

**FOR INFORMATION**

EIGHTH ITEM ON THE AGENDA

Matters relating to the Joint Inspection Unit (JIU): Reports of the JIU**Report of the Joint Inspection Unit for 2007 and programme of work for 2008**

1. This report¹ consists of two chapters: the annual report for 2007 (Chapter I) and the programme of work for 2008 (Chapter II). The first chapter covers the reform of the JIU, implementation of the programme of work for 2007, reports issued in 2007, dialogue with participating organizations, follow-up to recommendations, the Unit's relationship with other oversight bodies, management details of the JIU secretariat and other administrative issues. The second chapter presents 12 reviews to be undertaken in 2008. In 2007, 12 reports were issued in total, six of which concerned the ILO. As specified in paragraph 4 below, three of the six reports are presented in this paper, along with comments from the UN system Chief Executives Board for Coordination (CEB) and where necessary additional comments of the Office. The ILO is currently involved in nine reviews among those planned for 2008, plus one unforeseen review.
2. In its annexes, the report also provides details of the composition of the JIU and a list of the participating organizations with their percentage share in the cost of the JIU in 2007. The ILO's contribution in that year represents 2.6 per cent of the total costs, or US\$155,347.40 out of a total budget of US\$5,974,900.²
3. This report and other thematic reports are available on the JIU web site in English, French and Spanish, as well as in other UN official languages. The URL for each report is provided in the footnote for reference.

¹ UN General Assembly, *Official Records*, 62nd Session, Supplement No. 34A (A/62/34/Add.1), available at http://www.unjiu.org/data/en/annual_reports/EnA6234_Add1.pdf.

² The figures are for 2007 only, before contribution adjustments in March 2008.

Other JIU reports

4. In accordance with the established procedure, as reconfirmed by the Governing Body at its 294th Session (November 2005),³ the Office submits to the Governing Body on an annual basis a summary of JIU reports that contain recommendations addressed to the ILO Director-General or the Governing Body, either specifically or among the UN system organizations, along with the comments issued by the CEB and those of the Office. There are three such reports to submit to the current Governing Body session:
 - (a) JIU/REP/2007/1, *Voluntary contributions in United Nations system organizations: Impact on programme delivery and resource mobilization strategies*;⁴
 - (b) JIU/REP/2007/2, *United Nations system staff medical coverage*;⁵ and
 - (c) JIU/REP/2007/4, *Age structure of human resources in the organizations of the United Nations system*.⁶

(a) Voluntary contributions in United Nations system organizations: Impact on programme delivery and resource mobilization strategies
(JIU/REP/2007/1 and A/62/546/Add.1)

5. This report aims “to analyse recent trends in voluntary funding in United Nations system organizations, determine the impact of those trends on programme delivery, recommend measures to alleviate negative impact, and identify best practice”. The study was conducted during a period when most of the UN system organizations have experienced faster growth of extra-budgetary funding than that of regular funding, as well as an increase in extra-budgetary funding as a proportion of total funding. The report also provides a review of increasingly decentralized funding processes and activities in the context of UN reform initiatives and related UN General Assembly decisions.
6. CEB member organizations note that this report provides an informative and comprehensive overview of the main issues and challenges that they face as regards voluntary contributions. Some organizations note that the report does not highlight existing best practices in the UN system, or the fact that large variations in ability and success in raising funds can be observed across programmes and departments within organizations. Meanwhile, a large number of organizations express their satisfaction that many of the recommendations included in the report reflect ongoing processes and efforts in this area.
7. The report contains five recommendations that concern the ILO. Three of them are addressed to the executive heads of the UN system organizations, and ask them: to develop or continue to develop flexible funding modalities for consideration and approval of the legislative bodies (recommendation 2); to review the existing policies and procedures of their respective organizations that guide interactions with donor countries and revise them, as appropriate, to ensure that those interactions are conducted in a systematic and open manner (recommendation 3); and to ensure that the resource mobilization strategy includes

³ GB.294/PV, para. 210.

⁴ http://www.unjiu.org/data/reports/2007/en2007_01.pdf.

⁵ http://www.unjiu.org/data/reports/2007/en2007_02.pdf.

⁶ http://www.unjiu.org/data/reports/2007/en2007_04.pdf.

a centralized coordinating entity and that the roles, responsibilities and any delegated authorities for resource mobilization are clearly specified in appropriate administrative instruments (recommendation 7).

8. The other two recommendations are addressed to the legislative bodies of the UN system organizations, and invite them to request respective executive heads to expedite work on the harmonization of support cost recovery policies that is currently being carried out under the auspices of the CEB (recommendation 4), and to request that respective executive heads ensure that agreements negotiated with individual donor countries for associate expert/junior professional officer programmes include a funding component for candidates from under- and unrepresented countries (recommendation 5).
9. The Office joins the general support and observations expressed by CEB members, and notes that these recommendations confirm the ongoing processes and improvements being made in the ILO.

(b) United Nations system staff medical coverage
(JIU/REP/2007/2 and A/62/541/Add.1)

10. The objective of this report is twofold: to provide an overview of the UN system staff medical coverage, and to suggest ways of dealing with the emerging problems of the health insurance scheme resulting from the soaring cost of medical coverage and the need to guarantee adequate medical coverage for UN system staff and retirees and their dependants, in the context of zero budget growth in the UN system. The report suggests increasing system-wide harmonization to reduce the costs of health insurance and to address funding issues related to after-service health insurance.
11. CEB members generally welcome the report for its comprehensive nature and detailed overview of the diverse health insurance schemes being implemented by organizations in the UN system. They observe, however, that its analysis is inadequate in several aspects. While the report suggests moving the UN system towards a common health insurance scheme, it does not provide complete actuarial and financial projections, structured organization by organization, in order to accurately ascertain the impact of a common system model on each organization. Many organizations are also concerned by the statement in the report referring to the “soaring cost of medical coverage” and the related statistics for the period 1975–2004, noting that such expressions as “soaring costs” are not commensurate with the cost increase observed during the period when calculated in real terms, net of inflation. Furthermore, in the absence of a full actuarial and financial study, CEB members questioned how a common system approach could contribute to reducing the effect of main factors that, according to the report, “continue to affect the increase in costs of the staff health insurance schemes”, such as the rising cost of medical benefits worldwide, the ageing of the international community demanding accrued services, the systematic increase in the frequency of access to medical care, and currency fluctuations.
12. This report contains five recommendations that concern the ILO, one of which is addressed to the executive heads of UN system organizations. It advocates that they should implement cost containment measures proactively in their respective organizations and ensure that these measures are taken in a coordinated manner among the various organizations in a duty station (recommendation 7).
13. The other four recommendations are addressed to the legislative bodies of UN system organizations, and suggest that they should: formally recognize staff health insurance as an important integral part of the common system and request the International Civil Service Commission (ICSC) to undertake periodic reviews with a view to making

recommendations to the General Assembly (recommendation 1); request their respective executive heads to harmonize the existing health insurance scheme, initially at the level of the duty station and in the longer term across the common system, relating to scope of coverage, contributions and benefits, and to establish periodic reporting on health insurance-related information to the legislative body (recommendation 3); request their respective executive heads to undertake periodic actuarial studies based on a uniform system-wide methodology to determine the extent of accrued after-service health insurance liabilities and to disclose the liabilities in the financial statements (recommendation 4); and request their respective executive heads to put forward proposals for funding the after-service health insurance liabilities, and to provide adequate financing to meet the liabilities and establish a reserve for this purpose (recommendation 5).

14. The Office concurs with the observations expressed in the CEB comments in that, while supporting policy coherence within the UN system, the data provided in the report do not provide a fully informed picture of the level of support for the recommendations and suggested measures therein. For organizations such as the ILO that have lower costs than the average, a common system approach would result in a budget increase. The Office notes that the data provided in Annex II of the report shows that levelling contribution base rates across all the health insurance schemes considered would have resulted, at year-end 2004, in a 41.1 per cent increase in the SHIF base rate. Meanwhile, the Office notes that the ILO has already been taking action on what is suggested under recommendations 4 and 7 in its own context.

(c) Age structure of human resources in the organizations of the United Nations system
(JIU/REP/2007/4 and A/62/628/Add.1)

15. The report examines the impact of the increasing average age of staff on human resource management policies, focusing on Professional staff. It suggests several measures to make the staff age structure more balanced and to mitigate the impact of a large volume of retirements over the next few years.
16. The members of the CEB appreciate this report for its excellent review of this important subject, and especially for the comprehensive survey conducted for that purpose.
17. Of the six recommendations specified as applicable to the ILO in the report, four are addressed to the executive heads of UN system organizations. One of these focuses on young professionals and recommends that executive heads should: undertake special measures to ensure the influx of young professionals through special recruitment drives; strengthen the career development prospects for young professionals through enhanced training and staff development; allocate adequate resources for training and staff development activities; and adequately address the work-life issues of staff members with special attention to the family-related issues of young professionals (recommendation 4). The other three recommendations involve coordination with other UN entities and suggest that the executive heads should: review, in consultation with the ICSC and the CEB Human Resources Network, the standards of eligibility requirements for posts at and below the P3 level, placing more emphasis on educational qualifications, technical skills and potential performance (recommendation 3); request the CEB secretariat, through its Human Resources Network, to assess the current status of succession planning in these organizations, and include succession planning on the agenda for in-depth discussion at its regular meetings, with a view to developing policies and a framework for succession planning, using the broad benchmarks provided in this report, for adoption by the UN system (recommendation 6); and review, in coordination with the CEB and the ICSC, the existing regulations and financial limits relating to the employment of retirees, with a view

to making them more flexible, and submit an appropriate proposal to the respective legislative body (recommendation 8).

- 18.** Other recommendations in the report invite the legislative bodies of UN system organizations to: request their executive heads to review the staffing structure of each organization in order to establish a balanced staff grade structure, with more junior level posts (at P2 and P3 levels) to attract young professionals, ensuring adequate cooperation and coordination between the human resources/finance divisions and the substantive divisions (recommendation 2); and request the executive management to submit regular reports showing retirement forecasts, to establish performance indicators to forecast replacement needs and monitor their implementation, and to take adequate measures to ensure proper knowledge transfer and safeguard institutional memory (recommendation 5).
- 19.** The Office welcomes this report and supports the recommendations therein, which confirm already existing practices or efforts being made in the ILO and in coordination with other UN entities.

Geneva, 29 September 2008.

Submitted for information.