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ORAL REPORT BY THE CHAIRPERSON OF THE ADMINISTRATIVE COMMISSION

H.E. Ms Samira Hanna-El-Daher, Lebanon

14th plenary meeting, Wednesday, 21 October 2009

Mr President of the General Conference,
 Mr Chairman of the Executive Board,
 Mr Director-General,
 Excellencies,
 Dear colleagues,
 Ladies and gentlemen,

It is with great pleasure that I submit to you the report on the work of the Administrative Commission of the 35th session of the General Conference.

The Commission considered twenty-one (21) items from 6 to 10 October 2009. The Commission's report (35 C/69 Prov.) includes only the Draft Resolutions that the Commission recommends to the General Conference for adoption.

My oral report will consist of a summary of the salient points of our debates. The full text of our Commission's discussions is contained in the Rapporteur's oral report.

Before continuing, I should like to transmit to you the Member States' request that the recommendations of the Executive Board be available to the Administrative Commission prior to the commencement of its proceedings.

I also wish to report the warm atmosphere in which all the debates were conducted and the high sense of responsibility displayed by the representatives of the Member States. That certainly contributed to the quality of the outcome achieved by this Commission.

With your permission, Mr President of the General Conference, I shall now summarize our debates on the items considered.

Item 1.3 Report by the Director-General on communications received from Member States invoking the provisions of Article IV.C, paragraph 8(c), of the Constitution

Having reported on this item to the plenary meeting on 10 October 2009, I should like to recall that eight (8) Member States (of the 17 at risk of losing the right to vote) may not exercise their voting rights, i.e. These include *Antigua and Barbuda, Central African Republic, Dominica, Guinea, Guinea-Bissau, Marshall Islands, Micronesia and Sao Tome and Principe*.

Two (2) Member States (Palau and Liberia), have settled the amounts owed, and the seven (7) remaining Member States have retained their voting rights.

The plenary adopted the Draft Resolution on that item without debate, as recommended by the Administrative Commission.

Item 4.1 Methods of preparing the budget and budget estimates for 2010-2011 and budgeting techniques

The Administrative Commission noted that the budgeting techniques used by the Secretariat to prepare document 35 C/5 revised budget were in conformity with 34 C/Resolution 92 and recommended that the same budgeting techniques be used to prepare document 36 C/5.

Most questions raised by Member States related essentially to the relevance of the constant dollar rate, in respect of which Member States questioned the justification for continuing to use this principle given the exchange rate fluctuations and the implementation of IPSAS, and to the possibility of introducing Results-Based Budgeting (RBB) at UNESCO.

Some Member States expressed disappointment that the Secretariat was not proposing, at least, a phased approach to the implementation of RBB. The representative of the Secretariat

recommended that, before the phased introduction of RBB, a well-designed overall strategy should first be formulated. She then informed the Commission that the Secretariat was considering other practical means of meeting the expectations of Member States.

Item 4.2 Consideration and adoption of the Draft Programme and Budget for 2010-2011

The Administrative Commission considered and approved the budget and draft resolutions for the following parts:

- General Policy and Direction
- Field – Management of decentralized programmes
- Field management and coordination
- Human resources management
- Accounting, treasury management and financial control
- Administration
- Reserve for reclassifications/merit-based promotions
- Anticipated cost increases

Item 4.4 Draft Programme and Budget for 2010-2011: provisional adoption of budget ceiling for 2010-2011

This item, covered by my report to the plenary meeting of 9 October 2009, concerns the approval on a provisional basis of a budget ceiling of US \$653 million for the 2010-2011 financial period. In view of the importance of the adoption of the budget ceiling, the Member States recommend that it be placed systematically on the agenda of the ADM Commission. One Member State specified that 182 EX/Decision 21 relating to the Draft Programme and Budget for 2010-2011 should be examined in its entirety at the joint meeting of the Administrative and Programme Commissions. After a brief introduction, the plenary meeting approved that budget ceiling provisionally without debate.

Item 6.3 Implementation of the Internal Oversight Service (IOS) strategy in 2008-2009 and establishment of the Oversight Advisory Committee

The representative of the Secretariat referred to the recommendation of the Executive Board to establish an Oversight Advisory Committee as a permanent feature of oversight.

Member States expressed the view that such a committee was essential to the accountability, governance and transparency of the Organization. Various questions were raised about the exact role of the Committee, its positioning in the Organization and its composition and the geographical representation of its members.

Regarding the evaluations of Strategic Programme Objectives and the Evaluation Plan, the representative of the Secretariat stated that it took some time to develop action plans and that a culture of evaluation and learning was taking shape within the Organization. He also indicated that almost all evaluations focused on results achieved and Results-Based Management.

Following consideration of this item, the Commission approved the establishment of the Oversight Advisory Committee and its terms of reference as a standing committee.

Item 6.4 Independent external evaluation of UNESCO

The representative of the Secretariat stated that the external evaluation was estimated to require 9 to 12 months at an estimated total cost of \$500,000. He also stressed that Member State contributions were required, given the constraints faced by the regular budget, and that a special account would be established to safeguard the independence and transparency of such funding.

Numerous comments were made and questions asked regarding the financing of the operation, the roles of the evaluation team, the Technical Support Group and IOS, the selection and composition of the evaluation team, the scope of the evaluation, the link with the evaluations of Strategic Programme Objectives and the importance of the information meetings for Member States.

The Member States decided to request the Director-General to identify appropriate funding, amounting to a minimum of \$250,000 but not exceeding \$350,000 within the management of document 35 C/5 Approved, without compromising programme activities, in order to cover half of the expenditure relating to the evaluation. The Member States were invited to complement that amount through voluntary contributions.

Item 7.1 Amendment to the Financial Regulations with a view to the adoption of the International Public Sector Accounting Standards (IPSAS)

The representative of the Secretariat outlined that IPSAS implementation continued to advance at UNESCO, with an unchanged target date of 1 January 2010. The main changes brought about by IPSAS on the Financial Regulations included the move to annual financial reporting and auditing, expense recognition based on the delivery principle and the overall financial management of the surplus or deficit account of the General Fund.

The proposed changes essentially left the budgetary process unchanged. The Member States approved the proposed amendments, asking the Director-General to incorporate them in time for the preparation of the 2010 financial statements.

The representative of the Secretariat indicated that, under IPSAS, it would be necessary to recognize appropriate allowances for unpaid contributions. Concerning the implementation of IPSAS by other United Nations organizations, it was noted that the World Food Programme (WFP), as an early adopter, had received a clean audit opinion for its 2008 financial statements. UNESCO aimed to be among the organizations adopting IPSAS in 2010, which was earlier than a number of organizations including the United Nations. The move to IPSAS and accrual accounting must be done gradually, and therefore there was currently no impact on budget procedures and no imminent move to accrual-based budgeting.

Item 10.1 Report by the Director-General on the implementation of the reform process

Part I – Staff policy

The representative of the Secretariat said that in recent years the Secretariat had developed some 17 new policies covering all human resource areas, in harmony with United Nations system policies and practices.

She recalled two (2) main challenges in the coming years. The first related to the significant retirement rate in the coming five years which poses a challenge in terms of business continuity and institutional memory. By 2013, some 192 staff at the professional level and 53% at the Director level would retire. The second challenge was the successful implementation of the geographical mobility policy, to ensure that it effectively supported the decentralization strategy and met the Organization's needs. The two staff associations, the UNESCO Staff Union (STU) and International Staff Association of UNESCO (ISAU), took the floor to share their comments on the Director-General's report.

The representative of the Secretariat said that a succession planning model, including recruitment and succession strategies, and training plans had been established. It would be implemented in the coming biennium to align the human capital with the strategic objectives and operational requirements of the Organization.

Part II – Decentralization

The representative of the Secretariat stressed that the basic criteria for the rational implementation of decentralization adopted in 1999 must now be adapted to current challenges, notably in the light of the United Nations reform.

The consensus was that UNESCO should be at the forefront of the United Nations reform at the field level and that corresponding efficiency gains should enable the Organization to shift more funds to programme activities.

After a lengthy debate, the Commission decided to continue consideration of the decentralization strategy including, if necessary, the revised basic criteria for the rational implementation of decentralization and to include an item on the matter in the agenda of the 36th session of the General Conference.

The Commission also took note of the fact that the Director-General would submit to the Executive Board at its 185th session a third option for decentralization reform to add to the two options which had already been submitted to it at its 182nd session.

Several Member States emphasized the importance of having relevant expertise at senior level in the field.

Regarding the role of National Commissions in the evaluation of field offices and programme execution, the representative of the Secretariat stated that involving National Commissions in programme execution was largely dependent on their delivery capacities, which were unequal.

Item 11.1 Implementation of the action plan for improved management of extrabudgetary funds – Report by the Executive Board

In view of the growing importance of extrabudgetary resources in UNESCO's budget, the representative of the Secretariat said that it was necessary to place the programming of extrabudgetary activities and resource mobilization on a more strategic footing.

He also said that the establishment of the new Complementary Additional Programme (35 C/5 CAP) placed strong emphasis on the "programme approach" and that to date some 181 outlines had attracted funding amounting to approximately \$317 million.

The Commission welcomed the progress made to date in the programming, monitoring and implementation of UNESCO's extrabudgetary activities and in resource mobilization, as shown by the launch of the first CAP and of the Extrabudgetary Resource Mobilization Strategic Plan.

Item 11.2 Financial report and audited financial statements relating to the accounts of UNESCO for the financial period ended 31 December 2007 and report by the External Auditor

During examination of this item, the Commission benefited from the presence of Mr Philippe Séguin, the External Auditor of the Organization.

The External Auditor stated that the accounts reflected accurately the situation of the finances of the Organization and that operations had been carried out in keeping with the regulations and rules and the decisions of the governing bodies. He further summarized his observations and

recommendations in two main areas: the introduction of International Public Sector Accounting Standards (IPSAS) and internal oversight.

Regarding IPSAS, the External Auditor described the benefits their introduction would have on the Organization. They included transparency, accountability and relevance.

On internal oversight, the External Auditor expressed concern about two major benefits offered to UNESCO staff – the dependant's allowance and the education grant – where staff might have been paid inappropriately as a result of oversight weaknesses. Of the sixty (60) recommendations he had made, in two (2) cases no specific action had been taken, namely on language diversity and works of art, forty-four (44) were in the process of being implemented, seven (7) had been completely implemented and measures had been taken on seven (7) recommendations but had not necessarily achieved the objectives of the recommendations as yet. The External Auditor also commented on one of the key recommendations which involved enhancing the roles of the Administrative Officers. Their relationship with the Comptroller needed to be strengthened. He explained that a hierarchical link between the Administrative Officers and the Comptroller should be established in order to strengthen the internal oversight system throughout UNESCO. He quoted the specific case of the Education Sector where the role of the Administrative Officer had been split into two, one for finance and the other for human resources. He disagreed with the Secretariat on that issue.

Member States expressed dissatisfaction with the current publications policy, which did not encourage language diversity. They pointed out that more than 70% of publications were in one language and that no concrete measures had been taken to address the issue.

Many Member States commended the External Auditor on his work and the report presented.

Mr President, it is to be noted that the following items were approved without debate, as recommended by the Executive Board and endorsed by the General Committee of the General Conference:

Item 11.3 Financial report and interim financial statements relating to the accounts of UNESCO as at 31 December 2008 for the financial period ending 31 December 2009

Item 11.4 Scale of assessments and currency of Member States' contributions

Item 11.6 Working Capital Fund: level and administration

I shall continue my report by turning to:

Item 11.5 Collection of Member States' contributions

The representative of the Secretariat informed the Commission that the amount of outstanding contributions, amounting to \$120.6 million at the end of September 2009, remained a cause for concern. If no major contributions were received in the near future, internal and/or external borrowing might be required at the end of 2009. He reported that the incentive scheme had not met its objective and that it would be inconsistent with the principles under which UNESCO accounts were to be drawn up in the future. With the adoption of IPSAS, the preference of the Secretariat was to let the scheme expire, thereby displaying prudent financial management at a time when large unfunded liabilities would be recorded in the accounts.

The debate focused on the borrowing authority and the incentive scheme. With regard to the latter, Member States considered setting up a working group to examine in depth the question. In the interim, it was decided that the incentive scheme would be maintained.

The representative of the Secretariat pointed out that the payment of contributions was a legal obligation and that no financial incentive should be needed for it to be complied with. He underlined that the only sanction in the event of non-payment of contributions was the loss of voting rights.

Following consideration of this item, the Commission requested Member States to take the necessary steps to ensure that their contributions were paid in full at as early as possible during the financial period 2010-2011.

Item 12.1 Staff Regulations and Staff Rules

The representative of the Secretariat said that most of the amendments had been made in order to implement the recommendations of the International Civil Service Commission (ICSC), endorsed by the United Nations General Assembly, and therefore to bring the UNESCO Staff Rules into line with those of other United Nations organizations. Many members of the Commission expressed the view that Professional staff should have knowledge of the two working languages of the Secretariat and that the Administration should support and facilitate such endeavour. Some members indicated that staff should be encouraged rather than compelled to learn the second language.

The representative of the Secretariat explained that, depending on the operational needs of the job being performed, it was possible to require good or excellent knowledge of the two working languages of the Secretariat. She also stated that, compared with other United Nations organizations, UNESCO had quite high language capacities.

Item 12.2 Staff salaries, allowances and benefits

The representative of the Secretariat informed the Commission that the key changes that had been implemented since the 34th session of the General Conference affecting the salaries, allowances and benefits of UNESCO staff members were based either on direct recommendations from ICSC, approved by the General Assembly, or established on the basis of ICSC's established methodology.

Some members of the Commission commented that the increase in salaries and allowances would impact negatively on the resources available for UNESCO's programmes and asked how the balance between staff costs and programme spending was established. The representative of the Secretariat replied that the measures reflected decisions which had previously been taken by the United Nations General Assembly and ICSC and which applied across the United Nations common system; the implementation dates were decided by the General Assembly and ICSC. As UNESCO was a member of the United Nations common system, the Director-General was implementing those decisions, which ensured that UNESCO remained competitive with other United Nations organizations in its efforts to recruit and retain staff members of the highest quality.

The representative of the Secretariat pointed out that the increases in the mobility and hardship allowances would support UNESCO's geographical mobility policy and would encourage staff members to consider assignments in the more difficult duty stations.

Item 12.3 Report by the Director-General on the situation concerning the geographical distribution and gender balance of the staff of the Secretariat

The representative of the Secretariat indicated that, to date, with 193 Member States, of which 82% were represented, UNESCO had one of the highest rates of representation among the United Nations specialized agencies. All regional groups were normally represented with the exception of Groups III and IV which were under-represented.

Some Member States queried the notion of "representation by regional group", stressing that, even if a regional group was normally represented, countries within that group could be under- or non-represented as was the case with Group V(a).

In this regard, a member proposed that the Young Professionals Programme should be enhanced since it was an excellent means of improving geographical representation within the Secretariat. The representative of the Secretariat indicated that in the 2010-2011 biennium the Secretariat would recruit ten (10) Young Professionals from under-represented countries.

The representative of the Secretariat then highlighted that gender parity at P level (P-1 to P-5) had been achieved, and that UNESCO was one of the highest-ranking agencies in that respect. However, an imbalance remained at the Director level. The Secretariat was implementing the measures in the Gender Plan of Action approved by the Executive Board at its 179th session to address the imbalance at the senior level. Among the measures already implemented, the Secretariat had approached some 35 women's professional associations seeking their assistance to increase the number of women candidates to posts advertised in UNESCO.

She concurred that the retirements in the next few years would provide opportunities to improve geographical representation and gender parity within the Secretariat.

Item 12.4 United Nations Joint Staff Pension Fund and appointment of Member States' representatives to the UNESCO Staff Pension Committee for 2010-2011

The representative of the Secretariat informed the Commission that for the period from January to December 2007 the active population of the Fund increased by some 8.3% and that the Fund was stable.

The representative of the Secretariat explained that, according to the latest estimations, the market value of the Fund was \$35.1 million. She added that the Fund was currently undertaking an actuarial study, which would be completed in 2010.

Regarding the appointment of the members and alternate members of the UNESCO Staff Pension Committee, it was recommended that the Secretariat consult the regional groups prior to the General Conference.

A similar recommendation was also made for Item 12.5.

Member States were elected as follows:

Members	Alternates
Russian Federation	Algeria
Japan	Kenya
Brazil	Saint Vincent and the Grenadines

Item 12.5 Report by the Director-General on the state of the Medical Benefits Fund (MBF) and appointment of Member States' representatives to the Board of Management for 2010-2011

The representative of the Secretariat noted that the current reserve amounted to \$28.3 million. She also informed the Commission that the Secretariat had mandated an outside firm specialized in health care management to undertake a long-term actuarial projection of the Fund. Once the study was completed, the Secretariat, in consultation with the MBF Board of Management, would submit concrete recommendations on how best to secure the long-term financial viability of the Fund.

In response to questions raised, the representative of the Secretariat informed the Commission that approximately 80% of the reserve amount was invested in euros. Regarding the shortfall in income over expenditure for the financial year 2008, she explained that the shortfall was mainly due to external factors such as the devaluation of the US Dollar against the Euro.

Another member raised the issue of indispensability, emphasizing that access to medical insurance was indeed indispensable but not necessarily the existing self-managed Medical Benefits Fund itself, stating that most international organizations had external and not an in-house health insurance system.

Member States were elected as follows:

Members	Alternate
Mexico	Greece
Australia	

Point 13.1 Report by the Director-General, in cooperation with the Headquarters Committee, on managing the UNESCO complex

The President of the Headquarters Committee, Ms Ina Marčiulionytė, Ambassador of the Republic of Lithuania, presented the report of the Headquarters Committee to the Commission on the work accomplished during the past two years.

The representative of the Secretariat announced that the Belmont renovation works had been completed.

Concerning the loan for the renovation, the representative of France pointed out an error in the document. In fact, the host country was paying interest on the loan amounting to €21 million, even though the loan was interest-free for UNESCO.

Several Member States congratulated the President of the Headquarters Committee and the representative of the Secretariat for having successfully completed the renovation works. Some members of the Commission requested additional information on the eventual renovation of the Miollis-Bonvin building and the situation with the maintenance and conservation of UNESCO Headquarters as a whole.

The representative of the Secretariat reiterated that, despite measures applied by the Secretariat following the decisions taken by the Headquarters Committee to reduce the rental arrears of Permanent Delegations in the Miollis building, that problem still remained and further efforts were to be made in order to encourage delegations to respect their obligations vis-à-vis the Organization.

Some members of the Commission requested further information concerning progress made with the Chinese Suzhou Garden to be constructed on the Miollis site. The representative of the People's Republic of China thanked the Permanent Delegation of France for its assistance in obtaining administrative documents related to the project and for the support of Member States and of the Headquarters Committee. She confirmed that the project was under way.

Point 13.2 Funding security requirements at Headquarters

The representative of the Secretariat recalled the discussion on the item at the 182nd session of the Executive Board, as well as the corresponding decision recommending that the General Conference authorize the Director-General to transfer \$1.8 million of any unspent funds from the 34 C/5 document to a special security account in order to cover the cost of a forward security post at the main Fontenoy entrance.

The delegate of the host country informed the Commission that France was deeply involved in UNESCO's security. The Organization benefited from French police force services, which facilitated, for example, the transportation of eminent persons under escort and regularly patrolled around UNESCO's premises. The Organization was also connected directly with the police stations

located in the fifteenth and seventh administrative subdivisions of Paris. The delegate highlighted that the host country was responsible for the Organization's external security. However, all Member States were requested to ensure UNESCO's internal security.

Mr President of the General Conference,
Mr Chairman of the Executive Board,
Mr Director-General,
Excellencies,
Dear colleagues,
Ladies and gentlemen,

I would like to conclude this presentation by extending my gratitude to all those who have contributed to the success of the Administrative Commission's debates, beginning with the representatives of the Member States. More particularly, I wish to thank the Vice-Chairpersons, namely the distinguished representatives of Australia, Canada, Mexico and Zimbabwe, and the Rapporteur, the distinguished representative of Indonesia.

However, the Commission that I chair could never have discharged its task without the invaluable assistance of the representatives of the Secretariat, Mr Philippe Séguin, External Auditor, and Ms Ina Marčiulionytė, Ambassador of Lithuania, who provided us with all the explanations and assistance required to conduct our work successfully.

I would also like to thank all those who facilitated our work throughout this session, starting of course with the members of the Secretariat of the Administrative Commission, whom I shall name:

Mr Agapito Mba-Mokuy, Secretary of the Administrative Commission, and his team, comprising Ms Othilie du Souich, Ms Claudia Nastase, Ms Danielle Larriere-Cardoso, Ms Henriane Amorin, Mr Sameer Pise and Mr Jean-Thomas Bruce, who showed great professionalism and, at all times, spared no effort to assist the Commission.

My thanks also go out to our excellent interpreters and translators, the conference room clerks and all of the technicians and persons in charge of the support services, and the STU and ISAU staff associations for their contribution to our debates.

Thank you for your attention.