

Hundred and seventy-fourth session

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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

SUMMARY

In accordance with 171 EX/Decision 5 (I) of the Executive Board, the Director-General presents a report on the implementation of the staff policy, including the results of the policies already in place.

Decision proposed: paragraph 23.

Introduction

1. At the 171st session of the Executive Board, the Director-General presented a progress report on the staff policy reform, in which he outlined the main results achieved in the implementation of the human resources policy framework and presented the medium- and long-term staffing strategy. The Board expressed its appreciation for the progress achieved and invited the Director-General to pursue the implementation of the human resources policy framework, and in doing so to ensure that particular attention be paid to the role of the consultative machinery in improving staff morale. The Executive Board invited the Director-General to report back on the implementation of the staff policy at its 174th session, including the results of the policies already in place and to present a first review of the medium- and long-term staffing strategy at its 176th session (171 EX/Decision 5 (I)).

2. This document provides the Executive Board with an update of the staffing situation in 2004-2005, as well as a progress report on the implementation of the human resources policy framework since the 171st session.

Update on staffing in 2004-2005

Headquarters-field distribution in 2004-2005

3. As of 1 January 2006, the distribution of UNESCO regular budget staff shows that 69% (1,181) of the staff is at Headquarters and 31% (519) is in the field. In January 2000, 74% of the staff was at Headquarters and 26% in the field.

Recruitment in 2004-2005

4. In 2004-2005, a total number of 246 posts (31 D and 215 P) at the professional level and above were advertised, a figure comparable to the 255 posts advertised in 2002-2003. The number of applications remained high, with around 44,600 applications received in 2004-2005, compared to 48,000 in 2002-2003.

5. Over the same two-year period, a total of 210 appointments were made to posts at the Professional and above level (185 to P posts, including 20 Young Professionals and 25 to D posts), compared to 256 appointments made in 2002-2003. Of these 210 appointments, 102 (49%) were internal candidates and 108 (51%) external candidates. In the Director category, 12 (48%) appointments out of 25 were external candidates. Of the total 108 external recruits to P and D posts, 44% (48) were candidates from under-represented Member States (36) and non-represented Member States (12).

Senior management staffing

6. As shown in Table I below, the senior management levels remain stable with a total of 91 staff members in the Director category as of 1 January 2006, below the ceiling of 101 D and above posts established in the 33 C/5.

Table I: Senior management posts/staff

Senior management posts	Posts in 32 C/5	Posts in 33 C/5	Staff as at 1/1/2006
DDG	1	1	1
ADG	10	10	9
D-2	25	23	20
D-1	61	67	61
Total	97	101	91

Young Professionals Programme

7. Twenty Young Professionals joined UNESCO in 2004-2005. From these, eight came from non-represented Member States and 12 from under-represented Member States. The selection process for the intake of 2006 has been completed and 10 new Young Professionals (among which seven women) were selected among 357 applicants. Of this group, eight Young Professionals are nationals from under-represented Member States and two from non-represented Member States. The majority is assigned to programme sectors, i.e. Education, Sciences (hydrology, ecological sciences), Communication and Information and Social Sciences.

Promotions in 2004-2005

8. The competitive selection for a vacant post and the reclassification of a post following job growth are the two main avenues for promotions in UNESCO. In 2004-2005, a total number of 243 staff members were promoted (153 Professional staff, 79 General Service staff, and 11 National Professional Officers) a figure comparable to the 249 promotions in 2002-2003. Of these 243 promotions, 112 resulted from a competitive process (46%), 80 resulted from post reclassification (33%), 51 resulted from advancement in split-grade posts (P-1/P-2) (21%). Table II indicates the breakdown of the promotions by category.

Table II: Breakdown of promotions by category of staff and location

Type of promotions	P/D		Total P/D	NPO Field	GS		Total GS	TOTAL
	HQ	Field			HQ	Field		
Through competitive process	44	18	62	6	29	15	44	112
Through reclassification	40	7	47	5	7	21	28	80
Promotion in a split grade	38	6	44	0	7	0	7	51
Total	122	31	153	11	43	36	79	243

Update on the implementation of the human resources policy framework

9. This section summarizes the main results achieved since the last session of the Executive Board in May 2005.

Recruitment

10. The **Recruitment policy**, introduced in 2003, is more rigorous and more transparent as it requires the establishment of pre-selection and evaluation panels. Some delays, however, are caused

by the time it takes to evaluate the high number of applicants to vacant posts. To improve the timeliness and quality of recruitment, the following measures have been taken:

- a **global recruitment exercise** has been launched in January 2006, with the advance and simultaneous advertisement, internally, of all Professional and General Service posts (Headquarters only), vacant or to become vacant in 2006 (some 25 P posts at Headquarters and about 15 P in the field, and 30 GS posts at Headquarters);
- **service standards**, in the form of maximum time-frames have been set for the completion of each phase of the recruitment process. These standards were distributed to recruiting managers. It has also been decided that posts which are not filled within a maximum period of one year will be considered for redeployment to other priority areas;
- **standard recruitment criteria** for Professional and General Service posts, based on other United Nations agencies standards, were put in place; the selection process for internal recruitment was streamlined (one panel instead of two); specific guidelines were issued by HRM to assist managers in the preparation of vacancy notices;
- changes were introduced to the mandate, composition and functioning of the **Advisory Board for Individual Personnel Matters (PAB)**, the joint body that submits recommendations to the Director-General, and its role was clarified. Furthermore, the PAB was entirely renewed after elections were held, and members were provided with specific training.

Rotation

11. The **Rotation** policy, implemented in November 2003, introduced mandatory rotation for newly appointed staff, whilst rotation remains voluntary for existing staff for a five year-period. In 2004-2005, 80 Professional staff moved between duty stations (e.g. 8% of the total international professional staff). From these, 26 moved from Headquarters to the field, 20 from the field to Headquarters and 34 between field offices. However, the voluntary nature of the rotation policy and the institutional culture remain constraining factors in the implementation of the policy, as implementation of a systematic rotation requires a shift of mindsets across the Organization. HRM is currently reviewing the policy to identify the changes required to enhance and facilitate staff rotation. Consultations were held with the Advisory Council on Personnel Policies (ACPP) in December 2005, and further consultations are planned with Senior Management and the Staff Associations, with a view to preparing proposals in 2006.

Performance assessment

12. In February-March 2006, the final phase of the **Performance Assessment** cycle will be implemented across the Organization, thus bringing to completion the first two-year performance cycle which started in 2004 under the new policy. During this last phase, supervisors conducted the final performance review of their staff, including a mandatory performance discussion and an assessment of results and achievements for 2004-2005. Review Panels set up in each sector, bureau and field office, reviewed the performance reports to ensure the quality, objectivity and consistency of performance evaluations. The most important improvements of the new performance assessment process include the following: the definition of expected results for each individual staff, the agreement of learning and development objectives and actions to support the achievement of results; the mandatory performance discussion; the reinforcement of managerial accountability with the assessment of key managerial competencies for senior managers and the assessment of

performance management responsibilities for all supervisors. Specific performance agreements are also to be introduced in 2006 for senior management staff.

Promotion

13. To complement the existing **Promotion** policy, the Bureau for Human Resources Management is currently undertaking a review of various merit promotion schemes in other United Nations/international organizations, and will submit proposals for a merit promotion programme within UNESCO by June 2006.

Learning and development

14. In 2004-2005, the approved Learning and Development Plan was implemented within the framework of the new **Learning and Development policy**. The policy sets out clear principles, guidelines and accountabilities, and established the Learning and Development Commission with representatives from sectors and from the field, which played a key role in programming, implementing and monitoring the learning and development activities.

15. The increase of the training budget (from US \$400,000 in 2000-2001 to \$6 million in 2004-2005, representing 2.3% of total staff costs) has led to a significant expansion of the training activities in 2004-2005. An amount of \$4 million has been earmarked for corporate training activities, while \$2 million were delegated to sectors, bureaux, field offices and institutes (category I) to support their specific training needs. There were some 3,500 participants in training sessions in 2004-2005.

16. During 2004-2005, the corporate training programme focused on four main objectives:

- *The enhancement of the management and accountability culture:* training was provided on Results-Based Management (RBM), Self-Evaluation and Senior Management Development;
- *The enhancement of the organizational effectiveness:* training was provided on the improvement of Field Offices Management and Field Administrative Officer skills. A new induction programme was developed for newly recruited staff at Headquarters supported by a CD-ROM “Welcome to UNESCO”. Staff at Headquarters and in the field were provided with the opportunity to upgrade their skills in MS Office, SISTER, FABS and WEB as well as improve their language skills in the six official languages with a special focus on the two working languages of the Secretariat.
- *The enhancement of knowledge and skills:* training was provided on the United Nations programming tools (CCA/UNDAF), on a human rights based approach to programming and gender equality issues in all UNESCO programmes, as well as on the prevention of HIV/AIDS in the work place in the field offices.
- *The support to learning and development activities:* A Multimedia Centre was set up at Headquarters, and new e-learning tools and language self-learning packages were developed. The following corporate training courses and learning initiatives were supported with interactive CD-ROMs: Field Office Management and Field Administration courses; Welcome to UNESCO (for new recruits) and Welcome to UNESCO (for members of Delegations to the General Conference); Introduction to the Web; Human Rights-based approach to Programming; Guidelines for the Programming and Monitoring of Learning activities.

17. For 2006-2007, a new training framework was prepared by the Learning and Development Commission and approved by the Director-General. This framework sets out six major objectives:

- *To enhance the positioning of UNESCO within the United Nations system* with key activities such as the Follow-up to training on Common Country Programme Exercises and Implementation of the UNAIDS Learning Strategy;
- *To enhance partnership building* with the development of self-training for fund-raising and negotiation skills;
- *To enhance the management and accountability culture* through leadership and change management training, finance and administrative risk management training and roll-out field office management training;
- *To enhance programming and delivery* by mainstreaming human rights, gender and youth and increasing specific technical competencies in the area of results-based management (RBM), post-conflict training, project management and linguistic and informatics skills;
- *To increase upward mobility* of staff by providing opportunities for staff career development;
- *To support learning and development activities* through e-learning and through the provision of specific learning materials.

18. Furthermore, in order to support the monitoring and evaluation of training activities, a training database has been developed to record evaluation results provided by participants for each course.

Human Resources Manual

19. After reviewing the current Human Resources Manual and identifying the changes to be made, it was decided that an update of the Manual would not meet the needs of the Organization and that a completely new online, user-friendly Human Resources Manual was required. This new manual will cover all areas of Human Resources Management, including areas which are not yet covered, such as performance management and conflict-resolution mechanisms. The work is divided into four segments: Drafting, Validating, Developing the online tool (including testing), and Communicating. It is planned that key chapters of the Manual be completed and validated by June 2006, while the full Manual will be completed and online by end of 2006. A full-time HRM staff member has been assigned to work on this project.

Staffing arrangements for post conflict situations

20. To support UNESCO's action in post-conflict situations, the Bureau for Human Resources Management has put in place specific measures to facilitate the rapid deployment of qualified staff to post-conflict areas where UNESCO's presence/action is required at short notice. They include a pool of qualified staff able to operate effectively in post-conflict situations and available at short notice for missions of up to six months. To set up this pool, specific profiles were developed for each area of expertise required in post-conflict situations. These profiles were advertised in February 2006 and interested staff were asked to submit their applications. After a selection process, staff retained are included on a roster managed by the Bureau of Human Resources Management. Training is provided to all candidates on the roster. The tailor-made training programme focuses on individual preparedness and targets essential skills required in post-conflict

situations, including security and safety management, programme delivery, people management and knowledge of the inter-agency environment.

Consultative process with staff associations

21. In 2004-2005, the consultations with the staff representatives and joint staff/management bodies intensified. The ACPP (Advisory Council on Personnel Policies), a joint staff/management consultative body that advises the Director-General on general staff matters, met regularly throughout the biennium to discuss and review policy issues. In December 2005, the ACPP held a two-day retreat organized by the Bureau of Human Resources Management to discuss career development and rotation in UNESCO and to submit recommendations to the Director-General.

22. Consultations on staff matters take place on a regular basis between the two staff associations and management at two levels: Both staff associations (STU and ISAU) have monthly meetings with the Deputy Director-General and the Director of Human Resources Management, and monthly meetings with representatives of the Bureau for Human Resources Management to discuss operational matters. These meetings allow for a continuous and constructive dialogue between the staff representatives and management. They have proved helpful in enhancing mutual understanding and conflict prevention.

Proposed draft decision

23. In the light of the foregoing, the Executive Board may wish to consider the following draft decision:

The Executive Board,

1. Recalling 171 EX/Decision 5 (I),
2. Having examined document 174 EX/6 (Part I),
3. Takes note of the work accomplished to develop and implement the human resources policy framework;
4. Invites the Director-General to pursue the implementation of the human resources policy framework and to report to it at its 176th session.

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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

SUMMARY

In conformity with item 2805.7 of the UNESCO Administrative Manual, the UNESCO Staff Union (STU) submits its observations on the report by the Director-General.

Introduction

1. The UNESCO Staff Union (STU) wishes to state at the outset that reform at UNESCO is taking place **in opposition to** the staff and using practices that sideline the staff from decisions concerning their working conditions. As a result, the “new policies” are merely theoretical constructions, which may be of high quality but cannot be applied on an everyday basis in the Secretariat.

2. With regard to the report submitted to the Executive Board, STU recalls that at the 171st session of the Executive Board and the 33rd session of the General Conference, staff representatives stressed the particularly low level of staff morale and the need to improve internal communication in the Secretariat and to establish genuine mechanisms for negotiation. STU’s analysis of the situation is that human resources management policies should not continue to be dictated *ex cathedra* but must take due account of the particular characteristics and needs of UNESCO staff members.

Consulting staff representatives

3. There are at present two consultative mechanisms: the Advisory Council on Personnel Policies (ACPP) and regular contact with the two staff associations.

4. More than a year ago, ACPP made recommendations on how to improve its own functioning which were to be transmitted to the Director-General by the Bureau of Human Resources Management (HRM). To date, no information about the Director-General’s reaction to these recommendations has been received, either by the members of the Council or by the representative staff associations and, of course, no improvement has been made to the working of ACPP.

5. STU, which has observer status with ACPP, has noted over more than three years that the Council is not very effective, since it is chaired by the Director of Human Resources (HRM) who – as she readily admits – is judge and party in the preparation and examination of policies applicable to staff management. The Council was originally designed to make proposals to the Director-General in the matter of staff policies. Since the present Director-General reactivated the Council, HRM has decided on a working method that has never been approved either by the staff associations, or by the elected or appointed Council members. Thus, HRM formulates texts which are submitted to the College of Assistant Directors-General and only asks ACPP to make corrections of form. The Council members have had to be quite persistent in order to ensure that relatively important adjustments were made to certain texts, but the spirit of each policy is unfortunately defined well before ACPP gets down to work. Consequently, whilst paying tribute to Council members, both those who are elected and those appointed by the Director-General, STU can only note the Council’s ineffectiveness, the consequence of its extremely limited room for manoeuvre.

6. At the December brainstorming meeting referred to in the document prepared by HRM – an extramural meeting in a first-class residence in the Paris region – the opinion of the STU observer (like that of certain members, moreover) was not taken into account and a methodology to bypass the usual procedures was decided on by HRM. If that is how things are done, STU wonders whether it should continue to sanction what passes for consultation.

7. At the same time, STU has been expressing satisfaction over the last year at the noticeable improvement in relations with HRM and the Deputy Director-General. Thus, the relations of the STU Executive Committee with Mr Barbosa are excellent. However, the scale of the problem is

such (number and seriousness of conflicts in the Secretariat) that monthly meetings are not enough to find solutions to ongoing questions and to agree on a future approach.

8. Likewise, relations with the Director of HRM and her Deputy could not be more cordial, but – despite all the goodwill of the members of the Executive Committee – recent attempts to solve individual problems have come up against an attitude that, although it remains inexplicable, seems to be deep-rooted in HRM and elsewhere (for example, ADM), an attitude according to which our association should only intervene in the life of the staff as a last resort, whereas STU's main preoccupation is to prevent conflict or to stop it as soon as possible.

9. Given that STU is not allowed to play fully its role of mediation, that colleagues are constantly being rebuked for approaching us and that the Administration has an opaque policy for dealing with individual matters, according to the nationality and personal relations of the person concerned, the widespread discontent in the Secretariat should come as no surprise.

10. Concerning general questions of staff policy, despite the particularly attentive attitude of the Deputy Director-General which we benefit from about once a month, STU has the impression that it does not take part in decisions concerning our working and, ultimately, our living conditions. This may be explained by the fact that current procedures do not involve genuine negotiation in the Secretariat.

Staff numbers and recruitment

11. The relatively new recruitment policy (integrated policy on recruitment, rotation and promotion) should in theory make for more rigorous and transparent staff management and recruitment. However, the procedures are vitiated by the “let's pretend” approach of Sectors and Bureaux which is sanctioned by HRM. The staff associations regularly draw attention to many irregularities, but their work as observers in the recruitment and redeployment process is often to no avail owing to HRM's policy of keeping up appearances instead of scrupulously observing the rules.

12. It is to be hoped that the new Advisory Boards for Individual Personnel Matters (PAB) will be able to work better, but without a clearly affirmed resolve on the part of HRM to respect procedures, the room for manoeuvre of the new members of the Boards will still be too limited.

13. HRM did announce the launch of a global recruitment exercise which has resulted in the advertising of some 60 posts due to fall vacant this biennium. The principle underlying the procedure is an excellent one, especially in a normal setting for the management of staff and the individual careers of staff members. At present, however, the UNESCO Secretariat is in the middle of a vital restructuring process. If the process is to be carried out transparently, the new structures (even if they are only prospective) should be defined well before starting recruitment. Otherwise, recruitment will take place, internally as well as externally, on the basis of structures which are very much under review. The only sector that seems to be applying this common-sense principle is the Education Sector which has refused to display any post vacancy notices until the restructuring project has been clearly defined. STU would like to see that principle applied to the Secretariat as a whole – recruitment should be halted during restructuring: the restructuring exercise and the redeployment that will inevitably ensue should be transparent and take place with the participation of the staff associations.

Rotation

14. During the discussion in ACPP of the draft rotation policy imposed by HRM, STU expressed its disagreement with the text and warned that it would be impossible to apply. The idea of greater mobility of staff between Headquarters and the Organization's field offices can be easily justified and may even be considered useful for the smooth running of the Secretariat. However, beyond the personal problems inherent in a career spanning several meridians, staff rotation at UNESCO should above all take account of the highly diversified professional profiles due to the Organization's very varied fields of competence.

15. HRM should admit that the rotation policy it has proposed has failed and should try to devise another philosophy of staff rotation and of career development. Just as HRM asserts that career development simply means a greater number of duty stations, so STU considers that the concept of merit promotion should be given recognition and integrated into staff rotation. Improved recruitment – more transparent, based on new criteria geared to staff rotation – a more informal style of evaluation and genuine staff training should contribute to a more versatile staff, ready to change duty stations more often.

16. STU urges the representatives of Member States to pay more attention to the management of the staff: the future of the Organization depends on it.

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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

ADDENDUM 2

SUMMARY

In conformity with item 2805.7 of the UNESCO Administrative Manual, the International Staff Association of UNESCO (ISAU) submits its observations on the report by the Director-General.

1. The International Staff Association of UNESCO (ISAU), which is representative of all the staff members of the Secretariat and their geo-cultural diversity, has received for comment the report by the Director-General on the reform process. In this contribution to the Finance and Administrative Commission's work under item 5 of the provisional agenda, ISAU sets out its observations on the first part of the report, devoted to staff policy, published under document symbol 174 EX/6 Part I.

2. The document reports on progress made in 2004-2005 in the reform of the Organization's human resources management, making a distinction between improvements made to the structure and composition of the staff on the one hand, and on the other, the policies of recruitment, rotation, performance assessment, promotion, training and career development, and the consultation process with the two staff associations.

3. ISAU has examined all these aspects in depth with an acute sense of its share of responsibility as regards reform, and the firm determination to contribute to change in a climate relatively marked by social dialogue, whose lasting development is one of its essential aspirations. In the hope that they will attract the attention of the participants in the Commission's debate, ISAU presents its opinions below following the order used in the document under consideration.

A. Update on staffing

4. We note the improvements made with regard to the distribution of staff between Headquarters and the field, recruitment, rotation, reduction of senior management, appointment of Young Professionals and promotions in 2004-2005.

5. We consider, though, that the low percentage of regular staff members working in the field (31%) in relation to those at Headquarters (69%) hardly constitutes progress in achieving the objectives of the decentralization policy.

6. It is also unfortunate that the rate of external recruitment (51%) is still higher than that of internal recruitment (49%) and that certain heads of services still prefer to recruit from outside the Secretariat instead of making an effort to facilitate internal advancement.

7. We welcome, of course, the promotions in 2004-2005, and those recently awarded to deserving colleagues in the General Service category (GS) who had remained stationary at the highest step of grade G-6 and/or G-7 for at least four years. We nevertheless deplore the fact that budget-tightening constraints continue to restrict significantly opportunities for promotion and have made it impossible to resolve amicably a few outstanding cases of GS post reclassification.

B. Update on the implementation of the human resources policy framework

Recruitment policy

8. We have noted the many initiatives taken by the Bureau of Human Resources Management (HRM) to take the reform forward and rationalize and modernize recruitment rules, procedures and management tools.

9. These include the global recruitment exercise launched at the beginning of this year, the service standards laying down maximum time-frames and standard recruitment criteria, the reduction in the post vacancy rate and recruitment time, the new online human resources manual and improvements made to the mandate, composition and functioning of the Advisory Board on Individual Personnel Matters (PAB).

10. Still, it is important to be aware that the apparently arbitrary nature of certain recruitments and promotions and the corresponding absence of career policy and operational monitoring of the main management principles are among the main objects of the requests for assistance and disputes submitted to IASU. The considerable freedom regarding recruitment given to managers nearly three years ago has on occasion had highly adverse effects, including in the area of rotation and mobility.

11. What indeed is the point of applying internally when the managers concerned have every intention of recruiting from the outside? How can one readily agree to leave Headquarters when that is where career opportunities are played out, near to decision-makers?

Staff rotation and mobility policy

12. ISAU has already had occasion to welcome the Director-General's undertaking to review this policy in order to make it more attractive and effective. It is naturally in favour of developing a strategy to give impetus to rotation and mobility, which should in addition benefit all staff categories, including GS and local staff, by clearly establishing the rights and obligations not only of the staff concerned but also of the Administration.

13. It was in this spirit that in December 2005, in the framework of the Advisory Council on Personnel Policies (ACPP), our representatives took part in what were in fact preliminary, but serious and constructive consultations which made it possible to identify the systemic difficulties revealed by the currently poor results of rotation and to formulate practical proposals to improve the policy.

14. We can confirm that the discussion will be pursued in ACPP with a view to finalizing the proposals in 2006. We believe, however, that nothing substantial will be achieved without far-reaching consultation with the staff in order to define the practical arrangements for rotation and mobility.

15. It is therefore necessary to extend the consultations to the Secretariat as a whole, so as to collect the ideas of all – men, women, single people, heads of household, staff members at Headquarters and in the field, including locally recruited staff, chiefs and their subordinates, new and experienced staff members, mobile staff and those with roots – and to draw from such consultations the bases of a strengthened policy in the matter.

16. In short, it is desirable for such a policy to be based on a shared choice, freely consented, preparation for return and for departure, monitoring of those who change locations, attention to the social aspects of the process. A policy taking into account that it must apply in several directions: between functions, services, sectors and from Headquarters to the field, certainly, but also from the field to Headquarters and between field offices themselves.

17. Such a policy must be accompanied by a strengthening of the management responsibilities of senior managers who are often poorly prepared for them. Lastly, the policy should have no reason to exclude *a priori* an entire category of staff: the GS and locally recruited staff who render distinguished service to the Organization.

Performance assessment policies

18. ISAU welcomes the effective introduction of the new assessment system and the imminent completion of the final phase of the two-year cycle that started in 2004. It also welcomes the implementation of a system to evaluate the performance of higher ranking staff members.

19. At this stage, when all the elements of the system have yet to be fully introduced, it would be premature to assess their effectiveness and consistency. We do consider, however, that as of now it must be ensured that promotion is based on continuous evaluation and career development, because it is by no means sure that a system of meritocracy based exclusively on performance assessment offers the best opportunities to put the best qualified individuals in the right posts.

20. The Administration should then proceed, as soon as possible, to formulate and adopt a comprehensive programme for career organization including a merit-based promotion system. Every effort must be made to complete the consultations that have already started on the matter with the staff representatives and apply a programme that will be of capital importance to the effective functioning of the performance assessment system.

Training and development policy

21. ISAU notes with interest the size of the training budget, at \$6 million, \$4 million of which is allocated to internal training and \$2 million to funding specific training needs.

22. We also acknowledge the usefulness of internal training programmes, which have enabled the development of a management and responsibility culture, the strengthening of administrative efficiency, the improvement of knowledge and skills and the use of new technologies to support training and development activities.

23. Likewise, we note positively the new training arrangements introduced for 2006-2007 which are intended to improve UNESCO's position within the United Nations system and encourage the creation of partnerships, the culture of management and responsibility, programming and execution, and staff advancement.

24. However, the document under consideration reports spectacular progress in paragraph 15 by stating that there were some "3,500 participants in training sessions in 2004-2005"! ISAU is of the opinion that this information must be taken with circumspection because, as far as we know, the total number of staff of the Organization was no more than 2,387 as at 31 December 2005.

Consultations with the staff associations

25. Strong supporters of social dialogue with the Administration, ISAU officers always prioritize the search for consensus solutions without compromising on matters of principle. They remain convinced, like the Director-General, that the fully-fledged participation of the staff and their representatives is more necessary than ever for the success of the reforms and the credibility of the Organization.

26. It is in this spirit that we maintain regular direct contact with the Deputy Director-General and DIR/HRM, in particular through the monthly consultations where improved understanding of certain difficulties encountered by the staff is starting to bear fruit, as the useful role played by our representatives is becoming more recognized and appreciated.

27. Likewise, we endeavour to calm tensions and to contribute, where necessary, to the resolution of social conflicts and disputes. For instance, in July and August 2005, representatives of the Association assisted GS colleagues in their meetings with the Deputy Director-General for the purpose of reaching amicable solutions to post reclassification appeals.

28. We are pleased to be able to say that discussions within ACPP on reform projects have been calm and effective. The good working atmosphere that prevails in this key body for consultation

gives ISAU, the staff and, we believe, the Director-General himself grounds for confidence. There is no reason for that to change, especially as a packed agenda awaits ACPP in the months to come.

29. Of course, we encourage other union representatives and members of PABs to take the same positive attitude and to let their reactions be inspired by best practices of representation in the United Nations common system.

30. The backdrop to the current reforms is indeed the common system, and the recommendations of the International Civil Service Commission (ICSC), with sometimes adverse effects on the conditions of employment and service in international organizations, including our own. Our GS colleagues in fact already had a bitter taste of it last year when the Director-General was obliged to apply a decision to them based on the results of the most recent salary survey in Paris, pursuant to an ICSC recommendation.

31. The frustrations and expectations expressed at that time by these colleagues were nevertheless the subject of constant action by ISAU, the only association determined to further by dialogue the much awaited settlement of the 35-hour working week issue and salary survey methodology.

32. Indeed, it was on the initiative of ISAU that the representatives of all international civil servants adopted a “motion to support UNESCO GS in Paris” after a symposium organized jointly in September 2005 by the International Labour Office Staff Union and the Coordinating Committee for International Staff Associations and Unions of the United Nations System (CCISUA), of which ISAU is a founding member and has been third Vice-President on three occasions.

33. It was also at the request of ISAU that the “motion” was unanimously endorsed by CCISUA members at its twenty-first annual General Assembly, held at United Nations Headquarters, New York, in February 2006.

34. Lastly, and we take pleasure in emphasizing it here, we are working together with the Director-General, Deputy Director-General and DIR/HRM to find lasting solutions for the benefit of GS staff. The same goes for the Chairman of ICSC, who recently received the President of ISAU when the latter was attending the CCISUA General Assembly in New York, for an exchange of views that was particularly promising for GS staff.

35. This constructive approach cannot however meet ISAU’s more basic concerns, with regard to conflict prevention and the settlement of disputes. Somewhat curiously, the document under consideration does not mention any progress made in the implementation of the new system established to that end, which places more emphasis on the prevention of disputes, mediation, conciliation and arbitration by the Appeals Board, and even the “good offices” of the staff representatives.

36. Could this oversight be due to the fact that all too often the Administration loses cases before the Administrative Tribunal of the International Labour Organization (ILOAT) that could definitely have been avoided, either through strict observance of the rules and procedures in force, or after calm discussion with those responsible who are sometimes unaware of the rules of law? How much does this drain the Organization’s budget? Should it be seen as a consequence of a practice of human resources management that makes a priority of conflict over consultation?

37. That we are never informed of ILOAT jurisprudence in its judgements concerning UNESCO is all the more surprising given that one of the Director-General’s objectives used to be to reduce the number of cases dealt with by the Appeals Board!

38. We hope that this result has not been reached either by bypassing the Appeals Board in favour of turning directly to ILOAT – a policy reminiscent of Pontius Pilate, in short! – or by the negative effect of other measures that form part of the new human resources management policy, starting with recruitment, selection and promotion procedures.

39. When all is said and done, there is indeed a lack of control over human resources management, and this is one of the recurrent concerns that we raise with the Deputy Director-General and DIR/HRM. It is also what is at stake in the commitments made and decisions taken by the Director-General himself, in the message addressed by him to the Secretariat as a whole on 15 November 2005.¹

40. In view of the observations above, ISAU endorses the adoption of the draft decision proposed to the Executive Board as contained in paragraph 23 of document 174 EX/6 Part I.

For the ISAU Executive

[signed]

Sidiki Coulibaly
President

¹ See the views of ISAU on the Director-General's message as contained in our newsletter *Verba et Acta*, Episode 11, published on 22 December 2005 under the title "Reform doctor on the alert for our rights and the change".

Hundred and seventy-fourth session

174 EX/6
Part II
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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART II

NEW MANAGEMENT TOOLS

SUMMARY

In accordance with 171 EX/Decision 5 (II), the Director-General presents a progress report on the implementation of the reform, including staff policy and new management tools.

Part II of the report is devoted to the status of implementation of the new integrated management information system, covering programme and budget, finance and accounts, and human resources and payroll, since April 2005.

Decision proposed: paragraph 29.

Introduction

1. The present document is a progress report on the implementation in UNESCO of the new integrated management information system (see Fig.1) to support the Organization's transition towards results-based management (RBM) and as such, provides an update of the information contained in documents 171 EX/6 Part II, 172 EX/4 Part I, 172 EX/INF.5 and 33 C/25. It should be recalled that the first of the system's three main components – System of Information on Strategies, Tasks and Evaluation of Results (SISTER) – covers programming, management, monitoring and reporting, and has been in operation since 1998. The second component – Finance and Budget System (FABS) – was introduced at Headquarters in 2002 and is currently being rolled out to the field units, while the third component – a system for human resources management is scheduled for implementation in the current biennium. Once all these components are fully deployed and integrated, the Organization will have at its disposal a modern and powerful ERP¹ system enabling it to manage and monitor in real time all its activities and resources, making use of a single set of reliable substantive, financial and administrative data.

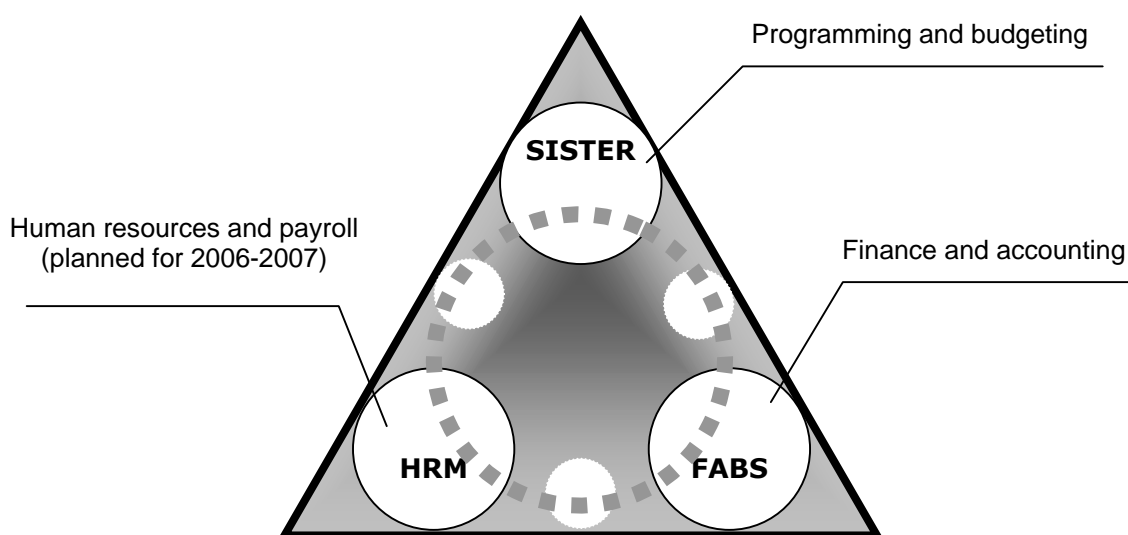


Fig. 1: New integrated management information system

The new SISTER: Final preparations before going live

2. As has already been reported, work is under way to replace the technical platform of SISTER, which had become outdated resulting in low performance and user's growing dissatisfaction. In this connection, it is important to make a clear distinction between the obsolescence of the initial technical solution largely responsible for the performance problems and the conceptual strengths of the system which for the first time in the history of the Organization allowed clear emphasis to be placed on its programme's results and impact, while providing at the same time an indispensable programme management and monitoring tool for the Secretariat and the Member States.

3. Further to the review of the system specifications completed in December 2004, a new technical solution has been designed and built by a specialized IT company, under the supervision of a high-level Steering Committee. Due to the system's intrinsic complexity and the need for extensive consultations with the different process owners and key-users, the implementation has been organized by phases, starting under document 32 C/5 and to be completed under document

¹ Enterprise Resource Planning.

33C/5. However, in order not to delay the preparation of the 33 C/5 work plans, a special temporary web-based solution was put in place, from which the work plan data will be migrated to the new SISTER as soon as it becomes available.

4. The first phase has been completed, and the user acceptance tests for the first set of system functions were carried out during January 2006. The system is going live in its Participation Programme part in February 2006. This will be followed by the regular programme part to be introduced by the end of March 2006. The final set of functions, related to extrabudgetary resources is to be finalized by the end of June 2006.

FABS: Rollout to field offices and institutes

5. As FABS at Headquarters has completed its fourth year of operation, the main thrust of its deployment since 2004 has been its gradual but steady rollout to the field with a view to ensuring that all UNESCO's financial transactions are properly recorded in the central accounting system and that the Secretariat has at all times a complete and up-to-date picture of the Organization's financial situation.

6. Considering the limited budgetary and human resources available, both at Headquarters and especially in the field, the FABS deployment strategy has been based on a phased and modular approach, whereby the system is deployed to a group of field units at a time and module by module.

7. Following the deployment of the Funds Management (FM) module (used in particular for budget consultation and funds reservation),² it was the Finance (FI) module that was given top priority for 2004-2005 so that the majority of the field financial transactions can be captured in real time by the end of the biennium. The Travel (TV) and Material Management (MM) modules will follow allowing the field financial information in FABS to be refined and enriched with all necessary details.

8. Since the 171st session of the Executive Board (April 2005), the deployment of the FI module,³ which started in June 2004, has made good progress. Seventeen officers have joined the finance module of FABS, bringing the total number of offices using FABS FI to 30 and the number of trained FI users to 70. Furthermore, the accounting system used by UNESCO Office in Brasilia (SICOF) is being interfaced with FABS to enable automatic data transfer. Together, these offices account for over 90% of the total volume of field office transactions. Some 10 other field units are to join FABS FI in the current biennium. The deployment of FI to field offices would then be considered completed since it appears more cost-effective to bring the financial data of the remaining smaller offices into FABS through a simpler Extranet tool, instead of deploying a full FABS solution.

9. The benefits resulting from the FABS rollout are already beginning to be felt both in the field and at Headquarters. According to a benefits realization survey, the FABS rollout contributed to reducing the related temporary assistance costs at Headquarters by 50% by reorienting part of the DCO role from imprest processing to back-stopping and expenditure control. It also enabled the field offices concerned to reduce the number of photocopies made per office per month by more than 1,000 in addition to reducing pouch expenses.

² Available in some 50 decentralized units with more than 100 users trained.

³ Since access to this module has a direct impact on the Organization's accounts, a special accreditation process has been put in place as described in detail in the previous report (171 EX/6 Part II), to make sure that the recipient offices have the required capacities but also the necessary controls in place in order to be able to use this module safely and effectively.

10. The field offices surveyed also feel that FABS reduces mistakes, saves time and simplifies internal processes, reducing workload and increasing accuracy and transparency, and that the system, in fact, makes it easier to implement audit recommendations. For example, the number of postings needing adjustment in the field offices using FI is around 2.5%.

11. As more and more offices integrate FABS, this is clearly helping to solve the problem of suspense accounts. It provides ADM/DCO staff with a tool to better manage and monitor in real time the field accounting and financial situation, thus enabling them to react faster in order to correct or even prevent errors. Coupled with the considerable overall efficiency gains in the reorganized ADM/DCO, it has yielded very convincing results. By end December 2005, the total value of suspense accounts for the offices using FI solution was \$5,000, which represents a reduction of 99% compared with June 2004 (beginning of the FI rollout).

12. Another major challenge has been the integration in FABS of UNESCO institutes and centres of category I. Indeed, the implementation of the new system could not be considered complete as long as a considerable part of decentralized expenditure – that of UNESCO institutes and centres – remained outside of the common accounting system. At the same time, the institutes and centres themselves needed an efficient and reliable financial management tool, the need for which has also been pointed out by the External Auditors.

13. These entities, however, required a different approach compared with field offices because of their specific statute (including functional autonomy, specific budget cycle and reporting needs). For example, they needed a comprehensive solution as opposed to a modular approach. Furthermore, for bigger institutes, their transition to a new accounting system had to coincide with the beginning of a new budget period so as to avoid heavy and time-consuming operations for data migration which would inevitably impact the programme implementation. That is why it was decided: first, to prepare an adapted FABS solution for institutes; second, as a matter of priority, focus on three UNESCO institutes: the International Institute for Educational Planning (IIEP), the International Bureau of Education (IBE) and the UNESCO Institute for Statistics (UIS); and third, schedule their integration in FABS for January 2006, so that they can start the implementation of document 33 C/5 in the new system.

14. The preparatory phase of the project was completed in August 2005 and the implementation phase was launched on 20 September 2005. Due to the sheer volume of work that needed to be carried out within a very short period of time, UNESCO teamed up with an external implementation partner who was to do the customizing of the Headquarters version of FABS, all the necessary testing and training of key users in the three institutes, as well as to ensure post go-live support.

15. Despite a number of difficulties throughout this complex and intense project, all the above tasks were successfully completed: the technical solution was built and tested with the participation of the three institutes and a total of 43 key users were trained simultaneously through 19 different training modules. The hardest proved to be change management as the recipient institutes had to rethink their working methods and organization in order to adapt them to modern accounting and management principles that the new system brought with it. All that coincided with the particularly busy time of the end of the biennium and required important additional efforts on the part of the concerned staff in the institutes. It was therefore thanks mainly to the exemplary mobilization of IIEP, IBE and UIS staff that FABS went live in all three institutes as planned in January 2006.

16. As was the case at Headquarters, some time will be needed before FABS usage there reaches its cruising speed. This will involve internal training of all end-users, consolidation of practical skills and fine-tuning of internal processes and roles. Nevertheless, the FABS go-live in IIEP, IBE and UIS represents an important accomplishment as now their budget execution totalling some

\$51.5 million per biennium will be monitored and accounted for in real time in accordance with modern standards of transparency and accountability. Other institutes, most of which are considerably smaller in size and volume of operations, should be integrated in FABS through appropriate procedures in the course of the current biennium.

17. It should be noted, that the true meaning of the integration in FABS of UNESCO institutes and centres of category I goes far beyond the purely financial and accounting gains, contributing as it does to their overall integration within the UNESCO system and to consolidating “one UNESCO” in accordance with the Overall Strategy for UNESCO Institutes and Centres, adopted by the General Conference at its 33rd session (33 C/Resolution 90).

18. Overall, considering the progress made and the tasks yet to be accomplished, as well as the budgetary resources available, it is reasonable to expect that the FABS deployment will be completed in the course of the 2006-2007 biennium, after which FABS-related operations would be limited to maintenance/improvements of the system and user support.

HR management information system: Implementation begins

19. Following two years of preparatory work, which started in early 2004 and included a comprehensive review and streamlining of HR processes, a review and harmonization of existing tools and databases, mapping of existing processes and needs, and choosing the most suitable technical platform, this project has now entered the implementation phase.

20. In choosing the best technical platform and the best implementation strategy, particular attention was paid to the experience of other United Nations agencies so as to profit from best practices and avoid known mistakes. It should be recalled in this context that the introduction of a modern HR management information system has been a major challenge across the entire United Nations system with differing approaches ranging from internally developed systems to “off-the-shelf” software packages. Today, the majority of the United Nations agencies have opted for one of the three main commercial solutions (ORACLE, PeopleSoft or SAP).

21. Of particular interest to UNESCO was the experience of UNICEF for which SAP has developed an “International Public Sector HR Solution”, adapted to United Nations common requirements in human resources management.⁴ The system is operational at UNICEF since April 2005 and would be a logical candidate for implementation by UNESCO. However, the Organization wanted to have assurance that this solution would indeed be best suited to its needs offering the best possible combination of efficiency, cost-effectiveness and user-friendliness, compared with the existing alternative solutions.

22. To that effect a feasibility study was carried out based on UNESCO’s streamlined processes and future requirements in the field of human resources management. A public tender for the technical platform was carried out in June-August 2005 resulting in firm and priced implementation proposals from ORACLE⁵ and SAP. An in-depth comparative analysis of the two proposals was carried out by an external consultancy firm specialized in this kind of studies, based on such criteria as functionality and user-friendliness, best process matching, compatibility with existing systems, implementation and operation costs, implementation time and possibility of phased implementation. The latter criterion was included in order to give priority to the implementation of a new payroll system to meet an urgent need for the Organization. Indeed, the existing payroll system is long

⁴ It should be noted that the same solution has now also been implemented in IOM, and ITU is about to start its implementation.

⁵ ORACLE, which in the meantime had acquired PeopleSoft, decided to propose only one, ORACLE-based, solution.

overdue for replacement based as it is on a legacy mainframe system, costly to maintain, difficult to modify to meet changing needs and critically dependent on a few remaining staff who can operate the old application.

23. The final report by the consulting firm submitted in early October 2005 contained a thorough analysis of both proposals against a total of 125 criteria. The report concluded that although both solutions could satisfy UNESCO requirements, SAP scored better on most criteria (115 out of 125) and in particular in such key areas as software costs (by 10%), implementation costs (by 10%) and implementation risks (by 25%). It thus recommended that UNESCO should choose SAP both as a software provider and implementation partner as no experience of implementing SAP UN solution existed “outside the vendor”.

24. Based on this recommendation, the final choice was made in favour of SAP, following which an implementation contract was prepared and signed and the project officially launched on 31 January 2006 under the name of STEPS (System To Enhance Personnel Services). As originally expected and due to budgetary constraints (see para. 25 below), the STEPS project will be implemented in two phases. By the end of the first phase lasting throughout 2006, the core system should be prepared for deployment including payroll, personnel administration and other related modules. Phase II covering the remaining functionalities would start as soon as possible thereafter, subject to the availability of funds, and would last another year.

Costs and budget for management tools

25. The budget available under the Programme and Budget for 2004-2005 (32 C/5) for new management tools was composed of several parts. Approximately \$1 million was available for SISTER to cover the system’s maintenance and revision. The budget available under the Special Account for new management tools amounted to \$5 million to cover FABS operation and maintenance, improvements and adjustments, and the field rollout. In addition, a part of FABS-related staff costs was funded from FITOCA. Considering the top priority accorded to the rollout, some lower priority work under FABS was postponed in order to reserve to the rollout as much funds as possible. Furthermore, efforts have been made in order to maximize savings, in particular by using increasingly internal resources rather than external expertise.

26. It will be recalled that at its 30th session (1999), the General Conference noted that the total funds needed to replace UNESCO’s systems for budget, finance, human resources and payroll would be in the range of \$19 million, including some \$10.7 million for the finance and budget system to be implemented in 2000-2001 (30 C/Resolution 84). It will further be recalled that only \$5 million was budgeted at the time and, consequently, the implementation had to be spread across several biennia resulting in cost increases (see Tables 1 and 2 in the Annex).

27. To date, the expenditure related to the development and introduction of new management tools since 2000 amounts to \$15.2 million. Another \$7.9 million has been spent on the system’s operation and maintenance (recurrent costs) since its “go-live” in 2002. The overall expenditure of \$23.1 million over the last three biennia, as at December 2005, has been financed by the regular programme funds, FITOCA and extrabudgetary contributions from Japan, the United Kingdom and Germany, as well as the interest earned (see Table 2 in the Annex).

28. The funds available under document 33 C/5 for the work within the framework of 30 C/Resolution 84 include \$4 million for FABS, covering FABS maintenance and rollout to the

field, and \$1 million for the implementation of the new HR system (STEPS).⁶ With regard to the latter, based on the price of the implementation contract with SAP and depending on the actual costs of additional equipment, temporary assistance and user training, the total implementation cost may exceed \$3 million. As was already anticipated in document 171 EX/6 Part II, the new HR system will therefore have to be introduced in phases, starting in 2006, with priority given to the implementation of the payroll component to minimize the risk inherent in the existing legacy system.

Proposed draft decision

29. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Recalling 171 EX/Decision 5 (II),
2. Having examined document 174 EX/6 Part II,
3. Takes note of the progress made in the implementation of the new integrated management information system, covering programming and budgeting (SISTER), and finance and accounting (FABS), as well as of the launching of the STEPS project for the implementation of the human resources management component;
4. Further takes note, that the funds identified so far under the regular programme may be insufficient to complete the implementation of the HR component in 2006-2007 and that the latter will therefore be introduced in phases, with priority given to the implementation of payroll;
5. Echoes the appeal to the Member States launched by the General Conference at its 33rd session for voluntary contributions (33 C/Resolution 75) so as to enable the Secretariat to complete the introduction of the new HR system as soon as possible;
6. Invites the Director-General to pursue the implementation of the integrated management information system, and to submit to it at its 176th session a progress report thereon.

⁶ Another \$500,000 is included in the \$25 million package to be funded by voluntary extrabudgetary contributions (and thus cannot be considered as secured).

ANNEX

**Costs and budget to replace UNESCO's systems
for budget, finance, human resources and payroll
(as at December 2005)**

Table 1: Initial estimates and actual expenditure (in million US \$)

	Initial estimates ¹ 2000-2001	Expenditure 2000-2005	
	Development	Development	Operation ²
FABS	10.7	15.2	7.9
HR system	8.3	0	0
Total	19.0	15.2	7.9

¹ 30 C/Resolution 84.

² Not included in the initial estimates.

Table 2: Budgetary provisions and allocations (in US \$)

	Budget 2000-2001	Budget 2002-2003	Budget 2004-2005	Budget 2006-2007
FABS	9,640,000	8,183,500	6,577,000	5,355,000
Regular programme (C/5)	5,000,000	5,000,000	5,000,000	4,000,000
RP (carry-over)	-	1,100,000	-	-
RP (staff cost savings)	2,175,600	-	-	-
RP training funds	-	-	100,000	-
Extrabudgetary	2,000,000 ³	1,969,000 ⁴	1,358,000 ⁵	1,355,000 ⁵
Interest earned	464,400	114,500	119,000	-
STEPS	-	-	-	1,000,000⁶
Regular programme (C/5)	-	-	-	1,000,000
Total	9,640,000	8,183,500	6,577,000	6,355,000

³ Voluntary contribution by Japan.

⁴ Including voluntary contributions by United Kingdom (\$1,100,000) and Germany (\$440,000) plus project staff costs funded from FITOCA (\$369,000).

⁵ Project staff costs funded from FITOCA.

⁶ Another \$500,000 is included in the \$25 million package to be funded by voluntary extrabudgetary contributions (and thus cannot be considered as secured).