

Hundred and sixty-fourth Session

164 EX/5
Part I
PARIS, 26 April 2002
Original: English

Item 3.1.2 of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART I

STAFF POLICY

SUMMARY

In accordance with the Executive Board's decisions 160 EX/Decision 3.1.2 and 161 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 is devoted to the human resources policy reform, covering in particular recruitment, promotion, rotation, job design and classification, career development, training, new contractual arrangements, staff well-being and staff-management relations.

Decision required: paragraph 44.

Introduction

1. In 30 C/Resolution 72, the General Conference stressed *inter alia* the need to review personnel policy taking fully into account the need for competitiveness, expertise, efficiency and universality and to focus on priority objectives such as a balanced structure for different categories of staff, a more equitable geographical and gender balance, and the rejuvenation of staff.
2. In 161 EX/Decision 3.1.2, the Executive Board expressed its satisfaction with the progress achieved in relation to the review of staff policy and invited the Director-General to pursue the implementation of his action plan. It further requested the Director-General to report to it, against the timetable and benchmarks, on all aspects of the reform, including staff policy, at its 164th session. The purpose of this paper is to report on the progress of the implementation of the staff policy reforms.
3. Under the leadership of the new Director of HRM, the planned reform initiatives were integrated into a comprehensive Human Resources Policy Framework, which encompassed all areas of Human Resources, and in some instances, included additional activities to those initially planned (notably in the areas of recruitment, classification and staff well-being). A detailed action plan covering all these initiatives was presented to the General Conference at its 31st session. The reform process also made it necessary to restructure HRM and to reinforce its professional capacity. This staffing process, started in 2001, will be completed by mid 2002. As a result of these new circumstances, the time frame of some activities of the initial action plan had to be adjusted, in particular in the staff performance and career development areas, where most of the activities will start in 2002.
4. Globally, the major focus of the Bureau of Human Resources Management in 2001 was on the planning, analysis and development of the Human Resources Policy Framework. The year 2002 and part of 2003 will be mostly dedicated to the implementation of the policy framework.

Recruitment

5. Proposed changes in the recruitment process have been finalized and are being implemented. The objective of the changes is to increase the timeliness and efficiency of recruitment, through a better planning process, a streamlined evaluation process and the delegation and decentralization of certain authorities and processes.
6. The first annual recruitment planning process was initiated in November 2001, with meetings held with sectors and bureaux to identify their staffing needs for 2002-2003. A review was made of all vacant posts and posts due to become vacant in 2002-2003 in their services and an agreement was made on the priorities and the time frame for the recruitment to each post.
7. This planning process shall take place on an annual basis, resulting in the establishment and the publication of a vacancy bulletin with upcoming vacancies for the next 24 months. Such bulletins would be published and distributed to the Member States.
8. A more rigorous interview/evaluation process with evaluation panels, introduced during the recruitment of the high-level management posts in the last biennium, has now been institutionalized and extended to all posts in the Professional category.
9. To increase the efficiency of the recruitment process, a new recruitment software has been developed and implemented since April 2001. To rationalize and streamline the application process, internal candidates are asked to submit their applications through the Intranet. This new software, called Recruitweb is being tested, and it should allow – by June 2002 – external candidates to

submit their applications through the Internet, by completing a full curriculum vitae online. The applications submitted online will be automatically registered in the HRM database and an immediate acknowledgement sent by e-mail to the candidate. This software will also include the possibility for candidates to consult online the progress in the recruitment process of the posts they have applied for, and to be informed of the results of their application. It should be underlined that external candidates will continue to have the possibility to send their applications by regular mail, when so required.

10. Training sessions for National Commissions on recruitment issues are now an ongoing annual activity, with the first one held in November 2000.

11. The other changes proposed to the recruitment process, to be implemented in 2002, are outlined below:

- a streamlined and more rigorous Appointment Process, with a revision of the role of the Personnel Advisory Boards (PABs);
- the enhancement of the managerial accountability in the recruitment process;
- the delegation of certain decision-making responsibilities to managers and the decentralization of some administrative functions to the sectors/bureaux;
- a strong monitoring mechanism in HRM;
- the introduction of a competency-based assessment process for posts at senior managerial level and above.

12. As shown in Table I, the number of posts advertised in 2000-2001 in the Professional and above category has increased by 60% compared with the previous biennium. At the same time, the number of applications has sharply increased from 4,600 in 1998-1999 to approximately 20,000 in 2000-2001, representing more than four times the number of applications received in the previous biennium.

Table I: Advertisements and applications for posts at Professional level and above

P+ posts	1998	1999	2000	2001
Posts advertised	65	30	122	118
Applications registered	2,610	2,021	5,365	14,439

13. Table II shows that a total of 276 staff at the Professional level and above were appointed in 2000 and 2001, among whom 87 were recruited externally. This represents a decrease of 31% in the total number of appointments compared to the preceding biennium.

Table II: Appointments to posts at Professional level and above

Grade	DDG	ADG	D-2	D-1	P-5	P-4	P-3	P-1/2	Total
Appointments in 2000-2001	1	7	17	32	60	42	56	61	276
Appointments in 1998-1999	–	3	10	30	88	83	95	92	401

Notes:

1. The figures on appointments reflect not the appointment decisions but the effective entry on duty of appointed staff.
2. These figures include all appointments (including equal grade transfers and conversions from temporary to fixed-term contract).
3. These figures do not include Associate Experts (38 appointments in 2000-2001, 48 in 1998-1999) and National Professional Officers (14 appointments in 2000-2001, 39 in 1998-1999).
14. No recruitment missions were undertaken in 2001-2002. It was indeed felt preferable to postpone such missions until the finalization of the review of the recruitment process, and the completion of the recruitment planning exercise. This decision was also taken in the context of the new proposed approaches for the improvement of the geographical distribution (164 EX/34) which suggest alternative and additional proactive search measures to improve the geographical balance, and stress that to be successful, recruitment missions must be undertaken to respond to actual and anticipated staffing needs. Recruitment missions shall be resumed in 2003.

Staffing situation at director level and above

15. The senior management staffing situation has been stabilized, with a drastic reduction (almost by half) in the number of directors and above: from 160 on 1 October 1999 to 89 on 1 January 2002. This reduction was possible, in particular, due to the retirement of a number of directors. Furthermore, 15 directors accepted assignments at P-5 level, and three directors left with an early separation package. The number of the actual staff at director level and above is below the ceiling of posts at that level approved in the 31 C/5.

Table III: Senior management posts/staff

Senior management posts	Posts in 29 C/5	Staff as of 1/10/1999	Posts in 31 C/5	Staff as of 1/01/2002
DDG	1	1	1	1
ADG	9	15	10	10
D-2	32	40	24	25**
D-1	67	104	67	53
Total	109	160*	102	89

* These figures do not take into account the promotions decided by the former Director-General as of 1/10/99 which were suspended and finally not implemented by the present Director-General.

** One D-2 staff member will be retiring in August 2002, therefore as of that date there will be 24 D-2s.

16. This “stabilization” in the senior management levels, achieved in little more than two years, has clearly contributed to reduce the top-heaviness of the Secretariat, and represents a major step towards the achievement of a more balanced structure of the Secretariat.

Young Professionals

17. The intake of Young Professionals has remained at the number of ten per year. Ten of them (five from non-represented Member States and five from under-represented Member States selected from 320 applicants) recruited in 2001, have taken up their duties in February 2002. These Young Professionals were placed in sectors/divisions dealing with priority action programmes in the 31 C/5.

Competency-based assessment for senior managerial posts

18. The objective of this project is to improve the selection of the senior management cadre of the Secretariat by using “state-of-the-art” assessment techniques. The starting date of the project was rescheduled from 2001 to 2002, as HRM was not in a position to dedicate full-time staffing resources to the project in 2001. Starting in April 2002, a competency-based selection and assessment mechanism will be developed, covering managerial posts at P-5 and above at Headquarters and in the Field. The project will be implemented in three phases: (1) identification of managerial competencies through a participatory process; (2) design of the assessment process, based on assessment techniques; and (3) first pilot assessment (Autumn 2002).

Performance appraisal system

19. A credible and meaningful performance appraisal system is a fundamental component of human resources management, as it informs key processes such as selection, promotion and contract extension. It is also a key management tool. The January 2001 initial starting date for the project could not be respected, as other key building blocks of the Human Resources Management Reform (such as the rotation and promotion policies) were dealt with in priority. Work on a revised system shall start in the second half of 2002.

20. The 360° evaluation technique was piloted in December 2001 with a few senior managers at Headquarters. It is a confidential evaluation process administered by an outside professional consulting firm which involves supervisors, peers and subordinates, and focuses on specific managerial competencies. The 360° feedback helps to identify, on an individual basis, specific developmental needs, and thus contributes to focus developmental actions.

Promotion

21. Figures for 2000-2001 indicate a return to a “normal” level of promotions, from close to 30% of the staff promoted in 1998-1999 to less than 10% in 2000-2001. Figures show that the majority of promotions were made through a competitive process (53%, compared with 12% of promotions by competitive process in 1998-1999), which indicate a trend towards the restoration of sound promotion practices. The practice of granting personal and merit-based promotions has been discontinued.

22. The review of the current promotion system was completed in December 2001, and proposals for a new promotion policy have been finalized. The policy will be implemented in the second half of 2002, after formal consultations with the staff representatives and the Advisory Committee on Personnel Policies (ACPP). The main orientation of the proposed policy is that promotion will be based on merit, and will primarily happen through a competitive recruitment process. The promotion process, which covers G to P progression, shall also be integrated into a wider career

development framework, which will encompass other aspects such as internal mobility, job growth and continuous learning.

Job design and classification

23. In November 1999, the Director-General decided that the application on 1 January 2000 of the seven-level classification standard for GS posts at Headquarters would be temporary, and a new post classification exercise would be carried out on the basis of a revised GS classification standard. Work on the development and testing of a new seven-level classification standard has been completed. The new standard shares many of the fundamental design characteristics of other GS standards in the United Nations system, is user-friendly, technically sound, and capable of logically evaluating the full range of GS work.

24. In addition, a full range of generic post descriptions, applicable to close to three-quarters of GS posts, has been drafted and is being validated. A further challenge in the post classification exercise will be the evaluation of all authorized post descriptions (generic and non-generic) by a trained evaluation committee composed of both managers and staff. This evaluation is expected to take place in June-October 2002.

25. The General Conference (31 C/Resolution 73) approved a reclassification reserve of US \$1.5 million for the current biennium. In the context of the implementation of this reserve, sectors and bureaux were allotted in March 2002 budgetary envelopes based on their staff costs in document 31 C/5 and were invited to submit their priorities for reclassification among their Professional and General Services posts at Headquarters and in the Field. The results of the exercise shall be finalized in June 2002.

26. A new draft job classification policy was presented to the College of ADGs and is scheduled for implementation in 2002. By emphasizing the importance of classification as a basic management tool, the policy confirms the fundamental purpose of classification – the establishment and maintenance of the relative value of posts (i.e. to ensure that posts with equivalent duties and responsibilities are placed at the same grade) – ultimately providing a framework for salary administration.

New rotation policy

27. A new rotation policy has been designed to support the organizational strategy of decentralization. It will be implemented in the second half of 2002, after formal consultations with the staff representatives and the Advisory Committee on Personnel Policies (see para. 43 below). The main objective of the policy is to stimulate mobility to and from the field offices, in a managed fashion, through a process that fully integrates rotation into career development of staff and takes into consideration operational needs. Main features of the process include an annual rotation cycle, the introduction of a maximum desirable period to be spent in duty stations, specific measures for the rotation of junior staff, the introduction of supportive measures such as a mentoring programme.

Career development programme

28. Work on the career development programme has now started with the recent arrival of a Career Development Officer in HRM. Proposals for a career development policy and programme shall be submitted to the Administration for approval in the second half of 2002. These proposals shall cover internal mobility for GS staff. The Career Development Officer shall also provide career counselling for staff.

Rewards and recognition

29. Preliminary proposals have been prepared on a rewards and recognition programme. After consultations with staff, it was decided to temporarily postpone the launch of this programme, until conditions for its success be met, which *inter alia* include the availability of a credible performance management tool to effectively support such a programme.

Staff training and development

30. The Organization's training budget has been increased to US \$3 million for 2002-2003, which represents more than seven times the budget allotted in the previous biennium. A two-year training plan has been prepared and submitted to senior management for approval.

31. In addition to regular, ongoing training activities, such as IT and language training, the plan covers the following initiatives: Leadership and Change Management, Project Management, Time Management, Supervision Skills, Team-building and Administrative Officers' Training. It also includes a provision for knowledge training, with the objective of maintaining and enhancing the know-how of staff. Finally, the plan includes new features such as e-learning, and career development training initiatives.

32. The Leadership and Change Management Training Programme (LCMP) is targeted for P-5 and above staff who manage field offices or sizeable work units in Headquarters. The overall aim of the LCMP is to foster a strong leadership and management culture in UNESCO by strengthening the capacity of senior and middle managers in such areas as:

- Leadership and people management;
- Managerial roles, responsibilities and styles in UNESCO;
- Influence of personality and culture on management;
- Change management and reform;
- Strategic thinking and management;
- Organizational learning and strengthening;
- Decentralization, delegation of authority, empowerment and accountability;
- Management of human resources;
- Management of financial resources;
- Mobilization of resources;
- Oversight.

33. The design of this programme has progressed, with the first pilot course planned for the end of June 2002. The programme will include a 360° feedback exercise for each participant prior to the session, as well as an individual coaching programme.

34. The supervisory skills workshops, designed for senior GS staff and professionals up to P-4, aim at fostering and enhancing people management skills. They also contribute to enhance the participants' knowledge in performance planning, management and evaluation techniques. Three sessions took place in the last biennium, and four are scheduled for 2002-2003.

35. The administrative officer training programme aims at reinforcing the administrative capacity in the Secretariat, particularly in the Field, where competent administrative officers are instrumental in the efficient functioning of the new field network. The course is being redesigned to take into account the role of the AOs in a decentralized environment and to integrate management and problem-solving skills. It will also foster the development of an AO network. A revised AO profile

has been developed. The first course will be piloted in the latter part of the second half of 2002, followed by three other courses in this biennium.

36. Team-building training sessions took place in three field offices (Dakar, Harare and New York) in 2000-2001 and one was held in Bangkok in February 2002. Five more courses are planned for 2002-2003. These courses are key elements of UNESCO's training plan, as they contribute to develop or reinforce essential team-working skills and, thereby, increase staff effectiveness.

37. IT and language training programmes are pillars of the training programme. During the 2000-2001 biennium, a total of 680 staff members have been trained in a variety of IT programmes. Research has been also carried out with a view to introducing an e-learning system on information technology for Headquarters and a few regional bureaux. A special training programme for users of the new Finance and Budget System (FABS) has been designed and launched at Headquarters (see document 164 EX/5, Part II for details). Language training is still very popular, with an average of 200 to 250 students each year. In 2002-2003, it is planned to increase and improve the training facilities for learning a second working language.

New contractual arrangements

38. A comprehensive review of all contractual arrangements was completed in 2001. It highlighted the need for a revision of some of the current instruments, particularly to better cater for short-term and mid-term staffing needs. It also showed the need for harmonizing the contractual instruments used in field offices. As a follow up of the review, HRM designed a new contractual framework, which includes the Appointment for Limited Duration (ALD), a revised Service Contract and a revised Special Service Agreement (SSA). The implementation of this new framework is being initiated. A revised supernumerary contract will be finalized in the second half of 2002. A review of the consultancy contracts has also been undertaken, which highlights the need for changing some of the modalities of this contract.

Staff-management relations

39. The Advisory Committee for Personnel Policies (ACPP) has recently been revived, with elections held at the end of March 2002, and is about to resume its work as an important forum in the personnel policy consultative process. It will examine policy proposals in all areas of Human Resources Management including recruitment, promotion, classification and rotation.

Staff well-being

40. The importance of adopting "family-friendly measures" was firmly stated by the ACC in 1995 in its "Work Family Agenda", which stresses the linkage between family supportive measures and the well-being of staff. In this context, a UNESCO work-family policy with a comprehensive set of measures was introduced in April 2002, with the objective of improving the work-family balance of staff.

41. The main features of these new family-friendly policies are:

- the introduction of paternity leave arrangements up to eight weeks;
- The extension of the period of adoption leave to eight weeks, its extension to adoptive fathers and its applicability for adopted children up to 18 years old;
- the introduction of parental leave, as a special leave without pay up to three years, with a guarantee of reintegration;

- the granting of four weeks extended maternity leave in exceptional circumstances, as well as for breastfeeding purposes;
- the granting of time off for breastfeeding;
- the introduction of flexible work arrangements following leave for family reasons;
- the rationalization of certain existing family leave arrangements, and the provision of adequate leave time for family related emergencies.

42. With these measures, UNESCO contributes to creating a family-supportive work environment and provides its staff members with a comprehensive set of benefits of a comparable, if not higher, standard than those offered by other United Nations agencies promoting the work-family agenda.

43. This work will be complemented by improvements in the medical service, including the prevention of serious chronic diseases and the management of stress, and better management of the social service programme. In order to accelerate these measures, viewed as the important contributions to improved staff well-being and higher morale, the Director-General proposes the allocation of US \$150,000 from the funds carried over from the previous biennium.

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

The Executive Board,

1. Having examined document 164 EX/5 (Part I),
2. Takes note of the work accomplished to review the staff policy, including recruitment, promotion, rotation, contractual arrangements, career development and staff well-being, and of the implementation plan and timetable;
3. Notes in particular the significant reduction of the top-heaviness of the Secretariat's post structure and in the number of staff at D-1 and above levels;
4. Invites the Director-General to pursue the implementation of the new staff policy and to report to it at its 166th session.

ANNEX

Plan of action and timetable of the staff policy 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															
I. Recruitment																																													
I.1 - Prepare annual recruitment plans													■																																
I.2 - Organize training of National Commissions on recruitment issues	■															■															□														
I.3 - Field recruitment missions to selected region																																													
I.4 - Increase annual intake of Young Professionals to 20 (per biennium)													10															10																	
I.5 - Review recruitment process													■																																
1.6 - Decentralization of certain recruitment functions to Sectors																																													
1.7 - Develop and implement new Internet-based software for candidatures													■																																
1.8 - Establish rosters of pre-qualified candidate including roster of tested secretarial candidates																																													
II. Staff performance, career development and mobility																																													
II.1- Develop competencies for senior managerial posts and develop competency based																																													
II.2 - Develop generic job profiles and competencies for P-1 to P-4 posts																																													
II.3 - Develop generic job profiles and competencies for GS posts and complete GS conversion to new classification standard	■																																												
II.4 - Develop and implement new performance appraisal system																																													
II.5 - Review promotion process and implement new promotion policy													■																																
II.6 - Develop & implement career development programme													■																																
II.7 - Develop and implement rotation scheme													■																																
II.8 - Develop reward and recognition scheme																																													
II.9 - Develop and implement classification policy													■																																
II.10 - Review current classification process with new HR software																																													
III. Staff training and development																																													
III.1 - Organize Senior Management Symposium													■															□																	
III.2 - Organize leadership and change Management Workshops for P-5 and above																																													

Hundred and sixty-fourth Session

164 EX/5
Part II
PARIS, 29 April 2002
Original: English

Item 3.1.2 of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART II

NEW MANAGEMENT TOOLS

SUMMARY

In accordance with the Executive Board's decisions 160 EX/Decision 3.1.2 and 161 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 required: paragraph 41.

Introduction: The new integrated information system

1. In accordance with 30 C/Resolution 84 and as explained in document 162 EX/39, the Organization is in the process of replacing its legacy computer systems, which have become cumbersome and fragile, with a modern integrated management information system (see Fig. 1), in order to achieve needed efficiency gains, improve services to the governing bodies, Member States and other UNESCO partners and improve the quality of information available to management.

2. The system, whose main components cover programme and budget, finance and accounts, and human resources and payroll, is viewed not only as a reliable support mechanism but also as a vehicle of change needed to transform UNESCO into a modern organization pursuing a results-based management policy with a view to achieving a greater international impact in its fields of competence.

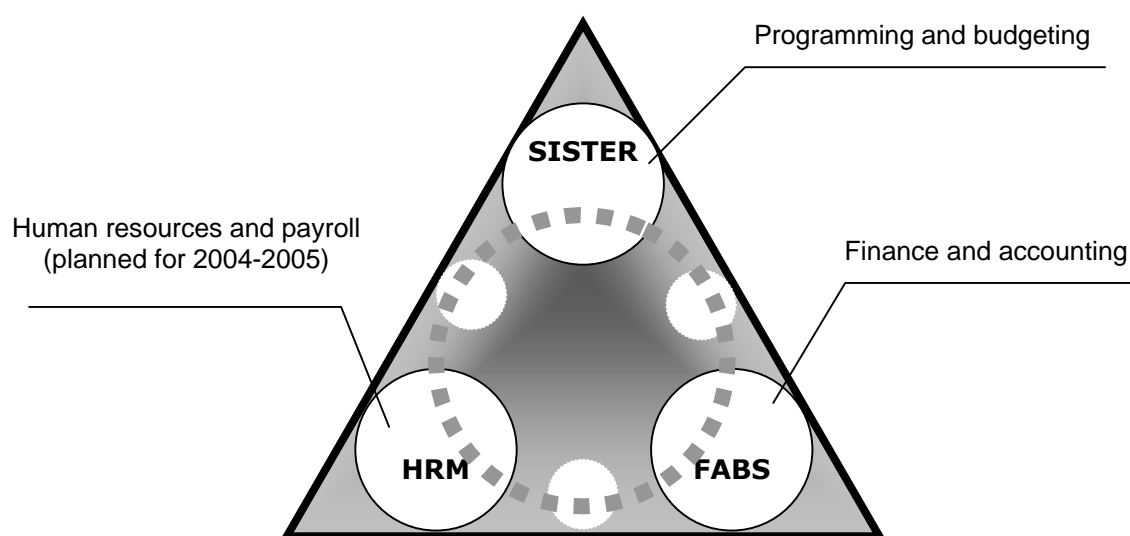


Fig. 1: New integrated management information system

3. SISTER (System of Information on Strategies, Tasks and the Evaluation of Results) – covers all programming in UNESCO, broken down by major programme, programme, subprogramme, line of action, action and activity. It serves to prepare the Programme and Budget, as well as extrabudgetary projects, and to monitor their implementation, measuring progress against expected results, thus allowing for better evaluation of performance and for programme improvement. The underlying software has been developed by UNESCO specifically for that purpose.

4. FABS (Finance and Budget System) – is a system which manages all financial and material resources needed for programme delivery, records all transactions and brings them to account. Based on the commercially available software SAP R/3 adapted to UNESCO's needs, it ensures the management of the regular budget, extrabudgetary funds, purchasing, travel on mission, treasury and accounts. Each function is supported by a special SAP module. The advantages of the system include instant availability of financial information, reduction of paperwork and delegation of responsibilities directly to users.

5. The future HRM component will facilitate rational management and administration of the Organization's human resources, including payroll and staff entitlements. The software base for it is yet to be identified.

6. SISTER and FABS are different in concept but complementary in their functions. Together they are intended to ensure the entire programme preparation and delivery process from planning through implementation to monitoring and reporting (see Fig. 2).

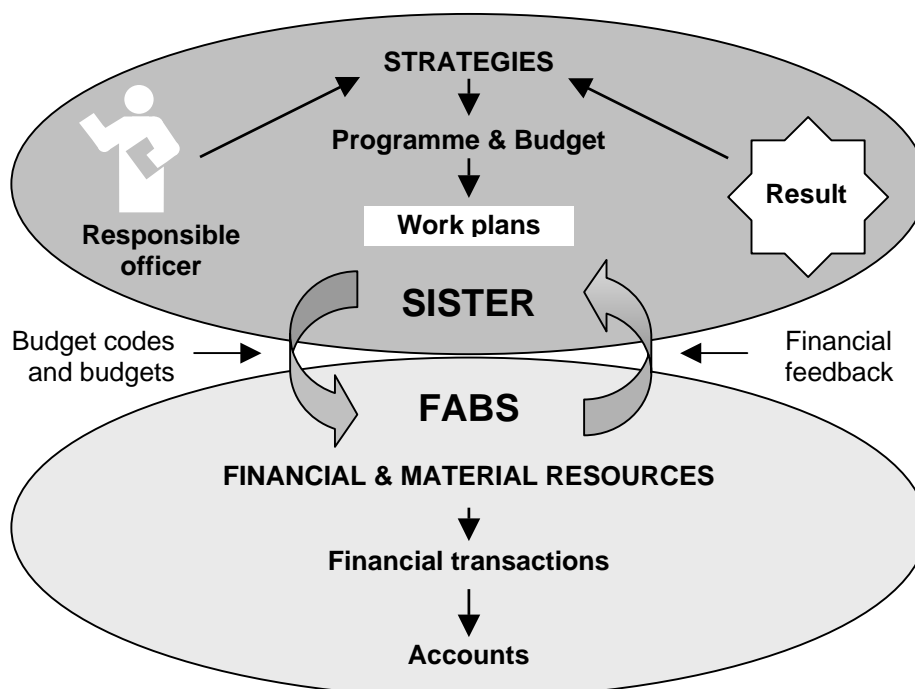


Fig. 2: SISTER and FABS interaction

SISTER: from conception to operational maturity

7. The aim of the UNESCO reform is essentially to reorient the Organization from a mode of functioning based on planned implementation of different programmes inspired by its mandate to one that focuses on the effective achievement of results identified as the best expression of that mandate. Where in the past it sufficed to break down a domain into sub-domains leading to a certain number of initiatives, more or less representative of the domain in question, it is now required to carefully determine what concrete changes this Organization can bring about in the world where many other actors operate, and starting from there, to identify means and methodologies to do so, through a process of correlating and adjusting ends and means, which, in fine, constitutes a strategy.

8. This change of perspective aims to do away with the multiplication and dispersion of activities characteristic of the traditional programming and to ensure instead concentration and close coordination of actions and activities so that together they can produce the desired effect. The transition from one type of programming to the other could be done only through a large-scale training programme and the development of a special programming software, fully based on the logic of concerted search for results that would have a cumulative impact. Having developed such a software (SISTER) over the last three years, UNESCO has transferred to it all its programming, after a long process of collective designing, fine-tuning and extensive training of staff not only in the use of the software, which is relatively simple, but first and foremost in results-based programming and management.

9. In November 2001-March 2002, the SISTER system was for the first time used in a systematic way to prepare, negotiate and approve the work plans for 2002-2003 (31 C/5). All activities foreseen for the biennium, both at Headquarters and in the Field, were programmed in SISTER within the framework of actions stemming from the main lines of action adopted by the General Conference. SISTER attributes to each activity a specific number that becomes its budget code to be transferred to FABS for financial execution. As different activities get implemented, the corresponding financial data are compiled at this level in FABS and transmitted to SISTER, thus providing for daily monitoring of the Organization's work at all levels (Fig. 2).

10. Furthermore, on a quarterly basis, responsible officers at all levels will be able to enter in their respective sections in SISTER their assessment of the progress made towards the results they have undertaken to achieve. This will provide for a regular qualitative monitoring of each programme element, as well as for an overall assessment of the progress at all levels from activities to major programmes. Regular progress reviews are foreseen in each sector, in order to consider the information entered and the way it is used in the programme planning, management and follow-up.

11. The introduction of SISTER did not present any significant difficulties as the users had been trained and the system had been adjusted during the 30 C/5 exercise. The work plans in SISTER were approved at the end of March 2002. Although this was somewhat later than originally foreseen (February 2002), it was within the same time frame, if not better, as in the previous biennia, with the advantage of being, from the start, in a format adapted for follow-up, reporting and evaluation and audit.

FABS goes live at Headquarters

12. In accordance with the timetable presented in document 162 EX/39, by the end of December 2001, the FABS project team mostly finalized the configuration of SAP, tested the system against the requirements of the blueprint and developed the technical user guide ("user scripts"). Some outstanding work on interface development and testing was carried out in January-February 2002. In January 2002, the FABS system with priority interfaces was launched at Headquarters.

13. Starting from 21 January 2002, FABS has been progressively used for different types of financial operations: the payment of staff and supernumerary salaries, reimbursements of the MBF claims, and other payments, notably those made against 2001 obligations, and advances to consultants and for mission travel. Since the approval of the work plans at the end of March 2002, the system has been used to execute the approved budget for 2002-2003.

14. In parallel and thanks to a donation from the United Kingdom (£750,000), HRM was able to launch FABS user training. From January to March 2002, 350 priority users were trained at UNESCO Headquarters. The courses stretched across several training modules in all main areas of FABS, and varied in their duration between 1 and 3 days. The content of the training was designed with the assistance of an external training contractor, based on materials and information provided by UNESCO. In order to support training, an online-learning system "KnowHow" was introduced, which allows FABS users to view or print out, if required, "Procedural Guides" containing FABS procedures and related SAP transactions, depending on their personal job role. Since the system is online, materials can quickly be updated as and when needed. Also, users are able to refresh their skills through guided simulations of SAP, after returning from the classroom to their workplace. The training was delivered by external trainers together with UNESCO co-trainers. The resulting transfer of knowledge shall enable UNESCO to conduct internal FABS training with its own resources in the future.

Problems encountered and remedial measures taken

15. The introduction of a new system is often difficult, especially when either the system or the environment is complex. In this particular case, a complex system is introduced in a complex environment. It should be borne in mind that SISTER and FABS are two quite different systems whose integration presents some objective difficulties, both technical and organizational. To the technical complexity must be added the problem of a limited budget and the fact that for decades the Organization has been functioning in a completely different way, which is difficult to change or abandon.

16. In this context, it should be noted that other United Nations organizations, which have changed or are changing their information systems, have all experienced problems in this area. For some of them, it took up to one year before their new systems reached stability after go-live.

17. In the case of SISTER, a number of difficulties were recorded in the field, where certain offices, despite assistance provided to them by phone and e-mail, are not yet at ease with this new tool, especially in view of the new responsibilities assigned to them in the context of decentralization. In those offices (and one institute) where on-site training could be organized (Brasilia, Cairo, Dakar, Geneva, Montevideo, Montreal, New Delhi and Venice), these problems were easily solved. Efforts to provide systematic training and assistance to field staff will be continued and stepped up.

18. One concrete problem related to the introduction of FABS was the time-lag in certain payments. It is in fact not until budget allotments are transferred into FABS that sectors can prepare contracts in the system and thus make payments normally. Pending that state, the only way to make payments has been manually. During that transitional phase, several thousand payment requests were received for manual processing, which has created an overload. To address this problem, special arrangements were put in place including targeted reinforcement of the services concerned. As of 14 March 2002, all new payment requests are processed through FABS and the accumulated backlog is expected to be cleared by early May 2002.

19. Delays were also recorded in the reimbursement of staff medical claims. The solution of the problem included the creation of a special interface, which was completed and tested in February 2002. Since then, the accumulated backlog has been cleared and normal claim processing is ensured at regular intervals.

20. Some problems were related not to the systems as such but rather to certain choices made during their configurations, which, although logical, turned out to be not comprehensive enough or not well suited for practical programme and project implementation. Such mistakes detected in both SISTER and FABS have been or are being corrected.

21. Owing to the FABS budgetary constraints, the FABS training started later than initially foreseen and had to be initially focused on “priority” users in different units. In addition to formal training courses, targeted on-the-job assistance was offered to certain staff. On a more general level, a special helpdesk was set up to deal with any queries from users and technical problems. Building on the experience of the first phase of training, the course structure has been revised, the training content enriched and scheduling refined for phase 2 planned for the period from 15 April to 26 July 2002 (see para. 27 below).

22. The first round of training highlighted the need not only to transfer technical skills for specific operations but also to help managers and staff at large better understand the reasoning behind the process design as well as their resulting new roles and responsibilities. To this end, two rounds of

targeted information sessions were organized for staff in all sectors and services at Headquarters at the end of April 2002, as well as special workshops for managers.

Challenges ahead

23. SISTER development and upgrading. The evolution of the Organization towards a more decentralized mode of functioning, the increasing ownership by the staff of results-based programming and further integration of SISTER with FABS, as well as the rapid evolution of computer technologies in general, imply quite naturally that the SISTER software will need to be adjusted. In fact, the changes in the Organization and its working culture brought about by the introduction of SISTER are the main reason for the review and upgrading of the software itself. This work is planned during the 31 C/4 period (2002-2007) and a special working group has already been set up for that purpose.

24. FABS roll-out. The FABS system is currently used at Headquarters, being progressively put into operation as more and more users are trained and the new working procedures are finalized and introduced. As a next step, the system will be progressively rolled out to field offices. A concrete plan of action and methodology are being devised by the FABS team in cooperation with the Bureau of Field Coordination, Division of the Comptroller and the Division of Information Systems and Telecommunications. In the meantime, field office financial data will be entered centrally at Headquarters, while aggregated financial information for programme specialists will be available from SISTER, accessible by all staff members.

25. FABS stabilization and adjustment. As in the case of SISTER, the FABS system may need to be further adjusted and fine-tuned to meet the needs of its users. In some cases this may require further adjustment of the SAP customization or the interface programs. In other cases, as explained in paragraph 20 above, this may imply revising some policy decisions and administrative choices made during the preparation of the blueprint. The challenge will be to meet the needs of the system's users without losing sight of the principles for which it was put into place. Furthermore, the benefits of FABS for the Organization should be monitored and measured. This will include the development of indicators to measure the success of FABS, qualitative assessments of the improvements and plans to further improve UNESCO's performance using FABS.

26. Revision of the procedures. Another important task that must be undertaken to stabilize the system is the revision of the items of the Administrative Manual that do not reflect the new financial processes that were approved by UNESCO's senior management. This must be done in order to incorporate in our administrative norms the new management principles supported by the system. A small dedicated team is already at work updating the Administrative Manual.

27. Training. FABS training has entered its second phase. By the end of July 2002, some 650¹ staff members will have to be trained. In order to achieve this goal with the current limited capacity, about 150 of those will be trained by internal trainers. This will also help build an internal FABS training capacity for new staff members and for those who change functions or require further training. For this second phase, HRM has introduced a number of improvements, based on evaluation workshops held after the first phase and on other feedback from sectors/bureaux. The Procedural Guides on KnowHow have been enhanced and updated, and the course structure has been revised. New courses include introductory courses and a management-reporting course. More emphasis is placed on practical exercises, as well as on more targeted scheduling and logical grouping of trainees by sector and function role. For urgent ad hoc training, a training scheme relying on guided self-study using the KnowHow tool is being piloted by the sectors.

¹ Including some previously trained users requiring additional skills.

28. User support and documentation. The FABS team is developing guides in order to help staff understand and operate in the new working environment. These guides will include, in particular, descriptions of the new financial processes and practical tips so as to enable users to get started working on the FABS system as quickly as possible.

29. Changing the working culture. UNESCO will collect the benefits of its investment once the new management principles that guided the design of the system are assimilated and put into practice by all and in particular by UNESCO's managers. To achieve this, a major ongoing awareness-raising effort is required.

30. The FABS project has developed management awareness workshops for managers (chiefs of section and above) in order to strengthen management's support of the implementation of FABS and the consequent changes in working culture. These workshops will be designed to help these staff members play their role as change agents within their sectors and teams.

31. At the heart of the change in working culture is the transformation of a task-based administration into a process-oriented organization. In this new organization marked by greater delegation of authority and accountability, staff members will need more information to do their job than before. Thus, they will require a better understanding of the overall financial process to take appropriate decisions at their level.

32. Furthermore, the FABS system demands new staff competencies and a more efficient distribution of work and responsibilities within and between services. Individuals will need to upgrade their competencies and acquire new ones in order to correctly use the system and take advantage of its management capabilities. This represents a major challenge in terms of human resources development.

33. Future HRM component. The integration of the human resources component of the system is planned for 2004-2005. However, preparatory work has already started with a general review of all HRM databases with a view to rationalizing their architecture and interaction. The technical solution for the component will be identified in close cooperation with other United Nations agencies. Particular attention will be paid to exploring free-of-charge transfer or cost-sharing arrangements among two or more organizations, in order to harmonize approaches and make budgetary savings.

34. Competence centre. A fully fledged competence centre is being put in place to take care of all those future developments for all components, to user support. In addition to existing specialists in both SISTER and FABS teams, who have acquired considerable valuable experience, several new technical experts with knowledge of SAP and other management information systems will be recruited. The newly appointed Programme Manager for New Management Tools will ensure the smooth integration of all components of the system and its future development.

35. In this context, it should be noted that both SISTER and FABS have been developed and introduced by dedicated temporary teams, rather than permanent services. Such an approach has been justified during the preparation and introduction phases. In the future, though, all development and support for all information systems will be integrated in a restructured and reinforced Division of Information Systems and Telecommunications (DIT), which is the appropriate framework for such operations.

Time frame

36. The revised time frame of the programme is as follows (see details in Annex):

Implementation steps	Planned	Actual/revised
Introduce SISTER (prepare and validate work plans)	November 2001-February 2002	March 2002
Complete the configuration of SAP and test the FABS system against the blueprint	August-December 2001	Largely on schedule <i>(some work on interface development and testing carried out in January-February 2002)</i>
Prepare end-user documentation	August-December 2001	August 2001-May 2002
Organize targeted training of FABS users	November-December 2001	January-March 2002
Launch the FABS system with priority interfaces at Headquarters for a core group of users	January 2002	January-February 2002
Extend the system to other users at Headquarters and provide related training	February-June 2002	April-July 2002
Extend progressively the system to field offices and institutes	July 2002-December 2003	No change

Funding and costs

37. In 30 C/Resolution 84, the General Conference estimated the total budget to replace UNESCO's systems for budget, finance, human resources and payroll to be in the range of \$19 million, including some \$10.7 million for the finance and budget system to be implemented in 2000-2001.

38. By December 2001, when the FABS system had been developed, configured and tested, the total expenditure amounted to less than \$9 million, covering direct project staff costs, contracted services, SAP licenses, equipment costs and overhead costs, of which \$7 million were drawn from the regular programme budget. The remaining \$2 million was donated by Japan. Germany facilitated a donation by SAP AG of 500,000 euro. Furthermore, the United Kingdom has donated £750,000 for FABS training. This was less than originally planned due to the fact that, following the revision of the project's scope and schedule, some of its elements, such as the connection of field offices and institutes, were postponed until 2002-2003 in line with the new incremental approach adopted.

39. At its 162nd session, the Executive Board noted that the budgetary requirements for the programme in 2002-2003 were estimated at \$10.5 million, of which only \$5 million was available under the regular budget and that, therefore, there was "a shortfall of \$5.5 million for the overall financing of the Finance and Budget System (FABS) project" and urged "Member States to consider providing voluntary contributions to support these ongoing efforts"

(162 EX/Decision 7.14). To date, apart from those already mentioned, no new contributions have been received. The funds available for 2002-2003 stand at \$5.4 million.

40. In this context, the Director-General would like to renew his appeal for voluntary contributions from Member States. In the meantime, and taking into consideration other priority needs of the Organization, he proposes to allocate to the FABS project an additional amount of \$1.1 million and another \$300,000 for SISTER from the funds carried over from the 2000-2001 biennium, it being understood that additional funds will have to be identified at a later stage.

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

The Executive Board,

1. Having examined document 164 EX/5 (Part II),
2. Takes note of the work accomplished for the introduction of the new integrated management information system;
3. Welcomes the practical transition towards a results-based programming and budgeting, in particular through a systematic use of the System of Information on Strategies, Tasks and the Evaluation of Results (SISTER) for the preparation and implementation of the Organization's work plans for 2002-2003;
4. Further welcomes the launching of the new Finance and Budget System (FABS) at Headquarters and encourages its steadfast deployment throughout the Secretariat;
5. Takes note of the problems encountered during the introduction of the new management information systems and remedial actions taken and/or planned;
6. Notes in particular that the overall financing of the New Management Tools Programme is not yet secured;
7. Reiterates 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;
8. Invites the Director-General to pursue the implementation of the New Management Tools Programme and to submit to it at its 166th session a progress report thereon.

ANNEX

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
I. Secretariat structure and staffing																													
<i>Announce new structure</i>	03 Jul																												
<i>Prepare organizational charts, staffing tables and D post descriptions</i>	[Bar: Jul 2001 - Aug 2001]																												
<i>Review and certify director post descriptions</i>	[Bar: Aug 2001 - Sep 2001]																												
<i>Cofirm incumbents of D posts in new structure</i>	◆ 03 Oct																												
<i>Abolish D posts not in new structure</i>	◆ 03 Oct																												
<i>Replace D posts with P posts as appropriate</i>	[Bar: Oct 2001 - Dec 2001]																												
<i>Identify solutions for directors who do not fit into structure</i>	[Bar: Oct 2001 - Dec 2001]																												
<i>Complete transition to new structure</i>	[Bar: Jul 2001 - Dec 2001]																												
II. Management systems and tools																													
<i>Revise and finetune rules and procedures</i>	[Bar: Jul 2001 - Dec 2001]																												
<i>Introduce SISTER; prepare and validate work plans for 2002-2003</i>	[Bar: Jul 2001 - Dec 2001]																												
<i>Ensure SISTER maintenance and adjustment</i>	[Bar: Jan 2002 - Dec 2002]																												
<i>Configure SAP and test FABS against blueprint</i>	[Bar: Jan 2002 - Jun 2002]																												
<i>Prepare FABS end-user documentation</i>	[Bar: Jul 2002 - Dec 2002]																												
<i>Organize targeted training of FABS users</i>	[Bar: Aug 2002 - Sep 2002]																												
<i>Launch FABS with priority interfaces at HQ</i>	[Bar: Oct 2002 - Nov 2002]																												
<i>Ensure FABS maintenance and adjustment</i>	[Bar: Dec 2002 - Dec 2003]																												
<i>Extend FABS to other users at HQ and provide related training</i>	[Bar: Dec 2002 - Jan 2003]																												
<i>Roll out FABS to field offices and institutes</i>	[Bar: Feb 2003 - Dec 2003]																												
<i>Prepare HR and payroll project</i>	[Bar: Dec 2002 - Dec 2003]																												
NB: For management training see 164 EX/5, Part I																													

Hundred and sixty-fourth Session

164 EX/5
Part III
PARIS, 29 April 2002
Original: English

Item 3.1.2 of the provisional agenda

REPORT BY THE DIRECTOR-GENERAL ON THE REFORM PROCESS

PART III

DECENTRALIZATION

SUMMARY

In accordance with the Executive Board's decisions 160 EX/Decision 3.1.2 and 161 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 Action Plan for the new decentralization strategy between June 2001 and May 2002.

Decision required: paragraph 39.

Introduction

1. The decentralization reform moved into its implementation phase immediately following the 161st session of the Executive Board (June 2001), with the field offices adopting their new denominations as of 1 July 2001 and beginning to take on coverage of their designated cluster countries. No physical alteration to their location was implied by the decisions taken, since the new network is the result of a reconfiguration of the field offices already in existence. On the other hand, the closure of a certain number of offices was necessary.
2. From 1 January 2002, the Bureau of Field Coordination (BFC) took over management of the new field network, with a six-month transition period envisaged, the Deputy Director-General assuming responsibility for the overall coordination of field operations. The notion of parent sectors disappears with the decentralization reform. All heads of field offices, international administrative officers and local staff are henceforth administered by BFC, programme specialists continuing to be administered by the programme sectors.
3. The Director-General is committed to ensuring that field offices henceforth participate fully in a more field-oriented planning process, and BFC was recently instrumental in organizing regional consultations which generated inputs for the 31 C/4 regional strategies to be reviewed by Member States. Capacity-building, mentoring and networking are also fundamental to BFC's role in improving the management of field operations and are essential to the success of the decentralization reform.

Time frame and the new office network

4. The timetable of the decentralization reform, as presented at the 161st session of the Executive Board, is being met (Annex I). The Secretariat is on schedule for the establishment of the new field network, 18 offices having been closed during the course of 2000-2001 (Annex II).
5. In order to further rationalize the system and increase its programme delivery capacity, it is foreseen that a further nine offices will be closed, five of which during the course of this biennium (i.e. Conakry, Ouagadougou, Guatemala, Lima and Santo Domingo).
6. Costs incurred in closing offices have mainly involved those of transferring staff and indemnities and compensation for the separation of staff, transportation and freight costs for disposal of furniture and equipment, and staff missions. In many cases, a proportion of these expenditures was offset by income from sale of equipment and vehicles.
7. The UNESCO field network and decentralization reform are to be reviewed in 2005. Considerable attention will continue to be paid to ensuring that each office attains maximum visibility and impact in the delivery of UNESCO's mission and programme objectives and that it complies with the criteria laid down in 30 C/Resolution 83.
8. While cluster offices cover countries where offices were closed, other forms of alternative UNESCO presence are based on specific-purpose (sometimes extrabudgetary) programme funding. In some cases, Member States have offered to open UNESCO houses to serve as cultural centres. Others have "antennae" to alert UNESCO programmers to possible future trends and initiatives. The Director-General has committed that \$1.4 million in the current biennium would be spent on programme activities in Member States where offices have been closed. A range of activities funded and organized by UNESCO National Commissions themselves through the Participation Programme and other funding will continue.

9. Extrabudgetary activities continue to be mounted at national, regional and global levels. Some are decentralized from Headquarters, some from regional bureaux, clusters, institutes and centres. Meetings and conferences are funded to provide follow-up to world conferences such as that on higher education and EFA.

10. UNESCO's presence in Member States is not, of course, confined to the existence or otherwise of a "UNESCO office". It may be useful to regard UNESCO's presence as much more of a network of individuals, institutions and organizations (such as UNESCO Clubs, associated schools, etc.) who have been imbued with UNESCO's principles and who act on its behalf in their own regular daily spheres. Under the new concept of decentralization reform, the whole Organization is mobilized to assert UNESCO's field presence.

Meeting new challenges: Afghanistan

11. As foreseen in the guiding principles adopted by the General Conference (30 C/Resolution 83) concerning the rational implementation of decentralization, UNESCO's new decentralization strategy recognizes the need, from time to time, for the opening of national offices in exceptional, time-bound circumstances such as post-conflict situations. Taking account, therefore, of the United Nations General Assembly resolution on post-conflict Afghanistan (A/RES/56/220), and in line with UNESCO's constitutional responsibilities, the Director-General considered it necessary to take immediate action by setting up an antenna in Kabul in the first instance. This Antenna was operational in extremely difficult circumstances in December 2001.

12. At the time of writing this report, the responsibilities which have been, or are likely to be entrusted to UNESCO under the framework of the joint United Nations system-wide efforts for the rehabilitation and reconstruction of Afghanistan, spearheaded by the United Nations Assistance Mission in Afghanistan (UNAMA), have become clearer. The extent of the Organization's required engagement in these operations, notably in the fields of education, culture and communication, which cannot be accomplished satisfactorily without a strong and visible presence in the country, is such that the Director-General now considers it timely to establish a full-fledged office in Kabul, subject to review along with other offices in 2004-2005.

13. The Director-General intends, given the necessity to interact at a high level with the Afghan authorities and with UNAMA, to appoint the head of the office at Director level (D-1). This will not entail any increase in the overall number of director-level posts owing to economies achieved in ongoing restructuring efforts. The Director will be supported by three senior-level programme staff in the fields of education, culture, and communication and information. All four posts above will be financed by way of an internal redeployment of resources within the overall staff costs budget. A special feature of the staffing provisions will be the short-term assignment of other professionals, including an international administrative officer, on detachment with their posts, for periods of 9-12 months to widen their professional development in difficult but rewarding field situations. Locally-recruited staff will be employed on a contract basis. No additional posts will be created. The start-up costs of opening the office, as well as installing operational infrastructures such as telecommunications and vehicles, will be met under the terms of the agreement concluded with UNDP in December 2001 for the operations of the Kabul Antenna in 2002, funded from unutilized funds at the end of the 2000-2001 biennium. Indirect costs of the office during the current biennium will be covered largely from "carryover funds" (subject to the Executive Board's decision in this regard under item 6.2 of its Provisional Agenda), and proposals for the 2004-2005 biennium incorporated in the regular C/5 drafting process.

14. Subject to the Executive Board's decision, the office will use "carryover" funds to initiate programme activities and will continue to provide assistance to relevant ministries in capacity-

building and policy dialogue (cf. 164 EX/INF.5). Furthermore, it will be responsible for the implementation of large-scale projects within the framework of joint United Nations system initiatives, for which the prospects of extrabudgetary funding are good.

15. The Director-General underlines that, in a situation of flux and uncertainty in which the role of the Organization and its due contribution to the reconstruction of Afghanistan has still to be recognized, the presence in Kabul of a full-fledged office with all necessary resources available to it is, in his considered opinion, a prerequisite for UNESCO's demonstrable commitment to this effort.

Field staffing

16. If the new cluster offices are to effectively assume their increased functions, considerable reinforcement in terms of human resources is required. However, progress in this sphere will inevitably be gradual as long as the constraints of a zero nominal growth rate persist.

17. Despite the obligation to reduce the overall number of posts in document 31 C/5, continuous efforts to reinforce the human resources capacity in the field through transfers from Headquarters and creation of posts, have resulted in an increase in the number of decentralized regular budget established posts from 531 (30 C/5 Approved and Recosted) to 566 in document 31 C/5 Approved. This represents 35 additional posts (28 professional and NPO posts and seven local posts). The increase in the number of posts has been reflected in almost all regions to varying degrees.

18. Most cluster offices are well served, though not ideally, by the sectoral allocation of posts. However, several gaps in the number of professional programme posts allocated to cluster offices remain. There are still a few cluster offices to which posts have not been assigned from some sectors, whether international professionals, or national professional officers (Annex III).

19. Mapping of international and national human resources available in regions to ensure linkage with UNESCO's network of global human and technical resources is in process. This is particularly important for clusters which, by definition, have to work with and on behalf of Member States where UNESCO offices are not placed.

20. With regard to the management of staffing in the field, a re-assessment of the needs of Professionals and General Service staff is being coordinated by BFC with participation of the sectors and directors/heads of field offices. Contract provisions are being examined in order to ensure that field office staff are best utilized throughout all countries of the clusters (rather than simply in their country of origin). Special Service Agreement (SSA) contracts are being revised and will be replaced by new service contracts being developed by HRM.

21. The Director-General thus remains committed to:

- (a) increasing staffing in field offices, in particular through:
 - (i) transfer of more Headquarters staff to cluster and national offices;
 - (ii) appointing more associate experts and extrabudgetary funded staff;
 - (iii) attracting more seconded personnel and United Nations Volunteers (the Basque Volunteer Programme, for example, is an additional way by which staffing in field offices is being complemented);

- (b) implementing new personnel policies regarding:
 - (i) rotation (including consideration of postings to hardship duty stations);
 - (ii) service contract personnel;
 - (iii) competency-based recruitment.

Decentralization of regular programme funds

22. The process of regional and cluster consultations began (between November 2001 and February 2002) with a first ever attempt to “negotiate” regular programme budgets on a bottom-up basis. These consultations led to the conviction that the sectors have to maintain or increase decentralized programme funds; that there needs to be a common policy by all sectors for this financial decentralization process; and indeed that there needs to be a re-calculation of what constitutes “decentralized programme funds”. Target figures in document 31 C/5 for regular programme funds decentralization in 2002-2003 are: Education – 62.2%; Natural Sciences – 36.5%; Social and Human Sciences – 36.3%; Culture – 39.9%; and Communication and Information – 41.9%.

Delegation of authority to field offices

23. Cluster offices are the main platform for delivery of all UNESCO activities and are multisectoral in nature, ideally with each sector represented. They have representational authority for a cluster of Member States. The head of office, while often having a background in a particular field, plays an executive role, managing the programme specialists covering the various domains. The office will implement cluster programmes which are the result of consultation and consensus.

24. National offices have representational authority for one Member State. Their programmes are more focused, depending on the purpose for which they were maintained. They implement a national programme, which is the result of consultations within that country, and assist in devising the cluster programme where that Member State is concerned.

25. Regional bureaux are by definition monosectoral in their programme approach. They are responsible for regional programmes in that particular domain, which are implemented through the cluster and national offices and drawn up by means of regional consultations. Regional bureaux are almost always located in a cluster office and as such benefit from staff in a variety of fields, but often have an additional complement in their own domain (see Annex IV for relationships between offices).

26. The move towards greater budgetary autonomy for field offices will continue, along with increased accountability. For these purposes, a Table of Authority for Field Offices has been developed. Validation of this Table of Authority began in April 2002 and as decentralization is a continuous improvement process, it will be reviewed at the end of 2002, so that lessons can be learned from its application and any improvements needed made.

27. The table describes clearly all major authorities and identifies which authorities are delegated to the field offices. The authorities are grouped into:

- leadership and representation;
- programme planning, budgeting and implementation;
- programming and financial management of extrabudgetary resources;
- financial management;

- human resources management; travel management;
- contract management;
- general administration;
- field staff safety and security.

28. Full-scale delegation of authority implies a significant change in UNESCO's organizational culture and needs to be supported by adequate management and monitoring tools such as guidelines, criteria and clear policies and procedures. The following principles were adopted in the development of the Table of Authority:

- (a) transferring decision-making authority and accountability from Headquarters closer to the point of programme implementation;
- (b) delegating authority to field offices to provide greater autonomy so that if they are to be held accountable for achieving programme objectives they must be given the authority to fully manage the resources needed to perform their responsibilities;
- (c) application of sanctions for not meeting the accountability (to be reflected in performance appraisals and personal financial responsibility for the resources in their charge);
- (d) delegating authority to field offices to remove bureaucratic layers in order to move faster and become more relevant and efficient;
- (e) recasting the roles of Headquarters based on an assessment of functions that add value and do not duplicate the front-line work of field offices.

Regional and cluster consultations and networking

29. Maintaining a dedicated budget to facilitate consultations and networking among regions, clusters and national offices was a key element of the decentralization platform presented to the Executive Board by the Director-General. It was a conclusion reached at all the first series of regional consultations that the processes of bottom-up, participative, consultative management, strategic planning and monitoring, and developing work plans within an overall budget envelope must be maintained.

30. The Director-General plans, therefore, to organize regional consultations at regular intervals. Cluster consultations are no less important and will also be sponsored at least once a year. A feature of most of the first round of consultations was the presence of small but significant numbers of Headquarters personnel, a fact which was highly appreciated by the field directors and heads of office for the opportunity it afforded for face-to-face extended two-way communication (and indeed for the fact that Headquarters personnel were prepared to constructively listen to what was said about field realities).

Mentoring and training

31. Successful implementation of the decentralization policy and effective delivery of UNESCO's mission and programme depend upon strong management skills and capacities in the field offices. Moreover, the concept of consultation and cooperation that underpins the operations of regional, cluster and national offices must necessarily draw its strength from a foundation of improved organizational processes, consultation and cooperation within each field office.

32. Underpinned by a decisive and supportive regional desk structure within BFC itself, the functions of mentoring and training comprise in cooperation with sectors and BSP: collegial consultation and constructive supervision based on regular inter-visitations; BFC staff advising field officers; field office staff exchanging experiences with other offices and with Headquarters; consultancy assignments; participatory workshops at national and cluster levels; and consultation meetings at regional levels. BFC is also cooperating with the Bureau of Human Resources Management and other central services in efforts to improve staff career and skills development including: leadership and management, programme planning and implementation, fund-raising, public relations, SISTER, FABS, administrative procedures (for AOs), etc.

Field staff security

33. In response to the deteriorating security conditions of United Nations staff around the world, a more effective United Nations system-wide field security management system is being put into place. UNESCO, being part of the inter-agency field security system under the authority of the United Nations Security Coordinator (UNSECOORD), is fully cooperating in implementing new standard security measures, including cost-sharing arrangements. BFC, acting as UNESCO's focal point, coordinates the overall field staff security policy and arrangements, including the management of field security budget and responses to specific field security situations, ensures implementation of field security instructions through dissemination, advice and monitoring and maintains liaison with UNSECOORD.

Investing in decentralization

34. Following the closure of several field offices, the Director-General is now actively working on progressively reinforcing offices, encouraging the decentralization of more programme budget and staff, capacity-building and improving the resource-sharing and networking mechanisms among them. As identified by the Task Force on Decentralization, administrative support and an adequate budget are required to foster networking and inter-office linkages and involving field offices in the different managerial and programme activities of the Organization.

35. It really is a case of investing for growth. There are countless examples that fundamental organizational change (whether it be rationalization and consolidation into larger units, or deconcentration and decentralization) costs money in the short term. Some patience is therefore required in locating the "cost savings" arising from closing UNESCO offices. Clearly more decentralized budget and the closure of an office in one country places a bigger burden on the office in another place, specifically on the cluster office that is required to take on additional work with planning, implementing and monitoring activities.

36. The Director-General is committed to capacity-building for the development of management and leadership capabilities for a sense of community, synergy, teamwork, resource-sharing, collegiality, trust, confidence and mutual respect among the staff of UNESCO's field offices. Mentoring, networking and consultation are to be institutionalized and regular, concern all levels of the Organization, including but not limited to field offices at regional, cluster and national levels, and engender bottom-up planning, teamwork, and networking for more effective utilization and sharing of scarce resources.

37. While still very early, it will become possible to see the impact of these capacity-building efforts in:

- (a) reinforced managerial and administrative capacity of field offices;

- (b) improved supervision and monitoring of decentralized programme activities;
- (c) improved monitoring of expenditure in the field, particularly indirect costs;
- (d) increased autonomy of field offices;
- (e) streamlined procedures for administration of the field network;
- (f) regular, institutionalized schedule of consultations with partners and stakeholders within Member States;
- (g) enhanced networking and resource-sharing among the field network and with Headquarters.

38. The priority areas requiring investment for the success of decentralization, are thus reinforcing the capacity of the offices to respond to the new demands, both in terms of skills and physical infrastructure, and the corresponding networking, mentoring and consultation processes. To support these areas, as well as to defray the costs of establishing a new national office in Kabul, the Director-General proposes to allocate an amount of \$1.2 million from the funds carried over from the previous biennium.

Draft decision

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

The Executive Board,

1. Having examined document 164 EX/5, Part III,
2. Takes note of the efforts made by the Director-General to implement the decentralization action plan, of the progress achieved and of the steps foreseen in the current biennium;
3. Expresses its support for the Director-General's initiative to establish a time-bound national UNESCO office in Kabul, in view of the current situation in Afghanistan and the United Nations' resolutions and activities in this regard;
4. Invites the Director-General to pursue the implementation of the decentralization action plan and to submit to it at its 166th session a progress report thereon.

ANNEX I

Action plan and timetable of the decentralization 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
I. Rational field system	▶																													
Finalize choice of clusters and 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						█																								
Refocus and strengthen regional bureaux						█																								
Review UNESCO institutes and centres and develop related strategy						█																								
Strengthen coordination between UNESCO institutes, offices and HQ						█																								
II. Bureau of Field Coordination (HQ)						▶																								
Identify functions to be transferred to BFC from parent sectors						█																								
Transfer parent sector administration to BFC						█																								
III. Related HR policies						▶																								
Develop field-based training and mentoring programme						█																								
Develop decentralized management of local sta											█																			
NB: For other related HR policies see 164 EX/5, Part I																														

ANNEX II

FIELD NETWORK

Table 1: Existing field offices (January 2002)

Regions	Cluster Offices*	National Offices
Africa	10	8
Arab States	4	2
Asia and the Pacific	7	6
Latin America and the Caribbean	5	7
Europe and North America	1	1
Total	27	24

* 10 of which also serve as regional bureaux; there are additionally two liaison offices (in Europe and North America).

Table 2: Offices closed (by region and date)

	Office closed	Date
Africa	Abidjan	30 November 2001
	Bangui	30 June 2001
	Luanda	30 June 2001
	Lusaka	31 July 2001
	Porto Novo	30 June 2001
	Pretoria	30 September 2001
Arab States	Tunis	30 November 2001
Asia and the Pacific	Kuala Lumpur	31 May 2001
Europe and North America	Quebec	31 July 2001
	Vienna	31 January 2001
	Washington	30 June 2000
Latin America and the Caribbean	Asuncion	30 September 2001
	Bridgetown	30 November 2001
	Buenos Aires	30 June 2001
	Caracas	31 July 2001
	Panama City	31 July 2001
	Port of Spain	30 November 2001
	San Salvador	30 June 2001

ANNEX III

FIELD STAFFING

Table 1: Staffing in cluster offices*

	Cluster offices	Total ED posts	Total SC posts	Total SHS posts	Total CLT posts	Total CI posts	Total
Africa	10	22	12	1	7	9	51
Arab States	4	9	5	3	3	4	24
Asia and the Pacific	7	19	11	6	6	7	49
Latin America/Caribbean	5	4	6	3	9	7	29
Europe/North America	1	1	0	0	2	1	4
Total	27	55	34	13	27	28	157

Table 2: Staffing gaps in cluster offices*

	Cluster offices	Total gaps ED	Total gaps SC	Total gaps SHS	Total gaps CLT	Total gaps CI	Total
Africa	10	1	2	9	3	1	16
Arab States	4	1	2	2	1	0	7
Asia and the Pacific	7	1	2	3	2	2	10
Latin America/Caribbean	5	1	2	2	0	0	5
Europe/North America	1	0	1	1	0	0	2
Total	27	4	9	17	7	3	40

Table 3: Staffing by sector and region**

(international and NPO posts; heads/directors not included)

	Total Number of Offices***	ED	SC	SHS	CLT	CI	Total
Africa	18	28	13	3	8	10	62
Arab States	6	11	5	3	4	5	28
Asia and the Pacific	13	25	11	7	9	7	59
Latin America/Caribbean	13	16	6	5	10	7	44
Europe/North America	6	4	5	–	3	1	13
Total	56	84	40	18	34	30	206

* International and NPO posts in cluster offices. Figures exclude national offices, regional bureaux that are not cluster offices, and heads/directors of offices. *Source: 31 C/5 as adjusted.*

** Staff establishment 2002-2003 as of 29 March 2002.

*** Includes cluster offices, national offices, regional bureaux and liaison offices.

ANNEX IV

Roles and functions of Offices

Cluster Offices	Regional Bureaux	National Offices
Multidisciplinary in nature	Monosectoral	Focused programmes of national scope
Implement programme in cluster	Responsible for regional programmes	Implement national programmes
Representational authority for a cluster of Member States	No representational authority	Representational authority for one Member State