



# **INTERNAL AUDIT DIVISION**

## **REPORT 2024/077**

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### **Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development**

**The Division's structure needs to be reviewed and controls relating to fundraising, performance reporting and programme implementation need to be strengthened**

**20 December 2024**

**Assignment No. AE2024-340-02**

# **Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the Division on Investment and Enterprise (DIAE) at the United Nations Conference on Trade and Development (UNCTAD). The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient and effective management of DIAE. The audit covered the period from January 2022 to December 2023 and included a review of risk areas relating to: (a) strategic planning and performance monitoring; (b) organizational structure; (c) programme implementation; and (d) regulatory framework.

The audit showed that DIAE needed to review its structure and strengthen controls relating to fundraising, performance reporting and some aspects of programme implementation.

OIOS made six recommendations. To address the issues identified in the audit, DIAE needed to:

- Consult with the Office of the UNCTAD Secretary-General to: establish and formalize additional performance measures to supplement those in the Programme Plan and Budget; and map the additional performance measures to the new Theory of Change and Results Framework;
- Review its structure to ensure it is optimal and that: all staff have separate first and second reporting officers in accordance with ST/AI/2021/4; and the staffing structure in the Programme Plan and Budget is aligned with the actual structure;
- In consultation with the UNCTAD Intergovernmental Outreach and Support Service: develop mechanisms for tracking the implementation of decisions and outcomes of intergovernmental meetings; and ensure that post-meeting surveys are conducted for all meetings;
- Improve follow up to ensure that all its staff complete the mandatory training; and
- Strengthen the implementation of its travel directives by ensuring that staff submit reports of past missions before approval of their new travel requests.

Also, UNCTAD needed to develop a fundraising strategy or guidelines to improve current approaches and staff capabilities in undertaking donor mapping exercises and fundraising initiatives.

UNCTAD accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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# **Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Division on Investment and Enterprise (DIAE) at the United Nations Conference on Trade and Development (UNCTAD).

2. DIAE is one of the five substantive divisions at UNCTAD. It is mandated to implement Sub-Programme 2 of UNCTAD's programme of work. The broad objective of DIAE is to advance inclusive growth and sustainable development in developing countries through investment and enterprise development by: (a) assisting Member States in designing and implementing policies to enhance investment and entrepreneurship for sustainable development; (b) conducting reviews of national investment policies; (c) supporting Member States in designing robust international investment agreements; and (d) providing policy advice to governments on investment promotion, business facilitation and innovative financing for the Sustainable Development Goals.

3. DIAE's total expenditure for 2021 to 2023 was \$53.4 million (\$40.2 million under the regular budget and \$13.2 million from extrabudgetary resources), or an average annual expenditure of \$17.8 million. About 88 per cent of its expenditure was on personnel costs. DIAE had a total of 75 approved staff posts comprising of 1 D-2, 3 D-1, 10 P-5, 14 P-4, 19 P-3, 8 P-2, 1 P-1 and 19 general service posts. In addition, between 2021 and 2023, DIAE issued 430 contracts to consultants and individual contractors totaling about \$7.2 million to support the implementation of its work plan.

4. DIAE was organized into four branches: (a) Investment Trends and Issues Branch; (b) Investment Policies Branch; (c) Investment Capacity-Building Branch; and (d) Enterprise Development Branch. Each branch focused on its individual substantive areas of work and also worked together with other branches on DIAE's flagship outputs such as the World Investment Report and the World Investment Forum.

5. DIAE used corporate platforms including Umoja, Inspira and Office 365 as its information management systems for administrative and programmatic areas. In addition, DIAE used applications developed locally by UNCTAD to support workflows such as the approval of project proposals, flexible working arrangements, travel requests and mission reports.

6. Comments provided by UNCTAD are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring efficient and effective management of DIAE.

8. This audit was included in the 2024 risk-based internal audit work plan of UNCTAD due to the risk that potential weaknesses in management of DIAE could affect the effectiveness and efficiency of its programme delivery.

9. OIOS conducted this audit from April to October 2024. The audit covered the period from January 2022 to December 2023. Based on an activity-level risk assessment, the audit covered risk areas relating to DIAE which included: (a) strategic planning and performance monitoring; (b) organizational structure; (c) programme implementation; and (d) regulatory framework.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) assessment of systems, practices, and processes for data management; (d) analytical review of data; and (e) sample testing.

11. Analytical review of data included use of data from Umoja and other information systems to assess: (a) variances between planned and actual deliverables; (b) ageing of vacant posts; (c) timeliness in submission of travel requests and mission reports; and (d) exceptions in low value procurement and consultancy transactions.

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

### **III. AUDIT RESULTS**

#### **A. Strategic planning and performance monitoring**

##### Need to improve the results framework to adequately address the Division's programme of work

13. DIAE's mandate and programme of work were outlined in the UNCTAD Programme Plan and Budget developed each year through the established programme budgeting process. DIAE operationalized the approved programme of work through annual work plans that outlined the outputs and activities it planned to undertake. DIAE also consistently reported on its programme deliverables through the Strategic Management Application in Umoja and the programme performance section of the annual Programme Plan and Budget documents. Additionally, DIAE prepared "annual impact and results reports" which showcased its work, outputs and achievements in more detail.

14. OIOS' review of the annual Programme Plan and Budget for the years 2023-2025 showed that for each year, DIAE, after consultation with Member States, designed three expected accomplishments and related performance measures. This was the results framework used to assess and report on DIAE's performance in the Strategic Management Application in Umoja as well as in the annual Programme Plan and Budget documents. However, the expected accomplishments were regularly changed from year to year with one being dropped and a new one being adopted each year. Such changes could impair comparability of the Division's performance over time.

15. Also, the three expected accomplishments and performance measures did not adequately cover the full range of results of DIAE. This was evidenced by the fact that in an evaluation of DIAE conducted in 2023, a more comprehensive results framework with 16 outcomes was developed by the Evaluator and used as the basis for evaluating the effectiveness of DIAE's programme of work. The annual impact and results reports also reported on additional performance indicators beyond those outlined in the Programme Plan and Budget but without reference to any baselines or targets. DIAE had prepared a supplementary results framework with about 23 Division-specific expected accomplishments and related indicators, but it was not finalized and utilized for performance reporting and monitoring.

16. At the corporate level, UNCTAD developed a new Theory of Change and Results Framework in response to Member States requests that it should monitor the implementation of the resolutions adopted at the fifteenth Quadrennial Conference (the Bridgetown Covenant). The new framework summarized UNCTAD's work into the four broad transformation areas outlined in the Bridgetown Covenant and related activities, outputs and outcome level indicators. A mapping of the DIAE results framework to the new Theory of Change and Results Framework was done but it was limited to the expected accomplishment in

the 2025 Programme Plan and Budget and was not extended to cover the additional outputs and outcomes reported in the annual impact and results reports or evaluation reports.

17. To effectively operationalize the new Theory of Change and Results Framework as well as enhance division level performance reporting, UNCTAD needs to support the substantive Divisions in developing additional performance measures to adequately cover all aspects of their work and achievements.

**(1) The UNCTAD Division on Investment and Enterprise, in consultation with the Office of the UNCTAD Secretary-General, should: (a) establish and formalize the additional performance measures needed to supplement those in the Programme Plan and Budget; and (b) map the additional performance measures to the new Theory of Change and Results Framework.**

*UNCTAD accepted recommendation 1 and stated that it acknowledges the importance of continued improvement of its results-based management practices and performance monitoring. DIAE has monitored and reported on its performance measures in accordance with the instructions received for the preparation of its Programme Plan and Budget and consultations with Member States. Additionally, UNCTAD's Theory of Change and Results Framework is currently being implemented, with results monitoring actively underway.*

Need to develop a fundraising strategy or guidelines

18. The UNCTAD risk register identified the absence of adequate funding as a key impediment to achievement of its mandated programmes and proposed a series of risk mitigating actions which included the development of fundraising action plans. The Technical Cooperation Service prepared rough estimates to quantify the requests for technical cooperation received from Member States and maintained records of their status. DIAE had only mobilized \$1.8 million out of an estimated \$9.8 million worth of requests for technical assistance received from Member States over the period 2020-2023, resulting in a large funding shortfall of around \$8 million (see Table 1 below).

**Table 1: Analysis of DIAE's unfunded requests for Technical Assistance from Member States**

Year	Estimate of Member States Requests (\$)	Funds secured (\$)	Funding shortfall (\$)
2020	2,224,600	314,600	1,910,000
2021	3,506,200	233,000	3,273,200
2022	1,845,500	300,000	1,545,500
2023	2,250,000	960,000	1,290,000
<b>Total</b>	<b>9,826,300</b>	<b>1,807,600</b>	<b>8,018,700</b>

19. Such a large funding gap could impede UNCTAD's ability to effectively respond to Member States' needs and expectations. DIAE's approach was to deliver technical assistance through partnerships and regional economic blocks to maximize the utilization of its limited resources. At the corporate level, a Technical Cooperation Committee was formed to promote cross-divisional cooperation and synergies in delivery of technical cooperation activities.

20. However, UNCTAD had not yet developed a fundraising strategy and related action plans as indicated in its risk register. UNCTAD stated that there were plans to have the fundraising actions coordinated by a senior staff to be recruited within the Office of the UNCTAD Secretary-General but this had not materialized at the time of the audit. UNCTAD had also not developed guidelines on fundraising

which could, in the absence of an entity-wide fundraising strategy, prescribe possible actions that DIAE and other Divisions could undertake (such as donor mapping) to improve their ability to mobilize resources.

**(2) UNCTAD should develop a fundraising strategy or guidelines to improve current approaches and staff capabilities in undertaking donor mapping exercises and fundraising initiatives.**

*UNCTAD accepted recommendation 2 and stated that DIAE initiated steps to map its existing partnerships and is currently reviewing its partnership strategy and arrangements to optimize funding. In addition, UNCTAD is exploring the development of a fundraising strategy for the whole organization, that would include DIAE as well.*

## **B. Organizational structure**

### Need to review and update the Division's structure

21. According to the organigram posted on the UNCTAD intranet and website, DIAE was structured into four branches which were further subdivided into eleven sections and one unit in accordance with their functional specialty and expertise. The mandate, structure, roles and functions of DIAE and its constituent sections were reflected in the Secretary-General's bulletin on the organization of UNCTAD (ST/SGB/1998/1). The annual Programme Plan and Budget also had details of approved and funded staff posts for DIAE by grade. OIOS' review showed some discrepancies between the structure posted on the intranet and website and that reflected in ST/SGB/1998/1 and the annual Programme Plan and Budget documents as explained below.

(a) Staffing posts transferred to other organizational units

22. Two staff posts that were budgeted under DIAE in the Programme Plan and Budget documents were operationally placed in other organizational units of UNCTAD. These were: (i) the Economic Affairs Officer P-4 post (30502090) that was operationally reassigned to the UNCTAD Executive Office in New York over 15 years ago; and (ii) the Economic Affairs Officer P-3 post (0502301) which was reassigned to the Division for Africa, Least Developed Countries and Special Programmes in 2019. UNCTAD explained that while the P-4 Economic Affairs post is organizationally under its New York Office, it supports work directly relevant to DIAE. However, the post was not incorporated in DIAE's organizational structure and did not have any reporting line to DIAE. Given that the two posts had been reassigned to other functions for a long time, these changes needed to be reflected in the Programme Plan and Budget accordingly.

(b) Branch with no Chief of Branch post

23. Whereas the UNCTAD organigram showed that DIAE comprised of four branches, ST/SGB/1998/1 indicated only three branches. The Investment Capacity-Building Branch was not reflected in ST/SGB/1998/1 and no funding was allocated for the Chief of this Branch in the approved staffing structure in the annual Programme Plan and Budget. In practice, the DIAE Division Director (D-2) acted as the head of the Investment Capacity-Building Branch and directly supervised the Chiefs of the three constituent sections (P-5s) of the Branch. The DIAE Director was also the first and second reporting officer of the three Section Chiefs. This was not in line with ST/AI/2021/4 on performance management and development system which requires first and second reporting officers to be separate individuals except in exceptional situations where this is not a possible option. Additionally, while the Branch's name suggests its specialization is in capacity-building, other DIAE branches also performed capacity building activities.

DIAE needs to re-assess the case for a dedicated capacity-building branch considering that the Chief of Branch post has remained unfunded for several years.

(c) New unit not anchored to any of DIAE's Branches

24. The Sustainable Stock Exchange Initiative/Programme Unit was a new unit that was not indicated in ST/SGB/1998/1. The Unit was headed by a P-4 Programme Coordinator reporting to the Division Director who was the first and second reporting officer. DIAE needs to assess whether the Unit should be anchored to one of its Branches to potentially enhance synergy between the Unit and other parts of DIAE.

**(3) The UNCTAD Division on Investment and Enterprise should review its structure to ensure it is optimal and that: (a) all staff have separate first and second reporting officers in accordance with ST/AI/2021/4; and (b) the staffing structure in the Programme Plan and Budget is aligned with the actual structure.**

*UNCTAD accepted recommendation 3 and stated that in spite of the high-level of vacancy at senior management level due to the liquidity crisis, DIAE has taken necessary steps to ensure compliance with ST/AI/2021/4. Additionally, DIAE will review its structure in light of the mandates arising from the upcoming sixteenth ministerial conference, with the aim of optimizing available resources. UNCTAD will also look into differences between the organigram posted on the intranet and the structure reflected in ST/SGB/1998/1 through appropriate mechanisms.*

### **C. Programme implementation**

DIAE had established appropriate mechanisms to plan and monitor the implementation of publications

25. Publications represent one of the outputs through which the results of the research and analysis work of UNCTAD are disseminated. DIAE prepared a publications programme which was linked to its annual work plans and the UNCTAD-wide publications programme. The programme was monitored at the Branch and Section levels. Additionally, the UNCTAD Publications Committee met quarterly to oversee the implementation of all UNCTAD publications. OIOS' review of a sample of 10 publications showed that the publications were prepared in accordance with UNCTAD's publication policies and guidelines and were appropriately cleared by the DIAE Director and where applicable by the UNCTAD Secretary-General (such as the flagship World Investment Report). Due to budgetary and staffing constraints, no formal readership surveys were conducted in 2022 and 2023. DIAE adopted other mechanisms for measuring readership of its publication (such as tracking of website visits and publications downloads) and reported the outcomes of such measures in its annual performance reports.

Need to track outcomes of intergovernmental meetings and consistently conduct post-meeting surveys

26. UNCTAD's intergovernmental machinery is designed to support trade and development-related policy discussions and consensus building, and to provide guidance on issues for further research and analysis and technical cooperation. DIAE led the substantive support of intergovernmental meetings pertaining to the UNCTAD Commission on Investment and Enterprise, the multi-year expert group, and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting.

27. OIOS' review of a sample of the intergovernmental meetings held in 2022 and 2023 showed that DIAE adequately supported the intergovernmental bodies in their policy dialogue and decision-making. It developed an annual work plan aligned to the UNCTAD-wide calendar of meetings as well as event-specific plans. Specially dedicated websites, including a delegates' portal, were used to disseminate the meetings'



agenda, documents and technical materials as well as reports of outcomes. However, there was no formal system for tracking the implementation of recommendations and decisions of the intergovernmental meetings which made it difficult to ascertain their status.

28. Additionally, post-meeting surveys were not consistently conducted to obtain feedback that could assist in making improvements. Surveys were conducted in some cases, such as the 2022 and 2023 meetings of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, but not for meetings of the Commission of Investment and Enterprise and the multi-year expert group. The gaps noted were attributed to lack of clear policies and guidelines for obtaining feedback.

- (4) The UNCTAD Division on Investment and Enterprise, in consultation with the UNCTAD Intergovernmental Outreach and Support Service, should: (a) develop mechanisms for tracking the implementation of decisions and outcomes of intergovernmental meetings; and (b) ensure that post-meeting surveys are conducted for all meetings.**

*UNCTAD accepted recommendation 4 and stated that it acknowledges the importance of tracking the implementation of outcomes of its intergovernmental machinery. In addition to regular briefings provided to Member States, as well as opportunities provided by the current agenda of the meeting under its purview, DIAE stands ready to reinstate a formal mechanism for tracking the implementation of decisions and outcomes of intergovernmental meetings. This will be implemented starting from the 2025 meetings. Regarding post-meeting surveys, which have already been implemented for certain DIAE-led meetings, their use will be expanded to all relevant meetings.*

#### Technical cooperation projects were planned and managed in accordance with established guidelines

29. During the period 2022-2023, DIAE managed 23 technical cooperation projects with a cumulative budget of \$29.6 million and expenditure of \$9.3 million. OIOS' review of a sample of 10 projects with a cumulative budget of \$8.96 million and expenditure of \$3.4 million as of May 2024 showed that the projects were designed, planned and approved in line with established processes. Projects were aligned to UNCTAD's mandate and strategic priorities and were supported by project documents which clearly outlined their rationale, planned results and key performance indicators as well as monitoring and reporting arrangements. Progress and financial reports were prepared in line with UNCTAD's reporting practices and funding requirements. Five projects were closed during the audit period in accordance with applicable project closure procedures.

## **D. Regulatory framework**

#### Consultants were recruited and managed in accordance with established procedures

30. OIOS reviewed a sample of 30 consultants and individual contractors engaged during the period 2022-2023 and noted that their services were aligned to DIAE's programme objectives. Appropriate terms of reference were prepared to specify the deliverables and scope of work. Evidence such as output reports were available to confirm the services delivered, and performance evaluations were prepared at the end of the contract periods to certify successful completion of work. Contract extensions, where necessary, were issued in accordance with established procedures. The Human Resources Management Service oversaw the recruitment and administration of consultants and individual contractors by reviewing the terms of reference, providing ongoing advice on appropriateness of contractual modalities, and ensuring general compliance with applicable rules.

### Need to ensure compliance with mandatory training requirements

31. DIAE had conducted annual performance evaluations for its staff. However, staff completion of mandatory training was low at 64 per cent, well below the target of 90 per cent. UNCTAD explained that this was due to addition of new courses to the list of mandatory training. The Human Resources Management Section distributed monthly reports on mandatory training which DIAE could use to improve compliance. UNCTAD's 2023 Statement on Internal Control identified compliance with mandatory training as an area to be strengthened, which underscores the need for follow up action at the Division level.

**(5) The UNCTAD Division on Investment and Enterprise should improve follow up to ensure that all its staff complete the mandatory training.**

*UNCTAD accepted recommendation 5 and stated that it acknowledges the importance of this key performance indicator and will continue making efforts to improve the rate of completion of mandatory training. DIAE will continue disclosing the list of staff having not completed mandatory training and, starting 2024-2025 cycle, first and second reporting officers will be required to report on non-compliance in the Performance Assessment Framework of staff having not completed mandatory training. In addition, the Programme Support and Management Service will continue the monitoring of this key performance indicator and reporting on it on a monthly basis to senior management through the monthly Management Dashboard.*

### Need to ensure that mission reports are consistently prepared

32. UNCTAD had established some good practices for administration of travel. An "e-Travel system" was developed in March 2022 to support travel workflows. The system allowed staff to electronically submit their travel requests to their supervisors for initial approval, prior to certification and approval in Umoja. The system also allowed submission of mission reports for line managers' review. The DIAE Director's memo of May 2015 directed staff to prepare mission reports upon completion of all missions, and conditioned approval of future travel requests to prior compliance with this requirement.

33. OIOS' review of a sample of 48 out of 450 travel cases showed that the travels were aligned to the Division's programme of work and were duly authorized. Approximately 50 per cent of travel requests were submitted less than 21 days prior to the travel. Justification was provided to support the delayed submissions of travel requests. Expense reports were generally submitted within the required timelines.

34. However, as of May 2024, there were 85 cases for which no mission reports had been submitted. These included 34 cases (40 per cent) where mission reports were overdue by over six months. Although automatic reminders were sent to the concerned staff, some still had multiple outstanding mission reports with 65 out of 85 cases relating to 11 staff, and one staff having 18 overdue reports. This indicated that travel requests were being approved for staff who had overdue mission reports from previous travels.

**(6) The UNCTAD Division on Investment and Enterprise should strengthen the implementation of its travel directives by ensuring that staff submit reports of past missions before approval of their new travel requests.**

*UNCTAD accepted recommendation 6 and stated that DIAE issued an updated version of its directive regarding completion of pending mission reports and ensured that current staff members had completed all pending mission reports.*

#### **IV. ACKNOWLEDGEMENT**

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

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development

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	The UNCTAD Division on Investment and Enterprise, in consultation with the Office of the UNCTAD Secretary-General, should: (a) establish and formalize the additional performance measures needed to supplement those in the Programme Plan and Budget; and (b) map the additional performance measures to the new Theory of Change and Results Framework.	Important	O	Receipt of evidence that DIAE has: (a) developed additional performance measures to supplement those in the Programme Plan and Budget; and (b) mapped the additional performance measures to the new Theory of Change and Results Framework.	31 December 2025
2	UNCTAD should develop a fundraising strategy or guidelines to improve current approaches and staff capabilities in undertaking donor mapping exercises and fundraising initiatives.	Important	O	Receipt of evidence of actions taken to improve fundraising activities.	30 June 2026
3	The UNCTAD Division on Investment and Enterprise should review its structure to ensure it is optimal and that: (a) all staff have separate first and second reporting officers in accordance with ST/AI/2021/4; and (b) the staffing structure in the Programme Plan and Budget is aligned with the actual structure.	Important	O	Receipt of evidence of actions taken to review the DIAE structure to ensure it is optimal and that: (a) all staff have separate first and second reporting officers; and (b) the staffing structure in the Programme Plan and Budget is aligned with the actual structure.	30 June 2026
4	The UNCTAD Division on Investment and Enterprise, in consultation with the UNCTAD Intergovernmental Outreach and Support Service, should: (a) develop mechanisms for tracking the implementation of decisions and outcomes of intergovernmental meetings; and (b) ensure that post-meeting surveys are conducted for all meetings.	Important	O	Receipt of evidence of: (a) tracking the implementation of decisions and outcomes of intergovernmental meetings; and (b) conducting post-meeting surveys for all meetings.	31 December 2025

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>3</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

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

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development**

5	The UNCTAD Division on Investment and Enterprise should improve follow up to ensure that all its staff complete the mandatory training.	Important	O	Receipt of evidence of action taken to improve compliance with mandatory training.	30 June 2025
6	The UNCTAD Division on Investment and Enterprise should strengthen the implementation of its travel directives by ensuring that staff submit reports of past missions before approval of their new travel requests.	Important	O	Receipt of evidence of action taken to ensure submission of mission reports including overdue reports.	30 June 2025

# **APPENDIX I**

## **Management Response**



## MEMORANDUM

OFFICE OF THE SECRETARY-GENERAL

TO: Mr. Byung-Kun Min, Director  
Internal Audit Division, OIOS

DATE: 19 December 2024

FROM: Mr. Pedro Moreno, Deputy Secretary-General  
United Nations Conference on Trade and Development



SUBJECT: **Draft report on an audit of the Division on Investment and Enterprise (DIAE) at the United Nations Conference on Trade and Development (Assignment No. AE2024-340-02)**

1. In reference to your memorandum addressed to the Secretary-General of UNCTAD on the above-mentioned subject, dated 2 December 2024, I wish to express my sincere appreciation to OIOS for their efforts in undertaking this audit and welcome the findings and recommendations of the report. This will be used to review the Division on Investment and Enterprise's (DIAE) structure and to strengthen it in regards to performance measures, fundraising, intergovernmental machinery, mandatory training and travel compliance.
2. UNCTAD has no further comments on the draft report, and I note here and in Appendix I UNCTAD's management response to its six recommendations.
3. Regarding Recommendation 1, UNCTAD accepts the recommendation and acknowledges the importance of continued improvement of its results-based management practices and performance monitoring. UNCTAD's Theory of Change and Results Framework is currently being implemented, with results monitoring actively underway, which will improve DIAE performance assessment of results.
4. Regarding Recommendation 2, UNCTAD accepts the recommendation with DIAE already initiating steps to map its existing partnerships and is currently reviewing its partnership strategy and arrangements to optimize funding. In addition, UNCTAD is exploring the development of a fundraising approach for the whole organization, that would include DIAE as well.
5. Regarding Recommendation 3, UNCTAD accepts the recommendation and DIAE has already undertaken necessary steps to ensure compliance with ST/AI/2021/4. Additionally, the structure of DIAE will be reviewed, especially in light of the mandates arising from the upcoming sixteenth ministerial conference, with the aim of optimizing available resources. UNCTAD will also look into differences between the organigramme posted on the intranet and the structure reflected in ST/SGB/1998/1 through appropriate mechanisms.
6. Regarding Recommendation 4, UNCTAD accepts the recommendation and acknowledges the importance of tracking the implementation of outcomes of its intergovernmental machinery. In addition to regular briefings provided to member States, DIAE is considering to reinstate,



starting from 2025, a formal mechanism for tracking the implementation of decisions and outcomes of intergovernmental meetings and the implementation of post-meeting surveys.

7. Regarding Recommendation 5, UNCTAD accepts the recommendation and acknowledges the importance of this key performance indicator and will continue making efforts to improve the rate of completion of mandatory trainings, including through monthly reporting to the senior management through the Management Dashboard. DIAE will continue disclosing the list of staff having not completed mandatory training and, starting 2024-2025 cycle, reporting officers will be required to report on non-compliance on the Performance Assessment Framework of staff having not completed mandatory trainings.
8. Regarding Recommendation 6, UNCTAD accepts the recommendation and can confirm that DIAE has issued an updated version of its directive regarding completion of pending mission reports and ensured that current staff members had completed all pending mission reports.
9. We thank you once again for your fruitful collaboration in completing this audit and look forward to strengthening our organization through implementation of these important recommendations.

cc

Ms. Rebeca Grynspan, UNCTAD  
Mr. Adnan Issa, UNCTAD  
Ms. Nan Li Collins, UNCTAD  
Mr. Alexandre Dabbou, UNCTAD  
Ms. Stephania Bonilla, UNCTAD  
Ms. Claudia Barberis, UNCTAD  
Mr. Vinod Nair, UNCTAD  
Ms. Janna Sofroni, UNCTAD  
Ms. Anna Nyaoro, OIOS  
Mr. Peter Akullo, OIOS



## Management Response

## Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNCTAD Division on Investment and Enterprise, in consultation with the Office of the UNCTAD Secretary-General should: (a) establish and formalize the additional performance measures needed to supplement those in the Programme Plan and Budget; and (b) map the additional performance measures to the new Theory of Change and Results Framework.	Important	YES	Director, DIAE  Director, Office of the Secretary-General	31.12.2025	UNCTAD accepts the recommendation and acknowledges the importance of continued improvement of its results-based management practices and performance monitoring.  In this sense, DIAE has monitored and reported on its performance measures in accordance with the instructions received for the preparation of its programme budget, including through consultations with member States the selection of performance measures regarding and performance indicators for assessment and inclusion in the programme plan document.  Additionally, UNCTAD's Theory of Change and Results Framework, is currently being implemented, with results monitoring actively underway.

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

## Management Response

## Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	UNCTAD should develop a fundraising strategy or guidelines to improve current approaches and staff capabilities in undertaking donor mapping exercises and fundraising initiatives.	Important	YES	Director, Office of the Secretary- General	30.06.2026	<p>DIAE initiated steps to map its existing partnerships and is currently reviewing its partnership strategy and arrangements to optimize funding.</p> <p>UNCTAD is exploring the development of a fundraising approach for the whole organization, that would include DIAE as well.</p>
3	The UNCTAD Division on Investment and Enterprise should review its structure to ensure it is optimal and that: (a) all staff have separate first and second reporting officers in accordance with ST/AI/2021/4; and (b) the staffing structure in the Programme Plan and Budget is aligned with the actual structure	Important	YES	Director, DIAE  Director, PSMS	30.06.2026	<p>In spite of the high-level of vacancy at senior management level due to the liquidity crisis, DIAE has taken necessary steps to ensure compliance with ST/AI/2021/4.</p> <p>Additionally, DIAE will review its structure in light of the mandates arising from the upcoming sixteenth ministerial conference, with the aim of optimizing available resources.</p> <p>As with regards to part (b) of the recommendation, UNCTAD will look into differences between the organigramme posted on the intranet, the structure reflected in ST/SGB/1998/1 through appropriate</p>

## Management Response

## Audit of the Division on Investment and Enterprise at the United Nations Conference on Trade and Development

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						mechanisms.
4	The UNCTAD Division on Investment and Enterprise, in consultation with the UNCTAD Intergovernmental Outreach and Support Service, should: (a) develop mechanisms for tracking the implementation of decisions and outcomes of intergovernmental meetings; and (b) ensure that post-meeting surveys are conducted for all meetings.	Important	YES	Director, DIAE Director, IOSS	31.12.2025	UNCTAD acknowledges the importance of tracking the implementation of outcomes of its intergovernmental machinery.  In addition to regular briefings provided to member States, as well as opportunities provided by the current agenda of the meeting under its purview, DIAE stands ready to reinstate a formal mechanism for tracking the implementation of decisions and outcomes of intergovernmental meetings. This will be implemented starting from the 2025 meetings.  Regarding post-meeting surveys, which have already been implemented for certain DIAE-led meetings, their use will be expanded to all relevant meetings.
5	The UNCTAD Division on Investment and Enterprise should improve follow up to ensure that all its staff complete the mandatory training.	Important	YES	Director, DIAE Director, PSMS	30.06.2025	UNCTAD acknowledges the importance of this key performance indicator and recognizes the challenge and will continue making efforts to improve the rate of completion of mandatory trainings.

## Management Response

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Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>DIAE will continue disclosing the list of staff having not completed mandatory training and, starting 2024-2025 cycle, reporting officers will be required to report on non-compliance on the Performance Assessment Framework of staff having not completed mandatory trainings.</p> <p>In addition, PSMS will continue the monitoring of this KPI and will continue reporting on it on a monthly basis to the senior management through the monthly Management Dashboard.</p>
6	The UNCTAD Division on Investment and Enterprise should strengthen the implementation of its travel directives by ensuring that staff submit reports of past missions before approval of their new travel requests.	Important	YES	Director, DIAE	30.06.2025	DIAE issued an updated version of its directive regarding completion of pending mission reports and ensured that current staff members had completed all pending mission reports.