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### **Review of the efficiency of the administrative and financial functioning of the United Nations**

### **Report of the Secretary-General on the activities of the Office of Internal Oversight Services**

## **Inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO**

### **Note by the Secretary-General**

1. Pursuant to General Assembly resolutions 48/218 B of 29 July 1994 and 54/244 of 23 December 1999, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO.
2. The Secretary-General takes note of its findings and concurs with its recommendations.

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\* A/59/150.

## **Inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO**

### *Summary*

The inspection noted that the contribution of the International Trade Centre UNCTAD/WTO to trade development has been increasingly recognized by Member States, including in the Doha Declaration of the Fourth Ministerial Conference of the World Trade Organization and by the Monterrey Consensus of the International Conference on Financing for Development. The inspection highlighted good practices such as the Global Trust Fund, the Projects portal and the Senior Management Committee, as well as the extensive and effective use of information technology. The International Trade Centre UNCTAD/WTO has built result-based elements into its planning and monitoring systems, though a need remains for their streamlining and greater integration.

The Office of Internal Oversight Services has ascertained that the products and services of the Centre in the areas of product and market development, trade support services, information and promotion were meeting the needs of clients and were considered of high quality. Enhanced horizontal communication and strengthened inter-divisional and inter-sectional cooperation in project development and implementation would further increase the value of the Centre's activities to developing and transition economies.

The International Trade Centre UNCTAD/WTO provides a supporting working environment for its generally well-qualified, professional and motivated staff. Recommended improvements in performance management and training would further enhance productivity and job satisfaction.

The Centre has undergone successful renewal in expanding and intensifying its specialized trade-related technical assistance. The Office of Internal Oversight Services recommends enhancing further its effectiveness in programme performance monitoring and reporting, increasing internal cohesion and strengthening human resource management.

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## I. Introduction

1. The inspection of programme management and administrative practices of the International Trade Centre UNCTAD/WTO (ITC) focused on assessing the efficiency and effectiveness of the Centre's operations. It included an examination of programme planning and delivery as well as of arrangements for monitoring and evaluation of programme implementation and for management of financial and human resources. In addition to a review of pertinent documents, questionnaires were sent to managers and Professional staff of ITC as well as to a selected group of stakeholders, including institutions that had cooperated with the Centre during 2001 and 2002, and representatives of beneficiary and donor countries. Interviews were conducted with management, staff and stakeholders, while the Internet and Intranet sites maintained by ITC were reviewed.

2. The comments of management were sought on the draft report and are reflected, as appropriate, in its final version. The Office of Internal Oversight Services (OIOS) greatly appreciates the cooperation extended to it by the staff and management of ITC.

3. ITC was created by the General Agreement on Tariffs and Trade (GATT) in 1964. Its operations are closely coordinated, and often integrated, with those of the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). ITC acts as the focal point for all United Nations technical cooperation activities in trade promotion. Its mission is to support, through technical cooperation, the developing and transition economies, and in particular their business sectors, in their efforts to realize their full potential for developing exports and improving import operations with the ultimate goal of achieving sustainable development. The Centre deals specifically with the operational aspects of trade promotion and export development. Its activities focus on product and market development, development of trade support services, trade information, human resource development, international purchasing and supply management, needs assessment and programme design for trade promotion with special emphasis on least developed countries. The work of ITC is reviewed annually by the Joint UNCTAD/WTO Advisory Group on the International Trade Centre (JAG), which is the main intergovernmental policy forum of the Centre. The WTO General Council and the Trade and Development Board of UNCTAD consider the JAG reports annually.

4. The Centre's contribution in the area of trade promotion has been increasingly recognized. The Declaration of the Fourth Ministerial Conference of WTO, held in Doha from 9 to 14 November 2001, reaffirmed its support for the valuable work of ITC and called for its enhancement. The Monterrey Consensus of the International Conference on Financing for Development<sup>1</sup> affirmed that member States were committed to promoting trade as an engine for development and underlined that special consideration should be given to least developed countries and African development, through, among other things, the activities of ITC. The Declaration and the Consensus highlighted the strategic importance for development of both trade-related technical assistance and capacity-building.

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<sup>1</sup> *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1.

## II. Programme planning, monitoring and reporting

### A. Programme planning

5. The planning and funding of ITC is complicated. Its regular budget is funded in equal parts by the United Nations and WTO. Until 2003, while the United Nations used a biennial programme budget in United States dollars, WTO prepared its budget annually in Swiss francs. As of the biennium 2004-2005, WTO moved to a biennial budget. The groupings of budget lines used by the two organizations differ considerably and the formats of the budget documents also diverge. In its decision 57/572 of 20 December 2002, the General Assembly endorsed the Secretary-General's proposal for a joint review with ITC and WTO of the administrative arrangements for preparing the ITC budget. OIOS noted that consultations had been undertaken and a report was being prepared on proposals for a possible reduction in the number of budgetary documents and the simplification of the current approval process for the ITC programme budget.

6. The regular budget (\$41.9 million in expenditures for 2002-2003) supports applied research and development on trade promotion and export development, part of which results in published studies, market information and statistical services. It also covers overall administration of the organization. Financing for the Centre's technical cooperation activities in developing countries and countries with economies in transition comes from voluntary contributions (\$40.2 million in expenditures for 2002-2003) by member States, from the United Nations Development Programme (UNDP) and other organizations. The share of extrabudgetary technical cooperation expenditures has increased from 38 per cent of the total expenditures of the Centre in 2000 to 44 per cent in 2003. Thus, project delivery during the same period has grown by \$8.5 million (73 per cent), reaching \$20.1 million, while the delivery rate went up from 77 per cent in 2000 to 94 per cent in 2003. OIOS believes that those trends indicate increased value of ITC to stakeholders.

7. For operational purposes, the Centre prepares annually a three-year rolling business plan based on a three-track approach to programme delivery. The first track is the application of competitiveness enhancement tools, such as best practice guides, methodologies and benchmarks, largely through electronic collaboration with national counterparts and the provision of technical backstopping via the Internet. Headquarters research is being oriented increasingly to the design and testing of such tools and to streamlining the process of field-level adaptation. The second track involves partnering with other specialized technical assistance organizations in the design and delivery of multi-agency and multi-country projects, such as the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme for selected African countries, in order to take maximum advantage of potential synergies among technical cooperation agencies. The third track covers specialized technical assistance delivered under national and regional projects through a combination of information, training and advisory services.

8. A growing share of extrabudgetary funds for ITC is provided by its Global Trust Fund which was established in 1995 for the financing of multi-donor, multi-country and multi-year projects. That share increased from 32 per cent in 2000 to 41 per cent (or \$8.8 million) in 2003, indicating the increasing importance of the

Global Trust Fund. For many countries without tailor-made country projects, the Fund is the sole source of funding for ITC assistance. A Consultative Committee, which is chaired by the Executive Director of ITC and has 18 members from recipient and donor countries, advises on the utilization of the Fund and ensures its transparency.

9. Global Trust Fund financing is carried out through two “windows”. Un-earmarked contributions under Window I of the Fund are focused on the most pressing needs. They are allocated periodically by the ITC secretariat taking due account of the parameters set by the Consultative Committee. Window I contributions are used primarily to finance technical expertise, development of tools and programme development activities in the priority areas agreed by JAG and certain country-specific activities — principally the formulation of tailor-made programmes — for which insufficient resources are available from the regular budget and other sources. Window I also finances activities in support of the Centre’s technical cooperation activities such as missions by ITC staff, meetings of experts and independent evaluations.

10. Contributions to Window II of the Global Trust Fund finance specific multi-year global programmes. In 2003, six programmes were financed under Window II: capacity-building and networking for business information services; World Trade Net (business development and the Doha Development Agenda); the Programme for Competitiveness Improvement of Small and Medium Enterprises; South-South trade promotion; E-Trade Bridge Programme for Small and Medium Enterprises (a capacity development programme for electronically facilitated trade); and the Export-led Poverty Reduction Programme. These programmes assisted a growing number of enterprises and trade support institutions worldwide in addressing some of their critical needs.

11. The combined and mutually supporting resources and activities under Windows I and II of the Global Trust Fund allowed ITC to respond effectively to the collective requirements of partner countries. OIOS believes that the Fund is an effective and efficient mechanism ensuring adequate operational flexibility in using technical cooperation resources while maintaining control by recipient and donor countries over the parameters of their use. In particular, Window I enabled ITC to ensure the availability of key senior expert staff and thus expand the range of complementary trade-related functions available from the Centre. OIOS is of the view that the Global Trust Fund operation is cost-effective compared with the alternative of a number of smaller trust funds for financing similar activities. It should be considered for emulation as a best practice throughout the Secretariat.

## **B. Monitoring**

12. OIOS reviewed the monitoring practices of ITC in the context of result-based management implementation. Two online systems are available for monitoring of ITC activities. Technical cooperation projects are monitored through the Projects portal by managing officers, chiefs of section and directors. Achievement of expected accomplishments and implementation of outputs planned in the United Nations biennial programme budget is monitored through the Integrated Monitoring and Documentation Information System (IMDIS) by the Office of the Executive Director seeking information from substantive divisions as required. While the

discipline of, and commitment to, the self-monitoring of technical cooperation projects by the divisions is satisfactory, the same cannot be said about the self-monitoring of non-project-related activities. Directors and section chiefs currently do not monitor through IMDIS outputs they are entrusted to deliver nor do they track progress towards the results they are expected to accomplish, as gauged by the indicators of achievement approved in the ITC work programme. Responsibilities of divisions and sections for the implementation of outputs enumerated in the programme budget for the biennium 2002-2003 were not indicated in IMDIS in all cases.

13. The ITC business plans for 2002-2004 and 2003-2005 define five corporate goals, which are identical to expected accomplishments formulated in the programme budget for the biennium 2002-2003. In addition, the business plans identify expected accomplishments, indicators of achievement and outputs at the level of seven technical programmes. A varying number of technical programmes contribute to achieving each expected accomplishment (corporate goal). OIOS observed that the relationships between the expected accomplishments and indicators of achievement at the corporate level, which are the only ones contained in the United Nations biennial programme budget, and those at the technical programme level, which are additionally indicated in the business plans, cannot be clearly discerned.

14. While collection mechanisms and data sources for the indicators of achievement at the corporate level have been recorded in IMDIS, collection and analysis of data at the working or divisional levels does not seem to be linked to them. There is no electronic system to collect data necessary for monitoring the achievement of the expected accomplishments for the technical programmes. Directors are not employing the performance criteria developed in the logical framework to assess contributions of their work to achieving corporate goals. None of the four directors interviewed was aware of the methods used for tracking progress of the logical framework components and when asked about the methods used for assessing programme performance, reference was made mostly to delivery rates as tracked by financial information in the Projects portal. OIOS firmly believes that in order for result-based management to take root in any organization, managers must be involved and committed to its implementation. In the case of ITC, the collection of data on indicators of achievement, subsequent analysis and assessment must be implemented at all levels to ensure a successful transition and appropriate use of result-based management. A more precise definition of the indicators of achievement in the programme budget for the biennium 2004-2005 and in the proposed strategic framework for the period 2006-2007 should facilitate the collection and analysis of result information.

15. The Projects portal is an online database that provides financial information derived from the Integrated Management Information System (IMIS), quarterly planning estimates and other details regarding implementation, monitoring and achievements for all technical cooperation projects. In 2003, it covered 44 per cent of the total resources used by the Centre. With the introduction of the finance module of IMIS in April 2003 daily updates of project-related financial information became possible, whereas earlier such information was available only with a delay of at least a month. The portal is a vast improvement in management transparency throughout ITC and in access to information on ongoing projects. OIOS considers the portal a good practice to be emulated by other United Nations entities and noted

that a number of them had already expressed interest and that ITC was willing to share the software.

16. The Projects portal is the most recent of the Centre's initiatives to improve project monitoring and evaluation. OIOS recognized that ITC had developed, in search of better planning and monitoring, the rolling business plan and other tools, such as the annual operations plans, before the introduction of result-based budgeting by the United Nations Secretariat. To maintain that momentum, OIOS believes that ITC implementation of result-based management could benefit from exploiting complementarities of IMDIS and the Projects portal. OIOS noted the Centre's efforts to enhance the Projects portal to include components of result-based management and linkages to other systems. Fields relating to qualitative information on project activities and progress in achieving project objectives have progressively been filled and currently the portal automatically generates the annual summary review of technical cooperation projects. In addition, a monitoring tool was launched to enable the Office of the Executive Director to verify completeness of the data.

### **C. Reporting**

17. OIOS is aware that the proliferation of uncoordinated performance reporting requirements through different channels could become onerous to programme managers. The way to avoid it is to consolidate performance information in a single source that feeds different reporting requirements. In the view of the Office, reporting requirements could be streamlined if performance information was coherently developed, structured and consolidated in and then extracted from a common source easily accessible to managers. IMDIS and the Projects portal should serve as nuclei of that source.

18. Annual ITC reports to JAG are intended to respond to stakeholders' many and varied requests for information on the Centre. From a results perspective, the *Annual Report 2003* tracks performance against the corporate goals, with implementation of outputs reported in an addendum. However, the *Report* does not address sufficiently the connection between outputs, indicators of achievement and expected accomplishments as provided in the business plan for 2003-2005. One of the reasons is that the linkage between expected accomplishments and indicators of achievement at the technical programme and corporate levels is not yet systematically established. The report contains analytical and qualitative information on processes and activities but little data on the indicators of achievement and is still quite output-oriented. OIOS believes that further progress would be possible if the logical framework information was used as a backbone for the annual performance reporting. That would focus the thrust of the annual report on the achievement of the Centre's corporate goals (expected accomplishments). A box on "2003 impact assessment and the way forward" for each corporate goal represents an unquestionable step forward. Its brief qualitative notes could benefit from substantiation through specific quantitative information. OIOS acknowledges difficulties in measuring impact, which for ITC ultimately could be described as sustained improvement in export performance. However, OIOS believes that systematic measurement of results at the corporate and technical programme levels is essential for guiding programme implementation and planning.



### **III. Management issues**

#### **A. Communication**

19. The Senior Management Committee plays a central role in directing the activities of ITC. Staff of all levels are invited when a topic relevant to their work is addressed. The Committee meets weekly and its minutes are posted on the Intranet, where they are widely consulted. Minutes are intended to serve as a trigger for staff members to enquire about more details with the participants on issues of concern to them. The Senior Management Committee functions as Project Approval Committee and assumes the role of Management Review Committee in the performance appraisal system (PAS) process. In the view of OIOS the Committee's practices enhance transparency of decision-making in ITC and constitute a good practice.

20. The Executive Director meets with all staff twice a year and responds to any questions raised. He also maintains an open-door policy. During the staff development and change management process undertaken in 2000, four organizational change teams on vision and strategy, corporate management culture, communication and cooperation as well as managerial and administrative processes developed a number of proposals that were communicated to all staff in preparation for a day-long meeting of all ITC staff to engage in the change process. OIOS noted from responses to its questionnaires and interviews that the opportunity was highly valued and seen as having positive results for the work environment. However, responses also indicated that follow-up was not sustained and in some cases progress not maintained. Regarding leadership on substantive issues, the same survey highlighted expectations of staff members that ITC should be more proactive in addressing issues arising from new developments in the international trading environment.

#### **B. Coordination within the International Trade Centre UNCTAD/WTO**

21. There are established guidelines for coordination of activities within ITC. For example, project development requires interaction between the two technical divisions, the Division for Product and Market Development and the Division of Trade Support Services, and the Division of Technical Cooperation Coordination, which leads and coordinates needs assessment and programme design and has primary responsibility for liaison with beneficiary countries and for coordinating the Centre's field-level activities. Feedback from staff, however, strongly indicated that coordination was ad hoc and based primarily on personal contacts. While the minutes of the Senior Management Committee provide a source of information for all once a project proposal is considered by the Committee and the Projects portal contains information about all ongoing projects, information needs to be exchanged in the early stages of project development by all staff who could usefully contribute. While the prevailing opinion among staff was that information-sharing had improved over time, communication was still seen as strongly hierarchical. OIOS noted that staff at the project level were often not aware of, or not integrated into, other ITC activities going on in the same region or on the same topic because communication took place mostly at higher levels.

22. It was also pointed out that sections would benefit from more cooperation at the technical expertise level. OIOS noted that visits by a new section chief to other sections to explore possibilities for cooperation had received a positive reaction. Establishing regular meetings open to all staff and dedicated to presentations and discussions of professional topics of common interest should strengthen inter-sectional substantive cooperation.

23. OIOS noted that project management responsibility was widely assigned: 62 people, or 70 per cent of Professional staff, were designated managing officers of projects in 2003. However, the level of such responsibility varied widely. While seven managing officers (four of them section chiefs) were in charge of projects with allocations of more than \$1 million each in 2003 that comprised 38 per cent of total ITC project funds for 2003, the remaining 55 managing officers were assigned projects with an average funding of \$250,000 in 2003, including 11 officers responsible for projects with allocations of less than \$100,000 each in that period.

24. OIOS noted that project delivery information for each managing officer and organizational unit was available to all on the Projects portal. While this may have spawned a certain competitive spirit, it must be ensured that the focus on delivery is not to the detriment of quality of project implementation. In the Projects portal, the delivery of a project is attributed solely to the managing officer although a number of staff from different sections may have contributed to it. With project delivery being an important factor in performance assessment, the situation does not appear conducive to effective coordination and teamwork within ITC. In a multi-tasking situation when a staff member is simultaneously a managing officer for some projects and contributor to others, one's personal focus is likely to be disproportionately on the projects that one is responsible for (to the possible detriment of participation in other projects) because those are the projects for which accountability is immediately visible and measurable.

25. OIOS further noted that certain subject areas had been assigned to four specialized smaller units reporting directly to directors of divisions. They are the South-South Trade Promotion Unit and the Least Developed Countries Unit in the Division of Technical Cooperation Coordination,<sup>2</sup> the Trade in Services Unit<sup>3</sup> in the Division for Product and Market Development and the E-Trade Development Unit in the Division of Trade Support Services. The reasons given for establishing these units, such as enhancing visibility for certain activities or strengthening coordination functions in specific areas across the Centre, are considered valid by OIOS. However, caution should be exercised to avoid proliferation of entities in the organizational structure of ITC, which could contribute to weak inter-divisional and inter-sectional coordination and lead to fragmentation of tasks.

### **C. Relations with parent bodies**

26. Both UNCTAD and WTO appreciated their cooperative relationships with ITC, both within established structures such as the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries and the Joint Integrated

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<sup>2</sup> Effective 1 July 2004, the two units have merged into the Office for Interregional Projects within the Division of Technical Cooperation Coordination.

<sup>3</sup> Effective 1 April 2004, the Unit has become the Trade in Services Section within the Division for Product and Market Development.

Technical Assistance Programme for selected African countries and through special events such as the regional “Business for Cancun” meetings organized in relation to the Fifth WTO Ministerial Conference, held in Cancun from 10 to 14 September 2003. In October 2003, the Secretary-General of UNCTAD met with management and staff of ITC to discuss their cooperation in the preparation of the eleventh session of UNCTAD. The heads of UNCTAD, WTO and ITC meet at least twice a year to consider issues of mutual interest in informal settings. OIOS noted that this was regarded as more fruitful than the formal meetings with agenda and minutes that had been held previously. Cooperation at the top level was perceived as very good. However, at lower levels staff sometimes were not aware of relevant activities undertaken in the other organization and OIOS notes that this should be improved.

27. In the recent review of technical cooperation in the United Nations (A/58/382), little if any outright duplication was identified in issues related to trade. The trade activities within the United Nations system were seen as in some ways representing a successful model for achieving coherence based on mandate and competence specialization, despite the number of players involved. The review noted in particular (annex, appendix C):

“the very positive working relationship that has evolved in Geneva between UNCTAD, WTO and their joint programme, the International Trade Centre (ITC). [...] To the extent that UNCTAD and WTO engage heavily with Governments, ITC focuses almost totally on assistance to the private sector with a heavy emphasis on the least developed countries.

#### **D. Cooperation with other entities**

28. ITC cooperates with UNDP, UNIDO, the International Labour Organization, the Bretton Woods institutions and a wide range of governmental and non-governmental organizations at the global, regional and national levels. In developing countries, partners are actively sought out to customize tools developed by ITC and adapt them to the particular needs of specific countries while still benefiting from outputs that have proved their utility in other circumstances.

29. Feedback received through the OIOS questionnaire from institutions that had recently collaborated with ITC has been positive. Activities in the Centre’s six core areas all received above average ratings as to their relevance to the work of stakeholders and satisfaction with the services provided. Publications and the ITC web site were considered to be of a high standard, professional in appearance and useful or very useful. It was pointed out that information in ITC publications and on the web site was further disseminated to companies in print, electronically, by seminars and so on. Other ITC services assessed as useful were market studies and statistical analyses, providing trade statistics and creating awareness about issues that have an impact on managing commercial ventures. Stakeholders felt that ITC addressed new and emerging issues in a timely manner and in detail. Meetings and conferences held under the ITC umbrella were considered to be well organized. Several areas were cited as examples in which ITC activities had a significant impact. None of the respondents noted duplications with other providers.

## **E. Evaluations and lessons learned**

30. Considering the wide variety of national circumstances, including different levels of sophistication of business sectors in dealing with the international trade environment, a sound system of feedback is essential for ITC to judge the utility to clients of its different products and services. OIOS noted the positive steps ITC had taken in that direction. For example, at buyers-sellers meetings feedback forms from participants are requested. Detailed feedback has also been sought from participants in the “Business for Cancun” meetings.

31. OIOS found that ITC has a well-established system of evaluation for projects and programmes. With the cooperation of outside experts, projects are evaluated as scheduled in the project documents. Every year, at least one ITC programme is evaluated. To ensure that management has reflected on the results of evaluations, in each case a “management response” is required. Findings of evaluations that could be applicable to other ITC activities are communicated through the Intranet. For that purpose, the evaluation officer has developed *Evaluation News*. Project cycle management briefs, also available on the Intranet, provide methodological information on the project cycle, including forms for project design and reporting. There is a data base on all evaluations undertaken since 1975 and OIOS ascertained that since the beginning of 2004 the full text of respective reports and management responses was available on the Intranet, thus facilitating access to them.

## **F. Co-financing by beneficiaries and cost recovery**

32. In certain cases, ITC requests contributions by beneficiaries in connection with services provided. For example, the business participants at buyers-sellers meetings provide for their own transportation, accommodation and meals. In the context of the Export-led Poverty Reduction Programme, opportunity studies to assess the viability of proposed projects are undertaken by countries themselves according to guidelines provided by ITC (except in the least developed countries, where ITC arranges them, resources permitting). OIOS believes it is a good practice in that co-financing and cost recovery serve as a reliable indicator of interest in and value of ITC services to beneficiaries and enhances the “buy-in” and commitment of beneficiaries. OIOS further observed the good practice by ITC of differentiating contribution rates for services in accordance with beneficiaries’ ability to pay.

33. The increased role of revolving funds in the financing structure of ITC in recent years can be taken as an indication that the Centre has developed products and services that its clients consider useful and for which they are willing to make a financial contribution. Revolving funds, which are self-supporting in terms of administrative costs and are replenished by contributions of beneficiaries that at least cover the cost of products or services provided, increased from \$678,000 in 2001 to \$1.3 million in 2003.

## **G. Information technology**

34. The ITC Internet and Intranet sites are informative and easy to navigate. The Internet site provides useful information on the tools available to businesses, the latest trade developments, available services and products and developments in

projects for which the Centre is responsible. OIOS appreciated the level of sophistication and the quality of information disseminated through this medium.

35. The Centre's Intranet site contains a combination of departmental, divisional, sectoral and project-level information. It provides ITC staff and management with a diverse and detailed picture on the Centre's current activities, mandates, guidelines, relevant reports, applications, tools and so on. This wealth of information supports decision-making and serves as a resource on most recurrent activities and procedures to follow. OIOS found the information on the Intranet highly valuable and comprehensive. For this information technology tool to remain effective, it must be continuously updated through an efficient mechanism ensuring that information on the site is current and comprehensive.

36. OIOS noted as a good practice the development in 2002 of the Information Technology Services Section strategy and plan in support of the Centre's business plan. As with any other plan, parts of it were implemented, others postponed and some others became irrelevant. Progress on this and other programme support activities was reported in subsequent annual reports. However, the Information Technology Services Section strategy and plan, as an internal, specific and detailed stand-alone document, was not updated. To be of further use to the Section (and to ITC) as a planning instrument and basis for self-assessment, it needs to be regularly updated and adjusted to respond to emerging substantive issues as well as technological advances.

## **H. Financial management**

37. In April 2003, ITC completed its introduction of the IMIS system with the implementation of the finance module, providing an opportunity to clarify work flows and streamline procedures. OIOS noted that the introduction had gone smoothly compared with experience in other parts of the United Nations. The introduction of the finance module allowed the inclusion of up-to-date financial information in the Projects portal, a significant enhancement to the Centre's financial management. As of now, IMIS and its intricacies were still being absorbed by staff, many of whose responsibilities had changed with its introduction. OIOS noted that finance-related desk procedures had progressively been developed to simplify work with IMIS and were being used widely. In early 2004, the Division of Programme Support developed a consolidated and comprehensive guide on ITC financial and budgetary procedures that is available online and contains links to referenced documents.

## **I. Human resource management**

38. ITC enjoys full delegation of authority in the recruitment and promotion of staff under all series of the staff rules up to the D-1 level. Appointments are limited to service with ITC. The Centre has its own appointment and promotion bodies. It also has a Selection Panel to advise the Executive Director on selection and appointment of 200 series staff and consultants, selection and employment of national consultants and assignment and detail of 100 series staff to 200 series positions for periods exceeding six months. There is a Review Panel chaired by the Deputy Executive Director to advise on applicable rules and procedures for selection

and appointment of staff under the 100 series of staff rules and undertake the review of candidates.

39. OIOS noted that even though ITC posts were not subject to geographical distribution, the appointment bodies aimed at maintaining a wide geographical representation. In 2003, 34 nationalities were represented among 67 Professional staff in the 100 series and 21 among 36 staff under the 200 series. Consultants from developing countries and countries with economies in transition accounted for 52 per cent of all work-months delivered by consultants in ITC technical cooperation projects.

40. Concerning gender balance, there was no female staff representation in the five posts at the Director level and above, whereas the figure was 36 per cent in 100 series Professional posts and 22 per cent in 200 series posts. The share of work-months delivered by female experts in the total delivered by all experts in technical cooperation projects rose from 19 per cent in 1997 to 34 per cent in 2003. OIOS commends ITC on progress in recruiting women staff, while stressing that further efforts are clearly needed in order to reach the goal of gender parity set by the Secretary-General, in particular in high-level and project posts.

41. The Human Resources Section of ITC follows a task-oriented annual operations plan derived from the three-year ITC business plan. OIOS was informed that a comprehensive human resource strategy was being developed, but had not seen any documentation beyond what was contained in the programme support section of the business plan for 2003-2005. OIOS noted that action under several of the business plan's indicators of achievement had been undertaken, but there were important areas not covered by the indicators, such as recruitment and performance assessment.

42. With the exception of some extreme cases, Human Resources Section statistics for 2002 showed that ITC regular budget posts in the Professional category had been filled within an average of 210 days. In the General Service category the average was 140 days. It was noted that in most cases the delay occurred between the application deadline of the vacancy and the date the selection decision was made. OIOS noted efforts by the Section to streamline the recruitment process, especially the interview process, by reducing the number of interview panel members, which currently included one representative from each division.

43. OIOS welcomed the work in progress towards the introduction of some new concepts and practices established by the new staff selection system in effect in the United Nations Secretariat, such as the use of pre-approved evaluation criteria containing the Organization's core values and some core competencies, against which eligible candidates were reviewed. It was noticed, however, that such values and/or competencies were not yet formally incorporated into vacancy announcements as part of the requirements of posts.

44. OIOS found that one of the main goals of the new staff selection system, that is, to empower managers in making the recruitment selection decisions, had not become part of the ITC recruitment process. The Review Panel remained in charge of reviewing applicants and preparing a list of qualified eligible candidates to be called for interviews by inter-divisional panels. The same Review Panel examined the results of the interviews and prepared an appointment proposal for consideration by the respective appointment and promotion body, which made the

recommendation for appointment to the Executive Director. OIOS was pleased to see some efforts by the Human Resources Section towards aligning the Centre's recruitment work flow and procedures with the new staff selection system applied by the United Nations Secretariat.

45. ITC uses the Intranet very effectively to provide comprehensive information and guidance regarding human resource management. OIOS found particularly useful the summary work flows pertaining to travel, procurement, recruitment of consultants, special service agreements and the library. Pages also provide information on ITC to newcomers, including a comprehensive guide on accommodation and the local situation. At the same time, staff indicated to OIOS that reliance on information technology should be balanced with personal interaction, especially during the induction period of new staff. The recently introduced customized IMIS induction training for new staff is a good step in responding to those concerns, as are the lunch-time presentations on the work of ITC and facilities offered to staff launched in early 2004. The Human Resources Section may wish also to consider introducing a mandatory orientation programme for new staff, aimed at providing a greater sense of belonging to ITC and facilitating adaptation to a multicultural work environment. In addition, such an orientation programme would give new staff the opportunity to develop partnerships and establish professional networks that would help them in their daily work and career development.

46. Staff responses to the OIOS questionnaire indicated a need for more technical and substantive training as well as interest in learning more about the work of other divisions. The Human Resources Section has developed a staff training, development and learning strategy, which was under revision at the time of the inspection, before final approval by the Executive Director. While recognizing the specific difficulties inherent in small institutions, OIOS is of the view that ways to facilitate movement of staff among ITC divisions should be explored in order to promote mobility, open additional career development opportunities and enlarge the cadre of multi-skilled personnel.

47. The revised version of the PAS is currently being implemented in ITC. OIOS observed significant delays in the implementation of the PAS and noted that the Joint Monitoring Committee, whose role is entrusted to the Joint Advisory Committee was not fully operational. The 2002 report on PAS compliance and rate distribution had not been prepared at the time of the inspection. As reported by the Human Resources Section to the chairperson of the Joint Monitoring Committee on 30 April 2003, the overall level of compliance with the 2001 PAS process was 92 per cent, with 59 per cent of the staff fully meeting performance expectations. OIOS noted that the 92 per cent excluded all staff at the D-1 and above level, for whom no formal performance evaluation was prepared.

#### **IV. Conclusions**

48. In recent years ITC has successfully established its niche and strengthened its comparative advantages in enhancing the capacity of the business community in developing countries and countries with economies in transition, especially of their small and medium enterprises, for successful participation in international trade. Its

services to beneficiaries are relevant and of high quality. the Centre's role has been increasingly recognized by member States.

49. The effectiveness of ITC could benefit from enhanced horizontal communication and strengthened inter-divisional and inter-sectional cooperation in project development and implementation. Furthermore, with the improved availability of information on the financial status of projects, ITC is enabled to foster its result-based management by further developing tools for the qualitative assessment of project progress and linking them with systems to monitor progress in delivering outputs and achieving expected accomplishments identified in the biennial programme budget. Management and reporting mechanisms such as the Projects portal and IMDIS, the annual operations plan and PAS should be streamlined to enhance complementarities and reduce duplication.

50. Through its network approach in product and market development and effective use of the Internet and Intranet for dissemination of information, ITC has succeeded in reaching a large and diverse group of trade support institutions and enterprises. The identification and dissemination of best practices could be expanded through stronger substantive and information technology support to them.

51. ITC provides a conducive working environment to its generally well-qualified, professional and motivated staff. OIOS believes that more systematic induction of new staff members would enable them to become fully productive members of the ITC team earlier and would increase cohesiveness among staff. The application of the PAS could benefit from some improvement, in particular regarding the timeliness of implementing the various steps. Making overall results of PAS implementation available to all staff would increase transparency.

## **V. Recommendations**

52. Programme managers at all levels should be made more clearly responsible and held accountable for the implementation of result-based management. Collection of programme performance information, based on reliable methodologies, should be made systematic in order to assess whether envisaged results are being achieved. Such assessment should also benefit from all other relevant evidence of productivity and effectiveness (paras. 12-14) (SP-03-002-001).

53. Management should make the best use of the comparative advantages of the Projects portal and IMDIS and construct appropriate linkages between them in order to further advance the implementation of result-based management (paras. 15 and 16) (SP-03-002-002).

54. Assessments of result-based qualitative programme performance should be further expanded in the annual report by more substantive reliance on the logical framework, including indicators of achievement (paras. 17 and 18) (SP-03-002-003).

55. ITC management should take stock in a participatory way of progress in the change process initiated in 2000, formulate lessons learned and address in a structured and participatory manner the new and emerging challenges to the Centre (para. 20) (SP-03-002-004).

56. ITC management should strengthen inter-divisional and inter-sectional mechanisms in project development and implementation and knowledge-sharing,



including, where appropriate, formation of project teams with members from different divisions and/or sections (paras. 21 and 22) (SP-03-002-005).

57. With a view to enhancing cooperation across the Centre, ITC should further develop the Projects portal so that contributions to each project from different sections and staff members are clearly identified. Appropriate credit for a teamwork input should be reflected in personal performance appraisal (para. 24) (SP-03-002-006).

58. Firstly, the Information Technology Services Section should update and continuously maintain its strategy and plan and reflect progress in implementation and adjustments on the Intranet as an internal tool to learn lessons and assess the achievement of its goals. Secondly, in order to ensure the high quality of the Intranet site, the Section should enhance it as necessary and keep the information up to date. Focal points for each division should be designated to provide the Section with required updates. Periodic meetings should be held to review the situation and coordinate necessary action (paras. 35 and 36) (SP-03-002-007).

59. ITC management should review adjustments in work processes caused by the implementation of IMIS and draw up a plan of action to take full advantage of potential efficiency gains (para. 37) (SP-03-002-008).

60. The annual operations plan of the Human Resources Section should be more goal-oriented rather than task-oriented, with focus on specific challenges and annual targets in the areas of recruitment, gender representation, performance management and staff development that could be tracked from year to year. Such a result-based plan would provide the basis for individual PAS work plans in the Section (paras. 38-41) (SP-03-002-009).

61. To streamline the recruitment process and delegate more authority to programme managers, the Review Panel should be discontinued and its functions distributed among the Human Resources Section, programme managers and the existing appointment bodies (para. 44) (SP-03-002-010).

62. The training strategy should be finalized expeditiously and should address the need for more extensive substantive training and organization-wide sharing of professional expertise (paras. 45 and 46) (SP-03-002-011).

63. The existing monitoring mechanism should be strengthened to ensure the timely implementation of the PAS. To enhance its relevance, the PAS should be extended to staff at the Director level (para. 47) (SP-03-002-012).

(Signed) Dileep Nair  
Under-Secretary-General for Internal Oversight Services

# Organizational chart of the International Trade Centre UNCTAD/WTO as at 1 July 2004

