



United Nations
Educational, Scientific and
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Organisation
des Nations Unies
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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 - 31 December 2008)

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: \$351

34 C/5 Expected Results	Achievements	Challenges/ Lessons Learnt	Cost- Effectiveness	Sustainability (Indicators or Measures)	Recommendations by the Executive Board
<p>Draft Programme and Budget for 2010-2011 (35 C/5) prepared on the basis of the principles of transparency, efficiency and rationalization.</p>	<ul style="list-style-type: none"> In document 180 EX/21, BB presented to the Executive Board the budgeting techniques and Preliminary Technical Estimates for 2010-2011 (35 C/5). This is one of the first steps in the preparation of UNESCO's programme and budget. Based on these estimates, the recommendations of the Executive Board, and the priorities outlined by the Director-General, the Bureau of the Budget is now in the process of preparing the Draft 35 C/5 Programme and Budget which will be presented at the 181st Executive Board session. Efforts are also being made to improve the format and content of the budgetary figures, in an even more rationalized and transparent manner. 	<ul style="list-style-type: none"> Some of the major challenges in the budget preparation process include: <ul style="list-style-type: none"> receiving necessary inputs from Sectors/bureaus and field offices in a timely manner; Providing advice to the DG on how to prioritise the distribution of the budget given that the Organization has been expected to do more activities with a stagnated or declining (in real terms) level of resources through efficiency gain. 	<p>The Bureau of the Budget is made up of a rather small team, and therefore by sheer necessity, we consistently have to organize and streamline our efforts in order to be able to achieve our expected results. In this regard, many of our activities have become very cost effective as we use the minimum amount of resources needed to achieve the desired result through constant coaching of staff and fostering the complementarity of each member.</p>	<p>N/A</p>	
<p>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.</p>	<ul style="list-style-type: none"> The Bureau of the Budget administers the budget in accordance with the General Conference resolutions, Executive Board decisions, Senior Management's priorities and UNESCO's financial rules and regulations. At the beginning of the biennium, BB administered the budget by making budget allotments in accordance with the work plans approved by the Director- General. During the biennium, BB manages the budget by: <ul style="list-style-type: none"> processing requests for reprogramming received from the sectors, ensuring that such requests are correctly approved and are consistent with UNESCO's appropriation resolutions, ensuring that budget appropriations are respected identifying budgetary risks and opportunities and 	<ul style="list-style-type: none"> The major challenge associated with this expected result is obtaining relevant and timely information from sectors/bureaux on certain elements of their workplans, such as the indicative budget distribution by object of expenditure. Such 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. 	<p>Given its limited staff structure, BB has had to make consistent efforts to organize and streamline its activities in order to achieve its expected results and in this regard, many of its activities have become very cost effective.</p>	<p>N/A</p>	

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	<ul style="list-style-type: none"> - providing budgetary solutions to the Director-General and senior management as needed. • With a view to ensuring the cost-efficient use of the Organization's resources, quarterly monitoring reports are provided to Sector ADGs Field Office Directors, and the Committee of Budget and Finance (CBF) on a regular basis in order to facilitate and improve programme monitoring and to enhance the qualitative/quantitative analysis of programme expenditures. • BB has also proposed mechanisms to enhance the monitoring of travel expenditure, with data reviewed regularly by the College of ADGs as well as with individual Programme Sectors. Due to very strict monitoring of travel expenditure, it is expected that the global expenditure under this item will be below the target estimated in the 34 C/5 by at least 10%. • In addition, BB has been closely monitoring the expenditure related to publications and contractual services, in collaboration with BPI, HRM and other concerned central services. 				
<p>Budget implementation (regular programme and extrabudgetary funds) regularly monitored and reported on to appropriate oversight bodies (internal and Member States).</p>	<ul style="list-style-type: none"> • Detailed reports have been prepared by BB in order to regularly monitor the implementation of the Programme and Budget for 2008-2009 (34 C/5), e.g. <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) and 181 EX/4 Part II (status as at 31/12/08). - Quarterly Monetary 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 extra-budgetary financed activities are also provided annually to the DG, DDG, ADGs, Directors of Field offices and HQ divisions and Permanent Delegations. 	<ul style="list-style-type: none"> • One of the major challenges of monitoring the budget implementation and providing reports to senior management and governing bodies has been our capacity to receive necessary inputs from Sectors/bureaus and field offices in a timely manner. 	<p>Efforts are being made to automate, where-ever possible, processes of preparing the reports, so as to increase efficiency and cost effectiveness of this task.</p>	<p>Reports issued by BB are used by Senior Management and Governing Bodies to make sound managerial decisions.</p>	

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	<ul style="list-style-type: none"> - Ad hoc reports (e.g. on the budget execution and established posts) are also provided to senior management upon request. 				
<p>Financial and budgetary guidance provided and participation in all matters and projects having a budgetary impact for the Organization ensured.</p>	<ul style="list-style-type: none"> • 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>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 practice, BB serves as a member of the Steering Committees, participates in the working groups established for these projects; and provides guidance/advice on matters which may arise during the projects which have budgetary impacts for the Organization. - In March 2008, BB carried out a mission to the UNESCO Office in Brasilia in order to assess the progress of the FABS roll out to the Office, to review some projects implemented by the Office and generally to provide guidance on budgetary matters in accordance with UNESCO's regulations and rules. - 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 joint programming with other UN Organizations and in developing innovative mechanisms for the financing of their core functions. - BB has also prepared Guidelines on budgetary Aspects of Extrabudgetary Projects which provide comprehensive information on the preparation of budgets and budgetary management of projects. 	<p>Challenges:</p> <ul style="list-style-type: none"> • One of the main challenges for BB has been to ensure an adequate representation in the numerous meetings and working groups within UNESCO and in the UN system which address issues that have financial and budgetary implications for the Organization (e.g. the numerous projects for UNESCO's reform, and the Harmonization efforts in the UN system). • The projects cited are being implemented at the same time, and require recourse to the same limited bureau staff resources. <p>Lessons learnt:</p> <ul style="list-style-type: none"> • In an attempt to address this challenge, 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 	<p>Taking into account the limited human resources of the Bureau of the Budget, and the efforts made to fine tune its internal process, the financial and budgetary guidance provided by BB has been highly cost effective.</p>	<p>Guidance and advice provided by BB are used by Senior Management to make sound managerial decisions and are taken into consideration by inter-agency committees as appropriate when discussing UN wide decisions.</p>	
<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 	<ul style="list-style-type: none"> • Taking into account current budget constraints, the need for training on budget management issues has become increasingly important both 	<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</p>	<p>Tools provided by BB to assist in the budget preparation process are used by programme specialists</p>	

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	<p>training sessions include Directors, AOs and project managers. Examples of such training sessions include training courses held in:</p> <ul style="list-style-type: none"> - Dar-es-Salaam (January 2008); - Field Offices in the following regions: Asia and the Pacific, Latin America and the Caribbean (May and June 2008); - Information Meeting on the Additional Programme of Targeted/Projected extrabudgetary activities (June 2008) - 2008 Basque Volunteer Programme (Bilbao - June 2008) etc. <ul style="list-style-type: none"> • In addition, de-briefing meetings and trainings are held with all Directors and AOs before they take up their new functions. • Furthermore, detailed training materials have been prepared for the cost recovery policy, which include practical examples of how to build comprehensive budgets. Although this training focuses mainly on extrabudgetary activities, the budgeting skills demonstrated in these materials could also easily be transferred to the preparation of the workplans for the regular programme. • Detailed training sessions on budget on the cost recovery policy have been provided to programme specialists in the SC sector and in the field offices in Moscow and Dakar. Additional sessions will be held during 2009 and the training material will be made available online for more extensive distribution. 	<p>at Headquarters and in the field.</p> <ul style="list-style-type: none"> • However, given its limited staffing, 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>provide training or advice on standard procedures and policies.</p> <p>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>A marked improvement in the preparation of budget proposals (for extrabudgetary projects) and workplans (for RP activities), so that programme specialists are better able to prepare comprehensive budgets that allow them to implement their projects in an effective manner.</p> <p>An improvement in the management of programme budgets at the activity level (which are under the programme specialists' responsibility), which could be indicated by a reduction in:</p> <ul style="list-style-type: none"> - the number of projects in deficit. 	
<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). • In this framework, BB ensures close follow-up of the harmonization of UN policies that could have a financial and budgetary impact for the Organization, such as the harmonization of: <ul style="list-style-type: none"> - cost recovery policies, - financial rules and regulations, 	<p>Challenges:</p> <ul style="list-style-type: none"> • Given its limited staffing structure, one of the main challenges for BB has been to ensure an adequate representation in the numerous meetings and working groups within the UN system which deal with harmonization efforts in the UN system which could have financial and budgetary impacts on UNESCO. • Other challenges are also experienced when trying to 	<p>BB has streamlined its participation in the meetings of the HLCM and Finance and Budget Network by limiting its participation in the number of face-to face meetings to one meeting each per year. BB tries as much as possible to participate in the other meetings via video or telephone conference.</p>	<p>Adoption of the cost recovery policy within UNESCO</p> <p>Inputs provided by UNESCO within the UN HLCM network on the harmonization efforts are considered/adopted.</p>	

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	<ul style="list-style-type: none"> - donor reporting, - IPSAS implementation, - Capital budgeting etc. <p>With regards to the Harmonization of Cost Recovery Policies:</p> <ul style="list-style-type: none"> • In June 2007, UNESCO agreed to chair a re-established Working Group (WG) on Cost Recovery Policies. This WG noted a willingness by UN agencies to further harmonize their cost recovery policies, on the condition that such harmonization would not undermine their capacity to deliver their expected results • In April 2008 at the UNDG-HLCM Working Group Consultations, agencies agreed that: <ul style="list-style-type: none"> a) Ex-Com and Specialized Agencies would apply a 7% rate as a harmonized indirect PSC rate for MDTFs and multi-agency country level joint programmes and activities; b) UN system organizations should achieve full cost recovery and, as a consequence, identify and recover more costs directly so that the core budget does not subsidize projects funded from non-core resources; c) Specialized Agencies may continue to apply standard indirect PSC rates up to 13% for single agency initiatives that are designed and managed directly/bilaterally. • These conclusions were endorsed by the FB Network in July 2008, and were presented to the HLCM in September 2008. • To better enable UN Agencies to charge more of their costs as direct costs, a UNDG-HLCM joint study was launched in September 2008 and is expected to be concluded by the 1st semester of 2009. BB has been highly involved in coordinating and monitoring the work of the consultant hired to conduct the study. • In addition, BB has pursued its work on the practical implementation of UNESCO's cost recovery policy. • In September 2008, the Director-General approved the application of the policy on a trial 	<p>implement UN harmonized decisions within UNESCO, particularly when those decisions require a significant change in the Organization's culture.</p> <p>Lesson learnt:</p> <ul style="list-style-type: none"> • A change in an Organization's culture demands a considerable amount of time and effort. Therefore, harmonization efforts in the 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. 			

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	<p>basis for two years. The DG also approved for distribution the Guidelines on the Budgetary Aspects of Extrabudgetary Projects which describe the policy in detail and are designed to help Programme Specialists build comprehensive project budget proposals using results-based budgeting principles.</p> <ul style="list-style-type: none"> In addition, meetings have been held with some Member States, presidents of governmental bodies, and internally, with directors of Field Offices and divisions at Headquarters to explain the issues at stake and the changes being implemented. 				
<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 also participates in the Gap Management Team on expenditure recognition as a regular member, and in other teams when required. BB actively participates in these teams to provide upfront solutions and clarification on any issues which may have an impact on the budget or the budget management. Additionally, 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. 	<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 preparing to launch IPSAS and therefore all of the financial and account implications for the Organization may not yet be known. BB tries to obtain as much information as possible from other comparable agencies or institutions which have or are implementing IPSAS. 	<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, during 2008, 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>	<p>BB's recommendations on issues concerning budget management are endorsed by the IPSAS implementation project team and senior management at UNESCO</p> <p>Inputs provided by UNESCO within the UN HLCM network concerning the interpretation of the impact of IPSAS on budget management are considered/adopted in the decisions taken.</p>	