Item **30** of the provisional agenda

EXTERNAL AUDITOR'S NEW AUDITS

Part I

AUDIT OF THE UNESCO INSTITUTE FOR STATISTICS

SUMMARY

Pursuant to Article 12.4 of the Financial Regulations, the External Auditor submits the audit report on the UNESCO Institute for Statistics.

Audit of the UNESCO Institute for Statistics (UIS)

SUMMARY

1. The financial position of the UNESCO Institute for Statistics (UIS) is very sound. Thanks to an increase in voluntary contributions, UIS has built up significant reserves, which it has sought to reduce over the past three years by temporarily suspending fundraising and significantly increasing spending.

2. The increase in expenditure has been focused on the programmes, while overheads have remained stable. Administrative management of UIS is satisfactory. Nevertheless, recommendations have been made concerning advances made to field offices, IT maintenance and the use of individual consultant contracts.

3. The headcount at UIS has increased significantly to the current level of 109 staff. The Institute has mainly recruited contractual staff. In 2007, UIS began a process of converting appointments of limited duration (ALD) posts to fixed-term posts. This strategy should help to limit the use of ALDs to medium-term operational needs, as required by the Human Resources Manual.

4. The improvement in the financial position of UIS has led the Institute to develop its activities in fields other than education. The implementation of such projects identified in the Medium-Term Strategy has helped to improve the services provided by the Institute to the Science, Culture and Communication Sectors.

5. In order to support statistics activities in developing countries concerning specific issues, UIS has set up teams in Africa, Asia, the Middle East and America.

6. The number of printed UIS publications remains very modest, at an average of six per year. The Institute publishes a number of other documents on its website. However, the website's interface is outdated and therefore not user-friendly when seeking information. Overall, the Institute's communication policy does not give it sufficient visibility. The launch of a new website should help to better integrate the UIS and UNESCO websites. A new communication strategy should also enable UIS to reach more policy-makers.

7. UIS plays a leading and unifying role in its field of activity, functioning as a centre for active and close networking with leading national and international statistical institutions, particularly those in developing countries.

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I.   INTRODUCTION

1.   Presentation of the Institute

8.   The UNESCO Institute for Statistics (UIS) was established in 1999.[1] Its Statutes were adopted by the General Conference of UNESCO.[2] The "mission of the Institute shall be to provide statistical information on education, science, culture and communication which helps decision-making in Member States and facilitates democratic debate in UNESCO's areas of competence".[3]

9.   UIS enjoys "the functional autonomy necessary to achieve its objectives".[4] It has a Governing Board consisting of 12 members who:

- "approve the general policy and the nature of the Institute's activities, within the framework decided by the General Conference";

- "set guidelines for the development of the programme, including an indication of the overall budget and of the balance of priorities within the programme";

- "examine and approve the yearly programme and budget prepared by the Director" ;

- "examine the annual and other reports on the activities and yearly expenditures of the Institute";

- "submit their annual report on the Institute's activities to the Executive Board and to the General Conference";

- "make recommendations to the Director-General on the appointment of the Director".[5]

10.   The income of UIS is "paid into a special account (…) set up by the Director-General of UNESCO."[6] This special account and the Institute's budget are administered in accordance with the provisions of UNESCO's Financial Regulations and the Financial Regulations of the Special Account for the UNESCO Institute for Statistics. The latter provides that the Executive Board "may ask for the annual accounts of the Institute to be submitted for examination to the External Auditor of UNESCO".[7] The Board has not requested the External Auditor to carry out an annual examination.

2.   Audit of the Institute

11.   UIS was subject to an evaluation report by the Internal Oversight Service (IOS) in 2007, which the auditors have read.[8]

12.   The audit covered the whole of 2008 and 2009, as well as the first half of 2010. The auditors paid particular attention to verifying capacity-building as well as to the science and culture and communication sectors. Expenditure in these two sectors has increased significantly over the past three years. Furthermore, capacity-building in the collection and use of statistics is the main programmatic line of action 3 of the UNESCO Institute for Statistics Medium-Term Strategy 2008-2013, and strengthening statistics in science, culture and communication is Priority No. 3.

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[1]   30 C/Resolution 43 (November 1999).
[2]   30 C/Resolution 44.
[3]   UIS Statutes, Article III.
[4]   UIS Statutes, Article II.
[5]   UIS Statutes, Article V.
[6]   UIS Statutes, Article IX.
[7]   Financial Regulations of the Special Account for the UNESCO Institute for Statistics, Article 8.
[8]   *Evaluation of the UNESCO Institute for Statistics*, IOS/EVS/PI/73, February 2007.

13.   The audit team met the Director of the Institute, the Chairperson of the Governing Board and the heads of the different sections of UIS. The auditors appreciated the cooperativeness of the Institute's staff and discussed their provisional observations with the Institute.

II.   THE FINANCIAL POSITION OF UIS

14.   It is necessary to consider the evolution of the financial position of UIS over a relatively long period.

Table 1: **Financial position of UIS in 2000 and from 2005 to 2009** (thousands of US dollars)

	2000	**2005**	**2006**	**2007**	**2008**	**2009**
INCOME						
Voluntary contributions	936	3,257	4,767	8,685	8,881	8,661
Income-generating activities	–	–				
UNESCO contributions	3,395	4,510	4,510	4,510	4,510	4,510
Total receipts of contributions	**4,332**	**7,767**	**9,277**	**13,195**	**13,391**	**13,171**
Total other income	**15**	**231**	**376**	**747**	**-52**	**706**
TOTAL INCOME	**4,347**	**7,998**	**9,653**	**13,942**	**13,338**	**13,877**
EXPENDITURE						
TOTAL EXPENDITURE	**2,770**	**8,910**	**9,624**	**10,178**	**10,412**	**12,507**
Excess/shortfall of income over expenditure	**1,577**	**-913**	**28**	**3,764**	**2,926**	**1,370**
Savings on obligations from previous biennia	22	358	158	32	40	152
Adjustments on previous biennia	–	7				
Other adjustments to reserves and fund balances	53	-61	-11	–	-36	-87
Surplus at end of biennium and stabilization reserve	**2,084**	**4,222**	**4,398**	**8,194**	**11,125**	**12,560**

Source: UIS.

1.   DEVELOPMENTS IN THE FINANCIAL POSITION SINCE 2000

1.   A fragile financial position from 2000 to 2005

15.   UNESCO's annual contribution to UIS was US $3.4 million from 2000 to 2004. It was increased to $4.5 million in 2004 and has remained stable ever since. A significant surplus was generated both in 2000 and in 2003. Nonetheless, the financial position of UIS remained fragile. Thus, in spite of the increase in UNESCO's contribution, UIS closed the financial year 2005 with a deficit of nearly $1 million. The Governing Board therefore asked UIS to increase the amount of voluntary contributions.

2.   A very significant increase in reserves since 2007

16.   A new fundraising policy was implemented, which helped to double the amount of voluntary contributions. While voluntary contributions averaged $3.5 million per annum from 2002 to 2005,

they reached $4.7 million (up 34%) in 2006, and then stabilized at $8.7 million (up 85%) as of 2007.[9]

17.   UIS did not anticipate such a high increase in voluntary contributions. Its reserves[10] therefore doubled between 2006 and 2007, rising from $2.9 million at 31 December 2006 to $6.9 million at 31 December 2007. At the end of 2009, the Institute's reserves reached $10.9 million.

18.   The sharp increase in reserves was attributable to two factors:

–   UIS encountered a number of difficulties in discharging all its obligations, notably owing to difficulties with recruitment and the postponement of projects. The execution rate as regards the initial budget was 88% in 2008 and 80% in 2009;[11]

–   income has always exceeded UIS forecasts, even though the Institute has temporarily suspended fundraising since 2008. Nonetheless, it is worth noting that UIS only includes voluntary contributions in its forecasts after having received a formal agreement.

19.   Overall, while the budget adopted by the Governing Board should have led to a reduction in reserves, financial years 2008 and 2009 closed with an increase in reserves. At 31 December 2009, reserves accounted for ten months of expenditure.

Table 2: **Execution rate as regards the initial budget for 2008 and 2009**
(thousands of US dollars)

	Initial budget 2008	Execution 2008	Execution rate	Initial budget 2009	Execution 2009	Execution rate
Expenditure	11,770	10,412	88%	15,620	12,507	80%
Income	9,711	13,338	137%	12,318	13,877	113%
Result	-2,059	2,926		-3,302	1,370	
Reserves at the start of the year	3,367	6,927		6,414	9,665	
Reserves at the end of the year	1,302	9,665		3,003	10,975	

Source: Office of the External Auditor.

3.   Preliminary indications for 2010

20.   In 2010, the UIS budget was once again drawn up on the hypothesis of a $4 million decrease in reserves. In order to meet this target, UIS must increase its expenditure by 25%. According to forecasts transmitted by UIS to the Policy and Planning Committee in June 2010, this expenditure target was in the process of being met, provided an unexpected increase in income did not give rise to a smaller reduction in reserves than expected.

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[9]   A slight reduction was observed in 2010: $7.5 million (forecasts approved by the Policy and Planning Committee in June 2010).

[10]   These figures do not take into account the reserve fund created to cover end-of-service indemnities and other related liabilities in accordance with Article 6 of the Institute's Financial Regulations.

[11]   The figures were 88.4% (2008) and 89% (2009) in relation to budgets revised during the biennium (September 2008 and September 2009).

2. STRUCTURE OF THE UIS BUDGET

1. Expenditure: overheads under control

21. Although UIS expenditure has doubled since 2003, overheads[12] have remained relatively stable. As a result, their share in UIS expenditure has fallen from 28% in 2003 to 16% in 2009; it should stand at 14% in 2010.

2. Multi-year, unconditional contributions

22. UIS has introduced a fundraising policy based on three principles: contributions must be multi-year; they must go to the Institute's regular budget; the annual report to donors must be as close as possible to the report submitted to the Governing Board.

23. In 2009, only 16.3% of the voluntary contributions received by UIS were extrabudgetary and earmarked for specific projects ($1.4 million out of $8.6 million):

– contribution of the Canadian International Development Agency (CIDA/ACDI) to the Literacy Assessment and Monitoring Programme (LAMP) in Jordan;

– contribution of the European Union to the Educational Management Information System (EMIS) in Angola.

The World Bank's contribution ($1.8 million, equivalent to 20.9% of voluntary contributions) is also extrabudgetary. It is not tied to projects but to the activities of the "education indicators and data analysis" and "data processing, standards and IT services" sections.

24. The other voluntary contributions are multi-year[13] and add to the regular programme. This gives considerable management flexibility to UIS, which can move funds around as it sees fit. Nevertheless, the contribution of the United Kingdom Department for International Development (DFID) to the regular programme must finance UIS activities on education statistics.[14]

III. ADMINISTRATIVE AND ACCOUNTS MANAGEMENT

25. Scrutiny of administrative and accounts management, focusing on certain accounts, enabled confirmation that UIS accounts are kept in good order.

1. RENTAL

26. In 2009, UIS paid a monthly rent of CAD $33,770 for the 1,900 m^2 building on avenue Decelles belonging to the University of Montreal, and a monthly rent of CAD $5,760 for the 645 m^2 building on chemin de la Reine Marie, sublet by the University of Montreal, which in turn rents it from a commercial company. The rent per square metre is CAD $107.60 for the building on the chemin de la Reine Marie, and CAD $213.38 for the building on avenue Decelles. However, additional costs are required for the building on the chemin de la Reine Marie (CAD $91,505 a year, equivalent to CAD $141.71 per square metre) while the rent for the building on avenue Decelles includes services (electricity, heating, caretaking, maintenance of green areas). In the end, the rental and overheads for the two buildings are quite similar.

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[12] The external audit team included in overheads budget expenditure relating to general administration and IT operations.

[13] For the Netherlands: 2008-2011; for DFID: 2008-2010; for CIDA: 2008-2012.

[14] Paragraph 2 of the memorandum of agreement between the Department for International Development (DFID) and UIS.

27.   Rent for the Decelles building has not been adjusted by the University of Montreal since 2006. Rent for the building on chemin de la Reine Marie is not indexed and runs until 2011 so that the two leases may, if necessary, be renewed at the same time.

2.   CONTRACTS

28.   Accounts describing the payment of fees to consultants for an amount of over US $100,000 were examined. Supporting documents for the most significant invoices and contracts were examined. The lump sum mission costs billed on top of the fees are recorded in a separate account in accordance with UNESCO guidelines.

29.   The contract for server and data storage unit maintenance has been renewed every year without competitive bidding since the end of the warranty accorded on the purchase of the equipment in 2003. The cost of this maintenance was $25,353 in 2009. The long-term agreement system provided for in the UNESCO Administrative Manual might be more suitable than the annual contract system.

Recommendation No. 1: Introduce competitive bidding between companies when the maintenance contract is renewed, which might be a long-term contract as provided for in the UNESCO Administrative Manual.

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30.   The most significant hospitality expenses were examined by sampling. They do not call for comment.

3.   TRANSITION TO IPSAS

31.   The treasury accounts were accounted for and the term deposit accounts were checked through reconciliation with the relevant banks.

32.   The inventory shows material and equipment worth $728,388 as at 31 December 2009. This was included in the accounts from the date of application of the International Public Sector Accounting Standards (IPSAS) (1 January 2010). UIS has some works of art (paintings) that are not inventoried. IPSAS regulations (IPSAS 17) do not require them to be treated as assets. UIS, in line with the policy decision taken by UNESCO,[15] undertakes to disclose works of art and mention them in a note to its financial statements.

33.   Charges were being recorded during the period under examination according to the United Nations System Accounting Standards (UNSAS), which stipulate that at the end of the year, obligations for services not yet provided, or for which goods have not yet been delivered[16] should be recorded as unliquidated obligations, and considered to be expenses due and accrued.

4.   ARRANGEMENTS FOR THE PAYMENT OF EXPENDITURE CONCERNING THE EXTRABUDGETARY PROJECT IN ANGOLA

34.   All regional and cluster statistics advisers have access to UNESCO's accounting system (FABS). Financial obligations are accounted for and charged to the UIS budget by the administrative officers (AOs) of UNESCO's regional bureaux.

35.   The Luanda adviser is the exception, in the absence of a UNESCO office in Angola. He was paid an advance of $2,000 into his personal bank account as support to EMIS[17] in Angola so that he could settle minor expenditure or expenditure to be paid in advance of the service provided in accordance with local practice. Other expenditure is paid through the local office of the United

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[15]   UNESCO Policy Guidance Manuel for International Public Sector Accounting Standards.
[16]   Fund reservations, purchase orders and so on in SAP.
[17]   Educational Management Information System.

Nations Development Programme (UNDP). It advances the funds which are subsequently reimbursed to it once UNESCO's services have validated the expenditure and charged it to the UIS interfund account at Headquarters. Some expenditure is paid by UIS directly to suppliers and service providers.

36. Channelling funds through personal accounts is contrary to UNESCO rules. A solution in keeping with the new decentralization strategy would be to ask UNDP to make the payments on UNESCO's benefit.

Recommendation No.2: For more efficient administrative management of the extrabudgetary EMIS project in Angola, use UNDP services and bring to the attention of the Bureau of Financial Management any difficulties in implementing this standard procedure.

IV. SECURITY OF COMPUTER NETWORKS

37. UIS is connected to UNESCO's computer network and must comply with the security standards set by the Organization for its applications. It is nevertheless highly dependent on the electronic infrastructure of the University of Montreal, which ensures the security of its networks, including external servers, and manages remote access to UIS external resources.

V. STAFF

1. INCREASING STAFF NUMBERS

(i) Increase stemming mainly from the recruitment of contract employees

38. UIS has seen a significant increase in staff in only a few years: 58 employees in 2001, 87 in 2005 and 109 in 2010. In 2010, the education indicators and data analysis section employed 21 people (19%) and the data processing, standards and computer services section 25 people (23%). The administration, finance and human resources section is relatively modest in comparison (13 people, or 12%).

Table 3: **Evolution of staff at UIS**

	2008	**2009**	**2010**
Staff on fixed-term posts	55	52	51
Appointments of limited duration (ALDs)	13	24	33
Service contracts (SCs)	21	17	25
Total	**89**	**93**	**109**
Special service agreements (SSAs)	13	14	12

Source: External Auditor on the basis of annual reports to the Governing Board and the situation as at 1 September 2010.

39. The increase in staff stems mainly from the recruitment of contract employees on appointments of limited duration (ALDs) or service contracts. Contract employees accounted for 38% of staff in 2008, and now more than half of UIS staff are contract employees.

40. This increase is explained by the strengthening of the regional network provided for under the Medium-Term Strategy for 2008-2013. These posts are in fact filled by appointments of limited

duration (ALDs). UIS considers these cases to be "medium-term operational needs",[18] in that these employees have the task of building capacities for data collection and processing in the regions. The extension of some ALDs with consultant contracts (*see B below*) highlights the need for longer term continuity for the posts of regional respondents.

41. UIS also justifies its employment arrangements on the grounds of its funding structure, as the Institute would like to limit staff on ALDs to posts funded from voluntary contributions, given the unpredictable nature of such contributions. The cost of staff on ALDs[19] already exceeds the subsidy paid by UNESCO. Even so, the Staff Rules[20] stipulate that holders of ALDs are not entitled to a renewal of their contract, which expires after two years without notice and without compensation, unless it is extended or converted into a permanent appointment. In accordance with these regulations, UIS could create two-year fixed-term posts funded from voluntary contributions. UIS, however, draws attention to a UNESCO *practice* whereby fixed-term appointments are treated as permanent contracts, which makes renewing them complicated.

42. In any event, the significant use of contract employees is likely, in the long run, to raise the question of skills maintenance at UIS. In the light of these risks, since 2007 UIS has, with the improvement in its financial situation, started a process of converting ALD managerial posts into fixed-term appointments. The Governing Board has, for instance, validated the conversion of the posts of the chiefs of the science and technology, culture and communication sections, and of the Literacy Assessment and Monitoring Programme (LAMP).[21] Conversions of four contract posts[22] into fixed-term appointments are also planned by UIS.

Recommendation No.3: Use ALDs for "medium-term operational needs" only, as stipulated in the Human Resources Manual.

(ii) Procedures respected

43. The increase in staff numbers in the past three years has led to a noticeable increase in the number of recruitments. The audit team carried out checks on a sample of 12 contracts. For all of these contracts, the provisions of the Human Resources Manual were respected, in terms of both recruitment and evaluation procedures and duration of contracts.

44. The average recruiting time was eight months for a Professional post and five months for an appointment of limited duration. The difference is attributable in particular to the need for the fixed-term post to be classified, or for its classification to be checked, and for the recruitment to be validated by the Advisory Board on Individual Personnel Matters.[23]

45. Mission costs rose by 47% in 2009 (from $661,000 to $971,000). The evolution in staff numbers only partly explains this rise. Proportionately to UIS staff numbers,[24] mission costs rose by 31.5%: from $9,710 per employee in 2008 to $12,770 in 2009.

46. The procedures provided for in the Administrative Manual for missions have been explained to staff in an internal note.[25] Examination of missions undertaken in May 2010 did not reveal any anomalies. However, staff often failed to indicate whether their mission was in the travel plan approved by the Director; this essential information should be shown on the request form. For

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18   Human Resources Manual, Chapter 13, Article 13.4.
19    $4.9 million in 2007 and $4.8 million in 2008 ($4.5 million only in 2009 due to numerous vacancies noted on limited duration posts).
20   Staff Rule 104.6 and Human Resources Manual, Chapter 13, Article 13.3, paragraph 7.
21   UIS-GB-XI-REPORT, p.10 and 11 – LAMP: Literacy Assessment and Monitoring Programme.
22   Three P-2 posts and one P-4 post.
23   PAB – Advisory Board on Individual Personnel Matters.
24   The mission costs for staff members (accounts 6011501 to 6011508) were compared to the number of staff members on fixed-term posts and ALDs.
25   Memo UIS-09/DIR/ADM/00123.

missions not included in the travel plan, the staff member should specify why it was not possible to organize a videoconference.

> **Recommendation No.4: UIS should keep its mission costs under control and halt the upward trend noted in 2009.**

2. USE OF INDIVIDUAL CONSULTANTS

47. In 2009, UIS signed 23 individual consultant contracts for an overall cost of $409,252.[26] The three largest contracts accounted for 50% of that total. The 20 other contracts were for an average of $10,544, of which $6,637 were in fees.

48. Two of the three largest contracts did not respect the conditions laid down in the Manual, which prohibits consultants from being used for functions for which there is a continuing need in the Organization.[27] The two contracts were signed in order to continue to employ as regional advisers individuals who had just completed an appointment of limited duration (ALD) of four years in UIS. After leave of one month and a consultant contract of five months, both of the individuals concerned were given a further ALD with UIS, which thus broke the rules on individual consultants so as to circumvent the provision requiring a six-month break of service between two ALDs.[28]

49. With the exception of these two contracts, the procedures are followed with respect to both the selection and the evaluation of consultants. However, contrary to recommendations of the Human Resources Manual,[29] UIS does not have a roster of consultants. It might use evaluations to establish such a database and also to contribute to the central roster of consultants at Headquarters, which would thus better meet its needs.

> **Recommendation No.5: If these situations are in response to a genuine requirement, seek appropriate contractual support from Headquarters.[30]**

> **Recommendation No.6: Establish a roster of consultants.**

VI. PROJECTS IMPLEMENTED BY THE INSTITUTE

1. DISTRIBUTION OF BUDGETS BY SECTOR

(i) Regular programme

50. The regular budget of UIS has risen from $6.9 million in 2007 to $12.5 million in 2010 (+81.7%). Obligations incurred in the education sector have remained stable; its share of the regular budget has thus fallen (from 20% in 2007 to 16% in 2009). The increase in the UIS budget has been used mainly for capacity-building (whose share of the budget rose from 8% to 19% from 2007 to 2009), and for the science, culture and communication sector (whose share rose from 11% to 17%). The strengthening of these two sectors is in line with the UIS Medium-Term Strategy for 2008-2013, whose coordination with UNESCO's Medium-Term Strategy (document 34 C/4) has been verified.

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[26] Including $284,108 in fees and $125,144 in mission costs.
[27] Human Resources Manual, Article 13.10, paragraph 2(d).
[28] Human Resources Manual, Article 13.4, paragraph 17.
[29] Human Resources Manual, Article 13.10, paragraph 10.
[30] See Recommendation No. 10 of the report in document 185 EX/32 Part II.

Table 4: **Evolution of the regular programme structure from 2007 to 2010**
(thousands of US dollars)

	2007		2008		2009		2010	
1. Education indicators and data analysis	1,375	20%	1,640	22%	1,571	16%	2,039	16%
2. Data processing, standards and computer services	1,319	19%	807	11%	1,173	12%	1,945	15%
3. Capacity-building	522	8%	786	11%	1,892	19%	2,443	19%
4. Science, culture and communication	771	11%	1,134	16%	1,706	18%	2,232	18%
5. Literacy assessment and monitoring programme	522	8%	464	6%	822	8%	1,050	8%
6. Overheads	1,902	27%	1,850	25%	1,948	20%	2,211	18%
7. Management	533	8%	687	9%	657	7%	697	6%
Total	**6,944**		**7,368**		**9,769**		**12,617**	

Source: External Auditor based on "core budget status".

(ii) Extrabudgetary funding

51.   The extrabudgetary funding allocated to UIS concerns the Education Sector, the Literacy Assessment and Monitoring Programme (LAMP) and capacity-building.

2.   CAPACITY-BUILDING

(i)   UIS has introduced a new strategy for regional bureaux

52.   UIS decided to provide support for statistical activities in several developing countries in view of the particular issues affecting those countries. The regional advisers to whom the cluster advisers report hierarchically are the basic pivots of the strategy. They are directly under the supervision of the UIS Director. Every regional adviser draws up an annual work plan which includes the work plans of the cluster advisers.

53.   Four UIS regional advisers are in post in Dakar, Nairobi, Bangkok and Santiago. Their teams participate in the field in national and regional activities to support and drive statistical activities in the different countries, and in particular to foster improvement in the quality of the data produced. They also act to support activities that the programme units based in Montreal plan at the regional and country levels. UIS asks the cluster advisers, whose financial cost it bears alone, to allocate 60% of their time to UIS, 20% to activities of the UNESCO office to which they are attached, and 20% to joint activities of the two entities.

54.   There is a coordination unit at UIS Headquarters, consisting of the coordinator in charge of monitoring the consistency of UIS field actions and the Director's assistant. A new strategy is being prepared which should enable UIS to be more effective in providing assistance to countries. The periodic questionnaires monitoring the activities of the cluster advisers have been used for that purpose.

55.   In this context, the management of the regional advisers and cluster advisers has been the subject of four specific directives in SISTER:

   –   deploy UIS advisers in the field and monitor the strategy implemented;

–   ensure that field activities and operations are consistent;

–   introduce a policy to strengthen UIS presence in the field and support budget management;

–   put field advisers in contact with the appropriate central services.

56.   Performance indicators are being developed. Some are already suitable for use, such as the evolution of data per country since the introduction of regional and cluster advisers. They should make it possible to evaluate the level of satisfaction with UIS programme units, national actors (ministries, other national agencies involved), UNESCO offices and other partners. The level of satisfaction will be measured by sending out a questionnaire designed in collaboration with the Paris 21 partnership.

57.   Fourteen data collection plans have been prepared by UIS and field advisers, five of them in Africa, in conjunction with the ministries of education and finance of the countries concerned.

58.   A meeting is held every year in Montreal with the regional advisers and another meeting is held with all the local advisers to prepare the annual work plans. Quarterly reports on the execution of the work plans and mission reports are transmitted to the different sections for information purposes.

(ii)   Budget monitoring of allocations to regional bureaux

59.   The statement of appropriations expenditure as at end July 2010 shows an expenditure rate of 55.6% compared with an end-July target of 58.3%. The Doha Office budget shows an appropriation utilization rate of 82.3%, which is higher than the target value. The reason for this is that part of the initial $130,000 budget allocated to that office was transferred to other cluster offices after the cluster adviser left UIS.

3.   SCIENCE, CULTURE AND COMMUNICATION

60.   The insufficient involvement of UIS in the Science, Culture and Communication Sectors was already identified as one of its main weaknesses in the 2007 evaluation conducted by the Internal Oversight Service (IOS).[31] The strengthening of activities in those fields was therefore identified as one of the three UIS priorities in its Medium-Term Strategy 2008-2013. That priority was reflected in the budget by the above-mentioned increase in allocations from the regular budget to those sectors.

61.   Priority projects have been formulated in each of the three sectors:

–   collection of research and development (R&D) statistics for the science and technology unit;

–   compilation and collection of international indicators on the role of information and communication technologies (ICTs) in education for the communication unit;

–   revision of the *1986 UNESCO Framework for Cultural Statistics* for the culture unit.

62.   The three projects were completed at the end of 2009, and the findings of the research and development survey conducted in 2008 were posted online in October 2009, while the new *Framework for Cultural Statistics* and the *Guide to Measuring Information and Communication Technologies (ICTs) in Education* were published in November 2009 and early in 2010 respectively.

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[31]   Report mentioned above, in particular Recommendations 2, 7 and 25.

63.   Bolstered by these initial results and effective recruitment to those units, UIS is now formulating new projects foreseen under the Medium-Term Strategy for the science and technology unit, in particular the formulation of a strategy on the collection of data on innovation, on the career of doctorate holders, and on the international mobility of highly qualified persons. Four feasibility studies are being conducted by the culture unit in order to identify an appropriate topic for the UIS biennial survey.

64.   UIS achievements are generally consistent with the main lines of action of the Medium-Term Strategy 2008-2013. The gradual approach adopted has strengthened the Institute's units and has raised the credibility of UIS action in these fields. It has also strengthened collaboration with the Headquarters sectors concerned.

VII.   COMMUNICATION STRATEGY

1.   THE INTERNET SITE

65.   The Institute's website is currently not integrated into the UNESCO site. UIS is therefore constructing a new Internet site at an estimated cost of $340,000 spread over five years.

66.   Each page of the new UIS site will contain links to the relevant UNESCO web pages. UIS is also developing new electronic products that will be available on its site and referenced on the UNESCO site. For reasons relating to timing, however, the new UIS site will not use the same models as the UNESCO site.

Recommendation No. 7: Efforts should be continued to improve the integration of the two sites. Accordingly, links to "statistics" on the various UNESCO web pages should lead to the relevant pages of the UIS site and not to the home page as is currently the case.

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2.   PUBLICATIONS

67.   The number of UIS publications[32] is quite modest, with an average of six publications per year. That figure does not, however, reflect all publications to which UIS contributes, since it does not include those published by other agencies, in particular the *EFA Global Monitoring Report*. In 2009, UIS accordingly contributed to some 10 UNESCO, World Bank, UNDP and UNICEF publications.

68.   Moreover, UIS produces many documents that are posted on its site but are not recorded as publications: these include technical documents (instruction manuals and questionnaires), papers disseminating the findings of current surveys on literacy or science and technology, and education, literacy, science and technology fact sheets.

69.   Only one report, the *Global Education Digest*, has been published regularly by UIS since 2002. Furthermore, the UIS publication policy seems to be relatively erratic. Accordingly, UIS has not developed any perennial series of documents. After publishing "regional reports" (2001-2003), followed by the "working documents" series (2004-2007), it has recently launched a "technical documents" series (2009).

70.   This lack of continuity in its publication policy may have impaired the visibility of the Institute's action. Under its Medium-Term Strategy 2008-2013, it has given top priority to the improvement of data quality. As a result, it has replaced "working documents" with "technical documents" produced in-house and providing detailed information on the methodology followed by UIS. Their main readership is the university community.

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[32]   That is to say, documents to be published in paper form and assigned an ISBN number.

71.   In all, the UIS publication policy is insufficiently transparent and does not give sufficient prominence to some products, such as the findings of current surveys. Moreover, UIS needs to increase publications for policy-makers. The complete overhaul of the Internet site should make UIS products more accessible and more clearly identifiable.

> **Recommendation No. 8: Linkages between electronic communication and print publications should be improved, greater prominence should be given to the results of UIS work (in particular current surveys) and its medium-term publication policy should be stabilized.**

VIII. POSITIONING OF UIS

1.   UIS AND UNESCO

72.   Under its Statutes (Article II), UIS enjoys the functional autonomy necessary to achieve its objectives. Its activities must nonetheless be in conformity with the relevant resolutions and decisions of the General Conference and Executive Board of UNESCO.

73.   Six of the 12 members of the UIS Governing Board are elected by the General Conference of UNESCO. The UNESCO Secretariat is not, however, represented on the Governing Board. According to members of the Governing Board, this helps to prevent conflicts of interest from arising. The Chairperson of the Governing Board, nevertheless habitually invites the Director-General's representative to participate in Board meetings.

74.   Technically, UIS sections maintain close working relations with UNESCO programme sectors with respect to compiling joint reports and to devising new UIS activities.

2.   UIS AND OTHER INTERNATIONAL ORGANIZATIONS

75.   The Executive Board of UNESCO decided in 2000[33] that UIS "should function mainly as a centre for active and close networking with leading national and international statistical institutions, particularly those in developing countries". At the same time, the Institute was to continue its functional relationship with entities engaged in relevant data collection and analysis. The developed countries have established their own regional data collection systems within OECD and Eurostat.

76.   To ensure that countries do not submit data several times to various bodies, an agreement has been signed by UIS, OECD and Eurostat (known as the UOE agreement) on data exchange involving the use of a shared questionnaire. For Latin America and the Caribbean, UIS data is used for the regional project on education indicators funded by the Organization of American States. Furthermore, in the near future, the Organization of Ibero-American States for Education, Science and Culture will monitor indicators relating to the Educational Goals 2021 programme.

77.   UIS also maintains relations with regional African bodies such as the AFRISTAT international organization in Bamako, the African Union observatory in Kinshasa and the Agency for the Development of Education in Africa (ADEA) located in Tunis.

78.   As the body responsible for collecting education data at the international level, UIS has concluded agreements to provide education data as inputs to publications by the World Bank (*World Development Indicators*), UNDP (*Human Development Report*), UNICEF (*The State of the World's Children*) and the United Nations on the Millennium Development Goals.

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[33]   159 EX/Decision 8.2, May 2000.

79.   UIS draws on World Bank economic data and demographical data from the United Nations Population Division. The World Bank has undertaken, in conjunction with UIS, to extend the data quality assessment framework[34] devised by the International Monetary Fund to education statistics.

80.   Since June 2010, UIS has been a member of the Partnership in Statistics for Development in the 21st Century (Paris 21) Board,[35] which has been set the goal of designing and implementing national strategies for the development of statistics and use of statistical data in order to contribute to poverty reduction in the developing countries.

81.   The above facts show that UIS plays a driving and unifying role in its field of activity, in accordance with the mission assigned to it.

Director-General's comments:

The Director-General thanks the External Auditor for his report on the Institute for Statistics and notes its usefulness.

She accepts all of the recommendations made, including those which are to be implemented centrally, and will report on the progress of their implementation following usual practice.

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[34]   *Data Quality Assessment Framework* – DQAF.
[35]   *Partnership in Statistics for Development in the 21st Century* (Paris 21).

Item **30** of the provisional agenda

EXTERNAL AUDITOR's NEW AUDITS

Part II

AUDIT REPORT OF THE UNESCO OFFICE IN JAKARTA

SUMMARY

In accordance with Article 12.4 of the Financial Regulations, the External Auditor submits his audit report on the UNESCO Office in Jakarta.

**Office of the External Auditor
of the United Nations Educational,
Scientific and Cultural Organization**

AUDIT REPORT ON THE UNESCO OFFICE IN JAKARTA

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I.   INTRODUCTION

1.   A team of two external auditors went to the UNESCO Office in Jakarta (Indonesia) from 25 October to 5 November 2010 in accordance with Article 12, paragraph 4, of the Financial Regulations.

1.   Overview of the Office

2.   In 1951, UNESCO established a field office in Jakarta for cooperation in sciences in South-East Asia. In 1967 it became the Regional Office for Science and Technology for South-East Asia, then the UNESCO Office in Jakarta in 2001, in the context of the reorganization of the UNESCO field offices.

3.   The Jakarta Office therefore has a dual dimension. It is Regional Bureau for Science in the Asia-Pacific region, which comprises 48 countries, and cluster office for five countries, namely Indonesia, Malaysia and the Philippines (2001) and, once they had joined UNESCO, Timor-Leste (2002) and Brunei Darussalam (2005).

4.   In 2009, the Jakarta Office had the second largest regular budget of the 14 offices in Asia ($6.01 million), after Bangkok ($13.7 million).[1] The Jakarta Office has the seventh largest decentralized budget out of UNESCO's 51 field offices.[2] It has the fourth largest regular budget and the third largest extrabudgetary resources of the five regional bureaux for science (Jakarta, Cairo, Montevideo, Nairobi and Venice).

2.   Audit of the Office

5.   The Office was the subject of a report by the Internal Oversight Service (IOS) in 2003, the recommendations of which were implemented. Three Strategic Programme Objectives have been examined by the IOS Evaluation Section since 2008.[3]

6.   The External Auditor's report covered the Office's means and resources, its strategy and the projects and activities implemented.

7.   The auditors met the Director of the Office and the senior staff members from the education, culture, communication and information and sciences sectors as well as the new Head of the Dili Antenna office. It should be noted that the Office had no Administrative Officer for a year. Outside the Office, the team met the Secretary-General of the Indonesian National Commission for UNESCO, the United Nations Resident Coordinator of Indonesia, and the Chairperson and the Director-General of the Indonesian Institute of Sciences (LIPI). The auditors made two field visits to examine projects supported by UNESCO: the tsunami Information Center and a local initiative sorting and recycling waste at Banjarsari, in the suburbs of Jakarta.

8.   The audit was carried out under difficult conditions, owing to flooding blocking Jakarta, the eruption of the volcano Merapi and an earthquake followed by a tsunami hitting the Mantawai islands, all of which occurred during the two weeks of the audit.

9.   The auditors were gratified by the cooperativeness of the Office's staff. Their provisional observations were the subject of written replies and discussions with the Office.

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[1]   Source: Review of the decentralization strategy (182 EX/6 Part II), Annex II.
[2]   After Bangkok, Dakar, Beirut, Nairobi, Santiago and Montevideo.
[3]   Strategic programme objectives No. 3 (July 2009), No. 5 (June 2010) and No. 14 (December 2008).

II. FUNDING AND ORGANIZATION OF THE OFFICE

A. RESOURCES AND EMPLOYMENT

1. Regular budget resources

10. The Jakarta Office's share of the regular budget increased from $1.9 million in 2006-2007 to $2.3 million in 2008-2009.[4] This increase continued into the 35th biennium with $2.79 million in 2010-2011.[5]

11. The number of activities carried out per biennium remained stable at 39. Their average cost increased from $37,500 to $50,500, in line with Headquarters' instructions on the critical mass of activities and the Office's strategy. The operating budget is divided into 10 activities.

2. Extrabudgetary resources

12. The volume of resources allocated for current projects was relatively stable from 2002 to 2006 (except for in 2005 due to donations following the tsunami) but increased from 2007. The ratio between the regular budget and extrabudgetary resources was 1 to 2.3 from 2002 to 2007. During the period 2008-2011 it was 3.75.

13. In all, the extrabudgetary resources available at the beginning of the year were three times greater than regular programme appropriations in 2008 and 2009 and four times greater in 2010. Nevertheless, annual expenses remained between $2.1 million and $2.3 million.

Table 1: Allocations and expenditure funded by extrabudgetary resources
(in US dollars)

	2008	**2009**	**2010 (to end October)**
Allocations	3,698,423	3,312,663	4,153,663
Expenditure	2,138,638	2,296,120	2,285,276
Execution rate	58%	69%	55%

Source: External Auditor based on Jakarta Office data

14. The increase in extrabudgetary resources is an important part of the strategy defined by the Jakarta Office in the regional plan for science (2010-2013), which also draws on programming documents drafted for Indonesia, the Philippines and Timor-Leste (see below). Comments are provided on the extrabudgetary-funded project implementation rates in Section III of this report.

3. Operating costs

15. The budget earmarked for operating costs remained stable between the 34th biennium (2008-2009) ($838,000) and the 35th biennium (2010-2011) ($830,000). These expenses are divided into ten activities within the budget. Since security costs are now included in the budgetary provisions, in reality there was a $0.1 million reduction in the 2010 budget. It is therefore necessary to be vigilant about the evolution of expenses.

16. Other operating costs were financed using extrabudgetary resources, such as mission costs and the purchase of office equipment. It appears from surveys carried out under the ECHO[6]

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4   A total of $2.45 million including security costs, which were previously financed directly by Headquarters.
5   With two new posts created (P-3).
6   European Commission's Humanitarian Aid Office.

programme that UNESCO generally donates this equipment to the local authorities in the framework of a convention, in order to help them to pursue projects. The establishment of these conventions is good practice.[7]

4. Mission costs

17.   The mission budget for the 2008-2009 biennium was $485,000. From September 2009 to September 2010, mission costs came to $255,000 for 235 journeys,[8] which gives an average amount of $1,085 per mission. Missions account for over 10% of the regular budget for the former "Coastal regions and small islands" unit (sciences for society). However, frequent use of videoconferencing equipment is encouraging.

18.   The provisions of the Administrative Manual were not, however, systematically complied with as regards the time-limits for the submission of travel order requests before departure and submission of mission reports within deadlines.

> **Recommendation No. 1. Improve compliance with provisions of the Administrative Manual as regards time-limits for the submission of Official Travel Order requests and production of mission reports.**

5. Unliquidated obligations

19.   Unliquidated obligations[9] increased during the 2008-2010 period.

Table 2: Changes in unliquidated obligations (in US dollars)

	2008	**2009**	**2010 (at 31 October)**
Expenditure	2,138,638	2,296,120	2,285,276
ULO amounts	242,181	350,011	440,161
TOTAL	2,380,819	2,646,131	2,725,437
ULOs/Total expenditure	10%	13%	16%

Source: External Auditor based on Jakarta Office data.

20.   The surveys carried out on unliquidated obligations in 2009 and 2010 revealed that there was insufficient justification for unliquidated obligations. Several errors were remarked in the staff contracts. According to the Office, these errors were partly owing to the new information system and the lack of an Administrative Officer for much of the period.

> **Recommendation No. 2. Ensure that there is justification for expenses when keyed in the information system and that this is subsequently checked.**

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7   See 185 EX/25, Part II, paragraphs 29-30.
8   Total cost (regular budget and extrabudgetary resources).
9   ULOs.

B.   MANAGEMENT OF THE OFFICE PREMISES

21.   After the bombings in 2002, the UNESCO Office, which was located within the United Nations complex, was relocated for security reasons. Since 2003, it has been housed in a private property which was formerly the German Ambassador's residence. The total surface area of the property is 1,649 m^2 and the surface area of the building is 900 m^2. The lease was signed for three years with a monthly rent of $5,500. The lease was renewed in 2006 for two years.

22.   Owing to the rise in the number of the Office's extrabudgetary projects, the Office's headcount rose from 59 staff members in 2003 to 71 in 2005, before dropping back to 66 in 2010. Two floors of an adjacent property owned by the same lessor, totalling almost 1,000 m^2, were rented in December 2005.[10]   Several riders have been used to extend the duration of the contract to 2012 for the two buildings, for the same rent. The premises are fully occupied. They could become cramped if the strategy involving an increase in extrabudgetary resources is implemented.

C.   THE OFFICE'S EQUIPMENT AND MANAGEMENT OF THE VEHICLE FLEET

1.   Equipment

23.   The Office's annual physical inventory distinguished between its own assets and assets acquired in connection with projects. However, the 2009 inventory only listed assets acquired in 2009 although Headquarters had requested an exhaustive physical inventory of all assets used as at 31 December 2009. The inventory is in fact an annual compilation of all purchases for each year. It has not been countersigned. The Administrative Officer (AO) and the inventory manager must have the same understanding of the notion of registration and control.

24.   The inventory is not updated each year: assets that are reconditioned are not withdrawn from the inventory. For example, old reconditioned computers put on sale are still listed in the inventory.

25.   A check was carried out on a sample of 30 computers and printers (out of a total of 74 computers and 34 printers). Four of those did not have any labels, including one of the four laptops available to the senior management. Therefore, they cannot be located in the inventory.

26.   An annual procurement plan is drawn up at the end of each year forecasting requirements for the following year, but it is not followed. In fact, the Office purchases equipment throughout the year based on requests. Collective purchasing could result in better prices.

> **Recommendation No. 3. Produce a physical inventory to facilitate annual monitoring of available equipment and organize a procurement plan.**

2.   The vehicle fleet and its use

27.   The Jakarta Office had three vehicles for official use by the Director and staff: one limousine and two minivans. A 4x4 and a motorcycle had also been allocated to the Dili Antenna office. Although the logbooks do not report frequent simultaneous use, two minivans are required because of the difficult driving conditions in Jakarta and the lack of a public transport system.

28.   The average annual kilometrage for each vehicle is less than 10,000 kilometres. Maintenance of the vehicles is performed in accordance with the manufacturers'

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[10]   At a rent of $2,500 for the first year and $3,000 as of the second year.

recommendations. The logbooks for the Jakarta and Dili vehicles are kept correctly although some monthly files have not been signed.[11]

D.   SERVICE CONTRACTS

29.   Of the 68 service contracts concluded in 2010, 11 were selected for examination.

30.   Only one of those 11 contracts had followed a competitive procedure involving at least two or three companies. This situation violates the provision in Chapter 10 of the Administrative Manual,[12] which provides that "competition is the basis for efficient, impartial and transparent procurement". The reasons given in most cases relate to the specific nature of the project or the fact that the company had already worked with UNESCO. It is essential to improve implementation of transparency and impartiality rules regarding the institution's activities. The same comment was made for consultant contracts (see below).

E.   STAFF

31.   The number of posts in the Jakarta Office's organizational chart in October 2010 was 66.[13] The Natural Sciences Sector alone accounted for almost half of the staff (30 people). Since the Office always has five to six interns, the number of staff present is over 70.

Table 3: The Jakarta Office staffing trends, by budget category

	2008	2009	2010[14]
Regular budget			
Professional staff	12	12	12
Local staff	10	11	11
Temporary staff[15]	20	18	20
Extrabudgetary funding			
Professional staff	4	3	2
Local staff	0	0	0
Temporary staff	18	23	21
TOTAL	64	67	66
Extrabudgetary/total	34%	38%	35%

Source: External Auditor based on Jakarta Office data.

1.   Staff management

32.   Staff members at the Jakarta Office generally remained steady for the period examined. This was the case for all staff categories.

33.   A random check did not reveal any shortcomings in the keeping of files.

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[11]   Seven for the period examined.
[12]   Chapter 10, item 10.2, paragraph 3.2, b, (i).
[13]   Including vacant posts.
[14]   As at 1 October 2010.
[15]   Special service agreements (SSA) and service contracts (SC).

2. Professional staff mobility

34. In the sciences division, two Professionals have considerably exceeded the standard duration of assignment set in Chapter 5 of the Human Resources Manual (four to five years),[16] as they have been present for over seven and over ten years respectively. In order to promote experience sharing between the different UNESCO units, the application of the principle of mobility is essential.

> **Recommendation No.4. Encourage mobility of the Office's Professional staff who have been present for over six years.**

3. Post vacancies

35. The Office did not have a full complement of international supervisory staff. At the date of the audit, one quarter of Professional staff posts were vacant (five posts), including the Administrative Officer post since January 2010. The Administrative Officer present at the time was on a temporary mission, and only officially took the post in January 2011. Two programme specialist posts were vacant in the Natural Sciences Sector (that of head of the basic sciences unit) and the Social Human Sciences Sector (staff member recruited but not yet present). The post of senior communication and information staff member, previously occupied by an NOA,[17] was also vacant. It should soon be transformed into a Professional post. The post of head of the Dili Antenna Office was also vacant, but the recruitment process has ended. The Office has stated that procedures are following their course.

36. Such vacancies, however, are neither exceptional nor temporary. Posts at the Office had been vacant for long periods between 2008 and 2010. For example, the post of specialists in the ecology/environment unit and Deputy Director of the Office had remained vacant for 17 months; that of education programme specialist, for 24 months, and that of social sciences programme specialist for 19 months. The average period of vacancy was 12.4 months for the period examined.

37. Those difficulties were due mainly to delays observed in the recruitment procedure. The lack of visibility into the progress of recruitment by Headquarters must also be noted, since it hinders the management of activities at the Office.

38. Fifteen posts occupied by local staff and managed by the Jakarta Office were also vacant in 2008 and 2009, but the average period of vacancy is much lower (2.7 months).

> **Recommendation No. 5. Accelerate the recruitment process of international staff, in connection with Headquarters, which must better inform the Office of the process status.**

4. Staff costs charged to extrabudgetary funds

39. There were four ALD[18] contracts in 2008. In 2010, the only ALD post was that of Head of the Dili Antenna office (ALD/P-4).

40. SSA[19] contracts are used in accordance with regulations and not to fund permanent posts.

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[16] SDA (Standard Duration of Appointment) established for the international civil service for assignments in Indonesia (Category A duty station). UNESCO Human Resources Manual – Chapter 5 (Recruitment, Promotion, Transfer, Geographical and Inter-agency Mobility), item 5.11 (Geographical mobility), paragraph 9.

[17] National Administrative Officer.

[18] Appointment of Limited Duration (ALD).

[19] Special Service Agreements (SSA).

41. Approximately one third of permanent staff at the Jakarta Office is funded under extrabudgetary projects (Professional staff, especially local). This stands at 100% for the disaster risk mitigation programme. The above-mentioned evaluation of Strategic Programme Objective 5 recommended the creation of a national administrative officer post for this important sector of activity.

F. CONSULTANTS

1. Individual consultants: procedures

42. The number and volume of contracts rose in 2009 both under the regular programme (21 contracts totalling $172,285)[20] and under extrabudgetary funds (nine contracts totalling $65,230).[21]

43. During the period audited, all individual consultants were recruited for periods of less than 12 months.

44. A pre-audit check of the records of the Jakarta Office by the Bureau of Financial Management (BFM) showed that there had been no competitive bidding for nearly 50% of contracts, contrary to the rules enshrined in the Administrative Manual. Random auditing of a sample of six complete files showed that there had been no competitive bidding for four of them. The reasons given[22] may account for the choice of contractor selected but are no excuse for the failure to engage in competitive bidding.

45. The files are on the whole well kept. When there had been competitive bidding, the reasons for the selection made are clearly stated. Evaluation forms have been filled in, but the evaluation often consists merely in ticking the boxes; comments are infrequent and stereotyped.

46. The Office does not have an Internet database of curricula vitae, contrary to the recommendations of the Administrative Manual. Such a roster would, however, enable it to increase its pool of consultants.

> **Recommendation No. 6. Compile an Intranet database of consultants' curricula vitae, possibly open to United Nations agencies working in the same fields.**

2. Fee contracts

47. The Jakarta Office concluded 15 fee contracts in 2008 ($242,991) and 26 in 2009 ($325,108).

48. An evaluation form is not routinely included in the files held by the administration.

49. The reasons given for the lack of competitive bidding are often merely stereotyped: desire to work with the most experienced person; previous experience; lack of ability to assess the proposal objectively. Here too, such reasons may account for the choice of contractor but constitute no excuse for the failure to engage in competitive bidding.

> **Recommendation No. 7. Prioritize competitive bidding for consultant contracts, fee contracts and service contracts, in accordance with the Administrative Manual.**

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[20]   In 2008, three contracts totalling $28,082.
[21]   Four contracts in 2008 ($37,062).
[22]   For example, the experience of the candidate selected.

III. PROJECTS IMPLEMENTED BY THE JAKARTA OFFICE

A. BUDGET BREAKDOWN BY SECTOR

1. Regular budget

50. The regular budget of the Jakarta Office has risen by 14% from $2.45 million in the 2008-2009 biennium[23] to $2.79 million in the present biennium. Allocations for activities rose by 34%, from $1.46 million to $1.96 million.

51. In the 2010-2011 biennium, the Natural Sciences Sector was allocated 40.7% of overall programme appropriations ($0.785 million). The sciences sector is divided into five units, namely hydrology and geology ($363,000), the largest budget provision in the sector, basic sciences ($133,000), engineering and scientific technology ($83,000), ecology and environment ($80,000) and social sciences ($20,000), in addition to the disaster hazard prevention programme ($100,000).

52. The Education Sector receives 40% of regular-programme appropriations ($782,000), that is, roughly the same amount as the Natural Sciences Sector. The 74% rise recorded in the Sector from the 34th biennium to the 35th is higher than the average rise for the Office; it is the outcome of the establishment of a new environmental education activity and betokens the desire to lay emphasis on it.

53. The Communication and Information Sector ranks third, by allocation amount ($197,000), Culture ranks fourth ($137,000) and the Social and Human Sciences fifth ($60,000).

2. Extrabudgetary resources

54. Extrabudgetary resources increased by 12% between 2008 and 2010.

55. In 2008-2009, more than 67% of extrabudgetary funds were allocated to Natural Sciences Sector projects, far outstripping the Education (26%), Culture (4%), Social and Human Sciences (2%) and Communication and Information (less than 1%) Sectors.

56. In the 2010-2011 biennium, even greater priority was given to scientific projects. Nearly 78% of extrabudgetary funds were allocated to projects in this sector. Education projects accounted for 20% of extrabudgetary funds and Culture projects 2%.

57. The average extrabudgetary-resource execution rate was 63% in the 2008-2009 biennium. If end-of-biennium unliquidated obligations (ULOs) are included in the calculation, the execution rate rises to 71%.

Table 4: Changes in the extrabudgetary-resource execution rate (in millions of US $ and by percentage) 2008-2010

	2008	**2009**	**2010 (as at end October)**
Allocations	3,698,423	3,312,663	4,153,663
Expenditure	2,138,638	2,296,120	2,285,276
Execution rate	58%	69%	55%
ULO amounts	242,181	350,011	440,161
TOTAL	2,380,819	2,646,131	2,725,437
Execution rate	64%	80%	66%

Source: External Auditor, drawing on the Administration's documents.

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23 Owing to the inclusion of the "Security" allocation in the 2008-2009 budget (*supra*).

58.   There is an inverse correlation between the amount of available resources, by sector, and the utilization of allocations: the greater the resources, the lower the execution rate. The Office claimed that there were differences in payment schedules.

Table 5:   Extrabudgetary–resource utilization rate, by sector, 2008-2010 (excluding unliquidated obligations)

	2008	**2009**	**2010 (as at end October)**
Education	50%	93%	84%
Natural Sciences	67%	65%	47%
Social and Human Sciences	0%	110%	0%
Culture	25%	77%	97%
Communication and Information	62%	83%	14%
Overall	**58%**	**69%**	**55%**

Source: External Auditor, drawing on the Administration's documents.

59.   The correlation is apparent in the Education Sector.[24] The Science Unit has a regular expenditure profile. The Social and Human Sciences Sector did not spend any of its resources in 2008 and 2010, no doubt because the post of the officer in charge of the unit was vacant.

60.   The Jakarta Office currently receives funding for 41 extrabudgetary projects. At the end of 2010, 26 such projects are to be terminated in accordance with donor contracts, and this will have two consequences: it will no longer be possible to carry forward unused appropriations; as from 2011, the Jakarta Office will be managing only 15 projects scheduled for the 2011-2013 biennium.

Recommendation 8. Improve the extrabudgetary-resource execution rate, in particular by putting in place a strict reporting system on the utilization, by sector, of extrabudgetary resources.

B.   ACTIVITIES OF THE REGIONAL BUREAU FOR SCIENCE

1.   Science issues in the Asia and the Pacific region

61.   The Asia and the Pacific region, with nearly four billion inhabitants, is facing major challenges. The priority strategic themes are water, climate change and natural resources, science education and disaster reduction.[25]

62.   The period covered by the audit is divided into two phases. In the first phase (2008-2009), which corresponds to the 34th biennium, the management of science programmes was marked by their compartmentalization between the different sectors.

63.   In the second phase (2010-2013) the aim is to develop a coherent and transversal scientific programme. The Regional Science Support Strategy (2010-2013) has identified four flagship programmes, which are financed by the Japanese Funds-in-Trust (JFIT) in the amount of around $1 million per annum and could mobilize several United Nations agencies. They focus on sustainable water resource management,[26] biosphere reserves,[27] the reinforcement of technology, engineering and science education,[28] and education in natural disasters and climate change.[29]

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[24]   Resources amounting to $1.4 million in 2008, $430,000 in 2009 and $813,000 in 2010.
[25]   Jakarta Regional Bureau for Science activity report.
[26]   SWITCH-in-Asia (*Sustainable water management improves tomorrow's city health in Asia*).

64.   The stated objective is "accompanied transversality". This strategy nonetheless raises a dual question, concerning the capacity of the UNESCO Office in Jakarta to spend these funds – since the execution rate of extrabudgetary projects is 63% (71% including ULOs) – and its capacity to secure large transnational projects, bearing in mind that annual expenditure on extrabudgetary resources totals between $2.3 million and $2.5 million for all the programmes.

2.   Water, ecology and environment

65.   The Regional Bureau for Science comprises five science units, each headed by a programme specialist. The water sciences unit implements eight programmes (five funded by the regular budget and three by extrabudgetary resources). Knowledge of the resource and its management at the regional level is essential given the flooding, water pollution and safe drinking water issues. The Regional Bureau is working on the governance of water management with the International Hydrological Programme (IHP).

66.   The area covered by the Jakarta Regional Bureau is home to 96 biosphere reserves and 107 parks. Between 2005 and 2010, five projects were financed by extrabudgetary resources totalling $1.8 million (donated notably by Japan and Spain). These projects had positive results. For example, the resumption of talks between the various national, local and park authorities with the inhabitants of Siberut Island in Sumatra helped to unblock a tense situation surrounding the protected area, thus enabling an agreement to be signed by all of the partners.

3.   The Tsunami Information Centre and the natural disaster reduction and preparedness programme

67.   Following the earthquake and the tsunami of 26 December 2004, a natural disaster reduction and preparedness programme was developed by the Jakarta Bureau, financed by $510,000 in extrabudgetary funds in 2009-2010 and $100,000 from the 2010-2011 regular budget.

68.   The Asia and the Pacific region is highly exposed to natural disasters with considerable impact on human development,[30] yet it has no comprehensive regional assessment of natural disasters. This priority is one of the four flagship programmes of the regional strategy.

69.   The programme has been developed around two main lines of action, namely the Jakarta Tsunami Information Centre, in collaboration with the UNESCO Intergovernmental Oceanographic Commission (IOC), and the preparation of documents on the awareness of, and preparedness for, tsunami risks.

70.   The Tsunami Information Centre has developed a general preparedness plan for schools against tsunami risks, based on evacuation drills applicable to all institutions. The awareness-building documents develop the concept of autonomous preparation and provide an assessment grid for the preparedness level of local communities. The first edition of the brochures produced by the Jakarta Bureau, mostly printed in English and Indonesian, was financed with UNESCO funds. The brochures were then distributed to the non-governmental organizations and the local authorities that use them and ensure their distribution. Reprints are financed by partners in the field.

71.   The quality of the brochures produced by the Jakarta Bureau is assessed by the consortium for natural disaster risk education.

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[27]   BREES (*Biosphere reserves for environmental and economic security – a climate change and poverty alleviation programme*).

[28]   COMPETENCE (*Comprehensive programme to enhance technology, engineering and science education in Asia*).

[29]   FORCE (*Fostering safer and resilient communities – a natural disaster and climate change education programme*).

[30]   Fourth Asian Ministerial Conference on Disaster Risk Reduction, held in Incheon, Republic of Korea, (25-28 October 2010).

72.   It is not so easy to assess the effectiveness of the distribution of brochures. During the audit it was not possible to obtain figures on the number of schools and children having received the documents. The Bureau provided an indication of the figures in response to provisional findings and reported that an initial study on the replies from schools following the earthquake at Padang on 30 September 2009 showed a positive effect of natural disaster preparedness actions.

73.   During the audit, an earthquake registering 7.7 on the Richter magnitude scale hit an isolated string of islands in Indonesia, generating a tsunami. Unfortunately, none of the schools or local communities on the islands had benefited from UNESCO's natural disaster reduction and preparedness programme.

Recommendation 9. Consolidate the natural disaster reduction and preparedness programme – which works only with staff funded by extrabudgetary resources – by redeploying funds at the Jakarta Bureau or through decentralization from Headquarters, and reflect on the programme's development with local partners.

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4.   Basic and engineering sciences

74.   The post of Chief of Basic Sciences is vacant, so the Chief of Engineering Sciences and Technology (EST) is temporarily acting in that post.

75.   A distance-learning programme was launched in 2007 in partnership with Keio University in Tokyo, the Indonesian Ministry of Education and the education and research network of Indonesia, the Philippines, Malaysia and Thailand.

5.   Sciences for society

76.   Before 2009, this unit was only responsible for coastal regions and small islands. It has evolved towards a broader and more transversal mandate. Its budget is $20,000 for the 2010-2011 biennium.

77.   The projects are on a small scale but are interesting nonetheless. The Banjarsari community project, based on the sorting of waste for recycling, began in 1996. UNESCO has contributed a total of $5,000 to the project over several years. The community, which comprises 250 houses and around 1,000 inhabitants, sorts its waste and has set up a training programme. The field visit enabled us to observe the result of this investment, which includes a reduction in pollution in the area and the implementation of educational projects.

C.   ACTIVITIES OF THE CLUSTER OFFICE

78.   In parallel with the mission of the Regional Bureau for Science and in connection with this Bureau, the cluster office implements UNESCO policies in Indonesia, Malaysia, the Philippines, Brunei Darussalam and Timor-Leste.

1.   Education

79.   For the 2008-2009 biennium, the Education Sector was allocated $450,000 from the regular budget (six activities) and $2.46 million for extrabudgetary projects (five projects). For the 2010-2011 biennium, the regular budget is $650,000 (six activities) and the forecast for extrabudgetary resources is the same.

80.   A major extrabudgetary programme, CLCC,[31] allocated $10 million over ten years,[32] was implemented with UNICEF. Its approach consisted of developing self-managed schools, expanding them in the communities and increasing parent involvement. UNICEF led the initiative in the field, ensuring teacher training in particular, while UNESCO was in charge of drawing up reference documents. The programme ended in August 2010, but this cooperation between UNICEF and UNESCO could serve as an example.

81.   Another programme was conducted under regular budget funds in Timor-Leste to develop a statistical system for primary education[33] with the support of the UNESCO Institute for Statistics in Montreal (UIS). In November 2010, the Minister of Education of Timor-Leste expressed his intention to adopt this statistical tool, which may assist the country's development.

2.   Human sciences

82.   The regular budget of the human sciences unit was $30,000 for the 2008-2009 biennium; it stands at $60,000 for the current biennium. The unit has extrabudgetary resources of $150 K for the two biennia.

83.   The lengthy process of recruiting a new chief impeded the Office's activity in this sector. In fact, the unit did not record any activity in 2008 and 2010. The post has just been filled.

IV.   CROSS-CUTTING OBSERVATIONS ON ACTIVITIES

A.   PROGRAMME EVALUATION

84.   Reports are drawn up on programmes and missions. However, there is a lack of detailed quantitative and qualitative data on the number of persons who have benefited from a project or on the concrete outcomes of the actions undertaken.

85.   It is perhaps difficult to measure the specific impact of UNESCO's work in developments that depend on several factors. However, in fields such as education, the evaluation and monitoring procedures are known, the methodology is widely disseminated and is even an expertise at the heart of UNESCO's mandate.

> **Recommendation No. 10. Conduct quantitative and qualitative assessment of activities using the tools and methods developed by UNESCO.**

B.   VISIBILITY OF THE REGIONAL BUREAU AND THE CLUSTER OFFICE

86.   The Office has published three programming documents for Indonesia, the Philippines and Timor-Leste. The documents concerning Brunei Darussalam and Malaysia are in preparation. These publications are the result of thorough studies and discussions with National Commissions.

Conclusion: *The forthcoming complete publication of country programming documents is a best practice of the Jakarta Cluster Office.*

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[31]   Creative learning communities for children
[32]   Including $1.93 million for the 2008-2009 biennium.
[33]   EMIS (Education, Management and Information System).

C.   IMPORTANCE OF THE DILI ANTENNA OFFICE

87.   Timor-Leste joined UNESCO in 2003. The strengthening of the Democratic Republic of Timor-Lest is a major challenge for UNESCO and other United Nations agencies. Following a visit by the UNESCO Director-General in 2003, an antenna of the Jakarta Office was opened in Dili.

88.   It receives the support of programmes in order to promote cultural heritage, education and the development of science. Located in the United Nation's compound, it employs four persons: the head of the antenna office on an appointment of limited duration (ALD) funded by Headquarters, a consultant whose contract is funded by extrabudgetary resources, an administrative assistant and a driver on the Office's regular budget.

Conclusion: *The examination of the documents concerning the Dili Antenna office reveals that it contributes effectively to the rehabilitation and reconstruction of the country.*

D.   THE OFFICE'S EXTERNAL RELATIONS

1.   Relations with National Commissions for UNESCO

89.   Sixteen people work at the Indonesian National Commission for UNESCO, which is located on the premises of the Ministry of Education. Its Chairperson was on the UNESCO Executive Board for eight years.

90.   The National Commission coordinates the work of 15 Indonesian ministries and 4 institutes and represents them to the Jakarta Office. Work with the Commission resulted in the above-mentioned programming document.

91.   The audit focused on relations with the Indonesian National Commission, but the Office also works with four other National Commissions within the cluster.

2.   Relations with other agencies

92.   Indonesia hosts 16 United Nations agencies.[34] The representative of the United Nations convenes the country team once per month. UNESCO is represented by the Director of the Office or the Deputy Director.

93.   UNESCO took part in preparing the framework document for cooperation between United Nations development agencies.[35] To implement its objectives, five cross-cutting working groups bring together the 16 agencies. UNESCO chairs the group on climate change and the environment.[36]

3.   Relations with donors

94.   The UNESCO Office in Jakarta receives extrabudgetary resources from six countries (Japan, Spain, New Zealand, Germany, Canada and South Korea), and henceforth from Scandinavian countries. It also receives funds from the United Nations, private sources, decentralized credits and FITOCA.[37]

95.   For the 2008-2010 period, the audit team consulted the reports of the periodic meetings between the Office and the two main donors: Japan ($1 million per year) and Spain ($800,000 per

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[34]   FAO, IOM, UNDP, UNESCO, UNHCR, UN-HABITAT, UNEP, ILO, UNAIDS, UNIDO, UNICEF, UNIFEM, OCHA, WFP, WHO, UNODC.

[35]   United Nations partnership for development framework 2011-2015.

[36]   Other working groups: social protection (UNICEF), governance (UNDP), protection against natural disasters (OCHA) and standard of living (ILO).

[37]   Fund-in-Trust Overhead Costs Account.

year). Two people in the field ensure liaison and coordination of these projects. Their posts are funded by extrabudgetary resources and they are part of UNESCO's teams. Once a year, the representatives of the Japanese Fund-in-Trust (JFIT) travel to Jakarta to assess the year's work and prepare future projects. Meetings are also held in Jakarta with the Spanish donors.

E.   THE JAKARTA OFFICE AND THE REFORM PROCESS

96.   With regard to the challenges and scenarios presented at the 182nd session on the decentralization strategy,[38] two final comments may be made:

–   the Jakarta Office is both the Regional Bureau for Science and a cluster office. A heavy workload is associated with these responsibilities. However, almost a third of supervisory posts are vacant;

–   the Jakarta Office can draw on a longstanding and close relationship with the National Commission for UNESCO and experience accumulated since 1951. Moreover, the challenges are great in Indonesia in the fields of climate change, education and culture. It is however noted that many regional meetings are held in Bangkok, where the Regional Bureau for Education, the largest UNESCO Office in the Asia and the Pacific Region, is located and where all United Nations agencies are present.

V.   ACKNOWLEDGEMENTS

97.   The External Auditor thanks the Director of the Office and staff members for their hospitality and the accuracy of the information provided during the audit.

Director-General's comments:

The Director-General thanks the External Auditor for his report on the Office in Jakarta. She accepts all the recommendations made and will report on the progress of their implementation in accordance with the usual practice.

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[38]   Director-General's report 182 EX/6 – Part II.

PARIS, 8 April 2011
Original: French

Item **30** of the provisional agenda

NEW AUDITS BY THE EXTERNAL AUDITOR

Part III

AUDIT REPORT ON THE DIVISION OF BASIC EDUCATION OF THE EDUCATION SECTOR

SUMMARY

In accordance with Article 12.4 of the Financial Regulations, the External Auditor submits his audit report on the Division of Basic Education of the Education Sector.

**AUDIT REPORT ON THE DIVISION
OF BASIC EDUCATION OF THE EDUCATION SECTOR**

TABLE OF CONTENTS

1.   FRAMEWORK AND SCOPE OF THE AUDIT

1.   Pursuant to Article 12.4 of the UNESCO Financial Regulations, the External Auditor carried out an audit of the Division of Basic Education of the Education Sector.

2.   The audit was carried out from 30 August to 17 September 2010 on-site in the Division. Covering the years 2008-2010, the audit examined the Division's budget documents and a number of records of expenditures, staff files, consultant contracts and documents related to various projects and activities.

3.   The audit team met the Division's Director, the Executive Officer and the chief of the Finance and Budget Administration Unit of the Executive Office several times. The team held working meetings with the Division's section heads and with most programme specialists. A video conference was also held with the Division's previous director, currently Director of the Dakar Regional Bureau for Education in Africa. The team was also kindly received by the Assistant Director-General for Education in the course of the audit mission. The spirit of cooperation shown by the Division and the Executive Office was appreciated.

4.   The provisional observations were discussed with the Education Sector whose comments thereon were taken into consideration.

5.   The audit was carried out prior to the restructuring of the Sector called for by Director-General's Note dated 9 November 2010.[1] Under the new organization, a large part of the functions of the previous Division of Basic Education have been transferred to the Division for Basic to Higher Education and Learning. This new Division has sections for literacy and non-formal education, basic education, technical and vocational education and training, and higher education which will deal with themes previously covered by other divisions in the Sector. Conversely, human rights education and the UNESCO Associated Schools Project Network Coordination Unit were moved to the Division of Education for Peace and Sustainable Development, while the Division for Planning and Development of Education Systems (ED/PDE) is responsible for issues relating to the right to education.

6.   Nevertheless, the findings of this report remain largely pertinent and can contribute to implementing the Education Sector's new organization effectively.

2.   MISSIONS AND ORGANIZATION OF THE DIVISION

7.   "[B]asic education covers notions such as fundamental, elementary and primary/secondary education. It is guaranteed to everyone without any discrimination or exclusion based notably on gender, ethnicity, nationality or origin, social, economic or physical condition, language, religion, political or other opinion, or belonging to a minority. Beyond pre-school education, the duration of which can be fixed by the State, basic education consists of at least 9 years and progressively extends to 12 years."[2]

2.1   Missions and organizational structure of the Division

8.   The Education Sector has had a Division of Basic Education for many years.[3] However, the fields of competence of the Division have varied considerably:

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[1]   DG/Note/10/49 – Strengthening the delivery capacity of the Education Sector through adjustments to the structure at Headquarters.

[2]   UNESCO, Experts' Consultation on the Operational Definition of Basic Education (17-18 December 2007).

[3]   Since at least 1990. In the past there was a "Youth Division" (1975).

–   four sections in 2000 for primary education, special needs in education, literacy and non-formal education, early childhood and family education;

–   four sections in 2003, too, with the Section for Special Needs in Education being subsumed into a section with broader scope named "Combating Exclusion through Education" that included a unit for cooperation with the World Food Programme (WFP);

–   three sections in 2004 for early childhood and inclusive education, primary education, and literacy and non-formal education, with the cell responsible for WFP cooperation transferred to the Division for the Promotion of Quality Education;

–   again, three sections after the restructuring of the Sector in July 2006,[4] although with considerably redefined scopes: one section for the promotion of rights and values in education,[5] another section for science, technical and vocational education[6] and a third section for inclusion and quality learning enhancement that took on some of the roles and staff of the three sections from 2004.[7] The UNESCO Associated Schools Project Network Coordination Unit was also added to the Division.[8]

9.   Since 2008, the Division has had two directors as well as a 15-month interim period. The Director who had held the position since September 2004 was appointed head of the Regional Bureau for Education in Africa, in Dakar in June 2008.[9] A new director was not appointed until September 2009,[10] after preparations for the Programme and Budget for 2010-2011 (document 35 C/5) had been completed. The implementation of new strategies led to changes in the Division's organizational structure.

10.   During the period 2008-2009, section functions were organized thematically, namely Promotion of Rights and Values in Education (RVE), Inclusion and Quality Learning Enhancement (IQE), and Science, Technical and Vocational Education (STV). In summer 2009, the STV section was transferred to the Division for Education Strategies and Capacity Building and the United Nations Literacy Decade Coordination Unit within the Division for the Promotion of Basic Education was moved to the Division for the Coordination of United Nations Priorities in Education.[11]

11.   In autumn 2009,[12] the sections were reorganized by level, namely early childhood care and education (ECCE), basic education, literacy and non-formal education (BLE), and secondary education (SED), with each level made up of three to five teams. In addition to the organization by level, working groups were constituted to deal with the cross-cutting themes of *equity and inclusion, quality, relevance and efficiency of education,* and *capacity building.* Only the UNESCO Associated Schools Project Network (ASPnet) Coordination Unit was unaffected by the Division's reorganization.

12.   The new organizational structure is intended to break down the compartmentalization of tasks, facilitate teamwork and correspond more closely to the organization of education ministries. There is, however, a risk of immediate visibility loss, which is expected to be offset by the guarantee that UNESCO's thematic "pillars" will henceforth be addressed at each level and in each programme of the Division for the Promotion of Basic Education.

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4   DG/Note/06/37 dated 12 July 2006.
5   Taking on a major part of the staff from the Section of Education for Peace and Human Rights in the Division for the Promotion of Quality Education.
6   Taking on a major part of the staff from the former Division of Secondary, Technical and Vocational Education.
7   Other functions and staff moved to the newly created Division for Coordination of United Nations Priorities in Education and the Division for Education Strategies and Field Support.
8   Previously under the Department of Education for a Culture of Peace (2000), then under the Division for the Promotion of Quality Education (2003).
9   DG/Note/08/17 dated 16 May 2008 (interim period provided for in DG/Note/08/24).
10   DG/Note/09/53 dated 14 September 2009.
11   DG/Note/09/43 dated 19 August 2009.
12   Memo ADG/ED/09.033 dated 22 October 2009, organizational chart dated 25 January 2010.

13.   The organizational structure in place at the time and its concomitant themes, particularly for the promotion of rights and values in education, informed the preparation of the programme for 2010-2011 (35 C/5). The autumn 2009 introduction of the new structure made it necessary to readjust work programmes in order to adapt them to the system for programme and budget preparation and follow-up (SISTER).

14.   The organizational structure designed in October 2009 and abandoned a year later was still being put in place when the audit was carried out. The organizational chart given to the audit team did not reflect the structural organization actually in place, but rather an objective to be achieved. The organizational chart showed 39 posts for the ECCE, BLE and SED sections, but only 28 of them were filled (five on a part-time basis). It was therefore a "target organizational chart". Implementing this structure would have required recruitment to be finalized for the six posts vacant and the creation of five additional posts. Of the 12 teams, four comprised wholly vacant posts or posts that had not yet been established, although they dealt with themes that were not without consequence.[13]

Recommendation No. 1: Align the Division's organizational chart with the programming of allocated programme resources during the next biennium (2012-2013).

2.2   Strategic reflection for the Division

15.   In January 2008 the incumbent Director conducted a strategic study on attaining the education for all (EFA) goals and the Millennium Development Goals (MDGs) through universal access to quality basic education. The outcome was to be an organizational structure different from the one adopted in 2006: one section for rights and citizenship education and one for inclusion and quality reinforcement, in addition to the UNESCO Associated Schools Project Network Coordination Unit.[14] The structure was never put in place.

16.   With the assistance of various consultants,[15] the Director appointed in September 2009 set about defining a new strategy for the Division. Concept notes were prepared on the Division's key issues. A workshop for all staff was held in December 2009. This was undoubtedly a positive measure. Nevertheless, the audit mission revealed three difficulties.

17.   First, there was a lack of clarity in the Sector regarding the apportionment of work between the international team for the Coordination of Education for All and the Division for the Promotion of Basic Education.

18.   Second, the Division is poorly informed about the activities and achievements of the category 1 institutes involved in basic education, particularly the literacy work of the UNESCO Institute for Lifelong Learning (UIL). The same information failure was found in regard to the International Institute for Educational Planning (IIEP) Forum in September 2010.[16]

19.   Third, there is a significant discrepancy between the Division's overarching, global responsibilities, in particular for programming, and its limited authority and influence in actual fact over field offices, whose role in implementing the Sector's largely decentralized activities is decisive.[17] Here, too, the Division is poorly informed, as noted in regard to matters that were

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[13]   Health and nutrition for the ECCE section, secondary training, adult education and lifelong learning and mathematics education for the SED section.

[14]   Working document dated 20 December 2006, Vision and Strategic directions for ED/BAS.

[15]   At a total cost of US $121,536 (four contracts). NB: For reasons of confidentiality, the report does not specify here or in later observations the contract numbers and reference numbers, which were duly pointed out to the Division during the provisional findings discussion phase.

[16]   Challenges of Financing Basic Education, IIEP Policy Forum 2010.

[17]   Only one third of the Education Sector's expenditure is from Headquarters (33% for the 2008-2009 biennium and 30% for the first nine months of the current biennium).

nevertheless priorities, such as the Basic Education in Africa Programme (BEAP). The current organizational chart makes no mention of a steering or coordination mechanism. The expertise of both Headquarters specialists and stakeholders in the field, and interaction between them, are at risk of becoming progressively weaker. The Division explained that this risk had been identified in the strategic reflection carried out at the end of 2009.

Conclusion: The November 2010 restructuring is not certain to resolve these difficulties, which limit the scope of the Division's strategic objectives and indeed its visibility. The lines of responsibility and accountability between the central level (the Division) and the decentralized level must be specified.

Recommendation No. 2: Include the steering and coordination mechanism for the Division and field offices in the organization chart and specify the lines of responsibility and accountability between the central level and the decentralized level.

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3. HUMAN RESOURCES OF THE DIVISION

3.1 Changes in the Division's established posts

20. The Division is beset by a reduction in staff numbers and a high turnover rate. There were 30 established posts in 2006-2007, 29 in 2008-2009 and 26 in 2010-2011, representing a reduction of 13.4% between the 2006-2007 and 2010-2011 biennia. Staff costs decreased to a lesser degree, namely by 1.5% between 2006-2007 ($6.453 million) and 2010-2011 ($6.358 million). It must be borne in mind, however, that the work areas had changed in scope as a result of the various rounds of restructurings.

21. The Division had two vacant posts as at 15 January 2007, increasing to three vacant posts as at 2 January 2008 and six as at 5 January 2009 (and as at 1 September 2010). The turnover rate for the Sector as a whole was 52.8% during the period under consideration. At Sector level, too, recruitment time[18] was 157 days in 2008, 160 days in 2009 and 113 days in the first eight months of 2010. The Executive Office uses a management chart to track the process.

22. The situation concerning the six Division posts vacant[19] as at September 2010 was reviewed. The call for candidates was made at the end of January 2010. No applications were recorded for the G-4 post and the decision was taken to abolish it. A list of candidates was drawn up for four posts, but the evaluation procedures had yet to be conducted. The evaluation for the remaining post was held on 1 September.

Recommendation No. 3: Continue effort to reduce recruitment time.

3.2 In-place procedures to compensate for vacant posts

23. Funds available for the vacant posts allowed for the payment of:

– the temporary contract of a P-5 section chief seconded to UNESCO by the Swedish Government between March 2002 and February 2007 and then paid on an appointment of limited duration (ALD) from March 2007 (until the end of 2010);

– the salary of a field office P-3 programme specialist from January to May 2010;

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[18] Between publication of the vacancy notice and final decision.
[19] Three P-5 posts, two P-4 posts and one G-4 post.

–   the salary of a P-3 consultant from April to September 2010, employed on successive short-term contracts from January 2003 to March 2009, who was a mainstay of the Associated Schools Project Network Coordination Unit;

–   the salary of a second consultant commissioned from May to August 2010 to prepare a report on evaluating writing skills acquisition;

–   a temporary G-4 contract from March to June 2010.

24.   These examples show that the Division must continually adapt the allocation of available funds in order to guarantee continuity in key posts. Furthermore, consultants are hired to compensate for insufficiencies in permanent staffing levels (see hereafter).

3.3   Performance assessment

25.   Analysis of Perfoweb files showed that all staff had been assessed by their direct supervisor and that assessment files had been drawn up with due care.

3.4   Use of consultants

26.   From 1 January 2008 to 30 June 2010, the Division concluded 171 consultants' contracts for a total amount of $1.27 million, 50.7% of which were charged against the regular budget ($644,000), 35.4% against extrabudgetary funding ($450,000) and 13.9% against savings accrued from staff costs ($176,000).

27.   Contracts were concluded with 140 individuals. Eighteen consultants were awarded two or more contracts during the period under consideration, and three were awarded four, five or six contracts ($239,000, or 18.8% of the total).

3.4.1   Application of the rules

28.   A total of 40 contracts concluded with 20 consultants, amounting to $657,000 (or 51.7% of total expenditure), was analysed.

29.   Of the 40 contracts, 18 were signed after the commencement of the provision of service, at times a month,[20] or even a month and a half,[21] after the fact. In some cases even, the official start date is very close to the submission deadline for the report or an initial document, for example: three days to submit a slide presentation.[22] In such a case, it is unlikely that work began only on the date specified on the contract. For a number of contracts there were addenda [23] signed after expiry of the deadline which they extended. The further services commissioned often increased the cost of the contract considerably by 96%, 100%, 110% and 150%.

30.   In some cases, the form justifying the selection of individual consultants and evaluating them,[24] was signed by the same staff member as both the official responsible for the contract and the authority approving the contract. Seven such cases were found.[25]

31.   Of the 20 consultants, 10 were already working for UNESCO or had worked for UNESCO in the preceding months when a contract for the period under consideration was awarded. One had

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20   Contract taking effect 2 January 2008, was signed 7 February; contract taking effect 12 May 2010 but signed by the consultant on 1 July.
21   Contract taking effect 8 September 2008 and signed on 24 October.
22   Contract signed 25 November 2008 for a presentation to be submitted on 28 November.
23   Addendum dated 8 April 2009 to a contract dated 26 March, addendum dated 17 April 2008 to a contract dated 7 February, addendum dated 2 November 2009 to a contract dated 4 June, addendum dated 19 March 2008 to a contract dated 15 February and addenda dated 6 April and 14 June 2010 to a contract dated 19 February.
24   Form 431A (now HR13-1).
25   Contracts from July (2) and October 2008 and January, October, November and December 2009.

been a consultant or supernumerary in the Education Sector and two other UNESCO departments since July 2004. Another had been awarded 13 contracts from January 2004 to January 2010 for a total duration of 482 days. A third consultant has been working for the Division since January 2001. The SAP software can produce "employment certificates" which show up such recurring situations, so that they can be avoided.

32.   One of the consultants (born in 1939) is a retired D-1 staff member who served at UNESCO from 1984 to 1997 in the Social and Human Sciences Sector and later in the Education Sector (Rights of the child). Another consultant (born in 1941) was previously a senior programme specialist for the Scientific, Technical and Vocational Education Section, on an ALD contract from April 2004 to January 2010.

33.   That working relations of this kind are still preponderant can be seen during calls for candidates. Competing candidates are stated to be "unavailable due to prior commitments".[26] Their curricula vitae are two or three years old, whereas a consultation of the roster would easily reveal other suitable candidates. The consultant in place had "acquired a good knowledge of the subject" and was therefore considered to "possess the necessary experience".[27]

Conclusions: These findings, which resemble comments made in other recent audits,[28] are mostly concerned with the period after the entry into force of the new Human Resources Manual. The Organization's staff members who incur expenditure are not yet sufficiently familiar with the new Manual provisions on the use of individual consultants (Item 13.10). Administrative Officers and Executive Officers have an important role to play here.[29]

Recommendation No. 4: Continue the effort to train recruiting officers to follow procedures correctly when using consultants. Use the resources of the SAP software package (FABS) to identify cases of incorrect application of these procedures.

3.4.2   Services requested of consultants

34.   Nine of the 40 consultants in the sample examined are or have been employed as though they were staff members in the Division. For instance one "junior" consultant (P-1/P-2) was awarded four contracts during the period 2009-2010. Another consultant recruited in June 2009 as a programme specialist (P-3) on an appointment of limited duration (ALD) states in her curriculum vitae that she has been working for UNESCO since January 2001. A third consultant worked for over five years on a temporary contract or ALD in the Associated Schools Project Network Coordination Unit where she played a "crucial" role.[30]

35.   Other consultants perform tasks that should preferably be carried out by a permanent staff member in the Organization, viz. "undertake consultations [with an industrial group] with a view to securing funding for the establishment of community school centres"; "presentation of the strategy for technical and vocational education and training (TVET)" at an international conference; "liaison with field offices in the field of TVET", and "identify consultants".

Conclusion: The Human Resources Manual stipulates that consultants should not be used for duties for which there is a permanent need in the Organization and that an individual consultant must not fill the role of a staff member (Item 13.10, paragraph 2(c) and (d)).

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[26]   Two contracts.
[27]   Eight contracts.
[28]   185 EX/32 Part II (paragraphs 32 to 48) and 185 EX/32 Part III (paragraphs 44 to 54).
[29]   The Administrative Officer of the Education Sector presented a recently-produced checklist which provides a useful list of points to be verified.
[30]   Assessment on form 431A to justify a contract dated March 2010.

36.   One condition for a consultant to perform effectively is proper transmission of information by the service concerned. For a contract dating from November 2009 concerning the definition of a strategy to strengthen science and mathematics education,[31] the chief of section under whose supervision the work was supposed to be carried out was not involved either in selecting the consultant or in drafting the terms of reference for the assignment; nor was she invited to sign the consultant selection and evaluation sheet. The Division explained that this appointment came under the cross-cutting theme of quality and was therefore supervised directly by the Director, who signed the selection and evaluation form twice.[32]

37.   The same contract points to another condition for effective performance of a task, namely specifying exactly what is expected in the light of work already done. In 2008, the Division (Section for Technical and Vocational Education and Training) had commissioned a report on that same subject from a different consultant. This work was published[33] and, following discussion at a conference of experts in March 2009, gave rise to two guidance documents. The 2009 report took up a large number of themes and recommendations from the 2008 publication (sometimes with the same heading). A peer review of the 2009 report might have made it easier to identify the added value of the new report.

Recommendation No. 5: In coordination with the services concerned, inventory and analyse information, documents and points for consideration already available in the division before drafting the terms of reference of a consultant's assignment.

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38.   The old UNESCO Manual already stated clearly that it was "essential to evaluate the services of each consultant" by drafting "a brief evaluation of the consultant's work" on a form.[34] The new Human Resources Manual specifies that a final assessment "should assess the quality of the service provided, taking account of the expected outputs and achievements in the description of the assignment". It must be attached to the contract in FABS and stored on the roster of consultants.[35]

39.   The evaluation takes the form of a tick box on a form (from A – outstanding performance to E – mediocre) with a line being left for "remarks". It was missing from several files. The Division has the merit of varying its evaluations: "A"s were found in the files of two consultants and "B"s (very good performance) in two other files; the most frequent mark was "C" (good performance). Only one evaluation was more explicit than a tick in a box.

Conclusion: The current exercise is an improvement on earlier practice, but is too often formal in nature. Its main utility seems to be to justify payment of the sum provided for by the contract.[36]

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[31]   Consultant classified as P-5.
[32]   Both the authority approving the contract and the person responsible (see above).
[33]   UNESCO 2008, ED-2007/WS/51.
[34]   Item 2435.25, paragraph (d), Form 354C (Item No. 1380 of 5 March 1993).
[35]   Item 13.10, paragraphs 44 and 45.
[36]   HR Appendix 13 F, Part I, Guidelines on the evaluation of consultants, paragraph 7.

Recommendation No. 6: Complete the guidelines on consultant evaluation by requiring an evaluation to be drafted some months after the completion of the consultant's mission in the light of the use made of their work.

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4. BUDGET MANAGEMENT

4.1 Programming approach

40.   During the period 2008-2013, UNESCO's policy in the field of education is structured around an overarching programme objective, namely "Attaining quality education for all and lifelong learning", taking the form of two strategic programme objectives.

41.   In 2006-2007, basic education was a principal priority of Major Programme I. Document 33 C/5 provided for four programmes on education with 24 main lines of action, most of which concerned basic education. These objectives and action areas were individually budgeted for; activities were broken down by regular budget, extrabudgetary funds and decentralized budget.

42.   From the 2008-2009 biennium, programmes were tightened up and this led to a significant reduction in the number of main lines of action. Document 33 C/5 set out seven main lines of action and 76 results relating to education. Document 34 C/5 contained four main lines of action and 38 expected results, these in turn being linked to performance indicators, most of which did not have corresponding benchmarks.[37] This trend has continued in the present biennium: two biennial sectoral priorities for the Education Sector, four main lines of action and only 14 expected results. The performance indicators often refer to numbers of countries or activities, or to quantities of materials, without being associated with benchmarks.

43.   The results-based management approach introduced by UNESCO entails formulating expected results in clear, measurable terms, identifying performance indicators for each expected result, specifying exactly what is to be measured, and lastly setting targets and benchmarks for each performance indicator, specifying the levels to be attained.

44.   Programming at the Division level was affected, moreover, by the reorganization exercises that took place during the biennium (2006 restructuring) and after the budget for the following biennium had been finalized (reorganization in autumn 2009). Although the SISTER tool can reflect thematic areas, the cross-cutting themes identified for the Division at the end of 2009 were not included in SISTER at the time of the audit.

45.   The UNESCO National Education Support Strategy (UNESS) should permit better coordination of the Sector's and Division's priorities with the needs identified by Member States and better integration of regular programme activities and extrabudgetary projects in the countries concerned. The audit did show, however, that the UNESS documents did not take properly into account certain aspects of a basic education support strategy such as literacy.

Recommendation No. 7: Involve the Division's programme specialists more closely in the preparation of UNESS documents and analyse the results in order to identify the fields in which UNESCO's support is required.

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[37]   Only six benchmarks for 38 performance indicators.

4.2   Analysis of certain items of expenditure

46.   The changes which have affected the organization of the Division have also had an impact on the budgetary resources allocated to it and expenditure incurred. The share of expenditure on basic education in the regular budget represented 7.6% of the Education Sector in 2006-2007 ($2.98 million out of $39.08 million), 5% in 2008-2009 ($1.9 million out of $37.98 million) and 5.15% under the 35 C/5 budget ($0.4 million out of $7.86 million) as at 1 September 2010.[38] Account must be taken, however, of the transfers of activities[39] which reduced the Division's base-line budget to $2.18 million for the 2006-2007 biennium.

47.   The Division's budget was divided between staff and activities at a ratio of 68.4% to 31.6% for the 2006-2007 biennium, 77.2% to 22.8% for the 2008-2009 biennium and 76.8% ($6.36 million) to 23.2% ($1.92 million) for the present biennium. In fact, staff costs have almost stagnated in recent years but activities have fallen by 36% since the 2006-2007 biennium. At the level of the Education Sector, the ratio in the regular budget between staff and activities stands at 52.6% to 47.4% in 2010-2011 and staff costs have risen by 20% since 2006-2007.[40] The share of staff costs allocated to basic education in the Sector has fallen from 12.4% in 2006-2007 to 11.2% in 2008-2009 and to 10.2% in the current biennium.

48.   Expenditure on contracts constituted 47.8% of the Division's expenditure under the regular budget for the present biennium (35 C/5) as against 35.6% (34 C/5) and 27.7% (33 C/5) in previous biennia. The proportion is higher than for the Education Sector as a whole (32.7%, 29.9% and 24.5%).

49.   Travel costs for the Division's staff exceeded the proportion of 13% set by the Assistant Director-General:[41] 13.6% of the regular budget in 2008-2009[42] and 22.5% for the first few months of 2010. Here too, the proportion is higher than for the Education Sector as a whole.[43]

4.3   Implementation of extrabudgetary resources

50.   Expenditure from extrabudgetary resources for projects relating to basic education amounted to $10.1 million in the last two biennia. The resources came mainly from voluntary contributions, the European Union and bilateral funds (Nigeria, Japan and Italy).

51.   The projects are spread over a relatively long period, often more than one biennium (1 to 29 years, with an average of seven years). Despite the improvement noted over the period, the rate of unliquidated expenditure as at 31 December 2009 remained high for some projects, sometimes standing at more than 40%.[44]

52.   At the date of the audit, 26 projects were being implemented. For eight of them, no expenditure was recorded in 2009.[45] Four projects had a negative balance.[46] Ten projects were technically completed but had not been closed; no expenditure had been incurred for five of them since 2006.[47]

53.   Financial information was not always available on projects. Owing to the transfer of staff because of the Division's successive reorganizations, problems were encountered in cross-

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[38]   Source: Summary of expenses under the regular budget.
[39]   Transfers to UIL ($443,000), Division for the Coordination of United Nations Priorities in Education ($308,000) and Knowledge Management Services (ED/EO/KMS) in the Executive Office ($6,000).
[40]   From $52.18 million in 2006-2007 to $62.36 million in 2010-2011.
[41]   ADG memorandum dated 16 November 2009.
[42]   The proportion had been 22.2% in 2006-2007.
[43]   9.1% (33 C/5), 8.9% (34 C/5) and 9.5% (35 C/5).
[44]   Project 406 GLO 1004.
[45]   243 RLA 1000, 417 INT 1010, 429 GLO 0001, 469 GLO 1002, 809 GLO 1000, 810 GLO 1001, 814 GLO 1001, MAG 0300101.
[46]   539 HAI 1000, 551 SUD 100, 703 CHD 1010 and MAG 0300101.
[47]   806 GLO 1001, 810 GLO 1012, 810 GLO 1014, 811 GLO 1011 and 814 GLO 1014.

checking expenditure incurred as recorded in FABS and in documents kept in the Division. For project 417 INT 1010, for example, neither receipt of funds nor allocations nor expenditure incurred could be reconstituted.

4.4 Monitoring of activities and projects

54. Budget execution is monitored at the Divisional level by means of quarterly reports. This procedure enables problems encountered in the implementation of activities and projects to be identified: for instance, "lack of coordination to improve the effectiveness of basic education"; "the staff concerned does not have the profile for the technical issues involved and there might be some confusion as to what the final product should be"; "if the strategic document is not completed, UNESCO activities in this field will continue to be poorly coordinated". However, this can prove to be cumbersome when it coincides with SISTER deadlines.

Recommendation No. 8: Position the quarterly monitoring system (quarterly report) as an intermediary stage between two half-yearly reporting phases in SISTER.

Recommendation No. 9: Ensure across-the-board use of programme implementation plans (pips) as a tool for monitoring execution of the division's activities.

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5. ACTIVITIES AND PROJECTS

5.1 Literacy

> *5.1.1 Coordination between education for all (EFA), the United Nations Literacy Decade (UNLD) and the Literacy Initiative for Empowerment (LIFE)*

55. The UNESCO Medium-Term Strategy for 2008-2013 (34 C/4) stresses that "[A] a strong focus on literacy will be a particular feature of UNESCO's efforts".[48]

56. For the 2008-2009 biennium (document 34 C/5), UNESCO's second biennial sectoral priority in the field of education was "Fostering literacy and quality education for all at all levels and through both formal and non-formal lifelong learning". In document 35 C/5, literacy is described as one element of a main line of action on "Building blocks for EFA: literacy, teachers and work skills" (MLA 1 of biennial sectoral priority 1).

57. The Literacy Initiative for Empowerment (LIFE), established in 2005, is UNESCO's contribution to United Nations Literacy Decade 2003-2012 (UNLD). It will continue until 2015 and thus has the same target date as the EFA goals. Focused on 35 countries with particularly high literacy needs, it addresses four strategic areas.[49]

58. Literacy activities programmed by the Division in 2006-2007 amounted to $1.39 million. In 2006 they were transferred – LIFE to the UNESCO Institute for Lifelong Learning (UIL) and UNLD to another division in the Sector. Allocations of $0.76 million were appropriated under six extrabudgetary projects created during the biennium. In the 2008-2009 biennium, the Division for the Promotion of Basic Education did not carry out any literacy activities. The coordinating group of the United Nations Literacy Decade, in another division, managed for its part four activities ($291,000) and one extrabudgetary project ($380,000) in the field of literacy.[50] In October 2009 it returned to the Division.

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[48] Medium-Term Strategy 2008-2013 (34 C/4), paragraph 42.
[49] Advocacy and communication; policy for sustainable literacy; strong national capacity; and innovation.
[50] In particular for the Non-Formal Education Management Information System (NFE-MIS).

59.   Six literacy activities are scheduled for the 2010-2011 biennium ($537,000), but the rate of consumption of the allocations was only 11% at the end of June 2010 for one activity.[51] Four extrabudgetary projects were created during the period for an overall amount of $2.73 million; two of them ($2.15 million) were nevertheless awaiting validation.

60.   The staff in charge of the "literacy" component of the UNESCO programme has also been reduced. A Section for Basic Education, Literacy and Non-Formal Education was established in late 2009 within the Division (four teams), but two posts are vacant in the section (P-5 and P-4). Most of the posts (55% of P posts) are held by consultants and persons on appointments of limited duration (ALD).

Conclusion: As a result, in particular, of changes in the organization of the Education Sector, the Division's literacy operations declined in the 2008-2009 biennium in a field in which the progress achieved was still not considered to be sufficient.[52] Furthermore, a field of activity that should be the subject of "strong focus"[53] by UNESCO is managed by persons on short-term contracts, which risks affecting its sustainability.

5.1.2   Need to define responsibilities and clarify roles

61.   UNESCO simultaneously coordinates the United Nations Literacy Decade and United Nations Decade of Education for Sustainable Development (DESD) (2005-2014). The aims appear to be literacy assistance that is better targeted in order to reach underprivileged and vulnerable groups, more broadly based in order to include early childhood and literacy for youth and adult literacy programmes and more adjusted to States' programmes and priorities.

62.   Analysis of literacy work is hindered by the fact that information is not always available. The countries concerned express a need for suitable mechanisms to evaluate reading and writing skills. Solutions may be sought through wider use of the Non-Formal Education Management Information System (NFE-MIS) and expanding the scope of the Literacy Assessment and Monitoring Programme (LAMP).

63.   The role of staff involved in literacy work must be clarified in order to avoid duplication between Headquarters (Division of Basic Education) and field units and institutes. For instance, the LIFE initiative has been blighted by structural ambiguity because a major component of the literacy strategy is being coordinated by an institute without the Division of Basic Education being fully informed. Nor has sufficient use been made of EFA global coordination mechanisms to promote literacy, in particular for women and girls. The Division explained that this risk had been identified in the strategy currently being formulated.

Recommendation No. 10: Strengthen coordination of literacy initiatives between Headquarters, institutes and field offices.

5.2   Right to education and human rights education

64.   Quality education involves the promotion and protection of human rights throughout the education system and in all learning environments.[54] At the beginning of the period under consideration, a Section for Promotion of Rights and Values in Education handled both the right to education and human rights education and the interaction between them. In the organizational structure as decided upon at the end of 2009, human rights education was separated from the right

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[51]   Activity No. 5111100022, $5,869.
[52]   Most recent Global Monitoring Report on Education for All.
[53]   Medium-Term Strategy, 2008-2013 (34 C/4), paragraph 42.
[54]   Medium-Term Strategy, 2008-2013, paragraph 103.

to education and attached to the Section for Secondary Education. The new reorganization amplifies this separation.

5.2.1 Human rights education

65. The 2006-2007 programme (33 C/5) contained a main line of action, "Promoting human rights, peace, democratic citizenship and intercultural understanding through education", in connection with the first phase of the World Programme for Human Rights Education.[55] In the 2010-2011 programme on the other hand, human rights education is referred to only once under secondary education[56] and is not mentioned under budget appropriations or expected results.

66. Allocations for human rights education activities exceeded $460,000 in 2006-2007.[57] In the 2008-2009 biennium (34 C/5), they stood at $356,207 (down 22%) to fund two activities.[58] In the 2010-2011 programme (35 C/5), only one of the three activities planned for the Section for Secondary Education deals directly with human rights education.[59]

67. A comparable trend is to be noted in regard to staff: five programme specialists, two ALDs and two assistants were assigned to human rights education activities in 2006-2007; at the date of the audit, three programme specialists and one assistant were assigned in part to this theme.

Conclusion: UNESCO runs the risk of lacking expertise and visibility in accomplishing one of its key missions.

5.2.2 Right to education

68. Effective implementation at the national level of this global right, which lies at the heart of UNESCO's constitutional mandate, remains a major challenge for the Organization. The Organization provides technical assistance to Member States in order to modernize national legislation and conducts awareness-raising campaigns to promote the implementation of international conventions and recommendations, in particular the Recommendation against Discrimination in Education (1960), the Recommendation concerning Education for International Understanding, Cooperation and Peace and Education relating to Human Rights and Fundamental Freedoms (1974) and the Recommendation on the Development of Adult Education (1976).

69. Allocations for the right to education theme remain stable, at around $250,000 per biennium. Two activities are accordingly scheduled for 2010-2011, one on "promoting the right to education" and the other on "monitoring implementation of the right to education".[60]

70. The ratification of standard-setting instruments remains nevertheless limited and countries do not always fulfil their reporting obligations. As UNESCO studies have shown, though, primary education is not free of charge in many developing countries (particularly in Asia and Africa).

Recommendation No. 11: Focus UNESCO technical assistance on the practicalities of drawing up reports and ensure that National Commissions for UNESCO and field offices take a more active part in this process.

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[55] Programme I.3 – "Enhancing quality education", paragraph 01311.
[56] Document 35 C/5, paragraph 01035.
[57] Building global consensus on quality education as a means to foster living together, preventing violence in and out of schools and Implementation of the World Programme for Human Rights Education.
[58] International leadership on the prevention of violence in schools and the promotion of intercultural dialogue in education and International policy dialogue for the promotion of human rights education.
[59] Enhance the relevance and quality of secondary education through human rights education ($100,000).
[60] Budgets of $125,000 and $100,000. Expenditure at 30 June 2010: $26,671 and $10,771.

5.3   UNESCO Associated Schools

71.   Established in 1953, the UNESCO Associated Schools Project Network (ASPnet) encourages the creation of links and joint projects between schools in different countries and continents. "ASPnet is the innovating branch of UNESCO. As a tool that integrates the Organization's values in school practices and promotes quality education, it helps strengthen UNESCO's visibility".[61] Linking 33 secondary schools in 15 Member States in 1953, it gradually spread to primary education and then to pre-school level, teacher training and, ultimately, technical and vocational education.

72.   In August 2010, the network comprised 9,021 schools in 180 countries. The number of pupils and teachers concerned cannot be ascertained from the current database, as national data are not consolidated. It is currently being revised.

Recommendation No. 12: Refine knowledge of the impact of ASPnet in the communities concerned (pupils and teachers).

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73.   ASPnet is monitored by national coordinating groups, run largely by volunteers. The resources are allocated by each Member State which organizes its national network of schools. Regional meetings may be held by States drawing on Participation Programme funds (for example, the Central Africa and West Africa networks). It is the National Commission of the country that decides, in the light of the projects submitted, whether applicant schools may join the network.

5.3.1   ASPnet International Coordination Unit

74.   ASPnet's International Coordination Unit, which forms part of the organizational structure of the Division of Basic Education,[62] registers schools in the network, which leads to the issuance of a certificate signed by the Director-General of UNESCO. It runs the ASPnet's website.[63] It also publishes documents and educational material. Through flagship regional and international projects, its thematic field, broader than that of the Division, includes education for sustainable development, peace, human rights and intercultural learning in collaboration with other divisions and sectors.

75.   The unit had a budget of $193,793 in 2008-2009, which fell to $100,000 in 2010-2011. In relation to the budget of the Division for the Promotion of Basic Education ($1.9 million in 2008-2009 and $1.92 million in 2010-2011), the unit's financial resources have thus fallen both in absolute terms (by 48.4%) and in relative terms (from 10.2% to 5.2%).

76.   In order to assess UNESCO's global effort for the Associated Schools network, it should be noted that the unit is also responsible for validating the use of funds under the Participation Programme for projects that met the network's priorities. In 2008-2009, 23 proposals amounting to $506,000 were accepted.

77.   The rounds of restructuring in the Division, non-replacement of retired staff and non-renewal of the contracts of experienced staff have gradually affected the Unit's operating conditions regarding, for instance, ongoing monitoring of the themes of *Human Rights* and *Interculturality*, and the strengthening of the network in two large regions (Asia and Africa). The grade of the head of the Unit was lowered from P-5 to P-4 and then to P-3 in January 2010. The unit has three established posts under the regular budget (P-3, P-2 and G-5) and one associate expert (P-2). It is obliged to use interns recruited for three months.

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[61]   ASPNet Programme Document 2010-2011.
[62]   The reorganization of November 2010 transfers it to another division.
[63]   Second half of 2009: 41,246 visitors; first half of 2010: 32,688 visitors.

78. The weakening of the Unit at Headquarters (staff, missions) has not been offset by structural support in the field. For example, the Unit has no focal point for West Africa.

Recommendation No. 13: Ensure regional support for the Associated Schools Project Network Coordination Unit.

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79. The strategy defined by the Division for the six years to come should lead to a strengthening of the Network's laboratory role in order, *inter alia*, to spread its values in schools outside the network. An initial experimental project on education in Olympic values has just been established, with benchmarks, in six countries in the English-speaking Caribbean subregion. In due course, other sections in the Division, other divisions in the Education Sector and even other sectors, could draw on the Network's support.

Conclusion: The resources currently available to ASPnet do not seem to be commensurate with its ambitions as stated, in particular, in the Division's 2010-2011 programme document, compiled in April 2010.

5.3.2 Audit of three projects

80. Three ASPnet-implemented projects, namely the Water Education in Arab States project, Baltic Sea Project and Transatlantic Slave Trade Education Project, were audited.

81. The first project was undertaken on the initiative of the Secretary-General of the National Commission of the United Arab Emirates. Under the project, 75 teachers were trained in 11 countries between 2006 and 2008 so that it could be tested in pilot schools. The expenses were borne by the United Arab Emirates. However, following the Secretary-General's resignation in March 2009, coordination activities have not been taken up by another National Commission. As a result, the pilot project has been suspended.

Conclusion: ASPnet's inability to continue the project highlights the constraints of the international coordination of a flagship project on a sensitive issue executed regionally on the initiative of a National Commission.

82. The outcome of a 1989 initiative by Finland, the Baltic Sea Project (BSP) covers 300 schools in nine countries around the Baltic Sea. With its emphasis on the environment, it constitutes good self-financing and rotating-leadership practice. The participating donor countries take charge of overall project coordination in turn: Latvia since 2009, Estonia as from 2012, to be followed by the Russian Federation in 2015.

83. As it is a long-standing project, it has been possible to build up teaching experience and develop a collection of teaching guides. UNESCO acknowledges work accomplished, encourages initiatives, facilitates use of experts and disseminates good practices.

84. The concept has been reinvested in the Great Volga River Route and Blue Danube River projects. A project is being formulated for the Asia and the Pacific region.

85. The Transatlantic Slave Trade Education Project (TST) is the second so named. The first, launched in 1998, was allocated $1.5 million donated by Norway and was very positively assessed on completion in 2006, especially as schools remained very active on the subject after the end of the project.[64]

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[64] Evaluation report drawn up by a professor at the University of Hertfordshire, March 2002.

86. The second TST was initiated in July 2010. It has been granted $111,687 by the United States of America and is expected to cover 80 to 100 schools in 22 countries (Africa, Latin America and the Caribbean, Europe and North America). It is coordinated by the ASPnet Coordination Unit itself.

Conclusion on the projects: Although it has modest resources in terms of staff and operational funds, the Associated Schools Project Network (ASPnet) has managed to establish large-scale projects across major regions through which it disseminates UNESCO's values over the long term (youth and teacher training). However, the nature of the Unit's action, which is qualitative rather than quantitative (encouragement, leadership and coordination), limits its in-house visibility (SISTER) and acknowledgement.

5.4 Science and mathematics education

87. In the current organizational chart, provision is made in the Section for General Secondary Education for a specific science education team.[65] It has a budget of $100,000 under the regular programme and $200,000 are expected in extrabudgetary resources. Its activity consists in promoting science education in the Member States. It draws on a network of science and mathematics education researchers [66] and is intended for science policy-makers (seminars, meetings involving field offices) and teachers (publications).

88. The programme specialist recruited in 2007 to head the team has not been assigned this responsibility officially, and no team has really been formed as such. She manages the 2010 regular budget but has no assurances of being allocated funds in 2011. The second P-4 specialist, previously in the Section for Science, Technical and Vocational Education which was transferred to another division, is in charge of formulating scenarios for a future major project that was being drawn up by a consultant. His activity was therefore not easy to audit.

89. A large-scale project on an appraisal of science education was the subject of a working paper drawn up on the project in April 2010 by the divisional Director in collaboration with the Division of Higher Education and the Natural Sciences Sector. The estimated budget is $1.68 million over two years.[67] It remains to be determined how project management is to be linked to the Division's current organizational chart and, in particular, to the Science Education Team, which has conducted the assessments,[68] coordinated with the work of other international organizations and seen to project funding.

Conclusion: The management of science and mathematics education programmes should be clarified. Failure to make use of reports drawn up in 2008 and 2009 and the discontinuation of the series of assessments point to the need for an inventory and internal dissemination of studies and reports commissioned from experts and consultants in order to sustain the Organization's institutional memory.

Recommendation No. 14: Set precise objectives assigned to each person in the field of science and mathematics education and ensure appropriate in-house dissemination of studies and reports commissioned by the Organization.

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[65] Two P-4 programme specialists and one P-1 assistant specialist on an ALD.
[66] The first meeting was held on 30 March and 1 April 2009 at UNESCO Headquarters.
[67] Including $600,000 for consultants.
[68] In 2008 and 2009, compilation, by academics, of four initial state-of-the-art reports on science education in South America, Canada, the United Kingdom and Israel ($3,000 to $4,000 each).

5.5 Early childhood care and education

90. The first World Conference on Early Childhood Care and Education (ECCE) was held on the initiative of UNESCO in Moscow at the end of September 2010, organized jointly by the Organization and the Russian Federation. It was attended by ministers from 65 countries; it adopted a framework for action and requested the Organization to scale up its efforts to promote and develop ECCE.

91. The issue of early childhood care and education had in fact been neglected for several years, although its advocacy[69] had led to the formation of a coherent network. The ECCE component of EFA Goal 1 had been neglected and underfunded.[70] There was, moreover, no specific line on the subject in the 34 C/5 budget. At the time it was brought under the umbrella of the Section for Inclusion and Quality Learning Enhancement after the disestablishment of the Section for Early Childhood and Family Education. At the time "only one person was working on ECCE".[71] It was the commitment of the Assistant Director-General for Education as from late 2007 and of the divisional Director appointed in 2009 that enabled the world conference project provided for in the November 2007 memorandum of cooperation between UNESCO and the City of Moscow to be brought to fruition, thus giving effect to 35 C/Resolution 15.

92. In the Division's organizational chart adopted in January 2010, ECCE became the main theme of one of the sections. This section, in which only six of the established 11 posts have been filled, can, however, assign only two programme specialists (P-5 and P1/P2) full-time to ECCE. The P-5 expert who was to be seconded to UNESCO has not arrived and one P-4 post was still vacant at the date of the audit. The Division explained that the situation should improve owing to the recent restructuring.

93. Under a funds-in-trust agreement with the Russian Federation,[72] preparations were made for the conference to be held from 27 to 29 September 2010. Funding for effective follow-up action on this important conference is yet to be stabilized, as the uncommitted funds-in-trust balance will be used to defray unsettled costs.

Recommendation No. 15: Release or raise the funds required for effective follow-up to the recommendations adopted by the World Conference.

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94. Five UNESCO Chairs in the field of early childhood care and education are listed under the UNESCO Chairs Programme. A sixth Chair (Sweden) is listed under education for sustainable development. The ECCE Section actually works with only two of the six Chairs.[73] A similar finding has been made in respect of inclusive education. Yet, "number of well-functioning UNESCO Chairs/UNITWIN Networks on higher education" is one of the performance indicators of Major Programme I, Education. [74] As in the field of water science,[75] it is apparent that action must be taken to strengthen cooperation with UNESCO Chairs in order to harness their potential more effectively to meet UNESCO's priorities such as early childhood care and education.

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[69] For example UNESCO Policy Brief on Early Childhood and Early Childhood and Family Policy Series first issued in March 2002, and UNESCO's contributions to UNICEF's quarterly *Facts for Life* (fourth edition in January 2010).

[70] *L'un des objectifs négligés de l'EPT* [A Neglected EFA Goal] (SISTER 5112126012 for 35 C/5).

[71] First meeting of the working group on the World Conference (26 September 2008), same observation made for the second meeting of the working group (28 November 2008).

[72] Funds 579 GLO 1001 (June 2009 – December 2010), $678,000 contributed, $83,619 available as at 31 October 2010. The extrabudgetary funding required has been estimated at $1 million (SISTER 5112126013).

[73] Chairs 727 (Goteborg, Sweden, 2007) and 821 (Victoria, Canada, 2008).

[74] Document 35 C/5, paragraph 01038 (Main line of action 2), Expected result 7.

[75] 185 EX/32 Part II, Recommendation No. 16.

> **Recommendation No. 16: Put into practice the strategic approaches to basic education adopted in 2007 in order to "strengthen the interaction between UNESCO and the Chairs/Networks by facilitating their involvement in the design, conception implementation and evaluation of UNESCO's programmes".[76]**

5.6 Inclusion through education

95. Responsibility for inclusive education has been reassigned several times within the Division in the last ten years.[77] Since January 2010, it has been coupled with equity as one of the Division's three cross-cutting themes. This organizational arrangement seems appropriate for the process of inclusion through education, which is by nature horizontal.

96. The finding of the audit has been twofold. UNESCO has undoubtedly led the way to the achievement of great progress by setting standards and establishing frameworks, from the 1994 Salamanca Statement and Framework for Action on Special Needs Education[78] to the *Policy guidelines on inclusion in education* published in 2009 following the International Conference on Education held in Geneva in November 2008. The Division's 2010 disaggregated data collection projects respond to an ascertained need.

97. The second finding is that UNESCO's action on some thematic issues has, however, lacked continuity or visibility.

98. The *Right to education for persons with disabilities: Towards Inclusion* was an EFA Flagship in 2004. Cooperation with Finland,[79] extended until 2010, resulted in the production of newsletters and the construction of an Internet site. Nevertheless, the Flagship has always been dogged by insufficient funds and has only remained operational owing to work on the implementation of the Convention on the Rights of Persons with Disabilities.[80] The 2010-2011 programme comprises an extrabudgetary outline "Inclusion in action",[81] which remains to be implemented.[82]

99. The ten-year United Nations Girls' Education Initiative (UNGEI) is another EFA Flagship launched by the Secretary-General of the United Nations after the Dakar Forum in April 2000, with UNICEF as the lead agency. UNESCO's contribution is hallmarked by its quality,[83] but amounts in sum to the part-time involvement of one programme specialist who uses the budget under her work programme for her other activities.

100. The Medium-Term Strategy for 2008-2013 provides for the "introduction of mother language education in formal and non-formal systems",[84] and this is supported by the Languages and multilingualism intersectoral platform. UNESCO may be credited, as from 1999,[85] with outstanding

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[76] Document 176 EX/10, paragraph 12.
[77] Activity 5112136021 under document 35 C/5, Inclusion and Equity: Returning to core competences, $203,000 (and an extrabudgetary outline of $200,000).
[78] Statement and Framework for Action on Special Needs Education (World Conference on Special Needs Education: Access and Quality, Salamanca, 7-10 June 1994).
[79] University of Jyväskylä and Finnish Disabled People's International Development Association (FIDIDA).
[80] Inter-Agency Support Group on Indigenous Issues (IASG) for the Convention dated 13 December 2006 (United Nations Department of Economic and Social Affairs and Office of the United Nations High Commissioner for Human Rights).
[81] Code SISTER 5113126004, $200,000, supplementing a regular budget provision of $90,000.
[82] European Agency for Development in Special Needs Education and the Global Partnership for Disability and Development (GPDD, World Bank).
[83] For example, the first regional meeting of the UNGEI Global Advisory Committee on the theme "Équité, genre et qualité dans l'éducation dans la région Asie – Pacifique" [Gender equality and the quality of education in the Asia and the Pacific region] (June 2008).
[84] Document 34 C/4, paragraph 37 and Box 9; Approved Programme and Budget 2010-2011 (35 C/5), paragraphs 01035 and 07047.
[85] Implementation of a language policy for the world based on multilingualism (30 C/Resolution 12).

achievements in this field.[86] It participates in inter-agency activities, in particular in the work of the United Nations Permanent Forum on Indigenous Issues (UNPFII).[87] Nevertheless, this divisional activity[88] lacks visibility and intermediaries within States. The recent decision by the Executive Board, requesting action to encourage "national strategies promoting multilingual education approaches to improving the overall quality of education" has not yet been followed up as expected.[89] The Division's work plan provides for the compilation of a multilingualism guide, but funding is still being awaited to publish a report on bilingual or multilingual education based on the mother tongue.[90]

101. A similar comment may be made about improving the quality of school textbooks as provided for under the Programme and Budget for 2008-2009 in main line of action 4, "Provide capacity development and technical support to assist national efforts in achieving the Dakar Goals".[91] A Comprehensive Strategy for Textbooks and Other Learning Materials was published by UNESCO in 2005,[92] and the Medium-Term Strategy provides that UNESCO will support "the revision of the content of textbooks",[93] but publication of the draft guidelines on the promotion of quality education through school textbooks and teaching materials[94] has been pending since September 2008.

Conclusion: Staff turnover and successive restructuring of services and budgets can impair the organization's institutional memory and the visibility of its action, as illustrated by the haphazard treatment of the right to education for persons with disabilities, UNGEI, Mother Tongue Multilingual Education and Textbooks Quality Improvement initiatives.

5.7 Publications

The Division is the leading "producer" of publications in the Education Sector, itself the leading "producer" in the Organization. At the date of the audit, the introduction of the new publications plan, initiated in 2008 following the report by the External Auditor,[95] was nearing completion in the Education Sector, after a publication and distribution plan[96] had been drawn up and a publication and communication function had been identified in the Executive Office.[97] The Sector's publications board was established at the beginning of 2010.[98]

102. At the date of the audit, however, technical difficulties relating to the switch to a new inventory-management software had not yet been overcome, which impaired the reliability of the retrievable figures.

Conclusion: Distinct progress has been achieved in following guidelines on publications and in adjusting the Major Programme I publications programme to the priorities set by the Organization's governing bodies.

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[86] International Mother Language Day (since 2000), Position paper Education in a multilingual world (2003), Lead agency for the International Year of Languages (2008), Working group on languages and multilingualism.

[87] United Nations Permanent Forum on Indigenous Issues. See, too, the thematic debate held on 7 October 2008 (180 EX/INF.8).

[88] Regular budget: some $80,000 in 2006-2007 (33 C/5), $70,000 in 2008-2009 (34 C/5) and $65,000 in 2010-2011 (35 C/5), including for textbooks (see below).

[89] 181 EX/Decision 9 (Report in document 181 EX/9).

[90] 2010/ED/BAS/ECCE/PI/1.

[91] Document 34 C/5, paragraph 01018. Funding covered by funds for primary languages (supra).

[92] Document ED-2005/WS/65 CLD 24936.

[93] Medium-Term Strategy 2008-2013 (34 C/4), paragraph 103.

[94] Code SISTER 5113126003 (Extrabudgetary Outline).

[95] 179 EX/31 Part I; 79 EX/Decision 31 and 180 EX/Decision 40; DG/Note/08/22 dated 25 June 2008.

[96] Framework memorandum Towards an Education Sector Publication Plan 2008-2009 (ED/KMS February 2008).

[97] Knowledge Management Services (KMS).

[98] Five meetings from February to June 2010.

6. ACKNOWLEDGEMENTS

103. The External Auditor thanks the Director of the Division, the Director of the Executive Office, the Chief of the Budget and Finance Unit of the Executive Office and the members of staff for their warm welcome and for the accuracy of the information provided during the audit.

Director-General's comments:

The Director-General acknowledges with thanks the External Auditor for his report on the "Division for the Promotion of Basic Education" of the Education Sector and notes its usefulness for continuous improvement of programme delivery. On the basis of these recommendations, she will report on progress achieved, in accordance with the usual practice.

United Nations
Educational, Scientific and
Cultural Organization

Item **30** of the provisional agenda

EXTERNAL AUDITOR's NEW AUDITS

Part IV

AUDIT OF THE RECRUITMENT AND END-OF-SERVICE PROCEDURES

SUMMARY

Pursuant to Article 12.4 of the Financial Regulations, the External Auditor submits his audit report on the recruitment and end-of-service procedures at UNESCO.

**Office of the External Auditor
of the United Nations Educational,
Scientific and Cultural Organization**

**AUDIT REPORT ON THE RECRUITMENT
AND END-OF-SERVICE PROCEDURES AT UNESCO**

TABLE OF CONTENTS

1. FRAMEWORK AND SCOPE OF THE AUDIT

1. Pursuant to Article 12.4 of the Financial Regulations of UNESCO, the External Auditor conducted an audit of the recruitment and end-of-service procedures in the Organization.

2. The purpose of the audit was to determine whether those procedures complied with the provisions laid out in particular in the Human Resources Manual (Chapters 5 and 10) and whether they contributed to the effective running of the Organization. Taking account both of previous audits[1] and amendments to the regulatory framework[2] and the reports submitted to the General Conference in 2009[3] and the Executive Board in 2010,[4] the audit covered the period from 1 January 2008 to 31 October 2010.

3. The audit was conducted from 15 to 26 November 2010 by a team of three auditors, mostly at the Bureau of Human Resources Management (hereinafter referred to as HRM). It included the review of a sample of files, analysis of documents generated by information systems and of interviews with the Acting Director of HRM, section chiefs and the staff members concerned. Additional information was sought from the Bureau of Financial Management (BFM), as well as from the Executive Offices of one programme sector (Education Sector) and one support sector (Sector for Administration). A working meeting was held with the Internal Oversight Service (IOS). The team of auditors also met the presidents of the two staff associations.

4. The cooperation from the Secretariat, and particularly HRM, was appreciated. Provisional observations were discussed with the divisions concerned and their comments were taken into account.

2. THE HUMAN RESOURCES MANAGEMENT STRATEGY

5. The current medium- and long-term staffing strategy (2005-2010) was approved by the General Conference in 2005.[5] It was part of the reform process initiated by the Director-General in 1999 (158 EX/INF.5) with a view to revitalizing the Organization's human resources assets through quality recruitment, career development, staff mobility and respect of rules and procedures. It was thus decided, in June 2004, to establish a standard duration for the recruitment process and management tools. The Staff Regulations and Staff Rules were revised recently and a new Human Resources Manual has been issued.

6. The General Conference requested the Director-General to submit to the Executive Board at its 185th session a human resources strategy for 2011-2016, ensuring its coherence with UNESCO's strategic orientations and harmonization with United Nations common system policies and practices (35 C/Resolution 82(I)). Senior officials in HRM indicated that that objective would be attained in 2012.

2.1. Difficulty in setting up a reliable recruitment planning process

7. One distinctive feature of the drafting of the new strategy was the global staff survey, which was launched during the audit team's mission. That undertaking called for thorough knowledge of the current and future staff structure and its possible development in line with advocated policies.

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[1]   IOS, *Evaluation of UNESCO's Recruitment Policy and Practice,* January 2009 (IOS/EVS/PI/96 REV. 2); *Report on the Control Self-Assessment of the Bureau of Human Resources Management (HRM)*; December 2009; *Review of the Recruitment Process in the Communication and Information Sector*, May 2010.
[2]   Staff Regulations and Rules, 2009 edition; the new Human Resources Manual (DG/Note/09/68 of 12 November 2009).
[3]   35 C/26 Part I (and Add.).
[4]   184 EX/6 Part I (and Add.); 185 EX/6 Parts VIII and IX; 185 EX/INF.8.
[5]   Document 35 C/26 Part I.

8.   UNESCO has more than 2,145 employees, and 1,955 of those are funded on the Organization's regular budget (35 C/5). There are 100 staff members at Director level and above (5% of total staff), 927 staff members (43%) in the Professional category (P-1 to P-5 and NO),[6] and 1,118 staff members (52%) in the General Service category (G-1 to G-7 and GT-1 to GT-7). Almost 63% of staff work in programme sectors.

9.   As seen from the table below, a significant number of staff members will have retired by 2015, in particular, 58% of those at Director level and above.

Retirees by category and biennium

	2010/11	2012/13	2014/15	Total	% of retirees
D-1 and above	17	23	18	58	58%
P-1 to P-5	54	49	56	159	19%
NO	4	4	6	14	16%
GS	54	75	85	214	19%
Total	**129**	**151**	**165**	**445**	**21%**

Source: HRM Policy and Compensation Section – *Key Data on UNESCO Staff (1 September 2010)*

10.   The forthcoming retirements would require UNESCO to have detailed staff and competencies forecasts, in order to bring the profiles of candidates in line with changes in its mandate and strategic orientations (2014-2019) and to offset loss of skills, especially in devising and executing sector programmes. It was noted though that HRM did not have any real staff planning tools for the medium and long terms. No framework documents for provisional management of staff and competencies was presented. The only overview provided was that of planned retirements. A number of key elements of provisional management were inadequately identified: restructuration of divisions, contract extensions, sector needs.

11.   However, Administrative Circular No. 2191 of 23 September 2003[7] had established that HRM would "conduct a planning exercise every year (from September to November) with each Sector/Bureau to identify staffing needs within the next 24 months, identify posts to be filled over that period, with an indication of the expected vacancy date for each post, and jointly schedule the recruitment of posts".

12.   HRM had practical difficulties gathering the information from the sectors on their needs which was required to make reliable staff projections. The provisions made were more a reproduction of recruitment figures for the previous year than a tool for future-oriented and strategic planning.[8]

2.2.   A major challenge for HRM: reducing recruitment time

13.   Despite the recommendations of the Executive Board and several internal and external audits to reduce the length of the recruitment procedure, the objective of cutting average time taken to recruit UNESCO staff did not seem to be considered a priority. The study of a sample of files revealed a lengthy procedure that could take up to 12 months between the post vacancy notice and appointment.

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[6]   Staff Regulations and Staff Rules (Rule 102.1).
[7]   Repealed by the decision in AC/HR/1 of 16 December 2009.
[8]   *Statistical briefing on UNESCO staff* or *Key Data on UNESCO Staff.*

14. HRM has established standards for the overall recruitment process for Director level.[9] A guide sheet gives an average deadline of 150 working days between the date the vacancy notice was published and the effective recruitment of the staff member. However, senior HRM officials remained doubtful that those deadlines could or would be met. Even the deadlines indicated in notes from HRM to those involved in the recruitment process were rarely respected.

15. A performance agreement was introduced in 2008 for directors (ADGs,[10] Directors of Bureaux and Directors and Heads of field offices). The performance of senior management was supposed to be assessed on results obtained in four areas (programme planning and execution, external relations and partnerships, staff management, and budget and finance management). HRM indicated that the assessment was not foreseeable in the immediate future.

2.3. STEPS: an incomplete project that has been delayed since 2002

16. HRM has implemented a number of procedures that are often based on an iterative process involving exchanges of notes during the pre-selection, selection and decision process. Despite the decentralization of recruitment to the sectors, the workload of HRM staff has continued to increase owing to the processing of the large number of applications and monitoring of procedures.

17. There was consensus on the need to enhance the effectiveness of the current information system for recruitment processes. That could be achieved with the System To Enhance Personnel Services.[11] However, unlike the other modules of the integrated system (SISTER and FABS), STEPS is not yet fully operational. "Subject to the availability of funds", as stated in the Programme and Budget for 2008-2009, the objective was "to have in place, by the end of the biennium, an operational information management system for the entire Organization, integrating the programme, finance, budget and human resource functions".[12]

18. During the 2004-2005 biennium, HRM attempted to "prepare the introduction of a new human resources management system for the Organization". The first phase dealing with payroll management was completed in 2007. However, the development of STEPS has since been held up owing to insufficient funds, technical difficulties in terms of compatibility with the integrated SAP software package, and problems in coordination between the project teams.

19. Work was carried out on the development of workflows, but the implementation of the second phase of the project, including such functional domains as recruitment, personnel development and training, was postponed to 2010, subject to the availability of additional funds. At the end of 2010, the objective was not attained and the project was stopped. HRM said that the project had been stopped in order to assess priorities in light of the budget and the use of SAP.

20. The delay in the implementation of STEPS has been detrimental given the lags and difficulties observed in the recruitment process. E-recruitment, a system of personnel recruitment using electronic resources, could have sped up the processing of the large number of applications addressed to UNESCO (67,349 between January 2008 and October 2010) through the use of automated pre-selection based on selection and quality criteria.

21. The Organization's Intranet site, where the online version of the new Human Resources Manual was made available in 2009, provides easy and user-friendly access to comprehensive human resources information.

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[9]   Principal Officer and Director categories and D-2 and above (ADG and DDG).
[10]   Assistant Directors-General.
[11]   STEPS.
[12]   Document 34 C/5, paragraph 13003.

2.4. Management charts and performance indicators: no cost evaluation

22. A strategic approach would make it possible to manage staff performance by linking objectives to expected results. Mid-term reviews of the 2005-2010 staffing strategy highlighted the progress made in implementing designated measures, but the cost of those measures could not be provided to the auditors. In fact, HRM has never calculated the cost of recruiting a candidate, regardless of category. Nonetheless, doing so would help to control costs of the recruitment process and would undoubtedly increase productivity.

23. Through interviews conducted in sectors that are regular users of HRM services, it was learned that management charts had recently been set up to monitor their recruitment process (Education and Administration). If those practices were generalized, it would be possible to produce standard management charts providing indicators that could be used throughout the Organization.

Recommendation No. 1: Optimize the recruitment timeline through: (a) more reliable staff planning, which takes account of the guidelines for overall strategic planning in the medium term and the 2011-2016 staffing strategy; (b) implementation of an e-recruitment tool; and (c) application in all the sectors of management charts on recruitment operations. (HRM)

2.5. The lapse factor

24. UNESCO's budget estimates allow for a 3% reduction of staff costs, which means that staff costs are budgeted at 97% of the estimated costs in order to take account of vacancies owing to staff turnover and recruitment delays.[13]

25. In 1994, a report by the United Nations Joint Inspection Unit, conducted at the request of UNESCO, had observed that the Organization "experienced serious difficulties in this area" with a lapse factor of 5% at the time.[14] It concluded that UNESCO "may follow the practice now being used in most of the large organizations, namely to have a different lapse factor percentage applied to Professional and higher posts to that of General Service posts, in order to achieve more flexibility".[15]

26. In November 1993, the General Conference requested the re-examination of the technique of the 5% adjustment in preparing the budget for the subsequent biennium "with a view to applying a more realistic adjustment factor commensurate with the Organization's needs".[16] The current 3% rate was adopted for the 1996-1997 budget, upon recommendation by the Executive Board.[17]

27. A 3% rate is therefore applied to staff costs, calculated on the basis of standard costs post by post. Two remarks could be made.

28. Firstly, the lapse factor was applied across the board, contrary to the recommendations of the Joint Inspection Unit in 1994. The competent section[18] agrees that the issues of staff turnover and recruitment delays are not the same depending on the sectors (programme or support) and staff category (P or GS). However, it considers that post-by-post monitoring would be too complicated.

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[13]   35 C/5 Rev. Technical Note and Annexes, Budgeting techniques, paragraph T003 (iv).
[14]   25 C/Resolution 46 (and 131 EX/INF.6, § 80), 135 EX/5 Part III (paras. 55-57).
[15]   *Staff Turnover and Delays in Recruitment (The Lapse Factor)*, JIU/REP/94/7, 1994.
[16]   27 C/Resolution 37.
[17]   28 C/Resolution 35 (based on 28 C/5 Rev.1), 146 EX/Decision 4.2 (paras. 112-118).
[18]   BSP/CAP (Central Analysis and Planning Section).

29. Secondly, recent shifts in staffing policy have not been fully taken into account. Thus, additional costs associated with staff mobility[19] are still included in standard costs – which are consequently underestimated – which could lead to financial deficits in sectors.

Conclusion: *It would be advisable to re-examine the lapse factor to bring it in line with the current needs of the Organization. However, based on the files examined, the lapse factor alone does not account for the unsatisfactory state of affairs observed with regard to recruitment times.*

3.   RECRUITMENT PROCEDURES

30.   The audit team focused on the recruitment of senior supervisory staff (DDG,[20] ADG and D grades) and Professional posts (P grades).

31.   Recruitment procedures are governed by the criteria stipulated in Article VI.4 of the Constitution of UNESCO, that is, "to strictly observe (…) the highest standards of integrity, efficiency and technical competence", as the General Conference recalled at its 30th session in November 1999.[21] As a corollary to this principle, "in appointing staff members, the Director-General shall, except in the case of appointments resulting from post reclassifications, use a competitive process in order to secure the highest standards of efficiency, competence and integrity".[22]

32.   The General Conference, at recent sessions, has urged the Director-General "to pursue specific and proactive measures aimed at improving geographical representation at all levels, in particular for non- and under-represented Member States"[23] and "to adopt all necessary measures in order to improve the gender balance at all levels of the Secretariat, in particular at middle and senior levels".[24]

33.   The External Auditor stresses that the present audit aimed to examine the compliance of the recruitment process with the principles and regulations set by the Organization's governing bodies for its effective functioning. He is fully aware that States' strategies can influence the recruitment process in international organizations and are, as such, subject to political science analysis.[25]

3.1. Professional category

34.   From January 2008 to September 2010, 222 Associate Officers (P-1 and P-2), First and Second Officers (P-3 and P-4) and Senior Officers (P-5) were recruited (79 in 2008, 76 in 2009 and 67 in 2010). A sample of 33 posts was drawn with particular focus on a balance between sectors, between divisions at Headquarters and field offices, between grades and between the status of the posts (advertised internally, re-advertised externally, cancelled, under evaluation and filled). In the assessment of this sample, 17 posts were examined closely,[26] representing 5% of the total number of Professional category recruitments over the period.

35.   Of the 17 posts, seven had been advertised externally, three were for internal recruitment and four posts advertised externally were reserved for the staff of UNESCO and other United Nations agencies. Three posts advertised internally that were not filled were then advertised

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[19]   Supplementary costs, reconnaissance missions, relocation allowances.
[20]   Deputy Director-General.
[21]   30 C/Resolution 72.
[22]   Staff Regulations and Staff Rules, Regulation 4.2 (30 C/Resolution 70 and 32 C/Resolution 69).
[23]   35 C/Resolution 93. NB: for UNESCO's international Professional staff occupying established posts financed from UNESCO's regular programme ("geographical" posts).
[24]   34 C/Resolution 82. NB: posts funded from the regular budget and extrabudgetary sources (see 185 EX/6 Part VIII).
[25]   See the proceedings of the symposium "60 Years of UNESCO's History" (16-18 November 2005, round table 9).
[26]   Geographical distribution: 11 posts at Headquarters, five at field offices and one post in an institute. Grade distribution: two P1-P2, four P-3, five P-4, five P-5 and one P-5 turned into a P-4.

externally. The 17 vacancy notices led to the recruitment of six candidates and two posts were re-advertised. Six recruitments were cancelled and three are ongoing.

Remarks on the method: Any information that could reveal the posts or the identity of the people concerned has been removed in the following text. During the examination stage of the preliminary observations, HRM was able to verify all of the references in the auditor's remarks.

3.1.1.   Stages of the recruitment process

36.   The stages of the recruitment process for P-1 to P-5 posts may be described as follows: (1) the sector or bureau concerned prepares the recruitment (post description, visa for budget clearance, classification by HRM); (2) the vacancy notice is prepared (by the post's supervisor and HRM); (3) the vacancy notice is announced; (4) a first selection is made by HRM for external candidates; (5) a pre-selection is made by a committee that draws up a shortlist of candidates (who meet the essential requirements for the post) and individual evaluation sheets for unsuccessful candidates; (6) the Evaluation Panel[27] examines the pre-selected candidates, draws up a list of candidates who will be interviewed, checks their references then interviews them and writes a report containing a shortlist; (7) HRM convenes the Advisory Board on Individual Personnel Matters,[28] which examines the report approved by the ADG or the Director of the bureau concerned and formulates an opinion on the proposed appointments; (8) HRM submits the PAB recommendation to the Directorate with its comments; (9) the Director-General decides on appointments to P-1 to P-5 posts.

The required qualifications and experience in the post description

37.   Interviews with users of the recruitment service in the programme and support sectors have revealed that managerial skills receive insufficient attention in the post descriptions reviewed by HRM and in the evaluations for P-4 and P-5 posts, despite the fact that they are important positions with a high level of responsibility. In such cases the profile of the candidate recruited might not meet the sector's expectations. In spite of this, separations, even at the end of a probationary period, are rare (see section 4 below).

Conclusion: *Evaluation Panels could be encouraged to seek to assess the managerial qualities of candidates through the use of specific scenarios during interviews.*

Selection process

38.   HRM draws up the list of applications received online (*Recrutweb*) or by mail, then eliminates a certain number. The candidates are obliged to answer questions to make sure that they meet the requirements of the post.[29] This is the first selection mentioned above. For example, in 2008 there were 1,360 applications for a P1/P2 post at Headquarters and 362 were retained at the first stage. Nonetheless, there have been cases where the Evaluation Panel has chosen a candidate that the first selection had eliminated.

39.   It was noted that certain selected candidates did not meet the experience criteria or did not have the required language skills.

Recommendation No. 2: Improve the assessment of the candidates against the essential requirements established in the vacancy notice. When in doubt over the language skills of the selected candidate, check the level before the interview stage. (HRM)

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[27]   Comprising at least three staff members including the immediate supervisor of the post under recruitment and one other staff member from another sector or bureau.

[28]   PAB.

[29]   Questions answered online on the UNESCO recruitment page.

40.   Certain people working at UNESCO (on long-term temporary contracts) have the right to apply for externally advertised posts. When these candidates are retained at the first stage, their name is called to the attention of the Pre-Selection Committee. Likewise, some files showed specific treatment given to certain candidates during the selection process.

> **Recommendation No. 3: For the sake of transparency and equity, the Pre-Selection Committee's attention should not be drawn to certain candidates in the recruitment process. (HRM)**

41.   In one case, the selected candidate worked with the section manager recommending her, who chaired the Pre-Selection Committee and the Evaluation Panel. HRM explained that there were regular occurrences of applications from candidates working in the unit where the post was opened.

Advisory Board on Individual Personnel Matters (PAB)

42.   The fact that in 2009, observers from the staff associations serving on the Advisory Board on Individual Personnel Matters were given the possibility of recording observations on the minutes and signing the recommendation transmitted to the Director-General for decision is a significant improvement in the recruitment procedure in terms of transparency.

3.1.2.   Constituting and keeping recruitment records

43.   The sectors and bureaux find it difficult to draw up vacancy notices. HRM has indicated that 90% of files are returned to the sectors for additions or rewording. Moreover, in its above-mentioned audit of the Communication and Information Sector, IOS recommended that training should be provided in this area.

> **Recommendation No. 4: Review the drafting of post descriptions and reinforce related training of administrative officers and human resources managers in the sectors and bureaux. (HRM, BFM)**

44.   The quality of the internal control implemented throughout the process for the comprehensive review of the recruitment files[30] is insufficient. Substantial errors were noted in the recruitment files on the validity of the candidatures as regards the requirements of the vacancy notice, the documents required from the candidates selected for interview, and compliance with the procedure at key stages of the process.[31] Such errors as these could undermine the recruitment.

> **Recommendation No. 5: Establish a model framework for the management of internal controls precisely describing the tasks for HRM/RCS throughout the recruitment process and strengthen the first-level control. (HRM)**

3.1.3.   Two examples of recruitment

45.   The first example of a post that was not subject to the rules on geographical distribution, as it was financed through extrabudgetary funding, comprises several anomalies.

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[30]   Controlled by HRM/RCS (Recruitment and Staffing).
[31]   For example, the absence of names of evaluators and of signatures on the pre-selection sheet, and unsigned references.

46.   The post was first announced internally in 2008. Following the interviews, the Evaluation Panel decided to not recommend any of the candidates, as they all seemed to lack the essential skills and knowledge required for the post. The post was then advertised externally in 2009. One of the internal candidates from 2008, who had left UNESCO in the meantime, applied as an external candidate. The Evaluation Panel recommended four candidates, including the former UNESCO staff member. The Advisory Board on Individual Personnel Matters (PAB) noted a number of omissions, inconsistencies (including the former UNESCO staff member's curriculum vitae) and the lack of consideration given to certain elements in the individual files. The PAB recommended returning the file to the sector concerned.

47.   In 2010, the sector sent the evaluation files back to the PAB. The files of three candidates had been signed retroactively by the chairperson of the Evaluation Panel. The PAB confirmed the classification of the candidates. The former internal candidate was appointed. HRM nonetheless realized that the person appointed was the spouse of a UNESCO staff member,[32] which none of the previous controls had revealed. HRM also noticed that another of the candidates selected did not have the required amount of professional experience. Following the examination of the file by the Office of International Standards and Legal Affairs, which ruled that those facts had not tainted the recruitment procedure substantially, the appointment was confirmed.

Conclusion: *The successive errors that tainted the recruitment file reflect flaws in internal control (see Recommendation No.5).*

48.   In the second example, the post was opened in 2008 to staff members of UNESCO and other United Nations agencies. The Pre-Selection Committee retained six of the 33 candidates selected by HRM. The Evaluation Panel interviewed the six candidates but took six months to send to HRM its opinion that none of the candidates met the requirements of the vacancy notice.

49.   The Assistant Director-General (ADG) of the Sector concerned did not agree with the Panel. In his opinion, having re-examined the shortlist and interviewed the external candidates by telephone, two of the candidates met the requirements of the post. The PAB agreed with the ADG and regretted that the Evaluation Panel had considered that experience in the field was an essential requirement although it was not specified in the vacancy notice. One of the staff associations considered that the procedure was flawed. HRM explained that in the end, funds for the post had been redeployed elsewhere.

3.2. Senior supervisory staff

50.   Between January 2008 and September 2010, 59 senior supervisory staff posts (Deputy Director-General, Assistant Directors-General, Principal Directors and Principal Officers) at Headquarters and in the field were opened to recruitment (18 in 2008, 25 in 2009, 16 in 2010).[33] Of the 59 posts, 50 were open to external recruitment, six to internal recruitment and three were advertised externally but reserved for staff members of UNESCO and other United Nations agencies.

51.   At the time of the audit, the 59 vacancy notices had resulted in the recruitment of 37 senior officials. One recruitment had been cancelled, two were pending, and one was recorded as "interrupted". Eight posts had been or were going to be re-advertised. Ten recruitments were under way.

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[32]   It is necessary in this case to show that another person equally well qualified cannot be recruited (Rule 104.2 of Staff Regulations and Staff Rules, para. (a)(ii)).

[33]   Of which, 33 were at Headquarters, 16 in the field, nine in an institute and one on an extrabudgetary project.

52.   A sample selection was made of 25 recruitment files, with due consideration given to the balance between sectors, between Headquarters and the field, and among the types of recruitment.[34] The 25 files were then examined.

3.2.1.   Stages of the recruitment process

53.   Chapter 5 of the Human Resources Manual contains an item on "Recruitment for international Professional posts and above".[35] However, details are only provided with regard to candidate pre-selection and evaluation for Director posts (D-1 and D-2).[36] In particular, Chapter 5 allows for recourse to an external assessment centre and provides for notification of appointments to the Executive Board. The Advisory Board on Individual Personnel Matters (PAB) does not intervene in the recruitment process, nor do the sectors. It is managed, from beginning to end, by HRM.

Selection and evaluation by various bodies

54.   In the process set out in the Human Resources Manual for Director posts (D-1 and D-2), the Evaluation Panel reviews applications, identifies candidates retained for interview, evaluates all candidates interviewed against the requirements of the post and identifies those candidates who are recommended for appointment.

55.   In practice, the Evaluation Panel sometimes adds to the list established by the Pre-Selection Committee additional candidates who have applied for the post, notably to improve geographical representation and to achieve gender balance. The Director-General confirms which candidates should interviewed by the Evaluation Panel.[37] In the case of one Director post, the Pre-Selection Committee kept 17 candidates out of 179, of which the Evaluation Panel retained 10. In its recommendation to the Director-General, however, HRM suggested the addition of an eleventh candidate for reasons of gender balance.[38] That person was one of the seven candidates interviewed by the Evaluation Panel.

56.   During the recruitment of Assistant Directors-General in 2010 and posts in the Secretariat of the Directorate, a Pre-Selection Committee identified the candidates to be interviewed by an Interview Panel composed of different representatives. In the cases examined of recruitments for Assistant Directors-General, between 600 and 1,000 applications were received. HRM made an initial selection of between 200 and 300 candidates. The Pre-Selection Committee retained between 10 and 15 candidates per post. The Directorate selected those the Interview Panel would consider. On occasion, the Directorate added a candidate who had applied but who had not been retained by the Pre-Selection Committee for reasons of improving geographical distribution or achieving gender balance.

57.   The Secretariat drew attention to the innovative character[39] of the recruitment process which, for the posts of Director, Assistant Director-General and Deputy Director-General, now included an interview between the elected head of the Organization and each candidate, independent of the Interview Panel, and a subsequent meeting between the Director-General and the Interview Panel.

Recommendation No. 6: Formalize recruitment procedures for senior supervisory staff in accordance with existing texts. (HRM, LA)

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[34]   Ongoing recruitment was not examined.
[35]   Chapter 5, *Recruitment, promotion, transfer, geographical and inter-agency mobility*, Article 5.3, *Recruitment for International Professional posts and above.*
[36]   Article 5.3, paragraphs 66 to 98.
[37]   Memo HRM/RCR (Recruitment and staff) dated November 2007.
[38]   The recommendation for appointment should include at least two women candidates. (Gender Action Plan).
[39]   In 2000, the United Nations Joint Inspection Unit had found "a number of irregularities" in the way senior-level officials were selected and appointed (*Review of Management and Administration in the United Nations Educational, Scientific and Cultural Organization (UNESCO)*, Report JIU/REP/2000/4, paragraph 27).

Functioning of the Evaluation Panel and Interview Panel

58.   When interviewing candidates to Director posts requiring an excellent command of English or French and a good command of the other language as per the vacancy notice, the Panel noted that three candidates retained by the Pre-Selection Committee, or subsequently added to the list, had an inadequate command of one of the two languages. Moreover, one of the candidates also failed to meet criteria regarding years of experience and diplomas. One candidate interviewed for another Director post did not speak French.

59.   Although the Human Resources Manual states that two reference checks shall be included for each recommended external candidate, the recommendations for appointment to Director posts specified that references for the recommended candidates had yet to be checked. The lack of external candidate reference checks before transmitting Panel recommendations to the Directorate was observed in nearly all 25 recruitment files examined.

Recommendation No. 7: Check references on a systematic basis, as stipulated in the Human Resources Manual, and improve their traceability. (HRM)

Suspension or cancellation of recruitment

60.   No explanation was given in the files when recruitment was suspended or cancelled. In the case of one recruitment suspended after interviews had taken place, it appeared from the explanations provided by HRM that the Secretariat had realized that a Director did not, in fact, need to be recruited. No written documentation to this effect was found in the file in question, however. The same was true for the recruitment to a second Director post, which was halted after 18 candidates had been identified by the Pre-Selection Committee.[40]

Conclusion: *There is a risk that an inadequate needs assessment may result in the unnecessary mobilization of substantial human resources and in candidate and sometimes even Panel member travel costs for recruitments which are not concluded.*

3.2.2.   File archiving

61.   Most of the recruitment files examined by the audit team were incomplete, with the exception of files relating to the recruitment of Assistant Directors-General in 2010. Recommendations made by the Evaluation Panel were not always enclosed. The Directorate's decision approving the list of candidates retained for interview and the appointment decision were often missing. Evaluations made by external assessment centres were not found. HRM stated that measures would be put in place to improve document filing and archiving.

Recommendation No. 8: Formalize recruitment file archiving procedures and set a deadline for files to be completed at a maximum of two months after the recruitment decision. (HRM)

3.2.3.   One example of Recruitment

62.   Many of the anomalies described above were present in a recruitment file for a Director post with 132 candidates. HRM's archived file is very incomplete. In particular, the Evaluation Panel's recommendation was missing, as was the email explaining the interruption of the procedure. The list of candidates retained by the Evaluation Panel in 2008 included one internal candidate who did not meet the education requirements set out in the vacancy notice. Despite reservations expressed by HRM, that candidate was one of four evaluated by external consultants and interviewed. The

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[40]   Out of 587 candidates.

external assessment centre did not report "outstanding" results for that candidate as it had done for other candidates, but he was nevertheless appointed Director after a period of some months. That decision was not contested. There was still a litigation risk in that regard.

Conclusion: *It has been recommended (Recommendation No. 2) that it be ascertained at the outset of the recruitment process whether a candidate duly meets all the criteria of the vacancy notice. It was also unusual to make use of an external assessment centre, for a not unsubstantial cost (nearly €40,000), and then fail to take into account its findings.*

3.3. Appeals procedures

63. In the period from 1 January 2008 to 21 October 2010, 48 appeals were before the Appeals Board or had been concluded. Of those appeals, 19 contested recruitment (14) or termination (five) decisions,[41] – nearly 40% of appeals.

64. Appellants often claimed that the retained candidate did not meet all requirements set out in the vacancy notice or that rules regarding objectivity and transparency had not been respected. Frequent reference was also made to the failure to give priority to internal candidates.

Conclusion: *Of the 14 recruitment-related appeals,[42] 10 concerned posts advertised in 2008-2009. During this period, 489 posts were advertised.[43] The appeal rate was thus approximately 2%.*

4. SEPARATION FROM SERVICE

4.1. Categories of separation from service

65. Separation from service is addressed in Chapters IX and X of the Staff Regulations and Staff Rules and Chapters 10 and 11 of the Human Resources Manual. The audit focused on procedures for separation from service in progress as at 1 January 2008 and launched between that date and 31 October 2010, both at Headquarters (all categories) and in field offices (D and P categories).

4.1.1. The quality of statistics and file-keeping

66. During the period under review, retirement accounted for almost half of the cases of separation from service.

Separation from service from 1 January 2008 to 31 October 2010

Type of separation	2008	2009	2010	Total	%
Agreed separation	24	31	6	**61**	**15.7%**
Death	2	2	1	**5**	**1.3%**
Dismissal			1	**1**	**0.3%**
Summary dismissal	2	1	1	**4**	**1%**
Expiration of appointment	4	1	3	**8**	**2.1%**
Inter-agency transfer	5	2	8	**15**	**3.9%**
Resignation	42	35	17	**94**	**24.2%**
Early retirement	1			**1**	**0.3%**
Retirement	64	81	44	**189**	**48.7%**
Termination		3		**3**	**0.8%**
Termination for reasons of health	3	3	1	**7**	**1.8%**
Total	147	159	82	**388**	**100%**

Source: STEPS data

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[41] The appeals pertained to temporary contracts or appointments of limited duration (ALD).

[42] Of which, two were for D category posts, one for a G category post and 11 for P category posts.

[43] Of which, 48 were D category posts, 298 were P category posts and 143 were G category posts.

67.   Resignations were the second most frequent type of separation from the Organization (24% of cases), ahead of agreed separation (16%). Dismissals and summary dismissals were rare (five cases), as was the abolition of posts (three cases for the period). Appointments that expired "automatically and without notice or indemnity on the expiration date specified in the letter of appointment"[44] accounted for only 2% of separations, although nearly all staff members have fixed-term appointments (two years). However, the examination of files revealed that these statistics were not entirely reliable: coding errors had been made, in particular, the confounding of expiration of appointment and resignation, and of agreed separation and abolition of post.

68.   The examination focused on all of the files concerning the expiration of appointments (eight), summary dismissals and terminations (five), abolition of posts (three), 15 of the 69 cases of retirement beyond the statutory retirement age and 14 of the 61 agreed separation files.

69.   An initial observation was that 18 of the 45 files contained anomalies of varying importance. Moreover, the files were rarely up-to-date and the documents were haphazardly classified. Important documents were missing and had to be recovered from the different HRM sections.

Conclusion: *The improvement of archiving is addressed in recommendation No. 8.*

4.1.2.   A type of separation from service seldom used: expiration of appointment

70.   Only eight of the 388 cases of separation from service corresponded to appointment expiration. Three of those concerned senior management staff (Director-General in November 2009 and two Assistant Directors-General in June 2010). Four of them were in fact resignations, three of which had followed special leave without pay.

71.   The eighth separation concerned a P-3 staff member who had worked in a field office since 1990 and whose contract (funded by extrabudgetary resources) had not been renewed at the end of August 2008 because of a lack of funds. There was no official separation. It appears that for some time the Organization had considered that the resources would be once again obtained to fund the post. The procedure followed therefore did not comply with Staff Regulations 9.1 and 9.3, which provide that notice must be given. Moreover, the non-renewal of an appointment after more than five years of service should have been submitted for advice to the Advisory Board on Individual Personnel Matters.[45]

4.1.3.   Abolition of posts

72.   Three G-1 posts were abolished in the UNESCO Office in Brasilia. The contracts were set to expire on 31 December 2009, but the letters of separation were only sent to the staff members on 24 December 2009, which meant that their salaries had to be paid for an additional three months corresponding to the notice period. Moreover, the letters did not mention the correct grade and therefore a second letter, dated 13 January 2010, annulled and replaced the previous letter and set another separation date. As in the previous case, there was a lack of compliance with procedures, which infringed on the rights of the staff members concerned and exposed the Organization to the risk of litigation.

> **Recommendation No. 9: Ensure compliance with the separation from service procedures set out in the Staff Regulations and Staff Rules.**

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[44]   Staff Rule 109.3.
[45]   Staff Rule 104.1, paragraph (b)(v).

4.1.4. Dismissals

73. Of the five cases of separation in this category, four were in field offices. The charges were serious (embezzlement, fraudulent medical claims, etc.). The terminations and dismissals were generally carried out following an audit by IOS.

4.2. Agreed separations

74. Agreed separations fall under Staff Regulation 9.1.2: "The Director-General may terminate an appointment if such action would be in the interest of the good administration of the Organization and in accordance with the standards of the Constitution, provided that the action is not contested by the staff member concerned." In practice, separation is generally initiated by the staff member, whose direct supervisor refers the matter to the Directorate.

75. The amount of termination indemnities is based on seniority, but the Director-General may increase the amount of the indemnity by up to 50%, if he or she considers it justified in the particular circumstances of such a termination,[46] with a maximum equivalent to 18 months of pay. Common, but unwritten, practice in the United Nations system is to limit the indemnities to half the number of months remaining before retirement.

4.2.1. Age distribution of persons leaving under agreed separation

76. Of the 61 agreed separations, 92% concerned persons aged 55 and over. They could have opted for early retirement, but there was only one such case recorded during the period under consideration.

77. Of the 15 files examined, six contained anomalies, and three of those were coding errors.

4.2.2. Persons eligible for pensions

78. Of the 56 staff members leaving under agreed separations aged 55 and over, 40 (71%) left the Organization less than three years before their statutory date of retirement.[47]

Time between agreed separation and statutory date of retirement

	6 months	1 year	2 years	3 years	4 years	5 years	6 years	Total
Number of individuals	1	13	14	12	6	9	1	56
Percentage of total	2%	23%	25%	21%	11%	16%	2%	100%

Source: STEPS data

79. The most represented grade in agreed separations was G-5, with 18 separations. Overall, there were 34 agreed separations concerning staff members in the General Service category, which accounted for 60% of the total. There were 20 separations concerning Professional staff members (P-2 to P-5). Only one Principal Officer (D-1) and one Principal Director (D-2) signed agreed separations.

80. In 31 of the 56 cases (55%), the amount of the termination indemnities marginally exceeded half the number of months remaining before the statutory date of retirement. Those concerned were granted the maximum amount they could claim in accordance with the unwritten rule mentioned previously. In 18 other cases, the indemnity corresponded to the maximum to which the

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[46] Staff Rule 109.7(e).
[47] 60 years, or 62 years if recruited on or after 1 January 1990 (Staff Regulation 9.5).

staff member could claim.[48] Thus, in 87% of agreed separations, staff members received the maximum amount of indemnities which they could claim.

81.   In fact, the 50 % increase seems to be the rule, and no increase the exception. Evidence to the contrary was found in the file of one secretary who had requested an agreed separation at 55 years of age and had received an indemnity of "only" nine months salary, when she could have been granted 18 months' pay. The Assistant Director-General concerned had felt obliged to explain in a note that it was not feasible to "freeze" a secretary's post for 18 months in order to finance an indemnity of that amount.

Recommendation No. 10: Ensure that the 50% increase applied to the indemnity for agreed separation is granted only when justified by the circumstances, as laid out in the Staff Rules and Staff Regulations. (HRM)

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82.   The payment of a "lump sum", the status of which was unclear, was noticed in two files. In one case, it was used to make up for a miscalculation of the repatriation grant. In the other, the staff member was threatening the Organization with litigation regarding the classification of his/her post and was claiming an indemnity of 29 months' pay: it was decided to grant the staff member 18 months of termination indemnity, in addition to the payment of three months' notice of termination, and lump sum equivalent to 3 months' notice.

Recommendation No. 11: Clarify the status of lump sum payments for agreed separations.

4.2.3.   Errors observed in other cases

83.   Three of the five staff members under the age of 55 who left under agreed separations had had their posts abolished owing to lack of funds. Those terminations took place on 31 December 2009 (with the 50% increase) under Staff Regulations 9.1 on abolition of posts. It would seem that there was confusion between the agreed separation procedure, which was not applicable in those cases, and the post abolition procedure. The above examples illustrate the coding errors mentioned in paragraph 67.

84.   Another staff member at G-4 level, who left under an agreed separation in June 2008, had been recruited in February 2007 in a field office. It was the only file studied in which mention was made of underperformance, in that case during the probationary period. The Director of the office had notified the staff member concerned of the termination of his/her fixed-term contract in April 2008, but the case should have been brought before the Reports Board.[49] To avoid litigation, the Organization eventually proposed an agreed separation with a termination indemnity of three months.

Conclusion: *The report has already recommended compliance with procedures concerning separation from service (Recommendation No. 9).*

4.2.4.   Incentive to take early retirement?

85.   As part of the reform process undertaken in accordance with 30 C/Resolution 72 of the General Conference, an *Agreed Separation Scheme* was launched in 2000 to achieve three objectives: "reduction of top-heaviness", "rejuvenation of the staff" and "renewal of skills and

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[48]   Fourteen persons received 18 months of pay, two received approximately 14 months.
[49]   Staff Rule 104.11(a)(v).

expertise".[50] Under the scheme, there was a systematic increase of 50% applied to statutory termination indemnities.

86.   The study of the 2008-2010 files revealed that 10 years on from the implementation of the scheme, agreed separations, as practised at UNESCO, are an incentive to take early retirement. Other organizations have a more critical view of early retirement.[51]

Conclusion: *There seems to be a risk that an entitlement to agreed separation with payment of maximum termination indemnities has emerged. It would be preferable to develop the skills of older staff through appropriate training plans.*

Recommendation No. 12: Ensure that the interests of the Organization are duly taken into account in decisions to accept requests for early retirement.

4.3.   Contract extension beyond retirement age

87.   According to Staff Regulation 9.5, "Staff members shall not be retained in the service of the Organization beyond the age of 60, or the age of 62 if recruited on or after 1 January 1990, except that when the Director-General considers it to be in the interest of the Organization, he/she may authorize extension of these limits in specific cases".

88.   More than one third of the 189 retirements during the period considered (69 cases, which is 37% of the total) were extended beyond the statutory retirement age. The extension periods averaged 11 months, although 22% were for 18 months or more.

Difference between actual retirement age and statutory retirement age

	Less than 6 months	6 to 12 months	12 to 18 months	18 to 24 months	More than 2 years	Total
Number of individuals	22	17	15	7	8	69
Percentage of total	32%	25%	22%	10%	12%	100%

Source: STEPS data

89.   Unlike agreed separations which are generally at the request of the staff member, it is often the supervisors who initiate the request for extension, which is then accepted by the staff members concerned. The request procedure is rather informal. In practice, the Director-General always accepts requests for extensions supported by HRM. When HRM has expressed reservations, the Assistant Director-General concerned often makes a direct request to the Director-General to obtain a favourable decision.

4.3.1.   Extensions of less than six months

90.   These extensions, which concerned 22 staff members over the period examined, were generally granted to avoid leaving posts vacant for too long when the recruitment process was delayed. All levels of responsibility were concerned by this type of extension.

91.   In October 2010, the Acting Director of HRM sent a memo to the heads of units and sectors reminding them of the necessity to anticipate upcoming retirements because of the time taken to launch and complete a recruitment process.[52] She noted that HRM received "a number of 'last-

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[50]   Administrative Circular No. 2101 of 28 March 2000.
[51]   OECD; "Lisbon Strategy" or "Europe 2020 Strategy".
[52]   Memo: DIR/HRM/10/236, of 20 October 2010, "Important action required regarding recruitment".

minute' requests". Further to this memo, a reminder would be sent to the sectors 12 months in advance of the departure date of incumbents so that vacancy announcements could be prepared. Extension requests should be made on an exceptional basis and must be in the interest of the Organization; they should be submitted via HRM (which is not always the case in the files examined); they should contain a detailed explanation as to why an extension was requested and indicate the status of the recruitment process for the post in question.

Recommendation No. 13: Ensure that the sectors better anticipate upcoming retirements, given the time taken to launch and complete a recruitment process.

4.3.2. Extensions of six to 18 months

92. This type of extension concerned all levels of responsibility, but the number of Assistant Directors-General and Directors was quite high (10 out of 33) during the period.

93. These requests frequently involved successive extensions. For example, one staff member was the subject of two extension requests: the first for four months for the General Conference and the second for a further four months pending completion of the recruitment process to prepare for the Executive Board. Moreover, the rate of anomalies in these files was much higher than for agreed separations: one third, or five of the 15 files examined, contained an anomaly.

94. Some of the decisions were not in the files examined and could not be found by HRM. For example, no trace of a decision was found for a one-year extension of a contract that was nevertheless reserved for a "young professional". In another case, HRM had only agreed to a four-month extension to enable the staff member concerned to complete 15 years of contributions to the United Nations Joint Staff Pension Fund.

95. There were several cases where extensions were requested, as in the previous one, in order to improve the situation of staff members in relation to the rules of the United Nations Joint Staff Pension Fund. For example, HRM supported the request of a staff member who had worked for many years as a supernumerary and for whom an extension of 11 months would enable him/her to reach 10 years of service in the Professional category. In fact, the retirement benefits of former supernumeraries who have worked at UNESCO for several years contributing to the French pension system before joining UNESCO and contributing to the Joint Staff Pension Fund, are lower than if they had pursued their whole career within the same system.

96. It should be noted, however, that the United Nations Joint Staff Pension Fund has limited threshold effects, contrary to the belief of certain staff members who endeavour to extend their contributions period. In reality, a lower rate only applies in relation to the number of years of contributions in the event of early retirement, and not for staff members who have reached the statutory retirement age.[53]

97. As regards its own personnel, HRM has cited staffing difficulties to justify the request for an extension beyond the statutory retirement age of one of its staff members.

4.3.3. Extensions of more than 18 months

98. These long extensions concerned 15 staff members who have been retired since 1 January 2008. There were a large number of Assistant Directors-General and Directors in this category, which nonetheless also comprised staff members from the Professional category and from the General Service category, particularly at Headquarters.[54]

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[53] Articles 28 and 31 of the Regulations and Rules of the United Nations Joint Staff Pension Fund (UNJSPF).
[54] Only two people from field office units.

99. The extensions could be for periods of up to three years and three months (P-5) or five years (D-1). The longest extensions in the sample group were for three years (two cases).

100. A National Professional Officer[55] who should have retired on 30 September 2005 remained in office until 30 September 2008. The file only contained decisions (memos) from July 2005 (for a one-year extension) and March 2007 (extension from April to December 2007). Any decisions that might have covered the periods from 1 October 2006 to 30 March 2007 and 1 January to 30 September 2008 were not found by HRM.

101. A Headquarters staff member who should have retired in February 2007 was granted five contract extensions for which the supervisor provided only very succinct justifications, if any. The sixth request for an extension found in the file, for a period of one month (January 2009), was not endorsed by the Director-General.

Conclusion: *According to the Staff Regulations and Staff Rules, the extension of contracts beyond the statutory retirement age should be limited to "specific cases". In practice, it has become a common mode of management that goes far beyond the desire to overcome staffing difficulties owing to a delay in launching the recruitment process, or the supervisor's wish to keep a staff member with skills that are difficult to replace.*

Recommendation No. 14: Continue to examine, in the context of the United Nations common system, questions concerning the statutory retirement age and ways of introducing greater flexibility.

4.4. Retired staff members receiving consultant contracts

102. Subject to the observance of certain rules,[56] former staff members may perform consultant missions for the Organization.

103. In 2008, of the 2,334 consultant contracts, 45 were for former staff members (2%). In 2009, this number doubled, increasing to 103, which represented 4% of consultants. According to HRM however, the number of consultants who were former staff members was underestimated in 2008, as it did not include former staff members with fee contracts. Consultants who are former staff members are generally better paid than other consultants, since in 2009, when they accounted for 4% of consultants recruited, they represented 7% of expenditure.

Conclusion: *On several occasions, the External Auditor has recommended expanding the recruitment of consultants.*[57]

4.5. Final observation on separation from service

104. Although fixed-term appointments expire "automatically and without notice or indemnity on the expiration date specified in the letter of appointment",[58] only 4 of 388 persons who left the Organization during the period examined did so under those conditions.

105. The Staff Regulations and Staff Rules provide for indeterminate appointments and fixed-term appointments which may be converted to an indeterminate appointment "at the discretion of the

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[55] NPO.
[56] Human Resources Manual, Chapter 13, Article 13.14.
[57] Documents 182 EX/46 (Recommendation No. 1), 185 EX/32 Part II (Recommendation No. 7) and 185 EX/32 Part III (Recommendation No. 7).
[58] Staff Rule 109.3.

Director-General".[59] However, fixed-term, two-year appointments have been the norm since 1983. As at 1 September 2010, only 26 of the 2,145 staff members had indeterminate appointments.

106. Staff members' contracts are renewed automatically every two years. Moreover, the document "Key Data on UNESCO Staff" states that 87% of staff members are employed under long-term contracts. Separation from service takes the form of resignations or agreed separations and rarely of post abolition. After five years of service in the Organization, the non-renewal of an appointment must be submitted to the Advisory Board on Individual Personnel Matters.[60]

107. The concept of *legitimate expectations* has emerged from the jurisprudence of the International Labour Organization's Administrative Tribunal: "It was not the application of abstract theory but an understanding of what was practical and necessary for the functioning of an organization that caused the Tribunal to adopt the principle that a contract of employment for a fixed term carries within it the expectation by the staff member of renewal and places upon the organization the obligation to consider whether or not it is in the interests of the organization that that expectation should be fulfilled and to make a decision accordingly."[61]

Recommendation No. 15: Increase the length of fixed-term appointments after the first years of service in the Organization to limit the administrative formalities, the usefulness of which is not evident.

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5.   ACKNOWLEDGEMENTS

108. The External Auditor thanks the Acting Director of HRM and the members of staff for their cooperation and the accuracy of the information provided during the audit.

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[59]   Staff Rules 104.6(b) and 104.7(b).
[60]   Staff Rule 104.1(b)(v).
[61]   Judgment No. 675 (56th session, 1985, FAO), see also Judgments No. 1342 (77th session, 1994, WHO) and No. 1232 (74th session, 1993, UNESCO).

Data concerning UNESCO's recruitment process (January 2008-October 2010)

	2008		2009		Jan.-Oct. 2010		Total for audit period
	ADG/D	P	ADG/D	P	ADG/D	P	
Recruitment open	17	132	25	140	16	67	**397**
Posts open to staff members	3	63	2	50	1	26	**145**
Posts open to internal and external candidates	14	66	21	87	15	43	**246**
Re-advertised posts	3	27	3	10	0	4	**47**
Recruitment cancelled	1	17	0	16	0	7	**41**
Initial applicants	**2,608**	**9,764**	**2,758**	**16,835**	**11,343**	**24,041**	**67,349**
Pre-selected candidates	**180**	**1,259**	**226**	**859**	**257**	**1,940**	**4,556**
Selected candidates (evaluation)	**75**	**502**	**99**	**361**	**92**	**476**	**1,770**
Candidates proposed to DG	**66**	**196**	**63**	**167**	**102**	**210**	**804**
Appointments	**13**	**92**	**19**	**99**	**5**	**17**	**245**

Source: External Auditor based on information from HRM

Comments by the Director-General:

The Director-General thanks the External Auditor for his audit report on the recruitment and end-of-service procedures at UNESCO. She accepts all of the recommendations made and will report on their implementation in accordance with current practice.

UNESCO

United Nations
Educational, Scientific and
Cultural Organization

PARIS, 10 May 2011
Original: French

Item **30** of the agenda

EXTERNAL AUDITOR's NEW AUDITS

Part IV

AUDIT OF THE RECRUITMENT AND END-OF-SERVICE PROCEDURES AT UNESCO

CORRIGENDUM

The following amendment must be made to document 186 EX/30 Part IV:

In paragraph 58, add the following footnote to the last word at the end of the paragraph: "See 34 C/Resolution 79 and 35 C/Resolution 91 and Staff Rule 104.2 (b) of the Staff Regulations and Staff Rules".