

Overview of Travel Costs Reduction and Efficiency Measures (July 2017)

Background

Since the financial crisis in 2011, the Organization has taken significant steps to reduce mission travel costs and improve process efficiency. In parallel, the related policy changes have been reflected in the Administrative Manual, aligning where possible with best practices within the UN system.

Important efforts have been made to better manage costs, resulting in staff mission costs representing on average 1.7% of total Organizational expenditure over the past 6 years. The changes focused on cost-effective policies and addressed the efficiency of working methods.

Drop in travel expenditure

The figures below provide an insight into the travel situation over the past 6 years at UNESCO. Although the number of missions undertaken by staff members has increased slightly since 2012, the total budget allocated to travel has significantly diminished by **32% from 2010 to 2015**¹. It is noted that:

- During 2013-2015, mission travel expenditure remained at around \$11M, representing on average 1.62% of operating expenses;
- The average cost per mission has reduced by 34%;
- There is a continued decrease in extra-budgetary funding of mission travel.

Staff members - Missions						
Year	No. of trips*	Regular Budget (RB)	Extra-budgetary (XB)**	Percentage of operating expenses	Total budget (RB + XB)	Average cost / mission
2010	8741	9 265 742,00	7 150 814,87	2,14%	16 416 556,87	1 878,11
2011	8476	8 364 859,00	7 377 844,28	1,90%	15 742 703,28	1 857,33
2012	6334	2 547 395,00	6 841 342,48	1,34%	9 388 737,48	1 482,28
2013	7553	3 964 097,00	7 209 350,69	1,60%	11 173 447,69	1 479,34
2014	7712	4 550 180,00	6 292 716,18	1,57%	10 842 896,18	1 405,98
2015	8993	5 831 664,00	5 380 034,17	1,69%	11 211 698,17	1 246,71
Total		34 523 937,00	40 252 102,67	1,72%	74 776 039,67	1 558,29

Non-staff Missions					
Year	No. of trips*	Regular Budget (RB)	Extra-budgetary (XB)**	Percentage of operating expenses	Total budget (RB + XB)
2010		2 396 424,79	4 551 255,50	0,91%	6 947 680,29
2011		2 986 521,98	3 175 718,29	0,74%	6 162 240,27
2012		922 272,88	3 812 494,78	0,68%	4 734 767,66
2013		1 245 450,39	4 432 338,86	0,81%	5 677 789,25
2014		809 949,50	3 633 510,28	0,64%	4 443 459,78
2015		1 256 805,68	2 655 394,73	0,59%	3 912 200,41
Total		9 617 425,22	22 260 712,44	0,73%	31 878 137,66

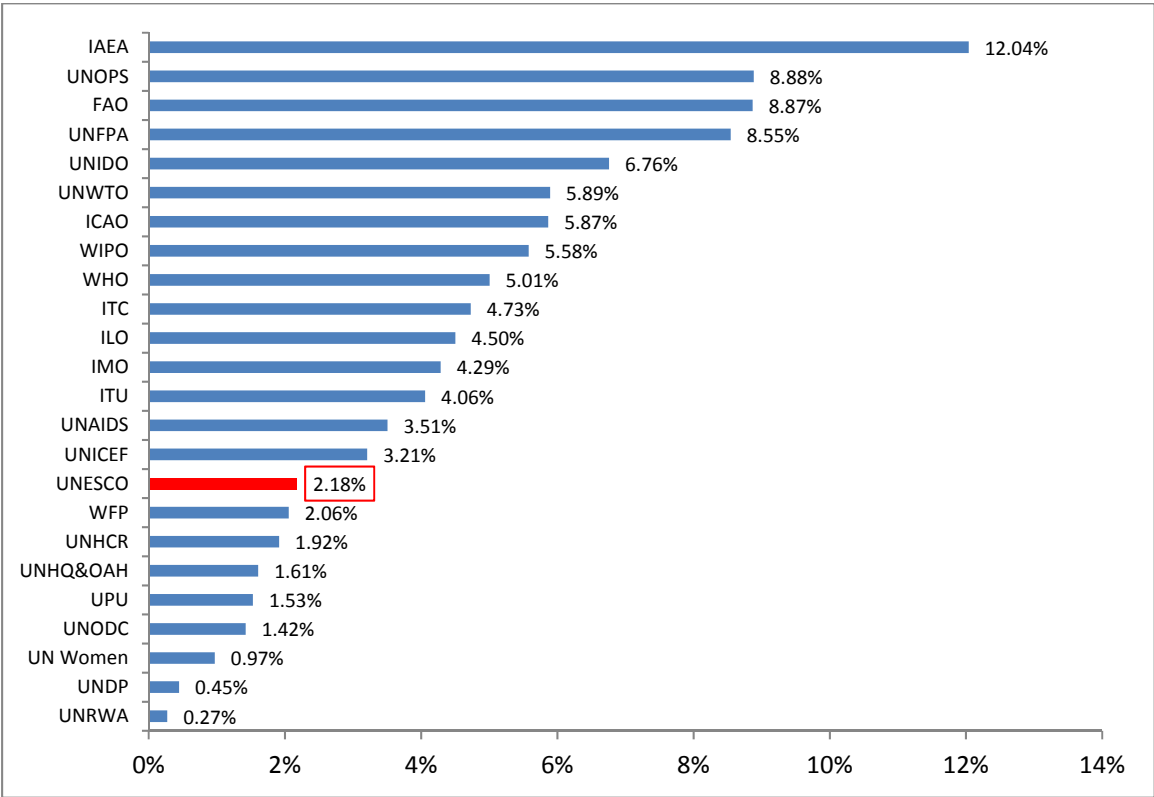
¹ From audited financial statement.

Reviewing non-staff travel figures, i.e. participants in meetings and conferences, it is noted that:

- Costs have been almost halved when comparing 2015 expenditure to 2010 and is continuously decreasing;
- The system does not capture the number of trips made by non-staff hence a comparison is not possible; however, in view of the reduction of costs, it is assumed that the number of such trips has declined over this same period.

We have also compared UNESCO’s mission travel expenditure to other UN organizations:

Air travel related expenditure as % of organization’s total expenses (2012-15)²



Changes in travel policy and process efficiencies

The decrease in mission travel expenditure over the years results from policy and procedural changes implemented, including:

- Mandatory advance booking of air tickets, at least 14 to 21 days prior to travel, introduced in 2011 to ensure that only competitively-priced tickets are purchased. This resulted in an average saving of 15% per international air ticket.

² JIU: Review of Air Travel Policies in the UN system: Total expenses for each organization by five major programme categories: Development assistance; Humanitarian assistance; Peacekeeping (Department of Peacekeeping Operations); Technical cooperation; and Normative, treaty-related and knowledge-creation activities.

- The purchase of unrestricted air tickets (fully refundable and fully modifiable) was prohibited in 2011 to reduce the cost of tickets.
- Reduction of travel class of both the Director-General and the Deputy Director General from its current level to one class below wherever it is practicable.
- Mandatory travel by train on trips of up to 4 hours in Europe was introduced in 2011 to encourage the use of sustainable forms of travel and to reduce our carbon footprint.
- The setting of a maximum DSA payment up to 75% for non-staff travelers since 2012.
- The policy change restricting business class travel for missions of short duration not only decreased the costs incurred (**an estimated \$1.3 million in 2014**) but also contributed to our greening efforts. There has been a reduction in the Organization's share of total air travel emissions from 50% in 2012 to 43% in 2013.
- **The volume of business class travel purchased at Headquarters through the official travel agency has halved as a direct consequence of the austerity measures.** This has remained stable over the last years.
- The Organization reduced the contractual services costs of the official travel agency at Headquarters in 2012, with an **estimated saving of \$350,000 per annum** by moving from management fees to transactional fees. This approach and the related savings have continued with the new travel agency, introduced in 2015.
- A provisional measure was also introduced in 2012, to statutory entitlements (initial appointment, transfer or separation; home leave and education grant travel), decreasing the percentage of lump sum payments (from 60% of the full economy return airfare to 50%; UN agencies range from 55% to 80%). These measures were part of UNESCO's initiative to contain travel costs, which resulted in savings of approximately **\$376,000 for 2014**.
- Strictly limited face-to-face interview travel; replaced with Skype.
- A new integrated travel planning tool released in 2013 was implemented to rationalize and reduce travel costs as well as labor intensive administrative tasks, through the use of electronic workflows and signatures. **The administrative time spent on the approval process decreased by 11% in 2014 compared to 2013.**
- Policy was strengthened to formalize security measures related to the maximum number of staff travelling on the same carrier, in line with the 2013 UNDSS recommendation of a maximum of 10 employees per flight.
- The introduction of an electronic travel claim in 2014 was the latest addition to the integrated travel management solution in DUO. **This financial software enhanced the administrative process at the end of a mission, halving the number of days taken to close missions administratively (from 49 days in 2013 to 24 days in 2014).** This improved the travel workflow, which was rolled out both at Headquarters and in the field, and mirrors the UMOJA model, a similar process underway at the UN Secretariat (currently being rolled out in phases).

Next steps

The Organization will continue its efforts towards further efficiency and cost reductions whilst aligning with best practices within the UN to achieve greater harmonization. The latter will facilitate joint programming and a step towards common service centers. IOS, in their latest audit report, have recommended inter alia the following measures:

1. Integrating online booking tools in the travel workflow;
2. Leveraging availability of Secretariat-wide travel data for more purchasing power with regards to negotiating more attractive global/regional airfare discount agreements with the airline carriers;
3. Developing a global service delivery model for travel services in order to create regional travel hubs that will result in standardization of the travel process across the Secretariat and a more consistent application of the travel policy. This approach will eventually be weighed against opportunities for a common service center with other UN Organizations;
4. Travel reduction targets and improved video conferencing facilities requiring mandatory sign-offs on the subject by the supervisor authorizing the travel.

Aligning with the UN

JIU is currently conducting a review of air travel policies within the United Nations system, with the objective to review and assess relevant air travel regulations, policies and practices and examine their implementation across the member Organizations.

The review is being undertaken following calls from the General Assembly to improve, as a matter of urgency, the management of air travel and enhance the effective and efficient utilization of air travel resources has been finalized.

Main findings and recommendations of the review are as follows:

- Organizations are to review the standards of accommodation for air travel for staff and non-staff as well as associated costs (abolish the use of first class and promote business /premium class travel instead. For economic class travel, use of the most direct route for journeys of four hours or more, with a cost threshold)
- Organizations are to review the standard of accommodation applicable for eminent and prominent persons who are providing services free of charge to Organizations.
- Policies and practices are to be updated to strengthen accountability in air travel management (to enhance compliance with policies and minimize risks. Policies should be communicated and made available and accessible to all staff in a user-friendly format).
- Air travel tools should be modernized and collaboration strengthened with service providers.
- Planning, monitoring and budget oversight is to be strengthened in air travel management.
- Measures should be introduced to increase efficiency gains and cost savings (creativity in identifying alternatives to travel should be envisaged to potentially reduce air travel

related costs i.e. using video conferencing, e-meeting facilities, delegating to the staff based in the same region or limiting the number of staff travelling...).

Most, if not all, of the above will be considered carefully with a view to integration within UNESCO's revised Administrative Manual.

UNESCO's approach

UNESCO recognizes the need for clear guidance on mission travel and the need to better monitor and report on strict adherence to travel rules, embedded with in Internal Control and best practices. To this end, the existing "vade mecum" and FAQs for Staff and SMT Members are updated regularly to meet the changing context.

AM item 15.2 "General Provisions concerning Travel on Mission" is under revision with a view to reflecting proposed changes to the Manual such as:

- embedding DG notes (12/11REV) issued as austerity measures
- promoting premium or business class travel and abolishing the using of first class for high ranking officials and non-staff,
- including the threshold of 30% for Staff member's absence on mission
- requiring that tickets be purchased (and not only booked!) at least 14 days prior to departure (all non-adherence to the policy to be monitored by AOs).
- Mandatory use of the standard mission report template by travellers
- reinforcing the accountability of Supervisors and Administrative Officers in closely monitoring travel expenditure.

UNESCO uses the integrated travel management module of the ERP system, introduced in 2012. UNESCO is currently engaged in undertaking a technical upgrade of the module and reviewing options to:

- Improving the management of travel resources;
- Reducing the administrative burden by incorporating further built-in controls; and
- Integrating a Self-Booking Tool (SBT).