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(of UNESCO)

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UNESCO, Paris, 21–30 June 2023

Items 6.1, 6.2 and 6.3 of the Provisional Agenda

REPORT OF THE CHAIRPERSON
OF THE INTERSESSIONAL FINANCIAL ADVISORY GROUP

(Intersessional period December 2022–June 2023)

Summary

This document provides a brief report of the Chair of the Intersessional Financial Advisory Group (IFAG) on the work accomplished in the intersessional period December 2022–June 2023.

Decision proposed is referenced Dec. IOC-32/6.2 in the Provisional Action Paper IOC/A-32/AP Prov.Rev.

1. In accordance with [Resolution EC-55/2](#), the open-ended Intersessional Financial Advisory Group (IFAG) was reconstituted through a call for nominations addressed to Member States in the IOC Circular Letter [2915](#) of 25 October 2022.

2. As customary, the Group started working by correspondence and finalized its conclusions at the face-to-face meeting on 19 June 2023. Overall, twenty-one (21) Member States – Argentina, Australia, Belgium, Brazil, Canada, Democratic Republic of the Congo, Egypt, France, Germany, Japan, Kenya, Kuwait, Madagascar, Morocco, Nigeria, Norway, Portugal, Russian Federation, Türkiye, UK, and USA – participated in the work of the Group, chaired by IOC Vice-Chair Karim Hilmi.

3. Focussing, as mandated by the IOC Executive Council at its 55th session, on the matters covered by Resolution EC-55/2, and in compliance with the IFAG Terms of Reference (Annex 2 of IOC Resolution XXVIII-3), the Group structured its discussions in four main parts as follows:

I. 2022–2023 Budget Implementation as at 31 December 2022 and Financial Situation of the IOC Special Account as at year end 2022 and Forecast for 2023

4. In this context the Group considered documents [IOC/A-32/3.2.Doc\(2\)](#) and [IOC/A-32/3.2.Doc\(3\)](#). It was satisfied with the overall implementation as compliant with the approved programme and budget for the biennium. In reviewing the information on the financial situation of the IOC Special Account as at year end 2022 and forecast for 2023 provided in IOC/A-32/3.2.Doc(3), IFAG took note of the revised budgetary allocations for 2022–2023 as proposed in Table 1 for Assembly's consideration.

II. Draft Programme and Budget for 2024–2025 (42 C/5)

5. IFAG examined the Secretariat's proposal contained [in IOC/A-32/6.1.Doc\(1\)](#) and prepared as an integral part of the UNESCO Draft Programme and Budget for 2024–2025 (42 C/5), submitted by the Director-General of UNESCO to the UNESCO Executive Board at its 216th session.

6. It noted with appreciation that while a considerable increase in regular budget allocation to the IOC was already proposed by the Director-General of UNESCO, the Board also considered a supplementary item proposed by a group of Member States on the 'Urgent requirement for increased and more stable resources to the ...IOC'. This resulted in the adoption of [216 EX/Decision 44](#) to recommend that the UNESCO General Conference at its 42nd session agree an increase in the IOC's share of the UNESCO regular budget of [1%], not to be decreased by transfers of funds to other parts of the budget and *'that a baseline be identified and agreed for the IOC's share of UNESCO's regular budget under document 42 C/5 and future C/5 documents and that no reduction to this baseline be made in the future unless agreed by the General Conference'*. IFAG was unanimous in thanking the initiators of the proposal and all Member States that supported this decision, which is fully in line with the conclusions of the IOS Evaluation of the IOC Strategic Positioning. The Group took note of the comments of the Director-General on item 44 ([216 EX/DG.INF.Rev.](#)) indicating that *'a 1% increase of IOC's share of the UNESCO Regular Budget (i.e., from 2.1 to 3.1%), compared to the 41 C/5 would require an additional \$4 million to be allocated to the IOC under the Base Case scenario'*.

7. The Group also welcomed another major development—the proposal by the United States of America of a plan for its return to UNESCO as a Member State, to be examined by the UNESCO General Conference at its extraordinary session on 29–30 June 2023.

8. While it is customary for the IOC Assembly to guide the Secretariat on priorities and budgeting principles to respect when submitting adjusted proposals in the context of UNESCO Programme and Budget adoption process, Member States expressed their satisfaction that this time the potential adjustment is likely to be positive and of a considerable scale.

9. With several very useful recommendations already contained in the 216 EX/Decision 44, IFAG was of the opinion that the Secretariat should see this an opportunity to strengthen IOC's core programmes like IODE, OBIS, GOOS and others, currently underfunded and/or excessively depending on voluntary contributions. Investment in consolidation should not be seen as precluding ambition. On the contrary, the effort to consolidate core functions will provide a sound platform for further ambition, including in the context of the Ocean Decade and in engaging with other parts of the UN in support of other high-level initiatives (e.g. the high seas treaty). Regional Subsidiary Bodies will need to be strengthened to step up the delivery of services at the level of Member States.

III. Follow-up to Resolution A-31/2 and EC-55/2

A. Review of the IOC Rules of Procedure

10. IFAG discussed this item in the light of the fact that the Secretariat's proposal in document [IOC/A-32/6.2.Doc\(1\)](#) is already a second revision of the Rules and that the IOC Executive Council at its 55th session welcomed the first proposal (IOC/EC-55/5.1.Doc(1)) as respectful of Member States' wishes and discussions.

11. The Group assessed the second revision as consistent with the Executive Council's recommendation through Resolution EC-55/2 that the IOC Assembly at its 32nd session adopt the overall approach as presented in IOC/EC-55/5.1.Doc(1) and based on the proposal to:

- refrain from engaging in a procedure of amendment of the IOC Statutes,
- in conformity with Article 6.B.3 of the Statutes, maintain a single set of the Commission's Rules of Procedure, to be formally determined by the Assembly,
- revise the current Rules of Procedure on the basis of a distinction among general rules, rules applicable to the Assembly and the Executive Council, and rules applicable only to one of these bodies,
- amend Rules 55 and 56 in order to acknowledge and specify the competence of the Executive Council to amend or suspend rules relating to its organization and functioning,
- include in the Rules the provision for online meetings as an exceptional measure only,
- ensure that the provision for consultation by correspondence covers both the Assembly and the Executive Council,
- complement the Rules by the Guidelines for online sessions and a comprehensive list of online appendices.

B. Reporting on in-kind contributions

12. IOC Resolution A-31/2 invited IFAG *'to develop a proposal for a systematic approach and methodology for reporting in-kind contributions, consistent with the updated Guiding Principles for Programming and Budgeting (Annex I to Resolution EC-53/2) and Article 10 of the IOC Statutes, to be considered by the IOC Assembly at its 32nd session'*.

13. The IOC Executive Council at its 55th session:

- (i) welcomed the more systematic and inclusive approach to reporting on IKC proposed by IFAG and presented in IOC/EC-55/5.1.Doc(2) as more inclusive and equitable,
- (ii) invited the IOC Executive Secretary to launch the pilot reporting exercise for calendar year 2022 and to submit the resulting report to the IOC Assembly at its 32nd session for review and decision on future reporting;

14. The pilot reporting exercise was conducted by the Secretariat through IOC Circular Letter 2915, followed by a reminder and providing the guiding methodology approved by the Executive Council, recalled below for ease of reference:

- Reported IKC must be necessary for the achievement of the objectives of the IOC and would have been paid for by IOC from its own budget were they not provided.
- All types of expenses done at national level in participation to programmes, activities etc., where the beneficiaries of the value from that expense are also national, in principle do not fall in this category of IKC.
- Voluntary (extrabudgetary) contributions in cash to the IOC budgetary workflow that the IOC itself can use are clearly distinct from IKCs where the IOC benefits from the value of that contribution, as opposed to deriving the direct benefit from own cash expenditure.
- IKC value needs to be straightforwardly expressed as the market price, i.e. the expenditure by the party making the contribution—this is the case where the contribution is 100% dedicated to the objectives of the receiving organization (IOC).
- The information should come either as a letter or an email addressed to the IOC Executive Secretary (v.ryabinin@unesco.org), cc to IFAG technical secretary (k.yvinec@unesco.org) and contain, as a minimum, the following information. The amount should correspond to the in-kind contribution in a calendar year 01 January 2022 to 31 December 2022. Amounts can be declared in local currencies or in USD. Amounts declared in local currencies will be converted by the Secretariat at the United Nations Operational Rate of Exchange applicable to financial reports for the period.

15. It is in this context that IFAG considered the result of the pilot reporting exercise as presented in Table 6 of document IOC/A-32/3.2.Doc(2). The Group agreed that this was an interesting and overall successful first report, ensuring a more systematic, inclusive, and Member States-owned process. As such, the applied methodology provides a good basis for future reporting cycles. The sessional Financial Committee may wish to review the report more in depth for compliance with methodology and consider whether additional guidance to the Secretariat and/or to Member States could further improve the quality of reporting going forward.

IV. Draft Action Plan in response to the IOS Evaluation of the IOC Strategic Positioning

16. At their annual meeting in January 2023, the IOC Officers agreed with the Executive Secretary's proposal that a longer-term strategic discussion started with the document 'Sustainable Delivery and Expansion of IOC Activities: Estimate of required budget, including human resources needs' prepared in response to IOC Resolution A-31/2 and Decision EC-55/3.2 and shared through IOC Circular Letter [2912](#), requires further consultation with Member States and could be a reason to return to the long-standing tradition of reflection and self-assessment 'IOC and the Future of the Ocean'. This approach is proposed for Member States' discussion under agenda item 5 of the Assembly.

17. The Officers also considered that it would be beneficial for the Financial Committee to include the more immediate issue of the Draft Action Plan in response to the IOS evaluation in its mandate.

18. In exchanging views on this matter, IFAG was mindful of the fact that the first draft was already reviewed by the IOC Executive Council at its 55th session and additional feedback from Member States was sought through Circular Letter 2912.

19. This session would need to turn this draft into an Assembly-endorsed Action Plan that will allow the Secretariat to the work and to report both to IOC and to UNESCO Governing Bodies on progress.