United Nations
Educational, Scientific and
Cultural Organization

Organisation
des Nations Unies
pour l'éducation,
la science et la culture

## OUTCOMES OF THE SECOND INTERSESSIONAL MEETING (2 INX)

## Friday 10 March 2016

### I. Intervention by the Director-General, followed by a question & answer session:

After a brief introduction by Ambassador Michael Worbs, Chairperson of the Executive Board, and in the interest of efficiency, the Director-General, Ms Irina Bokova, made introductory remarks relevant to the three topics to be discussed later in the day. Her intervention is available online at the following link: (http://unesdoc.unesco.org/images/0024/002440/244053m.pdf)

Guided by the questions received from the regional groups (see annex) an interactive question & answer session ensued, during which participants were able to seek further clarifications from the Director-General and the members of her Senior Management Team.

Thereafter, the participants benefitted from presentations on three items that will be examined further during the 199th session of the Board, namely:

- Structured financing dialogue
- Sustainability of the UNESCO field office network
- Strategic results report

### II. Secretariat's presentation on the structured financing dialogue:

### 1. Introduction by the representative of the Director-General

The Deputy Director of the Bureau of Strategic Planning presented this item indicating that the concept of "structured financing dialogues" was first introduced by the United Nations General Assembly in its resolution on the quadrennial comprehensive policy review which requested "the executive boards of the funds and programmes and the governing bodies of the specialized agencies, as appropriate, to organize structured dialogues during 2014 on how to finance the development results agreed in the new strategic planning cycle of their respective entities".

He recalled that the 197th session of the Executive Board of UNESCO requested UNESCO to present proposals for modalities and a timeline for the organization of a structured financing dialogue to the 199th session of the Executive Board. He noted that a number of United Nations organizations have already put in place arrangements for structured financing dialogues, but it is clear that there is no "one-size-fits-all". However, having analysed the experience of other specialized United Nations agencies, UNESCO's assessment was that an integrated budgetary framework (comprising both assessed and voluntary contributions) was essential to facilitate and to inform the proposed dialogues on financing. In the proposal to the 199th session of the Executive Board, a phased approach to the introduction of structured financing dialogues at UNESCO was suggested.

He introduced Dr Sussan Bassiri, Director, Planning, Resource Coordination and Performance Monitoring of WHO and Dr Gaudenz Silberschmidt, Director a.i./Coordinated Resource Mobilization from WHO and invited them to share WHO's experience of structured financing dialogues, as one of the pioneers of this approach.

**Presentation by WHO**

WHO presented the history of WHO financing, which, like all United Nations specialized agencies, was previously based on a budget of assessed contributions, representing 21% of overall resources available to cover the budget of the Organization. The accountability to the World Health Assembly (WHA) was limited to that share of the budget, while the majority of funding was ensured by voluntary contributions. The financial crisis in 2008 triggered a major reform in WHO, which was not only a financial one but also an accountability programmatic, governance, managerial reform. The key focus was on gaining back the trust of its stakeholders and to move from a situation where WHO would only implement programmes financed by its contributors to one where the partners would accept to share responsibility for the funding and achieving of expected results.

To date, WHO has concluded its second structured financing dialogue. WHO had launched its financing dialogue in November 2013, which was well received as it was based on four guiding principles: alignment and flexibility, predictability, transparency and reducing vulnerability. The programme budget for 2014-2015 was approved by WHA for the first time in its entirety (assessed and voluntary contributions).

The outcomes of the second financing dialogue were positive for the success in the progress and in lesson learning. Funding perspectives for 2016-17 were encouraging while for 2018-19 the situation is worrying. It has to be noted that these structured dialogues are not pledging conferences, but strategic discussions, articulated into five sessions on funding, SDGs, accountability, coordinated resource mobilization and emergency reform. WHO's commitment to join IATI was welcomed by main contributors, and accountability and emergency reforms are journeys on which WHO is on the right path but still has further to go.

In terms of income for the organization, WHO moved from an aspirational budget to a realistic budget, constructed in a way that it would be predictable. Alignment on the six categories in which WHO programmes are divided and strategic management of flexible resources by the Director-General of the organization are also recognized as success factors and appreciated by Member States. In addition, the broadening of the donor base has improved thanks to the structured financing dialogues to a situation where 75.9% of the resources are granted by 20 donors in 2014-2015. The increased transparency has also played an essential role in the dialogues and in gaining the trust of the partners and donors: WHO launched the Programme Budget Web portal which provides enhanced information on programme of work with all its deliverables and budget, funding available and projected, financial flows, results achieved, allocation of contributions by donors and implementations rates (http://extranet.who.int/programmebudget/). The portal demonstrates that activities are no longer donor driven but based on priority programmes set by Member States. The WHO colleagues gave a demonstration of the portal.

In summary, the key success factors of WHO structured dialogue were:

- the approval of the integrated budget;
- the definition of budget ceilings for the six categories of programmes, with the exceptions of emergencies and special programmes;
- authority given to the Director-General for allocation of "flexible funds";
- the accountability for entire budget to the World Health Assembly and the double accountability for voluntary contributions also to donors;
- the financing dialogues in November before starting the biennium;
- the application of the financing dialogue principles;
- the strategic use of flexible resources and the strengthening of accountability, reporting and transparency.

The planning for financing dialogue was a long process starting with informal discussions and culminating in the financing dialogue sessions that were not meetings of governing bodies, but open to all stakeholder including non-State actors.

## 2. Discussion/queries by the Board

Twenty-one Member States took the floor. Participants expressed their appreciation for the very extensive presentation of WHO and for their success in conducting the structured financing dialogue (SFD). Several Member States underlined the importance of the SFD approach for ensuring transparency on all resource flows to the C/5, for achieving better alignment, for priority setting, for better equipping UNESCO to address the 2030 agenda, for creating a better understanding of needs, for obtaining multi-annual commitments, and for building the confidence of donors and facilitating decision making.

One Member State said the integrated budget framework was a logical next step to ongoing efforts at UNESCO to integrate regular programme and extrabudgetary resources. Several Member States agreed that UNESCO should develop an integrated budget framework. Some Member States questioned why UNESCO had lagged behind in implementing the United Nations General Assembly resolution. Some Member States noted that SFD was a positive way of moving forward, but UNESCO should set its own pace. One Member State said it was premature. Several Member States noted there was not a "standard" approach, and that the WHO business model was different from that of UNESCO with its diverse mandate.

Several questions were asked about the challenges and impact of the reform for Member States themselves, the Secretariat, the donor community and on how to face resistance. Some Member States requested additional details concerning WHO's expectations in decrease of funding for 2018-2019, the costs and timeframe of the development of the portal, as well as its accessibility and consultations of all stakeholders.

Member States were also interested in learning about the means to decrease volatility of extrabudgetary funding and how to increase the donor base, as well as on how to address the discrepancies between the budget cycles of the development partners and United Nations organizations. Concerns were expressed by some Member States about the possibility for donors to continue earmarking according to their priorities and with a view to maintaining the related visibility. Advice was sought on which concrete steps UNESCO should follow from now on to launch the process.

## 3. WHO and Secretariat's reply to queries

WHO representatives recalled that financing dialogues was a "journey" that implied widespread changes inside an organization. WHO's model was actually very similar to that of UNESCO. WHO also had a normative role and a broad mandate ranging from standards on chemical products to addressing Ebola.

The main challenges and conditions for success of the WHO model was outlined. Building the trust of non-donor and donor Member States was essential. Inclusiveness was also a key factor of the process of trust building and dialogue. Accepting and understanding the cultural change and acknowledging the need for a transition phase were also critically important. It was also crucial to understand that the concept of the integrated budget was not only about voluntary contributions and assessed contributions, it was about setting priorities that would be funded regardless of sources of funds. In this sense, "the colour of the money" was of no relevance under the integrated budget frame and the strategic financing dialogue

One of the biggest challenges was resistance to change from the Secretariat as it had to learn to work within the limits of the fixed budget for each programme and could no longer raise earmarked resources in excess of the budget ceiling. A strong leadership position was essential in this regard.

On the other hand, resources were ensured by the ceiling set by category and programmes even in case of unsuccessful fundraising.

It was also important to get the buy in from donors, while taking into account their priorities, and administrative cycle together with the organization's priorities. This was made possible thanks to the flexible funding and sound donor coordination

WHO also gave advice on the various steps and conditions involved in implementing the SFD approach. In the first instance, it was important to agree on a timeline for moving forward and map the steps to be taken. The approach should be realistic and incremental. Member States should discuss priority setting and decide what should be presented within the integrated programme and budget and what should be presented outside, such as event related interventions.

It was imperative to have an integrated budget. It was also essential to delegate authority to the Director-General for the allocation of flexible resources (assessed contributions, core voluntary and revenue from programme support costs). If not, the hands of the Secretariat were tied as far as addressing the funding gap was concerned. The Director-General also had 5% flexibility on the ceilings of each category, but total flexibility on designating the funding sources to be used to meet the target. The appropriation resolution approved by the General Conference should be modified and then financing dialogues could be organized.

WHO also addressed other specific questions from Member States. From a donor perspective, it was noted that contributions could remain tightly earmarked as long as they remained aligned with the programme approved by all Member States and within the ceilings set. Some two-thirds of WHO's funding was highly earmarked. The challenge was to build the trust of the contributors to continue providing funding while keeping within the approved budget. In the end, the Organization was less donor-driven. For predictability and alignment purposes, donors were invited to make multi-annual commitments. Differences in budget cycles could be accommodated. If the administrative and legislative context of some donors did not allow for firm multi-annual commitments, WHO developed "projections" with the concerned donors, independently of Parliamentary approval which allowed for a long-term vision. On the other hand, the need to maintain funds-in-trust and specific arrangements was evident and the budget had to be constructed keeping in mind the distinction between core and earmarked support.

The preparation of the portal was not long and nor very expensive (some $200,000) and WHO offered to share the technology they had partially taken form UNICEF, which was open source. However, much depended on whether or not the figures that would nourish the portal were already available at UNESCO in electronic format. A lighter version could be developed first and then subsequently developed. The Web portal was accessible to all and updated every three months. WHO conducted web-based consultations in several phases of the structured financing dialogue to accompany the process.

To limit volatility, WHO has ensured that donors would compensate for each other in the priority programmes and that flexible assessed contributions would support achieving the balance. The predictability of resources for 2018-19 was only 20% and WHO was making efforts to improve this ratio to face in particular the shift of priorities of Norther European donors in the coming years.

The Director-General further stressed that the SFD was very much a joint endeavor with Member States and it required political will. The Senior Management Team of UNESCO was fully on board and would work with sister agencies to build on the best ideas. She recalled that UNESCO had already introduced many of the necessary tools including RBB and the Complementary Additional Programme (CAP) included target setting. She noted that relations with donors were evolving in a positive sense like for example the large agreements with Sweden or the CapEFA programme. The transparency portal was launched in 2014 in accordance with IATI standards and it was necessary to invest further in the portal. To conclude she stressed the need for the elaboration of a strong decision on how to proceed.

The Deputy-Director of the Bureau of Strategic Planning added that the discussion had highlighted clearly the cultural change management and trust building as the key factors of success to guide the structured financing dialogue and that a transitional phase had to be planned. UNESCO would continue to consult with WHO and other agencies.

He noted there were some differences with WHO, notably in connection with the relative importance of UNESCO's normative role. He noted that the approach should be tailored, and that UNESCO should set its own pace. There should be discussions on scope, earmarking and the timing of the financing dialogues. An integrated budget was essential. Tools and systems, especially those related to the integrated budget and transparency should be further developed. He noted that UNESCO was already on the right path and looked forward to working with Member States on an amended resolution that would address their concerns.

## III. Secretariat's presentation on the sustainability of the field network under the $507 million expenditure plan:

### 1. Introduction by the representative of the Director-General

This item was introduced by the Director-General in her statement under item 2 of the agenda, in which she emphasized the absolute strategic need for UNESCO's field presence in particular in the context of the 2030 Agenda which requires UNESCO to adapt its strategy, programmes and activities to support Member States in the effective and structured delivery of the sustainable development goals, in alignment with the strategic direction of document 39 C/5. In order to successfully achieve this objective, a more consistent, solid and operational field structure with programmatic relevance and operational capacities needs to be developed through a phased consultative process as outlined in the document 199 EX/5 Part II (C). The Executive Board was invited to provide guidance on the way forward in this respect.

The representative of the Director-General, Mr Axel Plathe, Director of the Division for Field Support and Coordination, in his introduction provided further information on the content and purpose of the document highlighting the fact that the document goes beyond factual information regarding the 2014-1015 field performance as it outlines a forward looking process leading to the concrete proposal of a more consistent, solid and operational field structure with programmatic relevance and operational capacities. The document presents shortcomings and challenges faced both by the reformed field network in Africa and by offices in the other regions including the following:

(i)   The great number of priorities being considered as strategic;
(ii)  The insufficient critical mass of staff in substantive areas of expertise;
(iii) The reduced regular budget for programme activities and insufficient extrabudgetary funds in many field offices;
(iv)  The often limited capacity to efficiently and effectively engage in the various processes of the United Nations, in particular in locations where UNESCO is non-resident.

Notwithstanding the challenges, there is an agreement that the three main objectives of the decentralization strategy adopted by the General Conference at its 36th session remain valid.

The essential purpose of document 199 EX/5 Part II (C) is to engage Member States and Secretariat in a collective process of designing a more strategic, more sustainable and more operational field network.

While the two-phased process described in the document will be put in place upon the decisions taken thereon by the Executive Board, the Secretariat already engaged in substantive discussions on the sustainability of the field network and the role of field offices in the implementation of the 2030 Agenda including the meeting of the heads and directors of all 53 field offices from 21 to 23 March 2016 which is expected to expand the collective reflection on these issues.

## 2. Discussion/queries by the Board

The representatives of 21 Member States took the floor and expressed their appreciation for the document. They recognized the importance of the field network indicating that its relevance cannot be questioned. They underlined the role of field offices in enhancing the visibility of UNESCO in Member States, in ensuring effective programme delivery at the country level, in engaging in United Nations system common activities and the country levels as well as serving as a "tool" for bridging the distance between the Headquarters and the field.

Participants agreed that the financial crisis had a negative effect on the capacity of the field network and recognized the need to sharpen the programmatic focus of the field offices and their programme delivery scope, to strengthen staff capacity, including adequate professional expertise, and improving inter-agency cooperation and relations with NGOs and National Commissions.

It was noted that current field network was established under conditions which are no longer relevant and that the level of UNESCO field presence is quite modest as compared with other United Nations system organizations. The current funding level appears insufficient and requires more dynamic mobilization of extrabudgetary resources and more active partnerships with potential donors which could also be facilitated by the recipient countries.

The importance of alignment of the field network operations with the overall UNESCO strategy related to the implementation of the 2030 Agenda, and the draft document 39 C/5, was highlighted. It was pointed out that sustainable development goals are not only thematically interrelated but also require interagency cooperation. UNESCO should in this respect engage in joint country cooperation frameworks and seek innovative financing modalities.

Member States recognized and affirmed their commitment to support the field offices, both through the existing provisions in the host country agreements, through in-kind contributions. The opportunity of deployment, by host authorities, of local personnel to the field offices was underlined as an effective way of reinforcing of the human resources capacities along with country specific expertise.

The presentation of the challenges faced by the field network was appreciated and was viewed by the representative of one Member State as an opportunity for change. It was pointed out that the challenges identified in the implementation of the field reform in Africa may not prove relevant in other regions.

When referring to lessons learnt from the field reform in Africa, the representative of one Member State inquired about the future orientation of the Africa Department and its geographic location.

The current conflict and post conflict in the Arab States region was referred to as an opportunity for UNESCO to enhance its presence and programmatic impact in the region.

The representative of one Member State inquired as to the future responsibilities, mandate and country coverage of the Regional Bureau for Sciences and Culture in Venice.

Inquiries were made as to the content of the comprehensive intervention logic and the selection process of the activities to be continued/discontinued. Clarification was sought regarding specific opportunities of middle-income countries.

One Member State considered that redesign of the field network and optimization of structures were the two key priorities among parameters for addressing the sustainability of the field network and their consideration should be included in the Phase I of the proposed consultative process.

## 3. Secretariat's reply to queries

The Director of the Division of Field Support and Coordination thanked Member States for constructive remarks and for their recognition of the importance of the field network. He recognized

that the financial constraints prevent the network from being sufficiently operational and relevant, however cautioned that its effectiveness cannot be measured only vis-à-vis cost efficiency parameters. The added value of the field network should also be considered by taking into account upstream technical advice, institutional capacity building, support of national reform processes, advocacy and normative role and enhanced visibility of UNESCO.

There is a recognized need for enhanced capacity at the field level foster effective cooperation with other United Nations agencies, to engage more substantially in UNDAF and other joint United Nations processes.

The current world context would not allow for establishment of a static and permanent field network. Such a network would need to be adaptable to the country/regional development needs.

He indicated that the phased process, once approved by the Executive Board, will be translated by the Secretariat into a structured workplan with well-defined timelines with consistent consultative exchange with Member States throughout the process.

UNESCO has recently experienced excellent cooperation arrangements in middle income countries through self-benefitting arrangements (Peru and Iraq).

The Director-General thanked Member States for the important debate. She recalled that the decentralization strategy was approved by the General Conference in 2011 in a very different financial environment. The current financial context challenges the full sustainability of the present field network and consequently strategic choices are required. It needs to be recognized that UNESCO's field presence is more limited than that of other United Nations organizations and the current field capacity may not enable UNESCO to be adequately involved in the implementation of the 2030 Agenda at the country level. The organization should focus on supporting least developed countries as being most needful and vulnerable.

Member States need to address the challenges outlined in the document, lead the debate on the sustainability of the field network and provide guidance and recommendations to the Secretariat on the way forward. Support from Member States in enhancing financial viability of the field network is of essence and could be seen not only as direct financial support to the field offices, but also through advocacy of integration of UNESCO and facilitation of inclusion of UNESCO in country and global partnerships.

**IV.   Secretariat's presentation on the Strategic Results Report (SRR):**

**1.   Introduction by the representative of the Director-General**

In his introduction, the OIC/BSP recalled that the first Strategic Results Report (SRR) was a key component of the new reporting format adopted at the last General Conference. It provides a high-level analysis and review of UNESCO's outcomes over the last biennium. Prepared by the five Major Programmes and the UIS, in consultation with field offices and institutes and with feedback from central services (AFR, GEN, IOS, BSP), it proves to be a very useful exercise to propose ways forward, by identifying areas requiring further strengthening, improvement or adaptation of the Programme. Its strategic assessment builds upon self-evaluation and evidence from audits, evaluations and other independent sources. This is accompanied by an appraisal of expected results or thematic areas and by a multi-criteria programme performance matrix as approved by the Executive Board at its 197th session.

**2.   Discussion/queries by the Board**

Member States commended the quality and the foresight approach of the report, providing valuable information on the effects of UNESCO's work to the outside world, while taking into account the findings of self and external evaluations in defining the way forward. In that respect, the lack of evaluation for SHS and CI was acknowledged as a challenge. Several Member States

praised the interesting points stressed in the report and wondered how the questionnaire and the preparation of document 39 C/5 would draw upon them.

Two Member States expressed the view that foresight should be strengthened in all the programmes, given the need to anticipate evolutions and future trends in UNESCO's fields of competence. A suggestion was made to improve the report by opening a separate box presenting the contribution of intersectoral work to transversal themes such as peace or gender equality. It was also noted that the report would benefit from harmonizing the methodology across sectors.

Concerning the Education Sector, a few Member States noted the medium scoring of high priority areas, such as literacy and teachers, in terms of capacity to deliver and sustainability of actions. They enquired about the remedial concrete actions to be undertaken to better support UNESCO's programme delivery in these areas. It was also underscored that future programme planning based on the results as presented in the SRR, should give due consideration to the key role of education in addressing violent extremism. In relation to Natural Sciences, using the example of engineering, one Member State questioned the credibility of some statements which were not supported by the corresponding rating in the matrix. An additional question concerned the potential of intersectoral work between natural sciences and education to improve the capacity to deliver in some cases, such as the STI policy and the STEM education. Moreover, two Member States acknowledged the need to streamline the governance mechanisms of the culture conventions and to identify and focus on key priorities in order to enhance programme delivery capacity. It was recommended to bring both aspects to the attention of the working group on governance.

## 3.    Secretariat's reply to queries

In his response, the OIC/BSP thanked the Member States for their appreciation of the new report and for their valuable suggestions to improve it further. He highlighted that the formulation of the 39 C/5 (2018-2021) was a collaborative process with different steps. A preliminary one was the discussion of the last General Conference to agree on UNESCO's contribution towards the implementation of the SDGs. The SRR, providing a critical assessment over the past biennium and identifying challenges, is a starting point to engage with Member States in defining and debating the formulation of document 39 C/5 vis-à-vis the implementation of the 2030 Agenda for Sustainable Development, through consultative processes such as the questionnaire and future discussions.

Regarding the issues raised pertaining to education, the ADG/ED assured Member States of the fact that remedial measures are being undertaken to ensure the sustainability of actions in priority areas of the Sector. He particularly emphasized that UNESCO's delivery capacity in the field of literacy will be facilitated through innovative delivery patterns of literacy acquisition through ICTs, and by employing a twin-track approach, combining literacy with skills development. The ADG/ED also underlined that preventive violent extremism through education is and will continue to be a prominent area of work under Global Citizenship Education of Major Programme I.

In relation to natural sciences, the ADG/SC recalled that ER 1 of Major Programme II was not ranked a high priority for Member States whereas they have a high demand for UNESCO's guidance in STI policy and asked for Member States to provide advice on how to address this. Concerning the intersectoral work with education and STEM education, which is covered in MP II, ER 2, she explained that she was currently doing a mapping exercise with ADG/ED involving also ICTP, CERN and other partners to identify where to synergize.

**THE NEXT INTERSESSIONAL MEETING
WILL TAKE PLACE ON FRIDAY 3 JUNE 2016**

## ANNEX

## QUESTIONS SUBMITTED BY ELECTORAL GROUP

- Bearing in mind that the purpose of our field office (FO) network is to ensure the efficient execution of the regular programme, could you please provide information relative to the sustainability of the FO network in its current configuration of national, regional, cluster and liaison offices. Also, to what extent do field offices need extrabudgetary funds to supplement the regular budget in order to effectively implement activities that correspond to the priorities established by the General Conference? What do you intend to do, within the current financial constraints, in order to improve the impact of activities at the level of FO?

- Sustainable Development Goals (SDGs) represent a universal, ambitious, sustainable development agenda, an agenda "of the people, by the people and for the people," which crafted with UNESCO's active involvement. While appreciating UNESCO's contribution to the implementation of the SDGs through its work within its competencies namely education, natural sciences, social and human sciences, culture as well as communication and information, it is pivotal for the Member States to be fully aware and informed on its overall structure of implementation within the framework of UNESCO. In this respect, we would like to know if a database or any form of focal reference on the whole picture of UNESCO's competency areas in supporting the related SDGs accordingly has been established? And to achieve the goals, what are UNESCO's plans in enhancing the synergy between sectors/programmes for the next 14 years?

- The visibility and impact of UNESCO is very important for its existence especially for African Youth as it touches on their preparation to become enlightened and responsible guarantors of the future of the region and the globe. In this regard, within the context of the Operational Strategy for Youth in Africa, could the Director-General kindly inform us if the Secretariat has succeeded in meeting the target of raising extrabudgetary contributions between 40% and 60% of Regular Programme resources earmarked for youth activities? Are there efforts to elaborate intersectoral extrabudgetary projects, possibly in partnership with other United Nations agencies? What are the challenges and how can we overcome them?

- In the context of the implementation of 38 C/Resolution 14 on the Recommendation concerning Technical and Vocational Education and Training, which requested the Director-General to report to the General Conference at its 40th session on the status of Member States' implementation of the Recommendation concerning technical and vocational education and training:

  - What effective measures does the Organization envisage taking to support the Arab States region in implementing the following recommendations (paragraphs 2 and 3 of the aforementioned resolution)?

    "2. *Recommends* that Member States apply the provisions of the Recommendation concerning Technical and Vocational Education and Training by taking appropriate steps, including whatever legislative or other measures may be required, in conformity with the constitutional practice and governing structures of each State, to give effect within their territories to the principles set forth in the Recommendation;

    3. *Also recommends* that Member States bring the Recommendation concerning Technical and Vocational Education and Training to the attention of the authorities and bodies responsible for technical and vocational education and training (TVET) and of other stakeholders concerned with TVET;"

  - Does the Organization envisage organizing awareness-raising and information campaigns for decision-makers, students and their parents so as to rectify the negative image of this type of education in some countries of the region?

  - What mechanisms does UNESCO intend to put in place to promote regional cooperation between the various Arab technical and vocational training establishments?