



Economic Commission for Europe**Administrative Committee for the TIR Convention, 1975****Seventy-second session**

Geneva, 6 February 2020

Item 7 of the provisional agenda

**Audit of the accounts of the TIR Executive Board
and the TIR secretariat****Developing appropriate procedures concerning evaluation of
qualified organizations and the periodic assessment****Note by the secretariat****I. Background and mandate**

1. The audit of the management of the TIR Trust Fund conducted by the United Nations Office of Internal Oversight Services (OIOS) recommends that the United Nations Economic Commission for Europe (ECE) should bring to the attention of the Committee the need to develop appropriate procedures concerning: (a) evaluation of qualified organizations before selection of the authorized international organization for TIR operations; and (b) periodic assessment of the authorized international organization's compliance with the stipulated conditions and requirements. (see Recommendation No. 3 in ECE/TRANS/WP.30/AC.2/2019/25).

2. The audit also says:

“There was no documented process for identifying qualified international organizations for consideration by the Administrative Committee prior to selection of the authorized international organization. There was also no formal procedure for assessing the authorized international organization's compliance with the stipulated conditions and requirements. Although the Administrative Committee had not expressed concern about the present arrangement for the authorization process, there was no established mechanism to assist the Committee in the event it decides to revoke authorization. To ensure the sustainability of TIR operations, ECE needs to develop appropriate procedures for identifying and evaluating qualified international organizations to assist the Administrative Committee.”

3. The TIR Executive Board (TIRExB), at its eighty-second session (June 2019), requested the secretariat to start considering a possible mechanism while waiting for instructions from AC.2. Further, the Board agreed to include developing appropriate procedures on the evaluation and periodic assessment in the work plan of the consultants, hired to draft the new agreement with the international organization (ECE/TRANS/WP.30/AC.2/2020/1, para. 37).

4. AC.2, at its seventy-first session (October 2019), took note of the need to develop appropriate procedures concerning the selection of the international organization and the

periodic assessment. It was of the view that the recommendation was important for the TIR system. The Committee requested the secretariat to prepare a document for its February 2020 session that would describe the appropriate procedures concerning the evaluation of qualified organizations before selection of the authorized international organization for TIR operations as well as a periodic assessment (ECE/TRANS/WP.30/AC.2/145, para. 70).

5. The secretariat submits in Annex the suggestions by the consultants.

II. Roles and responsibilities of the international organization

6. The conditions and requirements to be fulfilled by any international organization to become authorized by AC.2 are:

- Obtain the authorization from Contracting Parties (TIR Administrative Committee) to take on responsibility for the effective organization and functioning of an international guarantee system (Article 6, paragraph 2 bis and Annex 9, Part III, para.2);
- Conclude written agreements on the functioning of the international guarantee system with national guaranteeing associations (Explanatory Note 0.6.2 bis-1);
- Obtain the authorization from the TIR Administrative Committee to print and distribute TIR Carnets (Annex 8, Article 10 (b));
- Conclude a written Agreement with UNECE, reflecting the authorizations granted in accordance with Article 6.2 bis and/or Annex 8, Article 10 (b) and stipulating that the international organization shall fulfil the relevant provisions of the Convention, shall respect the competences of the Contracting Parties to the Convention and shall comply with the decisions of the Administrative Committee and the requests of the TIRExB. By signing the Agreement, the international organization confirms that it accepts the responsibilities imposed by the authorization (Explanatory Notes 0.6.2 bis-2 and 8.10 (b)).
- Pursuant to the authorization in accordance with Annex 9, Part III, para. 2, the international organization shall:
 - provide the Contracting Parties of the TIR Convention via the national associations affiliated to the international organization with certified copies of the global guarantee contract and proof of guarantee coverage;
 - provide the competent bodies of the TIR Convention with information on the rules and procedures set out for the issuance of TIR Carnets by national associations;
 - provide the competent bodies of the TIR Convention, on a yearly basis, with data on claims lodged, pending, paid or settled without payment;
 - provide the competent bodies of the TIR Convention with full and complete information on the functioning of the TIR system, in particular, but not limited to, timely and well-founded information on trends in the number of non-terminated TIR operations, claims lodged, pending, paid or settled without payment that might give rise to concerns with regard to the proper functioning of the TIR system or that could lead to difficulties for the continued operation of its international guarantee system;
 - provide the competent bodies of the TIR Convention with statistical data on the number of TIR Carnets distributed to each Contracting Party, broken down by type;
 - provide TIRExB with details of the distribution price by the international organization of each type of TIR Carnet;
 - take all possible steps to reduce the risk of counterfeiting TIR Carnets;
 - take the appropriate corrective action in cases where faults or deficiencies with the TIR Carnet have been detected and report these to TIRExB;

- fully participate in cases where TIRExB is called upon to facilitate the settlement of disputes;
- ensure that any problem involving fraudulent activities or other difficulties with regard to the application of the TIR Convention is immediately brought to the attention of TIRExB;
- manage the control system for TIR Carnets, provided for in Annex 10 of the Convention, together with national guaranteeing associations affiliated to the international organization and the customs authorities and inform the Contracting Parties and the competent bodies of the Convention of problems encountered in the system;
- provide the competent bodies of the TIR Convention with statistics and data on the performance of Contracting Parties with regard to the control system provided for in Annex 10;
- conclude, not less than two months before the provisional date of entry into force or renewal of the authorization granted in accordance with Article 6.2bis of the Convention, a written agreement with the United Nations Economic Commission for Europe secretariat, mandated by and acting on behalf of the Administrative Committee, which shall include the acceptance by the international organization of its duties set out in Annex 9, Part III, para.2;
- Attend as observer the sessions of the TIR Administrative Committee (Annex 8, Article 1 (ii)), TIRExB (Annex 8, Article 11, para. 5), UNECE Working Party on Customs Questions affecting Transport (WP.30).¹

III. Considerations by the Committee

7. The Committee may wish to consider and, possibly, adopt the procedures suggested in the Annex.

¹ See Chapter 1.9.4 of the TIR Handbook.

Annex

Suggestions by the consultants on appropriate procedures concerning: (a) evaluation of qualified organizations before selection of the authorized international organization for TIR operations; and (b) periodic assessment of the authorized international organization's compliance

I. Background

1. The essential criteria concerning the evaluation of qualified organizations are listed in Annex 9, Part III of the TIR Convention. The International Road Transport Union (IRU) has already been re-appointed for the years 2020–2022 (at the Administrative Committee meeting held in February 2019). As a result, the evaluation of the international organization is relevant:

- on an ongoing basis (paragraph 2) – the authorization of the international organization can be revoked in the case of non-compliance; and
- to, ultimately, select the international organization for a new authorization period (paragraph 1).

II. Conclusions

A. Ongoing evaluation

2. Annex 9, Part III, paragraph 2 of the TIR Convention sets out the existing obligations of the international organization following its authorization.

3. It is not feasible to obtain all of the documentation required under paragraph 2 every year. However, paragraph 2 items (o), (p) and (q) already ensure some annual compliance. We therefore recommend that a report is prepared by UNECE to the Administrative Committee for the authorization period 2020–2022. This report should be prepared in sufficient time to also form part of the selection process for the next authorization period (assumed as 2023–2025).

4. The report whenever possible should include commentary/evaluation of each piece of documentation provided.

5. Since the TIR secretariat may not possess the skills or knowledge to monitor and evaluate this type of documentation, a first option could be that sufficient funding be made available to hire consultants by contracting parties. The consultants should prepare the reporting, under the guidance of the TIR secretariat. Alternatively, and considering the view of TIRExB that, given the cost factor, the best option would not be to hire a consultant, a consultant could be hired solely to prepare those evaluation reports to be submitted before each authorization period, viz. every three years.

6. A second option, and in order to avoid the extra costs of hiring consultants, could be that experts from contracting parties who possess the skills or knowledge to monitor and evaluate this type of documentation can voluntarily help the secretariat to prepare the relevant reports. This assistance could also be provided jointly by several national experts. However, a procedure should be established for the selection of such experts (submission of CVs, other certificates that prove their expertise, etc.) which would ensure that the selected national experts possess the level of expertise required to carry out the analysis of such documents, as well as for the logistical challenges, such as meeting frequency, venue, travel costs, if any, etc.

7. Ongoing evaluation – other: audited financial statements: on an annual basis, the international organization will submit audited financial statements. Additional information may be requested, in compliance with the provisions of Annex 8 of the Convention.

8. The findings should then be reported to the Administrative Committee by UNECE via a written report. This report would provide whenever possible an overview of the documentation received, commentary on relevant sections and pertinent recommendations.

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B. Selection of the international organization(s) in the next authorization period (assumed as 2023–2025)

11. Annex 9, Part III, paragraphs 1 (a) and (b) of the TIR Convention set out the conditions and requirements to be complied by an international organization in order to be authorized by the Administrative Committee to take on the responsibility for the effective organization and functioning of an international guarantee system and to print and distribute TIR Carnets.
