



United Nations
Educational, Scientific and
Cultural Organization

Executive Board

Hundred and ninety-seventh session

197 EX/4 Part I

PARIS, 14 September 2015
Original: English

Item 4 of the provisional agenda

EXECUTION OF THE PROGRAMME ADOPTED BY THE GENERAL CONFERENCE

PART I (online)

SUMMARY

This [report published online](#), is intended to inform the Members of the Executive Board of progress in the execution of the programme adopted by the General Conference during the first eighteen months of the 2014-2017 quadrennium.

It is a consolidated online report, extracted from [SISTER](#), presenting in tabular form an account of progress towards the attainment of the performance indicators for each [37 C/5](#) expected result including those pertaining to the two Global Priorities Africa and Gender Equality.

Progress is assessed against related performance indicators and targets/benchmarks as revised in light of the **\$507M Expenditure Plan**.

It is available directly through [SISTER](#) 37 C/5 as well as on the [BSP Website](#).

By its very nature, this document does not entail administrative or financial implications.

No decision is proposed.



United Nations
Educational, Scientific and
Cultural Organization

Executive Board

Hundred and ninety-seventh session

197 EX/4 Part II

PARIS, 3 September 2015
Original: English

Item 4 of the provisional agenda

EXECUTION OF THE PROGRAMME ADOPTED BY THE GENERAL CONFERENCE

PART II

BUDGETARY SITUATION OF THE ORGANIZATION FOR 2014-2015 (37 C/5) AS AT 30 JUNE 2015 (UNAUDITED), BUDGET ADJUSTMENTS ARISING FROM DONATIONS AND SPECIAL CONTRIBUTIONS RECEIVED

AND

MANAGEMENT CHART FOR PROGRAMME EXECUTION IN 2014-2015 (37 C/5 APPROVED)

Status as at 30 June 2015 (unaudited)

(No. 55)

SUMMARY

Part II of document 197 EX/4 contains:

A. Report by the Director-General on budget adjustments authorized within the Appropriation Resolution for 2014-2015.

In accordance with 37 C/Resolution 98, paragraphs (b), (d) and (e), the Director-General presents to the Executive Board the reports on:

- (i) adjustments to the approved appropriation for 2014-2015 from donations and special contributions received during the period 1 January 2015 to 30 June 2015;
- (ii) transfers between appropriation lines arising from adjustments for programme activities during the period 1 January 2015 to 30 June 2015;

Action expected of the Executive Board: proposed decision in paragraph 5.

B. The Management Chart for Programme Execution in 2014-2015 as at 30 June 2015 based on the unaudited accounts for the regular programme and extrabudgetary funds.

PART A

REPORT BY THE DIRECTOR-GENERAL ON THE BUDGETARY SITUATION OF THE ORGANIZATION FOR 2014-2015 (37 C/5) AS AT 30 JUNE 2015 (UNAUDITED)

I. REPORT BY THE DIRECTOR-GENERAL ON BUDGET ADJUSTMENTS AUTHORIZED WITHIN THE APPROPRIATION RESOLUTION FOR 2014-2015

1. Part A provides a summary analysis for the decision-making of the Executive Board.
2. In accordance with paragraph (b) of 37 C/Resolution 98, the Director-General is authorized to accept and add to the approved appropriation for 2014-2015, voluntary contributions, donations, gifts, bequests and subventions, and contributions from governments taking into account the provisions of Article 7.3 of the Financial Regulations. Information on these additional appropriations is provided to the Members of the Executive Board at the session following such action.

The amount \$8,968,582 received during the period 1 January 2015 to 30 June 2015 is broken down as follows:

- New cash received from donors: \$6,125,918 indicates an increase of 63,3% compared with the same period of the preceding biennium;
- Transfers from General Funds or Special Accounts: \$200,000;
- Transfers from the Emergency Fund as recommended by the Executive Board (Ref. 196 EX/Dec.4): \$2,649,241 of which \$2,642,664 has been allotted as at 30 June 2015.

The table below provides the summary of such actions by Sector/Bureau and the details are provided in Annex II of document 197 EX/4.INF2.

Sectors/Bureaux	New cash received from donors	Transfers from general Funds or Special Accounts	Transfers from the Emergency Fund	Total	Weight
	\$	\$	\$	\$	%
Education (ED)	3 136 905	-	65 000	3 201 905	35,7
Natural sciences (SC)	435 407	-	796 271 (*)	1 231 678	13,7
Social and human sciences (SHS)	78 779	-	543 868	622 647	6,9
Culture (CLT)	853 782	-	1 200 000	2 053 782	22,9
Communication and information (CI)	484 315	100 000	-	584 315	6,5
Governing bodies (GBS)	124 533	-	-	124 533	1,4
Internal oversight (IOS)	249 070	-	-	249 070	2,8
Coordination and monitoring of action to benefit Africa (AFR)	25 623	-	-	25 623	0,3
External relations and public information (ERI)	203 823	100 000	-	303 823	3,4
Human resources management (HRM)	-	-	37 525	37 525	0,4
Management of Field Offices	533 681	-	-	533 681	6,0
Total, donations and special contributions	6 125 918	200 000	2 642 664	8 968 582	100

(*) of which \$500K for reinforcement of IOC activities

3. The table below gives an overview of the adjustments to the Approved Appropriations for 2014-2015 from donations and special contributions for the 18 month period from 1 January 2014 to 30 June 2015. A total of \$20,801,945 has been received of which \$15,628,596 represents new cash received from donors.

Sectors/Bureaux	New cash received from donors	Transfers from general Funds or Special Accounts	Transfers from the Emergency Fund	Total	Weight
	\$	\$	\$	\$	%
Education (ED)	7 077 402	130 000	65 000	7 272 402	35,0
Natural sciences (SC)	1 401 593	-	1 162 271	2 563 864	12,3
Social and human sciences (SHS)	217 515	-	573 868	791 383	3,8
Culture (CLT)	3 307 606	108 000	1 240 000	4 655 606	22,4
Communication and information (CI)	1 051 181	100 000	63 200	1 214 381	5,8
Governing bodies (GBS)	224 533	-	-	224 533	1,1
Internal oversight (IOS)	248 750	324 800	-	573 550	2,8
Coordination and monitoring of action to benefit Africa (AFR)	94 198	-	-	94 198	0,5
Coordination and monitoring of action to implement priority gender equality (Gender)	8 141	-	-	8 141	0,0
UNESCO's response to post-conflict and post disaster-situations (PCPD)	187 674	-	-	187 674	0,9
Strategic planning, programme monitoring and budget (BSP)	70 000	-	-	70 000	0,3
Organization-wide knowledge management (KMI)	-	-	20 000	20 000	0,1
External relations and public information (ERI)	296 808	169 885	-	466 693	2,2
Human resources management (HRM)	-	-	37 525	37 525	0,2
Management of Field offices	1 443 195	-	1 178 800	2 621 995	12,6
Total, donations and special contributions	15 628 596	832 685	4 340 664	20 801 945	100

II. TRANSFERS OF PROGRAMME COSTS BETWEEN APPROPRIATION LINES

4. Paragraph (e) of the Appropriation Resolution for 2014-2015 states that “the Director-General may make transfers between appropriation lines up to an amount of 2% of the initial appropriation, informing the Members of the Executive Board in writing, at the session following such action, of the details and reasons for these transfers”. Accordingly, the Director-General informs the Executive Board of the following transfers:

(a) Re-allocation of Regular Programme Resources made for UNESCO’s participation in country-level programming exercises:

Pursuant to 37 C/Resolution 62.1(e) and 62.2(3), the Director-General allotted 2% of Major Programmes’ operational budget resources to support UNESCO’s preparation for United Nations common country programming exercises (including “Delivering as One” pilots, UNDAF, joint programming).

Half of the earmarked amount is programmed by Sectors for specific sectoral actions, while the other half is coordinated by the Bureau of Strategic Planning (BSP) for house-wide efforts. The funds to be made available to BSP amount to **\$454,449** in the \$507 million expenditure plan. **\$170,409** was transferred from Major Programmes I, II, III and IV during the period 1 January to 31 December 2014 (Ref.195 EX/Dec.4 and 196 EX/Dec.4). and a further **\$194,112** during the period 1 January to 30 June 2015; providing a total of **\$364,521**.

Funds Transferred		\$
From	Part II. A - Programmes	
	Major Programme I - Education	(77,024)
	Major Programme III - Social and human sciences	(26,269)
	Major Programme IV - Culture	(39,294)
	Major Programme V - Communication and information	(51,525)
To	Part II. B - Programme-related services	
	Chapter 4 - Strategic planning, programme monitoring and budget preparation (BSP)	194,112

(b) Re-allocation of Regular Programme resources for financial management training of Directors, programme specialists and Administrative Officers in the field.

Funds Transferred		\$
From	Part II. A - Programmes	
	Chapter 1 - Management of Field Offices - Field Administrative Staff	(100 010)
To	Part III. Corporate Services	
	B - Financial Management	100 010

The funds earmarked in lieu of temporary assistance against vacant posts were allotted for a Financial Management Training in Dakar, Senegal from 15 to 19 June 2015. Following the revisions of tools and policies; the appointment of new staff and the increasing number of large or complex project management arrangements, feedback from Field Offices and monitoring indicated training was essential in order to strengthen financial management skills. Training materials were developed internally and training workshops held at Headquarters, Beirut and Jakarta with costs of participants funded by their own offices. In order to ensure a more consistent participation, the costs of accountancy qualification and of two training workshops in Africa are, to the extent possible, to be financed from funds earmarked in lieu of temporary assistance against vacant administrative unit posts in the field. The Expected Result related to financial management training is under Part III.B of the C/5 and the funds were transferred to the corresponding Expected Result.

(c) Re-allocation of Regular Programme Resources to strengthen Culture activities at regional level:

Funds Transferred		\$
From	Part II. A - Programmes	
	Chapter 1 - Management of Field Offices - Field Management	(54,375)
To	Part II. A - Programmes	
	Major Programme IV - Culture	54,375

UNESCO Office in Havana is a Regional Bureau for Culture whose Director oversees cultural programmes and projects. The office had requested the use of savings of the vacant Director position of the Director in order strengthen regional activities under Major Programme IV – Culture.

Action expected of the Executive Board

5. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined the Director-General's report on donations and special contributions received during the period January-June 2015 and appropriated to the regular budget and the transfers made between appropriation lines, in accordance with the terms of the Appropriation Resolution approved by the General Conference at its 37th session (37 C/Resolution 98, paras. (b), (d) and (e)), in document 197 EX/4 Part II;

A

2. Takes note that the Director-General has, as a consequence of these donations and special contributions, increased the appropriations to the regular budget by a total amount of **\$8,968,582 for the period 1 January 2015 to 30 June 2015** as detailed in Annex II of 197 EX/4.INF2 and summarized as follows:

Part I.A - Governing Bodies (GBS)	124,533
Part I.B - Internal Oversight (IOS)	249,070
Part II.A - Major Programme I (ED)	3,201,905
Part II.A - Major Programme II (SC)	1,231,678
Part II.A - Major Programme III (SHS)	622,647
Part II.A - Major Programme IV (CLT)	2,053,782
Part II.A - Major Programme V (CI)	584,315
Part II.A - Management of Field offices	533,681
Part II.B - Coordination and monitoring of action to benefit Africa (AFR)	25,623
Part II.B - External relations and public information (ERI)	303,823
Part III.A - Human resources management	37,525
Total	\$8,968,582

3. Expresses its appreciation to the donors listed in Annex II of document 197 EX/4.INF2;
4. Takes note that amount of \$8,968,582 includes a transfer of \$2,642,664 authorised by the Director General from the Emergency Fund following 196 EX/Dec.4 II. c (para. 7);

B

5. Recalling the provision of the Appropriation Resolution by virtue of which the Director-General may make transfers between appropriation lines up to an amount of 2% of the initial appropriation, informing Members of the Executive Board in writing at the session following such action, of the details of and reasons for these transfers;
6. Takes note that the Director-General has made transfers between appropriation lines in support of UNESCO's participation in country-level programming exercises and reallocation of regular programme resources as detailed in paragraph 4 of document 197 EX/4 Part II.A;

C

7. Takes note of the Revised 37 C/5 Appropriation Table in Annex I of 197 EX/4.INF 2.

D

6. As noted at the last meeting of the Executive Board, the Draft Appropriation Resolution for the 38 C/5 required an amendment to allow for the payment, beyond the end of the biennium, of items legally contracted but as yet unpaid as at 31 December 2017. Recognizing that this is a normal course of business and a procedure that had been followed in previous biennia, the Executive Board proposed an amendment of the text to be adopted by the General Conference (see 196 EX/Decision 15, paragraph 18).

7. A similar situation exists with respect to the 37 C/5. In the absence of an amendment to the Appropriation Resolution for 2014-2015, budgetary commitments entered into during the current biennium cannot be paid beyond the end of this year; to the extent that these commitments represent binding legal obligations the Organization would be required to pay them from funds made available in the 38 C/5.

8. Accordingly, the Executive Board is requested to make the following recommendation to the General Conference:

The Executive Board,

1. Taking note of budget commitments and expenditures as at 30 June 2015 (197 EX/4, Part II);
2. Taking note of the situation with respect to budgetary commitments entered into during the financial period 2014-2015, and the need to ensure that legally binding commitments may be paid in 2016 in accordance with the Financial Regulations of the Organization;
3. Recommends that the General Conference adopt the following amendment to paragraph (c) of the Appropriation Resolution for 2014-2015 (37 C/5 Approved):
 - (ii) Appropriations relating to budgetary commitments to be delivered in 2016 shall remain valid for that calendar year, in accordance with Article 4 of the Financial Regulations.

E

9. As indicated in paragraph 20 of Part B of this document, certain transfers may involve amounts of more than 2% of the initial appropriation line, and the exact amounts to be transferred will only be known at the end of the Biennium. The Executive Board will be informed of full details on any such transfers at the spring 2016 session of the Board. Accordingly, the Executive Board may wish to adopt the following draft decision:

The Executive Board,

1. Takes note of the information set out in 197 EX/4, Part II B, concerning the execution of the programme of work of the 37 C/5 as at 30 June 2015;
2. Takes note that budget transfers between appropriation lines entailing amounts of more than 2% of the initial appropriation may be required at the final closing of the accounts of the 37 C/5.

PART B

REPORT BY THE DIRECTOR-GENERAL ON THE EXECUTION OF THE PROGRAMME ADOPTED BY THE GENERAL CONFERENCE

MANAGEMENT CHART – Programme execution as at 30 June 2015

The Management Chart provides the overall budget and expenditure situation for regular budget and extrabudgetary resources.

OVERALL BUDGET AS AT 30 June 2015 – STATUS OF RESOURCES BY FUNDING SOURCE AND RESULTS OF OPERATIONS (ref: 197 EX/4.INF.2)

A. TOTAL RESOURCES MADE AVAILABLE FOR 2014 – 2015 ARE COMPRISED AS FOLLOWS:

- (a) Regular Programme (RP): **\$507 million** based on an expenditure plan level approved by the General Conference.
- (b) Additional Appropriations (AA) of **\$16.5 million** received for the period **1 January 2014 to 30 June 2015**.
- (c) **\$1.7 million** allocated from the Emergency Fund to preserve capacity to deliver in the field.
- (d) **\$2.6 million** allocated from the Emergency Fund (196 EX/Decision 4), mainly to fund the transition costs for the Major Programmes, i.e. staff costs related to the payment of staff members pending their re-assignment to new functions.
- (e) Extrabudgetary resources (XB):
 - (i) Expenditures of **\$216.6 million** for the year to 31 December 2014;
 - (ii) Allotments of **\$300.6 million** issued from 1 January 2015 to 30 June 2015.

10. For information, 197 EX/4.INF.2 sets out in Table 1 the overall resources along with the expenditure rates for both RP and XB by appropriation line. Table 2 provides information on total resources by expected result for RP and XB, and Table 3 shows the decentralized funds and staff for the five Major Programmes. Tables 4 and 5 provide information on the execution of XB funds by funding source, region and donor, and Tables 6 and 7 provide information on the status of the Emergency Fund.

B. ANALYSIS OF REGULAR PROGRAMME RESOURCES

11. At the beginning of the biennium there was a deficit of \$10.8 million between workplan budgets proposed for the 37 C/5 and the \$507 million Expenditure Plan ceiling approved by the General Conference, composed as follows:

- \$8.1 million in savings to be identified (built-in deficit in the \$507 million Expenditure Plan); and
- An increase of \$4.1 million in staff costs arising from the restructuring/re-deployment exercise initiated in the 36 C/5 (including the retention until retirement age of staff whose post had been abolished), and delays in the full implementation of AO/EO reform

measures. This increase was offset by staff savings (\$1.4 million), mainly in the corporate services, arising from restructuring, resulting in an overall net increase of \$2.7 million.

12. As a result of the management of staff cost savings resulting from post vacancies (of which \$1.6 million is related to Part I – General Policy and Direction, \$7.7 million to Part II.A – Programmes and Field Management, and \$1.5 million in Corporate Services), this deficit has now been eliminated, and the Organization is on target to complete the biennium within the overall \$507 million Expenditure Plan ceiling.

13. During the first year of the biennium, priority attention was devoted to ensuring that the restructuring/redeployment of staff and the budget deficit of \$8.1 million in the Expenditure Plan could be managed with minimal disruption to the execution of the work programme. To achieve this objective, recruitment was limited in the first half of 2014 to mission-critical posts, and the use of temporary assistance funded from vacant posts was severely restricted during the year. These factors explain the high level of post vacancies in 2014. With the elimination of the budget deficit, budgetary restrictions on the use of savings against vacant posts have been lifted and the Programme Sectors have been allowed to hire temporary assistance on a rolling three-month basis.

14. Over the past several months, and in light of the improved budget expenditure situation, emphasis has been placed on a reinforcement of resources made available to the Major Programmes. As proposed at the 196th session of the Executive Board, \$2.6 million has been provided to the five MPs and IOC. Following the recommendation of the Executive Board, this amount was charged to the Emergency Fund.

15. The RP situation as at 30 June 2015 can be summarized as follows:

	\$	Expenditure Rate
Workplan allocations	\$507M	74.1%
Additional appropriations (AAs)	\$16.5M	71.4%
Emergency Fund *- reinforcement of field structure	\$1.7M	65.7%
Emergency Fund * - 196 EX/Decision 4	\$2.6M	4%
Total allocation	\$527.8M	73.6%

* Allotted as AAs.

C. FORECAST

16. During the second quarter of 2015, as part of the normal monitoring/review process, Programme Sectors were asked to review their work plans to determine if any re-programming of funds was required, and whether any additional funding needs were required that could not be met through internal re-programming. At the conclusion of this exercise, and following proposals made by the Sector ADGs, the Director-General has authorized the five MPs and IOC to make \$3.4 million in additional budget commitments (of which \$551,000 for ED, \$352,000 for SC, \$632,000 for IOC, \$130,000 for SHS, \$1,082,000 for CLT, and \$654,000 for CI) to deepen and expand programme activities, principally in the field.

17. These additional budget allotments were based on a more detailed analysis and projection of overall staff cost savings anticipated to be generated for the rest of the biennium. In order to provide for sufficient time for these additional activities to be carried out before the end of the biennium, it has been necessary to provide budget authorization without waiting for specific savings to materialize. This notion of the use of “projected savings” is an essential element of

anticipating and managing risks, intended to maximize the use of the budget in the achievement of expected results by the Programme Sectors.

18. In agreeing to these additional budget allotments, the Director-General has also taken into account other elements that impact on budget expenditures:

- The voluntary mutual separation programme (VMSP), as announced in Administrative Circular AC/HR/46;
- Field security measures to be paid to the joint United Nations system;
- The decision to fill the post of Director of the UNESCO International Institute for Higher Education in Latin America and the Caribbean (IESALC) (see 196 EX/Decision 5 (IV, A)) and the impact on the financial stability of that Institute;
- Any possible savings that might occur in the operational budgets (i.e. non-staff expenditures) of all Programmes/Sectors;
- Additional potential staff costs savings arising from lower than anticipated expenditures for temporary assistance, and to be generated from future vacancies following the VMSP.

19. From a budget management perspective the primary goal is to remain within the overall \$507 million ceiling set out in the Expenditure Plan while ensuring that underutilized budget lines are reallocated as early as possible, with a focus on support to the programme sectors. The final budgetary impact of these elements and updated information will be provided at the next session of the Executive Board. It is difficult to project the impact of the above factors on the level of expenditure of each appropriation line. In keeping with previous practice, prior to the final closing of accounts for the 37 C/5 closing budget transfers between appropriation lines will be needed in order to balance the overall budget; these transfers may include amounts above 2% of the initial appropriation line. For example, for ERI and KMI it is likely that a deficit will arise due to the transition costs for which no compensatory funding has been made from the Emergency Fund.

20. In terms of the total deficit absorbed of \$10.8 million (as discussed in the previous section), it should be noted that the budget available for the 37 C/5 is up to \$7.5 million less than the amount foreseen in the \$507 million Expenditure Plan given that no recourse has been yet made to Part V of the budget.

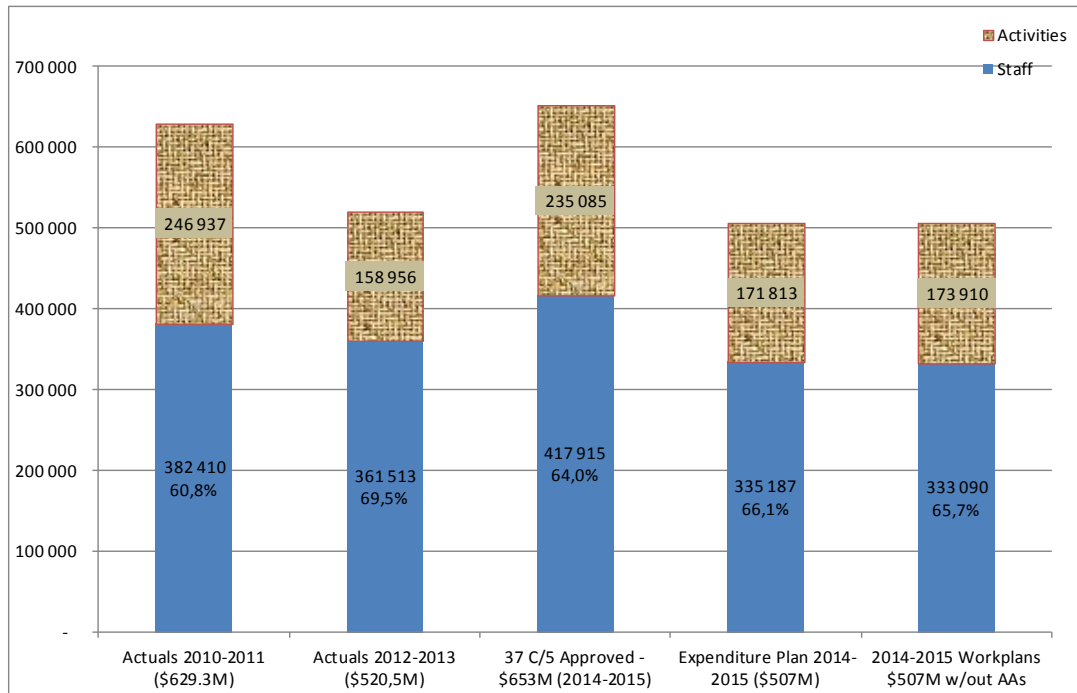
21. Part V of the budget is set aside to cover salary and inflation adjustments that occur during the biennium, and to date no proposal has been made for salary adjustments for P-grade emoluments [pending proposals by the International Civil Service Commission (ICSC)], which is an exceptional situation. At its 196th session the Executive Board decided not to approve any transfer from Part V of the budget (196 EX/Decision 4) and to recommend to the General Conference to use any unspent funds from Part V to finance the deficit of Expenditure Plan of the 38 C/5 and the newly created “Invest for Efficient Delivery Fund” (196 EX/Decision 15).

22. The following elements, which were budgeted under Part V, are therefore also being absorbed within the remaining budget envelope: (i) salary increases for G-grade staff (estimated at \$535,000 for an increase with effect as from September 2014, and another increase expected to come into effect as from September 2015); (ii) inflationary increases across field offices and Headquarters; (iii) salary increases for nationally-recruited field-based staff; and (iv) within-grade step increases for entitled staff. Current tools available do not allow for an accurate estimate of actual costs for items (ii), (iii) and (iv). Further refinement of this analysis will need to be made, particularly with respect to the use of this budget line item in the 38 C/5.

D. BUDGET EVOLUTION

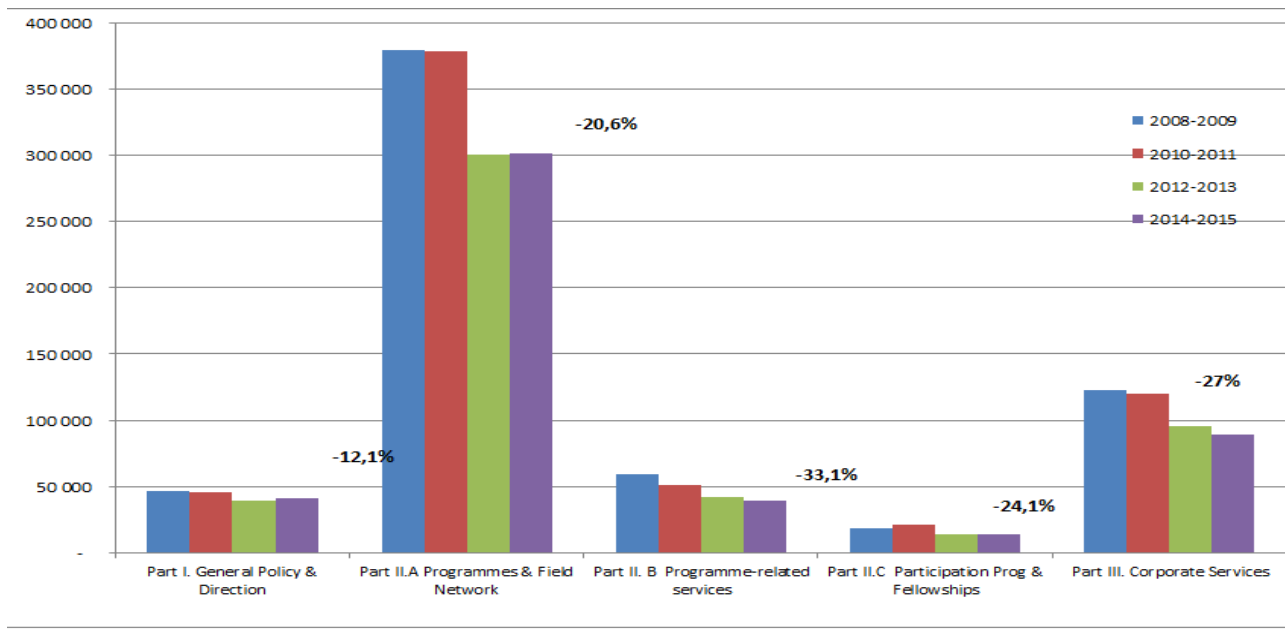
23. The \$507 million Expenditure Plan represents a decrease of \$146 million or 22.4% vs. the 37 C/5 Approved. The 37 C/5 workplans show a ratio of activity to staff of 34.3% vs. 65.7% compared to 34% vs. 66% in the Approved Expenditure Plan. The trends in the total budget from 2010 through 2015 together with the ratio of activity to staff are shown below:

In thousands of US dollars



24. In terms of the evolution of expenditure by Parts of the budget (see graph below), this biennium’s workplans are \$133 million or 20.8% lower than the 2008-2009 actuals and \$122.3 million or 19.4% lower than the 2010-2011 actuals.

25. The overall trend of a 20.8% decrease compared to 2008-2009 is shown below by the various Parts of the budget:

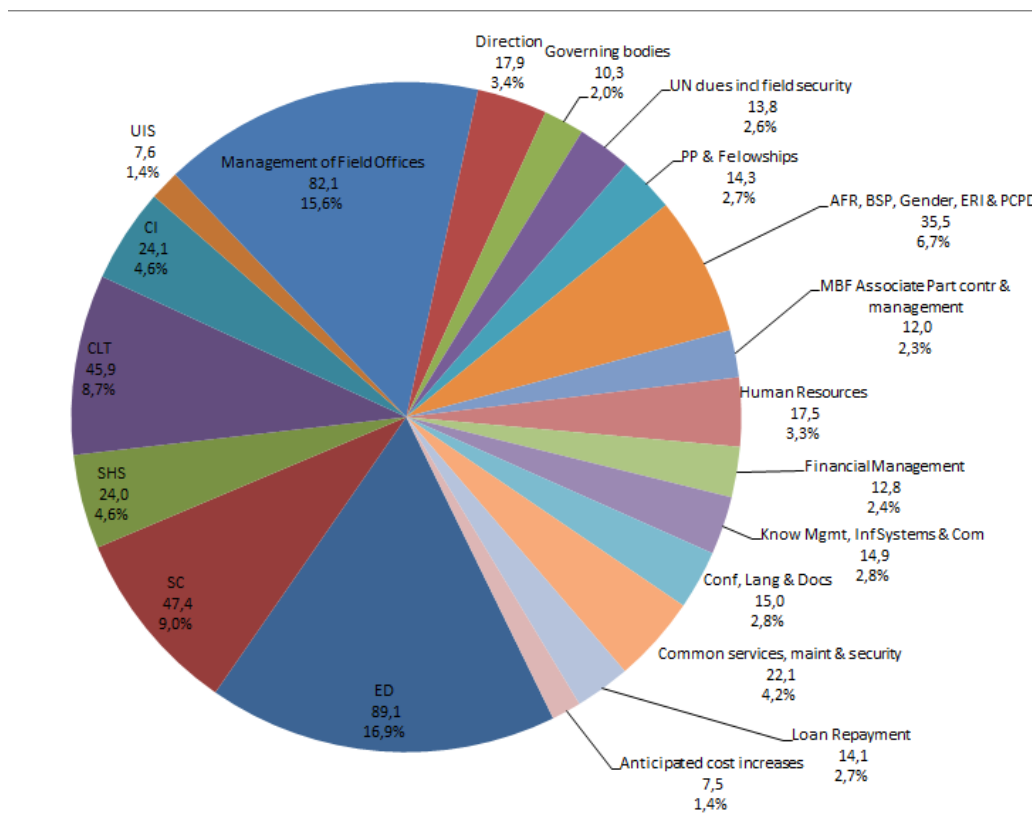


26. As previously mentioned, decreases in Part I and the corporate are all the more difficult to implement given the level of fixed charges, such as payments to the United Nations Joint Machinery (including field security), medical benefits contributions for retirees, and common charges and maintenance.

E. RP WORKPLAN ALLOCATIONS \$527.8 MILLION INCLUDING AA BY BUDGET COMPONENT

27. The major budget recipients, shown in the graph below, are Education (16.9%), Management of the Field Network (15.6%), Natural Sciences (9%) and Culture (8.7%). In terms of fixed costs, 2.7% of total expenditures relate to the loan repayments, 2.3% to the Medical Benefits Fund (MBF) management and contributions for retirees, 2.6% for the Joint United Nations System, and 4.2% for common service charges, maintenance and security at Headquarters.

Total workplan allocations (\$527.8 million) by budget component (in millions of US dollars)



F. RP EXPENDITURES – TARGET EXPENDITURE RATE = 75%

28. The following table summarizes the information provided in Table 1 (197 EX/4.INF.2) and provides the breakdown of staff costs and activities per appropriation line with respective expenditure rates. It may be noted that for the activity budget (excluding donations), the expenditure rate is slightly higher than anticipated for ED (86.2%) due to the full disbursements of allotments to the Institutes as is also the case for UIS. Other sectors are in line with the target expenditure rate: 79.3% for CI, 73.9% for CLT, 71.8% for SC and 69.9% for SHS. Bureaux showing expenditure rates of plus or minus 15 percentage points in relation to the expected target rate of 75%, include:

- Ethics (55.1%) due to activities being scheduled for the last part of this year;

- Governing Bodies (53.1%) pending the General Conference and further sessions of the Executive Board; and
- Participation Programme and Fellowships (91.7%) as most of the funds have already been distributed for implementation except for a small amount relating to Emergency Projects.

29. The expenditure rate will be closely monitored taking into account that Programme Sectors have received additional funding of \$6 million (of which \$2.6 million from the Emergency Fund and \$3.4 million in additional budget allocations) as previously described.

30. The Headquarters Committee has recommended that any savings in the “maintenance, conservation and renovation of buildings and infrastructures” and the unused amount of the tax on garbage collection be transferred to the Special Account for the Restoration and Improvement of Headquarters (38 C/44, Part II, paragraph 5). It is currently anticipated that there may also be savings on amounts paid into the Medical Benefits Fund (MBF) in respect of retirees (see 38 C/43, para. 21) and a proposal is made to transfer this amount to the ASHI Special Account. Any such transfers would depend on the overall situation of the budget at the closing of the accounts for the 37 C/5 and would require authorization by the General Conference.

31. Lastly, as the \$2.6 million from the Emergency Fund was recently allotted, the overall expenditure rate drops from 74.1% (on the core budget) to 73.6%. Also, it may be noted that the \$3.4 million of additional budget allotments referred to in paragraph 17 was provided in July 2015 and is thus not reflected in the allocations shown below.

In thousands of US dollars

	ALLOC.	Exp	Exp	Total EXPEND	EXP. RATE vs. Alloc.
Regular Programme					
ACTIVITY	2014-2015	2014	2015	2014-2015	
PART I - GENERAL POLICY AND DIRECTION + JUNM	23 739	8 072	8 909	16 981	71,5%
PART II - PROGRAMMES & PROGRAMME RELATED SERVICES					
MP1 - Education	29 004	11 676	13 332	25 008	86,2%
MP2 - Natural sciences	11 533	3 773	4 503	8 276	71,8%
MP3 - Social and human sciences	5 689	1 946	2 028	3 974	69,9%
MP4 - Culture	8 108	3 039	2 952	5 991	73,9%
MP5 - Communication and information	5 577	2 239	2 182	4 421	79,3%
Management of Field offices	23 962	9 448	8 399	17 847	74,5%
OTHERS (UIS, Field N., Prog.-related Services, PP & Fellowships)	25 920	12 258	11 931	24 189	93,3%
PART III - CORPORATE SERVICES	26 304	10 235	7 699	17 934	68,2%
PART IV - LOAN REPAYMENTS	14 074	7 031	3 446	10 477	74,4%
ACTIVITY SUB-TOTAL	173 910	69 717	65 381	135 098	77,7%
STAFF					
PART I - GENERAL POLICY AND DIRECTION	17 412	8 344	3 955	12 299	70,6%
PART II - PROGRAMMES & PROGRAMME RELATED SERVICES					
MP1 - Education	52 787	25 708	12 478	38 186	72,3%
MP2 - Natural sciences	33 324	16 729	8 633	25 362	76,1%
MP3 - Social and human sciences	17 382	8 114	4 478	12 592	72,4%
MP4 - Culture	33 145	16 740	8 513	25 253	76,2%
MP5 - Communication and information	17 269	8 815	3 934	12 749	73,8%
Management of Field offices	55 526	25 943	12 682	38 625	69,6%
OTHERS (Prog.-related Services, Participation PP & Fellowships)	35 594	18 179	10 003	28 182	79,2%
PART III - CORPORATE SERVICES	63 151	31 045	16 255	47 300	74,9%
Reserve for reclassifications	0	0	0	0	
PART V - ANTICIPATED COST INCREASES	7 500	-	-	0	-
<i>Reduction from restructuring of senior Management Team</i>	-	0	0	0	
<i>Additional savings to be identified</i>	-	0	0	0	
STAFF SUB-TOTAL	333 090	159 617	80 931	240 548	72,2%
TOTAL ACTIVITY + STAFF	507 000	229 334	146 312	375 646	74,1%
ADDITIONAL APPROPRIATIONS					
Additional Emergency Fund - reinforcement for the field structure	16 461	5 345	6 412	11 757	71,4%
Additional Emergency Fund - 2015 196 EX/Decision Item 4	1 698	469	646	1 115	65,7%
	2 643	0	105	105	4,0%
Grand total	527 802	235 148	153 475	388 623	73,6%

G. POST SITUATION AND VMSP**Breakdown of occupied/vacant posts between January and June 2015**

YEAR	MONTH	Number of OCCUPIED posts			Number of VACANT posts										TOTAL POSTS
		HQ	Field	TOTAL	HQ				Field					TOTAL	
					D	P	GS	Total	D	P	NO	GS	Total		
2015	January	830	510	1 340	6	36	15	57	7	40	18	44	109	166	1 506
	February	827	505	1 332	5	32	16	53	6	41	16	44	107	160	1 492
	March	822	513	1 335	4	35	20	59	6	39	16	40	101	160	1 495
	April	823	519	1 342	4	32	18	54	7	40	14	34	95	149	1 491
	May	816	521	1 337	4	34	22	60	8	40	13	31	92	152	1 489
2015	June	811	523	1 334	5	37	24	66	8	39	11	30	88	154	1 488

Not including the local field posts NO/G funded by the Emergency Funds until end December 2015 and considered temporary for administrative purposes. The change in the total number of posts (from 1506 to 1488) is the net result of 32 post abolitions, 11 creations, and reinstatement of 3 posts that had been suspended.

Evolution of vacancy rate on RP posts

	2015					
	January	February	March	April	May	June
HQ	6%	6%	7%	6%	7%	8%
Field	18%	17%	16%	15%	15%	14%
Total	11%	11%	11%	10%	10%	10%

32. As at 30 June 2015, the vacancy rate of RP posts was 10%, compared to 11% as at 31 December 2014. Over the six months period from January to June 2015, the trend has been towards a decrease of the vacancy rate in the field (from 18% to 14%), and a moderate increase at Headquarters (from 6% to 8%).

33. The limited decrease of the overall vacancy rate may be explained by the fact that since 2012 the majority of vacant posts are filled internally, thereby generating new vacancies. In 2014, 60% of vacant posts were filled internally and 40% were filled externally.

34. In 2015, however, the number of RP posts filled externally has increased from 40% to 63%, due to an increase in the appointments of local posts in the field (National Professional and General Service) which are in majority filled by external candidates. In the case of Director posts, 50% were recruited externally, while the majority of Professional posts continued to be filled internally (76%).

35. In March 2015, a new voluntary mutual separation programme was launched with the objective of allowing skills renewal of the workforce, in particular in light of the forthcoming post-2015 agenda, and also to allow for job redesign where required. The programme closed in July 2015. A total of 36 staff accepted the offers of agreed separation (as of 7 August), of whom a majority at Headquarters (24), seven in the field and five in category 1 institutes.

36. The status of the VMSP in terms of number of staff and costs by funding source is shown below. The cost figures include both actual amounts in respect of staff who have already left the

Organization and estimates of the total costs for staff who will leave the Organization in the coming months.

VMSP situation at 7 August 2015 (in thousands of US Dollars)

Number of Staff who accepted offers	RP		OPF (Revenue generating accounts)		Institutes		Grand Total	
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
Headquarters	21	3 117	3	372			24	3 489
Field	6	450	1	183	5	884	12	1 517
Total	27	3 567	4	555	5	884	36	5 006

37. As posts will become vacant following the separation of staff under the voluntary mutual separation programme, it is anticipated that the trend towards a decrease of the vacancy rate could be halted down in the coming months, particularly at Headquarters.

38. It is important to note that the vacancy rate (i.e. the ratio of vacant posts vs. the total number of posts) derived from the figures in the above table are calculated at one point in time and cannot be used to provide accurate estimates of staff cost savings, as temporary staff are often recruited and financed from these posts pending the formal recruitment to a vacant post.

H. ANALYSIS OF EXTRABUDGETARY RESOURCES

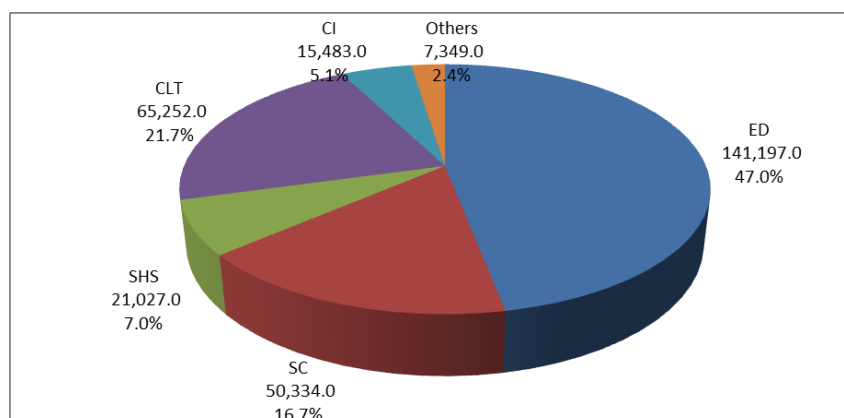
39. Extrabudgetary (XB) resources generally finance multi-year projects. The following analysis presents allotments and expenditures for the period 1 January 2015 to 30 June 2015. XB budget allotments are made on an annual basis but may not reflect a full 12 months of operations. Therefore, XB expenditure rates are not fully comparable with RP expenditure rates which are mainly against a 24-month allotment.

40. Overall implementation of extrabudgetary resources for 2015 follows a similar trend as for previous years, with an expenditure rate of 38.1% (against a target rate of 50%) for this period, compared with 38.7% for 2014 and for 2013. The 2015 allotments of \$300.6M show a small increase compared to the allotments of \$299 million in 2014. In order to accelerate implementation, measures have been taken such as the establishment of realistic annual work plan requirements coupled with tight monitoring and reprogramming of allotments as appropriate. Expenditure shows a slight decrease of 1%, from \$115.7 million in June 2014 to \$114.5 million in June 2015.

All charts in thousands of US dollars

CHART 1

Extrabudgetary workplan allotments by Major Programme as at 30 June 2015 (funds available for use): Total: \$300.6M

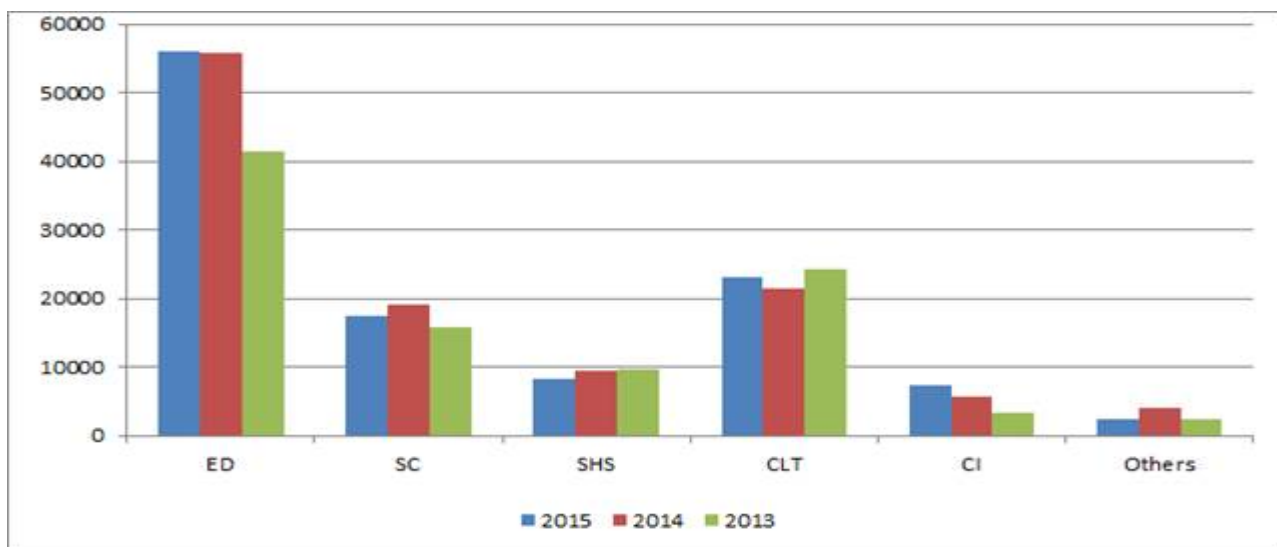


41. As at 30 June 2015, the allotments under the five Major Programmes comprised 97.6% of total annual allotment under extrabudgetary resources (\$293.3 million of a total of \$300.6 million, an increase of 1.4 percentage points compared to 2014) while the Direction, Programme-related Services and Corporate Services altogether dropped from 3% to 2.4%.

42. The Education Sector accounts for 47% of allotments, followed by Culture with 21.7%, Natural Sciences with 16.7%, Social and Human Sciences with 7% and finally Communication and Information with 5.1%.

CHART 2

Comparison of half-year levels of Expenditure between 2015, 2014 and 2013 by Sector and Other support services



43. Expenditure rates on extrabudgetary funds at 38.1% are below the target rate of 50%, but stable compared to the same point in 2014. There has been an overall decreasing trend in the Brazilian self-benefitting funds due to a decrease in the actual contributions received and to exchange rate fluctuations (BRL vs. the US dollar). This has affected expenditures in almost all sectors. As shown above, SC shows a decreasing trend which is due mostly to this factor.

44. In the case of ED, although the graph shows a stable level of expenditures in relation to 2014, there has been a slight increase, mainly due to new projects in Iraq and Peru. The significant increase from 2013 to 2014 was mainly due to large-scale projects such as Cap EFA and Global Monitoring.

45. In the case of CLT, the offsetting factor has been an overall increase in projects in various field locations particularly in India, Myanmar, Kosovo and Italy (Venice).

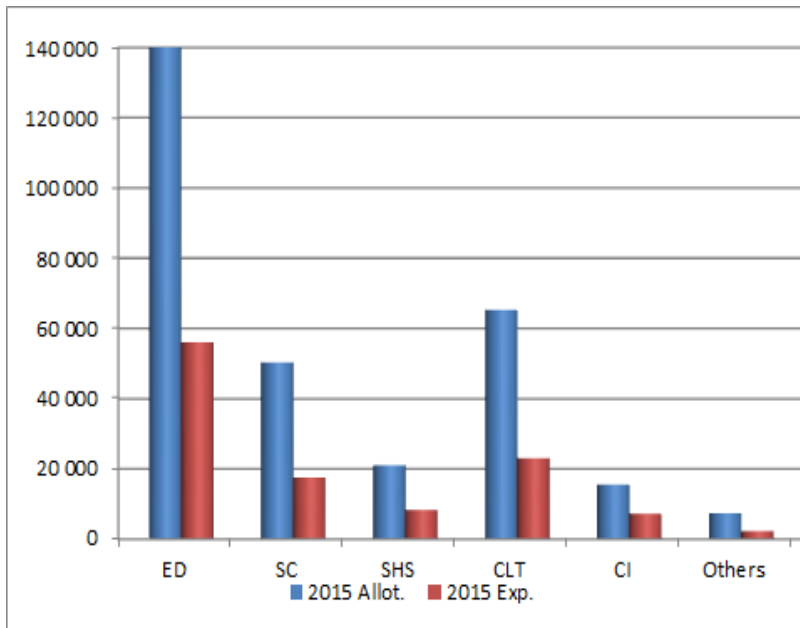
46. Concerning SHS, in addition to the decline in the projects in Brazil, the decrease is due to the termination of various projects. Lastly, as to CI, the slight increasing trend in 2015 is mainly due to new projects related to radio community such as the "Appui au développement local à travers les radios communicaïres" in Cameroun and unlike the other sectors, additional expenditures relating to Brazilian self-financing funds.

47. The Others category which is comprised of support services of a corporate nature (which accounts for 2.4% of total expenditures) has decreased from 2014 due mainly to termination of projects funded from the Emergency Fund.

48. The graph below shows allotment and expenditure by sector/service.

CHART 3

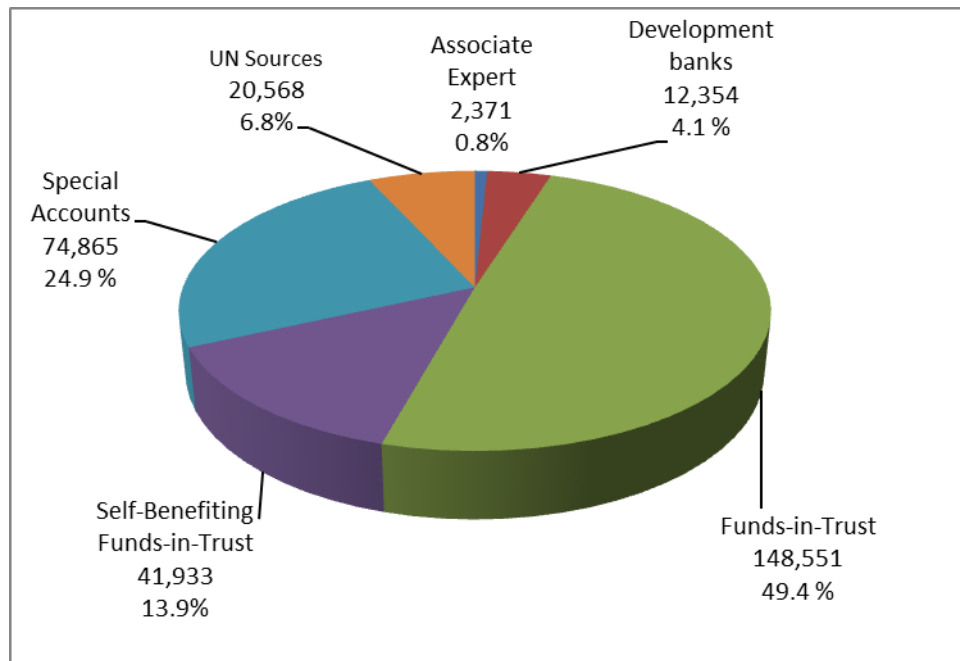
**Allotment and Expenditure as at 30 June 2015
by Major Programme and Other support services**



	2015 Allot.	2015 Exp.	Exp. Rate
ED	141 197	56 016	39,7%
SC	50 334	17 592	35,0%
SHS	21 027	8 272	39,3%
CLT	65 252	23 021	35,3%
CI	15 483	7 290	47,1%
Others	7 349	2 354	32,0%
TOTAL	300 642	114 545	38,1%

CHART 4

**Portfolio of extrabudgetary projects by funding modality
(Allotments as at 30 June 2015)**



49. The chart above shows the distribution according to the funding modalities, for all extrabudgetary projects, of which donated funds-in-trust represents the largest share (49.4%)

followed by Special Accounts (24.9%), Self-Benefiting Funds-in-Trust (13.9%), United Nations sources (6.8%), development banks (4.1%) and Associate Experts (0.8%).

50. Of the total number of extrabudgetary projects (Funds-in-Trust modality), 46.7% is composed is composed of projects with values below 250,000, but have a value of 6.3% of the total. Such projects often require proportionally higher transaction and backstopping costs and have a limited capacity for recovery of staff time. The table below shows an overview of the ongoing 959 projects (excluding UNESCO Brasilia Office) by amount, number of projects, their value and the corresponding percentage of the total value:

Amount	Number of projects	Total %	Total value of projects	Total %
Lower or equal to \$50,000	94	9.8%	\$2.9 million	0.3%
Greater or equal to \$50,000 and lower or equal to \$100,000	101	10.6%	\$8.2 million	1%
Greater or equal to \$100,000 and lower or equal to \$250,000	252	26.3%	\$44.4 million	5%
Greater or equal to \$250,000 and lower or equal to \$500,000	183	19%	\$67.1 million	7.6%
Greater or equal to \$500,000 and lower or equal to \$1 million	151	15.7%	\$111.2 million	12.7%
Greater or equal to \$1 million and lower or equal to \$2.5 million	107	11.2%	\$165 million	18.8%
Greater or equal to \$2.5 million and lower or equal to \$5 million	42	4.4%	\$140.7 million	16%
Greater or equal to \$5 million	29	3%	\$339.9 million	38.6%
TOTAL	959	100%	\$879.4 million	100%

51. As mentioned in previous management charts, emphasis has been placed on the improvement of execution of extrabudgetary projects through upstream reviews of proper planning and capacity to deliver, resulting in more realistic and achievable work plans.

52. In terms of cost recovery, this has had an impact on amounts recovered for RP staff time in the framework of full budgeting and cost recovery as evidenced by the significant increase in amounts recovered as indicated below:

Year	Amount recovered
2008	\$43,000
2009	\$44,000
2010	\$184,000
2011	\$632,000
2012	\$652,000
2013	\$1.5 million
2014	\$1.4 million

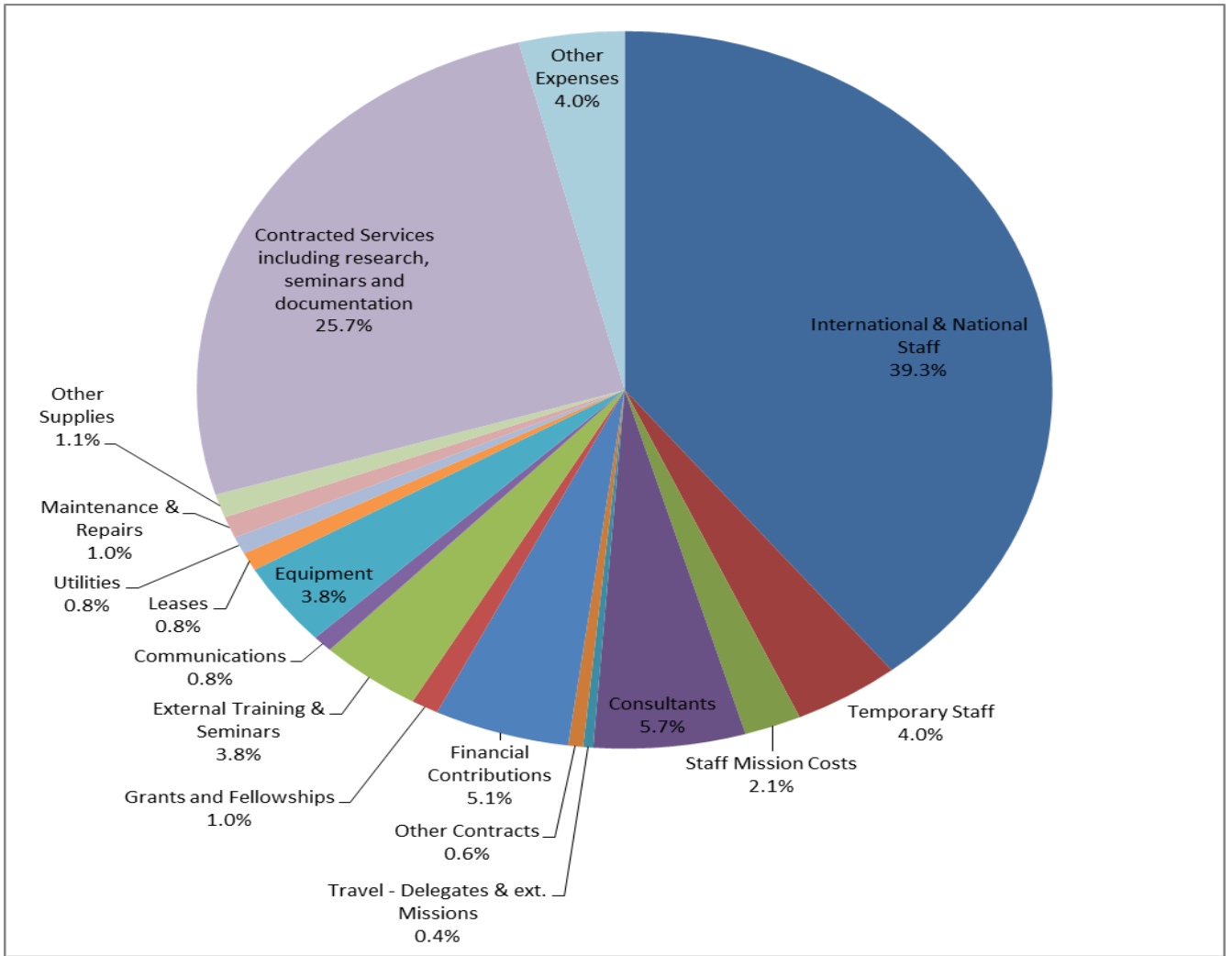
53. Additional information is provided in Tables 4 and 5 of 197 EX/4.INF.2 concerning the expenditure of extrabudgetary programmes by funding source, by donor and by region.

I. ANALYSIS OF GLOBAL EXPENDITURES (RP AND XB) BY IPSAS COST CATEGORIES

54. The following table and graph show information on regular programme and extrabudgetary expenditures from 1 January 2014 to 30 June 2015 (staff and activities), based on IPSAS (International Public Sector Accounting Standards) cost categories as defined for the presentation of the financial statements of the Organization.

Regular Programme and Extrabudgetary Expenditures 1 January 2014 to 30 June 2015	RP	Weight %	XB	Weight %
Staff costs	242 300	62%	40 362	12%
Temporary Assistance, Consultants and other contracts	26 253	7%	48 043	15%
Travel on staff mission	7 352	2%	8 095	2%
Travel - Delegates & external individual missions	710	0,2%	1 973	1%
Financial contributions, Grants, External training & seminars	46 920	12%	24 996	8%
Contracted Services	24 943	6%	160 273	48%
Supplies, consumables & other running costs	40 139	10%	47 393	14%
Total	388 618	100%	331 135	100%

55. The graph below shows the expenditure for the Organization for the 18 months from 1 January 2014 to 30 June 2015, combined for RP and XB, and gives the percentage weight of each category in detail in relation to total expenditures. Employee salaries and benefits for international and national staff represents 39.3% of total expenditure. Temporary assistance, consultants and other contracts comprise a further 10.3%. Contracted services comprises 25.7% and includes mainly contracts for programme implementation, contracted research, documentation, publications, external translation, field security, MBF management and participation in the Joint United Nations Machinery. Supplies, consumables and other expenses (12.3%) includes running costs of Headquarters and field network and are shown broken down by the following categories: communication, leases, maintenance and repairs, equipment (security and IT), other expenses and other supplies. Other categories of smaller expenditure include financial contributions (5.1%), external training and conferences (3.8%), staff mission travel (2.1%), grants (1%) and delegates' and participants' travel (0.4%).





United Nations
Educational, Scientific and
Cultural Organization

Executive Board

Hundred and ninety-seventh session

197 EX/4 Part II Corr.

PARIS, 12 October 2015
Original: English

Item 4 of the provisional agenda

EXECUTION OF THE PROGRAMME ADOPTED BY THE GENERAL CONFERENCE

PART II

**BUDGETARY SITUATION OF THE ORGANIZATION FOR 2014-2015 (37 C/5)
AS AT 30 JUNE 2015 (UNAUDITED), BUDGET ADJUSTMENTS ARISING FROM
DONATIONS AND SPECIAL CONTRIBUTIONS RECEIVED**

AND

**MANAGEMENT CHART FOR PROGRAMME EXECUTION IN 2014-2015
(37 C/5 APPROVED)**

Status as at 30 June 2015 (Unaudited)

(No. 55)

CORRIGENDUM

1. On the **SUMMARY** page, Part A, should read as follows:

SUMMARY

Part II of document 197 EX/4 contains:

A. Report by the Director-General on budget adjustments authorized within the Appropriation Resolution for 2014-2015.

In accordance with 37 C/Resolution 98, paragraphs (b), (d) and (e), the Director-General presents to the Executive Board the reports on:

- (i) adjustments to the approved appropriation for 2014-2015 from donations and special contributions received during the period 1 January 2015 to 30 June 2015;
- (ii) transfers between appropriation lines arising from adjustments for programme activities during the period 1 January 2015 to 30 June 2015;

Action expected of the Executive Board: Proposed decision in paragraphs 5, 8 and 9.

2. On page 5, under paragraph 8 (3) (ii), the recommendation should read as follows

Appropriations related to commitments made before 31 December 2015 to be delivered in the subsequent calendar year (2016), in accordance with Article 4 of the Financial Regulations, shall remain available and valid during that calendar year.

3. On page 5, under paragraph 9, the first sentence should read as follows

As indicated in paragraph 19 of Part B of this document, certain transfers may involve amounts of more than 2% of the initial appropriation line, and the exact amounts to be transferred will only be known at the end of the Biennium.

4. On page 9, paragraph 23, the second sentence should read as follows

The staff and activity cost as a percentage of total of the 37 C/5 workplans is 34.3% and 65.7% respectively, as compared to 34% and 66% respectively in the Approved Expenditure Plan.

5. On page 16, under para 52, the table should read as follows:

Year	Amount recovered
2008	\$43K
2009	\$44K
2010	\$184K
2011	\$632K
2012	\$780K
2013	\$1.4M
2014	\$1.9M



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AND

**MANAGEMENT CHART FOR PROGRAMME EXECUTION IN 2014-2015
(37 C/5 APPROVED)**

Status as at 30 June 2015 (Unaudited)

(No. 55)

CORRIGENDUM 2

1. Part B, Paragraph 45, should read as follows:

45. In the case of CLT, the offsetting factor has been an overall increase in projects in various field locations particularly in India, Myanmar, Kosovo* and Italy (Venice).

*as defined under United Nations Security Council resolution 1244 (1999)