Level in 2004 (ACC/2000/CCAQ-HL/6) and endorsed by CEB (ACC/2000/20 para. 36)

Annex 1

List of Participants

Chairperson: Ms. Thoraya Obaid (UNFPA)
 Vice-Chair: Mr. Denis Aitken (WHO)
 (Acting) Secretary: Mr. Remo Lalli (CEB Secretariat)

Organization	Name – Title – Division
United Nations	Ms. Aliciá Barcena Under-Secretary-General, Department of Management
	Mr. David Veness Under-Secretary-General, Department of Safety and Security of Staff
	Ms. Jan Beagle Assistant Secretary-General, Office of Human Resources Management
	Mr. Jay Karia Director, Accounts Division
	Ms. Anne Marie Pinou Special Assistant to the USG for Safety and Security of Staff
FAO	Mr. Khalid Mehboob Assistant Director-General, Administration and Finance
	Mr. David Benfield Director, Information Systems and Technology Division
UNESCO	Mr. Amine Khene Assistant Director-General for Administration
	Ms. Dyane Dufresne-Klaus Director, Bureau of Human Resources Management
	Ms. Yolande Valle Director, Bureau of Budget
WHO	Mr. Denis Aitken Assistant Director-General, Representative of the Director General
	Ms. Namita Pradhan Assistant Director-General, General Management
	Ms. Susan Holck Director, General Management
World Bank	Mr. Robert V. Pulley Director, General Services Department
	Mr. Peter Gallant Chief, Corporate Security
IMF	Mr. Frank Harnischfeger Director, Technology and General Services Department
UPU	Mr. Michael Mauer Director, Human Resources

Organization	Name – Title – Division
ITU	Mr. Max-Henri Cadet Head, External Relations
IMO	Mr. Andrew Winbow Director, Administrative Division
WIPO	Mr. Carlos Mazal Senior Counsellor
IFAD	Ms. Jessie Rose Mabutas Assistant President, Finance and Administration Department
UNIDO	Mr. Jang-Won Suh Managing Director, Programme Support and General Management Division
	Ms. Amita Misra Director, Financial Services Branch, Division of Administration
UNWTO	Mr. Peter Shackelford Director, Administration Division
IAEA	Mr. David Waller Deputy Director-General and Head of Management
UNCTAD	Mr. Oluseye Oduyemi Director, Division of Management
UNDP	Ms. Akiko Yuge Assistant Administrator and Director of Bureau of Management
	Mr. Thomas Eriksson Chief of Staff, a.i., Bureau of Management
	Ms. Saraswathi Menon Director of the Evaluation Office
UNRWA	Ms. Cornelia Moussa Director, Human Resources
UNICEF	Mr. Toshiyuki Niwa Deputy Executive Director
	Mr. Bernt Aasen Special Adviser, Office of Emergency Programmes
UNFPA	Ms. Thoraya Obaid Executive Director
	Mr. Subhash K. Gupta Director, Division for Management Services
	Mr. Klaus Beck Special Assistant to the Deputy Executive Director (Management)
UNOV/UNODC	Mr. Franz Baumann Deputy Director-General, UNOV and Director for Management, UNODC

Organization	Name – Title – Division
WFP	Mr. Suresh Sharma Director, Change Management Division
	Mr. Andrew Lukach Director, Administrative Services and Security Focal Point

Organization	Name – Title – Division
UNAIDS	Ms. Deborah Landey Deputy Executive Director
ITC	Ms. Eva K. Murray Director, Division of Programme Support
UNOPS	Mr. Vitaly Vanshelboim Deputy Executive Director
UNSSC	Mr. Staffan de Mistura Director
UNSSC	Mr. Paolo Ceratto Deputy Director, Administration and Management
IAPWG	Mr. David Smith Chair of the Inter Agency Procurement Working Group
CTBTO	Mr. John Sequeira Director, Division of Administration
CCISUA	Mr. Rick Cottam President, ICTY Staff Union
FICSA	Ms. Maria Dweggah General Secretary Interim
	Mr. Mauro Pace Member for Compensation Issues

CEB Secretariat
Mr. Adnan Z. Amin , Director
Mr. Remo Lalli , Acting Secretary, HLCM

Guest Speaker
Ms. Elizabeth Davis , Director of Human Resources, Department for International Development

Annex 2

Agenda adopted

1. Adoption of the agenda (CEB/2007/HLCM/1/Rev.1) and programme of work (CEB/2007/HLCM/2/Rev.1)
2. Dialogue with FICSA and CCISUA
3. Business Practices – Proposal for a follow-up by the HLCM on the recommendations of the Report of the Secretary-General’s High Level Panel on United Nations System-wide Coherence (A/61/583; CEB/2007/HLCM/3)
4. Collaboration between HLCM and UNDG Management Group
5. Relationship between the Inter-Agency Procurement Working Group (IAPWG) and the HLCM (CEB/2007/HLCM/4)
6. Security and Safety of Staff (CEB/2007/HLCM/5)
7. Reports of the HLCM Networks
 - (A) Information and communication technology issues (CEB/2007/HLCM/6)
 - (B) Finance and budget issues (CEB/2007/HLCM/7)
 - (C) Human resource issues
8. Other business
 - (A) Confidentiality of Internal Audit Reports
 - (B) Senior Management Network (CEB/2007/HLCM/8)
 - (C) Observations and recommendations of the Panel of External Auditors on the intervention of the United Nations, its Funds, Programmes and Specialized Agencies in the aftermath of the Indian Ocean tsunami of 26 December 2004 (P/47/06/1)
 - (D) World Bank – Financial Management Framework Agreement
 - (E) After-Service Health Insurance (ASHI), and Malicious Acts Insurance Policy (MAIP)
 - (F) System-wide coherence in the provision of legal services
 - (G) Dates and venue for the fourteenth session of HLCM

Annex 3

Joint Statements by FICSA and CCISUA

Introduction¹

Thank you for the opportunity to meet with you. A few days ago the President of FICSA, in consultation with our colleagues in CCISUA, sent a letter to Ms Obaid, Chair of the HLCM, requesting our participation in your discussion on Agenda Item 3, "Delivering As One." We appreciate your consideration and the opportunity to bring to your attention what we, as staff representatives, see as key issues. We welcome the dialogue that will hopefully follow.

Before entering into the specifics of the document, we defer to our colleague, Rick Cottam from CCISUA, who will speak on matters of concern to both our Federations: the safety and security of staff, following the IASMN meeting in Rome earlier this month in which both FICSA and CCISUA fully and actively participated; the outcome of the SMCC meeting recently held in Nairobi on the internal system of justice; and staff/management relations. Rick's intervention will be followed by that of Mauro Pace, one of our experts on social security issues.

Statement by CCISUA²

Colleagues,

I am very happy to be here representing the CCISUA Staff Federation.

We believe that staff representation and management interaction has turned the corner over the past year. A level of engagement by both parties that provides for meaningful dialogue where management and the staff representatives can set out their stall and collaboratively work to a consensus on issues that affect the staff and the managers alike. This does not mean that we don't have disagreements, or an alternative view or opinion, on the contrary when these issues arrive they are debated in a professional manner, sometimes timeouts are taken and a case is made and presented and counter arguments are tabled. Consensus is reached and these agreements are forwarded to the Secretary General.

What I have just described is not an excerpt from an Industrial Relations manual, it is the way both parties worked at the special SMCC in January. At this special SMCC both parties came to the table with differing opinions on the expert panel on the redesign of the internal system of justice, however we left united with a report that both signed up to and believed in.

There are some critics, who have made their opinions known to the staff representatives who attended. We the staff representatives had the courage to make tough choices, as did the management. It will be the thousands of staff who serve the UN in all corners of the globe who relied on our representation at SMCC that will deliver the ultimate judgment on the agreements reached.

The Internal System of Justice is a critical element in any workplace, wherever the location, whatever the role, whether that be delivering humanitarian aid in the field, or drafting reports in a Headquarters duty station the judicial requirements and needs for each and every organisation are alike. We look to you, the membership of HLCM, to embrace these changes along with us.

We would like to raise with you the subject of staff / management relations. The changes that have been already seen and realised must be encouraged and strengthened by all. We have jointly commissioned a working group of OHRM and staff representatives to research accredited training of elected staff representatives and report back to the next SMCC proposals on how this can be implemented. This we believe is essential for the staff bodies and for the management.

¹ Presented by Maria Dweggah (FICSA).

² Presented by Rick Cottam (CCISUA).

A better understanding of the role and responsibilities and training in the skills and tools needed to perform this function is not going to hinder the management, it is proven that it has exactly the opposite effect and managers where this is practiced find it assists in good staff /management relations and results in a massive increase in the level of “real terms” representation afforded to the staff.

CCISUA have recently attended the IASMN along with our colleagues from FICSA. I am happy to report that our opinions and questions were welcomed by DSS and the membership and as we have reported previously we feel a valued partner in the debate and policy discussions.

Security is the most important subjects that any union official can be called when representing staff. Policies that are not tried tested and proven can have serious ramifications if implemented. Our trust in the work that DSS carries out is extremely high, as is the work of the IASMN.

There are policies and recommendations being designed and promulgated by both DSS and IASMN, who are the experts in keeping the staff safe and secure and provide the ability to carry out their work in the most dangerous places in the World, however what seriously concerns us it that we constantly hear the issue of funding.

The Member States many times over the years have reaffirmed that the staff are the greatest asset to the organisation. We concur with the findings and welcome these statements; however this must be matched by providing the funding to IASMN and DSS policies to keep our staff from harm while they carry out the will of the International Community.

The terrible situation we are seeing in the news more and more is UN staff attacked, UN offices stormed, the days of the blue UN flag giving sanctuary is sadly gone. When the UN is targeted it is important, as we have stated before at HLCM and other forums, for us all to remember that bullets, rioting mobs, IEDs do not discriminate between international and local staff serving the UN. To this we ask that a policy be implemented that provides safe haven for all local staff. We would not like to see images of a war torn region and some UN staff boarding busses and other UN staff not.

There are exploratory talks on the use of private companies to provide security for our staff. CCISUA is totally opposed to any form of outsourcing of security and safety services. The caliber and standard of our UN security is extremely high and comes with expert field and institutional knowledge which is essential in the delivery of our unique and challenging mandates.

We are hopeful that the Member States will recognize that security and safety is not the place to attempt pilot outsourcing programs as the cost should the pilot fail would not sadly be monetary alone.

CCISUA thanks you all for this opportunity to engage in dialogue and we hope that you will accept our offer to discuss, debate, work and develop policies that will shape the organisation and directly affect us all remembering that indeed we are all staff together.

Pension matters³

Distinguished members of the HLCM and colleagues,

As you know, an open discussion on pension matters took place at the 12th session of HLCM this past September.

Unfortunately, we have to report that the concerns voiced at the time of the 53rd session of the UNJSPB, held last July in Nairobi, still remain valid. In the meantime, we have witnessed charges and reports from various quarters as to the dangers and intentions of the new investment policy of the Fund's concerning the North America portfolio. We regret that some of these reports, particularly those appearing in the press, seem to be intent on unsettling the participants and the beneficiaries of the Fund and do not always provide accurate information.

³ Presented by Mauro Pace (FICSA).

The social relevance of pensions and the magnitude of the sums invested by the Fund (worth 36.4 billion US dollars at the end of 2006) easily attract the attention of the media: FICSA and CCISUA are firmly convinced that both management and staff should make all possible efforts to minimize the risk of bad publicity, thus resulting in the United Nations being pictured as an allegedly corrupted system.

In this respect, we echo and strongly support the statement recently made by Mr. Bernard G. Cochéme, CEO of the UNJSPF, that “*prudence should be exercised in any procurement action*” and that “*the Fund should better document its procurement procedures*”.

This is particularly true at this point in time, as the controversial outsourcing for passive management of the nine billion US dollar North America portfolio is going ahead, in spite of the contrary opinion expressed by the participants’ and the retirees’ representatives at the last meeting of the Pension Board in Nairobi, on which we have already briefed you at the previous session of the HLCM in September 2006.

We still believe that the prudent policy would be to suspend immediately any action on the indexation of the portfolio and re-discuss the issue in a special session of the Pension Board addressing investment issues within the framework of the Asset Liability Management (ALM) study that is currently being prepared.

We firmly reiterate that every effort should be made to re-build the climate of trust and communication that are essential to the good governance and the harmonious functioning of the UN Pension Fund, without having to resort to divisive votes to resolve issues in absence of consensus

Members of the HLCM and colleagues, thank you for your attention

“Delivering As One”- Secretary-General's High-Level Plan on UN System-Wide Coherence⁴

FICSA and CCISUA recognize the need of a more effective and better performing United Nations country presence. It cannot but agree with the business practices outlined in the document that would achieve this goal: harmonization and coherence, simplification, results/performance based management, results based budgeting, consistency in performance evaluation systems, accountability, transparency and oversight. However, the choice should be one of upward movement and not fall to the lowest common denominator. We both recognize that there are organizations that are making great efforts to implement fair HR policies, simplifying staff rules and regulations, applying result-based management principles and approaches, championing best practices. These are the organizations that should be emulated.

FICSA and CCISUA note that though there has been extensive consultation in the preparation of this document dedicated to improving the performance of the United Nations, there is no mention of the consultation process with staff representative nor is the role of the staff representatives bodies delineated in the achievement of this goal, especially as the “implementation of the proposed reforms promises to involve significant challenges and sometimes the sacrifice of individual interests for the United Nations agencies, funds and programmes”.

Harmonization and coherence

FICSA and CCISUA welcome harmonization and coherence, especially as it applies to equal treatment of staff of all UN organizations in matter such as contract reform, security, justice, staff representation, and entitlements. There are organizations that are responsibly regularizing those staff on temporary contracts but there are others who seem to be increasing the non-staff contracts, contrary to the spirit of contract reform which has been proposed by the ICSC.

FICSA and CCISUA welcome harmonization and coherence of staff representation across the UN system, especially for our colleagues in the field, who, far from Headquarters and at times in remote field offices, under the supervision of empowered authorities, are the most vulnerable and the most neglected. This was an issue that was discussed at our recent FICSA Council in Vienna.

⁴ Presented by Maria Dweggah (FICSA).

Today, FICSA and CCISUA are finding themselves representing staff hired under conditions that are more and more diverse. In addition, the increasingly temporary nature of contracts does not lend itself to creating interest in staff representation bodies and activities. In short, staff no longer have the same sense of belonging to the organization. A staff member may work for one organization but have a contract from another. This is especially evident in the field offices.

With regard to the right of staff representation and freedom of association, this poses an enormous problem as a large number of our colleagues in the field find themselves not represented by any one staff association or union, or represented in name only but who receive minimal support. Local staff bodies or individuals, regardless of what contracts they hold, have the right of representation as their colleagues in Headquarters. They have a right to affiliate themselves with the staff association or union of their choice. With increasing decentralization and outsourcing/inshoring the issue of representation and the resources needed to ensure all staff are represented becomes acute.

Both representative bodies would like to explore with the administrations the implications of what is described above. FICSA is conducting an internal review but feels the organizations have an important role to play in ensuring that staff representatives at every level have the resources they need. We are very concerned as to how the changes and developments will affect staff representation and how staff representatives can play a constructive role. We note that throughout the document there is reference to a wide consultation process, however, no mention is made of how staff representatives would be involved in the process.

FICSA and CCISUA propose that the CEB Secretariat conduct a UN system-wide survey, as it does with other statistics, to determine how staff are represented in the field and would further suggest that a referendum be eventually organized to allow staff bodies in all field duty stations to affiliate with the staff representative body of their choice.

Performance not seniority

FICSA and CCISUA would agree that performance should be the key to preparing staff for a position of greater responsibility, providing of course that there is a credible and proven efficient performance evaluation system. However, seniority should not be so easily dismissed. Our primary goal is to preserve the career international civil service. Whereas appreciating the demands on the UN such as enhanced mobility and changes in work assignments, we must not lose sight of the crucial need for continuity of programmes and retention of expertise. Associated with this is the preservation of loyalty, independence and integrity of the international civil service.

Leadership development programme

Much has been said and written about managerial accountability or the lack thereof in the UN common system. Leadership training would hopefully lead to more effective management of change and contribute to a common management culture. Managers at all levels should be trained, and not limited to those in executive positions: staff in the General Service category, for example, are often required to supervise other staff and leadership training would be beneficial for them as well. In essence, FICSA and CCISUA support all efforts to improve managerial skills across the system.

However, what is far more important is how these skills are put into practice, and how and by whom they are evaluated once the managers return to their respective positions. Training managers would not be sufficient to strengthen accountability unless appropriate follow-up action is taken.

Distinguished members of the HLCM, thank you for your attention.

Annex 4

Recommendations of the HR Network on the proposals outlining the possible content and modalities of an HLCM-driven response to the recommendations of the “Delivering as One” report in the area of Business Practices

1. Key messages from the HR Network to the HLCM:

The HR Network:

- Fully endorses the objective for a greater coherence.
- Fully supports the harmonization process which is essential to “Deliver as One”. The Network has already been very active in the harmonization process for some time. It realizes that harmonizing HR practices may require the sacrifice of some “sacred cows”. It emphasizes that harmonization is not about “aligning on the lowest common denominator” but about finding the right, balanced solution agreeable to all.
- The HR Network will take a leadership role in key HR-related areas. It is committed to find quality, comprehensive and cost-effective proposals, and to seize this key opportunity to make decisive progress in bringing about good HR practices in the UN.
- The HR Network shall work in an inclusive and collaborative way together with various Networks (such as FB and IT) in the many areas of common interest.
- The HR Network stresses the need to address governance issues at the level of the CEB, and for a comprehensive review of the ICSC.

2. Key Objectives:

The HR Network identified the following key objectives that will drive its action in the implementation of the High Level Panel recommendations:

1. Restoring competitiveness and make work environment more attractive to attract and retain qualified staff;
2. Ensuring that HR practices/systems support and promote a results-based culture, good management and team-based approaches;
3. Enhancing staff well-being;
4. Building trust by ensuring cohesiveness and harmonization of policies and processes;
5. Finding means to share knowledge and build better networks and promote communities of practices;
6. Promoting and enhancing staff mobility (inter-agency, geographical and functional);

3. Drivers of coherence : Priority areas for the HR Network

The main HR recommendation in the report is “*Human Resource policies and practices should be updated and harmonized.*” In the past few years, significant work has been done by the HR Network and various UN Agencies to update, streamline and harmonize practices. This will remain a **top priority objective** for the HR Network, and an overriding one that will inspire and direct the HR Network current and future work.

The HR Network reviewed the HR-related recommendations in the Business Practices area and identified a number of priority areas to address harmonization:

1. Harmonization of Rules and Regulations:

Harmonization is a requirement for the implementation of common services in areas such as payroll.

- **Contracts:** Agencies are urged to move faster to adapt their contractual arrangements to the common ICSC framework to ensure competitiveness
- **Recruitment and promotion:** A review of recruitment and promotion policies and practices will need to take place.
- **Entitlements:** Much work has already been done in the framework of the ICSC Pay and Benefits review. Work will continue to complete the review of all entitlements.
- **Administration of Justice:** Agencies have different staff rules and processes in this area. The Network will examine if these can be more harmonized.
- **Performance Evaluation systems:** The systems, across the UN, are not seniority-based, as the report indicates. The Network will develop common guiding principles for performance evaluation systems in the UN system. The Network will review the practices/processes/implementation across the system and identify tools that can be used by agencies to implement the common principles. We recognize that performance evaluation must be linked clearly to RBM, programme planning and accountability framework. A review of the way UN agencies reward high performers and sanction poor performers must also be undertaken.

2. Compensation:

The HR Network should manage the conduct of a “Noblemaire” equivalency study, under the CEB umbrella.

3. Mobility:

To promote the concept and understanding of One UN, inter-agency mobility must be encouraged and must work. The challenge is to break down barriers between Agencies. Harmonization of HR policies and practices is a key support to mobility. The consideration of UN applicants as internal applicants needs to be supported. General guidelines to staff as how to move from one Agency to another should be developed. Harmonization of medical plans is a long-standing issue which should be reviewed by the HLCM.

4. Spouse employment:

Efforts should focus on Host countries to change their legal provisions to allow spouses to obtain work permits (host country agreements to be reviewed, in the field by the RC).

5. Knowledge sharing:

The HR network should develop and take up a clearing-house role; it should identify and put in place best ways to share knowledge, good practices and updates on what is happening in Agencies in terms of reforms. Also the proposals under knowledge management need HR input.

6. Data collection:

The HR Network should be in position to collect and provide reliable, detailed HR data/information from UN Agencies. A common database of key non confidential personnel information could be established.

7. Training and Development:

The HR Network supports the recommendations for “*a fundamental overhaul of staff training and career development programmes to ensure that at all levels of the system, staff serving the UN are motivated and have the appropriate professional skills.*” To that effect, the HR Network supports the proposals put forward by the HLCM. It stresses the need to ensure the commitment at senior/top level of each Agency, to agree on a governance mechanism for the SMN and the Leadership Development Programme as well as on funding requirements.

8. Other BUSINESS PRACTICES areas of direct interest to the HR Network:

- o **ERPs** : Given the significant HR implications of ERP systems, the HR Network needs to be involved in that area. It should be stressed that HR Departments are the owners of the HR component of ERPs. Agencies using the same ERPs should liaise closely together, to ensure concerted action when making adjustments to their systems following changes in HR procedures/practices.
- o **Common Services** : Need for concerted action when agencies are off shoring services, to ensure harmonization of locations, particularly for those which have the same ERPs. Common services will require harmonization of staff regulations and staff rules.
- o **Standards** : Need to make an inventory of what standards exist or are being introduced, notably on code of ethics, and to consider the development of other standards, such as standards on data protection.

9. Next steps – Prerequisites:

Based on the HLCM feedback, the HR Network will prepare a work plan, with actions, outputs and timeframes. For this purpose, the Network will require:

- o Commitment at top level of the organizations
- o Resource bases (staff time and funding) to work on the proposals
- o Close interaction with other networks, as these are system wide issues.

Annex 5

UNDG structure and work plan 14 March 2007

United Nations Development Group (UNDG)

The UNDG is an instrument for UN reform, created by the Secretary General in 1997, to improve the effectiveness of UN development at the country level. The UNDG brings together all operational UN agencies working on development. The Group is chaired by the Administrator of UNDP on behalf of the Secretary General. There are two bodies within the UNDG, the UNDG Executive Committee, known as the ExCom, and the 'full UNDG'.

The UNDG Executive Committee (ExCom) consists of the four development funds and programmes that report directly to the Secretary General: UNICEF, UNFPA, WFP and UNDP. The ExCom is a management mechanism to pursue the further integration of the funds and programmes.

The full UNDG aims at consultation and coordination among its 28 members¹, (plus 5 observers), and it includes specialized agencies which do not come under the authority of the Secretary General. This full UNDG group meets at least twice yearly to decide on issues related to country level coordination to achieve the MD/MDGs. The full UNDG is rather cumbersome for fast, effective decision making, and members rarely suggest agenda items. In 2006, the UNDG agreed to work through smaller groups open to all members, focusing for a period of time on specific topics.

In addition to the UNDG and UNDG ExCom there are four standing committees of UNDG that work on UNDG directives. These are open to all members of the full UNDG and they provide a very important forum for developing cross System agreements on working together. Sub-groups are formed for specific tasks, but should be closed when the task is completed:

UNDG Support Group

The UNDG Support Group sets the UNDG agenda and prepares for principals' meetings. It assigns tasks to the Programme Group and Management Group for execution and manages linkage with the Chief Executive Board (CEB)

Programme Group (PG)

The Programme Group includes all members of the full UNDG and addresses issues of programme policy. It conducts its business through a series of "working groups" that are task-specific to develop new policies or tools. The Programme Group also manages linkages with the High Level Committee on Programmes (HLCP).

Management Group (MG)

The Management Group is open to all members of the UNDG, but agencies with little or no field presence do not attend. It addresses policies and tools for resource management at country level, e.g. UN House, common services, harmonized financial regulations, as well as joint office pilot and RC issues, and works through working groups that are task specific and time bound. The Management Group also manages linkages with the High Level Committee on Management (HLCM).

Country Programme Support Group (CPSG)

The Country Programme Support Group approves and monitors strategies for the implementation of new systems, tools, and approaches to ensure they have the desired impact. It also addresses practical problems that the Regional Directors Teams have not solved, e.g. disagreements between agencies on changes in a country's programme cycle, or timing of the submission of a country's UNDAF to the Executive Boards.

Joint Office/One UN working group.

¹ UNDP, UNFPA, UNICEF, WFP, UNIFEM, UNOPS, UNAIDS, UN Habitat, UNODC, WHO, DESA, OHCHR, IFAD, UNCTAD, UNESCO, FAO, UNIDO, ILO, UNDP, OHRLLS, UNEP, UNHCR, WMO, ITU, OSAA, SRSGAC, Regional Commissions; Observers: UNFIP, World Bank, OCHA, Spokesman of the SG, Office of the DSG

From 2004-2006, there was a sub-group of the MG that provided operational guidance for the development of the Joint Office initiative, open to all agencies participating in the Joint Office initiative mandated by the 2001 TCP/R. In January 2007, at a MG/PG retreat on the One UN initiative, it was recommended that a wider group should be constituted to provide operational guidance to the One UN pilots. The UNDG Chair has written to the members proposing the establishment of such a group, but it has been agreed to delay this until the April CEB meeting when both the One UN pilot, and the CEB review will be discussed.

2007 Workplan Priorities

Overall objective: Continued follow-up to UNDG priorities agreed in 2006.

One new objective for 2007: Support to the “One UN” pilot initiative.

Policy work on **One Program**, and **One Budget framework** carried out by PG. Policy work on **One leader** carried out by RC Issues group (sub-group of MG). Policy work on **One Office**, harmonized business practices and pooled funding to be carried out by MG. All One UN issues will be included in the 2007 workplans for these groups. “One UN” operational support group to be established to replace Joint Office working group. Action proposed, but, at request of members, held pending outcome of April CEB discussion on the One UN pilot, and the CEB review. **Action: PG, MG,**

- **Increased national ownership and programme coherence at the country level for reaching MD/MDGs**

Revised CCA/UNDAF introduced to simplify programming processes; Involvement of Agencies with no country representation increased. **Action: UNDG PG**

- **Strengthened Resident Coordinator system**

RC accountability framework introduced; RC/UNCT performance appraisal and assessment implemented globally; guidance and support to the coordination function at country level provided. **Action: RC Issues Group, under MG**

- **Future Simplification and Harmonization of UN rules, procedures and presence**

Inter-agency efforts to harmonize core business processes facilitated, including finance, procurement and HR. **Action: UNDG MG, in liason with HLCM**

- **Funding of operational activities for the development of the UN system**

UNDG agreement on country cooperation development funds established and effectively managed; forum for agreements on Multi Donor Trust Funds established and fully operational. **Action: UNDG MG**

- **Effective UN role in transition from relief to development**

UNDG-ECHA Transition tool kit developed and resource people trained; policy dialogue and partnerships created with key actors (including WB) to ensure integrated approaches to coordination (assessment and planning) in countries. **Action: UNDG/ECHA WG**

- **UNDG mechanism streamlined**

Rationalisation of UNDG mechanisms to be continued. Held pending outcome of CEB review. **Action: UNDG Support group**

Annex 6

Umbrella Agreement on Operational and Administrative Issues between United Nations Organizations and the World Bank

1. Eleven UN organisations are together negotiating an agreement with the World Bank on the operational and administrative issues that arise when they receive funding from the World Bank or spend funds provided by the World Bank to others (such as IDA credits to borrower Governments), building on the strengths of the March 2006 Financial Management Framework Agreement, signed by the Under-Secretary-General for Management and the World Bank's Vice-President for Operations and Country Services (with FAO as an original signatory as well) which addresses some of the financial issues that arise. It has been adopted by many UN organisations. Outstanding issues include such things as procurement rules, reporting, disbursement requirements, and requests from the World Bank in connection with its anti-corruption initiative.
2. The eleven organisations are WHO, ILO, FAO, UNESCO, WFP, UNDP, UNICEF, UNFPA, UNHCR, UN-HABITAT and UNOPS. The negotiations are being conducted by lawyers from the UN organisations, as team. The UN Office of Legal Affairs is a member of the team. UNICEF is chairing the UN group. The UN and World Bank teams hope to conclude the negotiations by the summer this year.
3. The World Bank has asked that this new umbrella agreement cover all UN System organizations. UNICEF supports this and believes the negotiations need to proceed in a transparent and participatory manner. The High-Level Committee on Management is an appropriate mechanism for securing System-wide ownership of this initiative.
4. UNICEF therefore proposes that the HLCM express its support for this initiative and ask that the counsels at the other UN organisations join the UN lawyers team presently negotiating with the World Bank. The Chair of the HLCM would be a focal point for the negotiations as needed, on the understanding that all members of the UN lawyers team will keep their respective management fully briefed.
5. HLCM members may wish to know that last week a small group from the UN and World Bank teams met in Washington. The UN team has proposed a simple agreement that would allow UN organizations to apply their own rules and procedures when receiving funds from the World Bank (or spending funds provided by the Bank to others) – with the caveat that the recipient organization may need to take limited additional, specified, measures so the World Bank can discharge its core fiduciary duties. Without committing to that yet, the World Bank team is prepared to explore it.
6. HLCM members may also wish to know that the World Bank Board has expressed great interest in this initiative and supports it. It has asked to be kept briefed on the discussions.

Toshiyuki Niwa
Deputy Executive Director, Operations
United Nations Children's Fund
16 March 2007

Annex 7

Malicious Acts Insurance Policy (MAIP)

Note by the United Nations

1. MAIP coverage applies on a 24 hours basis, worldwide, in respect of death or permanent disability (including permanent disability from PTSD), caused directly or indirectly by War or a Malicious Act. Generally, it is a condition precedent under the policy that the Insured Person was in compliance with the Insured's prevailing security guidelines and procedures (established by DSS). The policy covers staff members and categories such as consultants and external auditors, as may be designated by participating organizations. The policy limit per any one event is generally \$50 million except for Geneva and New York where higher limits apply. The limit per person is maximum \$500,000.

2. A number of policy improvements have been achieved since 1 November 2004 as result of which policy rates materially decreased and coverage was extended to additional staff members. Most notable achievements are:

- Broker's commission reduction from 25% to 10% of policy premium;
- Low-claims bonus for 2006 and 2007;
- Coverage for travel aboard military aircraft in Iraq;
- Worldwide Coverage including Headquarters countries as of 1 January 2006;
- Inclusion of Post-Traumatic Stress Disorder benefit as of 1 January 2006;
- Coverage of Medical Expenses as of 1 January 2006 (up to 10% of the benefit for Death, Permanent Total Disablement, subject to the overall maximum coverage per person);
- Increase in Policy Limits and Excess Policy for New York as of 1 January 2006 (for total coverage of \$100 million in Geneva and \$150 million in New York);
- Profit Sharing Arrangement as of 1 January 2006 (insurers are to return to the Participating Organizations 20% of any net profit that they will realize in excess of brokers' commission, claims, expenses and deficits);
- Introduction of a \$1.5 Million Deductible as of 1 January 2007 (With an aggregate annual deductible of \$1.5 million policy premium decreased over \$2.8 million compared to the expiring programme. The cost of \$4.845 million per annum was quoted for the 2006 population of about 108,000, guaranteed for three years, unless the underlying exposure is to increase by more than 50%. Actual premium for 2007 will be \$4.375 million and savings \$3.3 million, due to reduction in covered population compared to 2006).

3. Problems and issues to be addressed by participants:

- Withdrawal of organizations from MAIP. Over the years, some participants chose to withdraw from the program and establish separate policies. These include WFP, WHO and, effective 1 January 2007, UNHCR. Some of the reasons cited were lower risk profiles, compliance with common security procedures, and concerns about sharing common policy limits. Withdrawals from the common program and establishing of separate programs are not in common interest in the following ways:

- i) Available MAIP market coverage is limited. Organizations that maintain separate policies effectively compete for the available coverage and higher insurance limits may no be available to the master program. Competition ultimately raises the costs for all organizations.
- ii) The MAIP is an example of cooperation among UN system organizations, which takes advantage of economies of scale and synergies to achieve cost efficiencies for all

participants. The UN system as a whole has materially stronger market power in negotiating the program. Administrative fee charged by the UN as managing entity can be safely assumed to be less than what it would cost each individual organization to handle an individual policy.

iii) Since for the next three years the policy cost is essentially fixed, it would be beneficial to increase participation in the program. Increase in the number of participants and covered lives within the 50% band will effectively reduce premium per person.

- Streamlining criteria for MAIP coverage and ascertaining that all categories of individuals for which coverage is required are covered. The Organizations should examine uniformity of criteria for coverage and consider whether coverage of additional personnel categories would be appropriate. For example, categories that may be considered for coverage by Participating Organizations include interns, volunteers and fellows.
- Streamlining criteria for beneficiary determination. To facilitate claim process and ensure uniform benefits to staff members within the UN system, it is recommended that Participating Organizations consider adopting the criteria for UN staff members as set forth in ST/SGB/2004/11.
- Nuclear, biological and chemical exclusion. To date, it has not been practicable to secure such coverage at an acceptable cost. The Participating Organization shall continue to recognize potential liabilities arising from this risk.
- Increase the excess malicious acts coverage provided for New York and Geneva. Participants shall indicate if further increase is desirable.
