

**CORPORATE CONSULTANCIES IN UNITED NATIONS
SYSTEM ORGANIZATIONS**

**Overview of the use of corporate consultancy and
procurement and contract management issues**

Prepared by

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Joint Inspection Unit

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EXECUTIVE SUMMARY

Corporate consultancies in United Nations system organizations JIU/NOTE/2008/4

Objective: To provide an assessment of the use of corporate consultancies in the United Nations system organizations, including relevant rules and regulations, operations, efficiency and effectiveness.

The review of corporate consultancies examined the following issues: the volume of corporate consultancy expenditures; areas where consultancy is used; reasons for resorting to consultancy; justification for the need for consultancy; competition and transparency in the procurement process; competition thresholds; solicitation and contract documents; contract management processes; performance evaluation; best-value procurement techniques; conflict of interest; and knowledge sharing. In order to ascertain the implementation of policies, procedures and documentation in the process of consultancy procurements 72 case files were reviewed in total.

Main findings and conclusions

The review showed that in general there is a lack of accountability in the use of consultancy throughout the system. There is room to enhance accountability through improvement in policies, procedures, practices, monitoring, reporting and evaluation. In addition, the implementation of existing policies and procedures needs to be strengthened.

Since corporate consultancy is subject to standard procurement and contract management procedures, many of the issues dealt with in this review are related to the procurement policy, procedure and practices of the organizations.

In order to present the issues clearly, the present note is divided into two parts. The first part presents an overview of the use of corporate consultancy in the United Nations system. It includes findings and recommendations on the level and use of corporate consultancy, and policies and practices indicating when to resort to consultancy. The second part presents issues regarding procurement and contract management processes, which include findings and recommendations on procurement, contract management and inter-agency knowledge sharing as well.

Consultancy expenditure, areas and benefits

- The management information systems of most organizations are inadequate to capture complete consultancy information. As a result, many organizations could not provide consultancy expenditure statistics. However, the statistics received are sufficient to reflect that the overall volume of consultancy expenditure is significant in the system
- The consultancies were used in various areas such as information systems, risk assessment, training, preparing strategic plans and manuals, making surveys and feasibility studies, analysing internal management processes, legal advice, and evaluating programmes and projects. Management evaluation, restructuring, information management and training constitute the bulk of consultancy expenditure. The prevailing reason for resorting to consultancy is the lack of internal capacity.

- There are no consolidated systems to record, monitor, follow up and evaluate the use and benefit of consultancies. Monitoring and reporting tools are lacking. One essential measure to improve accountability, transparency and oversight would be to establish consultancy monitoring and reporting mechanisms.

Policies and practices in resorting to consultancy

- Organizations do not have any definition and classification of corporate consultancy. Hence, there is no specific policy and procedure indicating under what circumstances to resort to corporate consultancy. In practice, a few organizations have developed limited procedures to determine when to resort to some types of consultancies, but these lack clarity in scope and application. The lack of policy and procedures for resorting to consultancy poses a risk for accountability and the efficient use of resources.

Waiver of competition/non-competitive procurements

- Although the competitive procurement process is one of the main procurement principles in the selection of companies/vendors, competition for consultancy procurements has been waived in a majority of cases. Documentation of the procurement process is relatively poor and the justification for waivers is weak. Exceptions to competition in the United Nations system vary, and unclear rules pose an inherent risk to the objective judgement of a particular waiver request
- Organizations do not have monitoring and reporting tools for waivers of competition in the procurement process. This situation is not conducive to effective accountability and oversight, and poses a great risk in the use of resources. There is also a need to rationalize competition thresholds based on the analysis of procurement profiles and cost structure.

Best-value procurement

- Although organizations in practice have weight-based evaluations for complex consultancy services, there is a need for better conceptualization, and clear procedures and guidelines. Relevant policy and procedures should provide sufficient information with respect to types of procurement, corresponding solicitation and evaluation modalities, critical factors or minimum standards in the preparation of solicitation and evaluation, method of scoring and mitigation of risks.

Contract preparation and management

- Across and within the organizations, the application and quality of solicitation and contract documents reviewed were uneven and inconsistent. This situation poses a significant risk to the success and benefit of projects in the organizations. Furthermore, contract management procedures and techniques need to be improved in parallel with the expansion of procurement volumes and their increasing complexity. There is a need for electronic contract management modules and the adoption of performance-based contracts and quality assurance surveillance plans.

Performance evaluation

- The performance evaluation of contractors (supplier/vendor) is an area that needs focused and urgent attention in the contract management process. There were no

performance evaluations in the majority of case files reviewed and none of the organizations has an evaluation database.

Conflict of interest

- The general conditions of contract do not include any provisions regarding conflict of interest. If no such guidance exists, a policy should be developed and integrated into the general conditions of contract to require the compliance of all companies/vendors which do business with the organizations.

Long-term agreements for consultancy services

- The United Nations Development Programme (UNDP) and the World Bank have developed long-term agreements (LTAs) for consultancy services in selected areas. The positive experience of these organizations and flexibility in the use of these agreements provide the opportunity for other organizations to utilize LTAs to increase efficiency and effectiveness in consultancy areas.

Inter-agency knowledge sharing for procurement practices

- There is no formal knowledge-sharing policy and platform for procurement practices in the United Nations system organizations. There is a great opportunity to improve the quality and efficiency of procurement across the system by developing a common knowledge-sharing policy and platform. Organizations should systematically share their solicitation and contract documents, consultancy reports, vendor blacklists, vendor databases and evaluations.

Recommendations

- This note includes 22 recommendations, which are aimed at improving the policies and practices of the organizations. The annex to this note contains a table indicating the addressee of each recommendation based on a review of the policies, procedures and case files of the organizations, and the United Nations annual statistical report. While 19 recommendations are addressed to executive heads, three recommendations are addressed to the United Nations System Chief Executives Board for Coordination (CEB). As Chairman of CEB, the Secretary-General of the United Nations is expected to pursue these three recommendations.
- The Inspectors observed that, in general, the importance of procurement and contract management is underestimated by management in many organizations, and has resulted in insufficient human resources dedicated to these functions. The implementation of some recommendations in this note may require additional resources. Relevant departments should substantiate the resources required for the recommendations and bring this to the attention of the top management and governing bodies as appropriate.

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ABBREVIATIONS

ACP	Advisory Committee on Procurement (UNDP)
CEB	United Nations System Chief Executives Board for Coordination
ERP	enterprise resource planning
EURATOM	European Atomic Energy Community
FAO	Food and Agriculture Organization of the United Nations
HLCM	High-Level Committee on Management
IAEA	International Atomic Energy Agency
ICA	Institutional or Corporate Contractor Agreement
ICAO	International Civil Aviation Organization
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
LTA	long-term agreement
QASP	Quality assurance surveillance plan
QBS	quality-based selection
QCBS	quality and cost-based selection
RFP	request for proposal
TOR	terms of reference
UNCCS	United Nations Common Coding system
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNGM	United Nations Global Marketplace
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNHQ	United Nations Headquarters
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOG	United Nations Office at Geneva
UNON	United Nations Office at Nairobi
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

INTRODUCTION

Objective

1. As part of its programme of work for 2007, the Joint Inspection Unit (JIU) conducted a review entitled “Corporate consultancies in United Nations system organizations”. The objective of the review was to provide an assessment of the use of corporate consultancies in the United Nations system organizations, including relevant rules and regulations, operations, efficiency and effectiveness. The present note summarizes the findings and recommendations of this review.

2. The note covers, inter alia, the following issues: the volume of corporate consultancy expenditure; areas where consultancy is used; reasons to resort to consultancy; justification for the need for consultancy; competition and transparency in the procurement process; solicitation and contract documents; contract management processes; performance evaluation; best-value procurement techniques; conflict of interest; and knowledge sharing.

3. JIU issued a report on a similar topic in 1999, entitled “Policies and practices in the use of the services of private management consulting firms in the organizations of the United Nations system” (JIU/REP/99/7). The present note will also follow up on the recommendations that were endorsed by the United Nations General Assembly in its resolution 56/235 of 24 December 2001.

Scope

4. Corporate consultancy in this note refers to all kinds of professional, technical and intellectual service contracts carried out by companies and institutions, such as information management, enterprise resource planning (ERP), training, human resources management, management evaluation and restructuring, and analysis of internal processes and procedures. The review is aimed at covering all United Nations system organizations.

5. The terms of reference (TOR) of this note initially included only advisory management consultancy. However, during the review it became clear that it would be better to consider all kinds of corporate consultancy work, including functional/operational consultancy, because they are sub-groups of corporate consultancy and have many common elements. In addition, many of the organizations that provided statistics included all kinds of corporate consultancy in the statistics. As a result the scope of the note has been widened to include all kinds of consultancy work. During the review it was found that the majority of corporate consultancy work was contracted with consultancy firms. However, universities, research institutions and non-governmental organizations have also undertaken some consultancy work.

6. The efficiency and effectiveness of the use of corporate consultancy not only depend on the availability of established procedures to determine when to resort to consultancy, but also on an effective procurement and contract management process and knowledge sharing. Therefore all these matters are included in the scope of the review. The implications of findings and recommendations that stem from the review of procurement and contract management issues are not exclusive to the acquisition of corporate consultancy services, but are valid for the whole procurement and contract management process.

7. The first part of the present note includes findings and recommendations on the issues that are exclusive to the use of corporate consultancy, such as the use and level of corporate consultancy in the system, information and follow-up mechanisms, and policies and practices to resort to consultancy. The second part includes findings and recommendations mostly related to procurement and contract management issues, such as waiver of competition, best-value procurement, contract management, performance evaluation, and conflict of interest. In addition, two distinct but relevant issues are taken up. These are long-term agreements (LTAs) for consultancy services and inter-agency knowledge-sharing mechanisms for procurement practices.

Methodology

8. In accordance with the JIU internal standards and guidelines and its internal working procedures, the methodology followed in preparing this note included a preliminary review, questionnaires, interviews and in-depth analysis. A questionnaire including a statistical table was sent to all participating organizations. On the basis of the information collected, the Inspectors conducted interviews with officials of the participating organizations and also sought the views of some other international organizations. Comments from participating organizations on the draft note have been sought and taken into account in finalizing the note.

9. Additionally, in order to ascertain the implementation of policies, procedures and documentation in the process of consultancy procurements, the Inspectors briefly reviewed 72 case files randomly at United Nations Headquarters (26), the United Nations at Nairobi (UNON) (3), the United Nations at Geneva (UNOG) (10),¹ the United Nations Environment Programme (UNEP) (11), the United Nations Human Settlements Programme (UN-Habitat) (7), the United Nations Population Fund (UNFPA) (3), the International Labour Organization (ILO) (4), the United Nations Children's Fund (UNICEF) (4) and the World Meteorological Organization (WMO) (4).

10. In accordance with article 11.2 of the JIU statute, this note has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

11. To facilitate the handling of the note and the implementation of its recommendations and the monitoring thereof, the annex contains a table indicating whether the note is submitted to the organizations concerned for action or for information. The table identifies those recommendations relevant to each organization, specifying whether they require a decision by the organization's legislative or governing body or can be acted upon by the organization's executive head.

¹ UNON and UNOG implement United Nations rules and regulations, have authority for procurement, and as lead agencies carry out procurements for some other organizations.

PART ONE

OVERVIEW OF THE USE OF CORPORATE CONSULTANCY IN THE UNITED NATIONS SYSTEM ORGANIZATIONS

CHAPTER I. LEVEL AND USE OF CORPORATE CONSULTANCY IN THE UNITED NATIONS SYSTEM ORGANIZATIONS

CHAPTER II. POLICIES, PROCEDURES AND PRACTICES

CHAPTER I. LEVEL AND USE OF CORPORATE CONSULTANCY IN THE UNITED NATIONS SYSTEM ORGANIZATIONS

A. Level of consultancy and management information mechanism for reporting and data collection

This section discusses the following issues:

- *Level of consultancy expenditure*
- *Lack of mechanisms for the collection, reporting and analysis of consultancy statistics*
- *Inadequate information systems and need to use a common coding system*

Significant level of consultancy

12. Unfortunately, due to the limitations of the data collection capabilities in the participating organizations, it was not possible to collect complete and fully compatible, reliable statistics. Out of all the organizations, only 15 entities were able to provide statistics. The majority of other organizations simply were not able to extract information from their systems to complete the table. Furthermore, the statistics received do not reflect a complete picture of consultancies used by those organizations. While some organizations provided only management advisory consultancy statistics with the initial questionnaire, others provided whatever consultancy statistics their information system could supply. Additionally, due to technological inadequacy, classification differences and data integration problems, while some organizations' statistics might have been higher, some others were lower than the actual number of consultancies.

13. Most of the organizations do not have up-to-date and integrated information systems. This situation poses enormous difficulties for the organizations in terms of effective monitoring, reporting, oversight and accountability. UNDP has a relatively well functioning modern integrated information system, which includes quite comprehensive real-time procurement information. The United Nations Educational, Scientific and Cultural Organization (UNESCO) and ILO have also made great progress in the transformation of their information systems. However, these organizations need to do further work, in particular the full integration of field offices and development of analytical information modules.

14. The Food and Agriculture Organization of the United Nations (FAO) provided statistics on an aggregate basis for the entire period, instead of yearly. The United Nations statistics included mostly the type of contracts registered under Institutional or Corporate Contractor Agreements (ICAs). However, only small and medium-size consultancy works were contracted under this particular contractual agreement. For instance, during the review, it transpired that two major corporate consultancy contracts in 2006, totalling about US\$ 5 million, were not included in the list. Additionally temporary service contracts such as translation, interpretation and editing are contracted under ICAs. UNDP statistics included both individual and corporate consultancy, because its information system does not distinguish between the two. UNOG statistics included all service contracts.

15. Although the statistics are incomplete and have comparability problems, they are sufficient to reflect that the overall volume of corporate consultancy is significant in the United Nations system. Irrespective of missing statistics, the statistics available reflected that during the period 2002–2006 inclusive, a total of US\$ 318 million was spent on consultancies.

16. However, the statistics received indicate another fact, that among the participating organizations, the United Nations, UNDP and FAO have, relatively, a much more significant volume of consultancy than other organizations. The total consultancy expenditure of these three

organizations constitutes 89 per cent of the total outlay on corporate consultancy spent by the United Nations organizations listed in table 1 below.

Table 1. Compilation of statistics for consultancy expenditure of United Nations organizations (US dollars)

Organization	2002	2003	2004	2005	2006	Total 2002–2006
UNDP ²	n/a	n/a	36 298 483	38 280 827	51 865 709	126 445 019
FAO ³	---	---	---	---	---	80 967 523
UNHQ	7 727 886	26 050 885	6 427 872	33 331 126	2 500 000	76 037 769
UNOG ⁴	581 799	1 995 856	724 430	2 674 739	635 767	6 612 591
UNHCR	n/a	n/a	1 128 582	1 813 621	3 369 607	6 311 810
UNEP	412 688	194 379	2 210 000	1 144 708	641 692	4 603 467
UN-Habitat	1 144 894	59 350	845 039	1 244 229	708 248	4 001 760
UNICEF	n/a	n/a	462 315	823 697	2 687 800	3 973 812
UNESCO	99 500	n/a	602 000	1 670 000	1 506 455	3 877 955
UNOPS	n/a	n/a	n/a	n/a	1 590 467	1 590 467
ILO	n/a	n/a	n/a	230 468	523 290	753 758
UNON	72 232	36 637	281 756	123 722	146 899	661 246
IAEA	n/a	n/a	n/a	n/a	503 992	503 992
UNFPA	n/a	n/a	48 812	110 323	331 518	490 653
WMO ⁵	0	0	0	715 759	536 399	1 252 158
Total (US dollars)⁶	10 038 999	28 337 107	49 029 289	82 163 219	67 547 843	318 083 980

Source: Responses to JIU questionnaire as completed. n/a: not available.

17. The following organizations have not provided any statistics for the use of corporate consultancy: United Nations Conference on Trade and Development (UNCTAD), United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), International Telecommunication Union (ITU), World Health Organization (WHO), World Intellectual Property Organization (WIPO), International Civil Aviation Organization (ICAO), Universal Postal Union (UPU), World Food Programme (WFP), World Tourism Organization (UNWTO). The Inspectors were informed that the United Nations Industrial Development Organization (UNIDO) and the International Maritime Organization (IMO) did not have any corporate consultancy services during the 2002–2006 reporting period.

Lack of management information mechanisms for data collection and reporting

18. While a few organizations have already taken major steps to establish modern information systems, most of them are at the preparation or initial stages. None of the organizations was able to provide complete consultancy statistics. However, technological improvement by itself is not enough to provide the necessary analytical information. Organizations should establish their needs and expectations clearly in every area and integrate the necessary modules into their management information systems accordingly. In the absence of modern management information systems, it is necessary to establish periodic reporting mechanisms from all parts of the organization for monitoring and assessment purposes.

² The figure includes both individual and corporate consultancy expenditure. UNDP officials stated that figures for consultancy during 2004–2006 are high mainly due to ERP project implementation.

³ FAO informed the Inspectors that the high consultancy expenditure in the 2002–2006 period is mostly linked to an exceptional phase of major investments in a new generation of administrative and financial information systems and related infrastructural requirements for which outside advice is required.

⁴ Includes all service contracts.

⁵ Figures were converted from Swiss francs by using United Nations operational exchange rates.

⁶ The total of horizontal lines does not match up to the total of vertical lines, because FAO consultancy expenditure is provided as a total only in the last column.

19. Another constraint is the use and integration of classification or coding systems into the information systems. Although most organizations have accepted the United Nations Common Coding System (UNCCS), which are the United Nations Global Marketplace (UNGM) product codes, none of them could produce detailed data based on those codes. There are variations among organizations. Some use only a few aggregated main UNCCS codes, some others use a few in-house codes or do not use any code at all.⁷

Table 2. UNCCS codes for consultancy services

<p>UNCCS codes are quite comprehensive and can be used in the registration of all products, services and also vendors. UNGM uses these codes in the vendor registration system and allows any organization to search for vendors through them. In UNCCS, the consultancy codes are as follows:</p> <p style="padding-left: 40px;">“Management advisory services (671200) Management consultancy (671210) Management consultants (671211) Auditing (671212) Evaluation and evaluation research (671213) Training and development (671214) Communication skills (671215) Management studies (671220) Network analysis (671222) Trouble shooting (671230) Management research (671240) Change management and implementation (671250).”</p>
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Source: UNCCS codes, www.ungm.org

20. UNCCS codes should be common ground for organizations and be integrated into their information systems. Depending on the profiles of their procurement and information needs, the codes could be tailored to their use. For instance, organizations with a significant volume of consultancy should use full consultancy codes, whereas other organizations can choose to use only the main consultancy code. If all the organizations are able to use a common code consistently and reporting is based on these codes, it would be possible to develop a system-wide procurement market. This would provide a great opportunity for the development of a system-wide procurement strategy and one-point procurement for many goods and services. It would enable organizations to enter joint procurements, develop more system-wide contracts, and establish a common vendor evaluation database and strategic vendors. It would greatly increase savings and release resources for programmatic activities.

21. The collection of statistics for analysis would significantly improve monitoring and the decision-making process. For instance, depending on the analysis, management can choose to develop internal capacity in certain areas to avoid high consultancy costs. During the interviews, some officials suggested that it would be better to have some internal capacity in the area of information management, as consultancy companies were used frequently in this area at very expensive rates.

22. Unfortunately, none of the organizations have done any cost-benefit analysis to decide on alternative policies, such as developing internal capacity in the areas that often use consultancy. Management should consolidate, monitor and analyse organization-wide consultancy use, including the types and the ways of use, consultancy rates applied and lessons learned. Based on this analytical information they can assess developing risks and opportunities, and make a cost-benefit analysis on whether to develop internal capacity or resort to consultancy.

⁷ UNICEF informed the Inspectors that modifications have been made to its information system in order to create a new module for registering contracts specifically for services, which will probably be based on UNCCS.

B. Use of consultancy: reasons, areas and benefits

23. Unfortunately, organizations do not track and consolidate the reasons for resorting to consultancy and the areas/purpose of consultancies used. Only nine organizations were able to provide information for 176 cases in total for the 2002–2006 period. According to this information and interviews, the most common reason for resorting to consultancy is the lack of internal capacity. Other reasons are the requirement of legislative/governing bodies and the desire for an independent/outside view.

24. Consultancies were used in various areas in the organizations such as information systems, ERP projects, risk assessment, training, preparing strategic plans and manuals, making surveys and feasibility studies, analysing internal management processes, legal advice, and evaluating programmes and projects. Management evaluation, restructuring, information management (including ERP projects) and training make up the bulk of the consultancy expenditure.

25. The United Nations system organizations have, for a while, been going through major reform initiatives and technological modernization. Their functions and operational coverage have been increasing and getting more complex. This process leads organizations increasingly to request the services of corporate consultants for their expertise and knowledge. It is considered that corporate consulting firms are useful in many areas such as identification and cross-fertilization of best practices, change management and coaching skills, development of information systems, technological improvements, strategy development or operational improvement.

26. Consultancies for the purpose of follow-up can be categorized as advisory consultancy and operational/functional consultancy. While functional consultancy fulfils a functional role such as the development of information systems, training and risk assessment, advisory consultancy only gives advice such as advice on policies, procedures and organizational design. The contribution of functional consultancy can be apparent due to its visibility in fulfilling a function in the operation of the organization; however, the contribution of advisory consultancy is not so visible, as its implementation is dependent on the management.

27. Organizations do not have any consolidated assessment regarding the overall use, impact and benefits of corporate consultancy. However, during the interviews, all the officials expressed satisfaction and appreciation for the work produced by consultants.

28. However, there are concerns, particularly in advisory consultancy, that most consulting firms read the minds of the managers and then put forward these views in their consultancy reports. Since this situation would indicate a loss of independence on the part of consultancy companies, recommendations made in these consultancy reports may not necessarily be in the best interests of the organizations. This situation may pose a serious risk, particularly in medium and large-scope consultancy cases that may have an impact on internal structure. This kind of risk can be overcome by requiring the review and validation of an independent committee. The committee could be composed of senior managers from inside and outside the organizations, in particular from other United Nations organizations. Management should also seriously consider consulting with internal and external oversight bodies before resorting to consultancy. It is critical that for consultancy works that could have strategic implications on the organization and its work, management should get the approval of the governing body before resorting to consultancy, and also solicit their decision on the outcome of the consultancy work.

Lack of follow-up on consultancy reports

29. Organizations do not have monitoring, tracking and follow-up mechanisms for corporate consultancies. As a result, it is difficult to reach an overall conclusion for the contribution of consultancies. However, in general, the consultancy work required by legislative/governing bodies

or senior management is subject to better follow-up and implementation than other consultancy work. In addition, officials of some organizations informed the Inspectors that accepted recommendations of evaluation and audit consultancy reports are uploaded into the oversight recommendations database for follow-up on their implementation.

30. Some officials acknowledged the need for an accountability framework and a follow-up mechanism for consultancy reports. There is always a risk that a report can be prepared and lie forgotten on the shelves in the absence of a reporting and follow-up procedure. It is particularly a problem in organizations that use a significant level of consultancy. A proper recording, tracking, monitoring and follow-up mechanism, and database thereon, would induce accountability, transparency and efficiency for the use of consultancies, develop institutional memory to tap in to, and thus increase the value added to the organizations. In the context of the development of new information systems, officials should consider integrating relevant modules into the systems.

General Assembly resolution

31. The General Assembly in its resolution⁸ on JIU report JIU/REP/99/7 endorsed the following recommendation:⁹ *“The organizations should conduct ex post facto evaluations of the performance and extent of implementation of the recommendations of management consulting firms, including, especially, cost-effective benefits and the impact of their work within the organization, and should share with other organizations, as appropriate, the results of such evaluations.”* Despite the resolution, there has been no implementation of this recommendation.

Assessment

32. Monitoring and reporting of the use and outcomes of corporate consultancy works does not exist across the organizations of the United Nations system. The result is a lack of accountability and transparency in the use of consultancies. Organizations should compile consultancy statistics and establish procedures to track and follow up on the outcome of consultancy reports on a regular basis. Basic statistics should include the type of consultancy, consultancy areas, reason for resorting to consultancy, price/cost, name of the company and requisitioning unit. This mechanism can be integrated if there is a suitable information system, otherwise, the relevant units should provide periodic standard reporting to executive management or the procurement department.

33. Basic procedures to follow up on the outcome of consultancy reports should include the recording of the reports and recommendations, the decision of the relevant units on the recommendations, the result of their implementation and periodic reporting on these issues by the relevant units to executive management. Executive management, by using this information flow, should systematically assess risks and opportunities, monitor accountability and act in a timely manner to improve efficiency and effectiveness. The implementation of the following recommendations is expected to improve accountability.

Recommendations 1-2

The executive heads of the United Nations system organizations should:

- (1) Develop the necessary management information mechanisms to collect consultancy statistics for analysis and monitoring;**
- (2) Establish procedures to record, monitor, follow up and evaluate the outcome of consultancy reports.**

⁸ Resolution 56/235, para 1.

⁹ JIU/REP/99/7, recommendation 3.

CHAPTER II. POLICIES, PROCEDURES AND PRACTICES

A. Definition of corporate consultancy

34. In the United Nations system, there is no definition of corporate consultancy. However, for individual consultancies, the United Nations Secretariat has adopted both a definition and also principles that govern the use of individual consultants.¹⁰

World Bank practice

35. The World Bank has extensive policies, procedures and guidelines for the use of corporate consultancies. Its corporate procurement policy and procedures manual provides guidance on how to procure the services of consulting firms.¹¹ It divides consulting services into two categories, as administrative and operational consulting firm services.

36. Administrative consulting firm services include services of a professional, technical or consulting nature, which support either the World Bank Group's headquarters or country offices, and include services such as: training, information technology system consulting, design services, software programming, external audit services, management consulting, and other advisory services. Operational consultancy services include technical assistance in support of the World Bank's operational projects and lending operations, such as work on project identification, preparation, appraisal, supervision, and final evaluation.

37. The World Bank also has a separate comprehensive manual for consulting services that includes the whole contractual process of consultancy including general principles, preparation of relevant documents, the selection process, types and forms of contracts, evaluation of proposals, and performance assessment of consultants.¹²

38. World Bank consultancy policies and practices can be considered as best practice. The World Bank is a major organization for development assistance and capacity development; hence, the use of consultancies under its loans is quite voluminous and systematic. It would, therefore, not be rational to suggest the same comprehensive policies and procedures for all United Nations organizations. However, the organizations that have a significant level of consultancy can benefit from World Bank practice when developing their own policies.

B. Policies and practices in resorting to consultancy

This section discusses the following issues:

- *Lack of policies and procedures indicating under what circumstances to resort to corporate consultancy*
- *Contradictory approaches to individual and corporate consultancy*
- *Ambiguity in the scope of the United Nations Institutional or Corporate Contractor Agreement*
- *General Assembly resolutions on the use of consultancy*

¹⁰ "Comprehensive guidelines for the use of consultants in the Secretariat: report of the Secretary-General" (A/53/385), p. 4; and "Administrative instruction: consultants and individual contractors" (ST/AI/1999/7 of 25 August 1999).

¹¹ *World Bank Group Corporate Procurement Policy and Procedures Manual*, 7th ed., revised on 28 September 2002 (November 2002), p. 51.

¹² World Bank, *Consulting Services Manual 2006: A Comprehensive Guide to the Selection of Consultants*, p. 1, para 1.1.

39. In the United Nations system organizations, there are usually no separate provisions in the budget for engaging corporate consultants. Allocation for consultancy work is done from the budget lines of the relevant organizational units, operational expenditures and programmes. However, if the consultancy is complex and requires a high volume of expenditure, as with ERP projects, or is requested by legislative/governing bodies, which may require additional resources, such projects are budgeted for separately.

40. The authority to resort to consultancy is the responsibility of the individual organizational units such as departments, divisions, units and offices. If there are insufficient resources in the budget line of the unit, the manager can negotiate and request the approval of higher authorities to find resources from other areas. However, if it is a complex, high-volume consultancy or has strategic implications for the organization, it could require the decision of the senior management committee, the head of the organization and the legislative/governing body.

Individual consultants and contractors

41. The United Nations has detailed policies and procedures concerning the use of individual consultants and contractors,¹³ which include elements such as general principles in using consultancy, the selection process, contractual terms and conditions, and performance evaluation. It includes seven conditions¹⁴ for the use of individual consultants such as: they should be temporary; need for them cannot be met internally; should be related to the work programme; and they do not duplicate activities of other offices. The Secretariat has developed detailed forms based on these conditions.

Institutional or corporate contractors

42. The United Nations Secretariat, for the purposes of obtaining the temporary services of institutional or corporate contractors,¹⁵ has another administrative instruction. However, the coverage of this instruction is not very clear. It states that “[t]he functions of contractors may involve the provision of interpretation, translation, editing, library, language training, public information, secretarial, clerical, guidance services etc. In addition, consultancy services, which normally involve analysing problems, directing seminars or training courses, preparing documents for conferences and meetings or writing reports on the matters within the area of expertise on which advice or assistance is sought, may be obtained from institutional or corporate contractors.”¹⁶

43. Thus, although different in nature, some types of corporate consultancy and service contractors that temporarily perform specific tasks are dealt with together in the same instruction. The United Nations Secretariat classifies these contracts as Institutional or Corporate Contractor Agreements (ICAs). Large consultancy cases are not registered under this type of contract. Case-file reviews and interviews reflected that these contracts included only small and medium-size consultancies. However, it is also not very clear whether ICAs include all small and medium-size consultancies.

44. For this kind of contract, although the United Nations Secretariat does not have any guidelines/principles similar to those for individual consultancies, it has adopted similar forms to be used in the process. These forms are entitled “*Request for institutional/corporate contractor*”

¹³ ST/AI/1999/7 (see footnote 10 above).

¹⁴ Ibid., sect. 2.

¹⁵ “Institutional or corporate contractors” (ST/AI/327 of 23 January 1985).

¹⁶ Ibid., p. 2, para. 3.

and “*Supplementary data for an institutional or corporate contractor*”. The supplementary data form includes 10 information lines to be filled. Two of them are as follows:¹⁷

- *Explain the need for the advisory service or assistance required, its relation to the Unit’s work programme, and in particular what special skills or knowledge are required to perform it*
- *I certify to the best of my knowledge that this work has not been done previously, and that it cannot be done by regular staff for the following reason(s).*

45. The United Nations Secretariat, although it does not have any principles/procedures for resorting to institutional/corporate contract services, in practice has created justification procedures similar to those for individual consultants. Thus, the Secretariat has implicitly accepted principles/procedures for using small and medium corporate consultancies and other services through the use of ICA contracts.

46. The UNICEF human resources manual has a comprehensive section on consultants and individual contractors, which includes similar principles to the United Nations Secretariat for the use of consultants, and for a long time this was also applied to corporate consultancy. Recently, UNICEF added a section to its procurement manual for “institutional/corporate contracts”,¹⁸ but it no longer includes any principles and procedures on when to resort to consultancy. In addition, its definition for institutional/corporate contracts is quite large, including almost all service contracts, including consultancy.

47. The United Nations Secretariat and UNICEF have procedures but they are ambiguous. It would be better to classify corporate consultancy services separately in one policy guideline, which defines, categorizes, and sets out the principles to initiate the process and follow-up. It would also be possible to classify subcategories of services in order to facilitate targeted policy introduction, and monitoring and reporting. Considering that the organizations can choose to use individual or corporate consultancies for the same kind of work, it is difficult to understand why the use of individual consultants has principles/procedures, but the use of corporate consultant firms does not. Organizations with a significant volume of corporate consultancy should develop clear definitions and procedures for its use. This can increase accountability, transparency and efficiency and provide the basis for better monitoring and decision-making.

48. The lack of policies and procedures does not necessarily mean that all the consultancy work that has been done was not justified. The case files include various documents that can be considered as part of the justification, such as internal memorandums, e-mails between officials, notes, letters, some ad hoc forms and TOR. The problem is the lack of a clear policy/guidelines that would establish accountability and a standard approach to guide staff in a consistent way. In the absence of established principles, it is difficult to seek accountability and expect any input from staff concerning the justification for the consultancy, availability of internal and inter-agency resources, previous consultancy work and reports.

49. Nevertheless, during the interviews, there was consensus that it should be up to the managers to decide on consultancy; however, accountability procedures have to be established properly by adopting principles and procedures to apply. While managers have the authority to decide on the use of consultancy, they should document the basis of their decisions and adhere to the principles/procedures established. If standard forms were developed and completed electronically, that would enable organizations to aggregate and analyse information, monitor implementation, create institutional memory and use the information as input in their decision-making processes.

¹⁷ PT.141/B (5-88), items 1, and 8.

¹⁸ UNICEF supply manual, draft sect. 8—institutional/corporate contracts.

50. Although the justification to resort to consultancy may be clear for some large-scope consultancy works due to the size and nature of the work, and the need for decision-making at a high level, it is not so clear for other consultancies. Considering that quite a number of consultancies in organizations are medium and small, it would be beneficial to introduce a policy that should, inter alia, define and classify consultancy works; suggest relevant contract modalities; require justification and search for available resources and similar previous works.

51. The United Nations Secretariat's individual consultancy guidelines and ICA forms may provide a good basis for the development of a corporate consultancy guideline. The Inspectors would like to clarify that the aim of this advice is not to create another layer of control or bureaucracy, but to provide tools for better accountability and transparency as well as efficiency.

52. The organizations should also consider providing guidance and tools for the effective implementation of the policy, such as developing an internal skills inventory, a knowledge-sharing database for previous works and reports, and relevant information from other organizations. This would provide staff with the means to search properly for available internal capacity, previous similar consultancy reports, and accumulated knowledge in other organizations before resorting to consultancy. The decision process for consultancy should not only include the search for available resources, but also a cost-benefit analysis, and the level and range of new skills to be transferred to the organization.

Case files

53. A review of case files did not provide much evidence that any systematic research or inquiries were made to justify the need for consultancies. Looking at the statistics and case files, it would not be unfair to say that organizations might have been able to find the internal capacity to carry out some of those consultancy works, particularly in the areas of management evaluation, restructuring, internal control, internal procedures, and training. Besides, oversight bodies, the United Nations Staff College, the United Nations University and other organizations might have been able to provide such capacity. In addition, some United Nations organizations have expertise and capacity in some training areas which can be utilized by other organizations.

54. In some organizations, it can be argued that although some consultancy works were within the mandate of oversight bodies, or needed the approval of legislative/governing bodies due to strategic policy implications, those works were awarded to consultancy companies without any consultation with oversight bodies or the approval of the relevant legislative/governing body.

General Assembly resolutions

55. Recently, the General Assembly provided a new clear instruction for the use of consultants. In its resolution 60/266, under the headline "use of consultants"¹⁹ the Assembly adopted the following articles:

1. Requests *the Secretary-General to ensure full utilization of synergies present in the United Nations system and to develop an effective evaluation mechanism for the use of outside expertise;*

2. Also requests *the Secretary-General to ensure that the commissioning of external consultants in the Organization by senior management and programme managers is conducted according to established administrative procedures and financial regulations and rules, with full respect for the mandates of internal and external oversight bodies and the oversight role of the General Assembly, and to report thereon;*

56. In addition, the General Assembly in an earlier resolution²⁰ endorsed the recommendation of JIU report JIU/REP/99/7 to include the following elements into policy guidelines:²¹

¹⁹ Resolution 60/266 of 30 June 2006, p. 2, sect. III.

(b) a prior cost-benefit analysis of the objectives to be attained by the organization, including new expertise to be acquired by its staff, should be drawn up when engaging management consulting firms;

(d) the need for strict terms of reference defining, among other things, the level and range of new skills to be transferred to the organization, should be borne in mind.

Assessment

57. The lack of policy and procedures for resorting to consultancy poses significant risks for accountability, transparency and the efficient use of resources. Organizations that use corporate consultancy should develop clear policies and procedures to guide staff in deciding under what circumstances to resort to consultancy. It should define corporate consultancy and require the establishment of the following basic elements as principles in resorting to consultancy: need for and purpose of consultancy service, lack of expertise in the organization, relation to the unit's work programme, and no duplication of previous or continuing works in any part of the organization. The implementation of the following recommendation is expected to enhance accountability.

Recommendation 3

The executive heads of the United Nations system organizations should ensure that there are clear policies and procedures in place to guide staff in deciding under what circumstances to resort to corporate consultancy services.

²⁰ See footnote 8 above.

²¹ JIU/REP/99/7, recommendation 1 (b) and (d).

PART TWO

PROCUREMENT and CONTRACT MANAGEMENT ISSUES

CHAPTER I. PROCUREMENT ISSUES

CHAPTER II. CONTRACT MANAGEMENT ISSUES

CHAPTER III. INTER-AGENCY KNOWLEDGE SHARING FOR PROCUREMENT PRACTICES

CHAPTER I. PROCUREMENT ISSUES

A. Waiver of competition/non-competitive procurements

This section discusses the following issues:

- Significant level of competition waivers in consultancy procurements
- Poor documentation of the procurement process
- Poor/inadequate justification of competition waivers
- Wide range and unclear regulations/rules for waiver of competition
- Inadequate justification for non-competitive contract prices
- Need for database for previous contract prices and benchmark market prices
- Retroactive procurements and significant expansions in the contract scope and value after the project begins
- Lack of rationality in competition thresholds
- Lack of monitoring and reporting for non-competitive procurements

Significant level of waivers of competition

58. Across the organizations, a competitive procurement process is recognized as one of the main procurement principles in the selection of companies/vendors. It is also considered a critical element for the promotion of the principles of efficiency, integrity, fairness and transparency in the procurement process. As a result, organizations require competition as a common principle, and should only allow a waiver to this process in exceptional circumstances, as specified in their regulations.

59. Organizations have two kinds of thresholds for competition, one for informal competition such as US\$ 2,500 or US\$ 5,000, and the other for formal competition such as US\$ 25,000 or US\$ 30,000. In general, while informal competition requires a price quotation from more than one company, formal competition requires a written proposal from at least three companies.

60. Most of the organizations were unfortunately unable to provide information for the selection methods of consultancy procurements. Table 3 below shows a compilation of statistics for the company/vendor selection methods for consultancy procurements above US\$ 30,000 as provided by the organizations named.

Table 3. Selection methods for consultancy procurements

Organizations	Number of cases above US\$ 30 000	Non-competitive	Competitive	Non-competitive (percentage)
UNHQ ²²	23	17	6	73.9
UNOG	41	33	8	80.4
UNON	7	6	1	85.7
UNEP	14	5	9	35.7
UN-Habitat	28	12	16	42.8
UNICEF	9	2	7	22.2
ILO	18	13	5	72.2
UNESCO	4	2	2	50.0
UNOPS	2	1	1	50.0
WMO	6	0	6	0.0
UNFPA	4	2	2	50.0
Total	156	93	63	59.6

Source: Responses to JIU questionnaire as completed.

²² Information compiled from the case files reviewed.

61. As seen from table 3, non-competitive cases accounted for a total of 59.6 per cent of the consultancy procurements above US\$ 30,000. In some organizations, the ratio of non-competitive cases is very high. This ratio contradicts the rule that non-competitive procurements should be an exception. Although the statistics available are not comprehensive, they reflect a significant level of probability for a high level of non-competitive procurements in the system.

62. In most cases of waiver, procurements were a direct purchase of consultancy services from a company, even without resorting to an informal price quotation. The Inspectors would like to caution that a significant level of non-competitive procurements, coupled with inadequate monitoring systems, poses an inherently high risk of efficiency loss and irregularities.

63. As will be elaborated below, the unexpectedly high level of waivers is caused by several factors, such as the inadequate implementation of available rules and procedures; the lack of monitoring and reporting functions; and ambiguity or unnecessary flexibility in the existing rules and procedures of the organizations.

Case files

Poor documentation

64. The review of case files showed that documentation of the procurement process is quite poor and not conducive to tracking the processes implemented. In many cases, available documents were disorganized, and not sufficient nor clear enough to demonstrate the transparency and integrity of the procurement process. Some essential documents like evaluations and statements of awards were missing. Also, the contents of the documents available were not satisfactory. While some case files included some standard forms, other case files did not include those forms at all. In some organizations there was confusion between the procurement and requisitioning units regarding the responsibility for the preparation and filing of documents. Furthermore, there was confusion with respect to electronic and paper-based documentation.

65. Poor documentation reflects first lack of proper implementation, monitoring and enforcement of rules and procedures, and secondly, the lack of clear procedures, standard forms and guidelines in the process. For an effective and efficient procurement function, a clear definition of the necessary documentation and division of responsibilities for its preparation and maintenance is important. It should be kept in mind that many organizational units do not often deal with procurement; as a result, they have little or no prior information and experience about the process. Therefore, it is quite important that procurement authorities pay attention to the provision of clear guidelines, and provide training and effective leadership in the process.

Poor justification

66. The regulations of United Nations organizations usually require that a waiver of competition should be written and documented. However, in a review of case files it transpired that, in general, justification for waivers was poor and not properly documented. The procurement authorities had asked for further justification and documentation of the request for waiver in only a few cases.

67. Some of the files reviewed gave the impression that the justification for waivers was not taken seriously. Some of the frequent reasons given are as follows: *“This firm has extensive experience; this firm did similar work before and we were satisfied; personnel of this firm are familiar with the organization; they worked in this area in another United Nations organization; the issue is urgent therefore there is no time to resort to competition.”* In addition, in the majority of case files, it was not clear which one of the exception rules was being applied.

68. In the interviews, officials expressed the following reasons for waivers: competitive bidding is lengthy and complex, it takes at least six months and they do not have the time and resources to deal with this lengthy process; it requires many meetings and briefings; evaluation meetings take several months, and are outside the normal daily work of the staff; they already know the consultants of some firms with whom they have worked previously, and these consultants already have accumulated knowledge about the issues and the organization, therefore, it is not worth taking the risk of facing unknown consultants; some work is similar to work done earlier, which makes it rational to use the same firm. Since those reasons could not actually be used as the sole formal reason for waiver, justification remained weak in the files.

69. The reasons mentioned have some merits; however, they are not in line with the principles of competition, fairness and transparency. Moreover, many of these concerns would be solved with better work and procurement planning, which was generally lacking. In addition, using different companies through a competitive process at different times would increase the number of companies knowledgeable about the organization.

70. When there is a waiver of competition, contract pricing becomes more difficult; as a result it should require some research and negotiation regarding the price. However, the case files for the most part did not indicate that there was any research or negotiation before the contract was made with the companies. Only in a few cases were there some previous consultancy rates to justify the price.

71. In some cases, the officials explained that the prices were reasonable because they already knew the rates of those companies from previous cases. However, they did not consider documenting this justification in the files. In any case, the organizations do not have a database for the contracts, previous consultancy rates or benchmark rates to easily compare and use for negotiations with companies.

72. Another problem observed was that in a number of cases there was a significant level of expansion of the scope, and hence the value of the work, after the contract was signed. Since it amounted to a continuation of the previous work, the job was awarded to the same company automatically. This situation reflects a lack of planning, and poses risks for the transparency, fairness and integrity of the process. Neither did the case files reflect a clear justification of pricing in these cases.

73. One of the good practices that the Inspectors observed in some files was the price breakdown of proposals. This practice contributes towards the transparency and integrity of the process and provides a basis for comparison and negotiation. Organizations should make price breakdown a standard requirement of proposals, and also consider developing a database for previous contracts, consultancy rates applied in different areas, and available market prices, to be utilized in the consultancy procurement process.

74. In a few cases, there were retroactive procurements and the justifications were unsatisfactory. In one of these cases, the procurement authority seriously criticized the requisitioning unit, but in any case, no one was held accountable.

75. Another important finding was that most consultancy procurement in the range of informal competition did not in fact undergo any competition, but was the result of direct procurement. The reasons for direct procurement were given as extensive experience of the company, familiarity with the organization, experience with United Nations organizations, and urgency.

Lack of clarity and wide range of exception rules

76. While organizations adopted competition as a main procurement principle, they specified exceptions to this general principle in their financial rules and regulations or in their procurement

procedures. A brief review of these exception rules in the United Nations system organizations shows that some of them are unclear or too flexible.

77. There are a few consistent/similar exceptions for the waiving of competition among all organizations, e.g. where there is no existing competitive marketplace (fixed rates or prices, sole source), and where there is a need for standardization or if there are urgencies or exigencies. Many organizations also allow the waiving of competition if formal solicitation has not produced satisfactory results.

78. However, there are also significantly different exception rules in existence. Some of them may pose a risk to the transparency of the procurement process by allowing unnecessary flexibility through ambiguous rules. This situation carries an inherent risk of increasing direct procurement, contrary to the competition principle.

79. Some organizations are using general, wide or unclear and therefore risky exception rules such as “*professional services other than staff services*” (United Nations Office for Project Services (UNOPS) and UNICEF) or “*professional services are provided by a corporate body*” (ILO). Depending on the definition of professional services, these exceptions may lead to a standard excuse for waiving competition. In addition, three exception rules of the United Nations are not common among organizations, and could be interpreted to provide a wider scope for waiver. These exceptions are as follows:²³

- *Services cannot be evaluated objectively*
- *Offers for identical products and services have been obtained competitively*
- *Formal solicitation will not give satisfactory results.*

80. In comparison, the exception rules of the European Commission, and in particular the World Bank, are more precise and restrictive. None of the exceptions mentioned above can be found among their exception rules.

81. Only the United Nations has an exception rule²⁴ in its financial regulations to apply when the proposed procurement contract is the result of cooperation with other organizations of the United Nations system. It is an important rule to increase synergies and savings for procurement operations, and hence all organizations would benefit from integrating similar clauses in their regulations.

82. Another noticeable difference among organizations is in the use of terminology. In FAO, all exceptions to competition are listed under the headline of direct procurement; in UNESCO, direct contracting is defined for contracts which do not exceed US\$ 2,500 and contracts made under an LTA;²⁵ in UNDP, “direct contracting without competition may be employed where a Business Unit engages ... UN Agencies’ services”.²⁶

Rationality of competition thresholds

83. The United Nations system organizations in general use the same thresholds within each organization for all goods and services, including consultancy, although these thresholds differ across the system. The United Nations Secretariat competition threshold for formal competition has been increased recently from US\$ 25,000 to US\$ 30,000. However, no explanation could be found for the level of the previous threshold and recent change.

²³ United Nations, Financial Rules and Regulations (ST/SGB/2003/7), rules 105.16 (a) (iv), (viii) and (ix).

²⁴ Ibid., rules 105.17 and 105.16 (a) (iii).

²⁵ UNESCO manual, procurement of goods, works and services, item 1025, p. 5.

²⁶ UNDP Procurement Manual (user guide), p. 27.

84. Perhaps one of the hidden elements behind the proliferation of sole source consultancy procurements could be the application of the same thresholds for all kinds of procurements, irrespective of their differences in terms of complexity, value, cost structure and lack of human resources capacity to carry out all these procurements.

85. The World Bank has different thresholds for goods and services and consultancy. While the competition threshold for goods and services is US\$ 10,000, for administrative consultancy it is US\$ 50,000. For operational consultancy competition is required from the shortlist up to US\$ 50,000. While administrative consultancy over US\$ 50,000 requires three to five written solicitations, operational consultancy over US\$ 50,000 requires advertisement. For goods and services, written solicitation starts above US\$ 15,000. The World Bank also has different thresholds for renovation and construction.

86. Since the consultancy rates are high, and the procurement process involves complex procedures such as best-value evaluation, higher thresholds for this kind of procurement can make the cost of the process proportional. Organizations should consider revising and differentiating competition thresholds based on a rational analysis. The review should include, inter alia, the procurement profile, volume and necessary human resources capacity to carry out these procurements; complexity and corresponding solicitation and evaluation methods of different kinds of procurement, and their cost structure.

87. The Inspectors would like to stress that this advice does not mean that organizations should differentiate and increase thresholds without analysis. Depending on the analysis and internal control structure, while some organizations may choose differentiating and increasing thresholds, some other organizations may not. Any significant increase and differentiation should be justified with an analysis and the availability of a clear internal control and accountability mechanism.

Lack of monitoring and reporting

88. The United Nations system organizations do not have adequate reporting and monitoring mechanisms for the solicitation methods used in procurement, in particular for waivers of competition. Statistics and more detailed information in this area can only be retrieved by going through case files manually.

89. Only UNDP and UNESCO²⁷ have aggregate waiver application and rejection statistics for the cases that go, in the case of UNDP, to the Advisory Committee on Procurement (ACP) and for UNESCO, the Contracts Committee. According to UNDP statistics, during 2007, out of a total of 850 waiver requests, ACP approved 689 of them. Through this statistical tool it is possible to see the trend for waiver request and approval rates for each field office over the years. However, there are no organization-wide statistics, and no detailed breakdown yet of waivers by type of exception. Officials were aware of the need for better-defined waiver rules and relevant information system modules for monitoring.

90. Although the problems in information systems are a big obstacle for effective monitoring, misunderstanding regarding the responsibility for monitoring is another factor. Some officials have a tendency to think that the procurement authority sets the rules and provides delegation of authority, but monitoring belongs to the audit division.

91. Monitoring is a function of management, not of oversight bodies. Decentralization and the delegation of authority do not relieve management from their duty of monitoring. Considering that organizations already have some ambiguous exception rules, which can lead to subjective

²⁷ UNESCO informed the Inspectors that it was able to provide this information from 2007 onwards.

judgements, the implementation of these rules should be clarified and monitored closely to reduce the risk of efficiency loss and fraud.

92. The United Nations Procurement Division and UNICEF regional supply advisers have general assistance and monitoring practices for procurements in the field. However, this kind of monitoring does not provide a general picture of the trends and risks developing throughout the organizations. Organizations should develop regular monitoring tools to collect data, possibly real-time analytical data, to analyse, detect abnormalities and make risk assessments systematically. Then, management could selectively choose to visit the field offices most at risk, based on this refined information, which would prove to be much more productive.

93. When organizations get bigger in terms of operations and expenditure, the necessity of a real-time analytical information flow becomes critical, in order for management to have a sense of understanding and control over issues, and hence to provide effective leadership. During the interviews, some officials admitted that they were surprised to see so many waivers of competition. Since no information had been collected nor analysed for the waivers of competition, they had only noticed the fact during the preparation of the statistics for the JIU questionnaire.

94. The lack of monitoring and reporting mechanisms and absence of analytical statistics pose a significant risk for accountability, efficiency, transparency and integrity in the procurement process. Under these circumstances, waiver cases can increase without detection. For instance, nobody would notice if in some places contracts were split to avoid formal competition. Organizations should speed up the transformation of their information systems and integrate the necessary modules. When information systems are able to collect and provide statistics for procurements by subject, solicitation method and the name of companies awarded, it would be possible to detect these kinds of situations for further inquiry.

Assessment

95. Overall there is great scope for improvement. In the light of the analysis of their experience, lessons learned and the practices of other international organizations, organizations should review their exception rules. CEB, through the procurement network, the Inter-Agency Procurement Working Group of the High-Level Committee on Management (HLCM), should discuss and initiate the preparation of a common waiver policy for the use of all organizations. The policy should include the main exception rules in order to harmonize system-wide implementation, and be adaptable to the particular circumstances of each organization. In addition, competition thresholds should be reviewed with a view to updating and rationalizing them. Procurement authorities should enforce and monitor the proper implementation of the rules, and also focus on documenting the justification for waiving competition clearly and convincingly. An effective monitoring and reporting mechanism should be established for waivers of competition.

96. The following basic information should be systematically collected for the monitoring and reporting of waivers of competition: waiver cases, types/areas of waivers, costs, breakdown of the exception rules applied, name of the firms contracted, and requisitioning units/offices that made the contract. The procurement authority should analyse this information with a view to assessing risks, ensuring proper implementation, detecting opportunities and taking timely measures to improve transparency, accountability, integrity and efficiency.

97. The procurement authority should report periodically to executive management with a summary and analysis of the information collected. If the information technology is capable of the task, the necessary modules should be integrated for real-time data collection; otherwise, units/offices should report periodically to the procurement authority for their consolidation, monitoring and analysis.

It is expected that the implementation of the following recommendations 4, 5 and 9 will enhance accountability; 7 and 8 will improve controls and compliance; and 6 will improve efficiency.

Recommendations 4-8

The executive heads of the United Nations system organizations should:

- (4) Develop an effective monitoring and reporting mechanism for waivers of competition;**
- (5) Review waiver policy and practices with a view to clarifying, rationalizing and making the waiver of competition really exceptional;**
- (6) Review the formal competition thresholds with a view to introducing new thresholds if justified;**
- (7) Strengthen management controls on non-competitive procurements to ensure the implementation of established rules, regulations and procedures;**
- (8) Provide clear guidelines and sensitize staff for the proper documentation of the procurement process, and monitor its implementation.**

Recommendation 9

CEB through the procurement network of HLCM should discuss and initiate the preparation of a common waiver policy.

B. Best-value procurement methodology

This section discusses the following issues:

- Inadequate policies and guidelines for best-value procurement techniques*
- Uneven, inconsistent and generally poor implementation*
- Lack of expertise and guidelines for the preparation of solicitation documents and evaluation*

98. Best-value procurement techniques are essential in the acquisition of complex consultancy services involving high-level, technical and management skills requiring substantial intellectual and analytical work to produce creative and innovative solutions. For these kinds of consultancies, it is very important to establish, evaluate and compare, besides cost or price, factors such as technical elements, quality, and reliability. However, it requires a relatively complex procurement methodology; therefore, successful implementation requires a clear conceptual framework, procedures, guidelines and expertise.

99. Many organizations exercise weight-based evaluations for this kind of procurement. However, most organizations do not have adequate conceptual frameworks, procedures and guidelines in this respect. In general, within and across the organizations, terminology, procedures and the quality of implementation are uneven, inconsistent and ad hoc.

100. Weight-based evaluation requires the evaluation/scoring of both the price/cost factor and technical factors. The UNESCO manual explains that the weighted scoring method is commonly used for the procurement of professional services solicited with a request for proposal (RFP) where the relative importance of each evaluation criterion needs to be weighted. In this method, the contract is awarded to the company whose offer has been evaluated and determined by the evaluation panel as substantially responsive and having received the highest score out of a predetermined set of weighted technical and financial criteria specified in the solicitation document.²⁸ The UNESCO manual also includes procedures for using the weight-based evaluation.

²⁸ UNESCO manual (see footnote 25 above), item 1025.17/c (6 April 2007).

The International Atomic Energy Agency (IAEA) informed the Inspectors that it is currently piloting the adoption of a best-value methodology in a particularly complex and high-value procurement project.

101. While some organizations prefer using the term best value for money for weight-based procurement and evaluation methodologies, the United Nations, UNDP and UNOPS consider best value for money as one of the general procurement principles, applicable to all procurements.

102. When the best value for money is accepted as a general procurement principle, and as a holistic or all-inclusive concept to be given “due consideration” in the entire procurement function, it does not amount to a specific procurement methodology to be used in the procurement of relatively complex and multi-scope procurements that would need sophisticated solicitation and weight-based evaluation methods.

103. The United Nations Secretariat, instead of best value for money, refers to the best value method for procurements, which require weight-based evaluations,²⁹ but no guidelines or further instructions for the implementation of this methodology exist. However, the Secretariat is aware of the need for further guidelines and is considering promulgating these in the context of the next policy revision exercise.³⁰

104. In the solicitation process of best-value procurements, most organizations use RFPs, but without much guidance on the preparation and modalities to be used. The UNICEF draft supply manual explains that in the evaluation of RFPs, the ratio between technical and price criteria depends on the relative importance of one component to the other and establishes a minimum 50:50 per cent ratio between the financial terms and the technical aspects of the proposals. It further explains that if the best value for money considerations are important, and a better quality result is desired, then the technical criteria should be given a higher weight, and suggests that a balanced weighting ratio between the technical and price proposals would be 70:30 per cent or 60:40 per cent.³¹

World Bank practice

105. The World Bank has a best-value procurement methodology for use in its solicitations for complex goods and services where it is imperative to evaluate and compare factors other than cost or price. It allows flexibility in the selection of best proposals through trade-offs between the cost and non-cost evaluation factors. If performance requirements demand high levels of expertise and creativity, the relative importance of quality/problem solving would be high compared to cost/price considerations.³² In addition, the World Bank *Consulting Services Manual 2006*³³ provides detailed guidance on the selection and use of consultants. It provides seven methods for the selection of consultants including quality and cost-based selection (QCBS) and quality-based selection (QBS).

106. QCBS is a method based on the assessment of both the quality of the proposals and the cost of the services offered. It is the method most frequently used to select consultants under World Bank-funded assignments, and requires the evaluation of both the technical and financial aspects of proposals. This method is appropriate when the scope of work can be precisely defined and the TOR are clear and well specified.

²⁹ United Nations Procurement Manual, para. p.4.2(c).

³⁰ “Report of the Office of Internal Oversight Services on the audit of the application of the best value for money principle in United Nations procurement: note by the Secretary-General” (A/61/846/Add.1), para. 4.

³¹ UNICEF draft supply manual, sect. 8, Institutional/corporate contracts, para. 5.3.1.

³² *World Bank Group Corporate Procurement Policy and Procedures Manual* (see footnote 11 above), para. 2.10.

³³ *Consulting Services Manual 2006* (see footnote 12 above), para. 9.3, Selection methods.

107. QBS is based on the evaluation of the quality of the proposals, without any initial consideration of cost. The consultant that submitted the highest ranked technical proposal is then invited to negotiate its financial proposal and the contract. It is appropriate in situations such as when the down-stream impact of the work can be so large that the quality of the services is critical; and the scope of work, the duration of the assignments, and TOR require a degree of flexibility.

European Commission practice

108. The European Commission uses the term best value for money for a specific methodology. Its regulations regarding best value for money contracting include the following paragraph:³⁴ *“The tender offering the best value for money shall be the one with the best price-quality ratio, taking into account criteria justified by the subject of the contract such as price quoted, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, profitability completion or delivery times, after-sales service and technical assistance.”*³⁵

109. Article 241 of the regulations regarding the thresholds and procedures for awarding service contracts based on best value for money defines the weight ratio and calculation method as follows:³⁶ *“The contract award criteria shall serve to identify the tender offering best value for money. The tender offering best value for money shall be selected using an 80/20 weighting distribution between technical quality and price. For that purpose:*

- *The score awarded to the technical bids shall be multiplied by 0.80;*
- *The score awarded to the price bids shall be multiplied by 0.20.”*

Case files

110. The review of case files within the same United Nations organization and among different organizations showed an inconsistent, uneven and relatively poor quality of implementation. It was not unusual to see different solicitation methods, and different and often insufficient evaluation criteria used in similar procurements. While in some cases there was relatively better technical criteria, in some others technical specifications looked shallow and a calculation methodology was lacking. It was evident that TOR and RFPs were used interchangeably in similar cases.

111. In a few cases, although policies and procedures did not include any explicit methodology to exclude price evaluation, evaluations were done for only technical factors and the company with the highest score was called directly for price negotiation.

112. In some cases, RFPs were so imprecise that when companies provided their proposals there were striking differences in their price levels (30–60 per cent) and in their understanding of the work to be undertaken. This would naturally make the subsequent evaluation very difficult and subjective. In some cases, as required by the solicitation document, bidding companies provided the breakdown of their proposals such as level of personnel, number of workdays, unit hourly price, and specific areas of work. It was interesting to see that some companies provided very low prices for bidding, but their price breakdown showed that they estimated much less manpower and work-hours in comparison to others, although their unit hourly prices were not as low.

113. Inadequate methodology and a lack of clear scope and evaluation criteria in the solicitation documents make the proposals difficult to evaluate objectively. It was not unusual to see in the files that the evaluation committee had stated a general opinion in choosing to which company to award

³⁴ Commission regulation (European Commission, EURATOM) No. 2342/2002 (December 2002), art. 138/1.

³⁵ Ibid.

³⁶ Ibid., art. 241/5.

the work, such as “*although price of company A is very low, proposal of company B reflects better understanding and quality, therefore company B was chosen*”.

114. The case files reflected the need for the refinement and clarification of procurement techniques, practical guidelines, and clarity and sufficiency of the solicitation documents and evaluation methods. The Inspectors found the price breakdown of proposals very useful for evaluation purposes, and suggest that this should be a standard requirement for consultancy procurements requiring technical evaluation.

Assessment

115. In practice, most organizations use weight-based evaluation; however, in general, there is a need for better conceptualization and guidance in this area. In the light of experience, lessons learned and the practices of other organizations, it is important to review procurement techniques and provide detailed guidelines, in order to guide staff properly for efficient and effective implementation. Guidelines should include elements such as the different types of solicitation and the corresponding procurement areas and types of evaluation; critical factors; mitigation of risks; minimum standards in the preparation of evaluation criteria; possible weight ranges and the decision process; scoring methodology; and guiding examples.

116. Some officials argued that the policy and procedures for best-value procurement already exist. As touched on partially above, some organizations have relatively better policies and procedures. However, the review of case files and policy and procedures showed that best-value procurements have just started gaining momentum, and it is necessary to build on experience. Due to its complexity, it would not be rational to expect an effective implementation of best-value procurement immediately. It would be wise for organizations to review their policy and procedures by taking into account the findings of this note, the practices of other international organizations, and most importantly, lessons learned and experience gained within the organization itself. The implementation of the following recommendation is expected to improve effectiveness.

Recommendation 10

The executive heads of the United Nations system organizations should review their policy and procedures regarding best-value procurement techniques with a view to providing clear policy guidelines to improve implementation.

CHAPTER II. CONTRACT MANAGEMENT ISSUES

This chapter discusses the following issues:

- *Poor quality of solicitation and contract documents*
- *Reasons for and results of ambiguous TOR and RFPs*
- *Need for a database for procurement documents and consultancy reports*
- *Lack of contract management policy and tools*
- *Need for performance-based contracts and quality assurance plans*
- *Need for electronic contract management module*
- *Project management committee*

A. Uneven quality in solicitation and contract documents

117. One of the essential factors for the success of consultancy works is the quality and relevance of the solicitation and contract documents, such as TOR, statements of work, RFPs and other relevant documents. If the documents are not sufficiently clear in defining the necessary specifications and all phases of services to be delivered, this can lead to less successful projects. If this is the case, the consulting firm may not provide what is really needed by the organization, and moreover, it can cause disputes due to ambiguity in the scope, deliverables and responsibility.

118. TOR define the work required of a contractor to provide services. They form the basis for the contractor's preparation of the technical and financial proposals, and also eventually become an integral part of the contract. Clear and unambiguous TOR will enable the contractor to prepare clear and detailed proposals, leading to successfully implemented projects and limiting the risks of disputes and claims.³⁷ During interviews, many officials stated that the main lesson learned in engaging corporate consulting firms was the importance of providing clear and technically sufficient TOR.

119. RFPs are used for the procurement of deliverables that cannot be quantitatively or qualitatively expressed in sufficient detail to allow the use of an invitation to bid at the time the solicitation document is issued, such as for professional services and outsourcing.³⁸ Unclear RFPs and TOR require companies to make assumptions that may result in different expectations, which may eventually cause difficulty in the comparison and evaluation of technical proposals.

120. Contract documents are prepared with the cooperation of procurement and requisitioning units. However, since procurement staff may not be very knowledgeable in technical areas, the preparation of these documents mostly falls on the staff of the requisitioning units. The quality of the documents is, therefore, determined by the knowledge, experience, professionalism, passion and available time of the staff of these units. However, these units may rarely deal with procurements, and hence have no relevant experience; and often, they have overwhelming daily work that leaves no extra time.

Case files

121. During the review of case files, the Inspectors noticed the uneven and mostly poor quality of contract documents within the same organization and also across the organizations. While in a few cases, the issues, scope of work, expected results, technical specifications and milestones were relatively well defined, in a way that was easy to understand, implement and monitor, in many other cases this was not the case.

³⁷ UNOPS procurement guidelines, preparation of TOR, p. 1.

³⁸ United Nations Procurement Manual, p. 63, para. 9.4.2.(2)(c).

122. There were some surprising cases. In one case, the TOR praised a specific company and suggested that, because of its extensive experience, the work should be awarded to it. In a major procurement case, documents showed that due to the lack of in-house expertise and knowledge, the company dominated the contract preparation. In another case, management estimated the value of a relatively complex procurement and budgeted accordingly, but the procurement ended up costing 75 per cent less than the budgeted price, reflecting the lack of expertise in the organization.

123. In some cases, RFPs were so vague that the companies asked for additional information and a meeting with officials to clarify the requirements; and in many cases, the prices of bidding companies varied greatly which reflected the differences in their understanding and assumptions.

124. Another problem worth mentioning was that while some contracts included standard policy documents such as general conditions of contract, global compact, and supplier code of conduct, some others included some or none of these documents.

Assessment

125. The general profile of case files reflects the need for better monitoring and enforcement of existing rules and procedures. Procurement authorities should closely monitor implementation and provide better leadership for the preparation of documents. Procurement manuals should indicate essential elements for every type of document, draw attention to possible risks, and provide good examples for guidance. Although procurement procedures in the organizations contain general elements, there is a need for consolidated practical guidelines for the preparation of solicitation and contract documents.

126. Many procurement activities are going on in different locations and units of organizations, and often there is a lack of capacity and expertise to carry these out. The availability of guidelines and an electronic database of previous contract documents (TOR, RFPs and other documents) would help staff in every part of the organization to improve the quality and consistency of procurements.

127. A repository of consultants' reports would equally be very useful. It is not unusual to see similar projects in the same or different departments with some years of interval. Due to the lack of a repository, staff do not have the ability to search for and retrieve previous documents, but rely on the anecdotal knowledge of existing staff. In some interviews, the Inspectors were informed that, without it being noticed, one consultancy report was sold to two different units of the same organization.

128. In each organization, the easy availability of previous procurement documents and consultants' reports, at least the best examples in every area, would not only increase the quality of the procurement process, but would also reduce the need for consultancy by providing the necessary knowledge accumulated elsewhere in the organization. Organizations should establish systematic information flows for contracts, procurement documents and consultancy reports, and develop databases to share them. In the context of internal knowledge sharing for procurement practices, organizations should decide on the type and threshold of documents to be collected and uploaded into the databases. It is expected that the implementation of recommendation 11 will improve effectiveness; recommendation 12 will enhance efficiency; and recommendation 13 will improve controls and compliance.

Recommendations 11-13

The executive heads of the United Nations system organizations should ensure that:

- (11) Detailed guidelines are available for the preparation of solicitation and contract documents;**
- (12) There is a database for the procurement documents and consultancy reports;**
- (13) Staff are sensitized for better implementation, and the procurement authority provides effective monitoring and leadership in the process.**

B. Inadequacy in contract management

129. Contract management is the process that ensures that both parties to the contract fully meet their obligations as efficiently and effectively as possible, delivering the business and operational outputs required from the contract, and mitigating risk.³⁹ Contract management involves planning, scheduling and monitoring the progress of work and taking corrective action in time to safeguard the interests of the organization. Good contract management ensures that the end-users are satisfied with the product or service being obtained under the contract.

130. It is important to indicate that effective contract management cannot be separated from the quality of contract documents. If the contract documents have a clear scope, technical specifications, performance measures and rational milestones, contract administration would be on firm ground for successful planning and implementation. If contract documents are short on providing the necessary qualitative and quantitative details for the project, contract administration would experience difficulties in planning, assessing and monitoring progress. This situation can result in increased costs, late and low quality delivery, and reduced benefits to the organization.

Case files

131. The review of the case files reflected that contract management was an area that needed more attention and improvement. There was inadequate planning in setting the elements of monitoring and reporting, no clear distribution of responsibilities and no quality assurance in the process. Most case files did not include such essential elements as progress reports, interim and final evaluations, and verifications in the close-out process.

132. The process was left mainly to the wisdom and judgement of requisitioning units, without clear guidance, which resulted in ad hoc and inconsistent practices. In some cases, payments were made based only on invoices; in some other cases, there were e-mails, or forms, or nothing. In most cases, it was very difficult to track the contract implementation process in terms of progress, compliance, payments, closure and performance evaluations.

133. In some cases, due to the lack of expertise available in the organization, the entire contract management process was led by the contracting firms, with little constructive interaction, supervision and monitoring from administration. It would be fair to say that an important reason for the unsatisfactory performance of some of the projects was the lack of capacity, expertise and planning in the organizations for the contract management process.

134. There is a great benefit to be had for organizations in developing a systematic approach to contract management. It requires assessment and planning, including the necessary knowledge, technical expertise, legal advice and financial management. This process should be properly integrated into policies and procedures. At least for complex and multi-scope projects,

³⁹ UNOPS Procurement Manual, Rev. 2 (December 2007), chap. 10, Contract administration.

organizations should consider using advanced contract management techniques to ensure the success of projects.

Policies and practices

135. A brief review reflected that the quality and scope of the existing procedures for contract management in the organizations are uneven, insufficient and fragmented. The majority of organizations do not have a systematic approach to the issue, and lack consolidated procedures and guidelines. Only a few have relatively better policies and procedures in this area.

136. The UNOPS Procurement Manual⁴⁰ includes a detailed chapter regarding contract administration, which sets out the general elements for the monitoring and control of goods and services separately, and explains issues to be addressed in the evaluation of supplier performance and key steps for the contract completion and close-out. It also sets out the respective responsibilities between procurement personnel and requisitioning units for many aspects of the contract management process.

137. The UNICEF manual includes a chapter regarding the preparation and administration of contracts. It explains in detail the scope of tasks to be performed during contract administration.⁴¹ It further explains the typical activities for the contract close-out, including the preparation of an evaluation report and findings and lessons learned for future guidance.⁴² The Inspectors were informed that IAEA is presently reviewing its needs in the area of contract management to provide more focus, and introduce training and more effective practices and controls.

138. The United Nations Department of Peacekeeping Operations has established a Contracts Compliance and Management Unit to consolidate vendor monitoring as a comprehensive management function. The unit aims to enhance internal controls by developing and progressively implementing a compliance and overall framework, and improving models for monitoring and reporting contractual issues for major service contracts, independent of both the procurement and requisitioning functions.⁴³

General Assembly resolution

139. The General Assembly in its resolution⁴⁴ on JIU report JIU/REP/99/7 endorsed the following recommendation: *“The organizations should ensure that they count with adequate internal expertise and means to monitor as closely as possible the performance of management consulting firms, including their transfer of new management skills to the organization at all stages of contract delivery, so as to ensure the creation and preservation of institutional memory.”*

Lack of performance-based contracts and quality assurance surveillance plans

140. Organizations are yet to use quality assurance plans and performance-based contracts. Quality assurance surveillance plans (QASPs) include how, what and when the organization will survey, observe, test, sample, evaluate and document contractor performance. QASPs focus on quality, quantity, and timeliness of the performance outputs to be delivered by the contractor, not the steps required or procedures used.

⁴⁰ UNOPS Procurement Manual, Global Service Centre, Rev. 2 (December 2007).

⁴¹ UNICEF manual: policies and procedures, chap. 8, Preparation and administration of contracts.

⁴² Ibid., para. 7.0, Contract close-out.

⁴³ “Investing in the United Nations—for a stronger Organization worldwide: detailed report: report of the Secretary-General” (A/60/846/Add.5), para. 43.

⁴⁴ See footnote 8 above.

141. Usually, it is suggested that QASPs and performance indicators be developed together. Thus, applicable requirements, performance standards, metrics, and indicators of success and/or failure are integrated into the plans. Key performance requirements include performance standards, acceptable quality level, maximum allowable deviation from the acceptable quality level, and surveillance methods.

142. Performance-based contracts describe the requirements in terms of results required; set measurable performance standards; describe performance evaluation in a quality assurance plan; and identify positive and negative incentives.⁴⁵ The proper implementation of these contracts needs clear guidelines, special training and expertise.

143. Among the organizations, only the United Nations Secretariat includes performance-based contracting as one of the procurement techniques, and defines it as a type of contract whereby requirements are specified in terms of performance and output.⁴⁶ However, it does not include any further criteria and guidance about its attributes, preparation techniques, or where and how to use it. According to the report of the Secretary-General, the Secretariat has already started implementing performance standards and quality assurance mechanisms on a priority basis in the area of service contracts, and is considering expanding it.⁴⁷

Project management/steering committee

144. Officials of some organizations reported that although there were no specific procedures and guidelines to do so, they established ad hoc steering or project management committees for big projects. They also set up subcommittees for the daily management of these projects. The steering committee monitors progress, takes strategic decisions, and addresses developing problems. Depending on the composition of the committee, this can be considered as good practice.

145. In particular, organization-wide, multi-scope, and cross-departmental projects require an enormous amount of cooperation, cross-departmental teamwork, strategic decision-making and persistent pushing. A project committee consisting of senior managers can immensely improve the success of these projects.

146. One of the lessons learned, as stated by officials, is that the involvement and commitment of top management is essential for the successful management of projects, and also for the implementation of advisory consultancy reports.

Need for an electronic contract management module

147. Organizations do not have electronic contract management modules in their information systems.⁴⁸ The integration of an electronic contract management module would significantly improve contract management by facilitating the tracking of contracts, and also provide transparency of contract information organization-wide. Contract management modules encompass the entire contract management cycle, and provide the opportunity to detect problems, bottlenecks and delays in the process. A consolidated view of contracts would enable the optimization of agreements, elimination of overlaps, and increase compliance with the procedures.

⁴⁵ United States General Accounting Office, Guidance needed for using performance-based service contracting (September 2002), p. 4.

⁴⁶ United Nations Procurement Manual, p. xi.

⁴⁷ A/60/846/Add.5 (see footnote 43 above), para. 71.

⁴⁸ UNESCO informed the Inspectors that it has a module in its ERP system as an integrated contract management application.

148. The modules can include features such as: single, organized repository of contracts; workflow records; tracking of terms; progress on implementation; inquiry functions that give a concise view of all contracts; automatic tracking of actual spending versus contract commitment; and contract expiration alerts.

Assessment

149. It would be fair to say that while organizations have been growing in terms of size, operations and complexity, the procurement function has been lagging behind in the development of the necessary consolidated policy/procedures and sophisticated techniques. Organizations with high-volume and complex procurements cannot continue with the old techniques, which were only suitable for small, simple procurements.

150. There is a need for a consolidated and systematic approach to contract management and the development of electronic contract management modules. Organizations taking into account the findings of this note, experience gained, lessons learned and new developments in this area, should review existing policies, practices and procurement profiles with a view to improving, consolidating and streamlining the process, as well as integrating the necessary sophisticated contract management techniques like performance-based contracts and QASPs. The implementation of the following recommendations is expected to enhance effectiveness.

Recommendations 14-15

The executive heads of the United Nations system organizations should ensure that:

(14) Adequate policies and guidelines exist for effective contract management;

(15) An electronic contract management module is integrated into the information management system.

C. Performance evaluation

151. The performance evaluation of contractors (supplier/vendor) is an area that needs focused and urgent attention in the contract management process. None of the organizations have a database for performance evaluations. It is not possible to extract the performance profile of any vendor from the information systems, which practically renders evaluations useless.

Case files

152. The review of case files showed that in the majority of cases, evaluation forms were missing or not filled in properly. It was not taken seriously and considered, erroneously, as an unnecessary bureaucratic exercise.

153. In some cases there was confusion about the responsibility for the preparation of the performance evaluation form. Upon questioning the absence of performance evaluation in some case files, while procurement personnel stated it was the responsibility of the requisitioning unit, the staff of the requisitioning unit stated that they were not aware of the requirement. In some cases, there was an evaluation form stating satisfactory completion of the work, but in fact the majority of end-users were not satisfied. In one case file, while on the one hand the unit demanded a reduction in the payment of the company due to poor work, on the other, it filled in the evaluation form stating satisfactory work.

154. There was no indication that performance evaluations carried out beforehand were used in the process of procurement, and in any case there was no evaluation database to retrieve previous evaluations. However, UNDP officials stated that they aimed to launch a system whereby the

performance assessment of the vendors/companies would be incorporated into the information system to be used in the procurement process.

Policies/procedures

155. A review of the vendor performance evaluation procedures of the organizations reflected that there was room for better procedures and guidelines to improve the content, implementation and utilization of performance evaluations. In general, procedures are fragmented, and evaluation forms are relatively simple.

156. The United Nations Secretariat in its most recent procurement manual has quite detailed vendor performance assessment procedures.⁴⁹ These include three different types of performance evaluation form based on the type of contract, and also provide guidelines for evaluation.

World Bank practice

157. The World Bank in its consulting services manual includes a standard consultant performance evaluation form and an evaluation checklist to be used as a guide during performance evaluation.⁵⁰ The evaluation form includes five levels of rating, which range from poor to outstanding, and requests an explanation of the score given. The evaluation checklist provides guidelines with nine specific points to be checked in the evaluation process.

Assessment

158. There is a need for the organizations to strengthen performance evaluation procedures, provide practical guidelines and establish mechanisms to utilize these evaluations in the procurement process. Performance evaluations should be carried out properly and fed into an electronic database to be utilized in the procurement process such as for selection and shortlisting. Depending on the operational structure and capability of the information systems, organizations should consider which modality suits them best, centrally managed, regional or even country databases. It is expected that the implementation of recommendation 16 will strengthen accountability; recommendation 17 will improve controls and compliance; and recommendation 18 will enhance effectiveness.

Recommendations 16-18

The executive heads of the United Nations system organizations should:

- (16) Ensure that adequate performance evaluation procedures and guidelines exist and are communicated to the staff responsible;**
- (17) Ensure that the proper application of performance evaluations is enforced and monitored;**
- (18) Establish a vendor performance evaluation database to be utilized in the procurement process.**

⁴⁹ United Nations Procurement Manual, Rev.04 (November 2007), para. 7.11.2.

⁵⁰ *Consulting Services Manual 2006* (see footnote 12 above), appendices 13.1–13.2, pp. 168–169.

D. Conflict of interest

159. A brief review of the general conditions of contract of United Nations system organizations revealed that none of the general conditions included a clause regarding conflict of interest, except the UNFPA general conditions for professional services.⁵¹ In addition, procurement manuals and procedures do not include policy and procedures in this regard.

160. The General Assembly, in its several resolutions concerning procurement reform, has consistently called on the Secretary-General to make a proposal regarding the issue of conflict of interest.⁵² Although there is no proposal yet, the Secretary-General in a recent report explained in detail the conflict of interest policy and procedures introduced internally through administrative instructions and staff regulations.⁵³

161. The invitation to bid and RFP documents of the United Nations Secretariat include conflict of interest provisions. Since the general conditions of contract reflect standard conditions and are an integral part of all contracts, it would be appropriate to integrate a standard conflict of interest provision into the general conditions of contract to bind all vendors/companies that do business with the United Nations system organizations. The European Commission and the World Bank have detailed provisions about conflict of interest in their general conditions.

162. Organizations, though infrequently, may hire consulting firms for the development of the scope of work for future contracts, and also invite such firms to bid on the tender. Such firms, by virtue of having worked on the development of the scope of work for the contract, get access to information that their competitors are lacking and thereby could end up winning the contract. This can be considered a conflict of interest situation. For the sake of fair competition and the transparency of the procurement process, as a rule any firm that has assisted in the development of the scope of work must not be included in the invitee list for that particular contract.

163. Often consulting firms offer pro bono services at no cost to United Nations organizations. Sometimes firms try to use this opportunity to train their newly recruited personnel without much attention and supervision to the work delivered. This may result in misleading or unhelpful work and loss of time and energy on the part of the organizations. In one case, an official made a serious complaint about the quality of such work. In some cases such services free of cost may result in the development or continuation of related projects to be contracted out. Likewise this situation may provide an unfair advantage to these firms and pose a conflict of interest.

European Commission practice

164. Some paragraphs of the European Commission conflict of interest provision embedded in its general conditions are as follows:⁵⁴ *“The contractor shall take all necessary measures to prevent any situation that could compromise the impartial and objective performance of the contract. Such conflict of interest could arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest. Any conflict of interest, which could arise during performance of the Contract, must be notified to the Commission in writing without delay. In the event of such conflict, the Contractor shall immediately take all necessary steps to resolve it.*

⁵¹ General conditions for UNFPA contracts for professional services, para. 20.

⁵² “Governance and oversight review and procurement reform: report of the Fifth Committee” (A/61/658), draft resolution II on procurement reform, para. 9; resolution 60/266, part V, para. 9; resolution 54/14 of 29 October 1999, part IX, para. 30; and resolution 52/226 A of 31 March 1998, para. 28.

⁵³ “Comprehensive report on United Nations procurement activities: report of the Secretary-General” (A/62/525), paras. 13–18.

⁵⁴ European Commission, General Conditions, art. II.3.1, 3 and 4 (December 2007).

The Contractor declares:

- *That he has not made and will not make any offer of any type whatsoever from which an advantage can be derived under the contract*
- *That he has not granted and will not grant, has not sought and will not seek, has not attempted and will not attempt to obtain and has not accepted and will not accept, any advantage, financial or in kind, to or from any party whatsoever, where such advantage constitutes an illegal practice or involves corruption, either directly or indirectly, inasmuch as it is an incentive or reward relating to performance of the Contract.*

The Contractor shall pass on all the relevant obligations in writing to his staff, board and directors as well as to third parties involved in performance of the Contract. A copy of the instructions given and the undertakings made in this respect shall be sent to the Commission should it so request.”

World Bank practice

165. The World Bank has a comprehensive chapter for conflict of interest in its consulting services manual, which includes a wide range of explanations such as bank policy, categories of conflict of interest, prevention of conflict of interest, and range of possible cases. The World Bank has integrated conflict of interest policy into its general conditions of contract for consultants in three paragraphs. One of them is as follows:⁵⁵ *“The consultants agree that, during the term of this contract and after its termination, the Consultants and their affiliates, as well as any Subconsultant and any of its affiliates, shall be disqualified from providing goods, works, or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.”*

General Assembly resolution

166. The General Assembly in its resolution⁵⁶ on JIU report JIU/REP/99/7 endorsed the following recommendation: *“The organizations should guard against possible conflict of interest when awarding contracts to management consulting firms or when hiring former agents or personnel of these firms, especially when they have been involved in the negotiation or execution of specific contracts.”*⁵⁷

Assessment

167. The United Nations system organizations should develop, if they have not already done so, a standard conflict of interest policy, and integrate it into the general conditions of contract to require all companies/suppliers that do business with the organizations to comply with it. The implementation of the following recommendations is expected to enhance accountability.

Recommendation 19

The executive heads of the United Nations system organizations should ensure that a standard conflict of interest policy is developed and integrated into the general conditions of contract.

⁵⁵ World Bank, “Standard request for proposals: selection of consultants”, July 1997, Rev. 1998, 1999 and March 2002, annex II, General Conditions of Contract, sect. 2, para. 3.2.2.

⁵⁶ See footnote 8 above.

⁵⁷ JIU/REP/99/7, recommendation 5.

<p>Recommendation 20</p> <p>CEB through the HLCM procurement network should discuss and initiate the development of a common conflict of interest policy for procurements.</p>
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E. Long-term agreements for consultancy services: UNDP and World Bank practices

168. In the United Nations system, LTAs exist but are mostly used for product and equipment purchases. However, in recent years UNDP has developed global LTAs for professional and consultancy services.

UNDP practice

169. Based on procurement planning, UNDP selectively enters into LTAs with consultancy companies in specific areas, to lower transaction costs, increase performance and utilize the knowledge relevant to the organization that already exists in these contracting partners. The purpose of LTAs is to acquire the support of consultancy services in functional areas like change management and implementation, organizational design, strategy and planning, management training, support to information and communication technology strategy and ERP implementation, operational support and specific professional services and partnership building.

170. The overall objective of LTAs is to establish a mechanism for the procurement of services that is both cost-effective and efficient. All LTAs have an initial existence of two years, with an option to extend for an additional year based on an evaluation of the vendor's successful performance as well as the vendor's request. UNDP officials explained the advantages of LTAs as follows:

- Achieve lower costs through volume leverage
- Reduce contracting costs associated with the sourcing, solicitation and bidding processes
- Reduce the end-to-end process time to award the contract
- A single tendering exercise over the life of the arrangement reduces administration effort
- Quality assurance and legal requirements can be dealt with at the outset
- A mutually beneficial longer-term working relationship can be established with companies.

171. LTAs are made on a competitive basis and contracts include agreed discounted maximum hourly consultancy rates for consultants of the company. Rates are differentiated according to the location of consultants at headquarters and regional consultants. For each location discounted hourly rates are provided for different levels of seniority, for example, partner, senior manager, manager, senior consultant, consultant and analyst.

172. LTAs include two model contracts, i.e. fixed price and cost reimbursement option. Fixed price contracts are used when it is possible to estimate with reasonable accuracy the costs of the activities which are the subject of the contract. Cost reimbursement contracts are used when it is not possible to estimate with reasonable accuracy the total costs of activities. LTAs include a clause allowing UNDP to be released from a binding commitment. It states that UNDP does not warrant any quantity of services to be purchased during the term of the agreement. Thus, the country offices and requisitioning units may not exercise LTAs if they consider them not to be advantageous.

173. UNDP officials try to have multiple LTAs with different companies so that the requisitioning units and country offices can call for limited competition between these companies by sending them well-defined TOR and making a selection based on quality and price criteria. Officials explained that the first round of LTAs was in 2003/2004 and they considered that it was successful. However, they pointed out that those contracts were only used for business improvement projects, which were managed by one unit. Those LTAs were seldom taken

advantage of by other units but they expected this to change and the practice to be expanded. Officials informed the Inspectors that the United Nations Secretariat, UNOPS and UNICEF have already utilized some UNDP LTAs.

World Bank practice

174. The indefinite-delivery contract, a type of contract at the World Bank, is similar to the UNDP LTA. Indefinite-delivery contracts refer to contracts in which an individual consulting firm or an association of firms is hired for a specified time period (usually three to five years) to undertake tasks as and when the need arises.⁵⁸

175. These contracts are commonly used to retain advisers for the implementation of complex projects, institutional reforms, procurement advice, technical troubleshooting, and when there is a need for on-call services for urgent assignments. They are also used when each individual consultancy is quite small, making an expensive competitive selection process inefficient, although the total amount of consultancy may be substantial.⁵⁹ They include agreements on remuneration rates, and general conditions. The use of these contracts saves time and transaction costs, provides leverage for negotiating discounts, improves the learning curve of companies and promotes experience.

Assessment

176. Taking into account the experience of UNDP and the World Bank, if well analysed, and planned and procured through a transparent competitive process, these agreements can increase efficiency and effectiveness. However, it is important for the organizations to use them selectively and not to bind themselves to exercise these agreements. Since these LTAs are usually done at headquarters with the anticipation of a high volume of work, agreements would normally be concluded with large international companies. Although they provide discounted consultancy rates for different regions, their rates can still be higher than those of local consultancy companies (if available) in developing countries. Therefore, country offices should be free to go through the normal procurement process or to exercise LTAs, based on comparative analysis, in the best interests of the organization. Since LTAs in consultancies are relatively new, organizations should periodically assess the overall cost benefit of these agreements and utilize lessons learned in the process.

177. In addition, multiple LTAs with different companies can increase efficiency by providing the requisitioning units with the opportunity to apply limited competition between these companies to receive further discounts. LTAs can also be used by other organizations. In particular, small organizations with insufficient capacity could consider exercising LTAs of other organizations. The implementation of the following recommendation is expected to improve management through the dissemination of best practices.

Recommendation 21

The executive heads of the United Nations system organizations, based on sound analysis, should selectively consider using long-term agreements for consultancy services with a view to increasing efficiency and effectiveness in the process. Organizational units should use cost-benefit analysis to decide whether to use LTAs or the standard procurement process in each case.

⁵⁸ *World Bank Consulting Services Manual 2006* (see footnote 12 above), para 15.1.5.

⁵⁹ *Ibid.*

CHAPTER III. INTER-AGENCY KNOWLEDGE SHARING FOR PROCUREMENT PRACTICES

This chapter discusses the following issues:

- *Lack of knowledge-sharing policy and platform for procurement practices and consultancy works*
- *Need to share contract documents (TOR, RFPs, and other) and consultancy reports*
- *Need to share vendor databases and performance evaluations*

178. Many United Nations system organizations have been going through organizational reform and technical transformation processes, which have prompted organizations to employ a number of consulting companies in many areas. Organizations have similarities in many areas such as administration, information systems and support areas. Therefore, consultancy work requested by the organizations is frequently similar, for instance, ERP projects, risk assessments, business process analysis, and training.

179. However, the quality of procurement documents, contract prices, contract management and final outcome are quite uneven. While some organizations have relatively more clear and detailed documents in some areas, some others have documents of a vague and general nature. The lack of knowledge sharing leads the staff of different units and organizations to struggle to develop all procurement and contract documents from scratch in each case, although similar documents have already been prepared elsewhere for similar projects.

180. Many United Nations organizations have capacity problems both in the procurement and requisitioning units concerning the preparation of documents and the management of the process. It would be useful to have a knowledge-sharing platform to share contract documents (RFPs, TOR and other contract parts) for at least certain types and levels of project, for the use of all organizations in the development of their procurements. In this regard, UNGM would be the best place to develop and share knowledge among organizations.

181. A number of officials stated that knowledge sharing has continued to be a problem in the United Nations system. A great number of procurements are international and similar in subject and content. Therefore, it would be useful to have a database of contract documents, consultants and other vendors, including their previous work and performance evaluations, for the use of all organizations. Likewise, sharing consultancy reports would also provide a great opportunity for management to review the practices of other organizations, which would enable them to gain knowledge on content, approaches, challenges, solutions and the necessary quality of work in every area. Moreover, it could significantly reduce the need for consultancy in some areas, in particular for administrative processes, by disseminating the necessary knowledge already applied elsewhere.

182. Some officials have argued that they already have a kind of informal network whereby they send e-mails whenever they need information. However, this kind of information search is ad hoc, time-consuming and less productive because it depends on the personality, willingness, and knowledge of the relevant officials. Furthermore, when there is no organizational policy for information sharing, it is difficult for officials to make a decision to share information. In some interviews, it was related that while some officials willingly shared contract documents with their colleagues in other organizations, some others did not share, or provided the documents requested without important parts such as pricing.

183. Currently, some organizations are posting their LTAs in UNGM, however, not all the organizations have agreed to do so. Some officials would not share contracts due to confidentiality concerns, but many of them considered the idea useful. Considering that the United Nations system organizations are part of the same family, the Inspectors have difficulty in understanding why some officials feel the need for confidentiality. In the context of the Delivering as One initiative, as the

organizations already intend to work as one, they should not hesitate to develop a comprehensive knowledge-sharing policy and platform for the improvement of all the United Nations family organizations.

184. CEB, through the HLCM procurement network, should discuss and initiate the development of a common knowledge-sharing policy for procurement and contracts. The Inspectors believe that most, if not all, of the information can be shared, and the availability of these documents would immensely improve the consistency and quality of procurements across the organizations, and hence lead to the increased satisfaction of the end-users. It would also facilitate the harmonization of procurement practices of the organizations.

185. In a procurement knowledge-sharing platform, LTAs, procurement documents, contracts, consultancy reports, vendor performance evaluations and the types of expertise available can be uploaded and organized for easy access and use. Moreover, vendor blacklists should be posted for the use of other organizations.

186. The General Assembly has already invited the organizations to use UNGM as the sole portal for vendor registration. UNGM has a centralized vendor registration and maintenance system for organizations. The shortcomings of UNGM were the lack of country/local vendor databases and incompatible information systems. However, UNGM officials informed the Inspectors that they have embarked on developing country/locally based vendor rosters to serve organizations better in the field; and also in cooperation with organizations, are trying to develop interfaces for easy access.

General Assembly resolution

187. The General Assembly in its resolution⁶⁰ on JIU report JIU/REP/99/7 endorsed the following recommendation⁶¹ regarding inter-organization cooperation and coordination:

“The organizations should reinforce system-wide cooperation and coordination in the use of management consulting firms by, among other things:

- (a) developing and sharing rosters of cost-effective management consulting firms that possess United Nations system experience and originate in as wide a range of countries as possible; and*
- (b) sharing experience and information on the use of management consulting firms under an appropriate agenda item at ACC⁶² meetings.”*

Assessment

188. Organizations should develop a common knowledge-sharing policy and platform for procurement practices. It could, inter alia, include the following elements: contract documents including RFPs, consultancy reports, vendor databases, performance evaluations and vendor blacklists. The policy should determine the types, levels, thresholds and forms of documents to be uploaded into the knowledge-sharing database as well as principles to be observed when using these documents. It should also include a discussion and communication platform. The implementation of the following recommendation is expected to enhance effectiveness.

Recommendation 22

CEB through the HLCM procurement network should discuss and initiate the development of a common knowledge-sharing policy and platform in the area of procurement.

⁶⁰ See footnote 8 above.

⁶¹ JIU/REP/99/7, recommendation 4.

⁶² Administrative Committee on Coordination. Predecessor body to CEB.

Annex

**Overview of action to be taken by participating organizations on the recommendations of the Joint Inspection Unit
JIU/NOTE/2008/4**

Note	Intended impact	CEB	United Nations, its funds and programmes											Specialized agencies and IAEA													
			United Nations*	UNCTAD	UNODC	UNEP	UN-Habitat	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	UNOPS	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	UNWTO	IAEA
			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	For action		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	For information		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Recommendation 1	a		E						E			E			E												
Recommendation 2	a		E						E			E			E												
Recommendation 3	a		E	E		E	E	E	E		E	E			E	E	E										
Recommendation 4	a		E					E	E	E	E	E	E	E	E	E	E	E		E	E		E	E		E	
Recommendation 5	a		E					E	E	E	E	E	E	E	E	E	E	E		E	E		E	E		E	
Recommendation 6	g		E					E		E	E	E	E		E	E	E									E	
Recommendation 7	d		E								E	E			E												
Recommendation 8	d		E								E	E			E					E							
Recommendation 9	a	E																									
Recommendation 10	e		E					E	E	E	E	E	E	E	E	E	E				E			E		E	
Recommendation 11	e							E	E		E		E	E		E	E		E	E		E	E		E	E	

Legend: **L:** Recommendation for decision by legislative organ
E: Recommendation for action by executive head
■: Recommendation does not require action by this organization

Intended impact: **a:** enhanced accountability **b:** dissemination of best practices **c:** enhanced coordination and cooperation **d:** enhanced controls and compliance **e:** enhanced effectiveness **f:** significant financial savings **g:** enhanced efficiency **o:** other

* Covers all entities listed in

ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-Habitat, UNHCR, UNRWA.

	Intended impact	CEB	United Nations, its funds and programmes											Specialized agencies and IAEA												
			United Nations*	UNCTAD	UNODC	UNEP	UN-Habitat	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	UNOPS	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	UNWTO
Recommendation 12	g		E	E				E	E	E	E	E	E	E	E	E					E			E		E
Recommendation 13	d		E							E	E			E							E					
Recommendation 14	e		E			E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E		E	E		E
Recommendation 15	e		E				E	E	E	E	E	E	E	E	E	E					E			E		E
Recommendation 16	a		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 17	d		E			E	E				E	E			E						E					
Recommendation 18	e		E				E	E	E	E	E	E	E	E	E	E	E	E			E			E		E
Recommendation 19	a		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 20	a	E																								
Recommendation 21	b		E							E	E	E	E		E	E	E									
Recommendation 22	e	E																								

Legend:

L: Recommendation for decision by legislative organ
E: Recommendation for action by executive head
■: Recommendation does not require action by this organization

Intended impact: **a:** enhanced accountability **b:** dissemination of best practices **c:** enhanced coordination and cooperation **d:** enhanced controls and compliance

e: enhanced effectiveness **f:** significant financial savings **g:** enhanced efficiency **o:** other

* Covers all entities listed in ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-Habitat, UNHCR, UNRWA.