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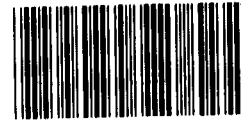
Report to the Chairman, Subcommittee  
on International Operations, Committee  
on Foreign Affairs, House of  
Representatives

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March 1993

UNESCO

Improvements in  
Management Practices



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**National Security and  
International Affairs Division**

B-252607

March 23, 1993

The Honorable Howard L. Berman  
Chairman, Subcommittee on  
International Operations  
Committee on Foreign Affairs  
House of Representatives

Dear Mr. Chairman:

As you requested, we have reviewed the United Nations Educational, Scientific, and Cultural Organization's (UNESCO) progress in implementing the 12 recommendations we made in our 1992 review of its management.<sup>1</sup> These recommendations were made to assist UNESCO in improving its (1) efforts in decentralization, (2) program planning and evaluation, (3) personnel management, and (4) budget presentation. This report also discusses management improvement efforts UNESCO has undertaken that are not covered by our recommendations, and a concern we have about the Participation Program.

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**Results in Brief**

UNESCO has implemented or made good progress toward implementing 8 of the 12 recommendations made in our June 1992 report, particularly in the areas of evaluation, human resource management, and budget presentation. UNESCO has made moderate progress in addressing decentralization issues and developing program plans that identify expected impact and has made little progress in developing operational plans to decentralize.

Beyond our recommendations, UNESCO has (1) made evaluation an element of each professional's performance rating, (2) separated staff because their positions were no longer needed, and (3) improved its budget presentation. We have some concern about UNESCO's oversight of the Participation Program, which funds projects and grants on a cost-sharing basis with individual member states.

Overall, UNESCO's member states, Director General, managers, and employee associations have demonstrated a commitment to management reform through their actions. This commitment will need to continue over the long term if UNESCO is to fully implement our recommendations and

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<sup>1</sup>UNESCO: Status of Improvements in Management, Personnel, Financial, and Budgeting Practices (GAO/NSIAD-92-172, June 9, 1992).

solidify its recent management improvements. Table 1 summarizes UNESCO's progress in implementing our recommendations.

**Table 1: UNESCO's Progress Toward Implementing Our Recommendations**

<b>Recommendation</b>	<b>Progress in 8 months</b>	<b>Description</b>
Develop criteria for decentralization	Moderate	Policy guidance states that activities directly supporting member states will be decentralized, but a conceptual framework for determining the type of activities that should be implemented in the field is lacking.
Develop operational plans to decentralize	Little or none	Deputy Director General has been instructed to develop plans, and program sectors were identifying funds to be decentralized in conjunction with drafting the 1994-95 budget.
Develop country data bases to help plan decentralization	Moderate	UNESCO has used existing data to prepare sample country profiles. However, the profiles are not in a common format, and responsibility for preparing the profiles is fragmented.
Ensure that plans and programs specify impact	Moderate	Planning guidance requires greater specificity on objectives and outputs but does not elaborate on the level of long-term impact expected. Ten of 15 draft plans we reviewed discuss impact.
Develop a system to track activities between budgets	Good	New and old budget codes are being input into computer record of ongoing activities. A list of terminated activities is being compiled.
Develop an evaluation plan	Good	Prototype plan has been completed; the 1994-95 plan is being drafted in conjunction with the budget.
Conduct external review of personnel reforms	Implemented	External evaluation and our review indicate that new performance evaluation and other personnel reforms have been implemented.
Develop unified data base for temporary staff	Implemented	Unified data base is in use and provides a systematic way to monitor temporary staff.
Develop procedural checklists for hiring temporary staff	Implemented	Checklist has been incorporated into the contract authorization form and is now in use.
Ensure positive verification of hours worked	Good	Director General has approved proposal combining flextime with positive verification of hours worked. System scheduled to start in June 1993.

(continued)

Recommendation	Progress in 8 months	Description
Provide a table of budgeted to actual expenditures	Good	Table for 1992 expenditures has been given to governing bodies. Tables are in 1994-95 draft budget documents.
Elaborate on the exchange rate and add a footnote in budget	Good	Technical note on exchange rates has already been provided to the Executive Board. Draft budget includes header note.

## Legend

Little or none	No or few concrete steps taken to implement recommendation.
Moderate	Concrete steps taken, but more has to be done.
Good	Most of the necessary steps taken to implement the recommendation.
Implemented	Recommendation being implemented.

## Background

UNESCO's mission is to further world peace and security by promoting cooperation in the fields of education, science, and culture. The organization's day-to-day operations are administered by the Secretariat, which is headed by the Director General, the organization's chief administrative officer. UNESCO is headquartered in Paris, France, and has 52 field offices overseas. The organization has 172 dues paying member states, and delegates of these countries set UNESCO's overall policy through two governing bodies, the General Conference and the Executive Board. UNESCO's estimated 1994-95 2-year budget is \$730 million—\$445 million paid by member countries through regular assessments and \$275 million funded through extrabudgetary and voluntary contributions.

The United States withdrew from UNESCO in 1984, in part because the organization was mismanaged. UNESCO did little to reform its management until after November 1987, when the member states elected a new Director General. The new Director General initiated a management reform program in 1988. In our 1992 review, we reported that UNESCO had begun addressing some of its management problems.

## Decentralization Policy Lacks a Stated Conceptual Framework

UNESCO's governing bodies have mandated the Secretariat to decentralize more of the organization's activities and resources, and they have advocated the development of an explicit decentralization policy based on a clear articulation of UNESCO's goals and its role as an international organization. The Director General has developed an initial decentralization policy, but it is based on administrative efficiency rather

than an articulated concept of UNESCO's evolving mission. The policy is to transfer to the field by 1995 all activities and resources that assist member states in their national development efforts, such as assistance to governments in developing educational curricula, in preserving cultural monuments, or in improving communications facilities. The policy also decentralizes all activities of the Participation Program<sup>2</sup> whose proposed budget for 1994-95 has been increased from \$15 million to \$25 million.

Draft documents for UNESCO's 1994-95 budget indicate that this policy will increase the positions and resources in the field. However, delegates of member states we interviewed said that the Director General still needed to develop a clear policy stating what types of activities and programs should be decentralized to best advance UNESCO's mission. One difficulty in developing a clear policy, according to Secretariat officials, is that member states have not reached a consensus on how much to decentralize. Delegates we interviewed had differing views on how many positions and activities should be moved to the field. They also said that UNESCO's mission and purpose needed to be clarified or redefined in light of worldwide changes due to the end of the cold war. Some believed the Director General should articulate his vision of UNESCO as a starting point for clarifying UNESCO's mission.

The Deputy Director General for management has been tasked with developing a plan to implement the decentralization policy. According to this official, each of UNESCO's program sectors was determining the resources to be moved to field offices as they drafted the 1994-95 budget. Other UNESCO managers said that some staff were reluctant to move to the field, and that assignments overseas would be a sensitive issue. The employee associations confirmed this, stating that the needs of staff, many of whom have an established life in Paris, would have to be taken into consideration in decentralizing.

To help ensure information was available for implementing the decentralization policy, we had recommended that UNESCO complete its country data bases. Instead, UNESCO has used existing data to develop some country profiles. Since the needed information, such as country indicators and UNESCO's in-country activities, is already available, it can generate other profiles upon request. UNESCO has also developed an online activity monitoring system, that provides information on the progress of its field projects. However, responsibility for preparing the profiles is

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<sup>2</sup>The Participation Program, part of the regular budget, is reserved for special projects and grants requested by member states. The activities that are approved must be cost shared by the individual countries.

fragmented across various UNESCO units, without a single focal point. Moreover, a single integrated format for the profiles had not been agreed upon. A proposal to standardize the profiles and establish a focal point is under review by the Director General.

## Program Planning, Evaluation, and Tracking Strengthened

Our 1992 report recommended that UNESCO (1) ensure that its program plans identify expected impacts, (2) develop an evaluation plan, and (3) devise a program to track activities between budget periods. UNESCO has issued planning guidance to ensure that the 1994-95 work plans specify as precisely as possible the objectives, strategy, expected results, and output of programs. Ten of 15 1994-95 program descriptions we reviewed identified the expected results and impact of projects, such as increasing the use of renewable energy sources to sustain development efforts. Although UNESCO has taken these steps, the planning guidance does not distinguish between a program's output and its impact—the end result of the outputs. According to UNESCO officials, the terms output, results, and impact are sometimes used interchangeably, and the guidance for planners to follow contains examples, which clearly identify a program's long-term impact.

UNESCO has shown increased commitment to evaluation. UNESCO's evaluation unit developed a prototype evaluation plan based on the 1992-93 evaluations. The prototype plan contained the programs and activities to be evaluated, the type of evaluations to be conducted, the timetable for evaluation, the units responsible for the evaluation, and the amount of funding. For the 1994-95 period, UNESCO is preparing its first-ever evaluation plan. Several program sectors had submitted their proposals, which identified activities to be evaluated and budget amounts for the evaluations. These proposals were being reviewed by UNESCO's planning unit.

UNESCO has also taken steps to improve the evaluation of projects funded through voluntary or extrabudgetary funds. These projects are evaluated using the standards of the contributors, such as the United Nations Development Program. A total of 26 evaluations were conducted from 1991-92. UNESCO's evaluation unit now compiles a list of lessons learned from the evaluations, critiques the evaluations, and participates in some of the evaluation missions. The Director General has taken several other steps to strengthen evaluation, including the following:

- increased the evaluation unit's professional staff positions from four to five and hired two experienced professional evaluators to fill an existing vacancy and the new position,
- increased the 1992-93 funding for the evaluation unit by \$90,000 (not including salary costs) and mandated that each program sector set aside 0.5 percent of its program budget for evaluation, and
- made evaluation an element of each program professionals' personnel rating.

The Secretariat has developed a computer coding system to track activities between budget periods that will be implemented beginning with the 1994-95 budget. Under the previous coding, some activities could not be tracked from one budget period to another because they might be renamed or shifted from one program to another. To track activities between budget periods, the budget unit is recording the 1992-93 budget account codes into the computer record of each proposed activity for 1994-95, thus allowing a computer match of activities between budget periods. According to UNESCO's budget unit, this will allow a mechanical comparison and count of activities, but it will not provide information on whether segments of terminated activities are dispersed among several ongoing ones. To help bridge this gap, draft budget documents for 1994-95 identify ongoing activities and the corresponding ones from the previous budget. Each program sector has also prepared a list of terminated activities, which the Secretariat plans to provide to member states in an information document.

Although the Secretariat is strengthening its evaluation and monitoring capability, it does not evaluate the Participation Program's activities. According to some member state delegates, such activities might benefit individual member states but might not contribute to UNESCO's priority goals. These delegates said that reliable information on the program was lacking, and they expressed concern about the lack of information because the Participation Program was absorbing a growing percent of UNESCO's total program funds. Another delegate agreed that the Secretariat did not evaluate activities in the Participation Program, but said the individual countries reviewed the activities for which they were providing the co-financing. We are concerned that without some independent evaluation, UNESCO does not have full assurance that these funds are being effectively used.



## Personnel Reforms Proceeding

In 1990, UNESCO began making major reforms to its personnel system, underpinned by the development of (1) a fair and objective staff appraisal, (2) a new promotion system based on merit, and (3) a classification review to ensure all positions were graded at the proper level, based on the application of U.N. standards. These reforms are being implemented, according to an external review, as well as our own examination. For instance, about 75 percent of the staff (1,946 of 2,600) have been rated under the new appraisal system, 11 unacceptable ratings have been given, and 8 employees receiving these ratings have been terminated. A new promotion policy was approved in early 1993 that uses merit as the primary criterion for promotion and requires open competition for each promotion.

UNESCO completed a classification review of all its positions in December 1992. The review confirmed that most positions were graded at the right level but recommended that some be downgraded and some be upgraded. Several strategies for implementing the downgrading and upgrading of positions are under review by the Director General.

As part of its reform efforts during 1992, UNESCO reorganized several of its units and abolished 49 positions. Thirty-two of the employees holding these positions were assessed and reassigned to vacant positions, and 17 employees were separated because the organization no longer needed their skills. According to the employee associations, the personnel bureau and other managers followed due process in making these determinations and were fair in trying to reassign employees.

In 1992, information on UNESCO's temporary staff was inconsistent and maintained by different units, making it impossible to systematically apply time limits and other restrictions on the hiring of consultants and other temporary staff. A unified data base combining all temporary employees has been designed by UNESCO and put into use in the personnel unit. The data base systematically compiles information, such as the duration of all contracts held by a temporary employee, so that a systematic check on time limits can be made. UNESCO has also developed a checklist for consultants, fee contracts, and supernumeraries to ensure consistency in applying the rules on the use of temporary staff. The checklist is incorporated into the form controlling the approval of consultant and fee contracts. To complement the checklist, UNESCO has revised portions of its manual dealing with temporary staff, making the regulations easier to follow and providing tables and flow charts on applying the regulations.

Our 1992 report recommended that UNESCO's payroll controls contain a positive verification of hours worked. UNESCO currently has standard hours for its work day, and employees indicate the days they work on a time log and sign it. The log is countersigned by the unit head. After conducting a study of work schedule systems at other U.N. organizations, UNESCO has just approved a flextime system, which requires employees to record the hours they work, and have their supervisor sign the time sheet at the end of the pay period. The approved system also calls for a 40 hour work week and allows a flexible daily schedule between 7 a.m. and 8 p.m. The Deputy Director General for management stated the system is expected to begin in June 1993, after new time sheets and administrative guidance were completed and distributed.

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## Budget Presentation Is Being Improved

Several improvements are being made to UNESCO's budget presentation based on our recommendations and those of the Executive Board's Group of Experts on Financial and Administrative Matters, which was formed in 1991. For instance, for the draft 1994-95 budget, UNESCO has prepared tables that compare each unit's budgeted to actual expenditures, listed by each type of expenditure such as expenses for consultants. The budget unit provided the Executive Board with this table for 1992 expenditures so it could monitor whether the Secretariat was spending funds in accordance with the approved budget.

UNESCO's budget is calculated in U.S. dollars, but much of the expenditure is made in French francs. Therefore, our 1992 report recommended that UNESCO elaborate on the difference between the rate of exchange at which the budget is calculated and the actual rate in effect when the budget is published. UNESCO has elaborated on the impact of the rate of exchange in a technical note to the Executive Board and plans to put this note in 1994-95 budget information documents. Other improvements contained in early drafts of the 1994-95 budget included highlighting the column containing the proposed budget in the main budget recapitulation, calculating the percent of nominal budget growth in both annual and biennial terms, and indicating the exchange rate at which the budget was calculated at a prominent place in the main budget table.

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## UNESCO's Commitment to Management Reform

Since 1988, UNESCO has demonstrated a commitment to management reform through its actions. In that year, the position of Deputy Director General for management was created, and a directive to concentrate resources on priorities was issued. In early 1990 the Director General

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issued a policy statement identifying management reform as the organization's top priority, and the Secretariat soon after initiated major reform efforts in personnel, programming, budgeting, and other operations. These initiatives are documented in our 1992 report and other reports by outside observers. The governing bodies also increased their oversight of the Secretariat, forming an Expert Group to examine finance and administration issues and reviewing the Secretariat's implementation of recommendations of made by the organization's External Auditor.

The term of the current Director General ends in December 1993, and the Deputy Director General for management is retiring at the end of April 1993. To ensure that the management reforms begun are completed, the Director General has issued a policy directive naming a panel of management experts, including the outgoing Deputy Director General for management, to monitor progress and report directly to him. According to the Director General, this panel will help ensure the continued implementation of management improvements and reforms during his term of office.

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## Scope and Methodology

To assess UNESCO's progress in implementing our recommendations, we obtained and analyzed file documents from the Secretariat units responsible for decentralization to the field, personnel, information resources, program planning and evaluation, budget preparation, financial control, and program execution. We interviewed managers and line staff in each of these units, as well as the Director General and Deputy Director General for management, Inspector General and some of his staff, and the employee associations. We also held meetings with the delegates of several member states, official UNESCO observers from the United States and United Kingdom, and officials from the Department of State.

We performed our work from January to March 1993 in accordance with generally accepted government auditing standards. We did not obtain comments on our report from UNESCO's member states, but we discussed the report with Secretariat officials and obtained comments from UNESCO's External Auditor. They generally concurred with the information in the report. We have incorporated their specific comments in the report where appropriate.

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We are sending copies of this report to the Director General of UNESCO, the Secretary of State, U.S. Ambassador to the United Nations, and interested

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congressional committees. Copies will also be made available to others upon request.

Please contact me on (202) 512-4128 if you or your staff have any questions concerning this report. Major contributors to this report are Lee Richardson, Assistant Director, and Tet Miyabara, Senior Evaluator.

Sincerely yours,



Harold J. Johnson  
Director, International  
Affairs Issues

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