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## Internal Oversight Service Audit Section

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# Audit of the UNESCO's Management Framework for Category 2 Institutes/Centres

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## EXECUTIVE SUMMARY

### Key Results

Institutes and centres under the auspices of UNESCO (category 2 institutes/centres) have experienced a rapid growth in the past ten years and now total 115.

Of those, however, two thirds are not operational in conformity with the current framework<sup>1</sup>. Most of these non-operational institutes/centres are not yet established as category 2 institutes/centres. The establishment process proves to be lengthy and cumbersome, requiring considerable investment in staff time from the Secretariat before benefits materialize.

Given UNESCO's reduced capacity, efforts should be directed towards a limited number of institutes/centres, preferably with proven records of excellence and that can effectively collaborate with UNESCO to achieve its 2018-2021 programme objectives.

As a priority, the Secretariat needs to establish an InterSectoral Review Committee, which should (i) examine the non-operational institutes/centres and recommend revision or termination of the agreement, (ii) develop overarching criteria to limit the number of institutes/centres, and (iii) improve the screening process for proposals and renewals.

### BACKGROUND

1. Institutes and centres under the auspices of UNESCO (category 2 institutes/centres) are established and funded by Member States to contribute to the achievement of UNESCO's objectives. They are not legally part of the Organization, but are associated with it through formal agreements between UNESCO and the Member State hosting the institutes/centres. The General Conference, or in certain cases the Executive Board, authorizes the Director-General to sign the agreement.
2. In 1978, in view of the emerging prominence of international and regional institutes/centres under the auspices of UNESCO, and in the absence of a defined procedure for their incorporation, the General Conference requested the development of principles and guidelines on their establishment and operation. In 1980, the General Conference adopted its first principles and guidelines<sup>2</sup>, which was followed by a strategy in 2005<sup>3</sup> and revision in 2009<sup>4</sup> and another revision in 2013 referred to jointly herein as the "Revision of the Integrated Comprehensive Strategy".
3. The Revision of the Integrated Comprehensive Strategy aimed "to further strengthen category 2 status renewal procedures, improve alignment of category 2 Institutes/centres' operations with UNESCO's results-based management approach and sectoral strategies, [and] strengthen the monitoring and reporting requirements of the network and reduce the cost to UNESCO of maintaining this network in terms of human and financial resources."

### PURPOSE OF THE AUDIT

4. The audit objective was to establish a current profile of the operational status of category 2 institutes/centres and to assess the design and implementation of the management framework for these partnerships. The scope comprises all category 2 institutes/centres approved by the General Conference.

<sup>1</sup> For the purpose of this audit, operational means that the institute/centre has met all the conditions required for establishment, i.e. agreement is signed and entered into force, legal status and budget are approved, governing board is established, director appointed, staff recruited and premises are available.

<sup>2</sup> 21 C/36 Principles and Guidelines for the establishment and operation of international and regional centres under UNESCO's auspices

<sup>3</sup> 171 EX/18 Report by the Director-General on the revised and completed principles and guidelines regarding the establishment and operation of UNESCO Institutes/centres (Category I) and Institutes/centres under the Auspices of UNESCO (Category 2)

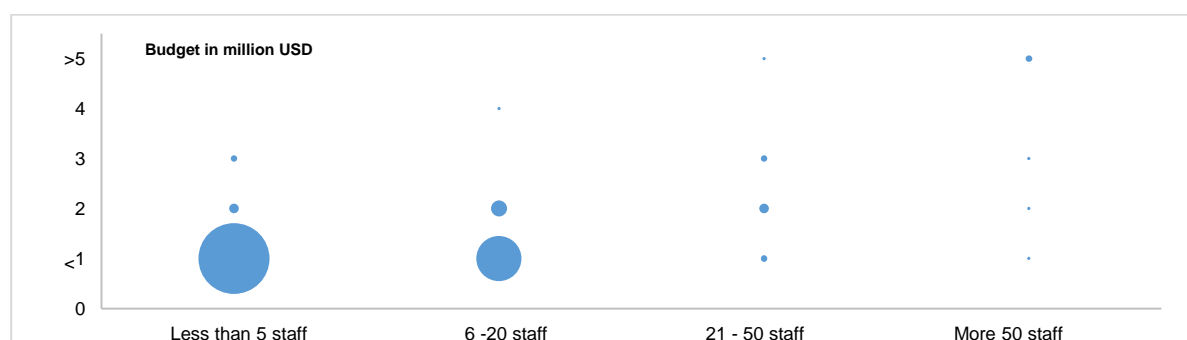
<sup>4</sup> 35 C/22 Implementation of the Guidelines and Criteria for Category 2 Institutes/centres approved in 33C/Resolution 90

## MAIN FINDINGS

5. **Category 2 institutes/centres value their partnership with UNESCO and the increased international visibility brought by this cooperation.** The partnership works best when it is strategic, with a clear mutual benefit, building on the respective strengths of the partners, and the relationship is effectively used. The IOS survey revealed, however, that many category 2 institutes/centres seek more support, communication and coordination from UNESCO.

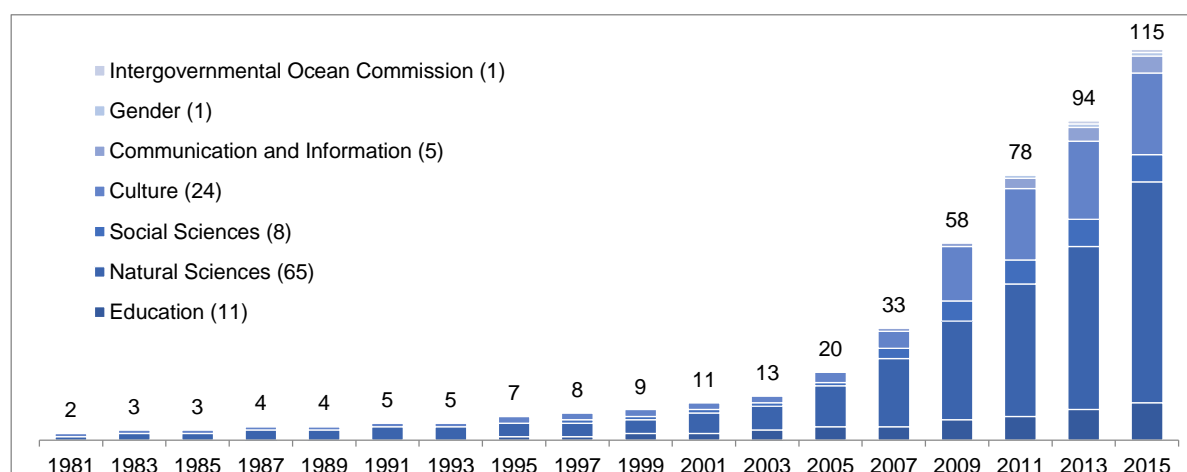
6. **Most institutes/centres are small in size and budget.** Half of them have less than five staff while a very few have more than 50 staff. Annual operating budgets range from USD 20,000 to over USD 7 million with two-thirds below USD 1 million (Figure 1). More than half of the entities did not exist at the time of their proposal as category 2 institutes/centres.

**Figure 1. Landscape of category 2 institutes/centres<sup>5</sup>**



7. **The number of category 2 institutes/centres has more than quintupled in ten years.** Most of the growth has taken place in the Natural Sciences and Culture sectors (Figure 2). This growth has accelerated with the emergence of the category 2 designation in 2003, which led to a high demand. This, combined with a permissive vetting process for proposals and renewals, has resulted in a continuous intake of proposals.

**Figure 2. Cumulative institutes/centres approved by the General Conference<sup>6</sup>**



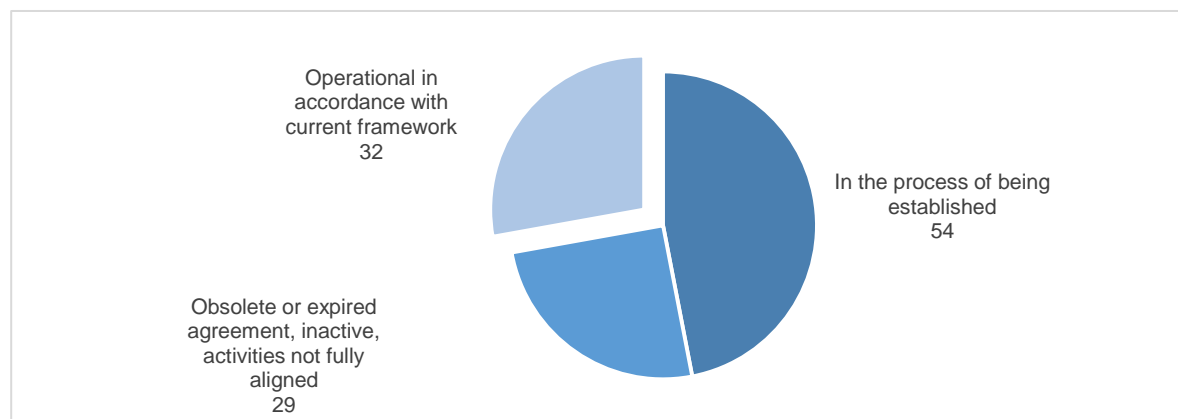
8. **The growth of category 2 institutes/centres has not resulted in commensurate benefit.** To date, of the 115 approved category 2 institutes/centres, less than one-third are operational in

<sup>5</sup> Source: Survey of Representatives of category 2 institutes/centres – See Annex 1

<sup>6</sup> Nine centres that dissociated the category 2 centre modality are not included.

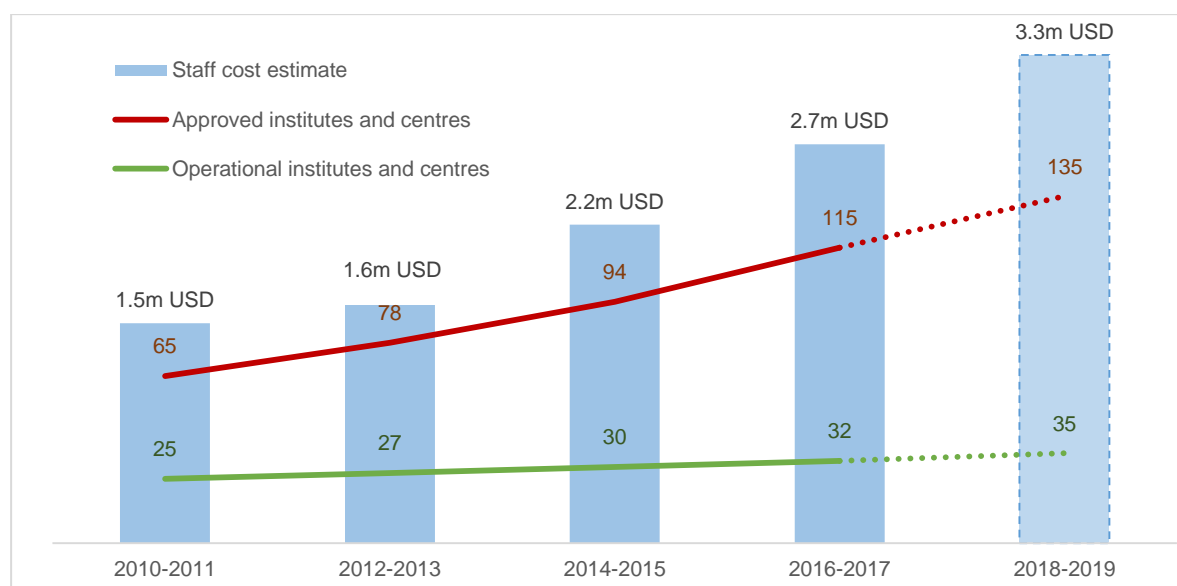
conformity with the Revision to the Integrated Comprehensive Strategy.<sup>7</sup> Half are not yet established, the majority of which received approval more than four years ago. Moreover, one-quarter are either inactive, have an obsolete or expired agreement, or do not fully align with UNESCO's programme objectives (Figure 3).

**Figure 3. Status of the 115 approved category 2 institutes/centres**



**9. The Secretariat can no longer meet the increasing demand.** The growing list of category 2 institutes/centres is unsustainable, placing an ever-increasing strain on UNESCO's finite resources, (Figure 4). Much of the staff effort is associated with managing administrative processes for establishment and renewal. The workload is also particularly high when there are expectations that UNESCO will provide capacity-building.

**Figure 4. Staff Cost Estimates<sup>8</sup>**



<sup>7</sup> For the purpose of the audit, operational means that the institute/centre has met all the conditions required for establishment, i.e. agreement is signed and entered into force, legal status and budget are approved, governing board is established, director appointed, staff recruited and premises are available.

<sup>8</sup> The staff cost estimate includes UNESCO staff time spent on discussing proposals, participating in the feasibility studies and reporting these to the Executive Board, negotiating agreements before and after the General Conference approval, coordinating activities, managing renewal assessments and reporting these to the Executive Board.

**10. A manageable number of category 2 institutes/centres in line with the Secretariat's available capacities is a priority.** UNESCO's current financial situation demands more effective and efficient use of its resources. Staff time spent on institutes/centres should be costed and reflected in the sectoral workplans. This will allow the Secretariat to carefully assess its capacity to increase and support additional category 2 institutes/centres, while ensuring their strategic engagement in attaining the 2018-2021 programme objectives.

11. In sum, UNESCO needs to ensure that category 2 institutes/centres provide clear added value and that both parties benefit appropriately from the arrangement. This entails first and foremost a more selective and rigorous screening for proposals and renewals through the establishment of an InterSectoral Review Committee; a reduced and more strategic number of institutes/centres; greater use of functioning category 2 institutes/centres as partners of choice in UNESCO's global activities; and the clear and principled application of sunset clauses for those institutes/centres that cease to be relevant to UNESCO's work.

### **Summary of Recommendations**

**Recommendation 1:** BSP to establish an InterSectoral Review Committee, which shall:

- develop overarching criteria to limit the number of institutes/centres;
- examine non-operational institutes/centres for termination of ineffective agreements;
- ensure rigorous screening of proposals, feasibility studies and renewals;
- introduce sharpened criteria for screening proposals including proven track record of performance and a minimum budget threshold;
- ensure agreements outline clear performance objectives accompanied by specific, measurable and time-bound quantitative and technical performance indicators to be reviewed at the time of the renewal assessment;
- set a timeframe for (i) concurrent submission of all proposals to allow for a comparative assessment against programmatic needs and capacity of the Secretariat and (ii) initiation of renewal assessment to allow sufficient time for remedial actions and avoid repeated agreement extensions;
- ensure that the principles for the selection of experts and drafting of TORs of the renewal assessment apply for feasibility studies.

**Recommendation 2:** LA, in collaboration with BSP and programme sectors, to revise and standardize the model agreement including removing, as much as possible, all customizable texts represented by [...].