
EXECUTIVE BOARD OF UNDP/UNFPA/UNOPS
ANNUAL SESSION, 1-12 JUNE 2015
Introduction

1. This report provides management responses to the Annual Report of the UNDP Ethics Office (DP/2015/23) and EB decision 2013/25 that requested the management of UNDP, UNFPA and UNOPS to continue to strengthen the functions of their ethics offices in their respective organizations, including through the provision of adequate resources, in order to implement the recommendations to strengthen an organizational culture of integrity and compliance, ensure that their ethics offices can work effectively to identify and meet the ethics needs of their staff at all levels, and bring best practices to their organizations.

2. This report, being the seventh independent Annual Report of the Ethics Office, is welcomed by management in its commitment to foster an organizational culture of the highest degree of ethics, accountability and integrity amongst its leaders and staff. The 2014 Global Staff Survey (GSS) results, which became available after the Ethics Office Annual Report was finalized, indicate that 78% of staff believe that UNDP is an ethical organization and the valuable work of the Ethics Office is instrumental in this achievement. UNDP management believes that this culture creates confidence in UNDP as an organization with both internal and external stakeholders.

3. The Administrator releases an ‘Annual Report on Disciplinary Measures and Other Actions taken to respond to Fraud, Corruption and Other Wrongdoing,’ in which she reiterates UNDP’s zero tolerance for unethical and corrupt practices. This report is made available to the general public and provides information on cases of disciplinary measures taken against staff members as well as former staff members and other personnel, such as contractors. The report further highlights actions that have been taken against substantiated allegations in order to sensitize staff to the consequences associated with such wrongdoings. Ethical practices receive top management support in UNDP and the Annual Report of the UNDP Ethics Office is well received by UNDP management.

Management response to the 2014 Annual Report of the Ethics Office

4. UNDP management takes note of the 2014 achievements of the Ethics Office, key of which are: providing input on proposed updates to policies across the organization, as requested by management; in close collaboration with OHR, development of a new course that is much more user-friendly, relevant and engaging: face-to-face ethics workshops; group briefings; panel discussions and live/web-based training sessions to approximately 803 staff members and other personnel; separate individual briefings to eight (8) senior leaders at headquarters at the D1 level and above; fulfilling 597 requests for services, of which 413 were for ethics advice; and achieving a 100 per cent compliance rate for the filing of the Financial Disclosure Policy for 2014 (pertaining to the 2013 financial year).

5. Pursuant to EB decision 2013/25, UNDP management has taken steps to ensure that Ethics Offices remains fully staffed with the exception of the ongoing recruitment of a JPO. As part of the 2014-2017 Integrated Budget decisions, the Executive Board required UNDP management to shield independent offices in the event of a fall in core contributions through reducing their budgets by only 4%. As a result of declining core contributions, UNDP management units reduced their budgets by
15% during 2014. However, UNDP management preserved the Ethics Office funding level in 2014, underscoring the importance that UNDP management places on the Ethics function. UNDP management acknowledges the creativity that the Ethics Office brings to its work within the constrained funding environment facing UNDP.

6. Pursuant to Executive Board decision 2011/24, the Executive Board looks forward to recommendations from the Ethics Office to UNDP management that will foster a culture of ethics, integrity and accountability in the organization. UNDP management has taken careful note of the report and accepts (in principle) all 3 recommendations with some qualification.

**Recommendation 1.** It is recommended that management revisit the legal and/or accountability framework, the Investigation Guidelines, and the Policy on Workplace Harassment and Abuse of Authority for addressing and proving allegations that involve harassment, discrimination and/or abuse of authority, and ensure that such matters are adequately addressed. It is also recommended that the “Anti-Fraud Hotline” be renamed to “Hotline”, to demonstrate it is not limited to reporting fraud concerns.

7. This recommendation is a modified carryover brought forward from 2013 as the Ethics Office indicated that the issue continues to arise with staff seeking assistance from the Office. As noted in the management response to the 2013 Annual Report of the Ethics Office, UNDP management is of the view that the current process which is in place to address allegations of misconduct (including harassment and abuse of authority) has been so far effective. Notwithstanding, UNDP management is taking actions to address the recommendation of the Ethics Office.

8. UNDP does not tolerate harassment and/or abuse of authority at the workplace or in connection with work in any form and continues to enhance existing policies, procedures and tools available to staff in this area. The Office of Human Resources (OHR) will revise the on-line course on harassment, sexual harassment, and abuse of authority to address specific concerns of the ethics office. The Legal Support Office (LSO) and OHR will review the Legal Framework and the HR User Guide to address the concerns raised by the Ethics Office. Additionally, OAI will be revising the Investigation Guidelines during 2015 and will incorporate revisions to ensure they align with any changes that may be made to the related legal and HR frameworks.

9. In response to the Ethics Office recommendation to rename the ‘Anti-Fraud Hotline’ so that it is more representative of the spectrum of complaints that could be reported, OAI will rename it the ‘Hotline for Anti-Fraud and Other Wrongdoing’, since the term ‘Hotline’ may be too vague to convey its purpose.

10. A taskforce comprised of senior level representatives from the Ethics Office, OAI, LSO, OHR and the Office of Financial Resources Management (OFRM) was convened during 2014 to better understand and address staff perceptions. A series of actions were identified, including enhanced communications and awareness raising, and potential enhancements to case tracking mechanisms. Due to the involvement of most key staff in the structural change process, the work of the Taskforce did not proceed as swiftly as hoped. The taskforce has resumed its work in 2015 with a view to finalizing the work that commenced in 2014.

11. The 2014 GSS Survey indicates that 71% of staff would feel comfortable reporting unethical or illegal behavior if observed, a 3% improvement from the 2013 survey. This latest survey does reflect
a high comfort level amongst UNDP staff with the units entrusted with investigating and proving such allegations. This is one of the top 5 most improved areas in the 2014 survey compared to 2013.

**Recommendation 2.** It is recommended that management agree on and implement the form and content of arrangements to manage the movement of staff and individuals to UNDP from external entities, and to agree on the criteria to determine when each form is most appropriate, in order to help avoid conflicts of interest.

12. This recommendation is a modified carryover brought forward from 2013 as the Ethics Office indicated that the issue continues to arise with staff seeking assistance from the Office. Working closely with other Bureau of Management colleagues, OHR has progressed work on a policy on the secondment of government personnel that will stipulate Special Leave Without Pay (SLWOP) as the mechanism by which the entity will release the individual on loan to UNDP. Additionally, work is substantially complete on policies and related guidance for Reimbursable Loan Agreements (RLA) and Non-Reimbursable Loan Agreements (NRLA) which will be released shortly.

**Recommendation 3.** It is recommended that management maintain or restore visible inclusion and embracing of the Ethics Office across the organization.

13. UNDP Management is committed to strong engagement with the Ethics Office. The reshaping of the Organizational Performance Group (OPG) meetings is designed to improve the focus on internal performance while ensuring an enhanced focus on oversight issues, including ethics, through dedicated quarterly meetings. OPG papers are shared with the Ethics Office.

14. The Audit Advisory Committee (AAC), which is composed of five external experts, was established in 2006 to assist the Administrator in fulfilling her responsibilities regarding “oversight, financial management and reporting, internal audit and investigation, external audit, risk management, and systems of internal control and accountability.” The AAC promotes proper governance and high ethical standards in UNDP. Ethics Office matters were included in the AAC’s April 2014 meeting agenda and resulted in the AAC reiterating to UNDP management the importance of ensuring that adequate resources for the Ethics Office are preserved, more so at a time of organizational change.

**Conclusion**

15. The Ethics Office is a key independent internal oversight body and a valuable source of professional advice for the Administrator and the UNDP Executive Board. UNDP management highly values the advice and recommendations provided by the Ethics Office and is committed to addressing the issues raised in the report. UNDP management would like to take this opportunity to congratulate the Ethics Office for another successful year with excellent achievements and thank the Director and his staff for assisting UNDP staff and other personnel to perform to the highest standards of integrity and ethical conduct required by the Charter of the United Nations. This work contributes to making UNDP a trusted and well-respected development partner.