

**Hundred and sixty-fourth Session**

164 EX/25  
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**PROPOSAL TO CHANGE THE LEGAL STATUS OF THE UNESCO INSTITUTE  
FOR EDUCATION IN ORDER TO BRING IT INTO LINE WITH THE OTHER  
UNESCO INSTITUTES: RECENT DEVELOPMENTS AFFECTING THE  
FINANCIAL AND STAFF SITUATION OF THE UIE**

**SUMMARY**

At its 31st session in 2001, the General Conference invited “the Director-General to make the necessary changes to the legal status of the Institute (UIE) to bring it into line with other UNESCO institutes, and to submit them to the Executive Board for approval” (31 C/Resolution 6). This Resolution was prompted by 162 EX/Decision 4.2 on an overall strategy for UNESCO institutes, centres, and their governing bodies, in paragraph 10 of which the Executive Board “requested the Director-General to take all necessary measures to ensure that all host governments who have not yet done so sign corresponding host country agreements specifying, *inter alia*, their support to the respective institutes and centres”.

However, in view of the German Government’s decision to phase out its institutional grant to UIE, the question of the future of the Institute needs to be carefully considered before the question of the legal status of the Institute can be dealt with.

This document contains a brief account of UIE, describes the financial and staff situation for the biennium and possibilities for the future, and proposes a draft decision to the Executive Board.

Decision required: paragraph 14.

1. The UNESCO Institute for Education was established in 1952 in the context of the post-war reform of the German education system. It was set up as a foundation under provisions of the Civil Code of the Federal Republic of Germany, having its seat in the Free and Hanseatic City of Hamburg. The first constitution of UIE was signed on 19 May 1952. In 1965, the Constitution was revised and approved by all the parties involved in the creation of UIE, namely UNESCO, the Federal Republic of Germany and the Free and Hanseatic City of Hamburg.

2. The Institute has developed since then into a leading resource centre in the areas of lifelong learning, literacy and adult learning. UIE has built up a fine collection of literacy materials, as well as gathered a unique store of experience, developed a mainstream research capacity and issued a wide range of publications in the areas of literacy, adult and non-formal basic education. During the past five decades, UIE has made a major contribution to the development of adult and continuing education in the framework of lifelong learning.

3. The legal status of UIE is that of a foundation under the Civil Code of the Federal Republic of Germany. Over the years there have been a number of resolutions and appropriations adopted by the General Conference and the Executive Board pertaining to the UIE. They expressed concern that its legal status is different from that of other UNESCO institutes and no host country agreement has ever been signed. The Executive Board at its 162nd session requested the Director-General “to take all necessary measures to ensure that all host governments which have not yet done so sign corresponding host country agreements specifying, *inter alia*, the support which they provide to the respective institutes and centres” (162 EX/Decision 4.2, para. 10). It is in that context that the General Conference invited the Director-General in October 2001, to “make the necessary changes to the legal status of the Institute to bring it into line with the other UNESCO Institutes” (31 C/Resolution 6).

4. The Government of the Federal Republic of Germany announced in a Verbal Note dated 26 January 2000 its decision to phase out the institutional grant it had been providing to UIE since its inception, although it expressed its willingness to host UIE as a truly international institute and to continue to provide project grants to the Institute. The institutional grant is being gradually phased out and will no longer be available as of 2006.

5. As regards staff costs, a core group of 13 of UIE’s 25 staff members are funded from the institutional grant provided by the German Government, five are UNESCO regular staff members and another seven are employed on a regular basis from resources generated by the Institute to cater for the increasing programme volume. The financial resources available for these personnel costs (excluding UNESCO regular staff members) for the 2002-2003 biennium come from UNESCO’s financial allocation, the German Government’s institutional grant and the overhead costs on project grants from the German Government and other donors as indicated in the table below. Given staff costs proposed for the biennium, \$1,724,433, there is a shortfall of over \$190,000.

	\$
UNESCO financial allocation (regular budget)	249,570
Institutional grant (FRG)	948,344
Overheads from project grants (FRG)	141,136
Overheads from project grants (other donor agencies)	193,630

In addition, the costs (\$1,389,000) of the five UNESCO staff members are paid from UNESCO’s financial allocation.

6. These figures indicate that UIE will no longer be viable as a stand-alone institute in Hamburg, once Germany's institutional grant has been phased out. It is not realistic to suppose that the overhead costs on project grants, even at a higher volume, can compensate for the loss of the institutional grant. Alternative arrangements must therefore be made.

7. In recent discussions with ADG/ED the German authorities have indicated that the decision to phase out the institutional grant to UIE is final and will not be reversed.

8. It is worth noting that a major focus of German interest is now the creation of a United Nations campus in Bonn in the context of the reallocation of governmental activity and offices between Bonn and Berlin. UNESCO's UNEVOC centre, formally opened in April 2002, is located on this United Nations campus as are various other units of agencies in the United Nations system.

9. It would appear from the above that there are two options for the future for UIE.

(a) Maintenance of UIE on a significantly reduced scale

This downscaling would require that UIE's programme be redefined and refocused. As regards staff, this implies the release of some staff and assets, accompanied by the integration of some of UIE's UNESCO staff into UNESCO Headquarters or another UNESCO body to continue part of the UIE mission.

(b) Closure of UIE

As regards its programme, this would involve the transfer of selected elements of its work to UNESCO Headquarters and field offices, or other institutes. As regards staff, this implies: (a) the release of staff paid from the German institutional grant; (b) the disposal of assets such as the library to local German institutions by agreement with the German authorities; and (c) the assignment of the UNESCO employees to other duties within UNESCO.

10. If the first option is chosen one possibility would be to relocate the reduced UIE alongside the UNEVOC centre in Bonn where it could share infrastructure costs and contribute to the development of the United Nations campus.

11. In both cases payment of separation grants for staff will be necessary and the parties responsible for such payments need to be identified.

12. The issue of future arrangements for UIE needs to be addressed urgently. Meanwhile if extrabudgetary funding cannot be found, UIE will have to cut expenditure to match the phase-out of the institutional grant. It will also have to set aside the funds necessary for releasing the staff currently paid from that grant.

13. If the Executive Board's decision is to continue UIE activities on a reduced scale under new arrangements, it will be necessary to develop an appropriate legal instrument to cover its work.

14. The Executive Board may wish to adopt the following draft decision:

The Executive Board,

1. Recalling 31 C/Resolution 6 inviting the Director-General "to modify the legal status of the UIE to bring it into line with the other UNESCO institutes, and to submit them to the Executive Board for approval",

2. Having examined document 164 EX/25,
3. Invites the Director-General to explore in coordination with the UIE Governing Board and the German Government the possibilities of covering the budget deficit of the UIE in the current biennium or downsizing the budget to match the reduction;
4. Also invites the Director-General to present a report on this issue as well as proposing either a long-term solution for the financial situation of UIE or arrangements for the orderly closure of the Institute to the Executive Board at its 166th session.