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**REPORT BY THE DIRECTOR-GENERAL ON THE
REORIENTATION OF THE UNESCO OFFICE IN BRASILIA**

SUMMARY

This report is submitted by the Director-General pursuant to the private session of the 172nd session of the Executive Board at which he committed to present to the Board in 2006 a comprehensive report on the UNESCO Office in Brasilia.

Decision proposed: paragraph 40.

INTRODUCTION

1. This paper considers the strategic implications of UNESCO's operations in Brazil, which are by far the largest field operation of the Organization, and proposes a reorientation of those operations, based on the outcome of a comprehensive review that has taken place at the request of the Director-General in recent months.
2. International cooperation in Brazil is based largely on a novel national execution model (NEX) which provides for various government agencies to advance funds to a United Nations organization to implement national programmes/projects supported by the same agency. There has been a rapid growth in UNESCO's operations in this context from an annual programme of US \$9.6 million in 1997 to an estimated \$126.9 million in 2005. The paper identifies a number of achievements during this period of rapid growth but does raise concern that over the years many programmes/projects have been largely service-oriented focusing on procuring human resources, goods and services for the government agencies concerned, with limited evidence of added value from UNESCO and often in areas that have little to do with UNESCO's mandate. Many of these issues were brought into focus by a court case initiated in January 2005 involving UNESCO and the former Director of UNESCO Office in Brasilia (UBO) which at the time of writing this report was still pending. The Director-General asked the Legal Adviser and the Internal Oversight Service to investigate the circumstances of the case and to assess whether similar risks exist on other projects.
3. There are risks associated with UNESCO's growing portfolio of projects in Brazil. Such risks have been identified over a number of years. Some have been addressed but others still require follow-up. The External Auditor's recent evaluation of a number of the projects implemented by UNESCO in Brazil within the context of a wider evaluation of UNESCO's extrabudgetary activities (174 EX/27) also pointed to risks.
4. Significant weaknesses in the control environment in the UNESCO Brasilia Office (UBO) were identified by an Internal Oversight Service (IOS) audit in 2001 on which management took immediate action. While the External Auditor acknowledges that administrative improvements have been secured in the last five years, a number of key recommendations made by IOS were not implemented. Nor did UBO implement a number of recommendations arising from a programme evaluation of UNESCO's operations in Brazil, again in 2001 (164 EX/INF.3). Such recommendations related to the need for projects to be sustainable (for there to be exit strategies), on the need for the operations in Brazil to be based on a country strategy, and on the need for a significant body of evaluations of individual projects to learn from the results achieved. At that time the Director-General asked Director UBO to concentrate on fewer quality projects falling within UNESCO's programme priorities and to work closely with programme ADGs and central services in formulating project proposals. All these issues are now pursued in this paper.
5. Following the departure of Director UBO, and in response to many of the issues raised above, the Director-General initiated the comprehensive review to reorient UNESCO's operations in Brazil. Since November 2005, central services under the coordination of BFC have been working closely with programme sectors and Ms Rosamaria Durand who took up her duties on 1 November 2005 as Acting Director of UBO to make proposals to reorient the operations of the office. As well as making proposals for a new strategic framework for the office, a Special Team assisting Ms Durand and composed of external experts and staff members, have reviewed structures, staffing, administrative and financial procedures and processes. Several missions to Brazil were undertaken between November 2005 and January 2006 by DIR/BFC, DIR/IOS, the Comptroller, the Deputy Comptroller, the Deputy Director BSP and the Deputy Director BFC to support the review. Other senior staff missions are planned in the following weeks.

6. The outcome of the comprehensive review is presented in this report within the following structure:

- A. International cooperation in Brazil
- B. UNESCO's operations in Brazil
- C. Reorientation of the operations of the UNESCO Office in Brasilia
 - Working methodology
 - Project review
 - Internal reviews and planned evaluations: Pesquisa (Research Unit), Antenna offices, Criança Esperança (Hope for the Children) programme
 - Strategic framework
- D. Initiatives to strengthen management
 - Project management
 - Finance and administration
 - Human resources and internal structure
- E. Action plan
- F. Conclusion

A. International cooperation in Brazil

7. The Brazilian Government engages in international technical cooperation efforts as an important tool for national development and to assist the country in addressing the many challenges it has to face. Technical cooperation in Brazil has been regulated since 1966 by a series of government decrees that provide legal parameters and define activities in this area. Established in 1987 with financial support from UNDP, the Brazilian Cooperation Agency (ABC) is part of the Ministry of Foreign Affairs and functions as the coordination body for all international technical cooperation projects. Project agreements with any governmental partner throughout the country (at federal, state or municipal level) must be signed by the Head of ABC to whom this power is delegated by the President of the country.

8. Starting from the 1980s and on through the 1990s, and partially as a result of structural adjustments programmes, Brazil has adopted a national execution model (NEX) of international technical cooperation. This NEX model, based on self-benefiting funding arrangements, entails, *inter alia*, that a government body such as a ministry, state secretariat or municipality, allocates funds from its own budget (or from a loan from an International Financing Institution) to provide a financial contribution to a United Nations agency – occasionally through a cost-sharing/co-funding modality – to run a national programme/project supported by the same agency. While in principle this model appears to be of interest and benefit to both partners, over the years such programmes/projects have been often largely service-oriented focusing on procuring human resources, goods and services for government entities, sometimes in areas having little to do with the mandate of the executing United Nations agency.

9. During recent years, service-oriented projects have come increasingly under scrutiny by Federal entities expressing concern that line ministries have come to rely in a very significant way

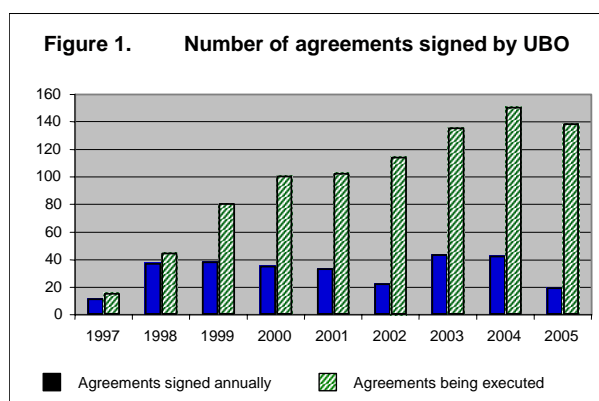
on this execution modality which, on the one hand, hinders the development of appropriate capacities within the core staff of these ministries and, on the other, impedes the emergence of new partnerships with national entities. Brazilian “control” authorities such as ABC, the Court of Accounts, the Federal Control Secretariat and occasionally the Federal Prosecutors are arguing for a changing legal environment and for stricter regulations and governmental control instruments that, at times, disrupt the functioning of entities heavily engaged in service-oriented activities with multilateral cooperation agencies through the NEX model. The last decree regulating cooperation with the United Nations system (Decree 5.151/2004 of July 2004) stresses that cooperation projects should focus on quality with a clear added value and move away from the current service-orientation. Many ministries have negotiated, or are in the process of negotiating, deadlines for compliance with this decree based on their capacity to adjust to the new terms of cooperation with the United Nations system.

10. Within the United Nations, UNDP was the main precursor of the implementation of the NEX model, while UNESCO followed at a later stage. Both agencies have taken on very significant amounts of funds under the national execution/self-benefiting modality and have charged an overhead which varies from 3% to the maximum allowed by the Brazilian Government of 5%. To date, UNESCO has charged 5% on most projects.

B. UNESCO’S operations in Brazil

11. An exchange of letters between former Director-General of UNESCO, Mr René Maheu, and Mr Carlos Chagas, Brazilian Delegate to UNESCO on behalf of the Ministry of Foreign Affairs, established the UNESCO representation in Brazil in 1966 at a time of the very first steps of the Organization in its decentralization efforts. Like the other few UNESCO representations throughout the world at the time, the Head of the Office had the status of “Chef de Mission” and discharged mostly representation and liaison functions. At the same time and by virtue of having established its formal presence in the country, UNESCO became a member of the United Nations system in Brazil and joined the other agencies in an early technical cooperation agreement signed in 1964 between the Government of Brazil and the United Nations bodies present in Brazil at the time.

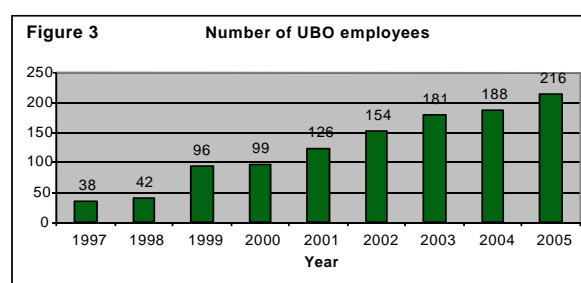
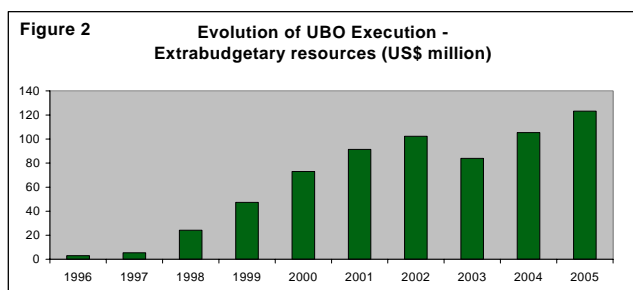
12. It was not until 1992, however, and as a follow-up to the World Education for All Declaration adopted in Jomtien, Thailand, in 1990, and the launch of the E-9 initiative in 1992, that UBO entered into its first cooperation agreement with the Ministry of Education. Other agreements soon followed and slowly the Office began to take on more projects and agreements, as shown in **Figure 1**, most of which were financed through national allocations from different ministries in accordance to the self-benefiting schemes outlined above.



13. From the mid-1990s, UBO started to grow and expand in exponential ways, gaining much in visibility and branching out from Brasilia to different states and municipalities throughout the country by establishing decentralized structures, referred to as Antennas, and by entering into contractual agreements with local authorities and developing projects. The achievements related to this expansion cannot be denied and UNESCO in Brazil has become a household name and a reference point to many high-level decision-makers. This high visibility is partially to be attributed to the research work undertaken by UBO “Pesquisa” (Research Unit) and disseminated throughout

the country. In fact, this expansion resulted in many tangible and intangible benefits for the Organization and many were those both inside and outside of the Organization who felt that UBO did indeed represent a model that other offices should be following.

14. Since the mid-1990s, and as shown in **Figure 2** and **Figure 3**, financial resources secured by UBO for programme execution grew from \$9.6 million in 1997 to an estimated \$126.9 million in 2005, while at the same time UNESCO personnel in the Brasilia Office increased from 38 to 216 people (of which seven posts established under regular programme and budget, 62 under FITOCA, the others being on temporary contracts). In addition, the management and administration of projects involve 2,297 personnel employed on temporary contracts throughout the country. In 2004, 44 new publications – often based on research developed by UBO and partners – were released and widely distributed. This activity was accompanied by a strong presence in the communication media. In 2004, some 12,000 newspaper articles mentioned UNESCO in Brazil in themes notably linked to education, social inclusion, fight against youth violence, environment and cultural heritage.



C. Reorientation of the operations of the UNESCO Office in Brasilia

Working methodology

15. The Special Team adopted a participatory approach in order to closely involve UBO programme coordinators and concerned senior staff in the Office's reorientation process. Five Working Groups were established for each of the following areas of concentration that had been identified for in-depth scrutiny:

- UBO project portfolio review;
- Strategic framework and country programming;
- Finance and administration;
- Relations with national and international partners and communication and partnerships strategy;
- Internal organization and structure.

16. In addition, and as first steps towards fully-fledged external evaluations in these areas, the Special Team undertook three internal reviews on:

- Criança Esperança (Hope for the Children) programme, a relatively recent and unique collaborative initiative with the private sector;
- UBO's Research Unit (Pesquisa);
- UBO's Antennas, decentralized structures referred to in paragraph 13 above.

Project review

17. The purpose of this project review was to:

- develop criteria for the analysis of UBO’s extrabudgetary operations defining their relevance to UNESCO programmes and the value added that should be provided by the Organization in their design and conduct;
- undertake a review of pipeline and ongoing projects to identify any projects that should be revised or terminated as well as ways in which such projects could be phased out, or re-engineered in the most expeditious manner to increase the added value provided by UNESCO;
- identify the strengths and weaknesses of the existing project portfolio;
- provide input for the development of a strategic framework to help ensure that UBO’s project portfolio responds most effectively to Brazil’s needs in areas of UNESCO’s fields of competence.

18. The review was carried out by an external evaluator with the assistance of members of the Special Team. A Project Review Working Group composed of all the UBO programme coordinators was established to promote a participatory approach and to have direct access to sources of information. An additional benefit of this exercise was a learning experience that was provided to programme coordinators on this collegial reflection on the nature of their projects. A three-pronged approach was adopted in assessing UBO’s projects: a first step was a broad overview of key characteristics of the project portfolio involving the participation of UBO programme coordinators in identifying key problems in the overall portfolio; the second step was an assessment of pipeline projects and an analysis of ongoing projects and the third step was a more detailed assessment of a small sample of UBO projects.

19. Limitations of the review included the magnitude and complexities of the overall portfolio, the dispersal of project documentation as well as the presentation of expected results at the design and reporting stages which rarely followed a log-frame approach that would have facilitated the analysis.

20. The **main findings of the project review** are as follows:

Finding 1: UNESCO has achieved a high level of visibility and influence in Brazil. In turn, it has been able to provide credibility to the projects that it supports.

UBO has been recommended by external agencies such as the World Bank and the Inter-American Development Bank as a reliable partner to manage projects by funds lent to the government from these financial institutions. The credibility that UNESCO has achieved in Brazil has enabled UNESCO to promote new approaches such as bringing the Ministries of Education and Health together on HIV/AIDS prevention education. The Open Schools programme is an example of a highly visible and widely disseminated programme throughout the country. However, it did not make provisions to ensure the sustainability of the programme through full ownership by national partners (see Finding 7 below).

The “**Escola Aberta**” (Open Schools) programme is based on the simple idea of opening schools during weekends as a means to reduce violence levels in Brazilian cities and to promote youth citizenship. The programme offers culture, sport, leisure, prevention education (including HIV/AIDS) and self-awareness activities. The programme is a genuine UNESCO initiative and has become a widely recognized strategy of social inclusion in Brazil. The Open Schools programme is currently supported by the Federal Government and has entered into partnerships with Brazilian states and municipalities, achieving significant results: over 6,500 schools are open every weekend; more than 7 million people benefit from the programme every month; according to survey data, 61% of students indicate improved learning conditions and 77% recognize better relations among students and improved school environment.

Finding 2: UNESCO projects have addressed Brazilian national priorities and needs.

As UNESCO projects are primarily funded by different levels of Brazilian authorities, it is not surprising to find that these projects are all identified in government documents as addressing priorities at the national or regional levels. The few projects funded by non-governmental sources were also found to be addressing identified Brazilian priorities.

Man and Biosphere (MAB) in Brazil. The Brazilian MAB Programme is an example of interactive collaboration between the government, NGOs and international agencies promoting and strengthening the Brazilian Biosphere Reserve Network as well as cross-cutting and interdisciplinary strategies. The Youth Programme implemented by the Green Belt of São Paulo Biosphere Reserve is an example that establishes connections between the protection of the environment and the creation of employment to benefit marginalized young people, a target group that suffers from social exclusion due to lack of educational and working opportunities.

Finding 3: UNESCO has been effective in developing cooperation among various levels of government and with civil society organizations.

UNESCO has at times played a major catalytic role in supporting cooperation and networks between the federal, state and municipal authorities and with civil society organizations in a number of projects. As UNESCO has expanded its activities to the state and municipal levels, it has increased its ability to promote collaboration among national actors, including universities and NGOs.

Young media producers in preventive education. This project is developing a network of young Brazilian media producers for HIV/AIDS prevention acting independently or in conjunction with NGOs in each of the major regions of the country. Samples of their production have been organized in a demo CD. Training activities will follow as the backbone of the network along with support for creative and targeted production. The project has received support from the National Programme on STDs/HIV/AIDS of the Ministry of Health and various NGOs.

Finding 4: A number of UNESCO projects are in areas that fall outside the mandate and competence of UNESCO or do not fit in UNESCO programmes. These projects are primarily concentrated in the health sector.

Projects with the Ministry of Health represent more than 50% of the overall portfolio in value. Most of them are not relevant to UNESCO mandate. The following table provides data on the magnitude of the involvement of UBO in the work of the Ministry of Health.

UNESCO Health Projects in Brazil	Value (US\$ million)	
	Value (US\$ million)	%
Overall current UBO Portfolio	898	100
Health Projects	478	53

	Numbers	
	Numbers	%
Health Ministry Staff	1,111	49
Consultants hired by UBO in Ministry of Health	1,139	51

ANVISA – Cooperation for the Development of Actions in Sanitary Surveillance. In 1998, the Brazilian Ministry of Health created the National Agency for Sanitary Surveillance (ANVISA) to control the quality of drugs, food and environment in public spaces (hospitals, restaurants, airports, etc.). UBO managed a first project (ANVISA I) from 1999 to 2002 and was instrumental in providing assistance in setting up the Agency and training of its professional staff. It also supported specific research in sanitation monitoring and a public information campaign throughout the country. UBO is still involved in a project running to December 2007 (ANVISA II).

Action taken and the way forward:

- There is a need to develop transition strategies to allow for progressive changes in the current portfolio in order to avoid serious management and political crises through a gradual and well-ordered disengagement.
- Negotiations have already been launched with the Ministry of Health and an agreement was reached that UNESCO will not terminate abruptly ongoing projects as this would put at high risk the whole operations of the Ministry and of its nation-wide programmes. The current portfolio of projects with large service-oriented components will be phased out by end of 2008 to allow the Ministry to develop an alternative solution to UNESCO's support and to ensure full transfer of know-how. At the same time, it was also agreed that the cooperation between the Ministry of Health and UNESCO will be vigorously strengthened and pursued within the framework of new quality education-related projects with clear UNESCO added value. A working group including UBO and Ministry staff has been set up to develop the details of the transition strategy, and launched its activities mid-January 2006.
- The Special Team will develop in consultation with the relevant project stakeholders and ABC specific transition approaches (early termination, technical re-engineering or progressive phasing out) for projects which are not in line with the UNESCO mandate or present limited value added. This process is expected to be completed by October 2006.

Finding 5: Many of the UNESCO projects provide a high level of service in procuring consultants, goods and/or services with limited intellectual added value in project design, monitoring or evaluation.

There are a number of projects where UNESCO is providing consultants who are functioning almost as permanent staff to fill personnel needs in a particular government entity. This has often resulted in a dependency on the part of certain government entities that have relied too heavily on UNESCO as an executing agency.

The way forward:

- Current service projects, with partners at all levels of government and throughout the country, will not be renewed on completion. Any projects in this category that still have a long duration, substantial funds remaining for disbursement or low execution rate will be negotiated with project partners for possible early termination.
- Henceforth UNESCO will concentrate on developing projects of high quality with clear institutional added value and will definitely refrain from engaging in new service-oriented projects.

Finding 6: The UNESCO portfolio includes a number of cases where UNESCO has promoted innovative approaches.

There are examples of new approaches to policy, and new programmes to address major social issues. UNESCO has been able to use its extensive contacts with the Ministries of Health and Education to promote a collaborative approach to HIV/AIDS prevention education; the science programme is helping to introduce an innovative financing scheme to support and protect the national biodiversity; the Monumenta project is another case in point.

The Monumenta Project – Safeguarding Brazilian Cultural Heritage, is the largest and most successful national programme for the rehabilitation of historic sites and monuments in Brazil due to its innovative mechanism to ensure the sustainability of sites through municipal funds drawing their resources from the increased income generated by the economic vitality of the restored areas. In addition to rehabilitation actions, the programme also includes educational activities, institutional strengthening and capacity-building, thus contributing to the revitalization of the socio-economic fabric of the concerned sites.

Finding 7: UNESCO projects do not address the issue of sustainability or demonstrate a strategy for phasing out UNESCO involvement.

The issue of sustainability in terms of financial viability appears to be less of an issue in Brazil than in other countries since most of the projects are funded from national sources and there appear to be few problems with providing ongoing funding. In fact many of the UNESCO projects have received increased funding as they are extended or renewed for subsequent phases. However, there is little evidence in most projects that UNESCO has been developing a strategy to hand over responsibility to the national partner in a planned phase-out. Thus a number of projects have been renewed a number of times. In a number of cases, there is an ongoing dependency on UNESCO to run government programmes.

Action taken and the way forward:

- The Open Schools programme has been identified as the major ongoing project requiring urgent attention to ensure its continuity and sustainability by transferring overall management to national partners. Discussions on a sound and comprehensive strategy to achieve this objective have been started with both ABC and the Ministry of Education who have welcomed the national roll-out of the programme. At this stage of the discussions, it is envisaged that the strategy would include consolidation of methodological and management tools and training materials, training sessions for building the required capacities, publication of best practices and lessons learned for dissemination throughout Brazil and among other UNESCO offices and Member States. In cooperation with IOS, the Special Team is currently planning for an external evaluation of the programme, the results of which will inform the elaboration of the roll-out strategy which is expected to be completed by Autumn 2006.
- The issue of sustainability is central to the transition strategy with the Ministry of Health referred to under Finding 4 above and will be carefully examined in all other specific transition strategies that will be developed by the Special Team.
- UNESCO will concentrate in the future on pilot projects and will ensure that corresponding project designs clearly include capacity-building and full handing over to national partners.

Finding 8: UBO has launched some innovative and strategic initiatives in the field of South-South cooperation, in particular in the field of education.

Over the last years, interesting initiatives of inter-office cooperation have been developed between UBO and the UNESCO Offices in Maputo and Windhoek, based on sharing Brazilian experiences and lessons learned in HIV/AIDS prevention education and EFA (see box). These initiatives have been extremely well received by the concerned national authorities.

South-South Cooperation for Adult Literacy in Angola. The main goal of this cooperative effort is to support the Angolan Government and society in establishing a new national strategy for literacy and youth and adult education to contribute to the achievement of EFA Goal No. 4 by 2015. Pursuant to a request by the UNESCO Office in Windhoek, UBO supported a needs and capacity assessment, the design of a national consultation process and the drafting of the new national strategy .

Finding 9: There has been little strategic planning in UBO and weaknesses in project design.

There are no annual or longer term strategic plans available in UBO, and the fact that there has been no accurate picture of the overall portfolio is an indication that UBO has not encouraged any overall assessment of its programme and its strengths and weaknesses. Few projects incorporate a logical framework, and lack the elements showing a logical relationship between inputs, outputs and expected outcomes. Some improvement was however noted in projects developed recently. There is evidence in a number of project documents that indicators have been identified which could be used to measure results for monitoring or evaluation purposes. Nevertheless, one fairly consistent weakness remains the lack of definition of the inputs provided by UNESCO and the role that UNESCO plays in guiding the individual projects.

Finding 10: The frequent revision of projects causes difficulties in tracking performance as objectives and activities are modified over time.

The frequent revision of projects is one of the reasons why the value of the overall portfolio shows a significance increase that is faster than the rate of increase in the total number of projects. In some cases, this has been done to avoid certain government restrictions. This practice has been convenient to both UBO and its project partners in allowing flexibility in accommodating to changing conditions and in reducing project development costs. However, one of the negative effects of these changes to ongoing projects is that it becomes extremely difficult to track project performance as the objectives and activities change over time.

Finding 11: UBO has not developed an evaluation culture and monitoring and evaluation is limited.

Previous evaluations such as the Evaluation Report to the Executive Board¹ and the recent External Auditor's review of the management of extrabudgetary projects² have noted the lack of an evaluation culture in UBO and called for a more organized approach by developing an evaluation plan. UBO staff identified a number of evaluations in the ongoing portfolio, both internal and external, but these had been carried out without consulting IOS for advice and guidance. There is no evidence that they are being used to draw lessons or influence project design.

¹ 164 EX/INF.3.

² 174 EX/27.

Finding 12: Despite the evidence that a number of UNESCO projects involve interdisciplinary issues, there appear to be limited intersectoral collaboration among the different programmes in UBO.

The UBO portfolio demonstrates some good examples where UNESCO has been involved in projects that promote interdisciplinary collaboration, such as the support for activities in education provided by science and communication. However, these examples remain marginal and limited, relying largely on the personal initiative of some programme coordinators.

The way forward:

- A comprehensive project management training plan is being developed by the Special Team in collaboration with all directors of central services to address the concerns raised in Findings 9 to 12. The details of this plan are to be found in paragraph 33 below.
- In addition, and in line with the recommendations made by the External Auditor, the Special Team engaged all UBO programme coordinators in a critical review of the methodologies involved in the preparation of extrabudgetary projects and commissioned a translation into Portuguese of the publication *UNESCO's Extrabudgetary Activities, a Practical Guide* developed by the Division of Cooperation with Extrabudgetary Funding Sources (ERC/CFS).

Finding 13: There has been limited interaction on extrabudgetary activities between UBO staff and programme sectors at Headquarters.

There is little evidence that there has been sharing of information and ideas with programme sectors at Headquarters on new project initiatives prior to their negotiation with partners. The usual practice has been for UBO to submit short outlines for pipeline projects or at times fully-fledged project documents for assessment by the relevant sector. In the review of the projects, sectors have often encountered difficulties in relating to the Brazilian context, resulting in delays in responding and in providing substantive comments. This has resulted in the rejection of very few projects and in mutual feelings of frustration.

Action and the way forward:

- The Special Team has been supported by all programme sectors and by BSP in making strategic decisions as regards pipeline projects, and Headquarters colleagues have provided guidance and made suggestions when required as to amendments to be made to project documents.
- In order to strengthen and facilitate the dialogue between programme sectors at Headquarters and UBO programme units, Acting Director UBO has endeavoured to encourage and motivate programme coordinators and specialists to participate in sectoral meetings and retreats organized at Headquarters since November 2005.
- Concurrently, and in the same spirit of building bridges and developing a team spirit, Acting Director UBO while on mission to Headquarters has convened meetings with Executive Officers of programme sectors to keep them abreast of development in the reorientation of UBO's operations.

Internal reviews and planned evaluations: Pesquisa (Research Unit), Antenna offices and Criança Esperança (Hope for the Children) programme

21. As indicated in paragraph 16 above, the purpose of these internal reviews was to prepare the ground for and to facilitate the external evaluations which are currently being planned in collaboration with IOS. At the same time, the participatory process adopted for these internal reviews was intended to engage UBO responsible staff in a reflection concerning the strengths and weaknesses of these three areas with an eye to identify failings and needs for adjustments.

Pesquisa (Research Unit)

22. The Pesquisa (Research in Portuguese) was established by the previous Director of UBO as the research arm of the UNESCO Office. Over the years, the Pesquisa produced a very large number of publications and research outputs in various areas although it became best known in Brazil for its research on youth and violence. To some extent, results of this research have influenced government decisions and policy-making. The principles behind the establishment of the Pesquisa appear valid and useful and are in line with UNESCO's comparative advantage to engage in upstream work and produce value. However, there was no interaction between research and programming. The fact that the Pesquisa was located outside of UBO and functioned in a semi-autonomous way created a distance both physical and substantive with the rest of the Office.

The way forward:

The comprehensive external evaluation to be launched in collaboration with IOS beginning February 2006 will particularly focus on the following:

- a stocktake of research publications;
- the research priority setting process;
- the quality and relevance of the research undertaken;
- new arrangements to link the research in a more organic way to the programming efforts of UBO and to integrate it within the organizational structure of the Office.

Antenna offices

23. Over the last years, UBO branched out to other states and municipalities and established a number of Antenna offices throughout the country. This decentralization of UBO operations reflects in many ways the organizational structure of the Brazilian Government as a federation and the devolution of powers and authorities to states and municipalities.

24. Within this context, the former UBO Director saw an opportunity to expand the UNESCO presence in various states just as other agencies, namely UNICEF and UNDP, were already doing. While the good intentions behind this expansion cannot be questioned, the methodology, however, presents certain problematic issues as Headquarters was not duly consulted on agreements that were being signed, administrative policies and procedures were not respected and all the implications of the UNESCO presence in these states was not fully evaluated. Moreover, the Antenna offices established were not fully prepared and equipped in terms of human resources and capacities to adequately address the new responsibilities given to them for projects covering basic education and other social domains and to enable them to manage the significant funds entrusted to them.

25. The internal review of the Antennas launched by the Special Team in December 2005 revealed intense activities in some of the Antenna offices, powerful contacts with local authorities, private sector enterprises and civil society as well as with the media. All of these aspects require deeper analysis. The internal review also pointed out the differences in staff, structure and administration of each Antenna and identified agreements intended to support the logistical and administrative aspects of the offices that were directly signed with state and municipal authorities, without going through ABC which is the only body authorized allowed by Presidential delegation to sign agreements with international organizations and partners.

The way forward:

The terms of reference for the evaluation of antennas are being developed in collaboration with IOS with a view to launch it in March 2006 by on-site reviews of each Antenna according to a set of criteria that will determine the future and the structure of each of them. Attention will be given to fully evaluate the presence of UNESCO in the neediest states and in particularly disadvantaged areas where are found the most pressing needs of the poorest and most marginalized populations.

Criança Esperança (Hope for the Children) programme

26. This highly visible programme entails a unique partnership between UBO and TV GLOBO, the fourth largest media network in the world. Up to 2004, and for nearly two decades, UNICEF had been the privileged partner for TV GLOBO and raised large sums of funds for its programme through this partnership. In 2004, the programme was transferred to UNESCO with the proviso that funds raised could also be expanded to assist disadvantaged youth, a needy segment of the population older than the original target group supported by UNICEF. Unquestionably, the programme provides high visibility, media exposure and an opportunity to promote the UNESCO ideals, while raising substantive financial support for initiatives in support of disadvantaged youth and children. A programmatic link with both UNESCO's social and human sciences and education programmes does exist, and it was the Education Sector that was designated as the parent sector for this initiative.

27. Regrettably, however, and as both IOS and the External Auditor have demonstrated, there are serious flaws in the programme that concern legal, financial, administrative and substantive issues. Clearly, a major failing is that Headquarters was never duly informed and consulted and the briefings received by the Director-General failed to provide sufficient information on possible risks and information that could have been of assistance in identifying potential pitfalls and risks. If this information had been made available and Headquarters had been consulted, this could have prompted senior management to undertake an in-depth review of this complex programme before UBO proceeded to enter into this partnership. The fact that, in signing an agreement with TV GLOBO, UBO also agreed to take on a previous commitment to finance five NGOs on a permanent basis further complicated the situation.

The way forward:

Given the complexities of the situation, and the fact that to date UBO has received over \$6 million from funds raised through the first fund-raising campaign in 2004-2005, and that the preparations for the 2006 Telethon campaign starts by April-May 2006, it was decided that UBO should proceed swiftly based on the following strategy, in consultation with the Education Sector:

- In the short term, UBO is in the process of screening in accordance to approved criteria approximately 700 projects received from throughout the country to be financed with funds raised during the 2004-2005 campaign.
- In the medium term, a fully-fledged evaluation plan is being developed and will be implemented by end April 2006, including the following elements:
 - o in collaboration with LA, ERC/CFS, DCO and BB, a review of all legal agreements signed by UBO, starting with the umbrella agreement signed with TV GLOBO to ensure compliance with UNESCO's policies and procedures;
 - o in collaboration with DCO, a financial review of the flow of receipts and disbursements to ensure compliance with UNESCO's rules and regulations;
 - o in collaboration with IOS, an external evaluation and a management audit of the five permanently funded NGOs;
- In the longer term, and based on the results and recommendations of the above evaluations, UNESCO will decide on the best course of action for the Organization which might include consideration of an exit strategy.

Strategic framework

28. It follows clearly from the project review and other findings of the Special Team that UBO's operations must surely and firmly be aligned with UNESCO's mandate and over-arching principles. The UBO strategic framework will be based, therefore, on the mission, functions, objectives and priorities set for the Organization in the C/4 and the C/5 documents. Given the commitment of UNESCO to strengthen its working relationships with United Nations Country Teams to ensure a more efficient and coordinated United Nations system presence and action at the country level and a better reflection of UNESCO priorities, the strategy will also be consistent with the UNDAF for Brazil and pay close attention to the Millennium Development Goals, the 2005 World Summit Outcome document and other United Nations initiatives in the country. The national priorities of Brazil as defined in the Multi-year Development Plan (*Plano Pluriannual* 2004-2007) and other national sectoral plans in UNESCO's fields of competence will be the key guidance for the development of the strategic framework.

29. At this juncture of the work of the Special Team, the main strategic and programming principles underlying the strategic framework have been clearly defined. Preliminary reflections have been conducted as to possible approaches to sectoral and intersectoral strategies, through a series of brainstorming sessions among all UBO programme personnel, and with guidance from BSP, BFC and IOS. The results of these reflections are being discussed with BSP and programme sectors at the time of writing this report, and will be fine-tuned before launching a round of consultations with key partners of UNESCO in Brazil (ABC, line ministries and other stakeholders) which will enable UBO to finalize the strategic framework by May 2006.

Strategic principles and modalities for UNESCO in Brazil

30. In order to reorient UNESCO's operations in Brazil, the following strategic principles are guiding the elaboration of the strategic framework:

- As indicated above, the overriding principle will be a firm commitment to focus on UNESCO's mandate and on the five functions that represent the comparative advantage of the Organization as spelled out in document 31 C/4: laboratory of ideas, standard-setter, clearing house, capacity-builder and catalyst for international cooperation. This principle will guide the development of actions and projects financed both through regular programme and extrabudgetary sources;
- “Quality” will represent a *sine qua non* criterion for the development of all projects in all fields of competence of UNESCO, an essential and key component being the added value by UNESCO to all initiatives, thus ensuring a clear departure from the former approach which was based more on quantity rather than on quality;
- Innovative approaches, in line with the role of UNESCO as a specialized agency, will form the backbone of projects and will essentially consist of pilot initiatives, including necessarily components of capacity-building, effective monitoring as well as handing over to national partners in order to ensure sustainability and full national ownership. The current practice of continuing to manage projects that were initially launched as innovative pilot efforts will be discontinued;
- Evaluation will also become an essential feature of all projects, coupled with a strategy for the dissemination of results achieved and lessons learned;
- Interdisciplinarity is recognized as having a strong potential to increase the quality and the added value of UNESCO's contribution to programmes and activities. This key comparative advantage of the Organization which had not been sufficiently integrated into project design at UBO, will be pursued vigorously in the future whenever applicable;
- Research initiatives and data collection, critically important upstream activities that feed into policy and decision-making, will be continued and will also inform future programming directions by identifying key areas for action and niches for the intervention of UNESCO in Brazil;
- Action directed at knowledge: all programming efforts of UNESCO in Brazil will be propelled by the need to generate knowledge for the further development of the country. This knowledge base will rely on research activities and on the exchange of ideas and experiences among development actors;
- Networking and mobilizing cooperation among the various national development actors – at governmental and community levels, private sector enterprises, NGOs and professional associations – will continue to be guiding principles in project design, building on the positive experiences of UBO in this area;
- Focus on less-favoured regions and more vulnerable groups: recognizing the pervasive inequalities within Brazilian society, UBO shall pay particular attention to actions targeted at the disadvantaged Brazilian regions and more vulnerable social groups, aiming at contributing to the eradication of poverty and to the promotion of equitable access to socio-economic opportunities;

- South-South cooperation will be strengthened and UBO will act as a catalyst for international cooperation and exchange of experiences and best practices between Brazil and Latin American countries, the Community of Portuguese-speaking Countries (CPLP), and the E-9 countries.

Programming objectives for UNESCO in Brazil

31. Based on the above, UBO will develop sectoral strategies and a country programme that will encompass the programming objectives outlined below. These will be expanded and fine-tuned through discussions with national partners.

- The Education for All (EFA) goals will be central to the UBO strategy in education. It will be based on the overall strategic objectives for UNESCO that will emerge from the current efforts to devise a Global Action Plan for EFA as requested by the Executive Board and on the priority areas defined in the National EFA Plan for Brazil. A major guiding principle at this stage is to involve all levels of education in the attainment of the EFA goals, and to focus in particular on the quality of education. Particular attention will also be paid to equitable access, notably to address the educational disparities in Brazil.
- In the field of sciences, both UNESCO and Brazil regard as high priority to focus efforts on the preservation and the management of ecosystems and related biological diversity and on water resources. The ongoing positive involvement of UBO in these areas will continue and will be strengthened, while at the same time the forthcoming discussions with the Ministry of Environment and the Ministry of Science and Technology will explore other future areas of concentration, taking into account the recommendations of the World Science Conference (Budapest, 1999).
- The social and human sciences programme will assist in the promotion of the new Brazilian 2005 legislation on bioethics. UBO's involvement in addressing social challenges facing Brazil, such as poverty, social inequality, urban violence and human rights will be discussed with national partners with a view to developing the corresponding sectoral strategy.
- Culture is going through a strong affirmative period in Brazil. There is a growing perception of the economic and social impact of culture, of the importance of the cultural diversity of the country and of the exceptional richness of its intangible heritage and of its living cultures. Brazil has therefore adopted a National Plan for Culture (2005-2015) defining several priorities: public management of culture, links between cultural rights and citizenship, culture and development and the safeguarding of cultural heritage. UBO is well placed to support this ambitious plan and to develop its culture programme, by assisting Brazilian counterparts in the design of policies and the collection of cultural indicators as a means to strengthen national cultural institutions and to promote the development of cultural industries.
- Regarding communication and information, possible avenues to be pursued in the development of a sectoral strategy include support for wider use of information and communication technologies (ICTs) as a tool for social inclusion, promotion of community access to free and public information as well as advocacy in the area of press freedom.

- At this stage, five possible areas for intersectoral programming have been identified: creative diversity and social inclusion, culture and development, youth, education for sustainable development and HIV/AIDS prevention education. These areas could be enriched following consultations with national partners.

D. Initiatives to strengthen management

32. The following areas are pivotal to the reorientation of the operations of UBO in terms of ensuring that all aspects of the Office are brought fully in line with standard UNESCO's policies and processes.

Project management

33. The project review has demonstrated that UBO project management needs to be greatly improved. In response to the challenge posed in particular by Findings 9 to 11, the Special Team has developed a comprehensive training package addressing the multiple needs. This training package goes beyond project management issues on the basis that some of the past failings of UBO have resulted from a lack of knowledge of UNESCO as a whole, its rules and regulations, and for a lack of close communication with Headquarters colleagues in programme sectors and in central services. In addition, and in order to entrench good project management practices at UBO, a new unit is being envisaged and will be part of the new structure of the Office. It will address proactively the need to foster an evaluation culture within UBO as identified in Finding 11.

The way forward:

- The training package to be launched in February 2006 consists of the following components:
 - General introduction to UNESCO as a whole (in collaboration with BFC and HRM);
 - Results-based management, strategic planning, programming cycle and project design (in collaboration with BSP);
 - UNESCO's extrabudgetary activities, including support cost and self-benefiting funds (in collaboration with ERC/CFS);
 - Project Monitoring and Evaluation, including Log Frame (in collaboration with IOS);
 - SISTER training (in collaboration with BSP);
 - UNESCO general administrative rules and procedures (in collaboration with IOS and DCO);
 - Revised UBO administrative processes and procedures (in collaboration with DCO, BB, HRM and BFC).
- The implementation of the above training activities in collaboration with Headquarters colleagues will contribute to breaking the perceived isolation that UBO personnel have experienced in recent years and to launch a new spirit of collaboration, key to the success of UBO and its full integration into the UNESCO family.
- The new unit envisaged would be in charge of research and development and would in particular cover project development, appraisals, monitoring and evaluations, related staff training, maintenance of a project database and resource mobilization. To be noted that the future research programme will be informed by the outcome of the external evaluation of the Pesquisa referred to above.

Finance and administration

34. A Finance and Administrative Working Group was set up in early November 2005 by Acting Director UBO with guidance from the Comptroller. The mandate of the group entailed reviewing and describing all the current processes of the Office in eight main areas: budget, contracts, procurement, travel, payments, receipts, bank reconciliation and investments. The review has clearly showed a lack of general awareness of administrative and financial rules by both the administration and finance staff and the project staff. The review identified, *inter alia*, that some of the main failings related to those 10 key audit recommendations that had still not been followed up and implemented (UBO implemented 185 out of the 195 audit recommendations made since 2001). In response to the findings a package of remedial measures and new procedures were proposed.

35. Moreover, the growth of the UBO project portfolio from some \$100 million in 2001 to some \$900 million in 2005, and the ensuing increase in financial transactions, has had significant impact on the control environment of the Office. The complexity and volume of transactions were not matched by the same level of internal control systems. The relative financial independence of the Office and the size of the operation have created a local management culture that at times led it to short cut established processes, with no prior consultation or approval from Headquarters' central services and programme sectors.

36. The main reasons for the current administrative and financial weaknesses of UBO identified by the review include:

- UBO has its own local Manual of Rules and Procedures which has not received prior approval from Headquarters;
- delegation of authority within UBO and its Antenna offices is unclear as the Table of Delegation of Authority that existed was not comprehensive and was not always being followed;
- standard procedures related to the submission of project pipelines do not exist;
- the budget control over projects allows expenditure on funds committed by donors but not yet received, thus creating occasional “cash deficits” on projects;
- consultants retained for managing projects and activities are renewed on an ongoing basis.

Action taken and the way forward:

- Proposed adjustments to UBO's procedures were analysed and reviewed with DCO in December 2005, with inputs of BB and the Division of Procurement (ADM/PRO) as appropriate to align them with UNESCO's rules.
- The delegation of financial authority within the Office was clarified; a new list of staff members authorized to sign contracts was established; the list of certifying officers and bank signatories was updated, the segregation of duties was increased in the areas of payments, receipts and bank reconciliation.
- A final Table of Authority and Accountability (ToAA), covering as well all other administrative and human resources management issues, will be implemented by the end of May 2006, after a new organizational chart has been approved.
- Work is under way to align the local financial management system (SICOF) with UNESCO Finance and Budget System (FABS). This is however a complex task that will require time.
- Training of both administrative and project staff in all areas reviewed will gradually be implemented between March and June 2006.

Human resources and internal structure

37. A review of human resources requirements will begin in February 2006. Further realignments of human resources in the areas of finance and administration are planned for implementation in the course of 2006. Furthermore, a new organizational chart is being developed and will be finalized following completion of the review.

E. Action plan

38. In the initial 12 working weeks since the beginning of the exercise, many actions have already been launched to reorient the operation of UNESCO's operations in Brazil. Details as of February 2006 can be found in the Annex. This plan will be regularly reviewed, and progress monitored closely. To be noted that a review of links with different national and international partners has begun and will feed into an appropriate communication and partnerships strategy.

F. Conclusion

39. The Director-General is firmly committed to pursue the efforts outlined in this paper and to ensure the successful conclusion of the reorientation of the operations of the UNESCO Office in Brasilia and the implementation of his new strategic vision for this Office. It must be noted that UBO personnel are also committed to working hard towards a renewed Office in a true UNESCO spirit. The planned staff training will contribute to the success of the changes in the management culture at UBO and the paradigm shift that is required to entrench it. This bodes well for the future of the Office and for the challenges that still beckon ahead. Directors of central services and programme ADGs will continue to support, guide and interact with all UBO personnel so that together, as a team, the viability of the operation can be assured.

Proposed draft decision

40. Having examined the above, the Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having considered document 174 EX/21,
2. Takes note of the actions taken and planned by the Director-General to reorient the operations of the UNESCO Office in Brasilia;
3. Invites the Director-General to continue to implement his action plan for the reorientation of the UNESCO Office in Brasilia.

ANNEX

ACTION PLAN FOR THE REORIENTATION OF THE OPERATIONS OF THE UNESCO OFFICE IN BRASILIA: FEBRUARY-OCTOBER 2006

ACTION	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
1. FOLLOW-UP ON INTERNAL REVIEWS: TRANSITION STRATEGIES AND EVALUATIONS									
1.1 Transition strategy with Ministry of Health (MoH)									
Meetings of joint UBO/MoH Working Group	■	■	■	■	■				
Detailed review and re-engineering of current projects	■	■	■	■					
Transition strategy and related cooperation agreement			■	■	■	■			
1.2 Transition strategy for the Open Schools programme									
Terms of reference for the evaluation	■								
On-site evaluation by external evaluators		■	■						
Design of roll-out strategy and re-engineering of current projects				■	■	■	■	■	■
1.3 Other Transition strategies for specific projects									
Identification of other projects requiring specific transition strategies	■	■							
Discussions with line ministries, ABC, other partners and stakeholders		■	■	■					
Revision/re-engineering of projects concerned			■	■	■	■	■	■	■
1.4 Evaluation of the Pesquisa (Research Unit)									
On-site evaluation by external evaluators	■	■							
Results and action plan			■	■					
Input to UBO's Strategic Framework and new organizational chart					■				
1.5 Evaluation of the Antenna offices									
Terms of reference for the evaluation	■								
On-site evaluation by external evaluators		■	■						
Action plan				■	■				
1.6 Review/Evaluation of Criança Esperança programme									
Review/revision of agreement with TV GLOBO	■	■	■						
Review/revision of agreements with the five permanently funded NGOs and all other legal agreements with beneficiaries and other partners	■	■	■						
Evaluation of the five permanently funded NGOs		■	■						
Management audits of the five permanently funded NGOs		■	■						
Decisions on way forward and related action plan				■	■				

ACTION	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
2. UBO STRATEGIC FRAMEWORK									
Consultations with line ministries, ABC, national partners & stakeholders	■	■	■						
Fine-tuning with programme sectors and BSP and finalization			■	■	■				
Finalization of UBO's Country Programme			■	■					
3. STRENGTHENING MANAGEMENT									
3.1 Training on project management									
General introduction to UNESCO (with BFC and HRM)		■							
RBM, strategic planning, programming cycle and project design (with BSP)		■							
UNESCO's extrabudgetary activities (with ERC)		■							
Project Monitoring and Evaluation, including Log Frame (with IOS)		■							
SISTER training (with BSP)					■				
3.2 Finance and administration									
Implementation of pending audit recommendations	■	■	■	■	■	■	■	■	■
UBO Table of Delegation of Authority and Accountability (ToAA)	■	■	■	■					
Alignment of SICOF with FABS									
• Development of IT adjustments for SICOF	■	■	■	■					
• Testing and validation		■	■	■	■	■			
• Roll-out of IT adjustments							■	■	■
UNESCO general administrative rules and procedures (with IOS and DCO)			■						
Revised UBO administrative processes/procedures (with DCO, BB, HRM & BFC)		■	■	■	■				
3.3 Review of human resources									
On-site review by external HR expert	■								
Development of new organizational chart and finalization of job descriptions		■	■	■	■	■	■		
3.4 UBO staff retreat									
				■					
4. COMMUNICATION AND PARTNERSHIP STRATEGY									
Draft strategy	■	■	■						
Revision in consultation with BPI and finalization				■					