



INTERNAL AUDIT DIVISION
OFFICE OF INTERNAL OVERSIGHT SERVICES

RISK ASSESSMENT

**United Nations Conference on Trade
And Development (UNCTAD)**

**[19 February 2008]
Assignment No. AE2007/340/01**

United Nations  **Nations Unies**

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE
OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Supachai Panitchpakdi, Secretary-General
A: UNCTAD

DATE: 19 February 2008

REFERENCE: AUD-File no. (08-01007)

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AE2007/340/01 - Risk Assessment of the United Nations Conference on Trade and Development (UNCTAD)**

1. I am pleased to present OIOS' risk assessment of the United Nations Conference on Trade and Development which was carried out from December 2007 to January 2008 for your information. While we do not require a formal response to this report, you are welcome to discuss any of the issues raised further.

2. OIOS encourages UNCTAD to use the results of this risk assessment to put in place appropriate risk mitigation measures. OIOS will update the risk assessment periodically, based on subsequent audits or additional information obtained.

3. I take this opportunity to thank the management and staff involved in the risk assessment for the assistance and cooperation provided to the project team in connection with this assignment.

cc: Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Anders Hjertstrand, Chief, IAD Geneva Audit Service, OIOS
Ms. Lakshmi Puri, Acting Deputy Secretary-General, UNCTAD
Mr. Oluseye Oduyemi, Director, Division of Management, UNCTAD

INTERNAL AUDIT DIVISION

FUNCTION

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization" (General Assembly Resolution 48/218 B).

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PARTICIPANTS

The OIOS risk assessment team conducted workshops and interviews with the following staff members of UNCTAD, to gain an understanding of existing organizational relationships, risks, controls and process issues.

Focus Area	Name and Functional Title
Strategic Management and Governance	<ul style="list-style-type: none">• Mr. Supachai Panitchpakdi, Secretary-General, UNCTAD• Ms. Lakshmi Puri, Acting Deputy Secretary-General and Director, Division on International Trade in Goods and Services and Commodities (DITC)• Mr. Heiner Flassbeck, Director, Division on Globalization and Development Strategies (GDS)• Mr. Oluseye Oduyemi, Director, Division of Management (DM)• Mr. Khalil Hamdani, Director, Division on Investment, Technology and Enterprise Development (DITE)• Ms. Anne Miroux, Officer-in-Charge, DITE• Ms. Anh Nga Tran-Nguyen, Director, Division for Services Infrastructure for Development and Trade Efficiency (SITE)• Mr. Dumitru Deac, Special Adviser and Coordinator for South-South Cooperation• Mr. Stuart Harbinson, Senior Advisor to the Secretary-General• Mr. Angelo Galindo, Special Assistant to the Secretary-General
Financial Management	<ul style="list-style-type: none">• Mr. Vitali Rousak, Chief, Budget and Project Finance Section
Human Resources Management	<ul style="list-style-type: none">• Mr. Fabian Allen, Officer-in-Charge, Human Resources Management Section

Focus Area	Name and Functional Title
Procurement and Contract Administration Logistics Management Property and Facilities Management	<ul style="list-style-type: none"> • Mr. Giuseppe Di Capua, Chief, General Services and Travel Unit
Information Technology Management	<ul style="list-style-type: none"> • Mr. Marco Benvenutti, Officer-in-Charge, Information Technology Support Section
Programme and Project Management	<ul style="list-style-type: none"> • Mr. Carlos Moreno, Legal Adviser, DM • Mr. Detlef Kotte, Head Macroeconomic and Development Policies Branch, GDS • Mr. Raja Khalidi, Officer-in-Charge, Debt and Development Finance Branch, GDS • Mr. Henri Laurencin, Head, Central Statistics and Information retrieval Branch, GDS • Mr. Masataka Fujita, Officer-in-Charge, Investment Analysis Branch, DITE • Mr. James Zhan, Head, policy and Capacity Branch, DITE • Ms. Nazha Benabbes Taarji, Officer-in-Charge, Enterprise Development Branch, DITE • Mr. Bonapas Onguglo, Chief, Office of the Director, DITC • Mr. Victor Ognivtsev, Officer-in-Charge, Trade Analysis Branch, DITC • Mr. Ulrich Hoffmann, Chief, Trade and Sustainable Development Section, DITC • Mr. Lucian Cernat, Economic Affairs Officer, DITC • Mr. Amos Taporaie, Associate Economic Affairs Officer, DITC • Mr. Antoine Barbry, Expert, DITC • Mr. Peter Faust, Head Trade Logistics Branch, SITE • Ms. Genevieve Feraud, Head, New Technologies, Training

Focus Area	Name and Functional Title
	<p>and Capacity Building Branch, SITE</p> <ul style="list-style-type: none"> • Ms. Masoumeh Sahami, Chief, Office of the Director, Division for Africa, Least Developed Countries and Special programmes (ALDCs) • Mr. Charles Gore, Chief, Research and Policy Analysis, ALDCs • Mr. Marcel Namfua, Interregional Advisor, Capacity Building, ALDCs • Ms. Manuela Tortora, Head, Technical Cooperation Service, DM
Conference and Documents Management	<ul style="list-style-type: none"> • Ms. Jo Butler, Head, Intergovernmental Affairs and Outreach Service (IAOS), DM • Ms. Lisanne Losier, Chief, Conference Servicing and Logistics, DM

SUMMARY OF RISK RATINGS

The risk assessment identified the following areas as Higher, Moderate and Lower Risk. A summary of the identified risks is shown below. Full details of the identified risks are listed in the Risk Register.

Focus Area	Overall Risk
i. Strategic Management and Governance ii. Human Resources Management iii. Programme and Project Management	Higher Risk
i. Financial Management ii. Conference and Documents Management iii. Information Technology Management iv. Safety and Security	Moderate Risk
i. Procurement and Contract Administration ii. Logistics Management iii. Property and Facilities Management	Lower Risk

RISK REGISTER

Risk Assessment of : UNCTAD

No	Focus Area: Interview/Review Summary (Description of risk)	Strategic Management and Governance		Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk
		Likely	High					
1	Strategic Planning and Monitoring	UNCTAD's objectives have shifted in the last years and need to be adapted to what is needed on the ground. UNCTAD is facing external challenges on several fronts: it has lost its negotiating mandate to the WTO; its research and technical cooperation work has to compete with the efforts of the World Bank or UNDP, and its pro-development advocacy role is increasingly being taken on by NGOs. Hence, UNCTAD has to reposition itself in this new environment and continue to prove its comparative advantage in relation to its think-tank and advocacy role, intergovernmental policy-dialogue and consensus building, and its technical cooperation. It also has to better leverage its ability to offer three mutually supportive pillars of work to the international community. In an attempt to revitalise UNCTAD's role, the Secretary-General has prioritized outreach.	Likely	High	High	High	High	Higher Risk

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	A(ii) Insufficient flexibility of resources to implement the changing mandate of UNCTAD may lead to delivery shortfalls.	The emphasis and priority of UNCTAD is prone to shift every four years. There is a lack of flexibility and fungibility of financial and human resources to reflect such changes. Regular meetings take place to review the schedule, consultancy contracts and research networks provide the necessary expertise to finish up the work.				
	A(iii) Failure to ensure that UNCTAD's three pillars of work (research, consensus building and technical cooperation) are mutually supportive, could compromise the competitiveness of UNCTAD and the quality of its work.	Member States clearly recognize the importance of all three pillars and the need to strengthen the interlinkages among them. The quality of UNCTAD's work relies on all pillars to create an inter-related process of thinking, analysing, disseminating and implementing among the three pillars.				

Focus Area:		Strategic Management and Governance			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
1	A(iv) The overall strategy of UNCTAD may not be translated into effective operational activities. This could result in an incoherent strategy as UNCTAD Divisions tend to work independently from each other.	The UNCTAD Secretary-General has taken several steps to provide strategic guidance, including his reports to UNCTAD XII and to the 2006 Mid-term Review, and the creation of a Strategy and Policy Coordination Unit within his Office. However staff are still unclear as to how their concrete activities consolidate into a global strategy. Strategic decisions do not systematically receive the adequate background preparation and follow-up to ensure they are properly implemented. Some Divisions have attempted to detail the Strategic Framework into more concrete objectives in activities reports. Initiatives were taken to address the diversity of technical cooperation activities through the Internal Task Force on Reforms and the Interdivisional Technical Cooperation Review Committee. In the area of research and analysis, all of UNCTAD's flagship reports are discussed at different stages of the conceptualization and drafting processes					

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	B (i) Shift of Member States' interest from multilateralism to bilateralism may lead to UNCTAD losing its strategic positioning in research, policy analysis and consensus-building.	<p>Member States are not equally active in the intergovernmental process. Some put more emphasis on technical cooperation activities, which they can direct and control, and which are tangible and concrete, than on UNCTAD's role as a think-tank.</p> <p>Some international donor agencies are strengthening their capacity to provide trade negotiation capacity bilaterally.</p>	Governance	Possible	High	Higher Risk

B(ii) The implementation of the recommendations of the Panel of Eminent Persons, if insufficient or not delivering the expected results, may lead to the loss of an opportunity to revitalise the role of UNCTAD within the intergovernmental machinery.

The Secretary-General's initiative of the Panel of Eminent Persons lead to 21 recommendations which Member States decided to divide them into three clusters. Cluster 1 includes recommendations to be implemented by the UNCTAD secretariat as an "early harvest". Cluster 2 contains recommendations that Member States felt required further discussion as part of the preparations for UNCTAD XII; and Cluster 3 includes recommendations for consideration by the UNSG. Implementation of Cluster 1's eight recommendations – including the rationalization of marginal publications and the establishment of a Global Network of Think Tanks – is in process.

Focus Area:		Strategic Management and Governance			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
1	B(iii) Changing concerns of some of the Member States may result in trade and development issues being sidetracked and eventually the erosion of UNCTAD's role.	The priority of some Member States is seen as security, peacekeeping, peacebuilding and humanitarian aid with a focus on social issues. The High-level Panel on Threats, Challenges and Change did not focus on trade and development, nor did it emphasize UNCTAD's role in these areas.	The Chief Executive Board for Coordination of the UN System established a trade and productive capacity cluster of UN agencies working on trade-related capacity-building, which include UNCTAD, ITC, UNDP, and UNIDO. This cluster, to be led by UNCTAD, is expected to influence the mainstreaming of trade in national development strategies and in the preparation of UNDAF at the country level.				

Focus Area:		Strategic Management and Governance			Operational Risk Assessment		
No	Interview/Review Summary (Description of risk)	Risk Category	Likeli-hood	Impact	Overall Risk	Higher Risk	
1	D (i) Inability to allocate resources that match UNCTAD priorities due to insufficient regular budget resources and earmarking of extra budgetary resources, may result in UNCTAD not being able to deliver its mandate in specific areas.	Financial	Possible	High	Higher Risk		
	E (i) Insufficient operational monitoring of activities in UNCTAD may result in internal duplication of efforts and inefficient programme delivery.	Operational	Likely	High	Higher Risk		

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
II	Leadership	B (i) Leadership, if lacking vision, direction or transparency may lead to lack of cohesion of the various Divisions towards one common objective and to weak corporate culture.	UNCTAD staff feels the need for strong and clear leadership, raising the flag and defending the values of the institution, and with which staff can identify.	Governance	Possible	High
			Initiatives from the Secretary-General include the creation of an internal task force on reform, aimed primarily at identifying weaknesses and strategies in the managerial, administrative and technical cooperation areas, the establishment of interdivisional task forces on South-South cooperation and on the creative industries or the creation of a Science and Technology Board to oversee the consolidation of UNCTAD's work in the areas of science and technology, including ICT for development.			

B(ii) Attempts by some Member States to become closely involved in day-to-day managerial decisions that are actually the prerogative of the UNCTAD Secretary-General could undermine the secretariat's ability to discharge its mandate effectively.

There is a perception that Member States are exerting political pressure and that the system is overregulated, leaving very little flexibility and decision-making power to the Secretariat. This would stifle ahead of the curve thinking and right to take initiative that is UNCTAD's strong point. The Secretary-General has a key role to play in upholding the Secretariat's independence.

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	B(iii) The loan of the DSG post to UNOG, if prolonged, could make it more difficult for senior management to conduct day-to-day business, take crucial decisions and carry out long-term planning.	Much of the day-to-day management revolves around the Deputy Secretary-General's post. With the post temporarily loaned, coordination, management and new orientations are left to an interim arrangement with the most senior Director acting also as the Deputy. Such combination of two full-time functions into one is not sustainable in the long run, and a durable solution needs to be found.				
	B(iv) Insufficient transparency in the internal decision-making process may lead to demotivation of managers and staff members.	Channels of communication and lines of command have been established. However, some staff perceive that the process of communication and decision-making is unclear, especially roles and responsibilities in the Office of the Secretary-General. UNCTAD is considering revisiting these areas, as may be appropriate.				
	B(v) Tone at the top, if not adequately fostering shared values, teamwork, integrity and control consciousness, could lead to frustration and demotivation among UNCTAD staff and a weak control environment.	The Integrity Survey in 2004 showed that only one in six UNCTAD staff members believed that senior managers were a positive role model for integrity and ethical behaviour. Staff felt decisions were based on who you know and other personal criteria and hence felt a disconnect between what was said and what was done. While UNCTAD demonstrated transparency in posting the results on its website, the ad-hoc group of UNCTAD staff members working on integrity issues noted in August 2005, the absence of initiative or proposals emanating from Managers on how to improve integrity at UNCTAD.				

Focus Area:		Strategic Management and Governance			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
I	F (i) Lack of entrepreneurial management skills may lead to conservative and over-prudent management style.	Training programmes available to UNCTAD through OHRM New York and the UNOG Staff Development and Learning Section (SDLS), provides supervisory skills sessions. It is perceived as insufficient. Managers in UNCTAD are perceived to be conflict averse.	Human Resources	Possible	Medium	Moderate Risk	
III	Intergovernmental process B (i) Inadequate intergovernmental process may lead to loss of visibility of UNCTAD and ineffective support to consensus building. B(ii) Insufficient participation of Member States in meetings and conferences may lead to loss of relevance or actual loss of the intergovernmental machinery.	Possible changes to the intergovernmental machinery in the context of UNCTAD XII are creating uncertainty as to how they will work and how the Divisions will be represented. It is felt that, because UNCTAD meetings have no negotiated outcome, delegate attendance to meetings is increasingly difficult. Also the funding of the participation of developing countries and small missions' having to attend meetings in several organizations simultaneously, are perceived as adding to the difficulty to secure satisfactory participation. UNCTAD tries to mobilize policy-makers and leaders, as well as raise extra-budgetary funds for the travel of developing countries representatives.	Governance	Likely	High	Higher Risk	

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	B(iii) Difficulty to keep the necessary balance of the various players in the intergovernmental process could lead to dissatisfaction and loss of credibility and relevance.	<p>There is an inherent risk in the intergovernmental process that a growing divide among constituents would lead to suspicion towards UNCTAD in the support and advice it provides. UNCTAD's historical role as a proponent of positive development integration of developing countries in world trade may, also not be always supported by all sides in the given political environment. UNCTAD responds by remaining objective and basing its normative conclusions on empirical facts.</p> <p>B(iv) Member States' involvement in operational decision-making could lead to inertia in the absence of consensus.</p> <p>B(v) Insufficient political acumen at the mid-management level could complicate the intergovernmental consensus-building process.</p>				

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
IV	External Competition A (i) Unclear roles of various UN organisations, other international organisations, and more recently the non-governmental organisations, involved in trade and development related activities, together with attempts to broaden their own mandates, may impact UNCTAD's ability to effectively carry out its mandate and may result in duplication of activities within the UN system.	UNCTAD focuses on its comparative advantage as the Focal Point within the United Nations for the integrated treatment of trade and development, and related issues of finance, technology, investment, enterprise-development and sustainable development, and on its integrated approach in the three pillars (research, consensus-building and technical cooperation). UNCTAD is developing partnerships, e.g. agreement with the World Bank in Pakistan, and with the European Commission in Mozambique. Memoranda of Understanding help in determining responsibilities of the organisations and UNCTAD. While acknowledging that global finance, trade and investment negotiations are conducted in forums other than UNCTAD, the Panel of Eminent Persons envisaged the role of UNCTAD in consensus building as conditional upon its capacity to produce quality research and policy analysis to feed into the debates. A(ii) Proliferation of forums competing with UNCTAD on trade and development with little substance to put forward, may adversely impact some of UNCTAD's events and meetings.	Strategy	Likely	High	Higher Risk

Focus Area:		Strategic Management and Governance			Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	
v	One UN Initiative A (i) Lack of field presence may lead to loss of visibility of UNCTAD's mandate and work. <p>UNCTAD does not have field presence. It often relies on UNDP for its field activities, yet UNDP has programmes that compete with UNCTAD's (e.g. trade negotiation) and is seen as pushing its own projects in priority.</p> <p>Under the One UN concept, UNCTAD risks being at a disadvantage, due to this lack of field presence. UNCTAD is faced with the challenge in terms of the extent to which it can contribute and obtain collaboration from field-based entities.</p>		Strategy	Possible	High	Higher Risk	

1	Focus Area: Strategic Management and Governance	Likely	High	Higher Risk		
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
A(ii) Lack of field presence may result in the trade and development agenda being marginalized due to the loss of influence of UNCTAD in the country programme preparation.	The One UN concept relies on country-level consolidated planning of all UN System entities within designated clusters. Pilot projects are implemented in eight countries. UNCTAD is involved with the eight One UN pilot countries (four of the eight countries are middle income countries). The initiative has created additional workload for UNCTAD at the country level, as well as additional cost for field missions. The lack of qualified resources on trade and development at the field level, and UNCTAD's status as a non-resident entity, might impact on the quality of the Country programme with regard to development and trade being left out, hence, marginalising UNCTAD's role. Currently, it is uncertain how the One UN initiative will materialize. The One UN is perceived as an opportunity and a risk for the visibility of UNCTAD. UNCTAD envisages to train UNDP representatives on policy matters.					

		Focus Area: Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	A(iii) Lack of leadership, coordination and strategy regarding the One UN scheme, could lead to loss of relevance and marginalisation of UNCTAD.	Some organisations have been very active (UNDP, UNIDO) to determine their role in this new environment. As a non-resident agency, UNCTAD has identified the risk. It is involved with the eight One UN pilot countries. The Chief Executive Board for Coordination of the UN System established a trade and productive capacity cluster of UN agencies working on trade-related capacity-building, which include UNCTAD, ITC, UNDP, and UNIDO. This cluster, to be led by UNCTAD, is expected to influence the mainstreaming of trade in national development strategies and in the preparation of UNDAF at the country level.				
VI	D (i) Lack of involvement in the fundraising process at the field level could reduce UNCTAD's extra budgetary resources. VI Accountability and reporting A (i) Lack of formal risk management process may result in inadequate response to risks and lack of accountability for managing risks.	Through One UN, donors would channel their funds and field activities through one agency.	Financial	Possible	Medium	Moderate Risk

		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
1	B (i) Lack of accountability, especially if taking place at the senior management level, may result in an organizational culture not conducive to integrity, competence and delivery.	The UN system wide lacks an effective reward-and-sanction system that would foster motivation, competence and delivery. There is a perception of no sanctions for not delivering. The Integrity Survey highlighted in 2004 that only 18.5 per cent of UNCTAD staff members believed accountability was practised in the way people worked. Under the mobility policy, it is felt that managers changing post after 5 years would not always be accountable for what they did once they are gone. The United Nations Secretariat's Accountability Framework initiative is under way.	Governance	Likely	High	Higher Risk

1	Focus Area:	Strategic Management and Governance		Likely	High	Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category	Likeli-hood	Impact	Overall Risk
E (i) The difficulty to measure and demonstrate the impact of activities on trade and development may result in lack of visibility and credibility of UNCTAD.	While most of the activities of UNCTAD are perceived as essential to an environment conducive to trade and development, the direct impact is hard to measure. Interventions are related to policy influencing rather than prescribing, and side effects need to be analysed. Without making its impact concrete and visible, UNCTAD's work is not recognized and the risk is to lose image and resources. UNCTAD sees the need to strengthen the evaluation of its programmes.	Operational	Possible	High	High	Higher Risk	
VII Intellectual property	B (i) Lack of policy on intellectual property may result in successful UNCTAD programmes being misappropriated.	Lack of intellectual property retention is a high risk with many consultants providing expertise and not sufficient control exercised on the use they might make of this work. Post employment policies are also insufficient to prevent staff members from taking decisions based on their prospect of personal gain. Programmes and other results of work are considered as personal intellectual property as opposed to UNCTAD property.	Governance	Likely	Medium	Higher Risk	

Focus Area:		Strategic Management and Governance		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
VIII	Information-Sharing B (i) The lack of a strong and cohesive organizational culture could lead to staff members feeling more loyal to their Division than to UNCTAD as a whole.	Various procedures are observed to share information with staff, including regular meetings of Directors and Divisions, memos from the SG, and several internal newsletters. The UNCTAD Intranet, which contains information, including the schedule and statements of the SG, and secretariat-wide news, activities and a schedule of forthcoming events. In addition, an internal working group on UNCTAD XII has been meeting regularly since late 2007, informing staff on preparations for the Conference. However, there remains a perception that insufficient information and communication is provided at the UNCTAD-wide level by senior management. The UNCTAD Sectoral Assembly reported in 2006 the general feeling that staff lack common goals and sense of unity among divisions, leading to destructive internal competition.	Governance	Likely	High	Higher Risk
	G (i) Poor communication may result in inadequate decisions being taken or lack of consistency in implementing them and information not being shared with all concerned parties before decisions are made or for the decisions to be acted on.	Managers feel they are not sufficiently consulted on important decisions impacting their activities. There is insufficient communication and the partnership between substantive managers and the administration that is felt on both sides.	Information Resources	Likely	High	Higher Risk

1	Focus Area: Interview/Review Summary (Description of risk)	Strategic Management and Governance OIOS Assessment	Risk Category Likely Likeli-hood Impact Overall Risk
No			
1	G(ii) Lack of internal coordination and consolidation may result in insufficient cohesion and absence of transparency.	<p>A weekly Director's meeting was established in 2006. Such meetings have not been regular in 2007 and managers feel the need for such a regular planning, information-sharing, coordination and decision-making forum. Information sharing is now more informal leaving room for distortion and misinterpretation.</p> <p>Consolidation of information of the various divisions for the preparation of some events or missions is on an ad-hoc basis, often at the last minute. The result is fragmented views from the divisions and other sources with no follow-up. Contributions to reports or position papers are mainly bottom-up with rare top-down information to settle internal disagreements and decide on the standpoint prevailing.</p>	<p>UNCTAD's initiatives have been to establish coordination meetings, joint projects and taskforces, intrabranch taskforces and thematic clusters. The establishment of a Project Review Committee has also helped cross divisional coordination. Other communication, coordination and coherence mechanisms in place include e-mails and briefings, divisional meetings, senior staff meetings at the Branch level, regular Branch meetings, retreats or open door policy.</p>

Risk Assessment of: UNCTAD

No	Interview/Review Summary (Description of risk)	Focus Area: Financial Management	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk	Possible Medium Moderate Risk
2	I Result-based Management B (i) Inadequate linkage between the budgeting process and the programme of work may result in non realistic expected results.	Expected results are determined in line with requested resources. Even if the General Assembly does not approve the proposed amount of budget, the UNCTAD Secretariat is normally not provided with an opportunity to revise the baselines and targets at that stage. This requires procedural change at the Headquarters. Indicators as defined in the programme budget are supposed to assess achievements, not only of regular-budget activities, but also including extra-budgetary activities. It is therefore possible that programme managers do not have sufficient resources to achieve what was defined in the GA-approved programme document. However, in the framework, these factors are incorporated as external factors and the programme manager can explain why he/she could not achieve certain performance criteria due to external circumstances.	Governance	Likely	Possible	Low High	Moderate Risk	Higher Risk

Focus Area:		Financial Management		Possible	Medium	Moderate	Risk	Likeli-hood	Impact	Overall Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment		Risk Category						
2	B(ii) Complex arrangement for approving the budget and programme involving both the Trade and Development Board and the General Assembly may, lead to inefficient and ineffective governance mechanisms.	The programme of work of the UNCTAD Secretariat is determined in the Trade and Development Board while the General Assembly approves the budget and reviews the financial performance of UNCTAD. As a result, the TDB decides on a programme without having the necessary information on resources requested or approved to implement such programme. The Working Party on the Medium-term Plan and the Programme Budget requested that they are provided with detailed information on financial and resource distribution in order to better understand the possible budget implications of any programme decisions.								

2		Focus Area: Financial Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	D (i) Shortage of core resources to fulfil the mandate of UNCTAD may lead to partial delivery of core services or the funding of these services through extrabudgetary resources.	UNCTAD's regular budget has not increased proportionately with the mandate of UNCTAD and related additional requirements. Within allocated resources, UNCTAD cannot deliver its mandate and relies on extra-budgetary resources to implement regular mandate activities, which gives rise to questions of sustainability and predictability of core activities.	Financial	Possible	Medium	Moderate Risk
	D(ii) Redirecting the resources from budgeted substantive activities to other general areas may result in a perception that resources are being abused.	The programme budget identifies the expected results of missions and travel. Without clear impact or outcome demonstrated on some work and travel, such as representation, the real benefits of some activities are not evident. However the budget performance shows that the funds have been spent.				
	D(iii) Strong focus on financial performance (percentage of budget spent) and systematic budget cuts when all money is not spent, may result in lack of incentives for savings or efficiency	The performance of managers is assessed based on how well they have spent funds allotted. No specific evaluation is done of how efficient the use of funds was.				
	D(iv) The length of the budgetary cycle may result in loss of effort and resources, counter productivity and self-supporting procedures	The same budget and finance process applies to all Departments and Offices in the UN Secretariat. In 2007, staff members are already requested to prepare for 2010-2011. In today's changing environment, such a long term vision is difficult to have. Once the plan defined in 2007 is implemented in 2010-2011, staff involved do not have the same concerns and needs. Transfers to other activities need to be justified leading to micro-management on the budget and expenditure side.				

2		Focus Area: Financial Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
II	Accounting and Reporting C (i) Numerous layers of control required to undertake administrative matters, may result in loss of accountability, inefficiency and waste of resources	UNCTAD is seen to have a rubberstamping function with UNOG doing the final verification. UNCTAD controls combined with UNOG's as per the UN regulations contribute to make the process a cumbersome one. There is no incentive for quality when additional control follows. Substantive divisions perceive that most of the preparation work is their responsibility, while administrative services expand and are funded by the support costs to perform an "intermediary" function.	Compliance	Likely	Low	Moderate Risk

2	Focus Area: Financial Management	Possible	Medium	Moderate Risk		
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
D (i)	Inaccurate allocation of costs may result in inaccurate reporting and use of resources for other purposes than those intended.	The process to ensure availability of funds for incurring extra-budgetary expenses is considered effective. For activities short of funds, whether regular budget or extra-budgetary, the administration cannot control that charges are actually related to a specific project. The process relies on the project manager's request to allocate funds to one project or the other.	Financial	Possible	Low	Lower Risk
D(ii)	Strong donor administrative and reporting requirements may result in additional (administrative) workload thus reducing the efficiency of UNCTAD's technical cooperation activities and delivery.	The management of extrabudgetary resources requires substantial administrative support, incurring costs. Bureaucratic red tape leads to much time being spent to meet donors' requirement, as opposed to spending it on the substantive work. With 280 ongoing technical cooperation projects, UNCTAD has to issue about 490 financial reports a year. Some donors adopted very cumbersome and rigid guidelines for reporting on the use of funds, the management of which involves high transaction costs. The consolidation of projects under thematic clusters is expected to reduce the administrative and reporting workload.	Operational	Possible	Low	Lower Risk
E (i)	Lack of client orientation and service attitude of the Budget and Project Finance Section may impact UNCTAD's responsiveness and delivery.	The Budget and Finance Section is perceived as rigid and not client-oriented, thus not delivering the information and advice necessary to the flexibility required from project managers.	Operational	Possible	Low	Lower Risk

2		Focus Area: Financial Management		OIOS Assessment			
No	Interview/Review Summary (Description of risk)	Risk Category	Likeli-hood	Possible	Medium	Moderate Risk	
III	Extrabudgetary resources A (i) Decentralised fundraising at the project manager level may hinder a comprehensive and UNCTAD-wide strategy.	Divisions, branches and staff dealing with technical cooperation can make direct contact with the donors that are willing to finance specific operations according to their priorities. Because of the decentralization of the extra-budgetary resources, leading to individual fund-raising, project managers are responsible for funding their technical cooperation activity. They tend to rely on their own network and experience to raise funds.	Strategy	Likely	Medium	Higher Risk	
		In order to strengthen the coherence of these efforts, the Technical Cooperation Service has proposed to member States a thematic clustering of technical cooperation, prepared by the newly-established interdivisional project Review Committee. This approach was approved at the October 2007 meeting of the Trade and Development Board. The effective implementation of this clustering, aiming at more transparency and coherence in the fund raising process, depends on the willingness of donors to: (i) reduce the earmarking of their voluntary contributions, and (ii) accept more commingling of their resources through multi-donors trust funds.					

Focus Area:		Financial Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
2	A(ii) Hard-earmarking of funds may result in the distortion of UNCTAD's priorities and mandates.	With the earmarking of funds, the technical cooperation activities tends to be donor driven and UNCTAD does not have the flexibility to determine key activities or geographical areas in which to operate. The trend towards hard earmarking of funds, sometimes down to the object of expenditure level (prescribing the use of funds on personnel), does not leave any flexibility for priority setting. Funding control results in a budget controlling exercise by some donor countries. General Assembly Resolution A/C.2/62/L.63, para.21, requests UN member States to avoid earmarking extra-budgetary resources.				
	C (i) Inability to meet all donors' requirements may lead to reimbursement of funds used for non-eligible costs and eventually loss of credibility.	Bureaucratic red tape leads to much time being spent to meet donors' requirements as opposed to spending it on the substantive work. Donors' requirements do not always comply with the United Nations trust funds requirements and have lead to some of the contributions being reimbursed.	Compliance	Possible	Low	Lower Risk
	D (i) Inadequate fundraising modalities and mechanisms may result in fragmented fundraising approach and absent strategy.	There are 280 ongoing projects for UNCTAD. The organisation is developing 17 thematic clusters for earmarking of funds to reduce fragmentation and enhance a cross-divisional approach.	Financial	Possible	Medium	Moderate Risk
	D(ii) Increasing reliance on fundraising at the country level may result in UNCTAD losing extra-budgetary resources due to its non-field structure.	Many donors have shifted the decision-making level for contributions to the field level. UNCTAD does not have a field presence and most of the funding activities are still done in Geneva at the permanent missions' level.				

2		Focus Area: Financial Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	D(iii) Inadequate modalities to measure the cost of administrative support to technical cooperation activities and to track the use of support cost income may result in the subsidization from regular budget to extrabudgetary resources.	In 2003, the Working Party suggested that an appropriate share of the support costs received by UNCTAD for project execution be allocated to the responsible substantive programme in a transparent and equitable manner. An audit from the Board of Auditors highlighted in 2004 that UNCTAD does not monitor its actual support costs and never carried out a cost measurement exercise to review support cost rates. From the support costs, 30 per cent are UNGO's for the services provided under the administrative arrangement. The rest of the support cost finances the Division of Management's administration of extra budgetary funds. The remaining balance is allocated to each Division based on their share of support cost generated.				

Focus Area:		Financial Management		Possible	Medium	Moderate Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
2	E (i) Lack of predictability and sustainability of voluntary contributions may undermine UNCTAD's planning and delivery of projects in the short and long term.	Activities funded on extra-budgetary resources are dependent upon the availability of cash on the project. Donors tend to finance contributions year by year according to their own budget. No medium-term arrangements can be made and activities are based on short-term plans and staffing. For technical cooperation programmes to be meaningful, multiple-year and multidonors funding is required and UNCTAD is developing clusters. Other activities cannot be funded under the regular budget such as outreach, translation of session documents for the website, etc. They rely on immediate voluntary resources, which do not allow for a proper strategy to be developed. The authorization of the donors is necessary to a close trust funds. The process proves cumbersome and ineffective as donors' response rate is low on funds which date back to several years' contributions.	Operational	Possible	Medium	Moderate Risk

Risk Assessment of : UNCTAD

No	Focus Area:	Human Resource Management	Likely	High	Higher Risk	
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
I	Recruitment B (i) Pressure by Member States' to hire candidates, may result in not hiring the most qualified candidate and loss of fairness and transparency of the hiring process.	There is a perception that Member States get increasingly involved in Human Resources processes to promote their nationals.	Governance	Possible	Medium	Higher Risk Moderate Risk
	C (i) Culture of getting things done quickly, may lead to non-compliance and circumventing rules in the Human Resources process.	Managers have a negative perception of the recruitment process, given lengthy delays and rules and regulations and they do not willingly accept advise from HR on how to proceed. The Integrity survey of 2004 highlighted that up to a third of staff believes that they have to bend the rules to make things happen quickly.	Compliance	Possible	Low	Lower Risk

Focus Area:		Human Resource Management			Likely		High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall	Risk	
3	F (i) Rigid and cumbersome recruitment procedures may lead to delays in the delivery of projects, loss of UNCTAD's credibility and loss of the best candidates and skills.	<p>Contract management is perceived as strenuous and tedious and not always focusing on getting the best and most optimal skills mix. While the primary aim is to recruit the most qualified candidate for any position, Member States have mandated departments to take the need for adequate geographical and gender representation seriously in their overall recruitment policy. Human Resources Action Plans are signed by all Department Heads. These criteria are applied organization-wide. The UN staff selection system is also applied on a Secretariat-wide basis. Geographical distribution and gender requirements are seen to receive more consideration than competence.</p> <p>The overall recruitment timeline takes on average 185 days. Efforts are undertaken, in order to reduce the recruitment time, such as timely follow-ups with programme managers and posting of foreseen vacancies. For 100 Series staff, UNOG acts as a second reviewer adding more delay to the process. The length of the selection process might discourage candidates.</p>	Human Resources	Likely	High	High	Higher Risk	

3	Focus Area: Human Resource Management	Likely	High	Higher Risk		
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	The limited opportunity for recruitment of external staff to P-2 and P-3 posts are special provisions established by the Office of Human Resource Management in New York as mandated by Member states who wish to protect the career prospects of junior professional staff recruited through the UN's competitive examination. Compliance with these procedures are seen to leave little room for external recruitment of specialists.	Vacancies are temporarily filled with short-term staff, outside the regular recruitment process, which is voluntarily protracted to keep performing and better controlled short-term resources. UNCTAD is making greater efforts to fill post on a long term basis, and thus discourages past practices of long term retention of short-term staff.	The bureaucratic layers are burdensome rather than preventing abuses. Notwithstanding managers' preference for a particular staff member, lengthy recruitment procedures are required, leading to the recruitment of the identified person, only months later.			
II	Career Development B (i) Ineffective performance management may result in loss of accountability and commitment to competence.	Staff members do not feel accountable or responsible for their work and results. Commitment to competence and delivery is not always present. In 2004, the Integrity Survey reported that two thirds of UNCTAD staff did not perceive chances for career advancement on the basis of merit and integrity.	Governance	Likely	High	Higher Risk

Focus Area:		Human Resource Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
3	F (i) Lack of career prospects may result in demotivation, staff leaving and loss of expertise and institutional memory, and in turn a decrease in quality of UNCTAD's products.	The system is one of vacancy management which creates blockages, more in some Divisions than others. There is a stagnation of P-2 and P-3 level staff due to limited higher level posts and upward mobility opportunities. Promotion is usually from within individual divisions as directors feel obligated primarily to their own staff. UNCTAD's perception is that as staff becomes more trained and specialized they should be promoted. A reclassification of P-3 to P-4 posts was envisaged. The internal mobility programme may help to address some of the concerns of lack of opportunity, which may eventually lead to more promotion prospects/opportunities. There is deficiency in attracting and nurturing talent and a lack of attractive work climate for young people. Young professionals formed a group to list their concerns and proposed an action plan to the SG to remediate the issues they faced.	Human Resources	Likely	High	Higher Risk

Focus Area:		Human Resource Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
3	F(ii) Inadequate succession planning arrangements may lead to loss of institutional memory and expertise.	Vacancies should be advertised with sufficient notice prior to mandatory age of retirement date. Divisions are responsible for initiating the process.	Current UN rules are that all posts need to be advertised. Managers feel they have limited influence to succession planning and hand over arrangements as the official successor cannot be known in advance.	A commitment was made by the administration not to extend staff beyond mandatory retirement age without an alternative process to ensure smooth handover. OHRM can approve exceptions if the post has been advertised six-months in advance and operational needs warrant it.		

Focus Area:		Human Resource Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
3	<p>F(iii) Ineffective performance management due to lack of sanctions and rewards may result in an absence of work recognition, frustration and demotivation.</p> <p>F(iv) The requirement to fit the E-Pas Bell curve, may lead to forced grades to meet the distribution which might not reflect the real performance of staff.</p> <p>F(v) Untimely performance appraisal may lead to the process losing its relevance and impact.</p>	<p>The system does not provide for sanctions for under-achievers and rewards for performers. There is a perception that "trouble-makers" receive disproportionate attention and real performers are not recognised or rewarded.</p> <p>The Bell curve requirement of E-Pas requires the use of "3" grading for most staff. Grades are forced so that distribution is met. Ratings have to be changed to fit the Bell curve and staff is downgraded without further explanation. There is no communication on statistics of ratings in the Divisions. Grades are no more a motivational factor.</p> <p>Promotion and E-Pas are disconnected. The goal-setting component of E-Pas is weak.</p> <p>E-Pas is completed more than a year following the review period.</p> <p>The E-Pas does not fit the needs of staff and managers as managers find it difficult to create a climate conducive to productivity and see their flexibility as diminishing with less and less incentive factors available.</p>				

3	Focus Area: Human Resource Management	Likely	High	Higher Risk		
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
	F(vi) Critical vacancies at the Director level may hinder UNCTAD's ability to plan, implement and monitor its activities.	The UNCTAD Sectoral Assembly highlighted in June 2006 vacancies at the D2 and D1 level, one of them after 34 months. At the time of UNCTAD XII, two Divisions will have a Director's post vacant due to retirement.	UNCTAD requires staff members with extensive training and specialization, which is difficult to accommodate with the new mobility requirements. UNCTAD's specialised manpower is seen as not interchangeable.	Complying with the mobility requirements implies the transfer of highly valued expertise from one area to another area where the staff member does not have the same cutting-edge knowledge. In other cases, people are promoted to where there is a vacant post for mobility rather than for performance reasons.	The Mobility Advisory Group has had three meetings. The staff turnout has been low with eight staff members moving and much resistance expressed to open internal vacancies to all of UNCTAD.	Possible Low Lower Risk
III	Salary and Entitlements	F (i) Insufficiently attractive salary packages in a very competitive environment may result in not recruiting the expertise and high level skills required for UNCTAD's work and credibility.	Other agencies active in trade and development tend to offer more attractive salary packages. Recruitment of high calibre staff is still possible (although to a lesser extent) due to the good reputation of UNCTAD.	Human Resources	Possible Low Lower Risk	

3		Focus Area: Human Resource Management		Likely	High	Higher Risk
No	Interview/Review Summary (Description of risk)	OIOS Assessment	Risk Category	Likeli-hood	Impact	Overall Risk
IV	Staffing B (i) Drift to personalisation of Human Resources Management may lead to demotivation of staff.	There is a perception of non adherence to institutional requirements with an emphasis on personal preferences of managers to recruit and promote staff.	Governance	Possible	Medium	Moderate Risk
	F (i) Failure to recognize the level of experience and qualification necessary for specific activities (post level and related salary) may result in not recruiting the right profile and skills.	UNCTAD follows the classification standards established by the Organization/International Civil Service Commission. Request to recruit staff are made based on availability of posts, funding etc. Management has sometimes failed to recognize the importance of certain activities, thus suggesting a post level inadequate to the profile to recruit. The necessary recognition, post and related salary level, are not always sufficient to attract the required experts.	Human Resources	Likely	Medium	Higher Risk
	F(ii) Frequent temporary reallocation of posts and human resources may impact on the medium to long-term strategy of Divisions and impact on UNCTAD's structure, organisation and delivery.	There is a perception that vacant posts are immediately used for other purpose leaving the divisions short of resources and not allowing for proper recruitment planning.				
	F(iii) Lack of a skills inventory may result in not identifying available internal resources for a specific assignment, project or post.	UNCTAD has no established inventory of skills for its staff members. The establishment of an inventory skills system was being spearheaded by DM/OHRM of which UNCTAD would have been one of its beneficiary once established.				