



UNESCO

The United Nations Educational, Scientific and Cultural Organization (UNESCO) is a Specialised Agency of the United Nations. It contributes to peace and security by promoting international collaboration through its five major programmes: education, natural sciences, social/human sciences, culture, and communication/information. In 2013, UNESCO's revenues (consisting of assessed and voluntary contributions) totalled approximately USD780m. UNESCO is headquartered in Paris, with 69 offices in Africa, Arab States, Asia & Pacific, Latin America & Caribbean, Europe and North America.



Creating Value through Alliance Lite2 at UNESCO

by Anssi Yli-Hietanen, Treasurer, UNESCO

Although UNESCO has a relatively small treasury management function, its needs are complex with operations across every continent and 69 local offices. Consequently, the ability to process payments efficiently and achieve visibility over cash and risk across the organisation is essential, but without the need for substantial investment or resourcing. Having evaluated a range of options, UNESCO identified Alliance Lite2, SWIFT's convenient cloud-based solution for bank communication globally, as the most appropriate solution for their needs.

UNESCO treasury organisation

We have a centralised treasury function based at our Paris headquarters, responsible for managing UNESCO's banking relationships and global cash management. While our treasury function selects banking relationships on behalf of UNESCO, we

Key Points

- The treasury needs of UNESCO are extremely complex, with numerous bank relationships and accounts which it aims ultimately to rationalise
- Before the organisation could start on this it needed to review its cash management technology and bank communication strategy, and to reorganise its payment operations
- To achieve a single connectivity solution for each of its banks in every country, UNESCO adopted SWIFT's cloud-based AllianceLite 2
- The article summarises the benefits of its newly integrated payments processing and account statement retrieval, and notes future plans to roll out the solution to its local offices globally

increasingly do so in co-operation with other United Nations organisations to leverage economies of scale and access a wider range of solutions and services. We currently have one primary bank for payments processing in our major currencies, and relationships with a further 80 banks from 30 different banking groups, with which we hold around 200 bank accounts. Ultimately, our aim is to rationalise these relationships with a selected group of United Nations partner banks that together give us the global coverage we require.

Legacy cash management solutions

Before embarking on this project, we had a legacy payments platform in place that we used to validate and transmit payments to our bank, and import balance and transaction information (MT940) for all UNESCO's bank accounts. This information was then integrated into our ERP system each day. This platform was connected to our primary payment banks via a host-to-host connection based on FTP (file transfer protocol). In addition, each remote office used web-based electronic banking solutions provided by the relevant bank(s) for payment processing or used manual methods such as hard copy instructions or cheques.

These fragmented arrangements for payment processing had a variety of limitations. At a headquarters level, our cash management platform was costly to maintain, the banking interface did not meet our security requirements and we had experienced some stability issues. At a local level, many of the bank proprietary systems that were in use could not be integrated with our ERP solution.

There were wider challenges too. The use of manual payment methods increased the risk of error or fraud, with serious financial and reputational implications for UNESCO and the United Nations. Similarly, by using different methods to make payments, it was impossible to standardise processes and controls across UNESCO, resulting in a lack of efficiency and automation.

Defining objectives

This combination of cost, efficiency and control limitations prompted us to review

both our cash management technology and bank communication strategy with a view to implementing a robust, secure and efficient infrastructure that could be leveraged consistently across UNESCO.

We defined our requirements and compared potential solutions. Ultimately, we opted for the bank communication module of our ERP to manage payments transmission and account statement retrieval. This allowed us to leverage our existing ERP infrastructure more fully across UNESCO to validate, monitor and transmit payments, and integrate account balance and transaction information without the need to acquire a separate solution.

We then needed to implement a bank communication solution that would provide the connection between our ERP and our banks. Our aim was to have a single connectivity solution for each of our banks in every country. We reviewed a variety of options, but found that SWIFT was the only solution that would support our requirements. As a small organisation with limited resources, we opted for the cloud-based Alliance Lite2 rather than installing SWIFT onsite or outsourcing to a service bureau. Alliance Lite2 was the most cost-effective and resource-efficient way of supporting our bank communication needs, without the need to either maintain the SWIFT gateway in-house or contract with an additional third party provider. From a functional perspective, as we are not using the standard middleware of our ERP system, we implemented SWIFT Integration Layer to automate the transmission of files between our ERP and the banks without the need for additional formatting on our side.

Implementation in practice

We took a highly disciplined approach to project planning from constructing the business plan through to detailing each implementation step. We had a dedicated implementation team involving personnel from both UNESCO and SWIFT throughout, who liaised closely with our ERP provider. As a result of this approach, the implementation of Alliance Lite2 was completed quickly and smoothly although as an early adopter, we would have benefited from more complete implementation documentation. SWIFT

Integration Layer was configured specifically to our requirements by SWIFT Consulting Services. Although this was a challenging task, we managed to complete the project on time thanks to the excellent support received from SWIFT.

A new era for cash management at UNESCO

We have now achieved a fully integrated process for both payments processing and account statement retrieval. Payment files are created and validated in our ERP and then transmitted automatically to the relevant banks via Alliance Lite2, with a companion file created by SWIFT Integration Layer. Processes are far simpler, more standardised and highly automated, whilst leveraging the security and resilience of the SWIFT network. We have reduced our costs substantially, and we have calculated a return on investment within two years.

Future plans

Having bedded down our new payments and account statement solution in our headquarters, the next step is to roll out the solution to our local offices globally. In addition, one of the advantages of using SWIFT for bank communication is the ability to transmit a wide range of different financial messages through the same channel. For example, we are now planning to use Alliance Lite2 to exchange confirmations on both foreign exchange and money market transactions with our banks. □

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Anssi Yli-Hietanen Treasurer, UNESCO

Anssi Yli-Hietanen joined the Treasury of UNESCO from a Client Executive position at Skandinaviska Enskilda Banken Paris Branch in 2003. After being in charge of UNESCO's cash management and investment operations he took overall responsibility for the Treasury in 2014. Previously, he worked in different positions at Nordea Bank in Singapore and Helsinki.

