



INTERNAL AUDIT DIVISION

REPORT 2017/093

Audit of the management of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Islands Developing States

While the Office effectively managed its subprogrammes and mandated activities, it needed to develop a strategy to improve its funding sustainability and to strengthen coordination between its programme of work and the sustainable development goals

**26 September 2017
Assignment No. AN2017/860/01**

Audit of the management of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Islands Developing States

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the management of the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS). The objective of the audit was to assess whether OHRLLS governance, risk management and control processes provide reasonable assurance regarding the effective management of its subprogrammes and mandated activities. The audit covered the period from January 2014 to December 2016, and included: (i) advocacy of the special needs of Member States; (ii) linking programmes of action with sustainable development goals (SDGs); and (iii) management of subprogrammes and resources.

OHRLLS was effective in managing its subprogrammes and mandated activities. However, the Office needed to develop a strategy to improve its funding sustainability and to strengthen coordination between its programme of work and the SDGs.

OIOS made four recommendations. To address issues identified in the audit, OHRLLS needed to:

- Develop a strategy to improve its funding sustainability to effectively deliver its mandate;
- Develop an action plan to strengthen the complementarities between the programmes of action it is coordinating and the SDGs;
- Ensure that activities related to the SDGs are clearly identified in the subprogrammes' annual work plans; and
- Develop an action plan for the creation of the network of national focal points for submission to the Alliance of Small Island States for consideration.

OHRLLS accepted the recommendations and has initiated action to implement them.

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. OVERALL CONCLUSION	2
IV. AUDIT RESULTS	2-6
A. Advocacy of the special needs of Member States	2-3
B. Linking programmes of action with SDGs	3-4
C. Management of subprogrammes and resources	4-6
V. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of the management of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States

I. BACKGROUND

1. The Office of Internal Oversight Services (IOS) conducted an audit of the management of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS).

2. OHRLLS was established in 2001 pursuant to General Assembly resolution 56/227. The Office has 28 posts (USG-1, D2-1, D1-1, P5-6, P4/3-12, P2/1-1 and General Service staff 6) and three subprogrammes: Subprogramme 1: Least Developed Countries (LDCs); Subprogramme 2: Landlocked Developing Countries (LLDCs); and Subprogramme 3: Small Island Developing States (SIDS). According to the programme budget, the Office had regular budget funding of \$8.8 million in biennium 2015-2016 and \$8.3 million (before re-costing) in 2016-2017. In addition, it had \$3.4 million and \$3.5 million of extrabudgetary funding in biennia 2014-2015 and 2016-2017 respectively.

3. The Office was established to ensure full mobilization and coordination of all parts of the United Nations system to facilitate coordinated implementation of and coherence in following up and monitoring Programmes of Action (PoAs) for LDCs, LLDCs and SIDS as stated in the:

- Istanbul Declaration and the Programme of Action (IPoA) for the Least Developed Countries for Decade 2011-2020 (resolution 65/280);
- Vienna Programme of Action (VPoA) for the Landlocked Developing Countries for 2014-2024 (resolution 69/137); and
- Barbados Programme of Action for the sustainable development of SIDS (resolution 47/189); Mauritius Declaration and Mauritius Strategy for the Further Implementation of the Programme of Action for the SIDS (resolution 59/311); and SIDS Accelerated Modalities of Action (SAMOA) Pathway (resolution 69/15).

4. Globally, there are 47 LDCs, 32 LLDCs and 38 SIDS countries with population of over 1.3 billion, representing the special needs of Member States requiring greater support to achieve internationally agreed development goals including the sustainable development goals (SDGs) and outcomes of major United Nations conferences and international agreements. OHRLLS undertakes advocacy work on behalf of these countries with United Nations offices as well as with civil society, media, academia, and foundations. It also: (i) assists in mobilizing international support and resources for the implementation of the PoAs and other approved programmes and initiatives; (ii) assesses the progress and conducts annual reviews of the implementation of the PoAs; and (iii) provides appropriate support in the context of global negotiations.

5. Comments provided by OHRLLS are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess whether OHRLLS governance, risk management and control processes provide reasonable assurance regarding the effective management of its subprogrammes and mandated activities.

7. This audit was included in the 2017 risk-based work plan of OIOS due to the risks that could limit the ability of OHRLLS to implement its legislative mandate.

8. OIOS conducted this audit from April to June 2017. The audit covered the period from January 2014 to December 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas and focused on: (i) advocacy of the special needs of Member States; (ii) linking PoAs with SDGs; and (iii) management of subprogrammes and resources.

9. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, and (c) analytical reviews of data.

III. OVERALL CONCLUSION

10. OHRLLS was effective in managing its subprogrammes and mandated activities. However, the Office needed to: (i) develop a strategy to improve its funding sustainability to effectively deliver its mandate; (ii) strengthen the complementarities between PoAs and SDGs; (iii) ensure that SDG-related activities are clearly identified in the subprogrammes' annual work plans; and (iv) expedite the creation of a network of focal points to facilitate the mainstreaming of the SAMOA pathway.

IV. AUDIT RESULTS

A. Advocacy of the special needs of Member States

OHRLLS needed a strategy to improve its funding sustainability to effectively deliver its mandate

11. Programme managers are expected to develop a strategy to deliver their mandates identifying any operational challenges and opportunities.

12. OHRLLS had an increased mandate due to PoAs and SDGs. Key activities related to the increased mandate included: (i) intensification of partnerships with different stakeholders and focus on the new priorities of regional integration and structural transformation included in the VPoA; (ii) development and maintenance of a database of indicators and undertaking regular quantitative and qualitative appraisals of the implementation of the VPoA particularly on the new priority area of structural transformation and the expanded mandate on energy and information and communication technology; (iii) follow-up activities at the country and regional levels; (iv) support the increased number of activities to be delivered under the SAMOA Pathway; and (v) the provisions of the 2030 Agenda and the Addis Ababa Action Agenda related to building effective linkages between the follow-up and review arrangements of the 2030 Agenda and the PoAs.

13. However, OHRLLS was not provided with additional resources to implement the VPoA, the SAMOA pathway, and the additional mandate due to the SDGs. A recommendation by OHRLLS that the eligibility of entities implementing the Development Account be expanded beyond the current 10 implementing entities, to include the Office, was also not endorsed by the Advisory Committee on Administrative and Budgetary Questions. As of 31 December 2016, only \$1 million in voluntary contributions was received against the estimated requirements of \$3.5 million for the 2016-2017 biennium. Although OHRLLS had signed a memorandum of understanding (MoU) with a Member State's Ministry of Commerce in September 2015 to support the implementation of the 2030 Agenda, there was still uncertainty on funding against the MoU.

14. OHRLLS continued bilateral consultations with potential contributors, including traditional donors and other development partners, but opportunities for expanding its donor-base remained uncertain. In light of the current budget reduction across the Secretariat, the possibility of increasing regular budget funding to OHRLLS may be limited. In addition to strengthening its message to stakeholders and leveraging its niche at the global level regarding LDCs, LLDCs and SIDS to coordinate its advocacy and outreach efforts, OHRLLS needed to develop a strategy to improve its funding sustainability.

15. Without such a strategy, there is a risk that OHRLLS may not completely fulfill its mandate within the existing resources.

(1) OHRLLS should develop a strategy to improve its funding sustainability to effectively deliver its mandate.

OHRLLS accepted recommendation 1 and stated that it would develop a strategy that identifies potential sustainable streams of resources and outlines ways to mobilize these resources for effective programme delivery. Recommendation 1 remains open pending receipt of the strategy.

Coordination with stakeholders was adequate

16. Programme managers are responsible for identifying and conducting coordination activities in their annual plans to effectively deliver their mandates.

17. The three OHRLLS subprogrammes were part of inter-agency coordination or consultative groups that met on a biennial and quarterly basis. OIOS reviewed the minutes of the groups noting that participants discussed their upcoming plans, established working groups on important themes and held discussions on fostering joint work. This was done to reduce overlapping, improve synergies and increase impact within the United Nations system. The subprogrammes also worked with United Nations system organizations and other international and regional organizations, development partners, and private sector to co-organize events and workshops, prepare joint publications and develop and implement projects. They also held side events at conferences with partners to discuss progress and share information. Coordination with stakeholders was done through: (i) proposals to collaborate to co-sponsor or co-organize events; (ii) memoranda of understanding to enhance cooperation and raise funds; and (iii) bilateral meetings with concerned parties. OIOS reviewed reports related to events and meetings held. Coordination activities were monitored and reported in programme performance reports.

18. In addition, the Advocacy and Outreach Unit participated in the Communications Group and the United Nations social media group which met weekly and on an ad-hoc basis respectively. It also worked closely with United Nations information centers which provided significant assistance during events in their respective locations. OIOS concluded that OHRLLS coordination with stakeholders was adequate.

B. Linking PoAs with SDGs

An action plan is needed to strengthen the complementarities between PoAs and the 2030 Agenda

19. The 2030 Agenda calls for effective linkages with the follow-up and review arrangements of all relevant United Nations conferences and processes, including on LDCs, LLDCs and SIDS.

20. OHRLLS undertook events and activities related to the implementation of SDGs and to highlight the benefits of coherence between the PoAs and SDGs. In 2016, the LDCs subprogramme commissioned a report to determine the coherence and synergies between the IPoA and the 2030 Agenda. The report

highlighted that the IPoA was mostly integrated in the 2030 Agenda; however, in some instances, differences remained at the level of specificity, deadlines for meeting some targets as well as actual thresholds to be achieved. One of the major differences between the two frameworks was that there was no separate SDG on commodities. The SDG targets relating to commodities mainly focus on price volatility. Other elements of the 2030 Agenda including: (i) decent work and economic growth; (ii) reduced inequalities; (iii) sustainable cities and communities; (iv) life below water; (v) life on land; and (vi) peace, justice and strong institutions, have direct relevance to the LDCs but they were not covered extensively in the IPoA.

21. Similarly, the LLDCs subprogramme also undertook an exercise to identify the linkages between the VPoA and the 2030 Agenda and it had similar conclusions regarding the integration of the VPoA in the 2030 Agenda. The subprogramme worked on the SDGs that are closely related to the overarching objective of VPoA and to its priority areas. However, the 2030 Agenda went beyond the priority areas of the VPoA as it also addressed: (i) social development issues in detail including health, education, water and sanitation, and full employment; (ii) climate change; (iii) achieving land neutrality; and (iv) oceans, peace, justice and strong institutions, and sustainable cities. OHRLLS stated that it had worked on these issues including preparation of a report on the impact of climate, desertification and land degradation on the development prospects of the LLDCs and participation in LLDC focused events at relevant United Nations conferences.

22. The mandate for the monitoring of the implementation of the SAMOA pathway is with the Department of Economic and Social Affairs (DESA). OHRLLS' responsibility is to enhance the coherence of the issues of SIDS in United Nations processes, including at the national, regional and global levels. To that end, the subprogramme compiled a report on enhancing the coherence of SIDS issues in United Nations processes post SAMOA Pathway and in the context of the 2030 Agenda.

23. Although there were several areas of complementarity between the PoAs and the 2030 Agenda, there were also areas of misalignments. OHRLLS did not have an immediate action plan to address the identified misalignments, which could weaken its ability to intervene on time and within its limited resources to support special needs Member States in implementing the SDGs.

(2) OHRLLS should develop an action plan to strengthen the complementarities between the programmes of action it is coordinating and the sustainable development goals.

OHRLLS accepted recommendation 2 and stated that each of its subprogrammes would develop an action plan to strengthen the complementarities between the PoAs they are coordinating and the SDGs. Recommendation 2 remains open pending receipt of the subprogrammes' action plans.

C. Management of programme activities

Annual work plans were adequately prepared but activities related to SDGs needed to be clearly identified

24. The three programmes of action consisting of IPoA, VPoA and the SAMOA Pathway are integral to the 2030 Agenda for Sustainable Development. Therefore, OHRLLS is expected to include activities related to the mainstreaming of the 2030 Agenda in its work plans.

25. OHRLLS developed annual work plans through a consultative process within the subprogrammes and with partners to ensure that upcoming activities were captured. They were derived from programme budget documents, which outlined the Office's mandated activities. Advocacy is an integral part of the OHRLLS' mandate and therefore the Advocacy and Outreach Unit was consulted by all three subprogrammes and its activities included in the subprogrammes' respective annual work plans.

26. The subprogrammes' work plans also included activities related to the PoAs. Through discussions and review of documents, OIOS noted that OHRLLS also undertook activities related to SDGs; however, they were not clearly reflected in the work plans. OHRLLS explained that SDGs were not included on the work plans of the subprogrammes because their staff could easily identify the relevant activities.

27. With the emphasis on the implementation of the 2030 Agenda, clear identification of the work related to SDGs could result in complementarity of efforts by the subprogrammes and improve synergies/coordination among them.

(3) OHRLLS should take action to ensure that activities related to the sustainable development goals are clearly identified in the subprogrammes' annual work plans.

OHRLLS accepted recommendation 3 and stated while formulating their annual work plans, each of its subprogrammes would ensure that SDG-related activities are clearly identified. Recommendation 3 remains open pending receipt of subprogrammes' annual work plans that clearly reflect activities related to SDGs.

Annual work plans were adequately monitored but OHRLLS needed to develop an action plan for the creation of the network of SIDS national focal points

28. The regulations and rules governing programme planning, the programme aspects of the budget, the monitoring of implementation and the methods of evaluations (ST/SGB/2016/6) aims to: (i) establish an independent and effective system for monitoring implementation and verifying the effectiveness of the work actually done; and (ii) evaluate periodically the results achieved, with a view either to confirming the validity of the orientations chosen or to reshaping programmes towards different orientations.

29. There were regular monthly consultations within the subprogrammes to discuss the status of activities. The subprogrammes also used the Integrated Monitoring and Documentation Information System (IMDIS) to monitor and report on the implementation of their programme of work. A staff member in each subprogramme entered their respective outputs in IMDIS, which was updated every six months. The programme performance report of the United Nations for the biennium 2014-2015 indicated that OHRLLS had implemented 94 per cent of its 393 mandated, quantifiable outputs. As of 31 December 2016, OHRLLS had implemented 211 outputs out of the 388 planned for the 2016-2017 biennium.

30. The subprogrammes used various means to monitor their outputs including: (i) the Secretary-General's report on the implementation of the IPoA and VPoA, which provided an update on their status; (ii) quantitative and qualitative performance indicators, which were used to determine trends; (iii) ministerial meetings; (iv) national focal points network; and (v) consultative meetings with stakeholders. In 2015, OHRLLS and its partners developed indicators to measure progress in the implementation of the VPoA. The LLDCs subprogramme planned on releasing a report on the implementation of the VPoA including the statistics on the indicators in 2016; however due to staff movement the report will be released in 2017.

31. Also, OHRLLS and its stakeholders had determined that the main mechanism for mainstreaming the SAMOA Pathway will be a network of focal points from the United Nations system as well as identified SIDS national focal points. In May 2016, the Under-Secretary-General of OHRLLS sought nominations of focal points on mainstreaming and coherence of SIDS issues from members of the Alliance of Small Island States (AOSIS) with presence at the global, national and regional levels; however, this process has been slow due to inadequate response from relevant stakeholders.

32. The lack of the SIDS focal points network could limit the linkages and coherence to ensure the mainstreaming of the SAMOA pathway and effectively negatively impact its implementation.

(4) OHRLLS should, in collaboration with its partners, develop an action plan for the creation of the network of national focal points for submission to the Alliance of Small Island States for consideration.

OHRLLS accepted recommendation 4 and stated that it would develop an action plan for the creation of the network of national focal points for submission to AOSIS for consideration. Recommendation 4 remains open pending receipt of the action plan.

Support services provided were adequate

33. In accordance with the 2002 budget supplementary fascicles, the Executive Office of DESA (DESA-EO) provided programme support services to OHRLLS in the areas of personnel, finance and general administration including: (i) certifying costs; (ii) processing human resources and recruitment; (iii) assisting with host country agreement for events; and (iv) managing the budget. The staff of both offices met in person to plan large events and to discuss logistics and coordination. There was open communication between the offices and an overall good working relationship.

34. DESA-EO processed financial transactions on trust funds implemented by OHRLLS, reviewed annual substantive reports on completed extrabudgetary-funded activities, and followed up with queries as needed. OIOS therefore concluded that the services provided by DESA-EO were adequate.

V. ACKNOWLEDGEMENT

35. OIOS wishes to express its appreciation to the management and staff of OHRLLS 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 the Office of the High Representative for Least Developed Countries,
Landlocked Developing Countries and Small Island Developing States**

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	OHRLLS should develop a strategy to improve its funding sustainability to effectively deliver its mandate.	Important	O	Submission of a strategy to improve OHRLLS funding sustainability to effectively deliver its mandate.	31 December 2017
2	OHRLLS should develop an action plan to strengthen the complementarities between the programmes of action it is coordinating and the sustainable development goals.	Important	O	Submission of subprogrammes' action plans to strengthen the complementarities between PoAs and SDGs.	31 January 2018
3	OHRLLS should take action to ensure that the sustainable development goals related activities are clearly identified in the subprogrammes' annual work plans.	Important	O	Submission of the subprogrammes' annual work plans clearly reflecting activities related to SDGs.	30 June 2018
4	OHRLLS should, in collaboration with its partners, develop an action plan for the creation of the network of national focal points for submission to the Alliance of Small Island States for consideration.	Important	O	Submission of the action plan for the creation of the network of national focal points submitted to AOSIS for consideration.	30 June 2018

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by OHRLLS in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the management of the Office of High Representative for the Least Developed, Landlocked Developing Countries and Small Island Developing States

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OHRLLS should develop a strategy to improve its funding sustainability to effectively deliver its mandate.	Important	Yes	Director, OHRLLS	December 2017	OHRLLS will develop a strategy that identifies potential sustainable streams of resources and outlines ways to mobilize these resources for effective programme delivery
2	OHRLLS should develop an action plan to strengthen the complementarities between the programmes of action it is coordinating and the sustainable development goals.	Important	Yes	Team Leaders for LDC, LLDC and SIDS sub- programmes	January 2018	Each of the sub-programmes of OHRLLS will develop an action plan to strengthen the complementarities between the programmes of action it is coordinating and the sustainable development goals.
3	OHRLLS should take action to ensure that the sustainable development goals related activities are clearly identified in the subprogrammes' annual work plans.	Important	Yes	Team Leaders for LDC, LLDC and SIDS sub- programmes	June 2018	While formulating their annual work plans, each of the sub-programmes of OHRLLS ensure that the sustainable development goals related activities are clearly identified.
4	OHRLLS should, in collaboration with its partners, develop an action plan for the creation of the network of national focal points for submission to the Alliance of Small Island States for consideration.	Important	Yes	Team Leader of the SIDS sub- programme	June 2018	OHRLLS, in collaboration with its partners, will develop an action plan for the creation of the network of national focal points for submission to the Alliance of Small Island States for consideration.

⁵ 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.

⁶ 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.