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**REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS  
AND TIMETABLE FOR ITS IMPLEMENTATION, INCLUDING THE FINANCIAL  
ASPECTS AND THEIR IMPACT UPON THE ORGANIZATION'S NEXT BUDGETS**

**PART I**

**STAFF POLICY**

**SUMMARY**

Following the main reform thrusts outlined to the Executive Board at its 159th session (159 EX/5) and in accordance with 159 EX/Decision 3.1.2, the Director-General presents an action plan and timetable of the reforms, together with their financial implications for the Organization's budget.

Part I is devoted to the implementation of the new staff policy, including its main components, schedule and estimated costs. A corresponding draft decision is included in Part IV of the document.

## INTRODUCTION

1. In 30 C/Resolution 72, the General Conference stressed *inter alia* the need to review personnel policy taking fully into account the need for competitiveness, expertise, efficiency and universality and to focus on priority objectives such as a balanced structure for different categories of staff, a more equitable geographical and gender balance, and the rejuvenation of staff.

2. In his report on the reform process to the 159th session of the Executive Board (159 EX/5), the Director-General announced the launch of a new human resources policy, the key elements of which are: proactive quality recruitment, results-based performance appraisal, career development and staff mobility, and updating of skills.

3. The Executive Board, in 159 EX/Decision 3.1.2, thanked the Director-General for the progress made so far in the reform process and invited him to continue his work, taking into account the views of the Board at its 159th session. Among the personnel policy issues highlighted by the Executive Board were:

- the paramount consideration of competence when recruiting staff;
- new recruitment methods;
- the importance of geographical and gender balance;
- continuous training within the Organization;
- the need to review the promotion system and to devise new career development opportunities for staff.

4. The Executive Board also expressed its support for the establishment of the Bureau of Human Resources Management and urged the Director-General to present to it, at its 160th session, a timetable for the implementation of the proposed reforms, with all relevant financial aspects and their impact upon the Organization's next budgets.

5. The purpose of the present paper is to report on developments in human resources issues since the 30th session of the General Conference, and to provide a plan of action for the implementation of future reforms in staff policy.

## I. RECENT DEVELOPMENTS IN HUMAN RESOURCES MANAGEMENT MATTERS

### I.1 Recruitment

6. From 17 November 1999 to 30 June 2000, a total of 46 posts at the Professional and above level were advertised in accordance with 30 C/Resolution 72 concerning vacant posts open to recruitment, including four at D-2 level, and five ADG positions. As of 22 March 2000, all posts at the Professional and above level are advertised on UNESCO's Internet website.

7. For the D-2 and ADG posts, in addition to soliciting candidates from National Commissions and Member States, an advertising campaign was launched in five major international publications. In order to deal with the large volume of applications (up to 300 for each post), and to ensure objectivity and fairness in the selection procedure, two panels, each composed of senior staff members, are set up for each post. The first, a pre-selection panel, is

responsible for screening out those candidates who do not meet the requirements for the post. The second, an evaluation panel, conducts an in-depth study of candidatures retained after pre-selection and conducts panel interviews with the candidates shortlisted by the Director-General. Each shortlisted candidate is also interviewed separately by the Director-General, who makes his final decision based on the competencies of the candidate, while taking due account of geographical and gender balance.

8. Announcing posts on the Internet and a more open recruitment policy has resulted in a significant increase in applications for all posts. Pending the acquisition of an integrated computerized system for human resources and payroll, a recruitment-specific application is being developed in order to deal with the increased workload.

## **I.2 Appointments**

9. A total of 36 staff at the Professional level and above were appointed from the end of the 30th session of the General Conference to 30 June 2000, including 14 Associate Experts. The breakdown is as follows:

<i>Grades</i>	D-2	P-5	P-4	P-3	P-2	P-1	NPO*	Total
<i>Appointments</i>	1	5	3	6	13	4	4	<b>36</b>

\* National Professional Officer

## **I.3 Young Professionals**

10. The selection procedure for the year 2000 intake of Young Professionals was completed in April 2000. A total of 228 candidates applied for the programme. Following an initial screening and subsequent review by a panel consisting of staff from various sectors and bureaux, 22 candidates were invited to Headquarters for a series of structured interviews. Eleven candidates were eventually selected for the programme, six from non-represented countries and five from under-represented countries. They will take up their duties in November 2000.

## **I.4 Agreed separation scheme**

11. An agreed separation scheme was launched in March 2000. The scheme had three objectives:

- reduction of top-heaviness, with a view to achieving a reasonable ratio of senior level posts, better adjusted to the Organization's needs;
- rejuvenation of the staff, to recruit younger staff with fresh potential, perspectives and ideas;
- renewal of skills and expertise, to better align the skills level of the staff with the current and future programme objectives.

12. A total number of 127 staff members applied for the scheme. Following the recommendations of an Agreed Separation Review Board, and a Recourse Committee, the

Director-General approved the agreed separations of 103 staff members. A breakdown of those staff members by grade is provided below:

<i>Grades</i>	D-2	P-5	P-4	P-3	P-2	GS	Total
<i>Separations</i>	1	1	4	7	3	87	<b>103</b>

13. It will be noted that the scheme attracted staff members mainly from the General Service category; therefore the objective of reducing top-heaviness was not achieved. However, the scheme will allow UNESCO to rejuvenate the staff and to renew the skills and expertise necessary for a modern and dynamic organization. Vacated posts will be held in abeyance or frozen for varying periods of time (six months to one year in general), and subsequent recruitment will be at a lower level. The cost of the scheme was US \$7.9 million, financed from the regular budget (through savings from freezing/downgrading of posts) and extrabudgetary funds.

### **I.5 Classification**

14. It will be recalled that UNESCO developed a seven-grade post classification standard for the General Service category in order to bring Paris in line with other duty stations of the United Nations system. The new standards were approved by the Director-General in April 1999 and promulgated by the Chairman of the International Civil Service Commission for implementation in January 2000 in conjunction with the new salary scale for General Service staff.

15. Following careful consideration of the difficulties associated with the implementation of the new standard, the Director-General decided on 11 November 1999 that application on 1 January 2000 would be temporary, and that a new post classification exercise would be carried out during the year 2000 on the basis of revised standards that take due account of the real needs of the Organization. In this respect, the Bureau of Human Resources Management, in consultation with representatives of the staff associations, has identified specific revisions to be made to the GS standard. It is expected that the revised standard exercise will be completed by the third quarter of 2000, following due consideration by the International Civil Service Commission. This revised evaluation tool will then be applied to General Service posts at UNESCO Headquarters.

### **I.6 Salaries of General Service staff**

16. It will be recalled that in document 30 C/42, the General Conference was informed of the results of the 1999 salary survey for staff in the Paris General Service and related categories. At the request of the UNESCO administration and staff, the International Civil Service Commission (ICSC) decided to consider at its summer 2000 session, any further impact that the changes in working hours of the surveyed employers in conjunction with the introduction of the 35-hour work week in France, and in the French social security and tax structure might have on the results of the 1999 survey.

17. At its 52nd session (New York, 17 July-4 August 2000), the Commission decided that it would take into account the revised hours of work of Paris employers at the time of the next salary survey. For purposes of computing the net pay of the surveyed employers, it decided that the generalized social contribution (CSG) and the social debt payment contribution (CRDS) would not be taken into consideration as they were social benefits. The Commission further decided that it would maintain the 5% factor it had included in the tax calculation based on its review of the 1999 survey. Accordingly, it decided to exclude the provision for the phasing out of the factor before the next Paris survey.

### **I.7 Professional staff salaries - place-to-place survey**

18. The International Civil Service Commission (ICSC) will conduct a cost-of-living survey in Paris in September 2000. Such surveys are carried out at every duty station every four or five years to permit cost-of-living comparisons to be made between each location and the base of the system, New York. The purpose of these surveys is to ensure that the objective of the post adjustment system is met, i.e. that staff members in the Professional category and above, have the same purchasing power at the same grade and step at all duty stations. For this purpose, prices are collected for a range of representative items plus housing. In addition to members of the ICSC Secretariat, the survey also includes the participation of UNESCO administration and staff representatives and a representative from the French statistical service. Following the survey, and in accordance with the established methodology, the data will be analysed and processed by the ICSC Secretariat and the results will be presented to the Advisory Committee on Post Adjustment Questions (ACPAQ) for review in February 2001. Recommendations will go to the ICSC at its spring 2001 session, and the new level of post adjustment should be implemented later in 2001, it being understood that it may have implications for the next staff budget of the Organization.

### **I.8 Suspended cases**

19. Document 159 EX/5 Add. provided information on the suspended appointments, reclassifications and promotions decided upon between 1 October and 14 November 1999. In line with the Director-General's decision as outlined in DG/Note/00/3 of 22 February 2000, the Bureau of Human Resources Management has completed its analysis of the suspended reclassifications and personal promotions, as audited by two external consultants between March and June 2000. The results are consistent with the grades for similar work across organizational units and occupational groups at Headquarters and in the field.

20. Out of the 54 cases examined, 13 have been found to have an increase in job responsibilities that would justify the upgrading of the post, based on the organization of work at the time the reclassifications were recommended (October/November 1999). Consequently, according to the policy established for these cases, efforts will be made to accommodate these reclassifications within the approved cost ceiling and post structure. Should a reclassification not be accommodated within the post structure, the Executive Board will be requested to authorize the necessary adjustments in Appendix VI of document 30 C/5. Another four cases are still under review.

## **II. STAFF POLICY: PLAN OF ACTION**

21. Major changes in staff policy are necessary in order to support the Director-General's drive for the reform of UNESCO, and to bring human resources management in line with best

practices within the United Nations system. The main focus of these reforms will be in the following areas:

- Recruitment;
- Staff performance, career development and mobility;
- Staff training and development;
- New working arrangements.

## **II.1 Recruitment**

22. In developing a proactive recruitment policy, particular emphasis will be placed on effective human resources planning. Recruitment plans will be developed with the sectors so as to initiate action well before the date a vacancy is expected to arise. Effective the last quarter of 2000, following the implementation of the restructuring of the Secretariat, regular meetings will be held with managers to plan for their recruitment needs, including future placement of Young Professionals.

23. All Professional posts are now advertised on the Internet, and international journals and periodicals will be increasingly used for selected senior or specialist posts. In addition, the capacity of National Commissions in facilitating recruitment will be reinforced. Starting in November 2000, the briefing and training of Heads of National Commissions will include inputs from the Bureau of Human Resources Management in recruitment techniques and strategies.

24. The role of National Commissions in non- and under-represented countries will receive particular attention, and, following the establishment of regional priorities, specific recruitment missions to all regions will be fielded starting in 2001.

### *II.1.1 Young Professionals Programme*

25. The Young Professionals Programme will be reinforced and expanded. Starting in 2001, links will be established with universities and other institutions in a move to identify high-quality candidates. Increased emphasis will be placed on training and development and on identifying and fostering future managerial potential. Starting from 2002, the annual intake of Young Professionals will increase to 20 per year. Following a structured placement and training programme over a two-year period, the best 10 will be retained in the Secretariat.

### *II.1.2 Assessment centre*

26. In paragraph 7 above, details have been provided on the selection procedure currently being applied for senior posts in the Secretariat. In order to improve the objectivity of selection decisions, the "Assessment Centre" technique will be introduced. This technique uses simulation exercises and practical tests, which provide candidates with an opportunity to demonstrate overt behaviours whilst under the observation of trained assessors. In this way, additional information is available on candidates, which contributes to the objectivity of the selection process. Adapted to UNESCO's needs, the technique will be implemented from the start of the third quarter of 2001, after the necessary piloting and review. Appropriate training will be provided to senior UNESCO staff members.

27. In order to enhance the quality of recruitment, the Bureau of Human Resources Management will provide further methodological and hands-on support for pre-selection and

evaluation, including interviews, for all Professional posts. Structured interviews will become the norm and additional competency-based assessments will be introduced for both external and internal candidates in 2002. Reference checks and verification of degrees and diplomas will continue to be undertaken.

28. The Bureau of Human Resources Management will assume a coordinating and monitoring role for all recruitment, including consultants, in order to ensure compliance with organizational policies and, with the eventual introduction of the appropriate software, to enhance the quality of reporting to UNESCO's governing organs.

## **II.2 Staff performance, career development and mobility**

### *II.2.1 Competency-based approach*

29. As an integral part of the new performance management system, a competency-based framework will be developed. In line with the experience of other United Nations organizations, UNESCO-specific core and managerial competencies will be developed based on in-depth interviews with staff and managers at various levels throughout the Organization. This procedure will start in January 2001.

30. Concurrently, a new performance appraisal system will be designed. Establishing a clear link between individual objectives and the achievement of results, and incorporating the competency model, it will aim at having a fair, equitable and transparent system that will recognize and reward outstanding performance, while at the same time providing appropriate mechanisms for dealing with unsatisfactory performance. It is envisaged that a prototype will be ready in May 2001, and piloted in selected organizational units from June to October 2001. Following an assessment of the pilot scheme and appropriate modifications, a training programme for all staff will begin in January 2002, and the new performance appraisal system will be introduced in June 2002.

31. The first programme in a 360° appraisal scheme for senior managers will be held in 2001. Closely linked to the Management Development Programme, the scheme will focus on the development of managerial competencies, and will assist managers in identifying their strengths and weaknesses. External consultants will be used in order to moderate the exercise.

### *II.2.2 Career development*

32. As indicated in document 159 EX/5, career development opportunities within the Organization have long been perceived as inadequate. This problem has not been confined to UNESCO, and within the United Nations system there is growing acceptance that the rigidity of the post system is a major obstacle in this regard. Recent meetings of the Consultative Committee on Administrative Questions (CCAQ) and the International Civil Service Commission (ICSC) have dealt with the issue of "broadbanding" - the compression of posts into a smaller series of bands - as a way of overcoming some of the problems associated with career progression within the United Nations system. UNESCO will liaise closely with other organizations on this issue, and will advocate at the common system level for pilot projects to be implemented.

33. Based on the best experience within the United Nations system, a *career development policy* will be developed and introduced by the end of 2002, covering promotions, lateral transfers and special assignments, a reward and recognition scheme and related training.

Furthermore, in order to ensure uniform operational capacity throughout the Secretariat and the unity of its action, normal career development planning will include both Headquarters and field components (see paras. 37-41 below).

### *II.2.3 Promotion*

34. There are currently four avenues for promotion to a higher grade within UNESCO:

- appointment to a higher-graded post;
- reclassification of post and retention on that post;
- merit-based promotion; and
- end-of-career promotion.

35. In line with modern human resources management principles, promotion will be a competitive process with less emphasis on seniority and other criteria not directly related to competence. In this respect, the concept of granting end-of-career promotions is anomalous in a modern organization and consideration will be given to their cessation. Furthermore, UNESCO's merit-based promotion system has failed to meet its objectives, and will therefore be suspended pending a critical review and re-engineering of the system in the light of the reward and recognition scheme that will be introduced in 2002 (see para. 42 below). A comprehensive review of the entire promotion process will be undertaken in 2001 and concrete proposals will be made which will form the basis of the Organization's promotion policy.

36. Further opportunities for promotion within the General Service category will be explored. The experience of other United Nations organizations in the development of selection criteria and the identification of posts for progression from the General Service to the Professional level will be reviewed so that a system can be put in place by the end of 2002.

### *II.2.4 Rotation*

37. In order to ensure that UNESCO's Secretariat is staffed in the most effective manner to allow the best possible match between organizational needs and the legitimate aspirations of the staff, both at Headquarters and in the field, a rotation scheme will be developed as an integral part of the career development policy. This scheme will ensure greater staff mobility, which will be beneficial not only to UNESCO's programmes, but also to individual staff members in terms of their careers, expertise-building and job satisfaction. The new policy will aim at achieving a radical culture change, whereby every professional staff member, as a general rule, will be expected and ready to alternate Headquarters and field assignments at regular intervals.

38. Under the new rotation policy, rotational and non-rotational posts will be identified by the Bureau of Human Resources Management in consultation with the sectors and services and within the context of organizational restructuring. In general, most of the professional posts at Headquarters and in the field may be regarded as rotational. This exercise will be completed by 2001.



39. The Bureau of Human Resources Management, in cooperation with the Bureau of Field Coordination, will identify the needs of field offices in terms of staff, including language and experience requirements, as part of the action plan on decentralization (see 160 EX/6, Part III). This exercise will be closely linked to the clarification of the status of each field office and is expected to be completed by December 2001. In parallel, a pool of qualified staff for potential field assignment will be established.

40. From January 2002 to December 2006, appropriate mechanisms to ensure an effective rotation policy will be put in place. These will include a committee on staff rotation to review all applications for transfers and to match demand and supply, and an annual rotation exercise to organize personnel movements from and to Headquarters in a rational and coherent way.

41. While the conditions of service for General Service staff do not provide for rotation between duty stations, a scheme to encourage mobility in the duty station within the General Service category will be developed by 2002.

#### *II.2.5 Reward and recognition*

42. Given that possibilities for promotion will always be limited, and in an effort to develop a culture whereby promotion is not regarded as the sole form of reward or career progression, it is important that meritorious staff are recognized and rewarded for outstanding achievements. A reward and recognition scheme, including both individual and team dimensions, will be implemented in 2002.

#### *II.2.6 Career counselling*

43. Individual professional counselling is an essential feature of any career development scheme. The need for such a function is particularly acute in times of significant change and reform, which UNESCO is currently facing. It is intended to have such a function in place within the Bureau of Human Resources Management by the end of 2001.

### **II.3 Staff training and development**

44. Becoming a more effective, meaningful, and results-oriented organization where high standards of performance and managerial excellence are prized objectives also means that UNESCO must ensure continuous learning for all its staff.

#### *II.3.1 Senior Management Symposium*

45. As indicated in paragraph 7 above, the Director-General is in the process of recruiting his senior management team. Early in 2001, when the team is expected to be in place, it is proposed to organize a Senior Management Symposium, which will be a prime forum for determining the future strategic direction of the Organization. In addition, it will aim at building the effectiveness and cohesion of the senior management team and agree on a set of leadership principles and practices that the Director-General and his senior managers will adopt for UNESCO. The symposium will be held on a yearly basis. It is expected to provide significant support for the concept of continuous training within the Organization.

### *II.3.2 Management training*

46. To ensure that staff in management positions maintain and develop their managerial competencies, a series of training programmes will be implemented, starting in 2001. Each programme will be tailored to a specific target group, and the programmes will be coordinated to provide a concerted and comprehensive training plan.

47. A management development programme will be aimed at staff at D-1 level and above and heads of field offices. This programme will be linked to the 360° assessment outlined in paragraph 31 above, and will provide managers with specific training focused on managerial competencies, including leadership, strategic planning and evaluation. Four such programmes are expected to be held over the period 2001-2002.

48. For staff at P-4 and P-5 levels, a new management training programme will be introduced to assist them in developing a new management style that accords with the changes currently taking place in the Organization. Concentrating on the managerial skills required to perform at a higher level, participation in the programme will be compulsory for P-4 staff wishing to progress to P-5 level, as well as a refresher course for those already at P-5 level.

49. Supervisory training will be available to staff up to P-3 level with the aim of providing a framework of skills and knowledge that will improve the overall management and evaluation of staff in UNESCO. Two such programmes are envisaged each year.

50. Team-building training will be an important part of developing a cohesive managerial culture within UNESCO. Initially concentrating on the staff of field offices, this programme is intended to raise awareness of the importance of working in teams and to devise strategies to aid team members communicate and function effectively, focusing on all aspects of the planning and implementation process. Two team-building programmes are planned for the latter half of 2000, and three per year will be held in the medium term.

### *II.3.3 Training for administrative and GS staff*

51. Tailor-made programmes will also be provided for staff in specific occupational groups, such as Administrative Officers. In the case of General Service staff, the range of courses currently available will be expanded to ensure that the support staff of UNESCO are equipped with the high-level skills necessary in a modern organization.

### *II.3.4 Training in IT for knowledge sharing and use*

52. A special training programme on information technologies will be developed and implemented in order to raise the level of IT competence among UNESCO's staff up to the modern standards. The main objective of such a programme will be to assist all staff in acquiring the computer communication skills that are necessary for the development of *knowledge networks* (see document 160 EX/6, Part II, paragraph 66) and effective knowledge sharing and use within the Organization.

### *II.3.5 External studies programme*

53. While much training can be provided in-house, it must be recognized that specific training needs, particularly in specialist areas, can only be provided externally. In order to address these needs, an External Studies Programme will be established with the overall

objective of developing the skills of the staff to the highest level in accordance with the needs of the Organization. Other United Nations organizations will be consulted in 2001 in relation to established practice concerning criteria for eligibility and the types of financial and other assistance offered for external training, so that a policy can be established. It is expected that the programme can be launched in 2002.

## **II.4 New working arrangements**

### *II.4.1 Contractual arrangements*

54. Significant changes are taking place within the United Nations system regarding contractual arrangements. It is recognized that the multiplicity of contract types are too complex, too rigid, administratively complicated and out of step with current organizational needs. Given that the use of posts with limited duration in the Professional category is expected to increase in UNESCO, it is important that the Organization has contractual arrangements to match. An evaluation will therefore be undertaken of all contractual arrangements in use throughout the United Nations system, including short- and fixed-term contracts, Special Service Agreements (SSA), Appointments of Limited Duration (ALD) and continuing contracts. This study is expected to be completed by mid 2001 and, based on the results of the evaluation, any new contractual arrangements would be introduced as of 2002. The contractual status of staff currently holding appointments with the Secretariat would continue to be respected.

### *II.4.2 Staff/management relations*

55. The Staff Regulations of UNESCO provide for machinery to ensure continuous contact between the staff and the Director-General through duly elected officials. The importance of harmonious staff/management relations in the smooth functioning of an international organization cannot be underestimated, especially in times of change and reform. The Director-General wishes to build on the participation of staff in the reform process by ensuring greater dialogue between management and staff representatives so that a spirit of mutual trust and partnership can be developed. To this end, the joint machinery of UNESCO will be reviewed in cooperation with staff representatives and facilitated by an outside consultant, to identify ways in which the mechanisms of consultation can be improved to ensure consensus-building. This exercise will be undertaken at the beginning of 2001.

56. At the common system level, the Consultative Committee on Administrative Questions (CCAQ), in collaboration with the University of Cranfield in the United Kingdom, will organize a seminar for staff representatives in international organizations who increasingly have to deal with a more strategic approach to human resources management. Scheduled to take place in the last quarter of 2000, the programme will aim to improve participants' understanding of recent developments in human resources management best practice, and to increase understanding of the rationale for, and practice of, partnership approaches. Although each organization is limited to one participant, consideration will be given to adapting the programme for UNESCO so that more staff representatives can benefit from such training.

### *II.4.3 Bureau of Human Resources Management*

57. With the transformation of the former Bureau of Personnel into the Bureau of Human Resources Management, the Director-General decided that the new Bureau would focus on strategic human resources planning and management rather than day-to-day staff

administration, responsibility for which will be given to the respective sectors and bureaux. The executive offices to be created in each sector will assume a great part of these staff administration functions. The complete list of functions to be transferred will be determined in the near future and staff in the executive offices trained accordingly. The staffing consequences within the Bureau of Human Resources Management will also be assessed.

### III. RESOURCES AND BUDGETARY IMPLICATIONS

58. The above programme of reform in the area of staff policy and human resources management may be ambitious, but it is the minimum required if UNESCO wishes to transform itself into an efficient, well-managed organization, staffed with highly-trained and motivated specialists and managers. The recent appointment of a new Director of Human Resources Management will give fresh impetus to the efforts of the Bureau in developing strategies for the future. Furthermore, the Bureau's own human resources capacities will be reinforced as appropriate, including the possible use of outside specialist consultants, particularly those with experience of change management within international organizations, in order to facilitate some of the projects.

59. It is clear, however, that activities foreseen under the new staff policy are not budgeted in document 30 C/5. Important efforts will therefore have to be made in order to identify resources for those projects that will commence within the current biennium, and adequate provision will have to be made in document 31 C/5 for this purpose.

60. High-quality training of the type envisaged in the reform programme will be among the most significant in terms of cost. In moving towards the Director-General's goal of budgeting 2% to 3% of staff costs for staff training and development, as is the norm in other international organizations, it is proposed to allocate 2% of staff costs (US \$6.5 million) for this purpose in document 31 C/5 and to reach a target of 3% (US \$9.7 million) at the end of the current medium-term strategy period.

61. The Director-General considers it feasible to identify 1% (or US \$3.25 million) within the current staff costs envelope. He believes, however, that for the new staff policy to be effective from the start, this amount should be doubled, which would require an additional US \$3.25 million.

62. Furthermore, the increase in the intake of the Young Professionals Programme to 20 is estimated at US \$1.5 million, while another US \$250,000 would be needed to cover the use of consultant services for the different components of the staff policy reform and increased reform-related expenses of the Bureau of Human Resources Management. The total additional budget required for the implementation of the staff policy reform in 2002-2003 amounts, therefore, to **US \$5 million**.<sup>1</sup>

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<sup>1</sup> This does not include any possible changes in professional staff salaries (as described in paragraph 20 above), which are impossible to assess at this stage.



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**ADDENDUM**

**PART I**

**STAFF POLICY**

**SUMMARY**

The purpose of this Addendum is to provide a justification for the US \$5 million additional budget required for the implementation of the staff policy reform for 2002-2003 as contained in document 160 EX/6 Part I.

Also included is additional information regarding the evolution in the number and level of posts following recent staff movements. The Board's authorization is sought for making the necessary adjustments to Appendix VI of document 30 C/5 Approved in accordance with 30 C/Resolution 30, paragraph 5.

During the deliberations of the group of experts, a certain number of questions on the costs of implementing the staff policy reform were raised. The Members of the Executive Board will find hereunder additional information on this reform, divided broadly into two areas – training and reclassification.

**Justification for the US \$5 million additional budget required for the implementation of the staff policy reform in 2002-2003**

**A. Training – Additional US \$3.25 million**

1. A major thrust of the Director-General’s reform initiatives in staff policy is the importance attached to training, particularly management training. In striving for managerial excellence and strong substantive capability, significant resources must be allocated to training and developing the staff, thus lending key support in reshaping UNESCO so that it can fulfil its role with the maximum competence and efficiency.

2. UNESCO’s current budget for staff training and development represents 0.13% of staff costs – one of the lowest ratios in the United Nations system, a fact acknowledged by the Joint Inspection Unit in its review of management and administration in UNESCO. Such resources cannot address the major training initiatives foreseen as part of the reform programme.

3. The Director-General has indicated that 1% of staff costs (US \$3.25 million) can be identified within the current staff costs envelope. This amount would allow for an expansion and updating of existing training programmes as well as the introduction of a limited number of management training courses, including the senior management symposium. Positive though this would be, it would not be sufficient to deal with the current training needs within the Organization or to address the scope of the proposed reform process.

4. The provision of an additional US \$3.25 million would transform the nature of the training provided into a much more focused, dynamic and expanded system, and would also bring UNESCO’s resources for staff training more towards the norm of other international organizations. The following is a cost breakdown of the training proposed in document 160 EX/6 Part I for the 2002-2003 biennium.

Management development programme (D-1 and above) including senior management symposium	US \$0.7 m
Management training (P-4 and P-5)	US \$0.8 m
Supervisor training	US \$0.4 m
Team building	US \$0.2 m
Training in new performance appraisal system	US \$0.7 m
Administrative Officer (AO) training	US \$0.3 m
Training for General Service staff	US \$0.5 m
Language training	US \$0.1 m
Training in IT	US \$1.3 m
External studies programme/tailor-made training	US \$1.5 m
<b>Total</b>	<b>US \$6.5 m</b>

5. Given this transitional phase of the reform process, it may become necessary to adjust the above estimates in line with evolving priorities. Inherent in all aspects of the reform process is the underlying principle that the effective management of people is the key to healthy results-driven organizations, therefore the emphasis for senior managers will be on

people management and leadership. With additional resources, a significant increase in the training provided to field staff would also be possible, especially in the areas of team-building, new administrative systems and informatics. Resources could be devoted to the External Studies Programme, thus providing the possibility of high-quality training and development programmes in specialist substantive areas. Additional resources would also provide the possibility of acquiring new training packages, updating of training equipment and of developing in-house training programmes using the Internet and CD-ROM technologies, thus facilitating distance learning for staff both at Headquarters and in the field.

6. The expected benefits to be derived from this investment are as follows:

- (a) Enhanced managerial efficiency, resulting in productivity gains in programme implementation. This will also have an impact on the quality of UNESCO's programmes, from which Member States will benefit, and on the reputation of the Organization;
- (b) More substantive and specialized knowledge of the staff in their fields of competence, thus contributing to UNESCO's overall goals;
- (c) Improved operational flexibility by extending the range of skills possessed by staff members;
- (d) Increased job satisfaction and commitment among the staff, with the emphasis on developing a positive culture in the Organization that is oriented towards performance improvement;
- (e) The attraction of high-quality candidates to posts in UNESCO by offering them learning and development opportunities, increasing their level of competence and enhancing their skills;
- (f) A further impetus to the reform process and change management within the Organization.

#### **B. Young Professionals – Additional US \$1.5 million**

7. The additional US \$1.5 million for the Young Professionals programme will make a significant contribution in addressing the issue of non- and under-represented countries in the Secretariat, as well as rejuvenating the Organization. The programme will also become more competitive, thus contributing to UNESCO's reputation as a quality employer.

#### **C. Consultancy services – Additional US \$0.25 million**

8. The use of consultancy services (US \$0.25 million), will ensure that new reforms in staff policy will be based on the best and most up-to-date practices in human resources management within international organizations. It will also ensure that the staff of HRM will benefit and be trained by consultants of the highest international calibre.

#### **Reclassifications vis-à-vis the staff cost budget**

##### **Suspended cases**

9. As mentioned in paragraphs 19 and 20 of 160 EX/6 Part I, after final analysis, upward reclassification was found to be justified for 14 of the 54 suspended cases. The increase from



13 to 14 justified cases is a result of completing the analysis of four cases not previously examined. The details will be presented in a private session to be held on 23 October 2000. If these 14 reclassifications are approved, the budgetary implication will be US \$360,800, which the Director-General is willing to absorb within the staff costs envelope. The Executive Board would then be requested to adjust accordingly Appendix VI of document 30 C/5 Approved.

### **Other reclassifications in the current biennium**

10. In accordance with staff management practices, in particular Rule 102.2, the functions of a number of posts have evolved. A total of 42 requests for reclassification, including 34 upgradings and eight downgradings, were found to be technically justified. The Bureau of Human Resources Management processed these requests in accordance with well-established classification practices, namely: a technical examination of the file along with its peer posts to establish its place within an organizational context, often including comparisons with other United Nations organizations and a desk audit to confirm the coincidence of the duties described with those performed; followed by the application of the appropriate United Nations classification standard to measure the post's relative value. The additional cost for effecting these reclassifications on the dates due would amount to US \$543,200, which the Director-General proposes to finance within the staff cost budget in document 30 C/5 Approved, *inter alia* by limiting recourse to temporary assistance charged against vacant posts.

11. In accordance with document 30 C/70, paragraph 5, the Board's authorization is hereby sought to adjust Appendix VI of document 30 C/5 Approved resulting from the confirmation of suspended cases and the other reclassifications of posts.

### **Agreed separation scheme**

12. As reported in paragraphs 11 to 13 of document 160 EX/6 Part I, a total of 103 staff members left the Organization on 30 June 2000 (1 D-2, 15 Professionals and 87 General Service staff). It is still premature to assess the impact of this exercise on the post structure; hence, the concerned posts have to be maintained vacant for a period time (generally six months) in order to finance the separation indemnities, but it is expected to lead to a systematic downgrading of the vacated posts. It should also be underlined that the Director-General has already decided to convert 10 vacated senior General Service posts into P-1/P-2 posts so as to accommodate 10 new Young Professional posts.

### **Reduction in higher level posts**

13. As summarized below, implementation of DG/Note/00/22 of 1 October 2000 will reduce the "top-heaviness" of the Secretariat at Headquarters, particularly among D-1 and D-2 posts, where there are now approximately 50% fewer posts as compared to the pre-October 2000 structure. Although the former grades of a number of affected staff will be maintained until the end of the biennium, staff will need to be reassigned to equivalent or lower level posts, or eventually separated on a mutually agreeable basis.

	<b>Old structure</b>	<b>New structure at Headquarters</b>
DDG	1	1
ADG	10	10
D-2	<b>26</b>	<b>15</b>
D-1	<b>73</b>	<b>35</b>

) ANNEX )

**RECLASSIFICATION OF POSTS  
AT HEADQUARTERS AND IN THE FIELD  
TO BE SUBMITTED TO THE 160th SESSION OF THE EXECUTIVE BOARD\***

	Posts in the Professional category and above										Posts in the General Service category					Field posts	COSTS/ (SAVINGS)
	DG	DDG	ADG	D-2	D-1	P-5	P-4	P-3	P-1/P-2	Total	GS-6	GS-5	GS-4	GS-2/GS-3	Total		
																	\$
<b>I. Downgradings</b>						-1		1				-1	1				
							-1	1				-1	1				
								-2	2				-2	2			
<b>Savings of eight downgradings</b>	0	0	0	0	0	-1	-1	0	2	0	-1	0	-1	2	0	0	-183 600
<b>II. Upgradings</b>						6	-6										
						1		-1									
							5	-5									
								7	-7		3	-3					
								2	-2		-2	-2					
									2			-2					
									1		-1						-1
																	1
<b>Cost of 34 upgradings (of which six upgradings of local posts and one conversion from temporary to established post in the field)</b>	0	0	0	0	0	7	-1	4	-4	6	0	-5	0	0	-5	0	726 800
<b>TOTAL</b>	0	0	0	0	0	6	-2	4	-2	6	-1	-5	-1	2	-5	0	543 200

\* Reclassifications suspended in DG/Note/00/3 of 22 February 2000 are not included in this table.

**Hundred and sixtieth Session**

160 EX/6 Part II  
PARIS, 5 September 2000  
Original: English

Item 3.1.2 of the provisional agenda

**REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS  
AND TIMETABLE FOR ITS IMPLEMENTATION, INCLUDING THE FINANCIAL  
ASPECTS AND THEIR IMPACT UPON THE ORGANIZATION'S NEXT BUDGETS**

**PART II**

**THE STRUCTURE AND SYSTEMS OF MANAGEMENT OF THE SECRETARIAT**

**SUMMARY**

Following the main reform thrusts outlined to the Executive Board at its 159th session (159 EX/5) and in accordance with 159 EX/Decision 3.1.2, the Director-General presents an action plan and timetable of the reforms, together with their financial implications for the Organization's budget.

Part II presents the new structure of the Secretariat as announced by the Director-General on 3 July 2000 (DG/Note/00/15) and changes planned in the Secretariat management systems. A corresponding draft decision is included in Part IV of the document.

## **I. SECRETARIAT STRUCTURE**

### **I.1 Restructuring of the Secretariat at Headquarters**

#### *I.1.1 Overall framework*

1. At the 159th session of the Executive Board (May 2000) the Director-General presented principles, main lines and options of the rationalization of the Secretariat structure with a view to increasing the efficiency of UNESCO's action by eliminating structural fragmentation, reducing the number of hierarchical levels, establishing plain lines of authority and introducing a clear distinction between programme and non-programme functions, with all substantive work concentrated in the programme sectors.

2. In preparing his restructuring plan, the Director-General was guided by recent decisions by the governing bodies, namely 30 C/Resolution 72 calling for "a balanced Secretariat structure for the Professional category with a better ratio between posts at P-1 to P-5 and posts at the level of D-1 to ADG, to be achieved by reducing their number at the highest levels (ADG, D-1, D-2)", and 159 EX/Decision 3.1.2 inviting him "to reduce as rapidly as possible the number of staff in higher level posts in order to achieve a more balanced post structure".

3. Having taken into account the different views expressed by the members of the Executive Board, the Director-General finalized his decisions and announced, on 3 July 2000, the new organization of the Secretariat at Headquarters with full effect as of 1 October 2000, it being understood that structural changes in the field would be the subject of separate decisions within the framework of the new decentralization strategy, as presented in Part III of document 160 EX/6.

4. Without being an end in itself, the measures presented below represent a significant structural change, based on the current programme and emerging priorities, it being understood that the evolving design of UNESCO's programmes may require further changes to be accommodated within this overall framework.

5. The Secretariat at Headquarters is now composed of programme and support sectors, each headed by an ADG, and central services attached to the Director-General. The Director-General is assisted by the Deputy Director-General and the Office of the Director-General. (Figure 1)

6. There are five programme sectors:

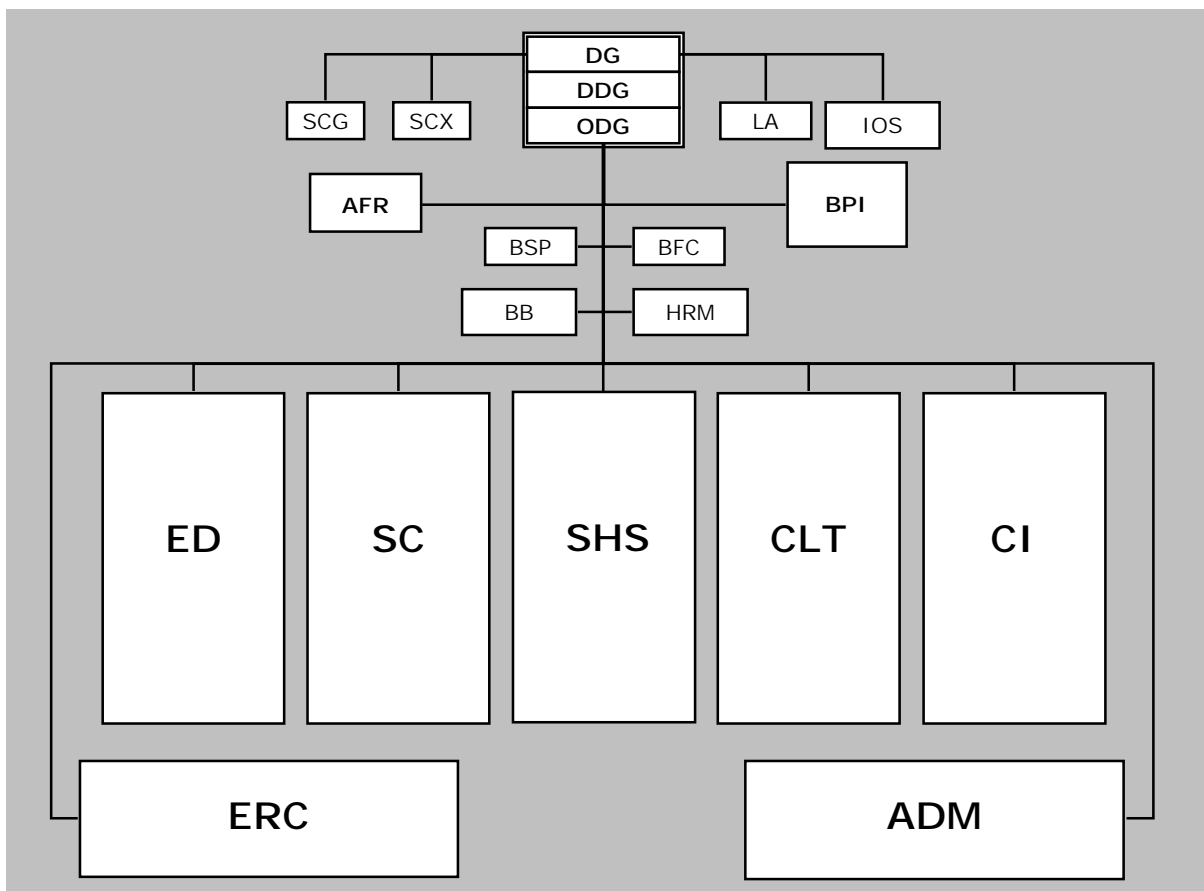
- Education Sector (ED),
- Natural Sciences Sector (SC),
- Social and Human Sciences Sector (SHS),
- Culture Sector (CLT), and
- Communication and Information Sector (CI).

7. The two support sectors are:

- Sector for External Relations and Cooperation (ERC), and
- Sector for Administration (ADM).

8. The central services are composed as follows:

- Bureau of Strategic Planning (BSP),
- Bureau of the Budget (BB),
- Bureau of Human Resources Management (HRM),
- Bureau of Field Coordination (BFC),
- Bureau of Public Information (BPI),
- Office of Internal Oversight (IOS),
- Office of International Standards and Legal Affairs (LA),
- Secretariat of the General Conference (SCG),
- Secretariat of the Executive Board (SCX), and
- Africa Department (AFR).



*Figure 1: New Secretariat structure at Headquarters*

9. The sectors have, as a rule, a three-level structure: Sector, Division and Section. Each sector has an executive office (EO) attached to the ADG, pooling programme coordination and evaluation, administration and information services.

10. Each sector, as well as the Secretariat of the Intergovernmental Oceanographic Commission and the Africa Department, is headed by an Assistant Director-General (ADG).

11. Divisions within sectors are headed by a Director at D-1 level. One of the division directors in each sector will also act as deputy to the ADG of that sector and will have a D-2 grade.

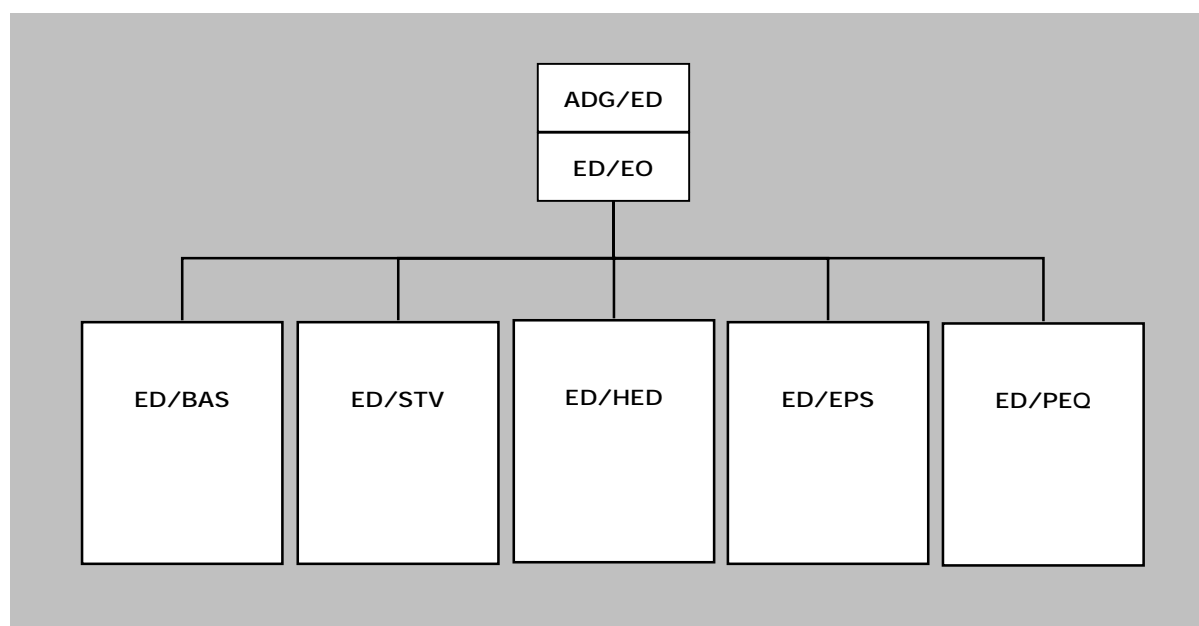
12. The central services, as well as the entities endowed with a degree of functional autonomy (WHC, the Institutes) are headed, as a rule, by a Principal Director (D-2), seconded when appropriate by a deputy (D-1), who also exercises specific functions within the corresponding organizational unit.

### *1.1.2 Programme sectors*

13. The programme sectors constitute the core of the Secretariat and are entrusted with the implementation of the substantive part of UNESCO's programme and budget. They ensure the "critical mass" of expertise in UNESCO's fields of competence and at the same time provide the basis for true transdisciplinarity to be put into practice through intersectoral knowledge networks and project teams.

14. The Education Sector (ED) is composed of five divisions (Figure 2):

- Division of Basic Education (ED/BAS),
- Division of Secondary, Technical and Vocational Education (ED/STV),
- Division of Higher Education (ED/HED),
- Division of Educational Policies and Strategies (ED/EPS), and
- Division for the Promotion of Quality Education (ED/PEQ).



*Figure 2: New structure of the Education Sector*

15. While the first three divisions (BAS, STV and HED) correspond to the three levels of education, the fourth and the fifth divisions (EPS and PEQ) have transverse functions.

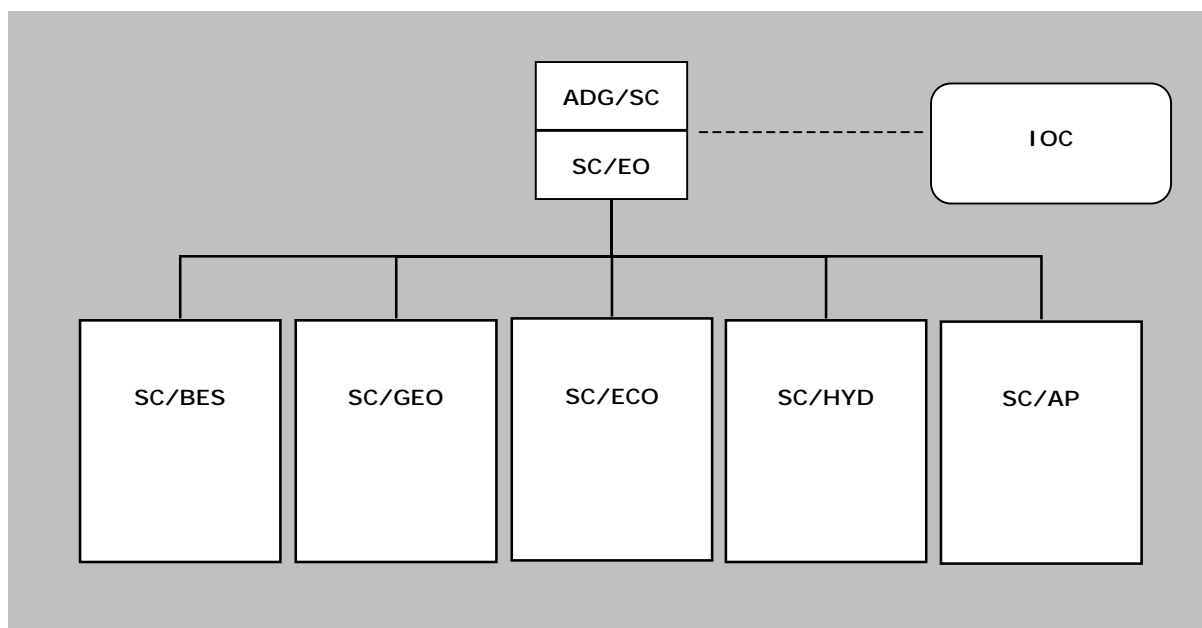
16. Thus, the Division of Educational Policies and Strategies (EPS) is responsible for assisting Member States in the formulation of their educational policies, selecting and promoting best strategies and practices and providing support for reform and reconstruction of educational systems.

17. The Division for the Promotion of Quality Education (PEQ) deals with improving content in both formal and non-formal education. It is to pay special attention to improving

educational curricula, methods and materials relating to culture of peace, human rights, environment and population, and science and technology, as well as to promoting education respecting linguistic diversity. The outcomes of the work of this Division are to be used by the divisions covering the three levels of education.

18. The Natural Sciences Sector (SC) is composed of five divisions and the IOC secretariat (Figure 3):

- Division of Basic and Engineering Sciences (SC/BES),
- Division of Earth Sciences (SC/GEO),
- Division of Ecological Sciences (SC/ECO),
- Division of Water Sciences (SC/HYD),
- Division of Science Analysis and Policies (SC/AP), and
- Secretariat of the Intergovernmental Oceanographic Commission (IOC).



*Figure 3: New structure of the Natural Sciences Sector*

19. The new Division of Basic and Engineering Sciences (BES) brings together the functions exercised by the former Division of Life Sciences, the Division of Mathematical, Physical and Chemical Sciences and the Division of Engineering and Technology.

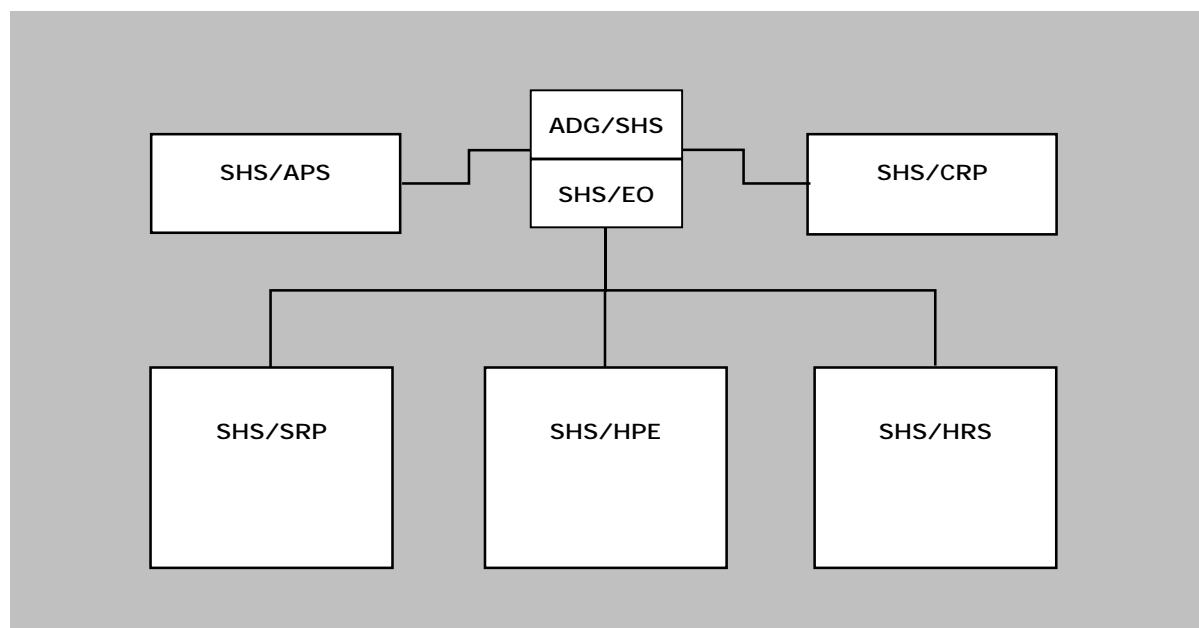
20. The three divisions dealing respectively with earth sciences, ecological sciences and water sciences (GEO, ECO and HYD) provide secretariats for the International Geological Correlation Programme (IGCP), the Man and the Biosphere (MAB) programme and the International Hydrological Programme (IHP) respectively.

21. The new Division of Science Analysis and Policies (AP) provides assistance in science policy to Member States, as recommended by the World Conference on Science in Budapest.

22. Owing to the specific nature and status of the Intergovernmental Oceanographic Commission (IOC), its secretariat remains a separate entity maintaining its functional autonomy.

23. The Social and Human Sciences Sector (SHS) is composed of five divisions (Figure 4):

- Division of Social Science Research and Policies (SHS/SRP),
- Division of Human Sciences, Philosophy and Ethics of Science and Technology (SHS/HPE),
- Division of Human Rights, Democracy, Peace and Tolerance (SHS/HRS),
- Division of Anticipation and Prospective Studies (SHS/APS), and
- Division of Cooperation for Peace Research (SHS/CRP).



*Figure 4: New structure of the Social and Human Sciences Sector*

24. The first three divisions (SRP, HPE and HRS) reflect the three main poles of the current programme in social and human sciences.

25. The anticipation and prospective studies are maintained as a separate entity (APS), owing to the transverse nature of these activities.

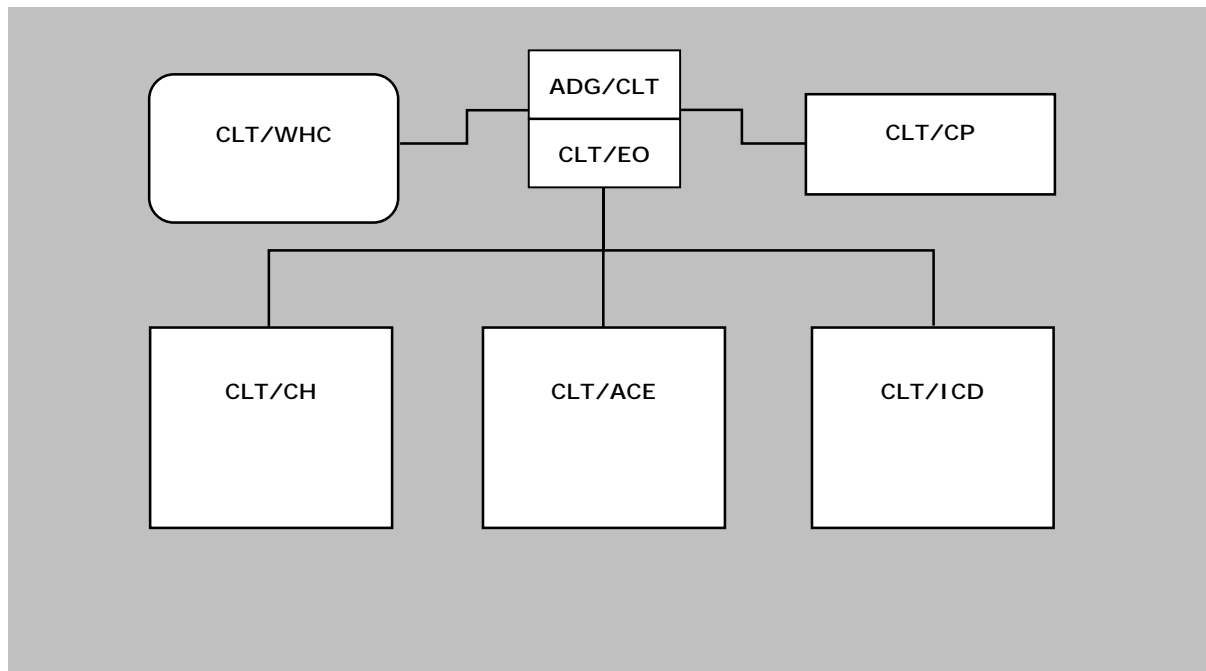
26. The Division of Cooperation for Peace Research (CRP) is responsible *inter alia* for the Secretariat of the Félix Houphouët-Boigny Peace Prize.

27. The Culture Sector (CLT) is composed as follows (Figure 5):

- Division of Cultural Heritage (CLT/CH),
- Division of Arts and Cultural Enterprise (CLT/ACE),
- Division of Intercultural Dialogue (CLT/ICD),
- Division of Cultural Policies (CLT/CP), and
- World Heritage Centre (CLT/WHC).

28. The first three divisions (CH, ACE and ICD) are based on the three main facets of the culture programme: cultural heritage, living cultures and intercultural dialogue.





*Figure 5: New structure of the Culture Sector*

29. The Division of Cultural Policies (CP) ensures a holistic approach in this domain encompassing all dimensions of the culture programme, including issues relating to cultural pluralism, and should function as a think tank for the sector.

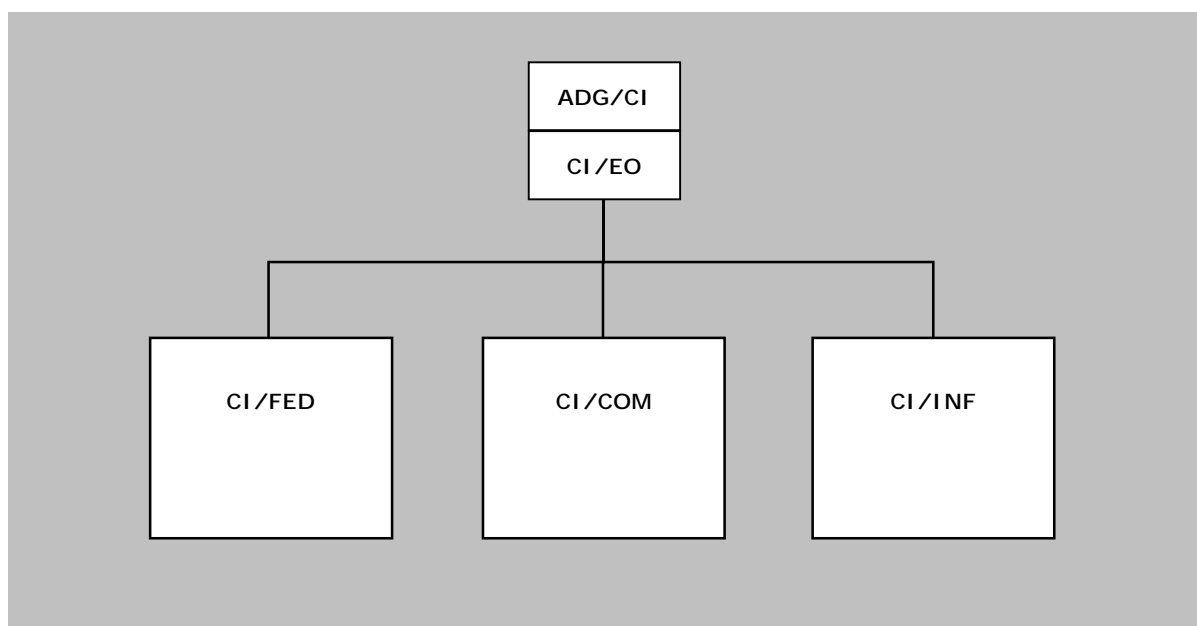
30. Owing to its specific status, the World Heritage Centre (WHC) has retained a degree of functional autonomy under the authority of ADG/CLT, who ensures the coordination and complementarity of the Centre's activities with those of the Division of Cultural Heritage (CH), as well as the necessary cooperation with the Natural Sciences Sector with regard to the natural heritage part of its mandate.

31. The Communication and Information Sector (CI) is composed of three divisions (Figure 6):

- Division for Freedom of Expression, Democracy and Peace (CI/FED),
- Communication Development Division (CI/COM), and
- Information Society Division (CI/INF).

32. The Division for Freedom of Expression, Democracy and Peace (FED) reflects the crucial importance of these issues to UNESCO and their close links to both communication and information.

33. The latter two divisions (COM and INF) correspond to two distinct communities – media professionals, on the one hand, and librarians, archivists and information specialists, on the other. COM also provides the secretariat for the International Programme for the Development of Communication (IPDC), and INF for the new “Information for All” intergovernmental programme, thus ensuring a rational use of human and financial resources.



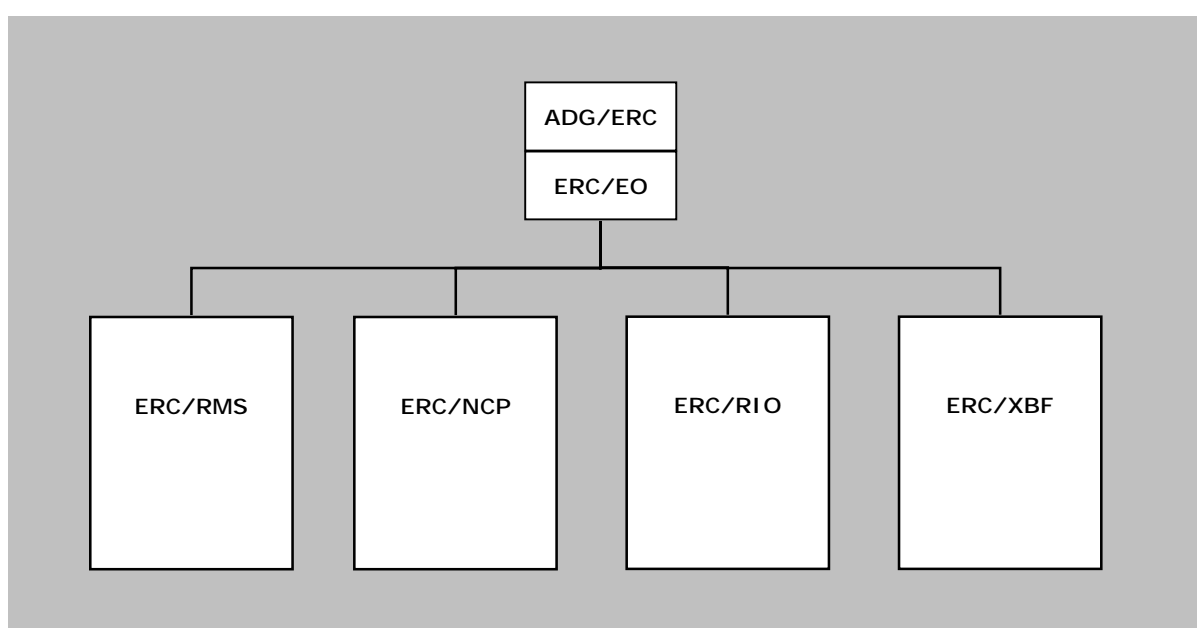
*Figure 6: New structure of the Communication and Information Sector*

### *1.1.3 Support sectors*

34. The support sectors are to ensure adequate internal and external conditions for the effective implementation of UNESCO's programmes.

35. The Sector for External Relations and Cooperation (ERC), which has replaced the former BRX and whose new title stresses the cooperation aspect of its activities, is composed of four divisions (Figure 7):

- Division of Relations with Member States (ERC/RMS),
- Division of Relations with National Commissions and New Partnerships (ERC/NCP),
- Division of Relations with International Organizations (ERC/RIO), and
- Division of Cooperation with Extrabudgetary Funding Sources (ERC/XBF).



*Figure 7: New structure of the Sector for External Relations and Cooperation (ERC)*

36. The Division of Relations with Member States (RMS) contains five regional sections. Owing to the existence of the Africa Department, the Africa section of RMS serves as a focal point in charge of the protocol aspects of relations with African Member States. The division also ensures the coordination of activities in favour of the Palestinian people and the smooth functioning of the Participation Programme and the Fellowships Programme.

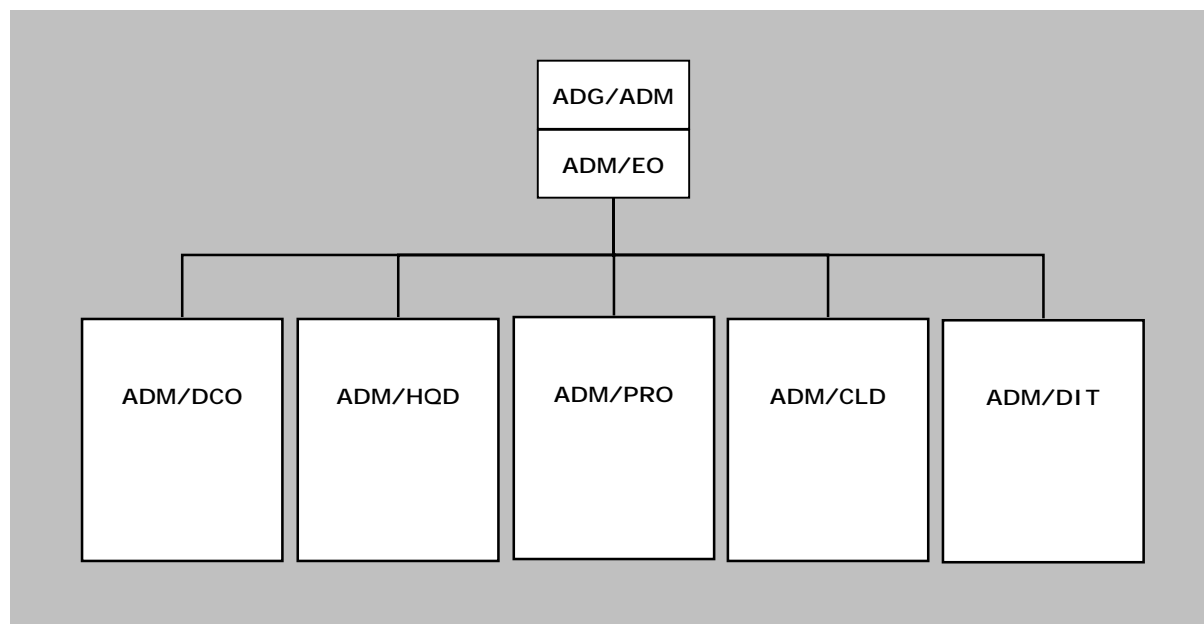
37. The former Division of Relations with National Commissions has acquired a new dimension of partnerships, becoming NCP, in recognition of the fact that the new forms of mobilization of such partners within civil society (parliaments, mayors, UNESCO Clubs, etc.) require the active involvement of the National Commissions.

38. The notion of “partnerships” is also central to the Division of Relations with International Organizations (RIO), which should strive to develop and facilitate the cooperation with both intergovernmental and non-governmental partner organizations.

39. The Division of Cooperation with Extrabudgetary Funding Sources (XBF: formerly BER, transferred from MA) should be instrumental in exploring extrabudgetary cooperation opportunities, with special attention to long-term agreements and to ensuring complementarity with the regular programme of UNESCO. It should work in close cooperation with the programme sectors, providing them with guidelines, practical information and methodological support for project preparation, execution and follow-up.

40. The Sector for Administration (ADM), which replaces the former MA, is composed of five divisions (Figure 8):

- Division of the Comptroller (ADM/DCO),
- Headquarters Division (ADM/HQD),
- Procurement Division (ADM/PRO),
- Division of Conferences, Languages and Documents (ADM/CLD), and
- Division of Information Systems and Telecommunications (ADM/DIT).



*Figure 8: New structure of the Sector for Administration*

41. In this new sector, the former Bureau of the Comptroller has been renamed the Division of the Comptroller (DCO) to conform to the adopted uniform structure but has retained all its former functions.
42. The Headquarters Division (HQD) is responsible for all services dealing with the Headquarters maintenance, renovation, safety and security, as well as mail and transportation.
43. The Procurement Division (PRO), which has replaced MA/PSD, provides technical and administrative support for all UNESCO purchases of goods and services.
44. The Division of Conferences, Languages and Documents (CLD) continues to group the conference services, interpretation, translation, composition and document production.
45. In addition to its former functions, the Division of Information Systems and Telecommunications (DIT), is entrusted with the management of records and archives.

#### *1.1.4 Central services*

46. The central services concentrate on upstream (elaboration of policies and strategies) and downstream (monitoring, coordination and control) functions, as well as servicing the governing bodies.
47. The new Bureau of Strategic Planning (BSP), ex-BPE, is to play a key role in the preparation of UNESCO's programme, monitoring its implementation and reporting, making sure that priorities set by the General Conference and the Executive Board, including women, youth, least developed countries, as well as specific strategies for various clusters of countries, are duly taken into account at all stages of programme elaboration and implementation.
48. The Bureau of the Budget (BB) continues to be responsible for the preparation, in close coordination with BSP, of UNESCO's budget and for the monitoring of its implementation, while the responsibility for the management of funds, allocated and allotted under the different parts of the budget within the Financial Regulations, lies with the respective ADGs and Bureau/Office Directors.
49. The Bureau of Human Resources Management (HRM) should concentrate on strategic human resources planning and management rather than day-to-day staff administration, which will progressively be decentralized to the respective sectors and bureaux. It is also responsible for the medical service and the staff pensions and insurance service.
50. The Bureau of Field Coordination (BFC) acts as a focal point for field offices, ensuring overall coordination and facilitating cooperation with sectors and central services.
51. The new Bureau of Public Information (BPI) brings together all information and dissemination services, including relations with the press, publications and periodicals, the UNESCO website, special events, reception and visitors' service.
52. The Office of Internal Oversight (IOS) will have a key role to play in ensuring accountability, which is the other facet of management by delegation of authority. IOS will report to the Director-General and will bring together all internal oversight functions, including internal audit, management improvement, inspection and investigation, as well as programme evaluation.

53. The Office of International Standards and Legal Affairs (LA) will deal with all legal matters in the Organization, providing legal advice both to the Director-General and to the governing bodies.

54. The Secretariat of the General Conference (SCG) and the Secretariat of the Executive Board (SCX) provide secretariat services to the respective governing bodies and their subsidiary organs.

55. The Africa Department (AFR) is responsible for ensuring that Africa-oriented activities are effectively treated as a priority at all stages of programme elaboration and implementation, for subsequent monitoring and coordination, for mobilization of resources and promotional activities concerning Africa, as well as for the substantive relations with African Member States, formerly under BRX.

## **I.2 Implementation plan and procedures** (see Annex)

56. The new structure takes full effect on 1 October 2000. Insofar as its implementation has consequences for existing staff, a transitional period is foreseen ending on 31 December 2001.

57. Incumbents of existing director posts that correspond to posts in the new structure in terms of both functions and grade will be confirmed in these posts as from 1 October 2000 and normal contractual arrangements will apply thereafter.

58. All other director posts in the new structure (i.e. those which have no equivalent in terms of functions and/or grade in the current structure) have been opened to recruitment.

59. All former director posts that do not correspond to the above structure in terms of functions and/or grade are abolished as of 1 October 2000. They are replaced, if and as appropriate, by lower grade posts according to programme requirements and priorities.

60. During the transitional period, individual consultations will be held with all the directors affected by these measures with a view to identifying possible solutions depending on the circumstances of the case (e.g. appointment at equal grade in a vacant director post at Headquarters or in the field, redeployment to a lower level post, or separation).

61. The D-1 and D-2 staff affected by these measures will keep their present grades until the end of their current fixed-term contracts. Whenever their contracts are to expire before 31 December 2001, they will be extended at the same grade until the end of the biennium, i.e. until 31 December 2001 at the latest, if an appropriate solution is not found earlier.

## II. SYSTEMS OF MANAGEMENT

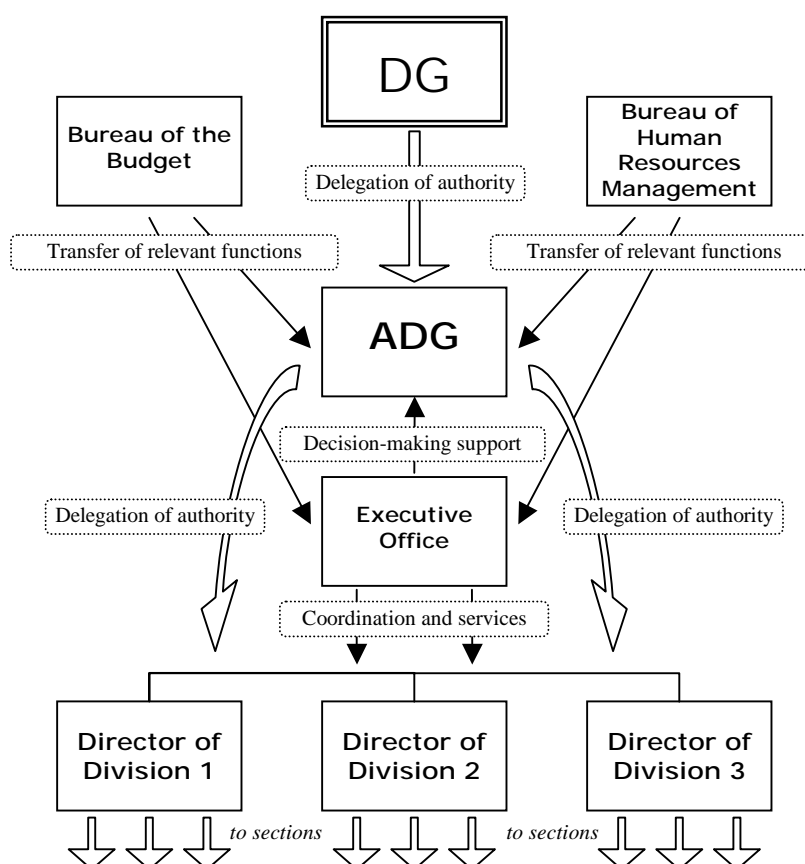
### II.1 General principles

62. The simplified and streamlined structure described above lays a sound base for a new system of management and a new organization of work within the Secretariat, which should be governed by the key principle of delegation of authority coupled with effective accountability.

63. The creation of the *new management style* implies changes in the following areas:

- organizational structure and administrative procedures,
- technical infrastructural, and
- training and working culture.

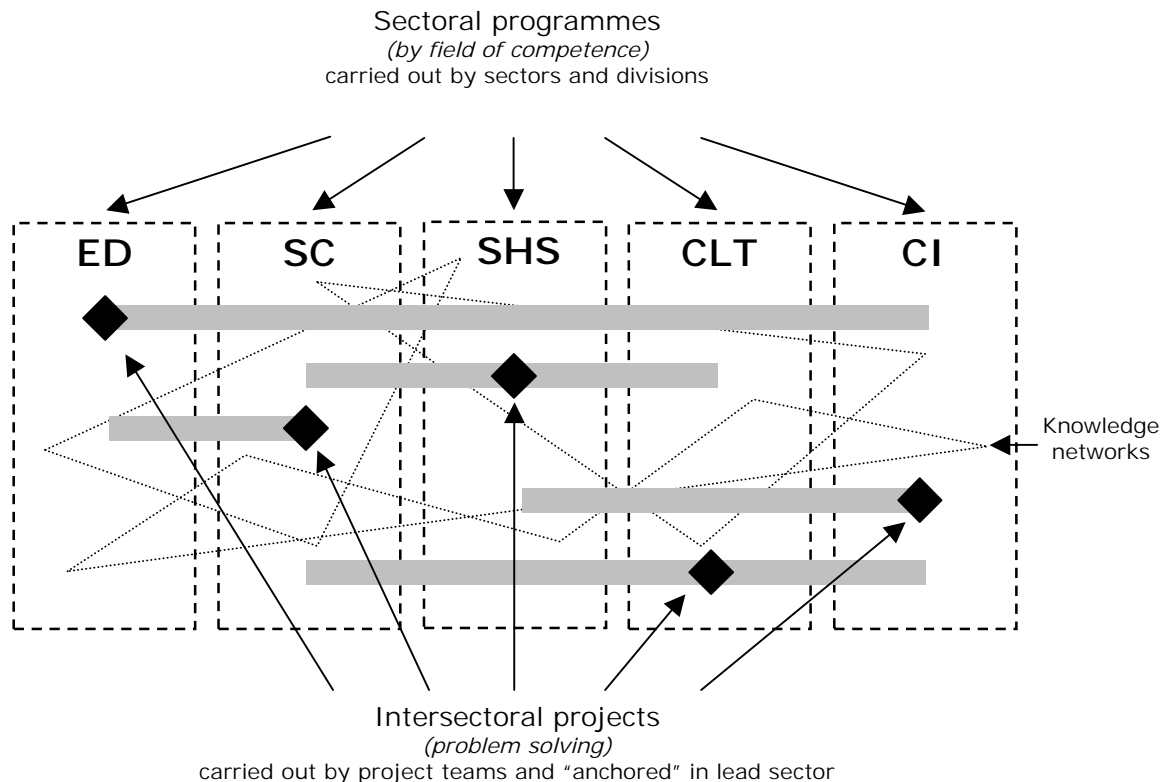
64. The organizational or administrative changes have already been either effected or initiated, as described in paragraphs 1 to 55. They can be presented as follows:



*Figure 9: Administrative provisions for delegation of authority*

65. Managers in sectors, bureaux and field offices will receive all the necessary administrative autonomy to manage all the resources (both budgetary and human) allocated to them for the implementation of the programme, while making them fully accountable for their decisions and results achieved.

66. As stated in para. 13 above, the streamlined vertical structure organized around the five programme sectors will also provide a base for intersectoral projects to be carried out by *project teams* (Figure 10). Team leaders will be given delegated authority for managing project resources in accordance with clearly defined administrative procedures (see para. 76 below). Furthermore, “bottom-up” *knowledge networks* bringing together specialists across UNESCO’s different fields of competence will be promoted in support of reflection vis-à-vis new challenges requiring interdisciplinary approach. In this connection, particular attention will be paid to improving IT skills of the staff so as to ensure effective communication and networking (see also document 160 EX/6, Part I, para. 52).



**Figure 10: New working matrix**

67. While the Bureau of the Budget and the Comptroller retain their functions of overall coordination and control, sectors will have the flexibility to postpone, defer, change the modality of a given activity according to what they see fit for the best implementation of the programme, or to seize an unforeseen opportunity for the Organization. Such rational management of resources will be beneficial to the Organization and to the unit in which the managerial decision was taken. A methodology to assess the performance of senior management (ADGs and directors) needs, therefore, to be developed, to address adequately both achievements and shortcomings.

68. It should be noted that the full implementation of rational, flexible and decentralized management appears incompatible with the current level of budget appropriation. The Approved Programme and Budget for 2000-2001 (30 C/5), contains 63 lines of appropriation at the subprogramme level, compared with 5 in ILO and 11 in WHO, at the programme level. Considering the corresponding budgets, on average, the manager of a line of appropriation in ILO manages US \$92 million, US \$85 million in WHO and US \$8.6 million in UNESCO (Source: JIU/REP/2000/4). This situation does not provide for natural economies of scale for

the cost of administration, nor for incentives to manage locally. Most important, it deprives the Organization of the necessary flexibility to adapt to the changing needs of its Member States and to implement the programme with maximum effect.

69. In order to ensure the efficiency of the new management system, adequate management tools are being put in place. Further to the introduction of the SISTER system covering planning, budgeting, monitoring and reporting, the Organization is implementing a finance and accounting project, to be completed with a human resources component in 2002-2003. All these components will constitute a new integrated management information system, which will provide an efficient and transparent means of delegating authority and ensuring accountability. It should be noted, that the implementation of such a comprehensive system represents a major investment that cannot be covered by the regular budget alone. However, despite the call by the General Conference for voluntary contributions by Member States, it has not been possible so far to secure the entirety of the necessary funding, without which the system cannot be completed.<sup>1</sup>

70. Administrative and infrastructural conditions alone are not enough for the new management style to take root. A radical change in the administrative and working culture of the Organization is required, which implies not only a revision of administrative rules but also a change in daily management practices. In this context, a comprehensive management training programme will be developed and implemented.

## **II.2 Action plan** (see Annex)

### **(a) *Revise rules and procedures***

71. From the administrative point of view, the operation of any organization consists of a series of elementary processes, most of which, because of their intrinsic nature, are subject to explicit codification (rules and procedures).

72. In order to secure coherence and integration of these different functions, an exhaustive and critical revision of the existing rules and procedures will be carried out with a view to bringing the decision-making process closer to the level at which action pertinence and timeliness can be better judged, that is closer to programme execution. The revision process will start during the second semester of 2001 with the participation of the new executives currently being recruited.

### **(b) *Devolve full responsibility for budget and staff management***

73. The Director-General, who has the primary responsibility for decisions on policies and strategies within his constitutional mandate, has already started delegating authority and responsibility for programme budgets to the respective ADGs/directors, while reinforcing accountability, in particular through the creation of an internal oversight mechanism. By July 2001, the process of delegation of authority will be completed and the ADGs/directors will have full responsibility for managing their programme budgets and staff costs, subject to appropriate monitoring and control by central services.

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<sup>1</sup> The budget of the finance and accounting component (2000-2001), which amounts to US \$10.7 million (30 C/Resolution 84), should be financed to the extent of US \$5.2 million through voluntary contributions by Member States (159 EX/6, para. 37). To date, only US \$2 million has been secured.



74. Staff and staff costs will be managed by ADGs/directors on the basis of consolidated staffing tables and staff cost budgets as approved by the Director-General. Sector ADGs will have delegated authority to appoint staff up to P-4 level. They will also share control over the lapse factor with appropriate central services, while having full responsibility for using their staff cost savings to recruit specialists, consultants, supernumeraries and fee contractors that may be required for programme implementation.

75. The newly established executive offices, which will receive most of the new functions to be transferred from the central services, will play a key role in the effective implementation of delegation of authority and ensuring the sectors' capacity to manage the allocated resources. Managed by a Chief of Executive Office, they will provide integrated management services to the sector, under the authority of the corresponding ADG.

***(c) Enhance responsibility for programme design and implementation***

76. Delegation of authority for programme design and implementation at all levels will be supported by the full implementation of the SISTER system. The system involves the active participation by staff in the design of work plans under the delegated authority of division directors and intersectoral project leaders. Responsibility for the appropriation (budget line) will rest with the corresponding ADG. A significant training effort has already been implemented for SISTER but further management training is needed for which extrabudgetary resources are being sought. A procedure to delegate authority and resources from sectors to intersectoral projects will be identified, with a clear management/reporting line to the leading sector's ADG in each case. The initial stages are being implemented and substantive improvement will be achieved during the second semester 2000, including full interconnection of the SISTER and SBU (financial) systems.

***(d) Build up an integrated management information system***

77. Building upon SISTER experience, a finance and accounting information system is being established in the Secretariat in cooperation with an external partner and on the basis of the SAP software package. The project started in July 2000 with the appointment of the project team and is scheduled to terminate in December 2001. The third and last component covering human resources and payroll will be implemented in 2002-2003 and will complete the integrated management information system described in paragraph 70 above.

***(e) Management training***

78. In order to develop a managerial corps composed of a critical mass of staff with adequate managerial skills, a comprehensive training programme will be designed and implemented. Although some activities within this programme will start in early 2001 (see 160 EX/6, Part I, paras. 46-50), its full implementation cannot be ensured within the available regular budget.

### **II.3 Budgetary implications**

79. Apart from the management-training component, already accounted for in Part I of document 160 EX/6, most of the other budgetary implications of the management reform relate to the introduction of the integrated management information system. Considering that the total cost of the HRM component to be implemented in 2002-2003 is estimated at US \$8.3 million (see 30 C/Resolution 84) and that an amount of US \$5.5 million has already

been identified in the budget base, the completion of the system will require another US \$2.8 million.

80. It should be noted that securing such an amount from extrabudgetary sources is proving difficult. Despite an appeal by the General Conference (30 C/Resolution 84) and the Director-General's personal efforts to encourage voluntary contributions from Member States in order to finance the integrated management information system, to date, only one Member State has made a contribution of US \$2 million (N.B. US \$5.2 million are needed for 2000-2001). The Director-General renews, therefore, his appeal to Member States to make voluntary contributions necessary for the timely completion of the finance and accounting system.

81. In this context, the additional amount of US \$2.8 million for the HRM component appears indispensable. Considering that other expenses related to the management reform (consultant services for the review of procedures, etc.) are estimated at US \$200,000, the total additional funds required for 2002-2003 amount to **US \$3 million**.

ANNEX

Action plan and timetable of the structure and management reform (until 2004)

Actions	2001												2002												2003																				
	Ju	l	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ju	l	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ju	l	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Ju	l	Aug	Sep	Oct	Nov
<b>I. Secretariat structure</b>	◆																																												
<i>Announce new structure</i>	▶																																												
<i>Prepare org. charts, staffing tables &amp; D post descriptions</i>	■																																												
<i>Review and certify D post descriptions</i>	■																																												
<i>Confirm incumbents of D posts in new structure</i>	◆																																												
<i>Abolish D posts not in structure</i>	◆																																												
<i>Replace D posts with P posts as appropriate</i>	■																																												
<i>Identify solutions for directors that do not fit into structure</i>	■																																												
<i>Complete transition to new structure</i>	■																																												
<b>II. Systems of management</b>	◆																																												
<i>Revise and finetune rules and procedures</i>	■																																												
<i>Devolve full budgetary responsibility to sectors</i>	◆																																												
<i>Delegate authority for recruitment up to P-4 to sectors</i>	◆																																												
<i>Increase responsibility for programme design and implementation (SISTER)</i>	■																																												
<i>Implement finance &amp; accounting project (SAP)</i>	■																																												
<i>Implement HR &amp; payroll project (SAP)</i>	■																																												
<i>Implement management development programme (part of staff policy reform)</i>	■																																												

**Hundred and sixtieth Session**

160 EX/6 Part III  
PARIS, 7 September 2000  
Original: English

Item 3.1.2 of the provisional agenda

**REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS  
AND TIMETABLE FOR ITS IMPLEMENTATION, INCLUDING THE FINANCIAL  
ASPECTS AND THEIR IMPACT UPON THE ORGANIZATION'S NEXT BUDGETS**

**PART III**

**DECENTRALIZATION**

**SUMMARY**

Following the main reform thrusts outlined to the Executive Board at its 159th session (159 EX/5) and in accordance with 159 EX/Decision 3.1.2, the Director-General presents an action plan and timetable of the reforms, together with their financial implications for the Organization's budget.

Part III presents an action plan for the implementation of the new decentralization strategy, including its three main elements: a rational network of field offices, an appropriate central support structure and related personnel policies. A corresponding draft decision is included in Part IV of the document.

## **INTRODUCTION**

1. The Director-General presented to the Executive Board at its 159th session the main principles of a new strategy to ensure the rational implementation of UNESCO's decentralization policy. The Executive Board (159 EX/Decision 3.1.2) endorsed the principles, in particular those related to the "cluster office" strategy, and called for "conclusions" on the management reform process as specifically related to decentralization to be presented to the Board at its 160th session.

2. In turning the principles into action, the approach adopted by the Director-General has been to:

- (1) lead the decentralization reform from within UNESCO, while drawing upon points of reference provided, in particular, by the United Nations Joint Inspection Unit (160 EX/41, "Review of management and administration in the United Nations Educational, Scientific and Cultural Organization (UNESCO)"), and the External Auditors (160 EX/25, "Financial report and audited financial statements of UNESCO for the period ended 31 December 1999 and Report by the External Auditor"); and
- (2) consult broadly with Member States and their National Commissions at an early stage to ensure that their views are reflected within the Action Plan to be presented to the 160th session of the Executive Board.

3. Consequently, in line with the discussions held during the 159th session of the Executive Board, the Director-General held broad consultations with each regional group of Member States during the period May-July 2000, both via meetings with their permanent delegations in Paris and during the regional consultations with National Commissions held in Bolivia, Egypt, Slovenia, Namibia and Uzbekistan. These consultations sought advice particularly on the rational distribution of UNESCO's field presence globally, and provided inputs to the current Action Plan.

4. It should be noted however, that at the time of writing, the regional groups had not yet provided consensual feedback. The Director-General has chosen, therefore, to present herein several options on which he will decide after having taken full account of Member States' views and those expressed by the Executive Board at its 160th session. Implementation of the strategy will be reported upon to the Executive Board at its 161st session.

### **I. BASIC PRINCIPLES OF THE DECENTRALIZATION REFORM**

5. UNESCO's decentralized system encompasses field offices, liaison offices, specialized institutes and a number of centres varying in their status of relationship with UNESCO, as well as National Commissions as UNESCO's constitutional partners within Member States. Focus in the decentralization reform, in the first instance, has been on reforming UNESCO's programme-implementing field office system. Liaison offices, institutes and centres will be dealt with subsequently. It is to be noted, however, that the Director-General has already decided to close the Washington Liaison Office.

6. The present Action Plan on Decentralization seeks to resolve present overlaps and inefficiencies in the delivery of its programmes at field level by refashioning the existing

system into a rationally distributed global network of “cluster offices”, each serving a small number of Member States through multidisciplinary teams, and backed by specialized regional bureaux in each of UNESCO’s fields of competence. This two-tier approach to the cluster strategy comprises cluster offices in tier-1, and supportive regional bureaux in tier-2. For the sake of cost and administrative efficiency, tier-2 regional bureaux will normally be located in appropriate tier-1 cluster offices. In some cases, however, the regional bureau may operate as a network - with programme specialists located in more than one cluster office in the region.

7. Single-country offices are an exception to this system. There are at present significant cost inefficiencies associated with single-country offices: eight of those currently existing together spend less than 17% of their budgets on activities, and the rest on running costs. UNESCO cannot afford its current tally of 70 offices. Many do not have adequate human resources to be effective. Much less could UNESCO afford - however desirable this may be - to have country offices in all Member States. Consequently, for the sake of global cost efficiencies, country-oriented offices will be maintained only where there is a precisely defined need (see paragraph 25) and subject to regular review. Alternative options may be either the formation of country-oriented “project teams” or a UNESCO mission designed to meet a particular need, without representative functions and with a specific “sunset clause” for completion of the task and departure.

8. In addition to providing a pool of expertise to back up cluster offices, tier-2 regional bureaux will continue to implement and coordinate regional programmes. These programmes will be made more directly relevant to Member States through significant inputs from cluster offices. Regional groupings of Member States and their political-economic relations will be taken into account through coordinated action between cluster offices that together serve the region. Triangular partnerships among Member States, NGOs and the Secretariat will be sought at regional, subregional and country level. Cluster offices, however, will form the delivery platform for all programming and implementation relations at country-level with Member States, thus ensuring smooth coordination and information flow and avoiding overlap among different parts of the Secretariat in this respect.

9. In the search for a more demand-driven UNESCO, cluster offices will play a proactive role in consulting with individual Member States and their National Commissions, as well as with United Nations system and other partners (including NGOs), at the very beginning of the programming cycle, in order to provide inputs that will form the basis for subregional, regional and global programming as well as strategies to raise extrabudgetary funding and harmonization with other United Nations agency programmes at country-level. Following General Conference approval, implementation of UNESCO programmes in Member States will be decentralized to cluster offices (and the small number of “special” country-oriented offices). Consultations and implementation will be focused through the cluster office’s multidisciplinary teams, which will be backstopped by appropriate support from regional bureaux. A dedicated budget for inter-office networking will ensure the most effective use of UNESCO’s human resources. Coordination of programming inputs from the region’s cluster offices into global planning, and stimulation of networking among them, will be managed as a “regional function” by one of the regional bureaux.

10. Cooperation between the UNESCO Secretariat and National Commissions, as the Secretariat’s primary partner in decentralization, will be strengthened. Multidisciplinary technical teams from cluster offices will conduct thorough consultations with National

Commissions in order to improve UNESCO's programming by targeting it towards identification of country-specific and subregion-specific priorities. The partnership with National Commissions at field level will be a priority for cluster office directors, and will form the basis for expanding the involvement of National Commissions in implementing activities that fall within their areas of competence. National Commissions will be more directly involved in field office evaluation, following the rule that field office directors are responsible to UNESCO Member States through the Director-General.

11. Finally, the basic platform for Decentralization Reform Strategy will be set in place over an initial three-year period, and implemented in an integrated way. Towards this end, rational global distribution of UNESCO offices, capacities, programming and implementation will be complemented by three related actions:

- (1) In terms of structure, an appropriate organizational base of the field in Headquarters will be created, to drive the Action Plan on Decentralization, act as a voice for field offices within Headquarters, and coordinate with sectors to ensure coherence between the Headquarters sector-based structure, and the essentially multidisciplinary nature of field operations. This function will be performed by the Bureau of Field Coordination, a strengthened and redesigned version of the former Division of Decentralization and Field Coordination;
- (2) Administrative procedures will be reviewed in order to strengthen interactions between the various parts of the UNESCO Secretariat through a new staff rotation strategy, dedicated networking in programme delivery, and clarification of lines of authority and accountability, so as to ensure appropriate delegation of authority to the field coupled with sector-based quality backstopping;
- (3) Personnel policies will be tuned to support the new Decentralization Strategy. Competency standards will be established as the basis for selecting and assuring the quality of directors of field offices. Staff rotation policy as it develops will be related to career development planning, in which the gaining of field experience will be the norm and a career benefit. Fully decentralized management of local staff in field offices will be introduced, within the framework of global standards.

12. All the above basic principles align with prior relevant resolutions of the General Conference and decisions of the Executive Board, in particular 30 C/Resolution 83, which while targeting the establishment of new offices and being of a general character, does provide a framework for the decentralization reform. The reform targets rational distribution of offices that are resourced in such a way as to ensure responsiveness to Member States, equitable distribution of programme implementation and adequate concentration of capacity to deliver programmes effectively.

## **II. IMPLEMENTATION**

### **II.1 Selection of Member State clusters**

13. A central feature of the Decentralization Strategy is that, within UNESCO's budgetary constraints, the distribution of UNESCO field offices provides a rational balance between field office proximity to all Member States and the concentration of human resources needed to provide quality service. The key element of the cluster office scheme is a multidisciplinary

team of five or six international professionals that covers a cluster of a manageable number of Member States. The size of the cluster will vary. For example, larger numbers of small island communities will form a single cluster. The composition of each cluster needs to be judged on a case-by-case basis and in consultation with the Member States concerned. Nevertheless, to assist these choices the Task Force on Decentralization established guiding criteria that were carried forward into consultations with Member States and their National Commissions. These criteria are:

- (1) geographical proximity and synergies;
- (2) political or socio-economic regional and subregional groupings already established;
- (3) culture and language synergies; and
- (4) technical capacities already invested by UNESCO in the field.

14. The balance in weightings of these criteria applies differently in different regions. An additional parameter was taken into consideration when identifying possible clusters, namely the integrity of wider country groupings in the regions, such as: Southern African Development Community (SADC), Portuguese-speaking African Countries (PALOP), Permanent Interstate Committee for Drought Control in the Sahel (CILSS), Common Market for Eastern and Southern Africa (COMESA), Intergovernmental Authority on Drought and Development (IGAD), Central African Economic and Monetary Community (CAEMC) and Economic Community of West African States (ECOWAS) in Africa; Arab Maghreb Union (AMU) and Gulf Cooperation Council (GCC) in the Arab States region; Economic Cooperation Organization (ECO), South Asian Association for Regional Cooperation (SAARC), Association of South East Asian Nations (ASEAN) and Secretariat of the Pacific Community (SPC) in Asia/Pacific; Southern Common Market (MERCOSUR), Secretariat for Central American Economic Integration (SIECA), Andean Community, Central American Monetary Council (CAMC) and Caribbean Community (CARICOM) in Latin America and the Caribbean; and Commonwealth of Independent States (CIS) in Europe.

15. The strategy has been applied to four of the five UNESCO regions, namely: sub-Saharan Africa, the Arab States, Asia and the Pacific, and Latin America and the Caribbean. Consensual proposals for clusters were sought by the Director-General from Member States from these regions. Europe, in particular Western Europe, is a different case as it is served primarily from UNESCO Headquarters in Paris. The Director-General envisages to strengthen UNESCO's field presence in Eastern Europe through existing offices at this stage, it being understood that primary attention will be paid to rationalizing UNESCO's presence in the other four regions.

16. Individual proposals have been received from many Member States. The Director-General, cognizant of this advice, but in the absence of definitive consensual views, is therefore proposing options for the global distribution of Member State clusters, some of which are organized into wider subregional groups as appropriate. These are presented in table form in Annex 1. Whilst consensual proposals on these options are still sought, and there remains some room for amendment, the global view now available of the distribution of UNESCO's field presence is quite clear in concept and scope.



## II.2 Building tier-1: selection and staffing of cluster offices

17. Criteria were developed by the Task Force on Decentralization for the selection of an office within a cluster of Member States to serve as the cluster office, and were proposed as guiding information for Member State consultations. These criteria prioritize “operational”, over “supportive” and “capacity and performance” concerns, primarily on the grounds that ability to operate as an international office from the location is critical, and performance and capacity can be changed. The selected criteria include:

(1) *Operational criteria:*

- (i) transport access to all cluster Member States, and internationally;
- (ii) telecommunications infrastructure and access to all Member States in the cluster, and internationally;
- (iii) UNESCO’s ability to function as an international agency at the chosen location without impediment for its programmes and with adequate security.

(2) *Supportive criteria:*

- (i) application or not of the provisions of the Convention on the Privileges and Immunities of the Specialized Agencies;
- (ii) level of infrastructure, financial support and contribution-in-kind from the chosen Member State.

(3) *Capacity and performance criteria:*

- (i) existing professional capacities:
  - (a) coverage of UNESCO’s fields of competence, with particular reference to priority activities for the Member State cluster, e.g. small islands issues, literacy shortfalls, etc.;
  - (b) availability of human resources (international and local) and funds for implementation (regular budget and extrabudgetary);
- (ii) alignment of current coverage of Member States with the proposed cluster (and therefore prior development of interactions and programme delivery patterns);
- (iii) administration capacity (presence of a professional Administrative Officer, other administrative support, etc.);
- (iv) impact and cost-effectiveness of the office;
- (v) demonstrated capacity of the office in networking both within UNESCO and externally - with National Commissions, other international agencies and NGOs.

18. The location of cluster offices cannot be determined until final choices have been made about the constitution of the clusters. Consequently, decisions will be taken by the Director-

General after the 160th session of the Executive Board. For information, a listing of offices presently located within each cluster option is presented in Annex 2.

19. Cluster offices will be staffed with a multidisciplinary team of five international professional staff, plus a Director - normally at D-1 level, an international Administrative Officer and adequate administrative support from locally recruited staff. Ideally, the profiles of the professional staff should correspond to the five fields of competence of UNESCO. However, while based on the multidisciplinary concept, office profiles will be pragmatically adjusted to align capacity with priority needs of the Member States concerned. Thus, a cluster office may have more than one professional in education if justified by the scope and volume of educational programmes and projects implemented by the office.

20. A realistic strategy will be implemented to build these cluster offices out of the current system and the Organization's existing human resources. A "cluster office Human Resources Map" (CHRM) will be developed as a decision tool for prioritizing staff rotations, placements and intersectoral negotiations concerning field posts. Practical steps will be as follows:

- (1) Initially teams of three international professionals (including the Director) will be put together comprising experts in education, natural sciences and one from among social and human sciences, culture, or communication and information. Areas of expertise that are absent in one cluster office will be present in other cluster offices in the region. The third team member will, therefore, also be responsible for providing support to other teams across the region as required;
- (2) As some offices close during implementation of the Action Plan, redeployment of international professional staff will, in the first instance, target the staffing of cluster offices in the same region;
- (3) Additional personnel will be sought under the Associate Expert and United Nations Volunteer (UNV) schemes, with due attention to balancing the training and experience requirements of the schemes against filling key gaps in cluster office teams;
- (4) A campaign will be initiated to recruit and decentralize Headquarters personnel with appropriate capabilities into cluster offices as part of its new rotation policy.

### **II.3 Building tier-2: Regional bureaux**

21. Tier-2 regional bureaux will be built out of the existing Regional Office capacities in education and science, and regional adviser capacities in social and human sciences, culture and communication and information. Regional bureaux may be maintained as single-sector capabilities, normally coinciding with one of the region's cluster offices, most likely in education and science. Alternatively, the programme specialists who form the Bureau may be distributed among two or more cluster offices in the region - forming a "virtual" bureau through networking, but at the same time serving the cluster office, in which they are stationed. The principal objectives of the bureaux are to maintain regional-level "presence" for UNESCO to lead the implementation of regional programmes, to provide other offices in the region with specialized expertise, and to backstop programme implementation in the multidisciplinary cluster offices. Regional bureaux will normally be headed by a Principal Director (D-2).

22. As a practical step, existing Regional Office capacities will be maintained and strengthened rather than new structures built, although there may be a need on a case-by-case basis to change their focus and structure so as to ensure greater relevance to the tier-1 cluster offices, or to reassign experts to another office in the region.

23. The Director-General intends to maintain the Bangkok, Beirut, Dakar and Santiago Offices as Regional Bureaux for Education; and the Cairo, Jakarta, Montevideo and Nairobi Offices as Regional Bureaux for Science. As to the UNESCO Havana Office (ORCALC), the Director-General would welcome views from the region about ways and means to enable it to serve effectively as a Regional Bureau for Culture. Regional capacities in culture will also be strengthened in the other regions, as will be those in social sciences and communication and information across the regions, based on the current system of Regional Advisers, which could develop along the “virtual” bureau scenario as described in paragraph 20 above.

#### **II.4 Maintenance or change of status of current country-oriented offices**

24. The Director-General has decided as policy that all E-9 countries will have a UNESCO office, whether cluster or country-oriented, in order to ensure support for UNESCO’s commitment to achieve the Dakar Framework for Action’s literacy goals by 2015. He has also decided to close the UNESCO Offices in Quebec and Kuala Lumpur. No other choices to maintain or close specific offices will be finalized until after the global structure is decided, and the necessity for any specific country-oriented office can be judged against the structure as a whole.

25. The reason for maintenance of an individual country-oriented office will first and foremost be programme-based. Two types of criteria will be used in making decisions:

(1) *Essential criteria:*

- (i) a country’s size and complexity, which may warrant special attention; countries and territories experiencing a post-conflict situation or which are the subject of United Nations priority action; or countries where the volume and success of present activity must be maintained;
- (ii) the need temporarily to ensure continuity in the provision of support to the Member State where logistical or programme gaps exist in the nominated cluster office.

(2) *Supportive criteria:*

- (i) level of support from the host Member State;
- (ii) performance in programme implementation, judged against the criteria outlined in paragraph 17 above.

26. Country offices that are maintained should aim to include a mix of three or four international and three or four national professional staff, with adequate locally recruited administrative support.

27. In the case of country offices to be closed, care will be taken to ensure a continued UNESCO presence in the Member State concerned. A variety of options are available for use

on a case-by-case basis. These include assignment of a staff member to the country as an “antenna” within the United Nations system framework, a strengthened role for the National Commission in programme implementation under contract from the relevant cluster office; and prioritized attention by the cluster office to multidisciplinary assessment and implementation of programmes of highest relevance within the national context.

28. In addition, the Director-General may opt for converting the office into a project team, as an arm of the relevant cluster office, focused on meeting a specific priority programme objective, and which disbands, moves on or returns to the cluster office as soon as the objective is met. Criteria that will be employed in choosing this option will include:

- (1) UNESCO’s overall approved programme and budget priorities;
- (2) the level of extrabudgetary funding currently and potentially available (with firm criteria being applied to assessing “availability”) – as the basis for continuation of ongoing projects;
- (3) acceptability of the UNESCO Project Team by the host Member State, as well as within the current United Nations structure in the host Member State, as reflected in the support conditions to be offered.

29. Special arrangements will be introduced to assist any locally recruited staff that may need to be separated from UNESCO if an office closes. These arrangements apply specifically during the reorganization period. Arrangements will be made not only for UNESCO staff members but also for employees under Special Service Agreements (SSA) – who normally would not qualify for any indemnity benefits on separation. Intrinsicly, locally recruited staff are national staff, not able to move to another duty station in another country unless they become international staff. Measures to be introduced include:

- (1) special assistance in re-employment within other United Nations agencies or bilateral diplomatic missions;
- (2) encouragement to National Professional Officers to apply for relevant international posts within other UNESCO offices, particularly in the same region; or in some special cases where unique qualifications, expertise and experience warrant an exceptional procedure, reassignment by the Director-General to another office;
- (3) increase of 50% in the indemnity payment to separated locally employed UNESCO staff; and payment of an indemnity to separated SSA staff at the base rate that normally applies for locally employed UNESCO staff (that is, without the additional 50% special indemnity payment).

## **II.5 Organizational strategy issues**

30. In order to coordinate field activities with the overall strategy of the Organization, a field policy and strategy coordinating committee will be established to be chaired by the Deputy Director-General. The Bureau of Field Coordination (BFC) will facilitate coordination between field offices and sectors and intersectoral teams at Headquarters, it being understood that substantive relations concerning programming and execution backstopping will remain the prime responsibility of the programme sectors. BFC will also serve as a liaison office for

management, administration, reporting and accountability between central services and field offices. In addition, BFC will be responsible for managing the relations between field offices with a view to achieving efficient networking and facilitating subregional and regional coordination. BFC will be expanded and reinforced to play a central role in the implementation of the Director-General's decentralization reform. Regional desks will be established within BFC run by senior officers with prior field experience who will return to a field appointment after a tour of duty at BFC-Headquarters. These staff members will act as "field" officers at Headquarters. The role of the Directorate, which will include the head of BFC, in the implementation of the decentralization policy and the definition of its strategy will be reinforced.

31. The change-over from the current parent sector mode of management of field offices to management through BFC will occur in mid-2001 after careful preparation; staffing support will be strengthened through the next year until a full complement is in place by December 2001.

32. A dedicated budget will be allocated to ensure networking among offices in the pursuit of programme objectives, and the development of multidisciplinary teams to serve cluster office and Member State needs.

33. In support of decentralization reforms, increased autonomy will be given to cluster and country office directors in identifying and coordinating primary inputs to programming at national and subregional levels, and in acting as the focal point of all UNESCO activity at country level. Greater authority will be delegated to field offices, and programme implementation budgets and responsibilities will gradually be decentralized along with control over financial and local personnel matters.

34. The strengthening of the field office-National Commission partnership in decentralization, will be a key criterion in the performance evaluation of cluster and country office directors, who will be required to consult proactively and responsibly, and take every possible action to facilitate genuine "partnerships" with National Commissions, in particular as a mechanism to avoid overlap in activities, and as the basis for contracted implementation in areas of National Commission competence.

## **II.6 Personnel strategy issues** (see also Part I of the present report)

35. *Competency standards:* To ensure professional quality in directors of field offices, competency standards will be introduced and, in harmony with the techniques used by other organizations in the United Nations system, an "Assessment Centre" approach will be piloted during the third quarter of 2001. The required competencies for directors of field offices have already been identified.

36. *Rotation policy:* Policy to rotate staff between Headquarters and the field, and between field offices is designed to strengthen field *capacity*, and at the same time, the *coherence* of operations between Headquarters and the field. Guiding principles include distinctions between rotational and non-rotational posts in the Headquarters Secretariat; varying streams according to the nature of the post (Head of Office, Programme Specialist or Administrative Officer); and establishment of standard assignment lengths for different types of duty station. In the short term, November 2000 to December 2001, rotational posts will be identified through consultation; varying needs of field offices will be assessed with particular attention

to the needs of cluster offices; and pools of qualified staff will be established for potential assignment to the field.

37. *Career development policy:* The linkage between rotation policy and career development planning provides the essential motivation for a workable rotation policy. Field assignments will be part of a normal professional career, whilst promotion or appointment to P-5 level posts will require field experience except for those types of posts that can only be served from Headquarters. Adequate rewards and incentives either already available or implied by the linked rotation and career development policies will ensure the strategy works.

38. *Decentralized responsibility for locally recruited staff:* Within the framework of the strategy, methods will be developed to ensure that directors of field offices will have full delegated authority for recruitment to local staff posts, performance review and management, extensions of appointments, internal transfers, leave, terminations, missions and statutory rights concerning appointment. Particular attention will also be paid to ensuring general principles of accountability and equity across the whole Organization are applied at local levels.

### **III. IMPLEMENTATION COST, STRATEGY AND TIME FRAME**

39. It is not possible to work out the final cost of the proposed two-tier approach to the cluster strategy until decisions are made about how many and which offices will assume the role of cluster offices, and until the number of "exceptions" (country offices), is established. The Secretariat has detailed costing elements, including specific standard costs in every office and country, and accurate calculations can be done quickly as soon as final decisions have been made. In the meantime, indicative costings have been completed (see costing assumptions in Annex 3).

40. Preliminary costings show that in order to function effectively, the new UNESCO field network as described above would require some US \$18 million over the current field operation budget. For 2000-2003, an additional amount of US \$4 million is needed as an initial investment to cover transfer and separation costs.

41. That estimate does not include separation costs for staff employed under SSA contracts, which cannot be estimated until it is known which specific offices will be closed, nor does it account, at this stage, for any additional country office exceptions, other than the six notionally identified offices that will serve the E-9 policy objective, nor for the cost of alternative arrangements to ensure UNESCO's presence after closure of certain offices.

42. As can be seen from his preliminary proposals concerning the Medium-Term Strategy for 2002-2007 (160 EX/5, Part II), the Director-General considers it necessary to change the Headquarters/field staff ratio in the Secretariat. Therefore, the envisaged cost increase of US \$18 million does not represent an increase in the total staff costs of the Organization, but rather an internal redistribution of posts.

43. At the same time, it is unrealistic to expect that the new field system can be established within a single biennium, in particular because of the following constraints:

- (1) The appropriate expertise is not necessarily available in Headquarters for transfer to the field;

- (2) Headquarters itself needs new profiles to meet new programme requirements;
- (3) There will necessarily be additional costs incurred during the initial period of the Action Plan implementation when two systems - the old and the new - will be running in parallel, and before cost savings from the closing of offices can be utilized.

44. Furthermore, given the commitment to maintain a form of presence in Member States if offices are closed, financial resources will be needed to maintain, for example, “antennae” persons attached to the local United Nations system, or to take other supportive action (increased mission activity, contracting of National Commissions, etc.), which are not included in the above estimates.

45. It is clear, therefore, that unless an additional budget is identified for the effective launching of UNESCO’s new field office system, the decentralization reform will not develop a momentum that would communicate change. There will inevitably be delays (two to three biennia) before Member States see any major change in performance levels in the field as a result of the Action Plan on Decentralization. The launching of the new system within the limitations of the currently available budget for field operations may even be counter-productive, leading - during the three first years of the transition period - to a loss in UNESCO’s efficiency and impact in the field.

46. An additional start-up budget for 2002-2003, of the order of **US \$9 million**, is therefore crucial to strongly signal and create change. This amount can indicatively be broken down as follows:

- 50% as a contribution to cover the costs of change - separations, staff transfers, the new requirement of “networking”, and the training and mentoring that will be required to transform the field system to its full new multidisciplinary focus;
- 20% to bring in fresh expertise where it is most urgently needed, under appropriate contractual arrangements (some of this expertise could be retained in the next biennia in posts to fall vacant through natural attrition, both at Headquarters and in the field); and
- 30% as a contribution to cover the cost of alternative arrangements to ensure UNESCO’s presence in the Member States where offices will be phased out.

47. Implementation of the Action Plan on Decentralization will commence immediately (see Annex 4). However, since 2001 is the second year of the current biennium for which funding commitments have already been made, the main progress is expected to be made during 2002-2003.

## ANNEX 1

### Preliminary options for Member State clusters\*

Region/Subregion/Group	Clusters	
	Option 1	Option 2 (3)
<b>AFRICA</b> (Map 1)		
<b>1: Southern Africa</b>	<u>Cluster-1:</u> Angola Lesotho Namibia South Africa Swaziland  <u>Cluster-2:</u> Botswana Malawi Zambia Zimbabwe	<i>Cluster-1: unchanged</i>   <u>Cluster-2:</u> Botswana Malawi Mozambique Zambia Zimbabwe
<b>2: Eastern Africa</b>	<u>Cluster-1:</u> Burundi Democratic Republic of the Congo Kenya Rwanda Uganda United Republic of Tanzania  <u>Cluster-2:</u> Comoros Madagascar Mauritius Mozambique** Seychelles  <u>Cluster-3:</u> Djibouti Eritrea Ethiopia Somalia	<u>Cluster-1:</u> Burundi Democratic Republic of the Congo Kenya Rwanda Uganda  <u>Cluster-2:</u> Comoros Madagascar Mauritius Seychelles United Republic of Tanzania  <i>Cluster-3: unchanged</i>
** if not included in a southern African cluster under option 2.		

**\* READING THE TABLES:**

Please note that in option 1 (second column) there are no overlaps in Member States among different clusters. Options 2 and 3 suggest alternatives. In some cases, possible overlaps may be implied with other clusters and would need to be resolved at a later stage, depending on previous choices.

Maps are provided for reference. Cluster options are not marked on these maps as, with several options, this would be confusing.



Region/Subregion/Group	Clusters	
	Option 1	Option 2 (3)
<b>AFRICA (Map 1)</b>		
<b>3: Central and Western Africa</b>	<p><u>Cluster-1:</u> Cameroon Central African Republic Chad Congo Equatorial Guinea Gabon Sao Tome and Principe</p> <p><u>Cluster-2:</u> Benin Ghana Nigeria Togo</p> <p><u>Cluster-3:</u> Cape Verde Gambia Guinea Guinea-Bissau Liberia Senegal Sierra Leone</p> <p><u>Cluster-4:</u> Burkina Faso Côte d'Ivoire Mali Niger</p>	<p><u>Cluster-1:</u> Cameroon Central African Republic Congo Equatorial Guinea Gabon Sao Tome and Principe</p> <p><u>Cluster-2:</u> Benin Ghana Nigeria Togo Côte d'Ivoire</p> <p><i>Cluster-3: unchanged</i></p> <p><u>Cluster-4:</u> Burkina Faso Mali Niger Chad</p>
<b>ARAB STATES (Map 2)</b>		
<b>1: Maghreb</b>	<p><u>Cluster-1:</u> Algeria Libyan Arab Jamahiriya Mauritania Morocco Tunisia</p>	
<b>2: Red Sea States</b>	<p><u>Cluster-1:</u> Egypt Sudan Yemen</p>	
<b>3: Gulf States</b>	<p><u>Cluster-1:</u> Bahrain Kuwait Oman Qatar Saudi Arabia United Arab Emirates</p>	
<b>4: Middle East States</b>	<p><u>Cluster-1:</u> Iraq Jordan Lebanon Syrian Arab Republic (Palestinian Authority)</p>	

Region/Subregion/Group	Clusters	
	Option 1	Option 2 (3)
<b>ASIA/PACIFIC (Maps 3-5)</b>		
<b>1: Central and South-West Asia</b>  <p style="text-align: center;">(Map 3)</p>	<u>Cluster-1:</u> Afghanistan Iran (Islamic Republic of) Pakistan  <u>Cluster-2:</u> Kazakhstan Kyrgyzstan Tajikistan Turkmenistan Uzbekistan	<u>Cluster-1:</u> Afghanistan Iran (Islamic Republic of) Tajikistan Turkmenistan  <u>Cluster-2:</u> Armenia* Azerbaijan* Georgia* Kazakhstan Kyrgyzstan Uzbekistan
<b>2: South Asia</b>  <p style="text-align: center;">(Map 4)</p>	<u>Cluster-1:</u> Bangladesh Bhutan India Maldives Nepal Sri Lanka	<u>Cluster-1:</u> Bangladesh Bhutan India Maldives Nepal Pakistan** Sri Lanka
<b>3: East and South-East Asia</b>  <p style="text-align: center;">(Map 4)</p>	<u>Cluster-1:</u> China Democratic People's Republic of Korea Japan Mongolia Republic of Korea  <u>Cluster-1:</u> Cambodia Lao People's Democratic Republic Myanmar Thailand Viet Nam  <u>Cluster-2:</u> Indonesia Malaysia Philippines	
<b>4: The Pacific Community</b>  <p style="text-align: center;">(Map 5)</p>	<u>Cluster-1:</u> Australia Cook Islands Fiji Kiribati Marshall Islands Micronesia (Federated States of) Nauru New Zealand Niue Palau Papua New Guinea Samoa Solomon Islands Tonga Tuvalu Vanuatu	
* if not included in a European cluster under option 1 (see below). ** if not included in a cluster in Central and South-West Asia under option 1.		

Region/Subregion/Group	Clusters	
	Option 1	Option 2 (3)
<b>LATIN AMERICA AND THE CARIBBEAN</b>	<b>(Maps 6-7)</b>	
<b>1: Central America</b>  (Map 6)	<u>Cluster-1:</u> Costa Rica El Salvador Guatemala Honduras Mexico Nicaragua Panama	/
<b>2: Caribbean States</b>  (Map 6)	<u>Cluster-1:</u> Antigua and Barbuda Bahamas Barbados Belize Dominica Grenada Guyana Jamaica Saint Kitts and Nevis Saint Lucia Saint Vincent and the Grenadines Suriname Trinidad and Tobago  <u>Cluster-2:</u> Cuba Dominican Republic Haiti <u>Associate Members</u> Aruba, British Virgin Islands, Cayman Islands, Netherlands Antilles	<u>Cluster-1:</u> Antigua and Barbuda Bahamas Barbados Belize Cuba Dominica Dominican Republic Grenada Guyana Haiti Jamaica Saint Kitts and Nevis Saint Lucia Saint Vincent and the Grenadines Suriname Trinidad and Tobago
<b>3: Andean Countries</b>  (Map 7)	<u>Cluster-1:</u> Bolivia Colombia Ecuador Peru Venezuela	<u>Option 2:</u> <u>Cluster -1:</u> Colombia Guyana* Suriname* Venezuela <u>Cluster-2:</u> Ecuador Peru Bolivia  <u>(Option 3):</u> <u>Cluster-1:</u> Colombia Ecuador Venezuela <u>Cluster-2:</u> Bolivia Chile Peru
* if not included in a cluster in the Caribbean.		
<b>4: MERCOSUR + Chile</b>  (Map 7)	<u>Cluster-1:</u> Argentina Brazil Paraguay Uruguay Chile**	<u>Cluster-1:</u> Argentina Brazil Paraguay Uruguay
** if not grouped with Bolivia and Peru under “Andean Countries”.		

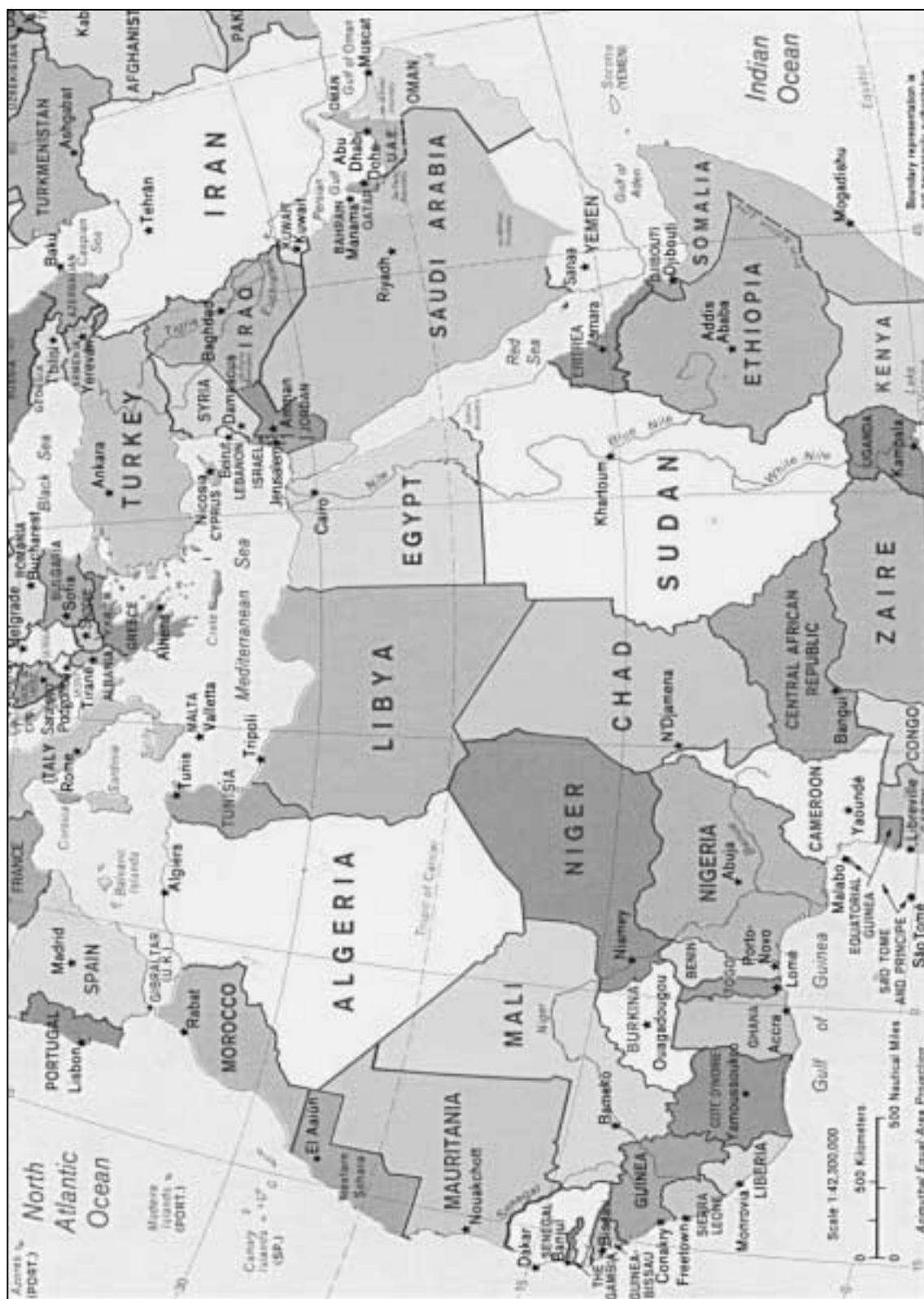
Region/Subregion/Group	Clusters	
	Option 1	Option 2 (3)
<b>EUROPE (Map 8)</b>		
<b>Group 1 (Map 8)</b>	Armenia* Azerbaijan* Belarus Georgia* Republic of Moldova Russian Federation Ukraine	Belarus Republic of Moldova Russian Federation Ukraine
<b>Group 2 (Map 8)</b>	Albania Bosnia and Herzegovina Bulgaria Romania The former Yugoslav Republic of Macedonia Yugoslavia	
<p>* if not grouped with Central Asian Member States. NB: Member States of Europe that are not listed here would be served direct from UNESCO Headquarters in Paris.</p>		

Map 1: Africa



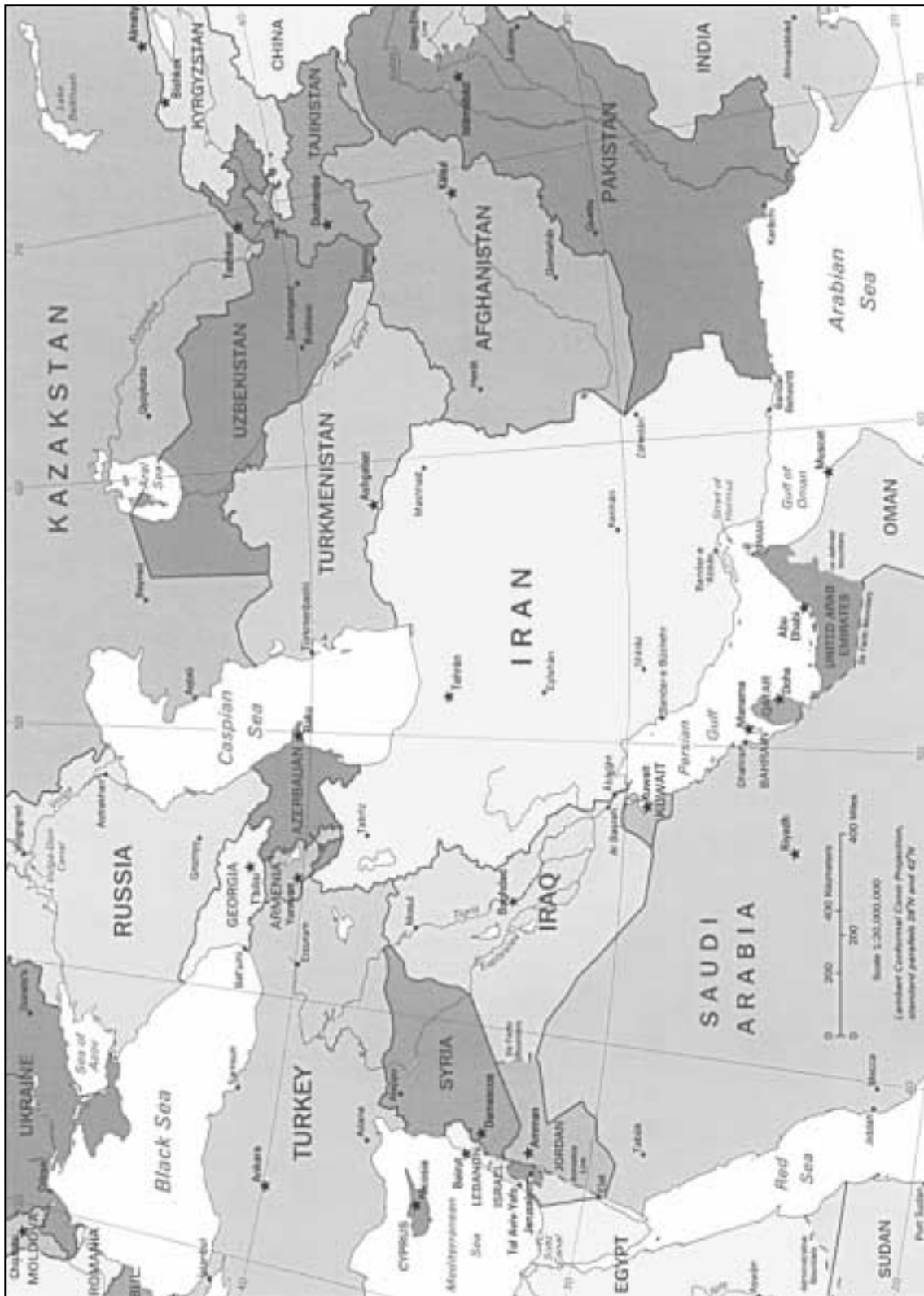
*Disclaimer: The depiction of boundaries and geographic names on this map is not warranted to be error free nor does it necessarily imply official endorsement or acceptance by UNESCO.*

Map 2: Arab States



*Disclaimer: The depiction of boundaries and geographic names on this map is not warranted to be error free nor does it necessarily imply official endorsement or acceptance by UNESCO.*

Map 3: Central and South-West Asia



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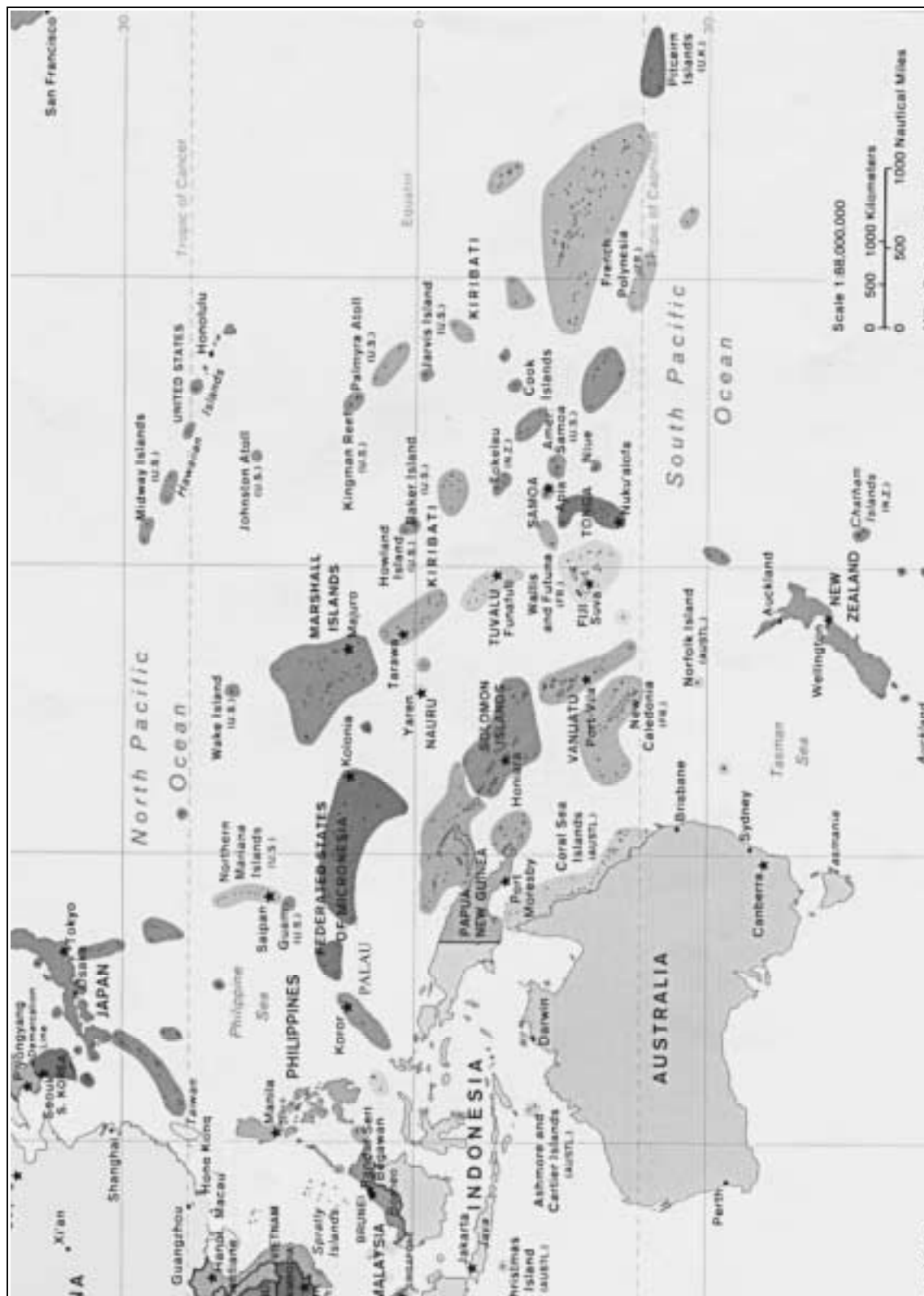
Map 4: Asia



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Map 5: The Pacific



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Map 6: Central America and the Caribbean



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## Map 7: South America



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Map 8: Europe



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**ANNEX 2**  
**Possible options for the choice of cluster offices**

Region	Subregion/Group	Cluster (see Annex 1)	Possible cluster office*	
			Option 1	Option 2 (3)
AFRICA	1. Southern Africa	1	Luanda, Windhoek or Pretoria	<i>idem</i>
		2	Lusaka or Harare	Maputo, Lusaka or Harare
	2. Eastern Africa	1	Bujumbura, Dar es Salaam, Kinshasa, Nairobi or Kigali	Bujumbura, Kinshasa, Nairobi or Kigali
		2	Maputo	Dar es Salaam
		3	Addis Ababa	<i>idem</i>
	3. Central and Western Africa	1	Yaoundé, Bangui, Brazzaville or Libreville	<i>idem</i>
		2	Porto Novo, Accra or Abuja	Abidjan, Porto Novo, Accra or Abuja
		3	Conakry or Dakar	<i>idem</i>
		4	Abidjan, Ouagadougou or Bamako	<i>idem</i>
	ARAB STATES	1. Maghreb	1	Rabat or Tunis
2. Red Sea States		1	Cairo	--
3. Gulf States		1	Doha	--
4. Middle East States		1	Amman, Beirut or Ramallah	--
ASIA AND THE PACIFIC	1. Central Asia	1	Teheran or Islamabad	Teheran
		2	Almaty or Tashkent	<i>idem</i>
	2. South Asia	1	Dhaka, New Delhi or Kathmandu	Dhaka, New Delhi , Kathmandu or Islamabad
	3. East and South East Asia	1	Beijing	--
		2	Phnom Penh, Bangkok or Hanoi	--
	3 **	Jakarta	--	
4. Pacific	1	Apia	--	
LATIN AMERICA AND THE CARIBBEAN	1. Central America	1	San Jose, San Salvador, Guatemala City, Mexico City or Panama City	--
	2. Caribbean States	1	Bridgetown, Kingston, Havana, Santo Domingo, Port-au-Prince or Port of Spain	--
	3. Andean Countries	1	La Paz, Quito, Lima or Caracas	Caracas ( <b>option 3</b> : Caracas or Quito)
		2	--	La Paz , Quito or Lima ( <b>option 3</b> : La Paz, Santiago or Lima)
4. MERCOSUR countries and Chile	1	Buenos Aires, Brasilia, Santiago, Asuncion or Montevideo	Buenos Aires, Brasilia, Asuncion or Montevideo	
EUROPE	Group I	1	Moscow	<i>idem</i>
	Group II	1	Bucharest, Sarajevo	--

\* "Options" refer to cluster options as presented in Annex 1. City names correspond to existing offices that fall within clusters and could be chosen as a cluster office.

\*\* The Kuala Lumpur Office falling within this cluster will be closed.

### ANNEX 3

#### **Bases and assumptions for costing the two-tier approach to the cluster strategy**

1. Costings of the current field office system are based on budgetary allocations made for the 2000-2001 biennium (30 C/5).
2. Only staffing costs are calculated.
3. Indirect costs - of running and maintaining the offices - would remain as at present.
4. There would be 23 cluster offices across the four following regions: Africa, Arab States, Asia and the Pacific, and Latin America and the Caribbean. Costs are calculated on the basis of the most expensive of alternatives in each region.
5. In the fifth region, Europe, one of the four existing offices would be upgraded to cluster-office status, which implies additional costs, and all other costs would remain as at present. All Western Europe and possibly some Eastern Europe countries would be served direct from Paris.
6. Staffing levels used for calculation are those presented in paragraph 19 of the main text.
7. Current Regional Offices would be retained and single regional advisers would become part of cluster offices, and eventually of virtual regional bureaux.
8. The number of international professional staff in a regional bureau would be as follows: five each for education and science, and three each for social and human sciences, culture, and communication and information.
9. Out of the offices already existing in E-9 countries, three would become cluster offices, and six other remain as country-oriented ones. Each of the latter would include the basic staffing mix of four international professional staff and eight local staff.
10. Separation costs are estimated on the basis of current costs in each subregion.
11. Average costs of rotation between Headquarters and field and between field offices are based on actual staff rotations in 1998-1999 (i.e. 50% of rotations are between Headquarters and field and 50% between field offices).

ANNEX 4

Action plan and timetable of the decentralization reform (until 2004)

Actions	2001												2002												2003											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
<b>I. Rational field network</b>	◆																																			
<i>Finalize choice of clusters and cluster offices</i>	█																																			
<i>Close offices that do not fit into system</i>													█																							
<i>Set up alternative arrangements for UNESCO presence</i>													█																							
<i>Develop Cluster Human Resources Map</i>	█																																			
<i>Establish regional coordinating function</i>													█																							
<i>Strengthen cluster offices through staff transfers</i>													█																							
<i>Refocus regional bureaux</i>													█																							
<i>Accelerate cluster office staffing</i>													█																							
<i>Strengthen regional bureaux in HR</i>													█																							
<b>II. Bureau of Field Coordination (HQ)</b>	◆																																			
<i>Identify functions to be transferred to BFC from parent sectors</i>	█																																			
<i>Transfer parent sector administration to BFC</i>													█																							
<i>Develop full field desk system in BFC</i>													█																							
<b>III. Related HR policies</b>	◆																																			
<i>Develop pools of directors of field offices and administrative offices</i>	█																																			
<i>Develop field-based training and mentoring programme</i>													█																							
<i>Develop decentralized management of local staff</i>													█																							
NB: other related HR policies are covered in Part I of document 160 EX/6																																				

**Hundred and sixtieth Session**

160 EX/6 Part III Corr.2  
PARIS, 6 October 2000  
Original: English/Spanish

Item 3.1.2 of the provisional agenda

**REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS  
AND TIMETABLE FOR ITS IMPLEMENTATION, INCLUDING THE FINANCIAL  
ASPECTS AND THEIR IMPACT UPON THE ORGANIZATION'S NEXT BUDGETS**

**PART III**

**DECENTRALIZATION**

**CORRIGENDUM 2**

In Annex I – page 12 – Map 7: South America, at the bottom of the map, should read:

Falkland Islands/Islas Malvinas  
South Georgia and the South Sandwich Islands/Georgias del Sur y Sandwich del Sur.



Map 7: South America



Disclaimer: The depiction of boundaries and geographic names on this map is not warranted to be error free nor does it necessarily imply official endorsement or acceptance by UNESCO.

\* The Falkland Islands/Islas Malvinas, South Georgia and the South Sandwich Islands/Islas Georgias del Sur y Sandwich del Sur are the subject of a sovereignty dispute between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland.

**Hundred and sixtieth Session**

160 EX/6 Part IV  
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Original: English

Item 3.1.2 of the provisional agenda

**REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS  
AND TIMETABLE FOR ITS IMPLEMENTATION, INCLUDING THE FINANCIAL  
ASPECTS AND THEIR IMPACT UPON THE ORGANIZATION'S NEXT BUDGETS**

**PART IV**

**CONCLUSIONS**

**SUMMARY**

Following the main reform thrusts outlined to the Executive Board at its 159th session (159 EX/5) and in accordance with 159 EX/Decision 3.1.2, the Director-General presents an action plan and timetable of the reforms, together with their financial implications for the Organization's budget.

Part IV contains a recapitulative overview of the various aspects of the reform process and a draft decision covering all four parts of document 160 EX/6.

Decision required: paragraph 8.

## CONCLUSIONS

1. In the first three parts of the present report, the Director-General presented action plans and timetables for reforming the Secretariat, including staff policy, structure and management, and decentralization.

2. It should be recalled, however, that the ultimate purpose of the reform is to refocus UNESCO's programme in order to enhance its effectiveness and relevance to the needs of the Member States.

3. Reorienting UNESCO's action and increasing its efficiency and effectiveness will require a new working culture that must be embraced by the Secretariat as a whole and will require time to take root. New working procedures and management approaches can only be effective when fully appropriated by staff. At the same time, for new programme orientations to bring expected results, they should be supported with reformed implementation "tools": revitalized human resources, modernized management, administrative procedures and structures, including a rationalized field network, and an adequate technical infrastructure.

4. While all these objectives cannot be achieved immediately, efforts should be made to accelerate the processes. Such efforts have a cost. That is why in his preliminary proposals for the Draft Programme and Budget for 2002-2003 (160 EX/5) the Director-General does not envisage to reduce staff-related expenditure. He believes, and the experience of many other organizations proves it, that revitalization is not compatible with downsizing.

5. Consequently, the Director-General has undertaken to identify additional resources that would be required during the next biennium in order to implement the various reform components as described in Parts I, II and III of the report. It should be stressed, however, that the allocation of such additional resources would be a one-time investment in order to boost the reform process.

6. The total amount of such additional resources is estimated at **US \$17 million**, including US \$5 million for staff policy, US \$3 million for management systems and US \$9 million for decentralization.

7. In his preliminary proposals for the Draft Programme and Budget for 2002-2003 (160 EX/5), the Director-General presents a proposal on how to secure the necessary reform funding for this crucial limited period.

8. The Executive Board may wish to consider the following draft decision:

The Executive Board,

1. Having examined document 160 EX/6 (Parts I, II, III and IV),
2. Recalling Articles IV.B.2 and V.B.6(b) of the Constitution relating to the functions of the General Conference and of the Executive Board,
3. Recalling also 30 C/Resolution 70, 30 C/Resolution 72, 30 C/Resolution 83 and 30 C/Resolution 84, as well as 159 EX/Decision 3.1.2, concerning staff questions and the methods of work of the Organization,

I

4. Takes note of the action plan and timetable for the implementation of the new staff policy based on proactive recruitment, a competency-based approach to staff performance and a dynamic career development policy, intensive and targeted training programmes and modern working arrangements;
5. Supports the proposal to allocate substantial financial resources (of the order of 2% of staff costs in 2002-2003 and 3% of staff costs in 2004-2005) to staff training, which is crucial for the revitalization of the Organization's human resources;
6. Notes that the additional costs of the human resources reform are estimated at US \$5 million for the 2002-2003 biennium;

II

7. Takes note with appreciation of the efforts made by the Director-General in order to rationalize the structure of the Secretariat and to reduce the number of staff in higher level posts so as to achieve a more balanced post structure;
8. Further takes note of the action plan and timetable for the introduction of a modern management system to ensure effective delegation of authority and accountability in the Secretariat;
9. Notes that additional resources, estimated at US \$3 million, will be needed in 2002-2003 to cover expenses related to the management systems reform;

III

10. Endorses the basic principles of the decentralization reform, aiming at the establishment of a rational network of field offices, supported by appropriate personnel policies and a central structure at Headquarters;
11. Further endorses the two-tier approach to the cluster strategy, including:
  - (i) *cluster offices* serving a manageable number of Member States and responsible for programme delivery at national and subregional levels;
  - (ii) *regional bureaux* building upon the existing Regional Offices and acting as poles of expertise to backstop cluster offices and to implement and coordinate regional programmes in UNESCO's various fields of competence;
12. Agrees that on an exceptional basis, a limited number of *single-country offices* needs to be maintained, in particular in E-9 countries, in line with the criteria contained in paragraph 25 of Part III;
13. Welcomes the Director-General's commitment to maintain a continued UNESCO presence in the Member States in which offices will be closed, choosing in each case the most cost-efficient option that would ensure an effective implementation of UNESCO's programmes and projects;

14. Invites the Director-General to take full account of Member States' views and those expressed by the Executive Board at its current session on the choice of clusters of Members States;
15. Concurs with the criteria for the selection of field units to serve as cluster offices;
16. Takes note with appreciation of the special measures envisaged by the Director-General in favour of locally recruited staff who may need to be separated if an office closes;
17. Notes that additional resources, estimated at US \$9 million, are needed in 2002-2003 for developing and sustaining the necessary momentum of the decentralization reform;

IV

18. Endorses the Director-General's proposal to boost the reform process through the allocation of a start-up budget estimated at US \$17 million for 2002-2003;
19. Urges the Director-General to start, as soon as possible, the implementation of the reform action plans on staff policy, Secretariat structure and management systems, and decentralization, and to report to it thereon at its 161st session.