



Industrial Development Board

Forty-fourth session

Vienna, 22-24 November 2016

Item 11 of the provisional agenda

Support by the Republic of Austria towards the financing of an educational institution

Support by the Republic of Austria towards the financing of an educational institution

Report by the Director General

The present document reports on the conclusion of an agreement between the Republic of Austria and the four VIC-based organizations, which provides for Austrian support towards the financing of an educational institution catering for the children of officials and of members of the diplomatic and consular corps, and submits the text of the agreement to the Board for decision.

Contents

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	2
I. Background	2-3	2
II. Main features of the agreement	4-7	2
III. Signature and entry into force for UNIDO	8-10	3
IV. Action required of the Board	11	4
Annex		
Agreement between the Republic of Austria, the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization.		5

For reasons of economy, this document has not been printed. Delegates are kindly requested to bring their copies of documents to meetings.



Introduction

1. In his opening statement at the sixteenth session of the General Conference, the Director General indicated that an agreement had been negotiated between the Republic of Austria and the four Vienna International Centre (VIC)-based organizations concerning the funding of an educational institution providing schooling places for the children of officials and of members of the diplomatic and consular corps. The Director General's statement explained that the agreement would be submitted to the Industrial Development Board in 2016 and to the General Conference in 2017 with a view to bringing the agreement into force for UNIDO. This report consequently submits the text of the agreement to the Board for decision.

I. Background

2. The Host Government has traditionally offered generous financial support towards the schooling of children of officials of the VIC-based organizations. Pursuant to an agreement concluded in 1990 between the Federal Government of Austria and the Vienna International School Association, the school was granted rent-free premises and an annual governmental subsidy, which amounted to over 5.1 million euros in the school year 2013-2014. The agreement of 1990 expired on 31 July 2014 and was not extended.

3. Consultations began in 2012 between the Secretariats of the four VIC-based organizations and the Federal Ministry for Europe, Integration and Foreign Affairs with the objective of identifying a mechanism to replace the agreement of 1990 and to ensure the continued availability of a school serving the needs of the international organizations in Vienna. The consultations resulted in the finalization, in September 2015, of the text of the agreement set out in the annex to this report.

II. Main features of the agreement

4. The agreement provides that the Republic of Austria, in order to contribute to the financing of appropriate schooling for the children of officials, shall make available a fixed amount — termed the “Education Amount” — to the four VIC-based organizations (article 1, paragraph 1). The amount payable to the VIC-based organizations is as follows:

<i>School year</i>	<i>Education Amount (euros)</i>
2014-2015	4 million
2015-2016	4 million
2016-2017	3 million
2017-2018	2 million
2018-2019	2 million

5. The agreement provides further that the contribution shall be continued unless the agreement is terminated (article 1, paragraph 1). This provision appears to mean that the Republic of Austria will continue to pay the Education Amount

of €2 million after 2019 and for as long as the agreement remains in force. In addition, the Republic of Austria will provide buildings and facilities for the designated educational institution until at least 2024 (article 3).

6. Under the agreement, the VIC-based organizations must nominate one organization to receive and disburse the Education Amount (article 1, paragraph 2). The VIC-based organization must further select an appropriate educational institution that meets certain criteria, to which the Education Amount shall be transferred by the responsible organization (article 1, paragraph 5 and article 2).

7. In October 2015, in anticipation of the signature of the agreement, the VIC-based organizations concluded among themselves a supplementary memorandum of understanding by which the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization was nominated to receive and disburse the Education Amount. The supplementary memorandum of understanding further designated the Vienna International School as the appropriate educational institution for the purposes of the agreement. The Preparatory Commission disbursed the first tranche of €8 million, representing the Education Amount for the school years 2014-2015 and 2015-2016, to the school in July 2016.

III. Signature and entry into force for UNIDO

8. Pending its entry into force, the negotiating parties signed the agreement in February and March 2016. The Director General signed the agreement on behalf of UNIDO on 4 March 2016.

9. The agreement stipulates that it shall enter into force 60 days after the date on which the Republic of Austria and two of the VIC-based organizations have exchanged notifications that they have fulfilled their respective internal procedures for entry into force (article 5, paragraph 1). The requisite notifications were provided by the United Nations Office at Vienna (UNOV) and the International Atomic Energy Agency (IAEA) on 22 and 25 April 2016, respectively, and by the Republic of Austria on 11 July 2016. Accordingly, the agreement entered into force as between the three notifying parties on 9 September 2016. Upon entry into force, the agreement applied retroactively with effect from 1 August 2014 (article 5, paragraph 3).

10. In order for the agreement to enter into force for UNIDO, the Organization must likewise notify the other parties that it has fulfilled its internal procedures for entry into force (article 5, paragraph 2). In the practice of UNIDO, agreements regulating relations with the Host Government are negotiated by the Secretariat and, upon the recommendation of the Board, submitted to the General Conference, which has the authority to approve such agreements and to authorize that they be brought into force for UNIDO.

IV. Action required of the Board

11. The Board may wish to consider adopting the following draft decision:

“The Industrial Development Board:

(a) Takes note of the report by the Director General on support by the Republic of Austria towards the financing of an educational institution (document IDB.44/16);

(b) Expresses its appreciation to the Host Government for its contribution towards the financing of an educational institution catering for the needs of children of officials and of members of the diplomatic and consular corps;

(c) Decides that the Agreement between the Republic of Austria, the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, as annexed to document IDB.44/16, be submitted to the General Conference at its seventeenth session; and

(d) Recommends to the General Conference that it (i) approve the foregoing agreement; (ii) authorize the Director General to bring the agreement into force for the Organization in accordance with its terms; and (iii) request the Director General to bring significant developments concerning the agreement to the attention of the Industrial Development Board.”

Annex**Agreement between the Republic of Austria, the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization**

The Republic of Austria on the one part and the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (hereinafter referred to as the “International Organizations”) on the other part (hereinafter collectively referred to as the “Parties”),

BEARING IN MIND the Agreement between the Republic of Austria and the International Atomic Energy Agency regarding the Headquarters of the International Atomic Energy Agency, the Agreement between the Republic of Austria and the United Nations regarding the seat of the United Nations in Vienna, the Agreement between the Republic of Austria and the United Nations Industrial Development Organization regarding the Headquarters of the United Nations Industrial Development Organization, and the Agreement between the Republic of Austria and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization regarding the seat of the Commission;

CONSIDERING that the Republic of Austria has consistently expressed and demonstrated to the International Organizations its commitment to the existence of a school that serves the needs of the children of the officials of the International Organizations and of members of the diplomatic and consular corps; and

DESIRING to ensure the continued support of the Republic of Austria for the Seat of the International Organizations in Vienna by providing an essential contribution to the financing of schooling places for the children of officials of the International Organizations who are based in Austria, as well as of children of members of a diplomatic or consular service, irrespective of their nationality, taking into account the needs of such children and the special nature of international education;

HAVE agreed as follows:

Article 1

1. The Republic of Austria, in order to ensure the continued support of Vienna as Headquarters and Seat of the International Organizations, and on the basis of a common request of the International Organizations to contribute to the financing of appropriate schooling for the children of officials, shall make available the following amount (hereinafter referred to as the “Education Amount”): for the school year ending in 2015 4 Mio. €, in 2016 4 Mio. €, in 2017 3 Mio. €, in 2018 2 Mio. € and in 2019 2 Mio. € per school year. This contribution shall be continued unless the Agreement is terminated in accordance with Article 5.

2. The International Organizations shall nominate one organization (hereinafter referred to as the "Organization") to both receive and disburse the Education Amount.
3. The Education Amount shall be liquidated in six, as far as possible, equal instalments due February through July of the current school year, on the first day of the month following the respective months, to the Organization.
4. Notwithstanding paragraph 3 of this Article, for the school year 2014-2015, the relevant Education Amount shall be transferred by the Republic of Austria to the Organization between February and April 2016.
5. The International Organizations shall consult with each other and shall select, within the meaning of Article 2 below, an appropriate educational institution (hereinafter referred to as the "Institution"), to which the Education Amount shall be transferred by the Organization for the purpose set forth in paragraph 1 of this Article. The Education Amount so transferred by the Organization to the Institution shall not be subject to the payment of tax by the Institution to the Republic of Austria or otherwise. Each year, following the transfer of the Education Amount to the Institution, the Organization shall, without delay, at the latest by 31 December, provide a confirmation and documented information to the Republic of Austria concerning the transfer and the proper use of the Education Amount.
6. The Organization shall conclude an agreement with the Institution setting forth the conditions for the receipt and control of the Education Amount, the execution of payments thereof, the forwarding of the annual audit report of the Institution and the conditions for reclamation of the Education Amount.
7. The Republic of Austria is entitled to reclaim or to discontinue payment of the entire Education Amount, or parts thereof, if it is established, on the basis of the confirmation and documented information provided by the Organization in accordance with paragraph 5 of this Article, that the Education Amount or parts thereof, have not been transferred or used in accordance with the provisions of this Agreement.

Article 2

An appropriate educational institution within the meaning of this Agreement shall be deemed exclusively one which is designated by the International Organizations and which:

- (a) Has an organizational structure that takes into account the needs of children of officials of international organizations based in Austria, as well as of children of members of diplomatic and consular corps, irrespective of their nationality;
- (b) Offers educational programmes and curricula that address the requirements and special nature of international education; and
- (c) Guarantees an appropriate number of schooling places to the children of persons enumerated in paragraph (a) of this Article.

Article 3

With the aim of ensuring the location of an educational institution within reasonable proximity of the Vienna International Centre, the Republic of Austria

shall provide, at least until July 2024, a property presently owned by the Republic of Austria, including buildings and facilities for the exclusive use for educational activities of the Institution, unless the conditions for the use of this property to be agreed between the Republic of Austria and the Institution prior to the entry into force of this Agreement are not met.

Article 4

Any dispute arising between any of the International Organizations and the Republic of Austria concerning the interpretation or application of this Agreement shall be settled in the manner provided for in the headquarters agreements of the United Nations, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization.

Article 5

1. This Agreement shall enter into force sixty (60) days after the date on which the Republic of Austria and two International Organizations have exchanged notifications that they have fulfilled their respective internal procedures for entry into force.
2. For other International Organizations, this Agreement shall enter into force sixty (60) days after the date on which they provide such notification to the other Parties.
3. The provisions of this Agreement shall take effect retroactively as of 1 August 2014. This Agreement shall cease to be in force on 31 July of the year following the year in which either the Republic of Austria or all the International Organizations which are Parties to this Agreement have notified in writing the termination of the Agreement before 31 July. Notwithstanding the foregoing, each of the International Organizations reserves the right to withdraw from this Agreement by providing twenty-four (24) months' written notice to the other Parties, without the effect of terminating the Agreement, so long as two International Organizations remain Parties thereto.
4. This Agreement may be amended by written agreement among the Parties.
5. Upon entry into force of the Comprehensive Nuclear-Test-Ban Treaty, the Comprehensive Nuclear-Test-Ban Treaty Organization, as successor to the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, shall assume all obligations of the Preparatory Commission under this Agreement.

DONE at Vienna in the German and English languages, both texts being equally authentic.

For the Republic of Austria:
[Signed] 29 February 2016

For the United Nations:
[Signed] 2 March 2016

For the International Atomic Energy Agency:
[Signed] 9 March 2016

For the United Nations Industrial Development Organization:
[Signed] 4 March 2016

For the Preparatory Commission for the Comprehensive Nuclear-Test-Ban
Treaty Organization:
[Signed] 3 March 2016
