Hundred and sixty-sixth Session

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Part I
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Item **3.1.3** of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

SUMMARY

In accordance with 164 EX/Decision 3.1.2, the Director-General presents a progress report on the implementation of the reform, including staff policy, new management tools and decentralization.

Part I of the report focuses on the human resources policy reform.

Decision proposed: paragraph 38.

INTRODUCTION

1.   At the 164th session of the Executive Board, the Director-General presented a comprehensive progress report of the reform initiatives undertaken in the human resource management area. While taking note of the work accomplished, the Board invited the Director-General to pursue the implementation of the staff policy, including in the area of training and performance appraisal, and to report to it at its 166th session. The purpose of this paper is to provide the Board with an update in the current staffing situation as well as a progress report on the implementation of the staff policy since the 164th session.

KEY STAFFING DATA – UPDATE

General Recruitment Data

2.   In 2002, a total number of <u>133 posts at the Professional level and above</u> were <u>advertised</u>. This figure is in line with trends of previous years, during which 122 posts (in 2001) and 118 posts (in 2000), respectively, were advertised. This trend is likely to continue over the next five to 10 years, due to the high number of retirements. The number of applications has continued to increase with more than <u>16,000 applications</u> received in 2002, mostly through the Internet. Over the same period, a total of <u>130 staff</u> were appointed to posts at the Professional level and above, among whom 63 (i.e. 48%) were recruited externally.

Young Professionals

3.   The intake of Young Professionals has remained at 10 new recruits per year. The selection process for the intake of 2003 has been completed, and 10 new Young Professionals (six from non-represented Member States and four from under-represented Member States were selected from 285 applicants) will take up their duties in February 2003. All of them have been assigned to priority programmes/functions, such as IOC, Hydrology, the Dakar Follow-Up, Intercultural Dialogue, Cultural Heritage (Afghanistan), etc.

Staffing situation at Director level and above

4.   As shown in Table I, the senior management staffing situation remains stable with a total of 89 staff, at the end of 2002, well within the ceiling of 102 posts at Director level and above approved in document 31 C/5.

Table I: Senior management posts/staff

Senior management posts	Posts in 29 C/5	Staff as of 1 October 1999	Posts in 31 C/5	Staff as of 31 December 2002
DDG	1	1	1	1
ADG	9	15	10	10
D-2	32	40	24	24
D-1	67	104	67	54
Total	109	160[1]	102	89[2]

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[1]   These figures do not take into account the promotions decided by the former Director-General as of 1 October 1999, which were suspended and finally not implemented by the present Director-General.

[2]   Thirteen D-1 posts are currently vacant, of which nine are under recruitment.

Promotion data

5.   A total number of 175 staff members were promoted in 2002. Of these 175 promotions, 53 resulted from a competitive appointment to a higher graded post, 111 resulted from the reclassification of posts and 11 resulted from advancement in split-grade posts (P-1/P-2). End of career promotions and personal promotions under the merit-based promotion system are no longer granted.

6.   The breakdown of staff promoted, by category, is as follows: 83 Professional staff (eight in the field), 84 General Service staff (22 in the field), and 8 National Officers. Among the General Service staff, 23 were promoted to the Professional level of whom 18 to Professional posts at Headquarters and 5 to National Officer posts in the field.

Promotions under the Reclassification Reserve

7.   Of the 111 promotions through reclassifications, 60 (i.e. 54%) were approved in the context of the reclassification reserve of US $1.5 million approved by the General Conference for 2002-2003. The breakdown of the promotions per category of staff, within the reclassification reserve, is as follows: 17 Professional staff (of whom 4 in the field), one National Officer and 42 General Service staff (of whom seven in the field). Among the General Service staff, eight were promoted to Professional posts at Headquarters and three to National Officer posts in the field.

Update on Training Programme 2002-2003

8.   The implementation of the two-year corporate training plan, within the allotted budget of US $3 million, is well under way. In addition to regular, ongoing training activities, such as IT and language training, the plan covered the following initiatives: Leadership and Change Management, Project Management, Time Management, Supervision Skills, Team-building and Administrative Officers' Training.

9.   The Leadership and Change Management Programme (LCMP) is a mandatory programme for all P-5 and above staff who manage field offices or sizeable work units at Headquarters. As of end February 2003, a total of 111 managers from Headquarters and the field attended the programme. By the end of June 2003, a total target population of 160 managers will have been trained; in the future, one or two LCMP training sessions will be held every year for newly appointed managers.

10.   The overall objective of the LCMP is to foster a strong leadership and management culture in UNESCO by developing and reinforcing key managerial competences, such as leadership and people management, change management, strategic thinking, resources mobilization, delegation of authority, accountability, etc. The programme includes a 360° feedback exercise for each participant prior to the session, as well as an individual coaching programme.

11.   The feedback from the participants has been very positive: in addition to a concrete, interactive learning experience, these workshops create unique opportunities for networking across Sectors/Bureaux and across Headquarters and field, thereby creating a greater synergy and "esprit de corps", at the managerial level in UNESCO. A formal evaluation of the programme shall be undertaken at the end of June 2003, and adjustments made if required.

12.   The supervisory skills training workshop, designed for senior GS staff and Professionals up to P-4, aims at improving participant's people management skills. They also contribute to enhancing knowledge in performance planning, management and evaluation techniques. In 2002-2003, the priority target for this training was the field staff with a programme of four workshops in field

locations: A first workshop was held in the Latin America and the Caribbean region, covering 10 field offices and three workshops are planned for 2003, in the Africa, Asia and the Arab States regions.

13.   The Team-Building workshops are a pillar of UNESCO's training plan. Over the past biennia, the main target of the team-building programme has been the field network, with the objective of reinforcing team-working skills within field offices. For this biennium, the target number of trained field staff is set at 200. A total of 125 field staff have already benefited from this programme, in 2002, with workshops held in the Bangkok, Brasilia, and New Delhi Offices. In 2003, workshops will take place in the Cairo, Jakarta and Nairobi Offices.

14.   In 2002, 110 Programme Specialists attended workshops on Project Management/Resource Mobilization, the objective of which is to reinforce project management skills and build resource mobilization skills among professional staff, in particular programme staff working in the field. One workshop was organized at Headquarters and field workshops took place in Mexico, Nairobi and Beirut, covering programme staff operating in the regions of Latin America and the Caribbean, East Africa and the Arab States. In 2003, two additional workshops will take place in Field Offices in Asia and Africa, as well as one at Headquarters.

15.   The Administrative Officer training programme has been redesigned to reinforce the administrative capacity in UNESCO, particularly in the field. The new training package takes into account changes to the Administrative Officer role, which results from a greater delegation of authority to field offices. In addition to upgrading participants technical skills, in the budget, financial control and personnel administration fields, the training programme focuses on management skills, problem-solving skills and emphasizes the principle of accountability. It will also contribute to the development of an Administrative Officer network.

16.   The new training programme was piloted in January 2003 in Bangkok, with administrative staff from the Asia region. After evaluation of the pilot, an additional three Administrative Officer training sessions will be conducted in 2003, for administrative staff in the Latin America, Africa, Arab States and Europe regions. By the end of 2003, a total of 100 field administrative staff will have participated in this training.

17.   IT and language training programmes continue to be basic components of UNESCO's Training Programme. In 2002, 136 staff members have undertaken training in a variety of IT programmes. Some 700 users were trained in the new Finance and Budget System (FABS) at Headquarters, from January to September 2002. In addition, 93 internal FABS trainers have been trained: their role is to train and coach their colleagues in the sectors and bureaux in the new procedures of FABS and the corresponding SAP transactions. Language training is still very much in demand, with an increased participation of 300 students for the scholastic year 2002-2003, compared to 200 to 250 in the previous years.

UPDATE ON THE POLICY REFORM FRAMEWORK

Progress on design and implementation

18.   In 2002, six new policies were designed: recruitment, rotation, promotion, classification, learning and development and anti-harassment. A Senior Managerial Competency Framework was also developed.

19.   Extensive consultations were held with the Advisory Committee for Personnel Policies (ACPP) from September 2002 to January 2003 onwards, to review these policies. The ACPP has

now completed the review of the rotation, recruitment, promotion and classification policies and submitted its recommendations to the Director-General. Implementation of these policies will start, once approved by the Director-General. It should be noted that the work accomplished by the ACPP has been very substantial and has confirmed its role as an important forum for policy consultation.

Contractual arrangements

20. Implementation of the new Appointments for Limited Duration (ALD), as well as the redesigned and improved field contractual arrangements (the Service Contract and the Special Service Agreement (SSA)) started in 2002. As of January 2003, 31 staff members were employed under Appointments of Limited Duration, the majority in the field, in the context of the Oil for Food Operation.

21. In parallel to the redesign of the field contractual arrangements, a "field staffing review" was undertaken with a twofold objective: to determine the essential staffing requirements for each field office and to harmonize and revise, as necessary, the contractual status of the concerned staff. This latter exercise focused, in particular, on staff employed under Special Service Agreements for very long periods, who, given the longer term nature of the services required, are being converted to a Service Contract, which carries social benefits. Some 134 employees currently under Special Service Agreements will receive such service contracts.

22. The contractual reform shall be completed by the end of 2003 with the revision of the supernumerary contract at Headquarters and the consultancy contracts. Work has started on the review and redesign of these contracts.

Competency framework for senior managerial posts

23. This project aims at improving the selection of the Senior Management Cadre of the Secretariat (D staff and P-5) by using "state-of-the-art" assessment techniques, based on key managerial competences. This competency framework will also be used for training and development purposes, for the current Senior Management staff in the Secretariat. The first phase of the project, consisting in the identification of managerial competences, has been completed. The second phase of the project, started in early 2003, consists in the design of the assessment tools and exercises, using the competency framework as a basis. This phase will be followed by a pilot of the assessment process in mid-2003.

24. As shown in Table II, 11 competences have been identified as essential to be an effective manager in UNESCO. The weight of each competency varies according to the managerial level, with different emphasis for an ADG, a Deputy ADG, a Director of Bureau, or Division, a Head of Field Office, or a P-5 Manager. This competency framework was designed through a participatory process, with about 40 managers at Headquarters and in the field being interviewed. The same interview process also elicited a small number of core, fundamental values which were found to be applicable to staff at all levels, and which therefore should be shared and demonstrated by all. Steps will now be taken to formalize and communicate this competency framework.

Table II: Competency framework for senior managers in UNESCO
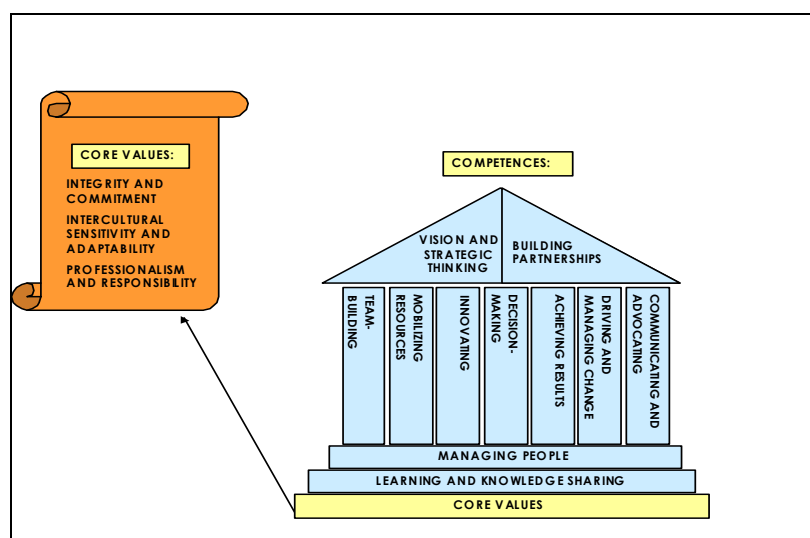
Learning and development policy

25. To respond to the need for new approaches in the development/improvement of UNESCO staff skills and capabilities, a new learning and development policy has been designed, and submitted to the College of ADGs. The policy, which was supported by the College of ADGs, has been submitted for consultations to the Advisory Council on Personnel Policies. Implementation will start in 2003, with the decentralization of "learning envelopes" effective as of 2004, for the biennium 2004-2005.

26. The main features of the policy are as follows:

- the creation of a cross-sectoral Learning and Development Commission, to advise on global learning and development priorities, to review and assess the corporate learning plan and its implementation (*in operation since February 2003*);

- identification of learning coordinators in each sector/bureau, as contact points on learning and development issues;

- the establishment of a corporate learning programme and budget, managed centrally by HRM, to address global, organizational priorities (such as management development, AO training, etc.) already in place;

- the allocation of a "decentralized learning envelope" to sectors, bureaux and field offices (based on US $1,000 per staff) at the beginning of the biennium under a separate/specific budget code, to address their specific learning needs and priorities. These programmes/budgets shall be managed by the sectors/bureaux directly, with monitoring by HRM;

- the set-up of a learning cycle, integrating a biennial needs assessment process, a planning mechanism, as well as a built-in evaluation and reporting process.

27. The implementation of the learning and development programme shall be supported by a UNESCO Learning and Development Centre, to be set up at Headquarters, as a central, global learning facility, with learning materials and equipped training rooms accessible to staff who wish to engage in self study activities. The Centre will include a Multimedia Laboratory, with a new, e-

learning based, technical infrastructure. With this new infrastructure, language tutorials will be accessible to staff in UNESCO, and learning of a second working language shall thus be facilitated.

28.   The Learning and Development Policy also includes two development programmes: The External Study Programme and the Internal Mobility Programme, briefly outlined below.

The External Study Programme

29.   The External Study Programme will provide for the granting of financial support and/or leave to staff that wishes to acquire skills and knowledge beneficial to the Organization as well as to their professional growth. Selection to the programme will require that the learning objective(s) for a particular course or study has a direct linkage with UNESCO's programme priorities and thus clearly serve to advance UNESCO's objectives. The approval process will be decentralized to sectors/bureaux, up to a certain level of assistance; the Learning and Development Commission will approve all other requests.

The Internal Mobility Programme

30.   The main objective of the internal mobility programme is to foster and increase lateral mobility of staff within UNESCO. The programme, which is voluntary based, will focus on staff who have stayed in the same job for more than five years, or in the same units for more than ten years. A roster of candidates to the mobility programme will be managed by HRM, and sectors/bureaux will be requested to consult this roster before advertising vacant posts. This programme will be designed and piloted in 2003.

Staff well-being

31.   A new anti-harassment policy has been designed, establishing mechanisms for the prevention of all forms of harassment and for the resolution of harassment-related complaints. This policy, which emphasizes the need for early prevention and mediation, will be implemented in 2003, after consultations with the Advisory Council of Personnel Policies and Staff Representatives.

Performance appraisal system

32.   Work on a revised performance appraisal system started at the end of 2002, followed by initial consultations with the Staff Representatives and the Advisory Council on Personnel Policies. Proposals for a new performance appraisal system, including an outline of the basic principles underpinning the system and the key features of the process will be presented to the College of ADGs and to the ACPP in March 2003. Implementation is scheduled for the beginning of 2004, and will be accompanied by an intensive information and training campaign.

33.   Whereas the main performance appraisal tool is being revised, another form of assessment technique, i.e. the 360° evaluation has been implemented in UNESCO since December 2001, for development purposes, in the context of the Leadership and Change Management Programme (LCMP) for senior managers. The 360° evaluation is a confidential evaluation process administered by an outside professional consulting firm which involves supervisors, peers and subordinates, and focuses on specific managerial competences. The feedback helps to identify, on an individual basis, specific developmental needs, and thus contributes to focus developmental actions. The 360° evaluation technique is systematically undertaken by the participants to the LCMP in preparation to the training sessions. By the end of 2003, about 160 senior managers will have undertaken a 360° evaluation in the context of this training. Feedback on this process has been largely positive.

Reinforcing the professional capacity in human resource management

34. As indicated in the previous report to the Board, the reform process necessitated the restructuring of HRM, together with a reinforcement of its professional capacity. This latter process, started in 2001, with the recruitment of six professional staff in 2002, each with technical skills and experience in the human resource field. Whereas the total number of posts in HRM has decreased by 10, the ratio of professional staff versus general service staff has increased from 23% to 35%. Such a trend is consistent with a more professional human resource function, focussing on strategic planning, policy and advisory functions. This restructuring was also accompanied by a reinforcement of the Training and the Staff Relations Sections.

Medium- and long-term human resource strategy

35. The Executive Board requested the Director-General to establish a medium- and long-term strategy for UNESCO staffing, in terms of overall staff members, of the balance between core staff and professional on short-term contracts, and of the balance between staff at Headquarters and in the field, and to report on this matter at the 166th session. To this effect, a high level internal working group was established, with the objective of reviewing the above issues and formulating recommendations to the Director-General.

36. By the end of February, the Working Group has met on several occasions, and has reviewed issues such as the role of Headquarters versus the field, the core functions, the profile of Professional staff, particularly the Programme Specialist, the balance between Professional and General Service staff at Headquarters, and a re-definition of the role and type of support staff. Given the magnitude of the subject, it was agreed that the proposals from the group would, in a first stage, focus on the design of a framework of key – strategic – staffing principles, together with a description of the steps required to implement the framework, including an implementation plan with concrete, time-scaled measures. A progress report on this matter is presented as an Addendum to this report.

37. During its sessions, the Working Group stressed that, in order to formulate a mid-term and long-term staffing strategy, it would be critical to conduct a comprehensive assessment of the skills pattern (existing and future) within UNESCO. To this effect, IOS jointly with HRM, will undertake a skills assessment exercise, with the following objectives: (a) identify the future skills requirements needed to deliver UNESCO's programme; (b) assess the current level of skills; (c) identify the skills gaps; and (d) design strategies to bridge these gaps. A comprehensive report, based on this skills assessment exercise, will be submitted at the 169th session of the Executive Board.

Draft decision

38. In the light of the foregoing, the Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined document 166 EX/6 (Part I),

2. Takes note of the work accomplished to develop and implement the new staff policy;

3. Invites the Director-General to pursue the implementation of the new staff policy and to report to it at its 169th session.

United Nations Educational,
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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART II

NEW MANAGEMENT TOOLS

SUMMARY

In accordance with 164 EX/Decision 3.1.2, the Director-General presents a progress report on the implementation of the reform, including staff policy, new management tools and decentralization.

Part II of the report is devoted to the introduction of a new integrated management information system, covering programme and budget, finance and accounts, and human resources and payroll.

Decision proposed: paragraph 30.

INTRODUCTION

1.   As explained in detail in document 164 EX/5 Part II, UNESCO's new integrated management information system is composed of three main components covering respectively programming and budgeting (SISTER), finance and accounting (FABS) and human resources and payroll. While the development and introduction of the third component is planned for the next biennium, the first two components are already in operation and have been functioning in tandem since early 2002. The present document provides an update on the situation of SISTER and FABS after this first year of operation and highlights some first lessons learned. Out of the two, more attention is given to FABS as a more recent and more complex system which has been a focus of the Secretariat's investments in terms of funds, time and effort for the past three years.

SISTER: a seasoned strategic tool

2.   The SISTER system, now fully operational, constitutes a reference database for everyone who wishes to get primary information about the evolution of UNESCO's objectives, priorities, actions and activities, as well as results achieved, either in details, or by major categories according to different search criteria.

3.   The system has undergone a number of adjustments and enhancements based on the findings of a special working group led by the Bureau of Strategic Planning (BSP). These have been focused mainly on adapting the system to the decentralization processes and related changes in the lines of responsibility and accountability. The system now adequately covers the entire range of the Organization's activities both at Headquarters and in the field.

4.   Despite some difficulties in ensuring a correct and timely input of substantive information about activities together with the budget information, such an input has been secured at the programming phase. This ensures that the information about planned activities is correctly entered in the system and is readily available. What remains to be done is to make sure that information on the progress made, results achieved and lessons learned is entered in a regular and timely manner by the different responsible specialists and managers, which is not always the case.

5.   This, however, goes beyond the system's technical specifications and requires a cultural and behavioural change on the part of all staff concerned. It should be borne in mind that any information system is only as good as the quality of information it receives and, therefore, can provide.

FABS: on the road to operational maturity

6.   There are currently about 1,000 registered FABS users at Headquarters. Up to 300 of these access the system simultaneously every day, which represents a 100% increase as compared with April 2002 when the system entered the full operation mode following the approval of work plans in SISTER and the download of the corresponding budgets to FABS (fig. 1). One can say that the system has been progressively appropriated by the Secretariat and that the intensity of its use is increasing.

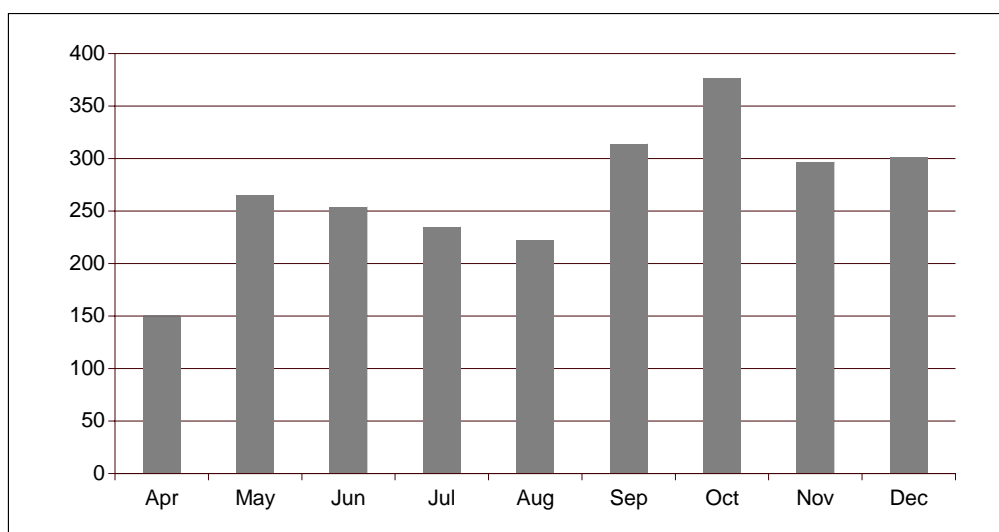Figure 1. Number of FABS simultaneous users in 2002.

Figure 1   Number of FABS simultaneous users in 2002

7.   To a large extent, this was made possible by an important training effort across the Secretariat led by the Bureau of Human Resources Management (HRM). This included designing 35 different standard courses as well as courses for specific user groups, deploying an e-learning system called "KnowHow" (with 117 procedural guides and simulations for self-training and self-testing), organizing and conducting the training courses, and preparing "HelpCards" on 46 different subjects to serve users as reminders once back at their working places.

8.   Six hundred and eighty-eight staff members were trained in the period from January to September 2002 through formal training courses (a total of 384 training sessions representing about 6,000 hours of training, or nine hours per staff member trained).

9.   From the outset, considering the limited financial resources available and the need to build up and sustain the Organization's own training capacity, special attention was given to the identification and training of internal trainers.

10.   As a result, the 93 internal FABS trainers have received special "training for trainers" and have trained 344 staff members in addition to direct coaching they give to their colleagues on an ad hoc basis. This is an important achievement in terms of staff participation and the FABS know-how sustainability within the Organization.

11.   Overall, the main objectives of the FABS project have been met laying the basis for increased efficiency, namely:

(a)   *Improved accounting structure and reporting capabilities*. A unique well-structured database for all financial information has been established, with financial information on every transaction readily available. Accountability of the Organization's operations has thus increased significantly.

(b)   *Delegation of responsibility to programme sectors and improved controls*. Initial transactions for all budget-related chains are now managed within each Sector by Programme Specialists. All contractual obligations entered into the system, immediately impact the managed budget and can be easily monitored.

(c) *Electronic visas and traceability of financial authorizations*. Validation chains for contracts support the Organization's standards for internal processes. Every action is tracked in the system so the tracing ability of financial transactions is absolute.

(d) *Improved financial monitoring capabilities*. All FABS-related operations are completely transparent. This transparence is limited only by authorizations, reflecting the security policy in the Organization.

(e) *Standardized working methods*. FABS supports standard rules of execution related to internal processes and contributes to reinforcing administrative discipline.

12. However, as reported earlier, during this initial period of the FABS operation, the Secretariat has encountered a number of difficulties. Some of those were predictable owing to the very complexity of the system and the scope of change it represented. It has taken the users considerable time and effort to acquire the necessary operating skills, resulting in entry errors and processing delays. Others were due to the fact that not all administrative services turned out to be prepared to handle the new situation, which created some bottlenecks and further delays. Thanks to continuous training and coaching efforts, as well as urgent punctual reinforcement measures, most of these difficulties have been overcome. However, it has become obvious that the Organization's entire financial services and procedures needed a thorough rethinking, in terms of organization and skills available, in order to meet modern financial management requirements.

13. This is being done under the recently initiated Financial Performance Improvement Programme. The Programme, which is to be completed before the end of 2003, aims to restructure the Division of the Comptroller (ADM/DCO), rationalize its "production line" and interaction with other units of the Secretariat. It comprises several targeted projects addressing the issues of financial close cycle, vendor management, field imprest processing and funds reservations, field processing rollout, expenditure control, process simplification and management reporting.

14. In general, the experience of these first months of operation shows that further improvements in the efficiency of FABS are closely related to improvements in the Organization's internal processes. These include elimination of multiple entries of the same data in different information carriers and any other duplication of effort; simplification of operations by using default values, templates, additional checks to avoid errors, etc.; customization of the SAP workflow to manage inter-operational time; and further training in order to decrease the number of entry errors.

15. In addition, following discussions at the 161st and 162nd sessions of the Executive Board concerning an inventory of non-expendable equipment and an informational system to register and trace works of art present at Headquarters, FABS is being extended to cover asset management. This project is progressing well and the component should be ready for testing by April 2003.

FABS rollout to the field

16. A major particularity of the current phase of the FABS implementation is the fact that the system is not yet deployed in the decentralized units whose transactions have to be brought to account at Headquarters, which makes it difficult to have immediately a complete picture of the accounts.

17. As a first step towards the system's field rollout, a Field Integration Task Force chaired by ADG/ADM has developed a flexible rollout strategy. Thus for example, the Brasilia Office, which accounts for about 70% of the Organization's field operations, will develop an interface between its own system and FABS which appears a more practical solution than replacing the former.

18. Furthermore, administrative staff from 14 offices (including our largest cluster offices such as Dakar, Bangkok, Jakarta, Nairobi and New Delhi) have already been trained in online funds reservation and can do it directly in FABS, which improves considerably overall budget and finance monitoring and management. Another 10 offices will be connected and trained in the first quarter of 2003, with the aim of decentralizing 80% of all such work by the end of 2003.

19. The rollout will be organized in two waves. During the first wave, a simplified version of the FABS solution for the field, currently being developed, will be deployed starting in June 2003 and will allow registering in FABS field units' expenses and cash positions. This will be followed by the deployment of a comprehensive FABS solution for the field, providing also details on field contracts (second wave). Depending on the preparedness of individual offices, these solutions may be deployed in parallel. In addition, preparations are under way with regard to the rollout infrastructure and training.

20. As regards the UNESCO institutes, an adequate solution is being developed for them based on the principle of consolidating their financial information in FABS through a system of interfaces.

21. While the complete integration of decentralized units into FABS will probably take longer than initially foreseen (see Annex), appropriate measures are being taken to ensure financial control of the field operations (as explained in paragraph 13 above). It is expected to cover some 25-30 offices by the end of 2003 and the rest by mid-2004 at least with the simplified FABS version (the general deployment of the comprehensive field version will be completed by the end of 2004).

Competence Centre for Management Information Systems

22. A key role in the work described above, is played by the Competence Centre for Management Information Systems (ADM/MIS), created in October last year in order to lead and coordinate the process of development, deployment, adjustment, and maintenance of the new integrated management information system. Apart from the top priority task of deploying the FABS system in the field, ADM/MIS is to ensure FABS maintenance, improvement and adjustment, its extension to include asset management and the preparation of HRM component, as well as all necessary coordination with the SISTER team and the Division of Information Systems and Telecommunications (ADM/DIT).

23. Despite a more than 50% reduction in human resources as compared with the former FABS team, ADM/MIS has managed to maintain the same level of support to users while making minor system improvements and preparing new projects. However, the considerable understaffing of ADM/MIS represents a risk with regard to adequate and timely implementation of all scheduled tasks.

24. This problem is being addressed in two ways. The staffing of ADM/MIS is being strengthened with several temporary posts (under recruitment) and internal transfers and by May 2003 should reach 10 professionals. However, this possibility remaining limited, functional expertise is being mobilized throughout the Secretariat through the establishment of a network of internal process owners, who are to play an important role in the improvement of administrative processes and their better accommodation in FABS, including planning and quality control.

SISTER and FABS: better integration and improved reporting

25. Since the introduction of SISTER and FABS, a number of functional gaps in their design have been identified and are being addressed. Furthermore, there is a need to improve the data exchange

between the systems and to simplify the preparation of reports. At the same time, the ongoing work to improve internal processes should simplify the use of both systems for the staff.

26.   A specific requirement that has become obvious is the development of common reporting tools covering both SISTER and FABS. Such tools are needed for both general reporting covering different sources of information and special reporting for top management.

Costs and budget

27.   Out of the $10.5 million required for FABS in 2002-2003, only $5.4 million was available at the beginning of the biennium (re: document 164 EX/5, Part II and document 164 EX/INF.9). Since then, the Executive Board has approved, under the carry-over from the previous biennium, the allocation of $1.1 million for FABS urgent needs (and another $300,000 for adjustments and improvements in SISTER). In addition, it has been possible to identify $1.9 million for the FABS field rollout in 2003. However, the programme's budget shortfall has remained at some $2 million, which has slowed down the programme implementation and to a large extent explains the projected delay in the FABS field rollout (see paragraph 21 above).

28.   The cost of the system's basic maintenance alone has been estimated at $4.6 million per biennium. Under the core scenario for document 32 C/5, it has been possible to earmark for new management tools $5 million, which can cover only maintenance and some improvements/adjustments. The implementation of the new HRM component therefore depends entirely on the Organization's ability to identify and mobilize adequate internal resources. Should this prove not possible, the introduction of the component risks to be delayed beyond 2005.

29.   It should be noted in this respect, that since the very start, the programme for the introduction of new management tools has been chronically under-budgeted, with only about 50% of the required funds provided under the regular programme, while the requested extrabudgetary contributions, with very few exceptions, have not been forthcoming. This has been a major risk factor, repeatedly noted by the Executive Board.

Draft decision

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

The Executive Board,

1.   Having examined document 166 EX/6 Part II,

2.   Takes note of the progress made in the introduction of the new integrated management information system, in particular its programming and budgeting component (SISTER) and the part covering finance and accounting (FABS);

3.   Further takes note of the problems encountered and remedial actions taken or planned, as well as of the chronic under-budgeting of the new management information system, which, in particular, may delay the development and deployment of its HRM component beyond 2005;

4.   Reiterates in this context its appeal to Member States to consider providing voluntary contributions to complement the available budget and expresses its appreciation to those Member States that have already done so;

5. <u>Invites</u> the Director-General to pursue the implementation of the integrated Management Information System and to submit to it at its 169th session a progress report thereon.

ANNEX

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

Actions	2001	2002	2003

I. Secretariat structure and staffing

Announce new structure — ◆ Jul 3

Prepare organizational charts, staffing tables and D post descriptions

Review and certify director post descriptions

Cofirm incumbents of D posts in new structure and abolish other D posts — ◆ Oct 3

Replace D posts with P posts as appropriate and identify solutions for directors who do not fit into structure

Complete transition to new structure

II. Management systems and tools

Revise and finetune rules and procedures

Introduce SISTER; prepare/validate work plans for 2002-2003

Ensure SISTER maintenance and adjustment

Configure SAP and test FABS against blueprint

Prepare FABS end-user documentation

Organize targeted training of FABS users

Launch FABS with priority intefaces at HQ

Ensure FABS maintenance and adjustment

Extend FABS to other users at HQ and provide related training

Establish and strengthen Competence Centre for Management Information Systems

Roll out FABS to field offices and institutes

Train field staff and decentralize funds reservation

Decentralize registration of expenses/cash positions (1st wave)

Decentralize registration of contract details (2nd wave)

Develop integration solution for institutes

Prepare HR and payroll project

NB: For management training see 166 EX/6, Part I

United Nations Educational,
Scientific and Cultural Organization

Executive Board

ex

Hundred and sixty-sixth Session

Item **3.1.3** of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART III

DECENTRALIZATION

SUMMARY

In accordance with 164 EX/Decision 3.1.2, the Director-General presents a progress report on the implementation of the reform, including staff policy, new management tools and decentralization.

Part III of the report is devoted to the implementation of the decentralization strategy and more specifically of the Decentralization Action Plan.

Decision proposed: paragraph 29.

INTRODUCTION

1. The present document is a progress report on the implementation of the Decentralization Action Plan endorsed by the Executive Board at its 159th session. It focuses on the establishment and enhancement of the new decentralized network, management and management-related aspects of decentralization and programme execution, and plans pertaining to staff.

2. Progress has been steady but slow due to the fact that the implementation of the decentralization reform process began and continues in a period of financial constraints. In order to implement the Action Plan and related decisions on the composition of the field network, within the initial time frame and on the basis of zero nominal growth, the realistic strategy thus far has been to build cluster offices from elements of the current system and from the Organization's existing human resources. Multidisciplinarity has been enhanced, but not yet achieved in all cluster offices (see Annex III).

3. These constraints, together with the pressing need to achieve savings and keep costs to a minimum, have influenced the choices made when implementing the Decentralization Action Plan. Nevertheless, in spite of the limited resources available for such a complex restructuring, the process has been under way since 1 July 2001 and will run to the end of 2003. During 2004, efforts will continue to progressively strengthen cluster offices, to encourage the decentralization of more programme budget and staff and improve the resource sharing and network mechanisms.

4. A review of the decentralized strategy and network of field offices is being undertaken by the Internal Oversight Service (see document 166 EX/36) starting in January 2003. The review covers:

   (a) The functioning and sustainability of the existing field office structure (regional bureaux, cluster offices, national offices) and how this is helping UNESCO to become more efficient and effective in delivering its programmes. The Director-General is committed to reporting on the outcome of this evaluation in early 2005.

   (b) The roles, processes and results achieved in all major types of decentralized bodies covering field offices, National Commissions and institutes. The criteria for evaluating field offices presented to the Executive Board (159 EX/17 and 160 EX/22) will be used. The preliminary outcome will be presented to the Executive Board at its 167th session.

   (c) The progress made in delegating authority from Headquarters to field offices following the release of the table of authority in May 2002.

The making of the network

5. UNESCO's field office network has been streamlined. Twenty-two offices across all regions have been closed since 2000. In addition to the 20 offices referred to in 164 EX/5, Part III, UNESCO Offices in Conakry and Ouagadougou were closed respectively in September and November 2002, bringing the present network to 55 offices, including 53 field offices and two liaison offices. Field offices are currently composed of:

   - 27 cluster offices (of which 11 are also regional bureaux);
   - Two regional bureaux and one regional centre[1] with no cluster functions; and
   - 23 national offices.

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[1] The European Centre for Higher Education (CEPES), currently functioning as a field office, is proposed to be transformed into a European Institute for Higher Education.

6.   Within the framework of document 31 C/5, considerable efforts have been made by the programme sectors to follow the Action Plan on Decentralization, in terms of programme and budget allocation to the field offices. Annex I, Table 1 presents the evolution of the decentralized programme funds. During the 31 C/5 adjustment process, more than $6.8 million including provisions from the cross-cutting themes and the carry-over, were added to the original decentralized programme.

7.   The notion of "parent sectors" has disappeared giving place to overall coordination of field offices through the Bureau of Field Coordination (BFC). Furthermore, in line with the spirit of delegation of authority to the field, all field office staff (including the international professional and national officers) should report to the head of the field offices who are fully accountable for achieving the expected results of their programme implementation and therefore should have authority over the office resources.

8.   The changeover to overall coordination and management of field offices by BFC makes the Bureau responsible for the day-to-day backstopping and monitoring of field office management and administration. BFC provides administrative and financial support, technical advice and data on management and administration issues. In addition, it also acts as the focal point for all field offices within Headquarters, and is instrumental in vocalizing field office concerns and needs to central services and programme sectors.

9.   Mechanisms to enhance the effective coordination, backstopping and monitoring of field activities have also been set up within BFC for each region. These include the preparation of bi-monthly travel and technical reports from field offices, the development of an internal mail-tracking system to follow up on requests from the field showing whether these have been replied to or not by Headquarters. Briefs are compiled concerning UNESCO programmes and project activities in each Member State. These also include updated operational, administrative, staffing and budgetary information. BFC keeps field offices informed on management issues, such as training, medium- and long-term human resources strategies. BFC also relays information on the work of various Headquarters-based working groups and task forces, and collaborates with the UNESCO Coordinator and Focal Point for HIV/AIDS by facilitating an active exchange of information among field offices and Headquarters.

10.   To raise the visibility of field offices, increase communication and facilitate networking among field offices and Headquarters, an Intranet website and the UNESCO Worldwide Internet website have been created. With the objective of developing the web capacity of field offices, the Bureau of Public Information (BPI) and the Bureau of Human Resources Management (HRM), organized in collaboration with BFC, a training workshop on web design for programme specialists from field offices in Latin America and the Caribbean (Havana). Workshops on media relations have also been held for programme specialists in Africa (Dar es Salaam and Nairobi) and in the Asia and the Pacific region (New Delhi). Future workshops are planned which will coincide with other training activities for field office staff members. Furthermore, a brochure entitled: *UNESCO WORLDWIDE – Decentralization strategy* has been published and disseminated widely to inform partners on UNESCO's field network.

11.   Successful delivery of the decentralization policy depends heavily upon good communication, strong management skills, tools and capacities in the field offices. With this in mind, coordination mechanisms have been reinforced within the framework of cluster management consultations. These consultations are fundamental to improving the management of field operations as they enhance communication, capacity-building and networking among field offices, Member States, civil society and other UNESCO partners. BFC facilitates the coordination of these cluster meetings and ascertains that field offices participate fully in a more field-oriented planning process. Results

are integrated with the Common Country Assessments and United Nations Development Assistance Frameworks. To date, 14 cluster management consultation meetings have taken place covering all five regions and during the remainder of 2003 another 13 meetings are planned, completing the first round of such meetings in all cluster offices.

12. A table of delegation of authority to field offices was introduced by the Director-General in May 2002. In addition to increasing decision-making autonomy to the field, the table clarifies the authorities of field offices vis-à-vis Headquarters. It also clearly explains the accountabilities related to each authority. A review of the progress made in applying the table is being undertaken by the Internal Oversight Service – IOS (see paragraph 4 above) to identify any constraints faced by field offices in applying the table and what additional support they need to help them discharge their authority.

13. An expertise mapping exercise has been launched by BFC in cooperation with the field offices. This initiative is based on the concept of UNESCO as a resource-sharing network, drawing upon technical expertise from within the extended UNESCO family. It also gives concrete expression to UNESCO's commitment to South-South collaboration and cooperation.

14. Under the new concept of decentralization, the Organization is striving to assert UNESCO's field presence with the help of all resources available. These include UNESCO's decentralized units (field offices, institutes and centres) but also partners in Member States such as National Commissions for UNESCO, UNESCO Clubs and Associated Schools, UNESCO Chairs and Goodwill Ambassadors. National Commissions constitute a key and unique element of the Organization's decentralized system. That is why, as a matter of priority, Guidelines for the Coordination and Working Relations between National Commissions and field offices are being developed.

Human resources in the field: Towards a "critical mass"

15. Continuous efforts have been made to strengthen the human resources capacity in the field through transfers from Headquarters and the creation of posts in the field. This has resulted in an increase in the number of decentralized regular budget established posts from 531 (30 C/5 Approved and Recosted) to 566 (31 C/5 Approved) or 35 additional posts (28 professional and NPO posts and seven local support staff posts). To varying degrees, this increase in the number of posts has benefited almost all regions and all programme sectors (see Annex I, Table 2 for the current decentralized staff costs).

16. However, there are still some gaps in field offices in terms of programme posts. The ongoing decentralization process foresees further decentralization of staff and the filling of field posts in order to meet the objective of having at least one specialist for each major programme in every cluster office. To attain this objective, a further 34 programme specialist posts are needed (see Annex II: Required additional programme specialist post per cluster office and programme sector). Overall, 63 professional posts (programme specialist and administrative officer posts) have been decentralized but are currently vacant.

17. By the beginning of 2004, within the staff provisions of the reduced zero real growth scenario of document 32 C/5, the situation would be as follows: five cluster offices will have at least one programme specialist from each of the five programme sectors (Apia, Bangkok, Kingston, Montevideo, San Jose); education specialists would be present in 24 cluster offices, science specialists – in 19 cluster offices, social sciences specialists in 11, culture specialists in 23, and communication and information specialists in 24 cluster offices. In addition, all cluster offices will have an international Administrative Officer. The adoption of the real growth scenario by the

General Conference would allow further enhancement of the decentralized network. Field offices, programme sectors and the Bureau of Human Resources Management are collectively defining a strategy that will further speed up the recruitment process for these professional posts.

18.   As part of the Human Resources Strategy, efforts are made by the Secretariat to anticipate the retirement of directors and heads of office in order to promptly advertise and recruit key field office posts. Recruitment is done with the help of a panel, composed of representatives of sectors and relevant central services. The drawing up of generic job descriptions for heads of office, along with required competencies, has been completed and will be taken into consideration in the revised performance evaluation methodology being developed by HRM.

19.   Competent and experienced locally recruited staff members are encouraged to apply for vacant international UNESCO posts in countries other than their country of origin. In addition, new contractual arrangements in UNESCO's personnel policy have been established for the local staff in the field offices. BFC, in close collaboration with HRM, and based on the proposals submitted by the field offices, is in the process of converting a large number of local contracts to the new service contracts and special service agreements.

20.   The Basque volunteer programme, an ongoing programme since 1997 between UNESCO and the Basque authorities, has been instrumental in terms of human resources capacity reinforcement. BFC facilitates the cooperation and selection process. Arrangements have been finalized for the sixth intake of 15 volunteers selected to work in various offices (Amman, Bangkok, Hanoi, Havana, Jakarta, Maputo, Mexico, Montevideo, Quito, Rabat, San Jose and Santo Domingo) for a period of one year. The volunteers will join their duty stations shortly.

21.   Efforts have been made to develop and strengthen the competencies and professional and technical skills of field staff members. Workshops have been conducted based on functional needs, such as leadership and change management workshops for senior-level staff members, workshop for administrative officers (Bangkok), office team-building (Brasilia), supervisory training workshop (Brasilia), and on activities, such as the Project Cycle Management and Resource Mobilization workshops (Beirut, Mexico, Nairobi) or media training workshops. This training was carried out in conjunction with various meetings in field offices, thereby benefiting from the gathering of Headquarters' and field offices' staff in a field office setting. Training on the Finance and Budget System (FABS) has been provided to administrative staff from 24 field offices.

Field staff security

22.   Within the United Nations system framework, BFC acts as the UNESCO focal point for field staff security and carries the principal responsibility for overall execution of the field staff security policy. This function consists, *inter alia*, of ensuring house-wide implementation of instructions and guidelines emanating from the United Nations Security Coordinator (UNSECOORD), raising awareness among staff at and away from Headquarters regarding their respective responsibilities and levels of security protection, management of the field security budget, and participation in inter-agency activities with a view to developing comprehensive field security policies and directives.

23.   At the request of the United Nations General Assembly (resolution 56/255), the inter-agency security management network has developed a comprehensive report on the establishment of a clear mechanism of accountability and responsibility in the area of field security, including its scope, depth and common standards and methods of enforcing them. The report has been submitted by the Secretary-General to the General Assembly at its current session (document A/57/365). A decision was adopted thereon by the Fifth Committee of the General Assembly transmitting the report to

Executive Heads of the specialized agencies. The text of the report is available at the secretariat of the Executive Board.

24.   The document commits all participating United Nations system organizations to develop an internal organizational policy statement on field staff security, and the Deputy Director-General has already issued a note to this effect (DDG/02/48). To emphasize the importance of field security training, mandatory for all United Nations system staff, a standard CD-ROM security awareness package has been developed by the Office of the United Nations Security Coordinator and will be distributed during the course of the year both in the field and at Headquarters. Operating Security Standards have also been developed by the Inter-Agency Security Management Network, determining country-specific requirements such as telecommunications equipment and office security conditions. The compliance with these standards is mandatory and BFC is ensuring that all field offices fulfil these requirements.

25.   These measures, aimed at ensuring the safety and security of our staff, carry increasing budgetary implications. Specific internal measures have been put in place with a view to improving the communication network between the field and Headquarters in case of security emergencies. The BFC Field Security website is also available on the Intranet with information on policy and procedures regarding field security.

Costs and funding

26.   Document 161 EX/5 Part II presented estimated costs of closing field offices in terms of transfer and separation costs as well as other related costs such as transport, mission, and installation. As noted in the document, a certain amount of proceeds, arising from sales of some property, was expected. To date, not all related accounts have been closed but preliminary findings show that the cost-effective solutions remain within the financial framework foreseen for the closing of offices. Similarly, closing offices as scheduled for 2003-2004 is estimated to be within the limits presented in the above-mentioned document.

27.   Initially, within the framework of document 31 C/5 Approved, a sum of $12.1 million was earmarked for running costs of the field offices. Since then, this amount has been increased to $13.05 million, including $675,000 worth of government contributions and $270,000 from the provisions of the carry-over funds. As staff and programme funds are now concentrated into an increasingly streamlined field office network, the distribution of running costs needs to be revised. Running costs previously allocated to field offices that close are re-injected into the maintained field presence. In this regard, increase in operational costs must be foreseen to support the expansion of offices and to allow for the upgrade and renewal of relevant office and communication equipments, and not be considered as a means to realizing economies.

28.   The carry-over funds allocated to decentralization as such (in addition to the running costs mentioned above) amount to $900,000 and are being used for the following activities:

(a)   in line with the analysis and recommendations of an internal task force on the rollout of FABS to the field offices, provision for deployment of a number of workstations to offices where hardware conditions were below the minimum requirements, and where FABS is to be deployed for fund reservation and budget reporting;

(b)   improvement of secured connectivity related issues where offices face telecommunications and hardware difficulties to utilize applications based at Headquarters;

(c)   financing of cluster management consultations to improve networking among field offices and Member States;

(d)   financing of training and workshops, using both distance and direct means of communication, to further strengthen the functional capacities of core staff in cluster offices.

29.   In the light of this report, the Executive Board may wish to adopt a decision along the following lines:
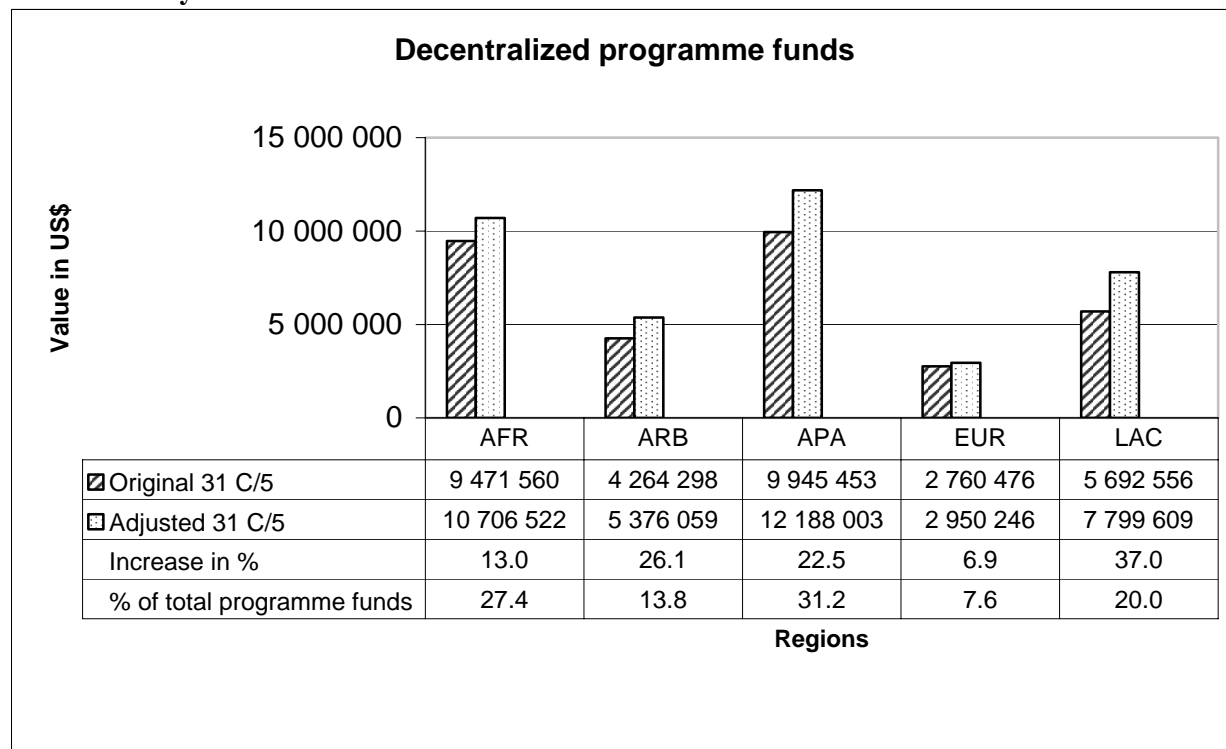
The Executive Board,

1.   Having examined document 166 EX/6, Part III,

2.   Takes note of the efforts made by the Director-General to implement the decentralization strategy and of the progress achieved so far;

3.   Invites the Director-General to pursue the implementation of the Decentralization Action Plan and to submit a progress report thereon to it at its 169th session.
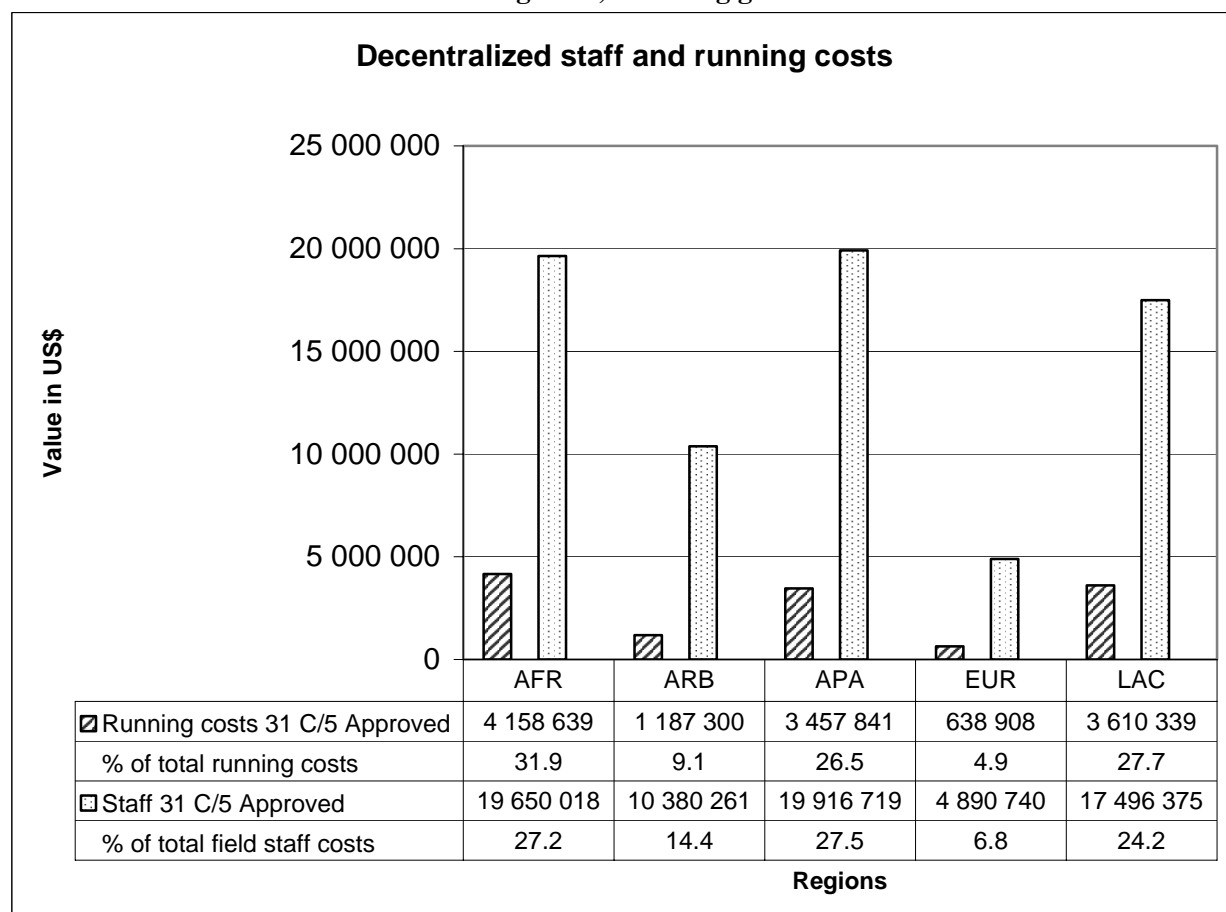
ANNEX I

Decentralized programme, staff and support costs

Table 1: Decentralized programme funds before and after the 31 C/5 adjustment, including carry-over funds

Decentralized programme funds

	AFR	ARB	APA	EUR	LAC
Original 31 C/5	9 471 560	4 264 298	9 945 453	2 760 476	5 692 556
Adjusted 31 C/5	10 706 522	5 376 059	12 188 003	2 950 246	7 799 609
Increase in %	13.0	26.1	22.5	6.9	37.0
% of total programme funds	27.4	13.8	31.2	7.6	20.0

Regions

Table 2: Decentralized staff and running costs, including governmental contributions

Decentralized staff and running costs

	AFR	ARB	APA	EUR	LAC
Running costs 31 C/5 Approved	4 158 639	1 187 300	3 457 841	638 908	3 610 339
% of total running costs	31.9	9.1	26.5	4.9	27.7
Staff 31 C/5 Approved	19 650 018	10 380 261	19 916 719	4 890 740	17 496 375
% of total field staff costs	27.2	14.4	27.5	6.8	24.2

Regions

ANNEX II

**Remaining gaps in professional staffing per cluster office and programme sector
(as per draft document 32 C/5)**

REGION/OFFICE	ED	SC	SHS	CLT	CI	Total
AFRICA						
Accra			1			1
Addis Ababa		1				1
Bamako			1			1
Dakar					1	1
Dar es Salaam			1		1	2
Harare			1			1
Libreville		1	1			2
Nairobi			1	1		2
Windhoek			1			1
Yaoundé			1	1		2
Total, AFR	*0*	*2*	*8*	*2*	*2*	*14*
ARAB STATES						
Beirut		1				1
Cairo			1			1
Doha	1		1			2
Rabat		1		1		2
Total, ARB	*1*	*2*	*2*	*1*	*0*	*6*
ASIA AND THE PACIFIC						
Almaty		1		1		2
Apia						0
Bangkok						0
Beijing					1	1
Jakarta			1			1
New Delhi			1			1
Tehran	1	1	1			3
Total, APA	*1*	*2*	*3*	*1*	*1*	*8*
EUROPE & NORTH AMERICA						
Moscow			1			1
Total, EUR	*0*	*0*	*1*	*0*	*0*	*1*
LATIN AMERICA/CARIBBEAN						
Havana		1	1			2
Kingston						0
Montevideo						0
Quito	1	1	1			3
San José						0
Total, LAC	*1*	*2*	*2*	*0*	*0*	*5*
TOTAL per sector (Grand total)	**3**	**8**	**16**	**4**	**3**	**(34)**

ANNEX III

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

Actions	2001 / 2002 / 2003 — J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
I. Rational field system	
Finalize choice of cluster, regional and national offices	
Close offices that are not in new field network	
Set up alternative arrangements for UNESCO presence	
Develop Cluster Human Resources Map	
Cluster office network enters into force	
Establish regional coordinating function	
Reinforce cluster offices' multidisciplinary capacity	
Reinforce cluster management capacities	
Refocus and strengthen regional bureaux	
Review UNESCO institutes and centres and develop related strategy	
Strengthen coordination between UNESCO institutes, offices and Headquarters	
Develop and implement guidelines for cooperation between field offices and National Commissions	
II. Bureau of Field Coordination (Headquarters)	
Identify functions to be transferred to BFC from parent sectors	
Transfer parent sector administration to BFC	
Ensure field security and MOSS compliance	
III. Related HR policies	
Develop field-based training and mentoring programme	
Develop decentralized management of local staff	
Develop alternative staff-enhancement modalities such as secondment, use of volunteers, etc.	
NB: For other related HR policies, see 166 EX/6, Part I	