UNODC Presentation to the Open Ended Consultative Group on UN Habitat Governance Review Process

UNON Gigiri, Nairobi, 6 June 2012
1. **FINANCIAL CYCLES AND STRUCTURE:**

WHICH DEPARTMENTS AND GOVERNING BODIES ARE INVOLVED IN THE PREPARATION AND REVIEW OF THE BUDGET AND IS IT CONSIDERED TO BE AN EFFECTIVE PROCESS?

a. In terms of your agency’s overall budget, what percentages account for voluntary vs. assessed and earmarked vs. non-earmarked contributions, and how predictable are these various sources?

b. Do procedures include mechanisms that allow for flexibility when needed?

c. How is comprehensive oversight of the organization’s project portfolio ensured?

d. Has the organization introduced any recent reforms in order to improve financial governance?

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**A. Budget**

The budget of UNODC is prepared with input from the three substantive Divisions, the Office of the Executive Director and the Division for Management. After extensive consultations, the level of resources requested for the next biennium is agreed upon.

The submission for the regular budget share of UNODC is reviewed and finalized by the Programme Planning and Budget Division in NY. The budget proposal is then reviewed by the ACABQ and the Fifth Committee and approved by the Fifth Committee (General Assembly).

The budget for voluntary contributions is reviewed by the ACABQ and approved by the Governing bodies of UNODC (Commission on Narcotics Drugs and the Commission on Crime Prevention and Criminal Justice).

About 15% of the UNODC budget comes from the UN regular budget (assessed contributions), 81% from hard earmarked voluntary contributions and only 4% from non-earmarked voluntary contributions. All voluntary contributions are highly unpredictable, as they depend on the decision of donors to fund particular projects or programmes at any point in time.

**B. Procedures**

There is some flexibility on the budgets based on voluntary contributions, but there is less flexibility in the Regular Budget.

In the past two years (reconvened 19th and 20th sessions of the CCPCJ and reconvened 53rd and 54th sessions of the CND), the reconvened sessions of the Commissions have been devoted to the discussion of administrative and budgetary issues – i.e. the item on “Strategic management, budgetary and administrative questions” for the CCPCJ and on “Policy directives to the drug programme of the United Nations Office on Drugs and Crime and strengthening the drug programme and the role of the
Commission on Narcotic Drugs as its governing body, including administrative, budgetary and strategic management questions” for the CND. The only exception to this was the inclusion, at the reconvened 53rd session of the CND, of the agenda item on “Improving the collection, reporting and analysis of data to monitor the implementation of the Political Declaration and Plan of Action”, for the purpose of reviewing the on-going work of the open-ended intergovernmental expert group meeting on data collection (to revise the Annual Reports Questionnaire) - a process which had already been mandated by CND resolution 52/12 and decision 53/2.

In addition, specific topics to be considered under the administrative and budgetary issues at the reconvened sessions may include mandates deriving from the previous regular sessions of the Commissions. The Extended Bureaus of the Commissions may also decide on specific topics to discuss under this item at the reconvened sessions.

C. Oversight
UNODC has an internal process for the review and approval of individual projects. During the design and development of a project document, programme managers have to consult all substantive offices concerned (mandatory consultations). Every project document is then submitted for clearance to the Financial Management Service (FRMS), the Independent Evaluation Unit (IEU) and, if staffing is involved to the Human Resources Management Service (HRMS). Oversight is performed by the focal point in each substantive Division, and final approval by the Director of the substantive division after endorsement by the Directors of the two other substantive divisions.

In addition, UNODC has a Programme Review Committee, whose role is to:

i. review all thematic, regional and country programmes, in order to ensure their operational feasibility, substantive quality, coherence and financial viability;

ii. make recommendations on the thematic, regional and country programmes to the Executive Director/Executive Committee

iii. review all in-depth evaluations and programme performance reports as they pertain to the thematic, regional or country programmes; and,

iv. review and endorse, for the Executive Director/Executive Committee’s approval, programmes and projects that do not directly contribute to identified outcomes in the previously approved thematic, regional or country programmes.

D. Financial Governance Reforms
There are ongoing discussions (both internally at UNODC and with UN HQ) on proposed mechanisms for core funding of the Office, direct cost recovery and in general a new funding model for UNODC. These issues have recently been addressed in the draft “Fundraising strategy 2012-2015” which was presented
to Member States recently at the Standing open-ended intergovernmental working group on improving the governance and financial situation of UNODC.

2. STRUCTURE OF GOVERNING BODIES

HOW DOES THE DECISION MAKING PROCESS WORK WITHIN THE GOVERNANCE BODY?

a. Are there any widely perceived structural or functional weaknesses in your current governing structure?
b. Has there been any governance reforms introduced in the last five years, and if so what has triggered them?
c. Have there been any noticeable improvements in terms of the efficiency or effectiveness in decisions making?
d. What is the current practice in frequency of meetings and how does it impact efficiency in Mandate Delivery?
e. What role do non-state actors play in the governance process and what is their relation with the organization?

In order to strengthen the governance of UNODC and ensure ownership of the programme, upon recommendation of the Commission on Narcotics Drugs (CND) and the Commission on Crime Prevention and Criminal Justice, the Economic and Social Council established a standing open-ended Intergovernmental Working Group on Improving the Governance and Financial Situation of UNODC in 2009.

The Working Group deals with the consolidated budget of UNODC, evaluation and oversight, and other governance and financial matters, including the progress made by UNODC in implementing its regional and thematic programmes, as well as the elaboration of an updated mid-term strategy for the Office.

The CND has important normative functions under the international drug control conventions. It is inter alia authorized to consider all matters pertaining to the aims of the Conventions and see to their implementation. As a treaty body under the Single Convention on Narcotic Drugs, 1961 and the Convention on Psychotropic Substances, 1971, the Commission decides, on the basis of recommendations by the World Health Organization (WHO), to place narcotic drugs and psychotropic substances under international control. Pursuant to the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988, the Commission decides, upon the recommendation of the International Narcotics Control Board (INCB), to place precursor chemicals frequently used for the manufacture of illicit drugs under international control. The Commission may also decide to remove or modify international control measures over drugs, psychotropic substances or precursors.
States members of the CCPCJ and CND (and other functional commissions of the Economic and Social Council) are elected by the Council under its agenda item on elections, nominations, confirmations and appointments. The elections usually take place in April at the resumed organizational session of ECOSOC.

The Commission on Narcotic Drugs has 53 members:

- 11 African States
- 11 Asian States
- 10 Latin American and Caribbean States
- 6 Eastern European States
- 14 Western European and other States
- 1 Rotating seat between the Asian, and the Latin American and Caribbean States every 4 years.

In accordance with Council resolution 845 (XXXII), and 1147 (XLI), members are elected (a) from among the States Members of the United Nations and members of the specialized agencies and the Parties to the Single Convention on Narcotic Drugs, 1961, (b) with due regard to the adequate representation of countries that are important producers of opium or coca leaves, of countries that are important in the field of the manufacture of narcotic drugs, and of countries in which drug addiction or the illicit traffic in narcotic drugs constitutes an important problem and (c) taking into account the principle of equitable geographical distribution.

Further information is available at the website of the Commission.

The Commission on Crime Prevention and Criminal Justice has 40 members:

- 12 African States
- 9 Asian States
- 4 Eastern European States
- 8 Latin American and Caribbean States
- 7 Western European and Other States.

A slate of 20 new members is elected by ECOSOC for a three-year term. Terms begin on 1 January and end on 31 December of the years in question. Elections take place in those years in which the term of current members expires.

Further information is available on the UNODC public website under the Commission.

The UNTOC review mechanism (TOR)
In its resolution 5/5, the Conference (a treaty body) decided to establish an open-ended intergovernmental working group to consider and explore options and make proposals for the establishment of a mechanism or mechanisms to assist the Conference in the review of the implementation of the Convention and the Protocols thereto and to prepare terms of reference for such proposed review mechanism or mechanisms, for consideration and possible adoption at its sixth session. The open-ended intergovernmental working group on the review of the implementation of the United Nations Convention against Transnational Organized Crime and the Protocols thereto considered the draft terms of reference and the comprehensive self-assessment software (“omnibus survey software”) at its first session, held in Vienna from 17 to 19 May 2011. The first series of informal consultations on the possible review mechanism or mechanisms and the omnibus survey software were conducted by the Chair of the working group in the second half of 2011. The second session of the working group was held in Vienna from 23 to 26 January 2012. The second round of consultations will be conducted in the course of 2012, in preparation for the sixth session of the Conference. The Conference will consider the finalized terms of reference (etc.) for adoption at the sixth session to be held from 15 to 19 October.

The open issues include financing of the mechanism and participation of observers (IGOs, NGOs). The latter is a controversial issue in Vienna in general.

A. Weaknesses in Governing Structure

An open-ended intergovernmental working group has been established to discuss and prepare recommendations to be presented to the Commission’s sessions on how to ensure political ownership by the Member States and how to improve the governance structure and the financial situation of UNODC.¹

The Commissions have noted with concern the financial challenges facing UNODC as set out in the report of the Executive Director on the implementation of the consolidated budget for the biennium 2008-2009 for the Office, in particular the shortfall in general-purpose funding.² The ECOSOC decided to establish the standing open-ended intergovernmental working group on improving the governance and financial situation of the UNODC, (FinGov).³

The FinGov deals with the consolidated budget of UNODC for the current biennium, evaluation and oversight, and other governance and financial matters, including progress made by UNODC in implementing its regional and thematic programmes, as well as the elaboration of an updated mid-term strategy for the Office. It will hold a number of informal consultations and at least two formal meetings, one in the first quarter of 2012 and one in the first quarter of 2013.

¹ Decision 51/1 (2008) and CCPCJ decision 17/2
² CND Resolution 52/12 (2009) and CCPCJ resolution 18/3, entitled “Improving the governance and financial situation of the United Nations Office on Drugs and Crime”
³ ECOSOC decision 2009/251 (E/DEC/2009/251), entitled “Frequency and duration of the reconvened sessions of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice”. The ToR of the FinGov are contained in CND resolution 52/13 and CCPCJ resolution 18/3. The Council adopted decision 2011/258, with which it renewed the mandate of the working group until the first half of 2013.
In addition to the information on the UNODC website on FinGov, some useful documents on the recent work of FinGov include:

- **CND resolution 54/10** entitled "Improving the governance and financial situation of the United Nations Office on Drugs and Crime: recommendations of the standing open-ended intergovernmental working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime"
- **CCPCJ resolution 20/1** entitled "Improving the governance and financial situation of the United Nations Office on Drugs and Crime: recommendations of the standing open-ended intergovernmental working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime"
- Note by the Secretariat on the standing open-ended working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime [E/CN.7/2011/9-E/CN.15/2011/9]
- Note by the Secretariat on the work of the standing open-ended intergovernmental working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime – Addendum [E/CN.7/2011/9/Add.1-E/CN.15/2011/9/Add.1]
- Note by the Secretariat on work of the standing open-ended intergovernmental working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime - Addendum (draft strategy for the period 2012-2015 for the United Nations Office on Drugs and Crime) [E/CN.7/2011/9/Add.2-E/CN.15/2011/9/Add.2]
- Report of the Secretariat on the work of the standing open-ended intergovernmental working group on improving the governance and financial situation of the United Nations Office on Drugs and Crime [E/CN.7/2012/12-E/CN.15/2012/12]

**B. Governance Reforms**

Most governance reforms introduced in the last five years are related to the methods of work of the Commissions. Among the most relevant are the following:

- The ECOSCOC decision entitled “Frequency and duration of the reconvened sessions of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice"\(^4\) which decided that:
  - Starting in 2010, the CND and the CCPCJ would hold reconvened sessions on an annual basis in the second half of the year;
  - The annual reconvened sessions of the CND and CCPCJ would have a duration of one day each, unless the respective Commission decides otherwise in the preceding year;

\(^4\) Decision 2009/251 ([E/DEC/2009/251](http://example.com))
That the reconvened sessions of the CND and CCPCJ would be held back to back.

- The ECOSOC decision entitled “Joint meetings of the reconvened sessions of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice”\(^5\) which decided that:

  - Starting in 2011, the CND and the CCPCJ would hold joint meetings during their reconvened sessions for the sole purpose of considering agenda items included in the operational segment of the agendas of both Commissions, with a view to providing integrated policy directives on administrative, budgetary and strategic management issues to UNODC

- ECOSOC, in its decision 2010/243, set the prominent themes for the next four sessions of the CCPCJ (20th to 23rd) and also decided that the Commission, at its next inter-sessional meeting, should consider ways of improving its working methods, including with regard to the submission and consideration of draft resolutions and decisions.

- In its decision 2011/257, ECOSOC decided, inter alia, that:

  - For the future sessions of the CCPCJ, starting with its twenty-first session the part of the session held in the first half of the year would commence after a sufficient period of time, if possible at least two months, had elapsed following the closure of the part of the session of the CND held in the first half of the year, to allow both Member States and the Secretariat to prepare and conduct their work in a more efficient manner;

  - The Council also decided that:
    a. The firm deadline for the submission of draft resolutions to be considered at the part of the session held in the first half of the year would be one month prior to the commencement of that part of the session;
    b. Membe r States were encouraged to take advantage of the one-month deadline to consider, where appropriate, merging or reducing the length of draft resolutions, with a view to enabling the Commission to address a reasonable number of draft resolutions and to increase the efficiency of its work;

\(^5\) Decision 2011/259
In order to further the objectives of General Assembly resolution 52/214 B of 22 December 1997, in which the Assembly had invited all intergovernmental bodies to consider, where appropriate, the possibility of reducing the length of their reports from the desired limit of thirty-two pages to twenty pages over a period of time without adversely affecting either the quality of presentation or the content of the reports, decided that the Commission should make efforts to reduce the length of its annual reports;

The Council also welcomed the invitation of the Commission to the FinGov to reflect further on the working methods of the Commission and to present its recommendations on this issue at the next session of the Commission.

Following this decision in 2012, the regular session of the CCPCJ began five weeks after the conclusion of the regular session of the CND; in addition, the strict deadline for the submission of draft resolutions for the CCPCJ was one month before the start of the Commission session.

- In the inter-sessional period between the 53rd and 54th sessions of the CND, the Extended Bureau of the Commission decided to change the working methods of the Commission with respect to its thematic debate, which has been held in round-table format for the past two sessions (2011 and 2012).

- At its past regular session, (21st session, April 2012) the CCPCJ adopted a decision whereby starting with the twenty third session, its regular session in the first half of the year would commence if possible at least six to eight weeks have elapsed since the end of the CND regular session, to allow both Member States and the Secretariat to prepare and conduct their work in a more efficient manner.

The CCPCJ also decided that for future sessions of the Commission, the firm deadline for the submission of draft resolutions to be considered at its regular sessions will be, in principle, one month prior to the commencement of that part of the session;

The Commission also decided to make efforts to reduce the length of its annual reports, bearing in mind the need for such reports to include resolutions and decisions adopted or transmitted by the Commission, as well as a brief summary of its deliberations under each agenda item, focusing in particular on policy findings and conclusions reached.

Bearing in mind the need to maintain budget discipline, to use conference services in a cost-effective
manner and to conduct its work more efficiently, the Commission requested the Secretariat to provide a report related to documentation prepared for the Commission, including the costs and the number and frequency of issuance of those documents, the efforts made by the Secretariat to find internal efficiencies in the manner in which it produces such documents and the savings linked to those efficiencies, as well as recommendations on these issues, including exploring possibilities to further improve and reduce the yearly reporting requirements through a thorough examination of its current mandates with a view to identifying outdated or duplicative mandates.

C. Decision making process
The Commissions adopt resolutions and decisions at their sessions, which may be Commission resolutions and decisions, or may be recommended for adoption by the ECOSOC or the General Assembly.

Technically, the Commissions may conduct voting for the adoption of its resolutions and decisions in accordance with the Rules of Procedure of the Functional Commissions of the ECOSOC. In practice, however, the Commissions adopt all their resolutions and decisions strictly by consensus.

D. Meeting Frequency
The CND and CCPCJ are the Governing Bodies of the UNODC. The Commissions meet for five working days in regular sessions in the first half of the year (usually March for CND and April for CCPCJ) and in reconvened sessions for two days in the second half of the year (joint and back-to-back sessions in the first two weeks of December). In addition, the Commissions may hold one or two inter-sessional meetings between regular and reconvened sessions.

The Extended Bureaus of the Commissions meet approximately every six weeks. The delivery of mandates of the Office is most closely dependent on the funding available for their implementation.

Inter-sessional meetings of the Commissions are usually convoked to endorse decisions recommended by the Extended Bureaus in order for these to be official decisions made by the Commissions and they may further discuss the issues and/or reach further decisions; quite frequently, though, the inter-sessional meetings are predominantly of a procedural, rather than of a substantive, nature.

In the recent past, the inter-sessional meetings have endorsed the nominations of the co-Chairs of the FinGov and extended their mandates as co-Chairs. The inter-sessional meetings also endorse a number of recommendations on organizational matters for the next sessions (either regular or reconvened), for instance regarding deadlines for nomination of panelists, speakers at the opening segments of the sessions, topics for round-table discussions, deadlines for submissions of draft resolutions (where these are not set by ECOSOC decisions), etc.

E. Role of Non-state Actors
At the Plenary meetings, representatives of NGOs may make written and oral interventions under the different agenda items, in accordance with ECOSOC resolution 1996/31 which establishes the consultative relationship between the United Nations and non-governmental organizations.

Representatives NGOs in consultative status with ECOSOC may sit as observers at public meetings of the Committee of the Whole (COW- where draft resolutions are considered). Those NGOs with general and special consultative status may be consulted at their request or on the invitation of the COW, while NGOs on the Roster may be heard on the recommendation of the Secretary and at the request of the COW. NGOs without consultative status may not participate in the deliberations of the COW.

In addition, the coordinating bodies for NGOs on Drugs and Crime issues meet with the Executive Director of UNODC and with the Chairpersons of the Commissions in the margins of the sessions, for informal dialogues and informal Civil Society Hearings.

3. WORK PLANNING AND REPORTING:

HOW DOES YOUR ORGANIZATION REPORT TO GOVERNING BODIES AND MEMBER STATES?

a. How do you ensure effective and timely reporting?
b. How are transparency and accountability ensured?
c. What mechanisms are used to implement decisions taken by Governing Bodies?
d. How do you undertake monitoring and evaluation of, and how are findings and recommendations integrated into on-going work plans and programme management.

The organization reports to Governing Bodies through written or oral reports where/when there is a mandate to do so; many of the reporting obligations for the Commissions are standing or recurring and happen on an annual basis.

A. Effective and Timely Reporting

There is a Secretariat in UNODC specifically in charge of substantively servicing the Governing Bodies.

The Secretariat to the Governing Bodies (SGB) ensures the follow-up of all reporting obligations by distributing tasks to the relevant/responsible units of the Office and assists in compiling information, ensuring distribution and availability of Commission documentation.

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6 See List of non-governmental organizations in consultative status with the Economic and Social Council as of 1 September 2011, E/2011/INF/4.
7 Rule 75 of the Rules.
8 Rule 76 of the Rules of Procedure of the Functional Commissions of ECOSOC.
9 You may find information on non-state actors and the Commissions here:
B. Transparency and Accountability
All documentation is made available online.

C. Mechanisms for Implementation
The Extended Bureau and inter-sessional meetings serve also as forums for discussing issues on reporting obligations. Through the recommendations made by FinGov, the Commissions have requested reports from the Secretariat on the follow-up and status of implementation of mandates (see Note by the Secretariat on the implementation of resolutions and decisions relating to the drug programme of the UNODC adopted during the period 2008-2011 in which action by the Office was requested - E/CN.7/2012/15)

FinGov has also served as a forum for the presentation of regional and thematic programmes of the Office, including their evaluation.

D. Monitoring and Evaluation

(a) Monitoring
In UNODC, monitoring is the responsibility of programme and project managers at headquarters and in field offices. It is supported by the Vienna based Strategic Planning Unit.

Monitoring is usually done by people directly involved in the implementation of a project or programme.

It is a continuing function that uses systematic collection of data on specific indicators to provide managers and the main stakeholders of an ongoing development intervention with indicators to measure progress and the achievement of objectives, including with regard to the use of allocated funds. It is thus a regular part of project and programme management. Monitoring is used to keep projects or programmes on track; and it focuses on implementation by comparing delivery information with the planned objectives.

(b) Evaluation
In UNODC, evaluation is conducted by independent outsiders who are not directly involved in the design and implementation of the project or programme to be evaluated, although they will consult and work closely with project and programme staff to gather data. The purpose of independent project evaluations is to obtain an independent view on a project.

Based on the project document, midterm and/or final evaluations are carried out by independent external consultants (i.e. evaluators who have not been involved in either the design or the implementation of the project to be evaluated). The methodology used is complex and sufficient resources (time, personnel and budget) need to be set aside.

Evaluation is thus used as an important source of evidence about the achievement of results and institutional performance. It provides a lesson-learning and management tool as well as a system for
accountability both for UNODC and Member States, covering policy issues as well as the programme and project cycles.

UNODC is seeking to increasingly incorporate learning from results-based management and evaluation into a knowledge management system, to enable the sharing of significant lessons across the organization.

In instances where results have not been achieved, evaluation helps staff and partners to understand the reasons and offers advice on how to address them.

For more information on evaluation in UNODC, please see:

4. **PROVISION OF ADMINISTRATIVE AND FINANCIAL SERVICES:**

**DOES THE ORGANIZATION OUTSOURCE PARTIALLY/TOTALLY SERVICE PROVISION?**

a. If some services are outsourced, on what basis and criteria does the system work?
b. Do you have agreements with other organizations for service provision?
c. How is efficiency in provision of service ensured and what mechanisms are in place to safeguard accountability?
d. How do you balance requirements for normative work against increasing demands for earmarked and/or project based activities?

In the management of its field office operations, **UNODC outsources the provision of administrative and financial services to UNDP and, in limited instances, to UNOPS.**

The level of services and details of the arrangements are established through an MOU with the respective organization. Services are requested from these service providers depending on the requirements of the UNODC Field Office being served.

In addition to the MOU before making expenditure on behalf of UNODC, both UNDP and UNOPS must first receive Financial Authorization from UNODC. The Financial Authorization explicitly states the action/services being requested and references a UNODC allotment or an obligation document to be charged.

On a monthly basis, both UNDP and UNOPS electronically submit to UNODC, an accounting of the financial transactions performed/incurred on behalf of UNODC. The electronic submission is used to charge and reconcile the allotments/obligations referenced in the Financial Authorization.