Terms of Reference
Trust Fund for the Implementation of HLCM Plan of Action
for the Harmonization of
Business Practices in the United Nations System

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Terms of Reference
Trust Fund for the Implementation of HLCM Plan of Action
for the Harmonization of
Business Practices in the United Nations System

I. Establishment and authority

1. The Trust Fund for the Implementation of HLCM Plan of Action for the
Harmonization of Business Practices in the United Nations System (further on referred to
as the Trust Fund for Business Practices) is established by the Secretary-General and
shall be administered in conformity with the United Nations Financial Regulations and
Rules outlined in Secretary-General’s Bulletin ST/SGB/2003/7, the general policies
prescribed in the Secretary-General’s Bulletin ST/SGB/188 and the procedures defined
by administrative instructions ST/AI/284.

II. Purpose

2. The purpose of the Fund is to provide financial support for the activities carried out
under the HLCM Plan of Action for the Harmonization of Business Practices in the United
Nations System”. The plan covers all major management functions of the United Nations
organizations (human resources, information technology and communication, finance
and budget and procurement).

3. At the second regular session of CEB1, the Executive Heads of UN system
organizations endorsed a Plan of Action for the Harmonization of Business Practices in
the UN system, which had been developed through an inter-agency process by the High
Level Committee on Management and its functional networks.

4. The HLCM plan of action builds on the belief that, within a system structured
around a variety of mandates, an increased coherence in the working modalities of the
member organizations would contribute significantly to their ability to deliver better
programmatic results, while in the medium and long term allowing for a
substitution/reduction of costs to be derived by individual organizations.

5. The HLCM plan represents an attempt at translating the principles of
accountability, focus on results and transparency of processes around which UN system
organizations have developed their own management practices into a parallel re-design
of working modalities at the system-wide level, with the specific objective of enhancing
harmonization in the context of the delegation of authority to Executive Heads by their
respective Governing Bodies.

6. The plan addresses a number of key areas, covering all the major management
functions of United Nations system organizations (human resources, information
communication & technology, finance and budget, and procurement), and would evolve
to include projects that have not yet been developed. The goal is to have some of the

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1 Ref. CEB/2007/2 - report of the Second regular session of CEB, New York, 26 October 2007, para 44.: "The Board welcomed the proposed plan of action [...] and its methodological framework and endorsed the plan of action developed by the Committee [HLCM], as well as follow-up action and implementation modalities recommended by it."
projects completed in as little as nine months, with the most complex ones taking two to three years to be completed.

7. The overall plan is broken down in three groups of initiatives: 1) projects ready for implementation; 2) analyses and reviews leading to the implementation of one of the alternative options that will be identified; and 3) feasibility studies whose outcome would determine whether to proceed to any implementation phase or to decide for alternative solutions.

8. Initiatives belonging to the first group would produce the expected outcomes within the indicated timeframe through the actual implementation of the activities for which funding is sought. The results of feasibility studies, comparative analyses and reviews would trigger the next phase of the HLCM plan.

9. For each project there is a Lead Agency or a lead entity, determined following consultations within the relevant HLCM Network. The Lead Agency carries ultimate responsibility for delivery.

10. The overall resource requirements for the HLCM plan are estimated at a level of US$ 21,700,000. This includes separate, ad-hoc funding for the professional evaluation of activities performed within the proposed plan of action, a provision for programme management and coordination, and indirect programme support costs.

11. At its first regular session of 2008, Bern, 28 April 2008, CEB\(^2\) approved the launching of the HLCM Plan of Action and the specific modalities as recommended by HLCM\(^3\) as follows:

- As per paragraph 48 of CEB/2008/3, “recognizing the critical role that United Nations organizations with strong field presence had for the successful achievement of the objectives outlined in the plan of action, the membership of the steering group, currently led by the Committee Vice-Chairperson and composed of the chairpersons of the Committee networks and by the Director of the CEB secretariat, would be expanded to include Committee representatives of the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF).”

- As per paragraph 49 of CEB/2008/3, “committee organizations could voluntarily commit to participation in any of the proposed initiatives (the cluster approach). Working groups of interested organizations would then be formed around the lead agency, which carried ultimate responsibility for delivery of results and retained financial authority over, and accountability for, the resources allocated to the project for which it was responsible.”

- As per paragraph 50 of CEB/2008/3, “Financial support for the plan of action as one package would be sought from all Member States.”

As per paragraph 55 of CEB/2008/3, “The channelling of contributions towards the plan of action would be arranged through the establishment of a separate trust fund for business practices, administered through the United Nations Secretariat. As an exceptional measure for that particular fund-raising initiative, a programme

\(^2\) CEB/2008/1 (copy attached for reference)
\(^3\) CEB/2008/3 report of HLCM at its 15th Session
support cost rate of 7 per cent would be applied by the United Nations for the recovery of all indirect costs in connection with the administration of the trust fund, as opposed to the regular 13 per cent rate, and with the understanding that all direct costs would be charged to individual project budgets."

- As per paragraph 56 of CEB/2008/3, “For projects whose management and implementation were assigned to a lead agency other than the United Nations or the CEB secretariat, funds would be channelled through the trust fund for business practices and then allocated to the lead agency. The United Nations would charge, on an exceptional basis, a passthrough rate of 1 per cent as administrative agent, with a common rate of 7 per cent to be applied by the lead agency for the recovery of all indirect costs. Project budgets included in the final funding proposal would be adjusted to reflect the depreciation of the United States dollar.”

- As per paragraph 57 of CEB/2008/3, “The CEB secretariat would retain responsibility for central oversight, coordination and reporting for the complete package of projects included in the business practices plan of action, thereby preserving unity of direction and the central accountability of the Chief Executives Board membership and the Member States providing financial support.”

12. A copy of the complete plan of action as finalized for presentation to the General Assembly’s Informal Consultations on System-wide Coherence held on 13 June 2008 is attached for reference. It contains the details of each individual projects, their respective terms of reference, timelines and budgets.

III. Contributions

13. Contributions to the Fund can be made by (a) States and intergovernmental organizations; (b) national institutions and non-governmental organizations, as well as natural and juridical persons, provided that such contributions as set forth are made in accordance with United Nations Financial Rule and Regulations, in particular with regulation 3.11.

14. Contributions may only be accepted by the Assistant Secretary-General, Controller or the designated official having the delegation of authority from the Controller. Contributions in cash to the Fund may be accepted in United States dollars or other fully convertible currencies. Contributions in non-convertible currencies and in-kind contributions may be accepted only if the Controller determines that the respective currency or in-kind contribution can be fully utilized in the implementation of the purpose covered by the Fund.

15. The making of a pledge and its acceptance are to be recorded in an exchange of letters, and, if requested by the donor, in a more formal agreement.

16. Any interest income derived from contributions to the Fund shall be credited to the Fund in accordance with the applicable United Nations Regulations, Rules, policies and procedures.

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17. The Controller has designated the following bank account in which the resources of the Fund shall be kept:

For contributions in US Dollars and currencies other than Swiss Francs and Euro:

Bank Name: JP Morgan Chase  
Bank Address: 1166, Ave. of the Americas, 16th floor  
Account Name: UN Geneva General Fund  
Bank Account: 485001802  
SWIFT: CHAS US 33

For contributions in Swiss Francs:

Bank Name: UBS AG  
Bank Address: Rue du Rhone 8, 1211 Geneva  
Account Name: UN Geneva General Fund  
Bank Account: 240-C0590160.0  
SWIFT: UBSW CH ZH 12A  
IBAN: CH92 0024 0240 C059 01600

For contributions in Euro currencies:

Bank Name: JP Morgan Chase  
Bank Address: 125 London Wall, London EC2Y 5AJ, UK  
Account Name: UN Office at Geneva  
Bank Account: 23961-901  
SWIFT: CHAS GB 2L  
IBAN: GB25 CHAS 6092 4223 9619 01

In all cases the funds will be earmarked for the Trust Fund for Business Practices.

IV. Administration and Implementation Arrangements

18. The Controller designates the CEB Secretariat/Geneva as the implementing office of the Fund.

19. For the purpose of ensuring proper financial controls, the Director/OIC of CEB Secretariat Geneva shall be the Programme Manager of the Fund.

20. The Programme Manager shall be responsible for ensuring that the Fund is utilized for the purpose described in Section II above.

21. The trust fund will be managed in accordance with the terms provided in the Delegation of Authority from the Controller to the designated UN official. The Certifying Officer will be appointed subsequently by the Controller or the delegated official.

22. The Certifying Officer shall ensure that expenditures are incurred in accordance with the applicable Financial and Staff Regulations, Rules, policies and procedures, for the purpose intended and within the financial resources allotted, and shall draw to the attention of the Controller any proposed commitment or expenditure which, in his or her view, is inconsistent therewith.
V. Reporting

23. The Controller will provide an annual financial statement showing income and expenditures as at 31 December for each year with respect to the funds pledged and received.

24. All accounts and financial statements shall be expressed in United States dollars.

VI. Programme Support Costs

25. As per CEB endorsement of HLCM’s recommendations, programme support costs will be charged to the Trust Fund at the rate of seven (7) percent of the total annual expenditures.

26. For projects whose management and implementation were assigned to a lead agency other than the United Nations or the CEB secretariat, funds would be channelled through this Trust Fund and then allocated to the lead agency. The United Nations would charge, on an exceptional basis, a pass-through rate of one (1) per cent as administrative agent, with a common rate of seven (7) per cent to be applied by the lead agency for the recovery of all indirect costs.

27. Project budgets included in the final funding proposal would be adjusted to reflect the depreciation of the United States dollar.

28. In addition, the trust fund operating reserve will be applied within the cash resources to meet final expenditures of the activities covered from the Fund.

VII. Audit

29. The Fund will be subject solely to the external and internal audit procedures of the United Nations.

VIII. Revision

30. The Secretary-General may revise the above, if circumstances so require.

IX. Closure of the Fund

31. The Programme Manager will notify the Controller when the purpose for which the Fund was established has been realized and the Fund shall be terminated upon completion of its operations and after satisfaction of all commitments and liabilities arising from these operations.

32. Any balances for each donor remaining at the time the Fund is closed shall be disposed of in consultation with the donor, and in a manner consistent with the purpose of the Fund, and with the Financial Regulations and Rules of the United Nations. In the absence of separate instructions from a donor, the Assistant-Secretary-General, Controller, further to United Nations system’s/CEB’s recommendation, may authorize the transfer of any remaining balances to a trust fund with a similar purpose.

Date: 30 July 2008