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Executive Board

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Hundred and sixty-ninth Session

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Item **3.3** of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

SUMMARY

In accordance with 166 EX/Decision 3.1.3 of the Executive Board, 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 26.

Introduction

1.   At the 166th session of the Executive Board, the Director-General presented a comprehensive progress report on the reform initiatives undertaken in the human resource management area. The Executive Board took note of the work accomplished to develop and implement the new staff policy framework and invited the Director-General to report to it again at its 169th session. This paper provides the Executive Board with an update in the current staffing situation, the training activities, as well as a progress report on the implementation of the policy reform framework since the 166th session.

Update on staffing

General recruitment data

2.   In the 2002-2003 biennium, a total number of 255 posts at the Professional level and above were advertised, compared to 240 posts in the previous biennium (2000-2001). The number of applications, received mostly through the Internet, has more than doubled from approximately 20,000 in 2000-2001 to more than 48,000 in 2002-2003.

3.   Over the same period, a total of 256 staff were appointed to posts at the Professional level and above, among whom 127 (50%) were recruited externally.

Young Professionals Programme

4.   The selection process for the intake of 2004 has been completed; 10 new Young Professionals (out of 316 applicants) representing the six electoral groups have taken up their duties in February 2004; three of them were from non-represented Member States and seven from under-represented Member States. Seven Young Professionals were deployed in programme sectors to reinforce priority programmes such as cultural policies, ecological sciences and secondary education, whereas three of them were assigned to core central services, such as the Bureau of Budget, the Division of the Comptroller and the Office of Internal Oversight.

Staffing situation at Director level and above

5.   The number of Director and above posts has further decreased from 102 in document 31 C/5 to 97 in document 32 C/5.

Table I: Senior Management Posts/Staff

Senior Management Posts	Posts in document 31/C5	Posts in document 32/C5	Staff as of 31/12/2003
DDG	1	1	1
ADG	10	10	9
D2	24	25	25
D1	67	61	57
Total	102	97	92

Promotion data

6.   A total number of 249 staff members were promoted during the biennium. Of these 249 promotions, 111 resulted from a competitive appointment to a higher graded post, 123 resulted from the reclassification of posts and 15 resulted from advancement in split-grade posts (P-1/P-2). This figure represents a 36% increase over the number of promotions in 2000-2001 (184).

7.   The breakdown of staff promoted by category is as follows: 119 Professional staff, 118 General Service staff and 12 National Officers. Among the General Service staff, 36 were promoted to the Professional level of whom 27 to Professional posts at Headquarters and 9 to National Officer posts in the field.

Implementation of the new General Service classification standard at Headquarters

8.   Following a series of focus groups with managers and staff and careful testing on a representative sample of post descriptions, a new classification standard for GS posts at Headquarters was developed. After extensive consultations with managers, staff and the staff associations, a favourable review by the International Civil Service Commission (ICSC) and a recommendation by the Advisory Council on Personnel Policies (ACPP), the Director-General approved the new classification standard in December 2002. The standard was then promulgated by ICSC and published on 30 January 2003 (Administrative Circular No. 2177).

9.   Since many of the existing job descriptions for General Service posts at Headquarters were out of date, a comprehensive review of all job descriptions was undertaken. To simplify the classification process and ensure a consistency of results, standard job descriptions were developed for about 70 jobs with the same or similar duties, prior to the implementation of the new classification standard.

10.   In 2003, some 800 General Service posts in Headquarters were evaluated against a new seven-grade GS Classification Standard for Paris. To ensure transparency and objectivity, post descriptions were evaluated by an ad hoc Job Evaluation Committee comprised of Professional and General Service staff members from different sectors and bureaux within Headquarters, trained in job classification techniques. Observers from the staff associations also attended the Committee's proceedings.

11.   The results of the evaluation exercise indicate that about 200 General Service posts (26% of the total) were under-classified in relation to the current grade of the post-holder, whereas other posts were either rated at the current or at the lower grade than the grade of staff. The Director-General accepted the Committee's recommendations to upgrade the under-classified posts, resulting in the promotion of their incumbents. The Director-General, however, did not accept the Committee's recommendation concerning the posts rated lower than the grade of the staff. These posts are maintained at the current grade of the staff, and staff will not be affected by the outcome of the exercise. The posts will, however, be downgraded when they become vacant.

12.   The upgrading of the posts concerned was implemented with effect from 1 January 2003, which coincides with the approval, by the Director-General, of the new classification standard. The estimated cost for 2003 was $1.8 million, and $4.4 million for 2004-2005. The financial impact of these reclassifications on the staff costs budget shall be absorbed within UNESCO's regular budget.

Document 32 C/5 Reclassification Reserve (2004-2005)

13.   Document 32 C/5 includes a reserve of $1.5 million for the reclassification of posts. The Director-General has decided to set aside $0.5 million of the reserve to help offset the cost of the

General Service classification exercise at Headquarters in 2004-2005. The remaining amount of $1.0 million shall be used to cover reclassifications of Professional posts in grades P-1 to P-4 (both at Headquarters and in the field) and of local/national posts in the field. This exercise is now under way.

Update on training programme 2002-2003

14. The implementation of the two-year corporate training plan, within the allotted budget of $3 million, has been successfully completed. The training plan covered the following initiatives: leadership and change management, project management, time management, supervision skills, team-building, administrative officers' training, as well as the ongoing IT and language training activities. Significant steps were also taken towards the increased use of e-learning.

15. The creation of a well-trained "managerial corps" was identified as a strategic priority in the reform process. As a result, a leadership and change management programme (LCMP), which is mandatory for all senior managers, was set up. A total of 157 senior managers (P-5 and above) were trained by the end of biennium, with follow-up individual coaching. As of 2004, one LCMP training session will be held every year for newly appointed managers.

16. Other training initiatives in 2002-2003 included workshops held across several regions, notably on supervisory skills, for senior GS staff and professionals up to P-4, on team-building, project management/resource mobilization, and results-based management. To reinforce the financial and administrative capacity in the field, training sessions were conducted in the Asia-Pacific, Latin America and the Caribbean, Africa and Arab States regions, with a total of 108 field administrative staff trained at the end of the biennium. Over the same period, a total of 313 staff members have undertaken training in a variety of IT programmes. Some 700 users and 93 internal trainers were trained in the new Finance and Budget System (FABS) at Headquarters. Language training saw an increased participation of 300 students for the scholastic year 2002/2003 compared to 200 to 250 in the previous years.

17. In addition, e-learning was introduced as a cost-effective way to offer learning to a wide range of staff. An e-learning library – offering a wide range of programmes (in language skills, office software, personal effectiveness, security training, FABS and SISTER etc.) and accessible through the Internet – was put at the disposal of some 1,000 staff members at Headquarters and throughout the field.

18. The increased allocation of $6 million for 2004-2005 will allow for the extension of the training programmes to cover areas of strategic importance. Half of this budget will be dedicated to capacity-building in the field, mainly in areas such as training on poverty reduction, common country assessment and United Nations development framework (CCA/UNDAF), enhanced financial, administrative and project management training, mainstream training in human rights, results-based management, etc. Most training initiatives will be supported by the e-learning programme. The opening of the new Learning Centre is scheduled for May-June 2004 in Bonvin (Building VII).

Update on the policy reform framework

19. In 2002-2003, the Organization undertook a review of all current policies and developed a new human resource policy framework. This task is now completed. A set of human resource policies, comprising policies on recruitment, rotation, promotion, classification, performance assessment, learning and development, has been developed and approved, following extensive consultations with the College of ADGs, the ACPP (Advisory Council of Personnel Policies), and

the staff associations. Implementation of these policies has started, and will constitute the priority for HRM in 2004-2005.

20. The following actions have been taken to implement the **policies on recruitment and rotation**, launched in Autumn 2003: a series of information sessions for staff from October to December 2003; advance planning with sectors/bureaux to identify posts to be opened for recruitment, as well as rotation possibilities; internal advertisement, in February 2004, of all vacant posts and all posts falling vacant in 2004; preparation of the vacancy bulletin for posts falling vacant in 2005, publication of two booklets, on recruitment at UNESCO and on the new policy framework; enhancement of RecruitWeb, the online application tool; updating and revamping of the recruitment information on UNESCO's Internet website. In addition, several implementation steps were taken to support the rotation policy, such as the identification of the rotational posts with the sectors/bureaux; the launching of the questionnaire on rotation to which about 250 staff members responded, and the identification of rotation possibilities in the context of the planning sessions with sectors/bureaux.

21. The **learning and development policy** will support the significant increase in the training budget for 2004-2005. Its main objective is to increase the professional capacity of staff by giving them the opportunity to update and further develop their skills in relation to organizational needs. The policy will also support the implementation of the performance assessment process of which learning and development is a central part.

22. The new **performance assessment policy**, which is being implemented clearly links the individual objectives to the operational work plans of the sectors/bureaux/field offices, while also focusing on individual learning and development to support these objectives. A key aspect of the policy is the reinforcement of managerial accountability, with the assessment of senior managerial competencies, as well as the inclusion of a managerial performance assessment objective for all supervisors. Another important feature is the review of the assessment reports of all staff by review panels constituted within each sector/bureau/field office. This review should ensure a greater consistency and objectivity of assessments across the Organization. In addition, a specific process to deal with performance issues has been introduced, featuring the establishment of a performance improvement plan. A streamlined process in the case of contestations will also be put in place.

23. Implementation of this policy started in February 2004, with the identification of expected results/work assignments to be undertaken between the supervisor and staff members across the Organization. The launching of the policy is accompanied by a communication strategy, including an extensive programme of information sessions for management, supervisors and staff at large, as well as the publication of an information booklet. The system will be supported by PERFORWEB, a new, user-friendly, online performance assessment tool, specifically designed for that purpose, and accessible on Intranet.

Contractual arrangements – Appointment of Limited Duration (ALD)

24. The ALD scheme was introduced in UNESCO in July 2002. Since its introduction, a total number of 69 staff has been appointed on ALD. More than half (40) of staff members on ALD were assigned to the Education Sector, mostly in the Oil for Food Programme. The ALD pilot scheme shall be evaluated in 2004, and detailed information on ALD appointments shall be presented at the 170th session of the Executive Board, with proposals to that effect.

Consultants and Fee Contracts

25.   The review of policies on consultants and individual contractors (fee contracts) is well under way and will be completed in mid-2004. The new policy will propose a simplified grading structure and an upgraded remuneration scale for consultants in line with the practice in other United Nations agencies. Guidelines for the recruitment and evaluation of consultants are also being developed.

Draft decision

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

The Executive Board,

1.   <u>Having examined</u> document 169 EX/6 (Part I),

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

3.   <u>Invites</u> the Director-General to pursue the implementation of the new staff policy and to report to it at its 170th session.

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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART II

NEW MANAGEMENT TOOLS

SUMMARY

In accordance with 166 EX/Decision 3.1.3, 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 status of implementation of the new integrated management information system, covering programme and budget, finance and accounts, and human resources and payroll.

  Decision proposed: paragraph 21.

Introduction

1.   This document takes stock of the progress made in the implementation of the new integrated management information system as a major tool of results-based management (RBM). It should be recalled that the three main components of the new system are: (a) System of Information on Strategies, Tasks and Evaluation of Results (SISTER), which covers the preparation of programme and budget and their implementation monitoring; (b) Finance and Budget System (FABS) used to record financial transactions, maintain accounts and provide data for budgetary and financial reporting; and (c) the human resources system to cover human resources management and payroll.

SISTER: towards increasing the system's capacity for efficient results-based programming and monitoring

2.   By January 2004, all work plans for document 32 C/5 have been entered into SISTER and transferred to FABS, thus setting the stage for the programme implementation and monitoring throughout the biennium using the new management information system. The completion of the work plans in time to begin the programme and budget implementation from the first day of the biennium is in itself a considerable achievement of the reform process. Overall – given its range of functionalities and comprehensiveness – SISTER has proven to be an effective programming and monitoring tool that allows reviewing and fine-tuning programme implementation and management and assessing the attainment of results.

3.   However, experience shows that there is still room for improvement. The existing technical environment does not yet provide for a smooth use of the system at and away from Headquarters with many users continuing to experience difficulties in entering data. At the same time, some key users still tend to bypass the system when laying the cornerstones of the programme. While staff attitudes and support towards SISTER's objective and services have improved, many still fail to see benefits from using the system, as there is still a gap between the RBM patterns imbedded in SISTER and the day-to-day practices. In order to help overcome this inertia, a dedicated results-oriented training programme was launched last summer.

4.   Moreover, any system that is five years old needs an overhaul to keep pace with the rapid technological progress. While SISTER has been a remarkable success in terms of bringing a profound change in programming and monitoring practices in UNESCO, and despite the possibilities it already offers, it would benefit from being upgraded in technical terms so as to fully meet all expectations. The interest displayed by Member States in this information and management tool adds momentum to improving SISTER on a continuous basis.

5.   There are three main reasons to revise SISTER: (1) technological obsolescence of some of its components compared with promising possibilities offered by new technologies; (2) need for adjustment to new features of programming, in particular the decentralization process under way; and (3) need to improve the systems user-friendliness and its technical backup. One of the measures envisaged is to re-write the software base of SISTER so as to enhance its various functionalities and to adapt them better to the Organization's current and future requirements, ensuring adequate complementarities with FABS. To that effect, a master plan, covering technological, managerial and user concerns, is under discussion with a view to implementing it in the course of the current biennium.

FABS: consolidation of the system at Headquarters and its deployment to decentralized units

6.   Based on the lessons learnt over the first two years of FABS operation at Headquarters and feedback from users, work has continued with a view to improving and consolidating the system and complementing it with new modules.

7.   One of the problems encountered by users is related to contract processing. This issue is being addressed through the development of a technical solution that allows simplified managing of all contracts through the Material Management module. The prototype solution has already been presented to users and is expected to be operational by July 2004.

8.   Another problem concerns reporting functionalities in FABS. While the system contains a wealth of information, improving considerably transparency and completeness of financial data, the preparation of monitoring reports is complex and still not user-friendly. It has therefore been decided to implement a special reporting tool, able to extract data from both FABS (budget and expenditure) and SISTER (plans, activities and results) and, thus, more powerful than reporting tools provided by either of the systems alone.

9.   To cover the asset management requirement of the Organization, a technical solution, entailing the use of the SAP Asset Management module (AM), has now been developed, tested and delivered and is in the first stages of implementation. The first step was to identify the "legacy" assets of some 43,000 items during the last quarter of 2003. Each of these items has been bar-coded, with information on the asset and its location within the Headquarters complex, valued as at 31 December 2003 and the data uploaded into FABS. Beyond financial reporting purposes, the database created will be continually updated for acquisitions, disposals and transfers of assets, thus allowing real asset management. In January-February 2004, training courses have been organized and corresponding internal procedures are being developed.

10.   As regards the rollout of FABS to units of the Secretariat away from Headquarters, the system is already available in some 50 field locations for online funds reservation and interrogation. Now, the other important functionalities, such as expenditure registration and bank reconciliation, need to be rolled out so as to enable the Organization to monitor its expenditure, as much as possible, in real time.

11.   In order to ascertain that the proposed solution for those functionalities is adequate, the financial management requirements in field units and the proposed SAP solution and alternative approaches have been examined. Based on the results, it has been concluded that the SAP solution (FABS) should indeed be deployed in the field after some adjustments and validation.

12.   It is important to note that no additional dedicated structures are envisaged for the implementation of the rollout; instead, a Field Rollout Project Manager will coordinate all relevant work by the different units concerned. Major strategic decisions and choices will be submitted for validation to a Policy Group composed of the heads of key services concerned and chaired by the Deputy Director-General.

13.   Considering the limited resources available, FABS will be deployed to one group of field units at a time and, initially, through priority modules only. In order to make sure that the target field units have all necessary prerequisites in place enabling them to assume new responsibilities implied by FABS, there will be a two-stage accreditation process, starting in January 2004. The criteria include whether the office has been audited (with 80% of audit recommendations implemented) and has a suspense account less than 5% of turnover. Fifteen offices, which represent 75% of the volume of transactions in the field, have been pre-selected for accreditation in 2004.

14.   In May 2004, the registration of expenditure and bank reconciliation through the finance module (FI) will be decentralized to the first group of eight offices which pass the accreditation process. The target is to have by the end of 2004 about 75% of the decentralized funds accounted for through the FI module in FABS in real time. By the end of 2005, the FI rollout should be completed covering the majority of field units and some 90% of decentralized funds. Depending on the resources available and the progress achieved, the FI rollout will be followed or accompanied by the deployment of the Material Management module (MM) and other modules as appropriate.

Towards a new information system for human resources management

15.   Preparatory work for the future human resources component of the integrated management information system has focused on the revision and modernization of the legacy mainframe-based systems, with a view to facilitating the work of HRM services and prepare them for the use of new tools and concepts such as the "one-stop shop" approach to staff management.

16.   To this end, a number of new software tools have been developed covering: personnel action forms processing, including electronic signature, online simulation, education grants, leave and family status monitoring, improved communication (time, quality, accuracy) with staff members through the automatic generation of standardized letters and improved management of salary scales in the payroll and human resources system. All these tools should be operational by July 2004.

17.   These developments will prepare the data migration into the new system and ensure interconnection among the current heterogeneous applications (process issued from database with process issued from mainframe, or from different databases), while helping to consolidate the knowledge and understanding of the current HR rules and procedures. In the same context, other applications are being introduced, including a new pension management system (February 2004), a new performance appraisal system (March 2004) and new fact sheet data entry and reporting (April 2004).

18.   In parallel, contacts have been initiated with UNICEF, which is developing a standardized United Nations SAP-based solution for human resources management. UNESCO is closely following the process so as to make sure that the system would suit its needs and could indeed be introduced in the Organization upon its completion, on conditions to be negotiated, with no or little customization. The choice of this solution is likely to solve, at least partly, the problem of lack of budgetary resources, as none are foreseen in document 32 C/5 for the new HRM information system.

19.   A special case is that of the Medical Benefits Fund which uses a stand-alone management system. Recent reports and studies, as well as increasing difficulties in maintaining the existing system, have highlighted the need to reform the MBF, its internal processes and computer system. In 2003, alternative software was identified. It is called Health Insurance Information System (HIIS) developed jointly by WHO, UN-Geneva and ILO. WHO has accepted to cede the software and may be able to assist UNESCO in its implementation. The objective is to implement the new system in the course of 2004.

Costs and budget

20.   The funds available under the Programme and Budget for 2004-2005 (32 C/5) for SISTER (US $1 million) should cover the system's maintenance and revision. As far as FABS is concerned, the cost of its basic maintenance alone amounts to US $4.6 million per biennium. The funds

available (US $5 million) can cover only maintenance and some improvements/adjustments. Considering the current strong emphasis on using internal resources, it may be possible to accommodate within the available budget the main FABS requirements at Headquarters. However, the cost of the FABS rollout to the field for 2004-2005, which is estimated at some US $1.9 million, can be met only partially. Furthermore, while the costs of the preparatory work for the new HRM system are absorbed in the regular budget, no dedicated budget exists for the introduction of the new system itself, which may delay its deployment beyond 2005.

Proposed draft decision

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

The Executive Board,

1.   <u>Recalling</u> 166 EX/Decision 3.1.3,

2.   <u>Having examined</u> document 169 EX/6 Part II,

3.   <u>Takes note</u> of the progress made, problems encountered and remedial action taken in the implementation of the new integrated management information system, covering programming and budgeting (SISTER), finance and accounting (FABS) and human resources management;

4.   <u>Further takes note</u> of the under-budgeting of the new management information system, in particular as regards the FABS rollout to the field and the HRM component;

5.   <u>Reiterates</u> 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;

6.   <u>Invites</u> the Director-General to pursue the implementation of the integrated Management Information System and to submit to it at its 171st session a progress report thereon.

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REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART III

DECENTRALIZATION

SUMMARY

In accordance with 166 EX/Decision 3.1.3, the Director-General presents a progress report on the implementation of the reform process, including staff policy, new management tools and decentralization.

Part III of the document is devoted to the implementation of the decentralization strategy. In addition, and as per 167 EX/Decision 4.3, the document reports on progress made in addressing the issues raised in document 167 EX/14 (Biennial evaluation report on the activities and results of all UNESCO decentralized bodies) and provides a comprehensive plan of action.

Decision proposed: paragraph 24.

INTRODUCTION

1.   At its 166th session, and after having examined the Report by the Director-General on the reform process, Part III – Decentralization, the Executive Board invited the Director-General "to continue the rational implementation of the decentralization action plan based on the principle of efficiency and increased monitoring and to submit a review report thereon to it at its 169th session" (see 166 EX/Decision 3.1.3).

2.   At its 167th session, following the discussion of the Biennial Evaluation Report on the activities and results of all UNESCO decentralized bodies prepared by the Internal Oversight Service (IOS), the Executive Board further invited the Director-General to report on the progress made in addressing the issues raised in document 167 EX/14 and to submit a comprehensive plan of action and corresponding timetable to it at its 169th session (see 167 EX/Decision 4.3).

3.   The present document responds to both decisions, and reports on progress made in the implementation of the Decentralization Action Plan endorsed by the Executive Board at its 160th session and on the corrective measures taken in the light of issues identified by IOS.

Progress on the implementation of the decentralization strategy

4.   The decentralization strategy, whose main thrusts were outlined by the Director-General to the Executive Board at its 160th session in November 2000 and on whose implementation he provided detailed information to the Board at its 161st session in May 2001, is without question the most difficult and crucial part of the reform of the Organization, enabling a bridge to be built between global issues and the direct interests of Member States at the local level.

5.   Since it was launched, efforts have focused mainly on reconfiguring the field office network and on meeting basic conditions in terms of logistics and management to enable the new structure to function.

6.   The field office network is now more coherent after the closure of 23 offices[1] at the end of 2003. The 53 offices currently in operation are distributed as follows:

- 27 offices responsible for several countries, five of which are based in E-9 countries;

- 12 regional offices – of which 10 also work as cluster offices, one as a national office and one as a regional office only;

- 21 national offices, of which four are in E-9 countries and 17 in countries in transition or post-conflict situations; two of these offices were opened recently after consultation with the Executive Board (the Kabul Office in June 2002 and the Office for Iraq in February 2004);

- one regional centre (UNESCO European Centre for Higher Education – CEPES);

- two offices for liaison with the United Nations system – one of which (New York) was given a cluster status in December 2003, which is being defined.

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[1]   UNESCO Offices in Abidjan, Bangui, Conakry, Luanda, Lusaka, Ouagadougou, Porto Novo, Pretoria, Tunis, Kuala Lumpur, Quebec City, Sarajevo, Vienna, Washington, Asunción, Bridgetown, Buenos Aires, Caracas, La Paz, Panama City, Port of Spain, San Salvador and Santo Domingo.

7.   It should be noted that five offices will be closed during or at the end of the present biennium (Kigali, at the end of 2004; Brazzaville, Bujumbura, Guatemala City and Lima, at the end of 2005).

8.   The number of established posts in the field is growing constantly: a net increase of 35 posts (28 Professional, including nine international Administrative Officers, and seven local posts) between document 30 C/5 and document 31 C/5, and the creation of 21 new Professional posts, including six international AO posts, between document 31 C/5 and document 32 C/5. In addition, two Professional staff were transferred with their posts after document 32 C/5 had been drawn up and similar transfers are under consideration. To date, seven cluster offices have at least one specialist in each of UNESCO's fields of competence (Dakar, Harare, Apia, Beijing, Kingston, Montevideo and San José). In June 2004, only one office (Doha) will not have an education specialist, but its Director is an acknowledged specialist in that field. To date, 19 offices have specialists in the natural sciences, 12 have specialists in the social and human sciences, two offices only (Almaty and Nairobi) do not have a specialist in the field of culture and two offices (Dar es Salaam and Libreville) do not have a specialist in communication and information, although the Director of one office (Dar es Salaam) is former regional communication adviser.

9.   Recruitment to vacant field posts has speeded up considerably, with 30 posts being advertised in early February 2004 in the context of the launch of the new rotation policy. By adopting this transparent set of rules and procedures governing staff movement between the Organization's various locations, UNESCO has at last acquired an appropriate tool so that it can eventually strike a suitable balance in the distribution of human resources between Headquarters and the field.

10.   Lastly, as the revitalization of field offices cannot really be achieved without the leadership of senior officials, it is worth noting that 36 new directors and heads of offices have been appointed since 2000, which is a 68% renewal of the heads of the 53 offices that make up the UNESCO field network.

11.   A great effort has been made to train field staff: 863 training courses were provided in 2002-2003, while there were only 55 in the previous biennium. Ten key training areas were emphasized: leadership and change management (60), team building (225), supervisory skills (65), results-based management (133), project cycle management and resource mobilization (160), AO training (151), SISTER (32), media relations (28), website development (20) and clearing house (20). In addition, access to online training (e-learning) in office skills and management was provided to 493 Professional and support staff members in field offices. This drive to enhance human resources will be continued and intensified during the current biennium, with the allocation to field offices of more than half of the $6 million earmarked for staff training.

12.   Tools for the delegation of authority and accountability mechanisms are gradually being introduced. In addition to the table of delegation of authority for field offices published in May 2002, audits (11 in 2001, 14 in 2002, 11 in 2003) and regular monitoring of field offices by the Internal Oversight Service (IOS) are contributing to better management of the offices concerned. Furthermore, the guidelines contained in the annual Consolidated Audit Reports are valuable reference documents for good financial and administrative management.

13.   Computer equipment and telecommunication connectivity have been brought up to standard in most field offices. The roll-out of FABS to the field was launched in early 2003. By the end of that year, the vast majority of field offices had online access to the first module, for funds

reservation.[2] The gradual introduction of the second module, the finance module, began in early 2004, together with an accreditation process to ascertain the field offices' level of expertise in the Organization's procedure before authorizing them to enter their accounts directly into the Organization's financial system.

14.   Particular attention has been paid to field security and to aligning the Organization's practices with UNSECOORD (Office of the United Nations Security Coordinator) instructions. The funds earmarked in document 32 C/5 have proved insufficient, however, owing to the strengthening of security measures in all field offices, particularly in some 20 locations considered to be potentially the most dangerous, as determined by UNSECOORD after the attack on United Nations headquarters in Baghdad in August 2003 (see document 169 EX/27, Report by the Director-General on strengthening the security of UNESCO premises worldwide).

15.   Synergy within the field office network is gradually being established, in particular through training courses that, in addition to the entrenchment of common practices, lead to the establishment of informal networks of interests and skills. In July 2003, a retreat of directors and heads of field offices was held for the first time to launch a collegial process of dialogue and exchange and develop common approaches to similar problems; in short, to develop a genuine corporate spirit and a common vision of UNESCO's identity in the field. The retreat yielded extremely positive results and a common vision is indeed beginning to take root.

16.   Lastly, a major innovation should be mentioned: the launch in November 2002 of cluster consultations, made possible by the availability of carry-over funds from the 2000-2001 biennium. Twenty-four consultations have been held so far, with the dual aim of strengthening relations and communication between field offices and National Commissions and jointly formulating cluster strategies. At the 32nd session of the General Conference, many Member States welcomed the initiative and expressed the hope that funding for such meetings would in future be clearly provided for in the Organization's programmes and budgets.

17.   Despite the progress achieved, the effects of the decentralization strategy are still modest owing to the influence of the habits, practices and visions that are impeding the emergence of a new work culture within the Secretariat. Without "a change in mentality and perception of UNESCO as *one* Organization (including the field and Headquarters) with *one* overall mission, with its central focus being its impact on and relevance to its Member States",[3] it may be difficult for the new field structure to contribute to the effective refocusing of UNESCO's action and to making it more efficient and effective in Member States.

18.   The current situation should still be seen as transitional, as indicated by the Director-General at the opening of the debates of the Executive Board at its 167th session and of the General Conference at its 32nd session when he said that efforts would in future be focused in particular on the qualitative functioning of the field office network, the substance of its operations and the nature of the relations among its various components.

Corrective measures taken in the light of issues raised by the IOS evaluations

19.   Implementation of the decentralization strategy, like the other pillars of the reforms, has been constantly and closely monitored by the management team. In March 2003, the College of Assistant Directors-General (ADGs) set up internally a Senior Task Force on Decentralization and Delegation

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[2]   The Division of the Comptroller (DCO) continues to enter funds reservations at Headquarters for 15 offices: Abuja, Addis Ababa, Apia, Brazzaville, Bujumbura, Guatemala City, Islamabad, Kabul, Kathmandu, Kinshasa, Kigali, Libreville, New York, Port-au-Prince and Ramallah.
[3]   See document 161 EX/5, Part II, paragraph 37.

of Authority, chaired by the ADG of the Office of the Director-General (ADG/ODG), to seek solutions to remedy shortcomings identified in the first evaluation of field offices conducted by IOS and the preliminary lessons learned from the review of delegation of authority to field offices, also carried out by IOS.

20.   All issues representing risk for the Organization (in terms of credibility and/or effectiveness) have been identified and grouped under nine headings:

> (i)   respective roles of Headquarters and the field (regional, cluster and national offices);
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> (ii)   planning and programming;
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> (iii)   programme monitoring;
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> (iv)   accountability;
>
> (v)   financial and human resources;
>
> (vi)   extrabudgetary resources;
>
> (vii)   active participation in local United Nations teams;
>
> (viii) relations with partners and beneficiaries;
>
> (ix)   issues linked to the structure of the network.

21.   After reviewing all the issues listed, the Task Force drew up the Plan of Action annexed to this document. It shows, on the one hand, action already taken to remedy the shortcomings noted in document 167 EX/14 (Biennial evaluation report on the activities and results of all UNESCO decentralized bodies) and, on the other, action remaining to be taken, and the corresponding timetable.

22.   It should be noted that the Task Force has concentrated in particular on the two strategic features that determine the smooth implementation of decentralization, namely, clarification of the respective roles of Headquarters and the various categories of field offices and adaptation of the planning and programming process to the new decentralized situation of the Organization so as to link UNESCO's global objectives in the best manner possible to the priority needs of Member States. The Task Force worked on this matter in close consultation with the College of ADGs, which examined and discussed the preliminary proposals on the two issues extensively. The directors and heads of field offices were also consulted on the new planning and programming process at their retreat in July 2003 and their comments were taken into account in subsequent versions drafted. Lastly, to expand the consultation to all of the Organization's decision-makers and secure genuine ownership of the principles and tools, they will be submitted for discussion at the Global Meeting of Senior Managers, to be held from 25 to 27 March 2004, which will be attended by all Headquarters and field directors. The meeting will certainly help to forge the common vision and corporate spirit needed for this aspect of the reforms to succeed.

23.   Finally, as promised (see document 161 EX/5, para. 35), the Director-General will submit to the Executive Board at its 171st session in Spring 2005 a full review of the implementation of the decentralization strategy, taking due account of the criteria set out by the General Conference in 30 C/Resolution 83. He has asked the Deputy Director-General to supervise the conduct of the review and to set up for that purpose a Task Force composed of officials from Headquarters and field offices. It will begin work in April 2004 and will endeavour to follow up the lines of action identified in the Plan of Action annexed hereto.

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

The Executive Board,

1.   <u>Recalling</u> 166 EX/Decision 3.1.3 (Part III) and 167 EX/Decision 4.3,

2.   <u>Having examined</u> document 169 EX/6, Part III,

3.   <u>Takes note</u> of the efforts made by the Director-General to implement the decentralization strategy and the progress achieved to date;

4.   <u>Takes note also</u> of the progress made in dealing with the issues raised in document 167 EX/14 and of the corresponding Plan of Action;

5.   <u>Invites</u> the Director-General to continue to implement the decentralization strategy and the Plan of Action designed to remedy the shortcomings identified;

6.   <u>Further invites</u> the Director-General to highlight the results obtained in the report on the full review of the decentralization strategy that he has undertaken to submit to it at its 171st session.

PLAN OF ACTION FOR ADDRESSING ISSUES RAISED IN DOCUMENT 167 EX/14

(Biennial evaluation report on the activities and results of all UNESCO decentralized bodies)

ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	ACTION ALREADY TAKEN	ACTION TO BE TAKEN	TIME SCALE
I. ROLES (UNESCO AND ITS ENTITIES)			
Lack of clarity as to the role of UNESCO field offices in meeting the needs of Member States (e.g. advice on policy formulation or project implementers).	• Draft paper on basic principles of decentralization and respective roles of all UNESCO entities prepared by the Task Force on Delegation of Authority and Decentralization. • Fine-tuned by the College of ADGs end-January and mid-February 2004. • Tabled for discussion at the Global Meeting of Senior Managers (25-27 March 2004).	Based on the clarifications thus achieved: - A Blue Note will be issued defining the generic functions of Headquarters and of each of the three categories of field offices. - All proposals for the preparation of draft document 33 C/5 put forward by Headquarters divisions and field offices will be assessed against these functions.	April 2004 November 2004
Lack of coordination between sectors at Headquarters, Regional Bureaux, Cluster and National Offices at Member State level.			
Lack of understanding of the respective roles and responsibilities of Headquarters and of each decentralized body.			
Authorities delegated in March 2002 to field units not being always respected in practice.	• Review of the table of authorities to field offices initiated by IOS.	In the light of the discussions of the Global Meeting, IOS will prepare a consolidated Table of Authority and Accountability at Headquarters and in the field.	April to September 2004
II. PLANNING PROCESS AND MECHANISM			
Top-down planning process; no effective involvement of field offices in the design of overall and sectoral priorities and strategies.	• Comprehensive review of the Programme Management Cycle process undertaken by the Task Force on Delegation of Authority and Decentralization. • Revised bottom-up Programme Management Cycle approved by the College of ADGs end January 2004 (following an initial discussion in June and the examination of the first draft by Directors/Heads of field office in July 2003). • Tabled for presentation at the Global Meeting of Senior Managers (25-27 March 2004) during which participants will be invited to identify measures to strengthen its implementation.	Tools to support the new management programming cycle to be prepared : - Questionnaire to Member States and IGOs for the Director-General's preliminary C/5 proposals - Guidelines for cluster and regional consultation meetings - Format for inputs at various steps of the process, including field offices' strategic plans - Terms of reference of regional panels to moderate discussions among field offices on the distribution of regular programme funds available per region - Terms of reference of Programme Review Committees to examine field proposals	March 2004 March 2004 September 2004 October 2004 October 2004

• ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	• ACTION ALREADY TAKEN	• ACTION TO BE TAKEN	• TIME SCALE
Non-existence of a common consultative mechanism between Member States-field offices-Headquarters that would feed into the preparation of the C/5 in a structured and timely fashion.	• As part of the revised Programme Management Cycle process, cluster consultations led by field offices will be organized immediately prior to Regional Consultations of National Commissions, and in the same venue.	- New multi-tiered approach to consultations of the National Commissions to be implemented in the preparation of draft document 33 C/5	May-June 2004
Work plans are not always guided by formal strategies or elaborated jointly with Member States to identify their strategic needs and priorities.	• As part of the revised Programme Management Cycle, field offices are requested to elaborate their strategic plans at an early stage of the development of the C/5 process. These strategic plans will be shaped following cluster consultations and will outline UNESCO's expected response at the cluster level, observing the C/5 programme priorities (i.e. bridging between the global C/5 document and the detailed work plans of cluster offices).	- New approach to be implemented in the preparation of draft document 33 C/5	November 2004 to January 2005
Inadequate quality of work plans developed by field offices, most consisting mainly of a list of activities and budget allocations with a lack of qualitative information (e.g. project strategy, expected results, clear time frame, monitoring and evaluation tools to be employed) and of corresponding advocacy, consultation, and inter-agency coordination.	• A list of tools required to support the revised Programme Management Cycle Process has been identified, including Guidelines for development of work plans. • Results-based management (RBM) training conducted by BSP benefited 133 field staff between July and December 2003.	- Guidelines for development of work plans by field offices to be developed - RBM field training cycle to be continued in the current biennium in order to include all professional staff in the field	April 2005 End 2005
The process of validation of work plans in SISTER by Headquarters undertaken with little coordination and quality control and mostly linked to budget line verification.	• IOS, together with the central services concerned, has launched in February 2004 a review of SISTER implementation in Headquarters and field offices.	- SISTER and related processes to be enhanced - Training plans and provision of training funds for SISTER	November 2004 2004

III. PROGRAMME MONITORING PROCESS AND MECHANISM

Lack of transparent programme monitoring mechanism: once work plans have been approved, most offices do not use SISTER to monitor and evaluate progress of the implementation.	• The Director-General issued instruction to all staff in July 2003 stating that for document 32C/5, budget allotment will be suspended if programme managers do not record activity progress in SISTER to ensure transparent monitoring of the implementation of the approved work plans. • IOS review of SISTER will include recommendations on increasing the utilization of SISTER as a monitoring tool by Headquarters (sectors and central services) and field offices.	- Close monitoring of the Director-General's instruction to be ensured - SISTER and related processes to be enhanced following the finalization of the review	Throughout 2004 and 2005 November 2004

• ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	• ACTION ALREADY TAKEN	• ACTION TO BE TAKEN	• TIME SCALE

IV. ACCOUNTABILITY PROCESS AND MECHANISM

Lack of an accountability mechanism requiring field offices to report on the achievement of the expected results set out in the approved work plans.	• IOS review of SISTER is also expected to result in recommendations on the production of required accountability reports for monitoring function.	Tools for proper accountability mechanism to be developed: - Performance agreements for Headquarters divisions, sectors and field offices - Annual Performance reports – model formats	June 2004 June 2004

V. FINANCIAL AND HUMAN RESOURCES

No common fund allocation process among the programme sectors, and no clear criteria for deciding on programme resource allocation to the field.	• The revised Programme Management Cycle foresees that decision on the distribution of budget by subprogramme and region be decided at a very early stage of the preparation of the draft C/5 document.	Agreement on common criteria to establish related Resource Allocation Matrix (RAM) to be achieved	September 2004
Some Sectors have delegated the allocation to Regional Bureaux or Advisers, creating a de facto hierarchy that is contrary to the decentralization strategy.	• The new Programme Management Cycle also foresees that the distribution of the above-mentioned envelope within a region will be jointly decided by the field offices of the region, and that a Programme Review Committee will be established if and when Field Offices cannot reach an agreement.	Terms of reference of Programme Review Committees to be established	November 2004
No clear criteria either for the distribution of support costs (indirect programme budget).	• For the first time this biennium, the distribution of indirect costs was based on a comparative analysis of field offices' estimated expenditures.	Common funds allocation process (programme and indirect costs funds) including clear criteria to be established	September 2004
Occurrences of false decentralization, not accompanied by full delegation of authority. Headquarters, to varying degrees, was sometimes still engaged in directing and managing the activities.	• Issue to be addressed at the Global Meeting of Senior Managers (25-27 March 2004).	Mechanism to ensure that decentralized funds are truly decentralized (with decision-making authority) to be designed within the new Programme Management Cycle	November 2004
Shortfall in human resources in most offices and delays in the recruitment process.	• In addition to the net increase of 35 field posts in document 31 C/5, 21 new field posts in the professional category were established in document 32 C/5. Further decentralization of staff with their posts is being considered by sectors/services at Headquarters. • Establishment of a rotation policy providing, for the first time in the history of UNESCO, a transparent set of rules and procedures regulating staff movements between the various locations of the Organization.	- Resourcing of field offices (both in terms of budget and of staff) to be addressed by the Task Force chaired by the DDG to undertake a comprehensive review of the implementation of the Decentralization strategy - Standard duration of recruitment and related tool to closely monitor delays to be established	February 2005 June 2004

ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	ACTION ALREADY TAKEN	ACTION TO BE TAKEN	TIME SCALE
	• Launch of the rotation policy in November 2003. • This launch was marked by the acceleration of recruitment to existing vacant posts in the field (30 field posts advertised at once in February 2004).		

VI. EXTRABUDGETARY RESOURCES

ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	ACTION ALREADY TAKEN	ACTION TO BE TAKEN	TIME SCALE
Unclear linkage between extrabudgetary activities and UNESCO's overall priorities.	• Work plans of all extrabudgetary projects have been entered into SISTER at the main line of action level, clearly showing the complementarity with regular programme activities. • As part of the revised Programme Management Cycle process, field offices are requested to include fundraising strategies in their strategic plans and programme proposals.	A working group to make detailed proposals on issues already identified (quality control, project monitoring, backstopping of field offices and accountability of Headquarters programme sectors) and those highlighted by the audit of extrabudgetary funds carried out by the External Auditor (169 EX/29)	June 2004 to June 2005
Absence of guidance/established guidelines for extrabudgetary resource mobilization strategies.	• A *Guide to UNESCO's Extrabudgetary Activities* has been issued by ERC/CSF end October 2003 and now available in four languages (English, French, Arabic and Spanish).		
Weak capacity of field offices to develop project proposals.	• During the last biennium, 160 field staff were trained in resource mobilization and project development. Many of them also benefited from the RBM training referred to above, an important approach for developing projects.		
Weak Headquarters support/monitoring of extrabudgetary activities for which funds were generated by field offices.	• Several possible approaches identified by the Task Force on Delegation of Authority and Decentralization and informally discussed with the External Auditor.		
Funding received by the field from the Funds-in-Trust Overhead Costs Account (FITOCA) not adequate to cover the costs of administering extrabudgetary funds.	• IOS has carried out an audit of FITOCA, reporting to the Director-General in March 2004.	Overall approach to be revised in the light of the results of the *Finance and Budget Network Working Group on Support Costs Related to Extrabudgetary Activities* established by the CEB to agree on a common approach and common criteria for support costs recovery activities among United Nations agencies, and chaired by UNESCO's DIR/BB	February 2005

ISSUES REPRESENTING RISKS FOR THE ORGANIZATION	ACTION ALREADY TAKEN	ACTION TO BE TAKEN	TIME SCALE
VII. INTEGRATION INTO THE UNITED NATIONS SYSTEM			
Challenges in coordinating of two sets of work plans given the difference between the UNESCO programming cycle (biennial) and the UNDAF (five years).	• The Task Force on Delegation of Authority and Decentralization discussed this matter and considered that the modification of UNESCO's biennial cycle was not within the Secretariat's purview.		
VIII. RELATIONS WITH STAKEHOLDERS AND BENEFICIARIES			
Unclear work relationship and inadequate information exchange and coordination between National Commissions for UNESCO and UNESCO field offices.	• Draft *Guidelines for Interface and Cooperation between UNESCO Field Offices and National Commissions for UNESCO* were developed by an informal Working Group of Secretaries-General of National Commissions for UNESCO and Directors/Heads of UNESCO field offices end January 2004.	Guidelines to be finalized after consultation of National Commissions and within the Secretariat	July 2004
The formulation of Participation Programme activities by many National Commissions is done in isolation from UNESCO office's work plans and strategies.	• The above Draft Guidelines recommend that Secretaries-General of National Commissions consult as appropriate with Heads/Directors of field offices to ensure complementarities between Participation Programme requests and work plans for the regular programme.	Issue to be revisited in the elaboration of draft document 33 C/5, more specifically the proposed resolution on the Participation Programme	Spring 2005
IX. OTHER ISSUES RELATED TO DECENTRALIZED NETWORK STRUCTURES			
Ineffective UNESCO presence in Member States where field offices were closed.	• Preliminary review of existing and possible options carried out by the College of ADGs in February 2004. • Mapping exercise of current UNESCO cooperation with Member States where offices were closed launched in February 2004 to guide design of adapted alternative arrangements on a case by case basis.	In-depth review and strengthening of alternative arrangements to be carried out within the framework of the Task Force on the Review of the Decentralization Strategy chaired by the DDG.	February 2005
Weak communication between Headquarters and field offices	• At the Regional Training for Field Offices' Administrative Officers (AOs) conducted during the previous biennium, all AOs were provided with lists of focal points for specific areas in each central service who are readily available for advice and support. • Issue to be addressed at the Global Meeting of Senior Managers (25-27 March 2004).	- Similar identification of focal points in programme sectors to be carried out - The issue of communication between Headquarters and the field will also be addressed by the Task Force on the Review of the Decentralization Strategy chaired by the DDG.	May 2004 February 2005