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Report of the Secretary-General

Part II: Administrative and statutory matters

(e) Report of the Joint Inspection Unit

1. In this document, the Secretary-General transmits to the Executive Council the Executive Summary of the report by the Joint Inspection Unit entitled "Follow-up inspection of the 2009 Review of Management and Administration in the World Tourism Organization (UNWTO)" (see Annex). The full report is available as a document of reference (JIU/REP/2014/5).
2. The Executive Council is kindly requested to take note of the report by the Joint Inspection Unit and to decide on further steps that should be taken concerning the potential implementation of its recommendations.



EXECUTIVE SUMMARY**Follow-up inspection of the 2009 Review of Management and Administration in the World Tourism Organization (UNWTO)****JIU/REP/2014/5**

The Joint Inspection Unit of the United Nations system (JIU) has the mandate to provide independent views on all matters having a bearing on the efficiency of the services and the proper use of funds of the United Nations system organizations.¹ This is why, five years after UNWTO became a member of the system, the JIU decided to help the organization to benefit from the United Nations values as well as the best practices and lessons learned by other organizations of the system (governing bodies and secretariats) in their similar (administrative) activities. The Unit conducted in 2009 a Management and Administration Review in the UNWTO. The report (hereafter called 2009 MAR) was published as JIU/REP/2009/1. The 2009 MAR identified many areas for improvement and harmonization of the management and administration practices at UNWTO. Its focus was on structure and governance, strategic planning and budgeting, human resources, oversight and cooperation with other United Nations system organizations and private sector entities. Formally, in addition of one recommendation addressed to the Secretary-General of the United Nations, there were 24 recommendations for the consideration by UNWTO: 11 were addressed to its legislative bodies (General Assembly and Executive Council) and 13 to its Secretary-General for action.² Given the extensive nature of the recommendations and the subsequent lack of apparent follow-up, the JIU decided to assess how many of its recommendations had been accepted and implemented in the five-year period that has passed, and to which extent they have impacted the Organization in the changing context of its governance, funding, administrative and managerial activities.

Despite the lack of information on acceptance and implementation of the report's recommendations, the follow-up inspection showed that not only was the organization in a position to provide high-quality information and documentation to the JIU team, but also that many recommendations had been implemented. The Inspector was impressed by the seriousness with which both Member States and the Secretary-General elected in 2009 (and re-elected in 2013) took the JIU recommendations, the former by constituting among themselves an ad-hoc working group to discuss and understand the implications of the JIU recommendations, the latter by using those recommendations as one of the components of the "White Paper" (WP)³, elaborated with the participation of the UNWTO members and endorsed by the 2011 General Assembly of UNWTO⁴ "*as the main guiding strategic document of the organization for the medium term*". In the limits of the management and administration areas, the Inspector appreciates a lot, beyond some explicit references to the 2009 MAR, the convergence of the analysis and commitments contained in the WP with the content of most of the 2009 MAR recommendations. With few exceptions, the WP could be seen as an implementation plan.

The 2009 MAR came timely, as the year 2009 was a turning point in the Organization's governance and culture. On the basis of the WP which became the document of reference for UNWTO, the

¹ See the statute of the JIU, art.5. This Statute was the annex of the UN General Assembly res. 31/192 and can be easily found in the JIU website www.unjiu.org

² While those recommendations were numbered from 1 to 24, plus a last one addressed to the Secretary-General of the United Nations, it must be noted that in practice, resolution 15 (a, b and c) had to be accounted for three recommendations: 15 (a), 15 (b) and 15 (c) in terms of follow up, bringing the total to 27. Annex 1 is listing all recommendations of the 2009 MAR with a double reference to the paragraphs of the original MAR and those of the present follow up Inspection report.

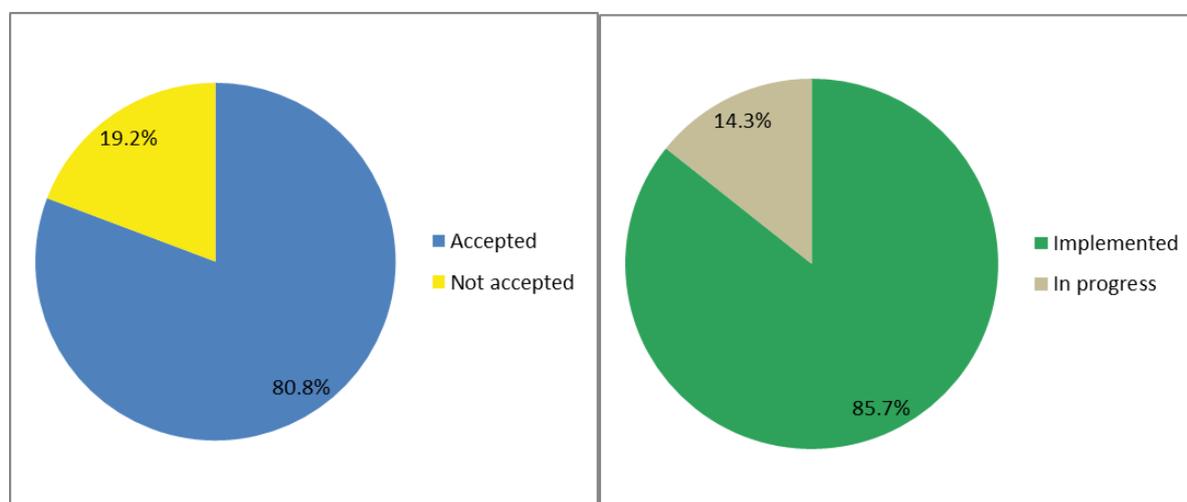
³ A/19/11.

⁴ A/RES/602(XIX).

Organization has proceeded with its in-depth participatory reform, elaborated with the active involvement of all stakeholders. It naturally touched upon its administrative functions not only in terms of structures and mechanisms, or even modernization, but also out of a new spirit, bringing to life the United Nations values which are also underpinning the JIU work. This certainly facilitated the acceptance and implementation of most of the 2009 MAR recommendations by the various stakeholders as shown in this report.

At the same time, the information provided in August 2013 by the UNWTO secretariat to the JIU through its new online follow-up system and claiming 100 per cent acceptance rate for the 2009 MAR recommendations and 75 per cent implementation rate for the accepted recommendations, was over-optimistic and not accurate. A careful inspection results in a more realistic picture of the overall performance: 21 recommendations out of the 24 addressed to UNWTO⁵ were accepted (80.8 per cent) with 18 implemented (85.7 per cent) as shown by the figure below. A list of recommendations reflecting their status can be found in annex I to the report.

Figure 1: Status of acceptance and implementation of the recommendations contained in JIU/REP/2009/1



Source: JIU Web-based Tracking System

In the oversight area, such overall performance, as detailed in this report, is already quite significant and very satisfactory to both the JIU and the Organization. At the same time, the findings of the present report should allow UNWTO to concentrate on:

- what remains to be achieved in the line with its previous commitments;
- the few areas where the 2009 MAR recommendations were not accepted; and
- some emerging issues identified during this follow-up inspection, resulting in soft (i.e. less formal) recommendations or suggestions aimed at assisting the Organization to achieve further improvements.

The Inspector found that the organization made good use of 18 recommendations and did fully implement them. Another three recommendations were accepted, but not fully implemented. This related to (a) a recommendation aimed at the satellite entities whose past modalities of cooperation were unsatisfactory; (b) to multilingualism and the provision of resources by the GA to ensure the use of the Chinese language as an official language of the Organization in accordance with GA

⁵ While those recommendations are numbered from 1 to 24, with a recommendation 25 addressed to the United Nations General Assembly, Recommendation 15 should be accounted for three recommendations: 15 (a), 15 (b) and 15 (c)

resolution 521 (XVII), and, in view of the JIU most importantly, (c) the establishment of internal audit, inspection, evaluation, investigation and monitoring functions through either in-sourcing or the funding of three corresponding posts for those functions for the 2010-2011 biennium.

The Inspector also regrets that five recommendations, despite formal reporting on their acceptance, have not been accepted by the Organization. These recommendations aimed at external governance (the provision of summary records/minutes of governing body meetings; the appointment of the Director of the Affiliates Programme); RBM (the development of a result-based framework based on the JIU's model); human resources (related to contract extensions beyond retirement); and external audit (selecting one external auditor instead of three).

The way forward

Accepted and implemented recommendations implying continued activities

Among the recommendations to be fully implemented there are two priority issues for the Secretariat's recent, present and future administrative agenda:

- a) Full and validated implementation of the transition to the International Public Sector Accounting Standards (IPSAS), which was decided in 2006 by the General Assembly but fully commenced only in 2009, on which the Inspector has prepared a detailed and positive Management Letter, which will, however, require further work; and
- b) Clarification of the relations of the Organization with its several "satellite" entities, which had mushroomed during the previous decades, with different institutional frameworks, embedded within various legal, political and financial contexts.

On the first item, the JIU has sent a Management Letter to the Secretary-General, analysing in detail the undertaking of the Organization in this respect, referencing the related benchmarks published by the JIU in 2010.⁶ On the second item, given the multiple and rapidly changing contexts and the uncertain outcomes of ongoing negotiations, it is considered difficult for the JIU to supply updated reliable information in time for the June 2014 session of the UNWTO Executive Council. This could also complement the implementation of the recommendation 2 on the modalities of cooperation with the respective foundations and offices.

Accepted recommendations remaining to be implemented

Recommendation 19 of 2009 MAR was dealing with the use of the Chinese language in the Organization: the related decision of the General Assembly is still awaiting a sufficient number of ratifications of the adopted amendment to the Statutes: it seems that the rhythm of such ratifications is lagging far behind the growth of international tourism concerning China, which makes such amendment even more necessary.

While accepted in principle, **recommendation 22** is far from being implemented on the various aspects of the oversight, a major and typical responsibility of managers and the members of their board in the private sector, corresponding in UNWTO to the Secretary General and the membership of the Executive Council and the General Assembly. In an Organization with so many constraints, including financial ones, the development of services of oversight, in particular internal audit and evaluation, becomes one of the few ways to ascertain an efficient and effective use of financial and human resources. The Inspector encourages the recent initiatives taken in this regard, in an area where UNWTO is running far behind other Organizations of the United Nations system, and where some sister organizations and the JIU stand ready to help it.

⁶ JIU/REP/2010/6: Preparedness of United Nations system Organizations for the International Public Sector Accounting Standards (IPSAS).

Not accepted recommendations

The JIU reiterates the critical importance of its previous five recommendations that were not accepted. It is aware that the small size of the Organization as well as the financial crisis and the consequent very strict budgetary policy imposed for long by its main contributors, in spite of a steady growth of the tourism activities as source of revenue, are not helping to fulfil all the reform requirements with enough certainty.

Rather than being seen as an unproductive additional expenditure, the production of written summary records/minutes of the governing body meetings in line with **recommendation 6** is a means to complement recent improvements in the decision-making process of the governing bodies, as put in place by the Secretary-General in the WP in response to the much more important recommendation 5, aiming at informed and responsible decisions in a democratic external governance framework.

The fact that such an important post of the UNWTO management as the post of Director of the Affiliate Members programme “pertains” to a single country is a remnant of an outdated culture predating the entrance of UNWTO to the United Nations system, where equality among Member States is the rule and such a privilege is not accepted. Logically, all Member States should share, in line with the assessments formula in force, the cost of any post of the regular budget, and their readiness to do so should be assured when the matter is to be renegotiated between the Secretary-General and the Host Country. However, so far **recommendation 1 as such has not been accepted** and the presentation of candidates remains the privilege of one single Member State and its cost is charged to its generous voluntary contribution. **The Inspector wishes that this double anomaly in terms of entitlement and of financial burden sharing be reviewed at the earliest opportunity, in conformity with the principle of equal rights and equal duties of all membership.**

It is not evident why **recommendation 8** pointing to “the results-based framework developed by the JIU” was not taken up by the authorities of UNWTO. This recommendation proposed to conceive the Organization activities in line with modern management practices according primarily to the results expected by their beneficiaries, rather than in terms of the volume of inputs and activities routinely developed. This is just common sense and a matter of spirit, and not a new complex system. But it implies some change in the customary administrative behaviours and requires some training on the basis of concrete cases. The comments of the United Nations System Chief Executives Board for Coordination (CEB) on the related JIU report⁷ had been very positive, assessing it as “a useful and valuable reference on the subject” and mentioning their broad agreements with its findings and conclusions. Most of the other specialized agencies and the United Nations entities have eventually adopted the concept and the related benchmarks, taking into account their specificities. Why UNWTO could not give thoughts to the gradual shift to new ways of doing things, as it has successfully done elsewhere?

Concerning the recommendation 15 (b) engaging the Secretary-General to develop a rule defining the exceptional circumstances under which the extension of contracts over the age of retirement could be granted, the executive head informed the Inspector that he had not developed such a rule for, when taking office, he initially did not extend anyone beyond mandatory retirement age. However, over time, he felt that some staff were too invaluable to let go and thus some were given contract extensions (for a maximum of one or two years). He made those decisions under the UNWTO Staff Regulation 28⁸, which grants him that authority to make such decisions. The Inspector is not making further comments on the subject.

The Inspector continues to fail to understand why the smallest of all the United Nations system organizations needs more external auditors than any other organization, with the exception of the

⁷ A/59/617/Add.1 on the JIU report “Managing for results in the United Nations system” (JIU/REP/2004/5 =A/59/617), https://www.unjiu.org/en/reports-notes/archive/JIU_REP_2004_5_English.pdf

⁸ “Officials shall not be retained in active service beyond the age prescribed by the Staff Rules. The Secretary-General may, in the interest of the Organization, extend this age limit by one or two years in exceptional cases.”

United Nations Secretariat. This is not in conformity with the desirable trust of a legislative body in the professionalism of the head and the staff of the elected Supreme Audit Institution (SAI). Moreover, a plurality of external auditors requires them to agree on many elements of their engagement, making their tasks more difficult for themselves and for some of their partners in the Secretariat, starting with the IPSAS team. The Inspector is aware that amending the Statutes requires much time for the ratification process. However, the experience shows that after a decision of principle is adopted by the General Assembly, its application may be done on a voluntary basis. In addition, as for any oversight function, having a too long term of the same SAI is not considered a sound approach in terms of independence. As recommended in relevant JIU reports, rotation is the solution, especially for a light portfolio.

Emerging issues

The Inspector has used the opportunity of this follow-up inspection to make some soft recommendations on the New York Office (para. 48), an accountability framework (para. 51), a risk management approach (para. 60), job descriptions for the senior managers (para. 114), a better gender balance at the senior level (para. 117), use of Affiliate Members for training (para. 130), flexible working arrangements (para. 142) and policy of employment of collaborators (para. 145).