



Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

### **REPORT 2019/147**

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**Audit of the management of select  
policy centres in the Economic  
Commission for Africa**

**Improvements to operational arrangements  
are required to enhance the effectiveness of  
the policy centres**

**27 December 2019**

**Assignment No. AN2019/710/02**

# **Audit of the management of select policy centres in the Economic Commission for Africa**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of select policy centres in the Economic Commission for Africa (ECA). The objective of the audit was to assess the effectiveness and efficiency of management of these policy centres in delivering their mandates. The centres were the African Trade Policy Centre (ATPC), African Climate Policy Centre (ACPC), African Land Policy Centre (ALPC) and African Minerals Development Centre (AMDC). They were governed under a tripartite arrangement by three Pan-African organizations (African Union, African Development Bank and ECA). The audit covered the period from January 2017 to February 2019 and included a review of: (a) governance; (b) planning and monitoring; and (c) resource mobilization and grants management.

The policy centres made progress towards achieving their mandates, with ATPC boosting inter-African trade, ACPC addressing policies on climate change in Africa, ALPC strengthening land governance in Africa and AMDC furthering the implementation of the action plan for the African Mining Vision. However, improvements were needed in areas such as: (a) guidance on the establishment and operation of policy centres, including resource mobilization; and (b) adequately resourcing the Joint Secretariat Support Office (JSSO).

OIOS made five recommendations. To address the issues identified in the audit, ECA needed to:

- Develop and implement guidelines for the establishment and operation of current and future policy centres;
- Provide the required funding and staff capacity to JSSO to enable it to provide strategic support to joint programmes and initiatives, including the policy centres;
- Improve the processing times for both donor and grant documents by establishing and monitoring performance indicators for all stages of the process;
- Ensure that letters of agreement with implementing partners have clear provisions for project management fees to regulate charges by implementing partners; and
- Develop a plan to implement accepted recommendations from the resource mobilization strategy review.

ECA accepted the recommendations but has yet to initiate action to implement them.

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# **Audit of the management of select policy centres in the Economic Commission for Africa**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the management of select policy centres in the Economic Commission for Africa (ECA).

2. ECA was established by Economic and Social Council resolution 671 A XXV of 29 April 1958 as one of the United Nations' five regional commissions and is headquartered in Addis Ababa, Ethiopia. ECA's mandate is to promote the economic and social development of its Member States, foster intra-regional integration and promote international cooperation for Africa's development. Other mandates have since emanated, inter alia, from: (a) the African Union's Agenda 2063; (b) the New Partnership for Africa's Development programme; and (c) the internationally agreed Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development under General Assembly resolution 70/1.

3. ECA is headed by an Executive Secretary, who is assisted by two Deputy Executive Secretaries, one for programmes and the other for operations. To further deepen its work in specific sectors, ECA established policy centres to focus on both the normative and operational work to support Member States in the fields of trade, climate change, land policy and mineral development. During the period of this audit, ECA revised its organizational structure, which impacted the positioning and reporting lines of some of the policy centres. The impact of the restructuring has been incorporated into this report to the extent possible. Details of the policy centres covered by the present audit are as described below.

(a) The African Trade Policy Centre (ATPC) was established in June 2003 with initial financial support of the Canadian Government through the Canadian International Development Agency. ATPC was set up to build the human and institutional capacities of African governments and regional economic communities to formulate and implement sound trade policies and participate more effectively in regional, bilateral and multilateral trade negotiations. Since its inception, the ATPC programme has been implemented in phases of five years. The first phase, ATPC I, spanned from 2003 to 2008 while the second phase, ATPC II, ran from 2009 to 2014. The year 2015 was preparatory to the launch of the current phase, ATPC III, which was formally launched in February 2016, covering the period 2016-2020 and focusing primarily on "Boosting Inter-African Trade" and the African Continental Free Trade Area (AfCFTA). According to ECA, ATPC is highly regarded by stakeholders, mostly through its support to the AfCFTA negotiations. ATPC's success in this area has also attracted the interest of prospective funders. Under the new organizational structure, ATPC continues to be part of ECA's Regional Integration and Trade Division.

(b) The African Climate Policy Centre (ACPC) was developed within ECA to mainstream climate change into development planning and practice in Africa. Its mandate was derived from a decision of the conference of Ministers of Finance and Economic Planning. It also serves as the secretariat of the Climate Development for Africa (ClimDev-Africa) programme, which is an initiative of the African Union (AU), ECA and African Development Bank (AfDB). The overall goal of ACPC is to deliver on the policy and knowledge management of the ClimDev-Africa programme and to provide policy guidance on its overall implementation. ACPC's major accomplishments are providing African forums for climate debates that generate visibility for the Organization and its core issues; and developing robust climate and meteorological monitoring and observational information gathering structures that provide important data for climate policy and action areas. Prior to the latest reorganization, ACPC was an integral part of the ECA programme

of work under the Special Initiatives Division. Under the new structure, ACPC is integrated into the newly constituted Technology, Climate Change and Natural Resource Management Division.

(c) The African Land Policy Centre (ALPC) started out as the Land Policy Initiative (LPI) in 2006, and was a joint programme of a tripartite consortium consisting of the AU, AfDB and ECA. In October 2017, LPI transitioned into ALPC whose aim is to provide leadership and coordination, build partnerships and promote policy advocacy in support of Member States. Its purpose is to enable the use of land to lend impetus to the process of African development. Since its establishment in 2006, ALPC has greatly contributed to ensuring that land issues are on the highest agenda of the AU and African governments. Under the revised organizational structure, ALPC is a section in the newly constituted Private Sector Development and Finance Division of ECA.

(d) The African Minerals Development Centre (AMDC) is an initiative by African heads of state to address the weak integration of Africa's mining sector into national economic and social activities by endorsing the African Mining Vision. Established in 2013 and implemented as a joint project of the AU, AfDB and ECA, AMDC provided strategic operational support for the Vision and its action plan. The centre became a repository of knowledge on matters relating to the African Mining Vision and demand for its services exceeded what the centre could deliver. The centre was an integral part of the Special Initiatives Division until 15 February 2019, when it was transferred to the AU as a special agency.

4. The contributions, expenditures and available balances as at 31 December 2018 for the policy centres are reflected in Table 1.

**Table 1: Contributions and expenditures to policy centres**

	<i>Carried forward from prior periods</i>		2016		2017		2018		<i>Total</i>		<i>Over/Under</i>		<i>Balance as at 31 Dec 2018</i>
	<i>Contributions</i>	<i>Expenditures</i>	<i>Contributions</i>	<i>Expenditures</i>	<i>Contributions</i>	<i>Expenditures</i>	<i>Contributions</i>	<i>Expenditures</i>	<i>Contributions</i>	<i>Expenditures</i>	<i>Interest</i>		
ATPC	4 060 423	2 020 134	2 739 446	2 042 311	2 490 950	4 839 798	2 119 593	12 962 667	7 349 989	5 612 678	456 282		6 068 690
ACPC	5 553 972	2 304 642	5 231 092	1 711 825	2 774 716	2 204 881	2 257 886	11 775 330	10 263 693	1 511 627	131 939		1 643 565
ALPC	5 918 901	982 178	2 528 390	174 577	2 214 774	178 301	2 031 195	7 253 956	6 774 360	479 596	239 530		719 126
AMDC	9 012 854	--	4 849 534	1 489 309	4 535 139	(163 625)	1 219 305	10 338 538	10 603 978	(265 440)	279 880		14 440
<b>Total</b>	<b>24 546 151</b>	<b>5 360 954</b>	<b>15 348 462</b>	<b>5 418 021</b>	<b>12 015 579</b>	<b>7 069 355</b>	<b>7 627 980</b>	<b>42 330 481</b>	<b>34 992 021</b>	<b>7 338 461</b>	<b>1 107 631</b>		<b>8 446 092</b>

5. Comments provided by ECA are incorporated in italics.

## II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the effectiveness and efficiency of management of select policy centres in ECA in delivering their mandates.

7. This audit was included in the 2019 risk-based work plan of OIOS following a request by the Executive Secretary for an audit of the four policy centres to obtain assurance that ECA offers best value for money in managing the centres and is effective and efficient in achieving the desired goals.

8. OIOS conducted this audit from February to September 2019. The audit covered the period from January 2017 to February 2019. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in the four policy centres, namely: (a) governance; (b) planning and monitoring; and (c) resource mobilization and grants management.

9. The audit methodology included: (a) interviews with key personnel; (b) review and analysis of related reports and documentation pertaining to the respective policy centres, donor reports and past evaluation reports; and (c) review of transactions.

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

### III. AUDIT RESULTS

#### A. Governance and oversight mechanisms

##### Governance and oversight mechanisms for ATPC could be revised in its next business plan

11. Apart from ACPC, which was fully managed under an ECA subprogramme, each policy centre had its own governance structure derived from resolutions, business plans and other programme documents such as donor agreements. The governance and oversight mechanisms for each policy centre are as described below:

(a) **ATPC:** ATPC had a two-tier governance structure: a steering committee and a working group. The steering committee served as the main organ responsible for providing overall direction on the activities of the centre. The committee comprised one representative from each of the Pan-African organizations (AU, ECA and AfDB); a delegate from each of the eight African regional economic communities; funding partners; civil society; gender groups and business community. The committee met at least once a year. Its first meeting under ATPC III in 2016 was hosted by the AfDB in Abidjan. After that, the Bank increasingly withdrew from collaborative activities to focus on its core business. The working group comprised the directors of trade of the AU, ECA and AfDB. Its main function was to coordinate and harmonise the AU, ECA and AfDB programme activities on trade to ensure synergy. The working group was supposed to meet at least four times a year, but it never met and eventually disbanded. According to ECA, while there had not been any formal meetings of the working group, the ECA Executive Secretary and the AU Trade Commissioner were meeting on trade issues on an ad hoc basis at the principals' level. Hence, the working group, as a coordination forum, had become redundant.

(b) **ALPC:** ALPC was governed by a tripartite consortium composed of the directors of the three Pan-African organizations. The consortium met on an informal basis, mostly once a year in the margins of the AU summit. ALPC also had a steering committee comprising one representative from each of the eight regional groupings; the Pan-African Forum and the Pan-African Parliament. The steering committee met twice annually during which matters related to strategic direction, monitoring of projects, work plans and budgets for ALPC activities were discussed and guided. ALPC also had a working group that met before steering committee meetings and was tasked with setting the overall strategy and agenda for the steering committee meetings.

(c) **AMDC:** AMDC was governed by the three Chief Executives, supported by the Joint Secretariat Support Office (JSSO). In practice, the Chief Executives met informally on the sidelines of the AU summit. AMDC was supposed to have a steering committee, an advisory council and a technical committee; however, the steering committee was not established because of disagreements on whether donors should form part of the committee. There were no formal meetings of the technical committee and the advisory council, although ad-hoc meetings were held to advance the African Mining Vision. As AMDC was transferred to AU as a specialized agency, OIOS did not make a recommendation on the governance of AMDC.

12. While the governance structure for ALPC was working effectively, the governance of ATPC could be revised in its next business plan for 2021-2026 to reflect the current arrangements.

### ECA needed to develop and implement guidelines for the establishment and operation of policy centres

13. The policy centres were established based on priorities or needs expressed by Member States, AU Heads of State and Government Summits, Joint ECA/AU Conferences of Ministers of Finance and other relevant bodies. Their establishing documents outlined the governance structure to oversee the substantive aspects of the centres and deliver their objectives. However, there was no framework to detail the arrangements for the internal administration of the centres, including responsibilities for entering into contractual relationships such as donor agreements, types of contracts for staff recruitment and accountability for meeting obligations including fiduciary responsibilities. As the centres were housed in ECA, it was signing these contracts and assuming the obligations although the centres were governed under a tripartite arrangement. The support of the other tripartite partners in mobilizing resources for the centres was also not defined, leaving this role as a primary ECA responsibility. As described later in the report, many of the policy centres' activities could not be carried out due to inadequate resources.

14. To mitigate some of the operational issues that were identified in various evaluations of the centres, ECA decided to incorporate the centres into its reporting structure as part of its reform process. A revised organizational structure was implemented on 11 February 2019 in which two of the policy centres (ALPC and ACPC) were incorporated into two different divisions. However, there has been no formal delineation of roles and responsibilities of the centres from ECA's programme of work to ensure that their respective areas of responsibility are clear to all stakeholders and to ensure that funds are properly allocated to the appropriate activities.

**(1) ECA should develop and implement guidelines for the establishment and operation of current and future policy centres to ensure that responsibility for all contractual obligations of the tripartite parties are clearly spelled out.**

*ECA accepted recommendation 1 and stated that it will develop guidelines to inform future establishment of policy centres and the guidelines will also include clear roles and responsibilities for the concerned partners. Recommendation 1 remains open pending issuance of guidelines on the establishment and operation of policy centres.*

### Inadequate support of the policy centres by JSSO

15. According to the memorandum of understanding establishing JSSO, the objective of the office was to build coherence and foster collaboration between the partners of the tripartite consortium at the working level to ensure effective and well-coordinated monitoring and evaluation of joint initiatives and programmes such as the policy centres. The three institutions agreed to assign two staff members each to JSSO. At the time of the audit, JSSO only had two staff members, one P-5 and one P-3, assigned by two of the tripartite partners. In 2019, one tripartite partner appointed a director at the D-1 level in addition to the P-5 position, to strengthen the staff complement. The Director has since commenced duties, operating from its head office.

16. JSSO was responsible for supporting meetings of the Chief Executives of the tripartite consortium by convening the meetings; preparing technical and background documents; preparing outcome documents including key strategic decisions; and following up and ensuring decisions are implemented. However, OIOS' review of the JSSO draft progress report for the period ended 31 December 2018 showed that the office did not offer support to the Chief Executives in convening meetings of the consortium and preparing technical and background documents as envisioned in the work plan and the memorandum of understanding. This was because they had other priorities such as implementation of the programme for infrastructure development for Africa, coordination on the implementation of Agenda 2030/SDGs and ongoing collaboration between the three institutions in the area of regional integration and industrialization

and the programme for infrastructure development in Africa. Although a work plan was prepared, not all key priority areas were included. Likewise, not all activities covered by the work plan were performed due to limited funding and staff capacity. This situation significantly limited the ability of the secretariat to offer support to the primary partners on the one hand, and to coordinate activities of the centres at the working level on the other. ECA should therefore draw the attention of the other partners to provide the resources agreed to in the memorandum of understanding.

**(2) ECA should, in coordination with the concerned tripartite partner, take steps to fully provide the required funding and staff capacity to the Joint Secretariat Support Office to enable it to provide strategic support to joint programmes and initiatives, including the policy centres.**

*ECA accepted recommendation 2 and stated that it will communicate with JSSO partners that have not taken steps to provide staff and other resources to JSSO. Recommendation 2 remains open pending receipt of evidence that additional staff and other resources have been requested from the concerned JSSO tripartite partner.*

## **B. Planning and monitoring**

### Business plans were prepared and monitored but inadequate capacity impacted their execution

17. Each centre had a five-year business plan covering their main objectives, anticipated results, budgets, implementation strategies and monitoring and evaluation policies. The annual business activities were to be derived from the business plans and achievements measured against the expected results and reported annually to stakeholders. However, annual targets were not achieved in some centres because business plans were not always based on realistic staff estimates supported by reliable funding sources.

18. OIOS' review of the centres' planning and monitoring activities indicated the following:

(a) **ATPC:** ATPC had a 2014-2018 business plan, which formed the basis of its annual project implementation plans, but it did not develop a business plan for the next five-year period 2019-2024. ATPC explained that it was in discussions with its main donor (Global Affaires Canada) for the funding of the next phase (ATPC IV) and would be working on a business plan of the programme covering the period 2021-2026.

(b) **ALPC:** A five-year business plan for the Land Policy Initiative was prepared for 2012-2016. The plan was later extended to cover 2017 with another five-year business plan developed for 2018-2023. Within the expanded 2012-2016 plan, ALPC achieved 63 and 79 per cent implementation rate for 2017 and 2018 respectively. In both years ALPC was unable to deliver all the planned outputs due to shortage of staff and financial resources.

(c) **ACPC:** ACPC prepared a business plan for 2017-2021 as well as a programme implementation plan for the same period based on its 2017-2021 programme strategy. ACPC achieved 50 and 84 per cent implementation rate in 2017 and 2018 respectively. While ACPC had adequately documented its strategy and work plans with clear objectives, inputs and outputs and outcomes, implementation and monitoring were not consistently performed due to lack of funds and staff resources.

19. Since recommendation 1 addresses the operational issues of policy centres including funding and resource mobilization, OIOS did not make any additional recommendation.



## C. Resource mobilization and grants management

### There was a need for more predictable funding for the centres' operational activities

20. Resource mobilization for the policy centres was a shared responsibility between the policy centres and the Partnership and Resource Mobilization Section (PRMS). PRMS supported the various ECA sections and the policy centres in developing strategic partnership opportunities and approaches, provided policy guidance and maintained corporate relationships with financing partners. According to the ECA resource mobilization strategy, the policy centres were expected to articulate strategies, develop work plans and budgets as the basis for resource mobilization; use their networks and work with PRMS to identify, assess and approach potential partners. ATPC developed its resource mobilization strategy with the help of a consultant, while ALPC, ACPC and AMDC resource mobilization strategies were embedded in their business plans as described below.

21. In January 2018, ATPC contracted a consultant to help create a targeted resource mobilization strategy for the centre focusing on non-traditional funding partners, primarily Africa's private sector. Following the signing of the African Continental Free Trade Area agreement, many partners expressed interest in supporting the initiative. Consequently, ATPC was able to engage and bring on board four new contributing partners to fund its programme activities: the European Union and the Rockefeller Foundation, which provided grants of \$3,413,000 and \$100,000 respectively, and two promissory commitments of \$2,954,000 and \$300,000 from the African, Caribbean and Pacific Group of States and the African Export-Import Bank respectively. The Boosting Inter-African Trade segment of ATPC III was being funded by the Government of Canada, with a grant of approximately \$10 million. As at 31 December 2018, the fund's closing balance for ATPC was \$6.1 million.

22. ALPC business and work plans for 2017 and 2018 identified resource mobilization as a fundamental requirement for the sustainability of ALPC and the generation of its results. As per the medium-term strategy for the period 2018 to 2023, a budget of \$13.9 million was envisaged for 2018 and a total budget of \$56.7 million for the five-year plan. ALPC had secured \$7.2 million as at the end of February 2019. Resource mobilization had been discussed by the steering committee in its June and November 2018 meetings, with a note that ALPC could not be solely responsible for mobilizing resources for the centre and that the AU, ECA and AfDB needed to do more in mobilizing resources for the centre. As at 31 December 2018, the fund's closing balance for ALPC was \$0.7 million.

23. ACPC's five-year implementation plan for 2017-2021 identified the lack of predictable and sustainable financial resources to meet the increasing Member State and other stakeholder demands as a major internal risk to the achievement of its objectives. The long-term plans included the need to improve predictable funding by persuading donor partners to join a joint financial arrangement that provides longer-term project support and increase the partnership base of the programme through an effective resource mobilization strategy. The total budget for the 2017-2021 period was \$40.9 million of which \$4.3 million had been funded as at December 2018. For the years ended 2017 and 2018, the main donors were the United Kingdom's Department for International Development (\$2.2million), Norway (\$1 million) and Sweden (\$1.2 million). As at 31 December 2018, the fund's closing balance for ACPC was \$1.6 million.

24. The seed funding for AMDC came from the Australian and Canadian governments. As per the AMDC business plan, additional financing was expected from the United Kingdom, the European Union, Germany, France and the World Bank. It was also envisaged that African governments, the private sector as well as the primary partners would support specific activities. However, apart from the seed capital from

Australia and Canada, no other resources were raised during the five-year period to support an ambitious business plan, until transfer of AMDC activities to the AU.

25. There was no mechanism for consistent coordination and follow-up of resource mobilization activities at the policy centre level. While PRMS supported the centres by offering administrative support in recording, reviewing and closing grant agreements, there was a need to ensure resource mobilization efforts are aligned with purposes for which the centres were established. Consequently, not all activities covered in the business plans were funded. In addition, the roles of the tripartite bodies that co-created the policy centres had not been taken into account in the resource mobilization strategies of the policy centres. Recommendation 1 addresses this issue; therefore, no additional recommendation was made.

#### Processing time for donor and grant agreements needed improvement

26. The process of finalizing agreements with donors involved the policy centres, PRMS, Legal Section and Division of Administration. In general, agreement processing times ranged from one to five months. There were no baseline data for processing donor agreements and no performance indicators were in place. While there were varying reasons for delays in processing donor agreements, adequate data was not being maintained on each stage of processing. All policy centres described the process of finalizing grants agreement, including review and approval by the Legal Section as lengthy. Past evaluation reports also identified lengthy processing time to finalize grant agreements with donors as a concern. PRMS maintained a tracking spreadsheet for processing agreements, which at the time of our fieldwork was last updated to October 2018 owing to the departure of the staff who maintained the spreadsheet. While PRMS explained that a guidance document, issued in the past on the selection and engagement of implementing partners, contained the estimated processing times of a maximum of 7 days for review by PRMS, 5 days for due diligence by implementing partners, and 7 to 10 working days to process documents by the Legal Section, these timelines did not relate to donor agreements and there was no evidence of the timelines being acknowledged by the policy centres, nor were they being regularly monitored, to ensure compliance and accountability.

27. PRMS explained that a new module in Umoja was scheduled to be rolled out later in 2019 that would simplify the grants management process. In the meantime, standard timelines for processing documents for both grant and donor agreements needed to be properly formalized, acknowledged by all the parties involved in processing of the agreements and constantly monitored for adherence with established timelines.

**(3) ECA should take action to improve the processing times for both donor and grant documents by establishing and monitoring performance indicators for all stages of the process.**

*ECA accepted recommendation 3 and stated that it is already in the process of streamlining the processing of letters of agreement (LOAs) for more efficiency and effectiveness. Recommendation 3 remains open pending receipt of evidence that performance indicators have been established and are being monitored for all stages of the preparation of donor and grant agreement process.*

#### LOAs did not specify management fees

28. Transfers and grants to implementing partners during the period January 2016 to December 2018 amounted to: \$1,854,359 for ATPC; \$873,104 for ACPC; \$1,238,800 for ALPC; and \$796,553 for AMDC. OIOS reviewed records of transactions of three implementing partners of ATPC amounting to \$626,120. While all LOAs were duly signed by the parties and requests for transfer of funds to implementing partners were properly authorized by ECA personnel, there were no stated administrative fees in the LOAs.

Consequently, one of the implementing partners charged 20 per cent as project management fees, while the rest charged around 13 per cent. Appropriate project management fees needed to be clearly specified in LOAs to avoid excessive claims on project overhead costs by implementing partners.

**(4) ECA should ensure that letters of agreement with implementing partners have clear provisions for project management fees to regulate charges by implementing partners.**

*ECA accepted recommendation 4.* Recommendation 4 remains open pending receipt of new LOAs with implementing partners with clear provisions for project management fees.

While the capacity of PRMS was being strengthened, there was a need to implement recommendations from a review of ECA resource mobilization strategy

29. The staffing table for PRMS comprised four professional (one P-5, one P-4 and two P-3) and one general service posts. However, at the time of audit, the P-4 post had been vacant since February 2018 and was under recruitment, while one P-3 post had been moved to the Office of the Director of the Strategic Planning, Oversight and Results Division. The general service post remained vacant as the incumbent was on sabbatical leave for a year. Consequently, only two of the five positions were encumbered by staff at the P-3 and P-5 levels whose functions included both resource mobilization and implementing partner coordination. A recommendation on the need to fill vacant posts and strengthen the capacity of the PRMS was issued in a related audit (Report 2018/075 on an audit of the mainstreaming of SDGs into ECA programme of work) and implementation is ongoing.

30. In April 2016, a review of the ECA resource mobilization strategy, which was developed following its 2016 reform and restructuring initiative, included 11 recommendations for improved resource mobilization to ensure the secretariat was meeting the needs of its Member States. At the time of audit, all recommendations were still outstanding. The main cause was that ECA had not assigned responsibility and timeframe for tracking the implementation of the recommendations.

**(5) ECA should develop a plan to implement accepted recommendations from the resource mobilization strategy review including assigning responsibility and timeframe for implementation and periodically tracking the status.**

*ECA accepted recommendation 5.* Recommendation 5 remains open pending receipt of the plan to implement accepted recommendations from the review of the resource mobilization strategy.

ECA was implementing the programme management accountability framework to improve project delivery and maintain donor confidence

31. OIOS noted that there were five no-cost extensions for ALPC, ACPC and AMDC regarding donor agreements valued at \$18.6 million. While the reasons for cost extensions were varied and included that most projects started late after signing agreements with donors and receiving funding, which delayed their implementation, there were also delays in the recruitment of staff. For example, the donor agreement for AMDC between the Government of Canada and ECA was signed on 15 March 2013 with an expiry date of 31 March 2017. However, it took up to January 2015 to have an optimal level of staff to commence operations. In the case of ALPC, the no-cost extension for three projects was due to late release of funds by the donor. The three projects included mainstreaming land policy and governance in the comprehensive African agricultural development programme, the Nairobi action plan on large-scale land-based investments and assistance to the intergovernmental authority on development.

32. In addition, two amounts of \$126,247 and \$32,718 for AMDC and ACPC respectively were returned to donors following expiration of the agreement in the case of AMDC and underutilization in the case of ACPC. Policy centres could lose donors confidence if they continue to request for no-cost extensions and return funds to donors. In the audit of the mainstreaming of SDGs into the ECA programme of work (Report 2018/075), OIOS recommended that ECA should implement its programme management accountability framework that requires managers to be efficient, accountable and transparent in order to improve project delivery rates. Implementation of this recommendation was ongoing.

#### **IV. ACKNOWLEDGEMENT**

33. OIOS wishes to express its appreciation to the management and staff of ECA for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

### Audit of the management of select policy centres in the Economic Commission for Africa

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	ECA should develop and implement guidelines for the establishment and operation of current and future policy centres to ensure that responsibility for all contractual obligations of tripartite parties are clearly spelled out.	Important	O	Submission of guidelines issued on the establishment and operation of policy centres.	30 June 2021
2	ECA should, in coordination with the concerned tripartite partner, take steps to fully provide the required funding and staff capacity to the Joint Secretariat Support Office to enable it to provide strategic support to joint programmes and initiatives, including the policy centres.	Important	O	Submission of evidence that additional staff and other resources have been requested from the concerned JSSO tripartite partner.	30 June 2021
3	ECA should take action to improve the processing times for both donor and grant documents by establishing and monitoring performance indicators for all stages of the process.	Important	O	Submission of evidence that performance indicators have been established and are being monitored for all stages of the preparation of donor and grant agreement process.	31 December 2020
4	ECA should ensure that letters of agreement with implementing partners have clear provisions for project management fees to regulate charges by implementing partners.	Important	O	Submission of new LOAs with implementing partners with clear provisions for project management fees.	30 June 2021
5	ECA should develop a plan to implement accepted recommendations from the resource mobilization strategy review including assigning responsibility and timeframe for implementation and periodically tracking the status.	Important	O	Submission of the plan to implement accepted recommendations from the review of the resource mobilization strategy.	30 June 2021

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by ECA in response to recommendations.

# **APPENDIX I**

## **Management Response**



United Nations  
Economic Commission for Africa

INTEROFFICE MEMORANDUM – MEMORANDUM INTERIEUR

To: Ms. Muriette Lawrence-Hume, Chief  
Internal Audit Division, OIOS

Date: 24 December 2019

Ref.: SPO/ADM01-01-24-01-46/AG

From: Eskedar Nega, Officer-in-Charge  
Strategic Planning, Oversight and Results Division

Subject: **Draft report of an Audit of the management of select policy centers in the Economic Commission for Africa**

Reference is made to interoffice memo (Ref: OIOS-2019-02552) dated 13 December 2019 on the above subject.

1. ECA has accepted recommendations 2, 3, 4, 5, and 6 and will implement accordingly.
2. ECA has however not accepted recommendation 1. This is because considering that ECA's policy centers including ATPC have been incorporated in its structures, governance of policy centers is redundant. Rather, what is still valid is the governance of projects within those centers. Find details in the attached appendix.

Thank you.

Cc: Ms. Aida Opoku-Mensah, Chief of Staff, OES  
Ms. Cynthia Avena-Castillo, Professional Practices Section,  
Internal Audit Division, OIOS  
Mr. Arnold Valdez, Chief, Field Section, IAD, OIOS

## Management Response

## Audit of the management of select policy centres in the Economic Commission for Africa

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	ECA should revise the governance structure of the African Trade Policy Centre in its business plan for 2021-2026 to reflect the current arrangement whereby the working group is no longer necessary.	Important	No	N/A	N/A	Considering that ECA's policy centers including ATPC have been incorporated in its structures, governance of policy centers is redundant. Rather what is still valid is the governance of projects within the centers.
2	ECA should develop and implement guidelines for the establishment and operation of current and future policy centres to ensure responsibility for all contractual obligations of tripartite parties are clearly spelled out.	Important	Yes	Secretary of the Commission and Legal Advisor	30 June 2021	ECA will develop guidelines to inform future establishment of centers and the guidelines will also include clear roles and responsibilities for concerned partners.
3	ECA should, in coordination with the concerned tripartite partner, take steps to fully provide the required funding and staff capacity to the Joint Secretariat Support Office to enable it to provide strategic support to joint programmes and initiatives, including the policy centres.	Important	Yes	Technical Advisor, Joint Secretariat Office	30 June 2021	ECA will communicate with JSSO partners that has not taken steps to provide staff resources to JSSO to request for these resources to be provided.
4	ECA should take action to improve the processing times for both donor and grant documents by establishing and monitoring performance indicators for all stages of the process.	Important	Yes	Chief of Section, Partnerships and Resource Mobilization	31 December 2020	ECA is already in the process of streamlining the processing of letters of agreements for more efficiency and effectiveness

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.



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5	ECA should ensure that letters of agreement with implementing partners have clear provisions for project management fees to regulate charges by implementing partners.	Important	Yes	Chief of Section, Partnerships and Resource Mobilization	30 June 2021	ECA takes note of the recommendation and will implement accordingly
6	ECA should develop a plan to implement accepted recommendations from the resource mobilization strategy review including assigning responsibility and timeframe for implementation and periodically tracking the status.	Important	Yes	Chief of Section, Partnerships and Resource Mobilization	30 June 2021	ECA takes note of the recommendation and will implement accordingly