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FINANCIAL SITUATION OF THE ORGANIZATION AND ITS IMPLICATIONS FOR THE IMPLEMENTATION OF THE 36 C/5

REPORT BY THE DIRECTOR-GENERAL ON THE IMPLEMENTATION OF THE ROADMAP TARGETS

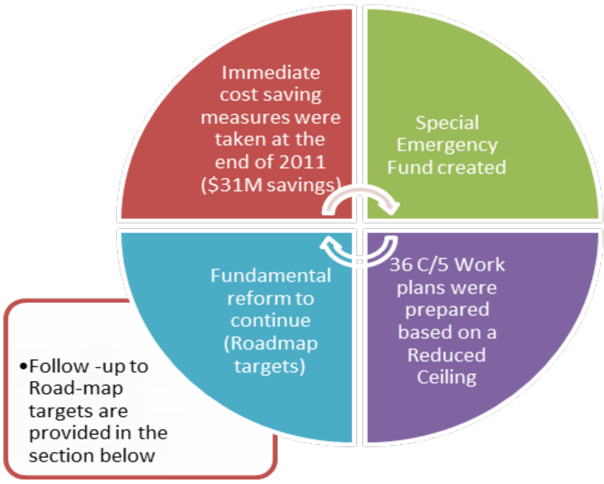
SUMMARY

In accordance with 189 EX/Decision 15, the Director-General presents a status report on the progress made towards achieving the eighteen roadmap targets outlined in 189 EX/15 Part I Addendum. The estimated level of savings which could be achieved from ongoing measures and additional proposals for efficiency gains in administrative costs are also provided.

No decision is proposed.

PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE ROADMAP TARGETS

1. As outlined in document 189 EX/15 Part I Addendum, the efforts undertaken by the Director-General to respond to the ongoing financial situation, centred around four main action points:



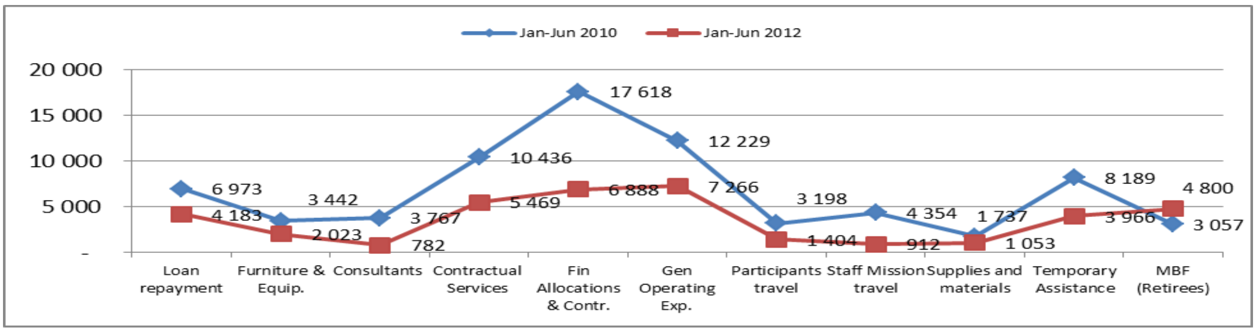
(a) **Immediate cost saving measures** were taken during the last two months of 2011 generating $31 million in savings, to counter the eminent cash shortfall resulting from the non-payment of contributions from the United States of America and Israel.

(b) A **Special Emergency Fund** was established to solicit much needed extrabudgetary funding from Member States and private donors for UNESCO's priority areas and reform initiatives. As of 2 August 2012, $38.7 million has been received in the Emergency Fund, with an additional $27.8 million in pledges.

(c) **Work plans** for the implementation of document 36 C/5 were prepared **based on a reduced budget ceiling** of $465 million instead of the Approved 36 C/5 amount of $653 million, representing a target reduction of 29%. These work plans reflect the priorities approved by the General Conference, but had to be scaled down to reflect the financial constraints. They will be reviewed and adjusted regularly as the financial situation evolves.

<u>Cost containment measures for the Regular Programme</u>

Against the target reduction of 29%, forecasts as at June 2012 represent a 21% reduction to the 36 C/5 Approved. In response to this challenge, the Organization has embarked on a cost containment exercise, evidenced by a comparison of the trends in costs for the first six months of the current biennium with the corresponding period of the preceding biennium, as shown in the following graph for regular programme funded activity costs:



Total activity costs for the first six months in 2012 of $38.8 million represent a 48% reduction compared to 2010 ($75 million). In terms of staff costs, the reduction realized is approximately $4 million or 4.3% (2012 $91.7 million, 2010 $87.7 million) despite the fact that current figures include a 5.1% statutory increase relating to the post adjustment for Professional posts as mandated by the ICSC.

The reduction in activity costs reflects efficiency gains and cost-cutting measures, though it is difficult to isolate the impact of each type of measure. One example is the area of travel management where a combination of the following measures account for a reduction of close to 80% in staff mission travel and 56% in participants travel: changes in travel processes for Governing Bodies; the abolition of business class travel (except for missions of short duration); modifications in the mission travel policy and reductions in DSA to participants; strengthening of travel planning process and tools, renegotiation of travel management contracts to reduce transaction cost. More information about these measures is outlined under Target 12 below. Furthermore strict controls on the use of consultancy and temporary assistance services resulted in a reduction of 80% and 52% respectively.

(d) Despite the unprecedented situation, the Director-General's **commitment to implementing fundamental reform** at UNESCO has remained steadfast. The envisioned reforms aim at providing more focus in programme delivery, achieving greater efficiencies, and implementing the endorsed action plan of the Independent External Evaluation (IEE). In line with these efforts, she outlined in document 189 EX/15 Part I Addendum 18 Roadmap targets with quantifiable and rather ambitious objectives.

2. In this regard and in accordance with 189 EX/Decision 15, the Director-General presents in the following section a status report on the progress made towards achieving the eighteen Roadmap targets. The estimated level of savings which could be achieved from ongoing measures and additional proposals for efficiency gains in administrative costs are also provided.

Target 1: ***Bearing in mind the current number of work plans, the Director-General has given instructions to reduce the overall number of work plans by 20% by end-2012 in an effort to focus and foster accountability***

The total number of Regular Programme work plans has been reduced from 1,191 in January 2012 to 1,020 as at mid-August, representing an overall reduction of 14%. Under the five Major Programmes, a reduction of 17% has been achieved, reflecting a much needed concentration of the programmes. Additional efforts are under way to achieve the overall target objective by end-2012.

Target 2: ***The number of work plans with minimal operational costs (with the exception of those benefitting from extrabudgetary funds) shall be reduced by 30% by end-2012***

To date, the objective for Target 2 has been achieved, as the number of RP activities with minimum operational budget has been decreased by 45% since January 2012.

Target 3: ***The minimum budget level for a work plan shall be increased to $25,000 to the extent practicable***

The number of activities with a budget of less than $25,000 has decreased by 12% since the beginning of the biennium and efforts will continue to be made to improve the concentration of activities into larger ones when feasible, in order to provide a more focused programme delivery.

Target 4: ***Implement in full the field reform in Africa by the end of 2013***

(See also separate report on field reform (190 EX/31))

Despite the very challenging financial situation, the Director-General is fully committed to carrying out the first phase of the field network reform in Africa, and has allocated $2.25 million from the Emergency Fund to ensure its successful implementation. Along these lines, the following efforts have been made:

- A new national Post-Conflict Post-Disaster (PCPD) office has been established in South Sudan (Juba) and one is being established in Côte d'Ivoire (Abidjan) according to the field reform plan. Host-country agreements have been drawn up and are being considered by the two countries; and the Head of Office posts have been advertised.

- The first two regional multisectoral offices are being established in Dakar, for Sahel/West Africa and in Nairobi, for East Africa. A detailed staffing plan has been elaborated with the assistance of programme sectors, AFR, HRM and BFC and the required transfer of staff is currently under consideration.

- BFM, MSS/BKI and HRM are preparing the specific Terms of References for the administrative support platform to be established this year in Addis Ababa. This work is expected to be completed before the end of 2012.

- The Bujumbura national office is being phased out and instead, a "Maison de la Paix" will be set up in collaboration with the Burundi Government.

- The antenna office in Luanda, Angola is being expanded in line with the coming self-benefitting programme for the country.

- The recommendation on the location of the regional office in Southern Africa has still not been conveyed to the Secretariat from the African group. A decision will have to be made very soon in order not to delay the next stages of the implementation of the reform, which will include the opening of the next three regional multisectoral offices in Yaoundé, Abuja and Southern Africa.

- Finally, but not least, a new proposal for the delegated authority and accountability for field office Directors and heads of offices is being finalized, which will enable a more efficient and flexible use of both programme and staff resources at regional and national levels.

Target 5: ***By end-2013, UNESCO Country Programming Documents (UCPDs) will have been prepared for each country in which UNESCO is active***

To date, UCPDs for 29 countries have been prepared and published, and 10 additional UCPDs are at various stages of preparation. The process is being closely followed and coordinated by the Bureau of Strategic Planning which also provides guidance and backstopping in coordination with the programme sectors, regional offices and category 1 institutes as relevant.

Target 6: ***The overall ratio of field to Headquarters staff shall move from approximately 35/65 at present to 40/60 by end-2013, with special emphasis on increasing Professional staff in the field through an enhanced mobility policy***

As at 31 July 2012, the ratio of field/Headquarters RP posts remains at its 36 C/5 baseline level. However, during the review of vacant posts conducted in June 2012, the abolition of 36

Headquarters and nine field RP posts was proposed, which would improve the field/Headquarters ratio to 38/62.

Target 7: ***UNESCO will review by end-2013 all its global memoranda of understanding with the funds and programmes of the United Nations and other select United Nations organizations***

The review process has begun and is aimed to be completed by end-2013. To date, a timetable has been established for carrying out the review during the biennium, and consultations have been launched with a number of agencies. The first revised partnership agreement is to be signed with ITU in the autumn of 2012.

Target 8: ***UNESCO will continue to devote 2% of its programme resources to participation and insertion in common United Nations country programming exercises at the field, regional and global levels***

Target achieved: As at mid-August, the Secretariat has allotted 2% of Major Programmes' work plan operational budget to support UNESCO's participation in United Nations common country programming exercises (including "delivering as one" pilots, UNDAF, and joint programming initiatives).

Target 9: ***Efforts shall be made to increase the number of public-private partnerships by 10% by end-2012 and to focus in particular on resource-generating partnerships, both at Headquarters and in the field***

UNESCO is pursuing its efforts to maximize existing partnerships and to explore new opportunities for cooperation with the private sector, both globally and at the country level. In this regard, a series of private-sector partnerships that were initiated in 2011 were further expanded and scaled up in 2012. For example, the marketing campaign launched in France under the Procter and Gamble partnership has also been carried-out in all the Balkan countries in support of girls and women education. In addition, GEMS Education (United Arab Emirates) has provided additional funding ($1.5 million) for the development of a learning platform for 10,000 Principals Leadership Programme in Ghana, Kenya and India.

Since the beginning of 2012, several new partnerships with the private sector were signed for the furtherance of UNESCO's priority programmes and notably in China; such as with the CHIC Group Ltd ($2 million) and the Shenzhen Ruby Football Club ($1 million). Similarly, funding from foundations has increased significantly with the Bill & Melinda Gates Foundation's $8 million grant to the UNESCO-IHE Water Institute. Many other contacts are under way with private sector companies and/or their associated foundations in Brazil, Russia, the United States of America, the United Arab Emirates and other countries.

Furthermore, pursuant to 187 EX/Decision 17(IV) and 189 EX/Decision 11, a comprehensive policy framework for strategic partnerships has been developed and will be presented to the Executive Board for its endorsement (see 190 EX/21 Part II). The framework comprises an umbrella statement and individual strategies for engagement with the private sector, bilateral donors, media companies, and NGOs, etc. It contains objective criteria for the selection, approval and renewal of partnerships, as well as funding and accountability clauses. It proposes a more rigorous and transparent process to evaluate both the quality of cooperation between the partner and UNESCO and the impact of the partnership. It also underlines the purpose and envisaged achievements for entering into different types of partnerships, and clarifies the potential role of National Commissions in supporting and maintaining partnerships at the national level.

In addition, with a view to further increasing the number of public-private partnerships, a training module, aiming at developing UNESCO's staff capacities for properly managing partnerships with the private sector, has been piloted and should be rolled out at Headquarters and the field, subject to the availability of resources.

Target 10: ***A better balance shall be achieved in the frozen 75% of vacant posts between posts in programmes and in administration***

Since the formulation of the Roadmap targets, the Director-General has decided to aim towards a 100% suspension of vacant posts. Pursuant to this decision, the Secretariat undertook a detailed review of vacant posts in June 2012 to determine which posts were business critical and which could be identified for abolition and/or suspended until the financial situation improved. The review included both posts currently vacant, and those which would become vacant due to retirement. Following this review, the Director-General decided that only a very limited number of mission critical posts could be recruited in 2012/2013.

It should be noted that this decision affects the major programmes and central services alike, and therefore provides little possibility of adjusting the balance between programme and administrative vacancies further.

Of the total 176 suspended RP posts, 61% are in the Programmes (including BFC) and 39% in Administration. This represents a slight improvement from one month ago, when the percentages were 62% and 38% respectively.

Target 11: ***Additional voluntary separation schemes will be offered as required before the end of 2013***

Given the current financial situation, a voluntary scheme on similar terms as the previous one was not deemed to be cost effective. A proposal was prepared, but was put on hold due to financial constraints. In the meantime, ad hoc individual requests are being considered, within the standard termination schedule set out in the Staff Regulations and Rules.

Target 12: ***Overall administrative costs should be reduced by 15% with a target of end-2013, through:***

- ***reductions in corporate services and administrative unit costs,***
- ***retirements particularly in the administrative support area, and***
- ***redeployment of staff through investment in cost-efficient tools.***

The Secretariat has made concerted efforts to reduce administrative costs particularly in the Corporate Services and administrative units. However, it must be highlighted that efforts in this regard may be limited due to two important factors. First, the budgets for the Corporate Services have traditionally included costs which are managed centrally for the Organization as a whole. These items (e.g. Corporate-wide insurance premiums, UNESCO's contribution to the MBF for Associate Participants and MBF Management fees, or common charges including utilities etc.) are not easily adjustable, and therefore cannot be significantly reduced in the immediate term. Second, the budgets for the Programme Related and Corporate Services sectors have consistently been cut, biennium after biennium at the request of the Governing Bodies in favour of providing more funds to the programmes, leaving little room of manoeuvre for additional savings.

This said, the Director-General is nonetheless committed to reforming the Organization and achieving greater efficiencies, but understands that the achievement of this particular target is an ambitious endeavour. In this regard, Target 12 will be implemented in conjunction with other targets, particularly Targets 10, 13, and 18 and the explanation of the progress made so far, as below, is rather lengthy.

Reductions in Corporate Services and administrative unit costs:

The forecast today for the 36 C/5 expenditure of $511.4 million includes $100.6 million of Corporate Services costs, which is **16%** or $19.4 million below the approved 36 C/5 budget. This remains however above the target set of $90.7 million in the Director-General's work plan ceiling and efforts are in place to recognize further reductions through realignments, cost containments, efficiency and reductions in activities. The following section provides a description of initiatives to date.

Bureau of Financial Management: As per DG/Note/10/31 of July 2010, the Bureaux of the Comptroller (BOC) and Budget (BB) were merged to form the Bureau of Financial Management (BFM). Efficiency gains resulting from this merger generated an estimated savings of **$2.3 million**. In light of the ongoing financial situation, BFM has further streamlined its services, and restructured/consolidated its sections since the beginning of the biennium resulting in a further **reduction of 6 posts** and the redeployment of 4 staff and posts to the field or to other services at Headquarters.

Similarly in June 2012, the Bureau of Human Resources Management also realigned its structure (DG/Note/12/10). The objectives of this realignment are two-fold:

- to effectively implement the initiatives contained in the HR Management Strategy in support of the Organization's capacity to deliver its mandate (e.g. workforce planning, staffing, mobility, career development, performance management, etc.); and,

- to ensure delivery of statutory obligations to staff in an efficient and service-oriented manner (e.g. pay and benefits, pension, health insurance, social welfare, staff relations, etc.).

As a result of this realignment, the number of sections in HRM was reduced from six to two. As additional measures, nine posts were abolished or earmarked for abolition since January 2012 and 13 vacant posts were suspended since November 2011.

With regard to the Sector for the Management of Support Services (MSS), a number of structural changes were implemented in October 2011 (DG/Note/11/34). The Sector's name was changed and the number of divisions was reduced from four to three. In particular, the former Procurement and Headquarters Divisions were merged to form the Division of Common Services, and the policy work of the Procurement Division was transferred to the Policy and Compliance Unit of BFM to favour an integrated approach to the development of procurement-related policies and procedures.

Since then, and in light of the stringent financial situation, MSS has abolished a number of posts and suspended over 90% of its vacancies in its initial work plan proposal. Furthermore, since the beginning of the biennium the Sector has constantly been reviewing its internal processes to streamline and modernize procedures, increase efficiency and reduce costs. Recent developments made by MSS/CLD in this regard are mentioned below as examples:

- There has been a significant shift to outsourcing when appropriate and possible rather than hiring temporary assistance, which can have a significant impact in lowering overtime expenses before and during Governing Body sessions;

- A new version of the e-workflow tool for translation and document production requests is expected to go live very soon, which will facilitate process efficiency;

- Local recruitment of freelance translators and interpreters means savings on travel and per diem expenses;

- A drastic reduction in print-runs across the board and the cessation of printing of certain categories of information materials (e.g. conference proceedings) has led to significant savings;

- The creation of "one-stop-shop" for clients for conference and interpretation services will improve process efficiency and reduce administrative costs; and

- The introduction of the half-day contract for supernumeraries will result in savings, particularly for the recruitment of support for conference-related services while maintaining service at an adequate level.

Efforts being made to reduce **administrative unit costs** are outlined in Target 13 below.

Target 12 also calls for a **reduction of costs through retirements** particularly in the administrative support areas, **and the redeployment of staff through investment in cost-efficient tools**. As noted in Target 10 above, the Director-General has decided to aim toward a 100% suspension of all vacant posts (including those to become vacant due to retirement), with the exception of a relatively small number of mission critical cases. Consequently, the maximum level of savings that could be obtained from posts becoming vacant due to retirements would already be achieved for this biennium with this decision.

Furthermore, in line with the restructuring efforts mentioned above, a certain number of redeployments are already programmed (e.g. the transfer of certain BFM staff and posts to the field or to other Headquarters units, the transfer of procurement staff from MSS to BFM (2-3 posts), and the transfer of AO posts from Headquarters to the field (currently 7 posts are envisaged) etc.). Finally, as discussed in Target 18 below, a number of IT projects and tools are being developed to reduce transaction costs and enhance effectiveness, which could enable further redeployments, although to a limited extent.

Additional proposals for efficiency gains

In addition to the progress made by the individual Corporate Services mentioned above, the Director-General has also initiated other efforts to identify efficiency gains in administrative costs at a global level. Details of these additional initiatives are outlined below:

A. In April 2012, the Administrative Reform Initiative for "Transforming Administration and Strengthening Client Orientation" (TASCO) was launched to support the Director-General's reform programme and improve service delivery at a reduced cost. Its primary focus has been on specific services and processes within MSS pertaining to the following domains:

   - information materials (translation, production and printing),

   - travel management focusing on purchasing modalities,

   - procurement of common goods and services,

   - the organization of meetings and conferences including interpretation, and

   - the management of premises and overheads.

Its expected results aim at achieving a reduction in process time and transaction costs by 25%, and savings of 15% in overhead costs. To date, preliminary diagnostics have been completed for all of the various domains (except for conference and interpretation services) and were recently submitted to Senior Management for their review. Diagnostics for conference and interpretation services will be conducted in the near future.

B. In DG/Note/12/11REV. of July 2012, the Director-General gave instructions to implement the following measures aimed at improving process efficiency, clarifying a number of administrative roles and reducing operating expenditure further:

(a) Travel on mission: Abolition of business class travel except for missions of short duration (i.e. three days or less where the average flight time is more than 9 hours).

(b) Statutory travel: reduction by 16% of the amounts that can be claimed as lump-sum payments for statutory travel.

(c) Contracting: Establishing a "one-stop shop" for contracting in BFM which would be responsible for policy, guidance, training and technical assistance for all high value contracts. This new configuration with the "one-stop shop" etc. helps to:

- Bring consistency and improve the quality of the contracts awarded;
- Reorient the role of the Contracts Committee from procedural controls to focus on the programmatic and economic value;
- Foster a systematic approach to capacity-building in sectors/offices; and
- Enable a reduction of administrative costs by combining all procurement/contracting support and guidance in a single unit.

(d) Competitive bidding thresholds were increased to levels which are more in line with United Nations best practices, in order to reduce the administrative costs and to facilitate the focus on high-value/high-risk contracts.

C. Additional measures are also being made to reduce travel costs further:

(a) The travel agency contract was recently renegotiated resulting in estimated savings of $300,000-$400,000 for the year.

(b) Other austerity measures related to statutory travels have also been implemented, including limiting the reimbursement of travel costs to short-listed candidates only, or limiting pre-assignment travel only for assignments to "D" and "E" hardship duty stations.

(c) For participants to meeting and conferences, a maximum of 75% DSA will be paid, which has resulted in a cost reduction of $0.1 million since its application in December 2011.

(d) The implementation of a more stringent travel planning process and greater focus on purchasing tickets 14 days or more in advance has resulted in average prices for tickets purchased at Headquarters decreasing by 36% for international flights.

(e) The use of alternative modes of communications to minimize travelling has also been reinforced with the introduction of an audio and video conferencing toolkit on the intranet in April 2012.

As a result of these and other measures, a significant reduction in staff travel has been noted in comparison to the same period last year with potential cost saving of $3 million.

D. Furthermore, a new contractual modality was launched on 25 May 2012 for "Project Appointments" (PA) in accordance with a recommendation of the International Civil Service Commission. This new contract modality hopes to ensure:

- a greater harmonization of contractual arrangements across the United Nations Common System; and

- equity and transparency following the phasing out of Appointments of Limited Duration (ALDs) by applying similar conditions of service to those of fixed-term appointments.

Target 13: ***The number of posts in Executive Office (EO), Administrative Office (AO), secretarial services to be reduced throughout UNESCO by 10% by end 2013, by regrouping***

Under the leadership of the Working Group on the Secretariat's working methods and management systems, a sub working group was set up to review the regrouping of corporate and programme support services AO units. Its objective was to initiate the implementation of the first phase of targets 6, 13 and 14 by making recommendations to the Director-General on the structure (including reporting lines), roles and responsibilities for the Corporate Services & Programme Support Services AO Unit. The Director General has taken the final decision to have one administration unit to serve the following sectors and bureaux at Headquarters: ERI, BSP, AFR, BFC, GBS, ODG, MSS, BFM, and HRM.

In terms of staffing, the option of one AO unit for these sectors/bureaux will allow for seven professional posts to be released to meet vacancies in field offices; a further three posts can also be abolished as they fall vacant, leading to a 35% reduction in the number of AO posts compared to the initial structure for these units at Headquarters. The estimated savings for Headquarters operations could range from $1.5 to $1.9 million per biennium. This new AO unit will be implemented as per the initial target by the end of September 2012 and similar reforms for the programme sectors' AO units will be launched by the end of December 2012.

Target 14: ***The current balance of one General Service staff per one Professional staff shall move towards a ratio of 0.9 General Service staff per 1.1 Professional staff by end- 2013***

The overall target of 0.9 General Service to 1.1 Professional staff has been achieved in the C/5.

Given the categories of jobs amongst the different sectors/bureaux/offices, a further review will need to be undertaken during the biennium to ensure that appropriate sub-ratios are established for different offices considering the job categories; e.g. a higher ratio of G/P would be expected in a MSS workshop than in a programme division/section.

Target 15: ***More efficient use and allocation of available office space, with a view to free up over 300 office spaces in the medium term***

An analysis of the adherence to UNESCO's Administrative Manual regulations and norms on office space utilization has shown that about 200 offices in Fontenoy could be liberated if these norms were respected, permitting the move of the CLT and CI sectors from Bonvin to the Fontenoy building. Offices liberated in Bonvin would become available for rent and thus would generate additional revenue for the Organization estimated at between €0.7 million to €1 million per year. This additional source of income could then serve to lower the exposure of the Headquarters operating costs on the Regular Budget, which at present covers 65% of these costs.

An estimated €1.2 million would be needed to move staff from Bonvin to Fontenoy and to refurbish the facilities prior to renting them out. However, given the financial constraints on the regular budget, the Director-General has requested the Headquarters Committee to advance this amount from available reserves in the Headquarters Utilization Fund. The Headquarters Committee has agreed in principle to this proposal but has requested written confirmation from the Legal Advisor that the rental operation would not result in additional legal or financial liabilities for UNESCO. The Legal Advisor has since provided to the Director-General its legal opinion in this regard, confirming that no legal obstacle would prevent UNESCO from renting out the additional office space in question.

MSS/DCS is currently preparing the administrative documents in order to launch the bidding procedures for the project as soon as possible.

Target 16: ***All costs associated with the governance of the conventions, international science programmes, category 1 institutes and other intergovernmental programmes will be reviewed in the coming biennium, with a view to sharply reducing transaction costs, administrative support, and travel costs. The savings effected will be ploughed back into the operational budgets for these areas***

Target 17: ***More effectively and efficiently deliver services for governing bodies and Member States to lower costs, remove duplication, increase coordination, and create synergies to be done by the end of 2013***

Work in the Secretariat in further pursuance of Targets 16 and 17 has taken several forms. First, the various programme sectors and services have continued to examine all aspects of the functioning of category 1 institutes, intergovernmental programmes and/or convention secretariats coming under their watch. In many instances rationalizations have been introduced that can be considered either as permanent adjustments or circumstantial and exceptional responses to the current financial situation. Member States have shown great understanding and generosity, and a welcomed readiness to identify alternative financial approaches for the meetings of the bodies which they host. Collectively, the membership of the governance structures of these bodies have also shown themselves to be ready to adapt, with examples of video/tele-conferencing instead of face-to-face meetings; rapid and effective changes to documentation rules and practices with a view to its reduction; reductions in the length of meetings, and so forth.

In parallel, the Secretariat has set in motion two distinct but complementary studies of all of these bodies:

(1) The first study is led by the Governing Bodies' Secretariat and focuses on the governance structure, meeting frequency, use of language and the like, based on the statutory provisions that constitute the founding texts of these bodies (General Conference resolutions, Executive Board decisions, statutes etc.) and

(2) The second study is conducted under the umbrella of TASCO and focuses on the administrative costs of the corresponding governance structures and working methods.

Additional information concerning the studies is provided in 190 EX/INF. 15.

An initial analysis of the data available can be used for a sharing of best practices among the governance structures of each body with a view to pursuing Targets 16 and 17, which in turn echo comments made in the IEE. In many cases, the data point to developments that have taken place since the time when the corresponding founding texts were adopted, often leading to heavier governance than that originally foreseen and as a consequence increasing the resource requirements. Following the discussions to take place at the 190th session of the Board, and if so requested by it, the Director-General is ready to submit to the Executive Board, at its 191st session, recommendations for possible improvements for onward transmission, as the case may be, to the General Conference.

Target 18: ***Implementation over the biennium of a number of IT projects, to reduce transaction costs and enhance effectiveness: integrated system to manage staff costs; a procurement tool; a travel management tool; expanded Human Resources workflows; a correspondence tool. For some of these projects funding still needs to be secured***

The implementation of the IT projects is proceeding as planned; however, funding for one project (for the correspondence tool) has still not been identified.

IT Project	Description	Status/Results	Benefits
Staff Cost Management	Integrated system to manage staff costs in SAP	Available for user testing	• Reduction of dependency on spread sheets • Improved monitoring and forecasting • Reduction of workload
Contract Management Tool	Workflow tool to facilitate the procurement process and enhance controls	Implemented for key contracts; more to follow	• Harmonization and simplification of processes • Automated controls • Reduction of workload
Human Resources Workflows	Workflow tool to facilitate HR processes and reduce administrative work	Four paper oriented and labour–intensive internal work processes have been automated: Check-out process; Overtime payments; Salary step increments (linked to Perfoweb); and Post establishment and the rolling out of organizational management Eight additional HR workflows are at various stages of development/automation e.g.: for SPAs, separations, special leave with/without pay, contract extensions, promotions, change of assignment, and appointments & transfers	• Harmonization and simplification of processes • Reduction of workload • Enables a more timely processing of staff entitlements and benefits
Travel Management Tool	Integrated workflow tool to facilitate travel process e.g. travel planning	Specifications agreed, and are in development	• Brings transparency and visibility of all official travel planned across the Secretariat • Streamlined process • Reduction of workload • Provides support to accelerate decision making in this area
Correspondence Tool	Workflow tool to manage official correspondence	Assessment has been completed; but the project is still awaiting funding	• Reduces response time on correspondence • Increases control • Reduction of workload

IT Project	Description	Status/Results	Benefits
E-recruitment tool	Tool to advertise and manage the recruitment of human resources	Launched on 27 June 2012. The tool is being adapted to also include: a roster of Consultants, Temporary Assistance, and Internships	Assists in: • the streamlining of vacancy advertisements • the identification of pools of qualified candidates • the monitoring of service delivered and • reducing the time needed to complete the recruitment process, targeted at 180 days

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ADDENDUM

SUMMARY

Pursuant to Item 2805.7 of the UNESCO Administrative Manual, the UNESCO Staff Union (STU) submits its comments on this report by the Director-General.

1. The UNESCO Staff Union (STU) continues to support generally the implementation of the roadmap targets. However, some aspects of the targets are problematic in terms of staffing.

2. In regard to **Target 4**, which deals with the field reform in Africa, and as mentioned in its comments on document 190 EX/31, STU supports the reform of the field network and the need to strengthen it, including in Phase 1 which covers Africa. Although STU may not under its terms of reference comment on decisions concerning the structure and policy directions, this reform directly affects members of staff, including those already in field posts and those who will redeployed under this reform. STU supports the concept of mobility but is concerned at the lack of information on various points such as the composition of the staff in the five multisectoral regional offices, the criteria that have been or will be used to assign staff, and the future of the international and local staff in offices that are being or will be closed. On the latter point, STU calls for agreements to be negotiated, as far as possible, with other United Nations agencies in the field in order to accommodate local staff affected by office closures and for discussions with the Member State concerned in order to provide for the redeployment of the remaining staff. STU will keep a watchful eye on the award of compensation in accordance with United Nations system conventions.

3. As to **Target 10** on a better balance between posts in programmes and in administration, following the Director-General's decision to freeze 100% of vacant posts (not necessarily applied), STU wonders whether action under this head is being taken clearly and transparently in the sectors and services with a view to maintaining a high level of competence and career

development. Moreover, the application of a systematic freeze of absolutely all posts falling vacant will seriously jeopardize continuity of service, not to mention the loss of the Organization's memory given, in particular, the high number of retirements due by 2014. The consequences of this decision are already being keenly felt by the staff: they open the door to abuse by supervisors, with the approval of the Bureau of Human Resources Management (HRM) and the Bureau of Financial Management (BFM), involving in particular non-compliance with employment contracts by redistributing the tasks of staff who have left the Organization, often at a higher grade, to staff at the same or a lower grade with no compensation at all (no special post allowance or reclassification). STU has called on staff to report and reject such abuse. Lastly, for some duties, units will be paralyzed during holiday periods, sick leave or maternity leave as, in some cases, there is only one staff member left who is qualified to keep them operational. Staff are therefore working under constant pressure as a result, with all of the risks entailed in terms of programme delivery.

4. As to **Target 12** and, in particular, the recent realignment of HRM's structure, STU is concerned at the large number of abolished or vacant posts in HRM now that management of the Organization's human resources is crucial. In relation with the current process of grouping together administrative officer (AO) units and reducing posts in those units, several of their staff members who have knowledge and experience of human resources should be transferred to HRM to increase its support base. Moreover, STU reiterates its longstanding demand that all staff management functions be recentralized from the sectors and services to HRM as the only means guaranteeing effective human resources management compliant with rules and regulations.

5. In regard to **Target 13** on the number of posts in the Executive Offices (EO) and Administrative Offices (AO), STU is of the opinion that the sectors' AO units cannot be grouped together in the same way as for central services' AO units, since management of a programme sector's activities implies familiarity with the programme, projects and activities and providing advice and support to programme specialists. The role of programme sector AOs may not therefore, for that and other reasons, be confined to the performance of interchangeable roles. That would amount to losses on all counts, namely experience, expertise, quality of work, career development and enhanced skills. A reduction is necessary but not to the detriment of the quality of the work done by sectors' AO units.

6. In regard to **Target 15** on the more efficient use of available office space, as mentioned in the STU's comments on document 190 EX/33, STU wonders whether it is feasible in the light of its effect on the staff's working conditions (see detailed comments in the addendum to document 190 EX/33).

7. As to **Target 17**, STU is particularly concerned about the future results of the Administrative Reform Initiative for "Transforming Administration and Strengthening Client Orientation" (TASCO), as STU deplores the fact that the proposals were formulated without consulting all of the staff concerned, from the bottom up, and that, inevitably, as all alternatives and ideas have not been explored, unforeseen additional costs will be incurred when the purpose of the exercise was to make savings. STU wonders how administrative processes can be reformed without questioning the daily users of those processes. Although the document refers to creating synergies, STU stresses that to do so, all stakeholders must be included, otherwise there can be no synergy.