



United Nations
Educational, Scientific and
Cultural Organization

Organisation
des Nations Unies
pour l'éducation,
la science et la culture

Organización
de las Naciones Unidas
para la Educación,
la Ciencia y la Cultura

Организация
Объединенных Наций по
вопросам образования,
науки и культуры

منظمة الأمم المتحدة
للتربية والعلم والثقافة

联合国教育、
科学及文化组织

Report by the Director-General on the execution of the programme (34 C/5) (01 January 2008 – 31 December 2009)

Budget preparation and monitoring

Part II.C – Programme-related services

Paragraph 10503

Chapter 5 – Budget preparation and monitoring

Regular budget: Activities (rounded to \$ thousand)	
Planned: \$ 748	Actual: \$ 805

34 C/5 Expected Results	Achievement(s)	Challenges/ Lessons Learnt	Cost- Effectiveness	Sustainability
Draft Programme and Budget for 2010-2011 (35 C/5) prepared on the basis of the principles of transparency, efficiency and rationalization;	<ul style="list-style-type: none"> Based on the recommendations of the Executive Board, the priorities outlined by the Director-General, the contributions received from Sectors/Bureaux and Field Offices, and the technical estimates prepared by BB, the draft Programme and Budget for 2010-2011 was prepared and presented at the 181st session of the Executive Board and a revision was also prepared in time for its 182nd session. The 35 C/5 was approved by the General Conference at its 35th session. 			
Programme and Budget for 2008-2009 (34 C/5) administered, managed and monitored, including information with regard to the cost-efficient use of human and financial resources in the areas of travel, publications and contractual services, following the principles of transparency, efficiency and rationalization;	<ul style="list-style-type: none"> In the course of the biennium BB has managed the budget by authorizing and making budget allotments, processing requests for reprogramming, ensuring that budget appropriations are respected, identifying budgetary risks and opportunities, proposing budgetary solutions to the Director-General and senior management and providing regular and ad hoc reports as needed to Sector/Bureaux, and to the Committee of Budget and Finance, the College of ADGs and the DIGE. BB has implemented a monitoring and control framework for staff travel, issuing monthly monitoring reports and regular communication on preventive/corrective measures to increase staff awareness on staff travel. This has allowed Sectors/Bureaux to rationalize and reduce significantly travel costs of their staff, in line with the request from the Director-General to reduce by 10% the level of staff travel in 2008-2009 as compared with the 34 C/5 envelope. In fact, the level of staff travel for the Organization has been significantly reduced and is, at end biennium, below the target given by the Director-General, i.e. 96% of the target ceiling, or a total reduction of 12% of the initial 34 C/5 travel envelopes (based on the closing situation for 2008-2009). BB has performed an internal cost measurement study, which has been shared with the top management and the main findings presented to the Executive Board. 	<ul style="list-style-type: none"> This information is very useful, as it allows BB to provide more detailed monitoring reports to top management and to the Sectors/Bureaux, which in turn helps to enhance the cost-efficient use of the Organization's resources. The positive results of the monitoring of staff travel lies on a clear accountability of each sector/bureau on the staff travel ceiling, along with regular information from BB and from the management within Sectors/Bureaux to increase staff awareness on the staff travel issue. Concerning the cost measurement study, BB received a positive feedback from Member States, who expect that such study be updated regularly. 	<p>With regard to travel monitoring, the reports were produced centrally by BB on the basis of the detailed staff travel ceilings estimated by Sectors/Bureaux and the staff travel expenditure from FABS. It is a time-consuming operation for BB in terms of coordination of all Sectors/Bureaux and of preparation of the reports themselves. In the future, an automated IT solution could be explored for the reporting part of the task.</p>	
Budget implementation (regular)	<ul style="list-style-type: none"> Detailed reports have been prepared by BB in order to 	<ul style="list-style-type: none"> The monitoring of budget of sectors/bureaux 		

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<p>programme and extrabudgetary funds) regularly monitored and reported on to appropriate oversight bodies (internal and Member States);</p>	<p>regularly monitor the implementation of the Programme and Budget for 2008-2009 (34 C/5), e.g.:</p> <ul style="list-style-type: none"> - Member States are informed of the execution of the budget (regular programme and extrabudgetary projects) through the “Management Chart for Programme Execution in 2008-2009” contained in documents 180 EX/4 Part II (status as at 30/06/08), 181 EX/4 Part II (status as at 31/12/08) and 182 EX/4 Part II (status as at 30/06/2009). - Quarterly Monitoring Reports (which include RP, extrabudgetary and staff information) are provided to Sector ADGs, Field Office Directors and the Committee of Budget and Finance (CBF) for more periodic reporting. - The Status reports on the execution of extrabudgetary financed activities are also provided annually to the DG, DDG, ADGs, Directors of Field offices and HQ divisions and Permanent Delegations. - Ad hoc reports and organizational charts (e.g. on the budget execution and established posts) are also provided to senior management upon request. 	<p>is to be associated with periodic and repeated alerting systems in order to ensure timely and cost-effective implementation of regular budget activities and extrabudgetary projects.</p>		
<p>Financial and budgetary guidance provided and participation in all matters and projects having a budgetary impact for the Organization ensured;</p>	<p>BB provides financial and budgetary guidance on all matters having budgetary impacts for UNESCO at the corporate level (i.e. to senior management), at the programme level (i.e. to Sectors/bureaux) and within the UN system.</p> <p>For example:</p> <ul style="list-style-type: none"> • BB has actively participated in a number of projects within the framework of UNESCO's reform process, including IPSAS, STEPS, FABS roll-out and SISTER. In addition, as from end-March 2009, the management of the SISTER2 project has been transferred to BB and BSP. • Also, BB has been very active in providing guidance within the framework of "Delivering as One", both at UNESCO and within the UN System. Notably, BB has provided advice and has assisted Sectors/Bureaux in the budgetary and financial aspects of joint programming with other UN Organizations. • BB has also prepared and widely disseminated the Guidelines on Budgetary Aspects of Extrabudgetary Projects in English, French and Spanish. 	<ul style="list-style-type: none"> • As from end March 2009, the responsibility for the management of the SISTER2 project has been transferred to BB and BSP. • Consequently, BB has had to carefully streamline and organize its internal work e.g. by: <ul style="list-style-type: none"> - anticipating the issues with budgetary implications that may arise within the reform process, - enhancing the monitoring of risks and opportunities within the Organization, and - requesting Sectors/Bureaux to provide advanced agendas of their projects inscribed in the Reform process 		

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	<ul style="list-style-type: none"> • In March 2009, guidance and advice have been provided to the Brasilia Office on current UBO management issues: budget, exchange rate and the cost recovery policy. 			
<p>Administrative officers, young professionals and other staff trained on budget management issues;</p>	<ul style="list-style-type: none"> • BB has participated in a number of training sessions organized at Headquarters and in the field in order to provide training on budgetary matters concerning the Regular Programme and extrabudgetary activities. Participants at these training sessions include Directors, AOs and project managers. • In 2009, BB has provided trainings in the following offices: Montevideo, Santiago, Brasilia (March 2009), Maputo (May 2009), Addis Ababa (June 2009) and Nairobi (July 2009). • BB has prepared some information and training materials for AOs, Directors and Member States which provide detailed information on budgetary matters including budget cycle, budget preparation, budget implementation, budget control, etc. A presentation leaflet is now available to summarize the budget planning and the budget cycle of the Organization, as well as the main missions and the challenges of the Bureau. 	<ul style="list-style-type: none"> • Taking into account current budget constraints and the wide dissemination of the cost recovery policy, the need for training on budget management issues has become increasingly important both at Headquarters and in the field. Therefore one of the main challenges for BB has been to be able to cater to the increasing training demands without neglecting its other responsibilities and functions. 	<p>BB has been highly involved in developing its staff capacity through internal training and staff rotation, so that the majority of BB's staff is able to provide training or advice on standard procedures and policies. BB has also made efforts to develop training material for the majority of its functions, and such material will be made available online for a wider and cost effective distribution.</p>	
<p>Follow-up of harmonization of United Nations policies, including on cost recovery, and their financial and budgetary impact ensured;</p>	<ul style="list-style-type: none"> • BB is actively involved in the Finance and Budget Network of the HLCM, and also participates in the meetings of the High-Level Committee on Management (HLCM) of the Chief Executives Board (CEB). • With regards to the harmonization of Cost Recovery Policies among UN Organizations, BB has co-chaired, together with DOCO (UN Development Operations Coordination Office), a joint UNDG-HLCM Working Group (WG) since April 2008. In this context, BB has coordinated the work of the two consultants hired to conduct the UNDG-HLCM joint study initiated in September 2008 and which came to a joint conclusion in September 2009, thus leading to an attempt of more in-depth harmonization among UN Specialized Agencies through a Task Force led by WHO. Based on the results of this Task Force, BB, together with DOCO is mandated to report on the way forward respectively to the HLCM and UNDG. • BB has also participated in the UN Task Team which started its work in December 2009 with the view to build 	<ul style="list-style-type: none"> • With regard to cost recovery policies, different funding modalities, structural differences and diverse corporate cultures among participating agencies have proved challenging to proceed with an overall harmonization. As such, the recommendations proposed in the UN consultants' report did not bring the elements to allow the agencies to move forward as a whole. As a conclusion, it was agreed that Specialized Agencies would attempt harmonizing further their cost recovery policies as a first step in the more global harmonization among UN Organizations. • Other challenges are also experienced when trying to implement UN harmonized decisions within UNESCO, particularly when those decisions require a significant change in the Organization's culture. Such a change demands a considerable amount of time and effort. Therefore, harmonization efforts in the 	<p>The UN study took longer than originally anticipated due to the complexity of the activity (inception visits to all ten participating agencies, to two 'Delivering as One' pilot offices and one other country office) and therefore the results were delayed. However, it is difficult to envisage a more efficient procedure for this type of activity due to the intricacy of the principle, the number of agencies involved and the above mentioned challenges encountered taking into account the limited financial investment.</p>	<p>The objective of the study is to help UN agencies charge their costs directly to MDTF financed projects in accordance with the Triennial Comprehensive Policy Review of operational activities of the UN development system (TCPR) full cost recovery principles.</p>

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	<p>a Common Budgetary Framework (December 2009).</p> <ul style="list-style-type: none"> • BB has pursued its work on the practical implementation of UNESCO's cost recovery policy. The Guidelines on the Budgetary Aspects of Extrabudgetary Projects have been widely distributed and IT tools are currently being designed to help programme specialists in this effort. 	<p>UN system which require a cultural shift often have to be complemented with continuous dialogue and preparation internally before the decisions are taken within the UN system. This allows for a smoother implementation of decisions at a later stage.</p> <ul style="list-style-type: none"> • Another challenge consists in the number of meetings which are organized among UN Organizations, face-to-face in New York, thus making it difficult for BB to participate in all relevant meetings on key issues. 		
<p>Active participation in projects such as International Public Sector Accounting Standards (IPSAS) implementation, as well as in development of administrative and managerial tools ensured;</p>	<ul style="list-style-type: none"> • BB actively participates in the IPSAS implementation project at UNESCO as a member of the IPSAS Steering Committee and the Project Management Team. BB has participated in the Gap Management Team on expenditure recognition as a regular member, and in other teams when required. BB has actively participated in these teams with the objective to provide upfront solutions and clarification on any issues which may have an impact on the budget or the budget management. However, BB's participation was limited to the meetings to which the Bureau was convened by the leader of the project. • In addition, BB has been very active within the HLCM Finance and Budget Network regarding the interpretation, within the UN System, of the impact of IPSAS on budget management. • BB also contributed to the drafting of amendments to the Financial Regulations needed to present IPSAS-compliant financial statements, as requested by the Executive Board at its 180th session. These amendments will be presented to the General Conference for adoption at its 35th session. 	<ul style="list-style-type: none"> • The main challenge for BB has been to anticipate all the possible impacts that IPSAS implementation could have on the management of the budget. UNESCO, like many other International Agencies, (e.g. WHO, EU, FAO etc) has so far adopted the policy whereby IPSAS would be adopted for accounting purposes (i.e. a move to accrual accounting) while the budget management would remain on a cash basis. • BB's participation in the IPSAS implementation project at UNESCO and its involvement in the UN system does provide invaluable information in this regard. However, this task remains considerably challenging, due to the fact that UNESCO like some other UN organizations are still in the phase of IPSAS introduction and therefore all of the financial and account implications for the Organization may not yet be known. 	<p>In the 34 C/5, primary emphasis has been placed on ensuring that accounting practices which fall under the responsibility of BOC will be IPSAS-compliant as of January 2010.</p> <p>BB has not foreseen or requested any additional funds for its involvement in the IPSAS project, and as a result BB has used its own appropriation resources (e.g. staff time etc) for these activities, making its efforts to the achievement of this result very cost effective.</p>	