**CONVENTION FOR THE SAFEGUARDING OF THE
INTANGIBLE CULTURAL HERITAGE**

**INTERGOVERNMENTAL COMMITTEE FOR THE
SAFEGUARDING OF THE INTANGIBLE CULTURAL HERITAGE**

**Eleventh session**

**Addis Ababa, Ethiopia**

**28 November to 2 December 2016**

**Financial statement for the period
1 January 2016 – 30 JUNE 2016**

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| **Summary**The present document includes the Financial Report for the Intangible Cultural Heritage Fund for the period 1 January 2016 to 30 June 2016, preceded by a brief explanatory note. |

**Explanatory Note**

1. The Financial Report below covers the period 1 January 2016 to 30 June 2016, during which the resources of the Fund for the Safeguarding of the Intangible Cultural Heritage (‘the Fund’) were used according to the Plan for the use of the resources of the Fund that was approved by the fifth session of the General Assembly in June 2014, on a provisional basis for that period ([Resolution 5.GA 7](http://www.unesco.org/culture/ich/en/Resolutions/5.GA/7)). The provisional budget for the first semester of 2016 that was then superseded by the Plan adopted by the sixth session of the General Assembly ([Resolution 6.GA 9](http://www.unesco.org/culture/ich/en/Resolutions/6.GA/9)).

**Income (Statements I, II and III)[[1]](#footnote-1)**

1. In accordance with Article 25.3 of the Convention, the income of the Fund consists of: a) contributions made by States Parties to the Convention; b) funds appropriated for this purpose by the General Conference of UNESCO; c) contributions, gifts or bequests which may be made by other States, organizations and programmes of the United Nations system, particularly the United Nations Development Programme, as well as other international organizations and by public or private bodies or individuals; d) any interest due on the resources of the Fund; e) funds raised through collections, and receipts from events organized for the benefit of the Fund; f) any other resources authorized by the Fund’s regulations, to be drawn up by the Committee. The list of these resources are also found in the Financial Regulations of the Special Account for the Fund for the Safeguarding of the Intangible Cultural Heritage, adopted by the Committee at its first extraordinary session ([Decision 1.EXT.COM 9](http://www.unesco.org/culture/ich/doc/src/00192-EN-PDF.pdf)).
2. During the reporting period, income to the Fund consisted of:

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| 1. Compulsory and voluntary assessed contributions by States Parties[[2]](#footnote-2)
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| Compulsory contributions by 162 States Parties to the Convention, as described in Article 26.1, of the Convention | US$1,769,682 |
| Voluntary contributions of five States Parties that, at the time of ratification, exercised Article 26.2 of the Convention | US$53,873 |
| 1. Voluntary supplementary contributions
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| *Earmarked contributions for specific purposes relating to specific projects approved by the Committee, in accordance with Article 25.5 of the Convention* |  |
| Transfer to the sub-fund of the Fund of remaining funds from terminated earmarked activities  | (US$14,176) |
| *Sub-fund created within the Intangible Cultural Heritage Fund and intended exclusively to strengthen the human capacities of the Secretariat (*[*Resolution 3.GA 9*](http://www.unesco.org/culture/ich/en/Resolutions/3.GA/9)*)*[[3]](#footnote-3) |  |
| Azerbaijan, United Arab Emirates, transfer from terminated earmarked activities  | US$112,054 |
| 1. Interest earned on the resources of the Fund
 | US$42,550 |
|  |  |
| **TOTAL** | **US$1,963,983** |

1. The total income as at 30 June 2016 is 5% higher than at the same period in the previous biennium (30 June 2014). This modest growth is due to the growing number of States Parties (167 States Parties as at 30 June 2016 against 159 as at 30 June 2014) but with a rate of ratification which stabilizes (assessed contributions represent 46% of the growth), to a slight increase in interest (27% of the growth) and to an equally slight increase in voluntary supplementary contributions received in during the first half of the biennium (27% of the growth). It is however worth noting that during the reporting period the Fund did not receive any voluntary contribution earmarked for activities approved by the Committee.

**Schedule of appropriations and expenditure for the period 1 January 2016 to 30 June 2016 (Statement I, page 7)**

1. The total operational budget given in the schedule of appropriations and expenditure (US$7,977,920) corresponds to the balance of the Fund on 1 January 2016 (US$8,953,730) less the Reserve Fund accumulated up to that date (US$975,810). This Reserve Fund was created, in accordance with the Financial Regulations for the Special Account for the Fund, in order to meet requests for International Assistance in cases of extreme urgency and in the event that the funds allocated to International Assistance (budget line 1) become exhausted. The new transfer to the Reserve Fund (US$24,190) that took place when the Plan for the use of the resources of the Fund was approved by the sixth session of the General Assembly in June 2016 is shown in Statement II as an increase to the Reserve Fund, from one biennium to the other, to set its total amount at US$1 million.
2. The Financial Report shows a total expenditure of US$633,793 as of 30 June 2016, that is, 8% of the operational budget approved by the General Assembly in its [Resolution 6.GA 9](http://www.unesco.org/culture/ich/en/Resolutions/6.GA/9) – excluding funds provided for the Reserve Fund. Explanations of each budget line of the schedule of appropriations and expenditure are provided below.
3. In line with the priorities set by the Guidelines for the use of the resources of the Fund in Chapter II.1 of the Operational Directives, the General Assembly once again decided that the majority of resources (**budget line 1**, 59%) be allocated for providing International Assistance to States Parties to supplement their national efforts for safeguarding intangible cultural heritage. Expenses specified under this line correspond to International Assistance granted to two projects in late 2015, one by the tenth session of the Committee, the other by its Bureau. Since, in both cases, the decision-making body requested the beneficiary State to work with the Secretariat to clarify the budget and workplan of the projects for which financial support was sought, requests could not materialize into contracts until the first half of 2016. Although the implementation rate of this line continues to constitute a serious concern, it should be noted that, during the reporting period, the Bureau of the Committee granted International Assistance to five projects for a total amount of US$123,313. The present financial report does not reflect such expenditures since the contractual arrangements relating to these projects have been concluded after 30 June 2016.
4. By the deadline of 31 March 2016, no preparatory assistance request for the elaboration of nominations to the List of Intangible Cultural Heritage in Need of Urgent Safeguarding or proposals for the Register of Best Safeguarding Practices had been received. Therefore, the only expenditures reflected in **budget line 2** correspond to the provision of technical assistance in accordance with [Decision 8.COM 7.c](http://www.unesco.org/culture/ich/en/Decisions/8.COM/7.c), by which the Committee requested the Secretariat to ‘devise a means, on a shorter-term basis, and experimentally, to offer technical assistance, through the provision of experts, as described in Article 21 of the Convention, to States Parties wishing to elaborate requests for International Assistance’. It is worth mentioning that one of the requests approved by the Bureau during the reporting period is the result of such assistance in the form of a close cooperation between the Secretariat, an expert and a national counterpart.
5. The use of the budget for ‘other functions of the Committee’ (**budget line 3**) is decided by the Bureau on the basis of specific proposals prepared by the Secretariat ([Decision 10.COM 8](http://www.unesco.org/culture/ich/en/Decisions/10.COM/8)). According to the plan approved by the Bureau in its [Decision 11.COM 2.BUR 1](http://www.unesco.org/culture/ich/doc/src/ITH-16-11.COM_2.BUR-Decisions-EN.docx), these funds are divided between the capacity-building programme and guidance on safeguarding measures and good practices (51.38%), knowledge-management services (24.32%), raising awareness and outreach (21.15%) and monitoring the implementation of the Convention (3.15%). 13% of the funds approved for the current biennium were obligated as of 30 June 2016. A detailed report on the progress of implementation of these funds can be found in document ITH/16/11.COM/5, ‘Report by the Secretariat on its activities’.
6. Following the Internal Oversight Service’s recommendation in its audit of the working methods of the culture conventions ([IOS/AUD/2013/06](http://www.unesco.org/culture/ich/doc/src/IOS-AUD-2013-06-EN.pdf)), the Committee requested to the Secretariat, in its [Decision 8.COM 11](http://www.unesco.org/culture/ich/en/Decisions/8.COM/11), to apply the cost recovery policy consistently when using the resources of the Fund. Consequently, and as provided in Article 5.2 of the Fund’s Financial Regulations, budget lines 1 to 3 were charged with direct expenses related to the implementation of granted technical assistance and International Assistance and activities approved by the Bureau.
7. With no meeting of the Committee held during the reporting period and a single face-to-face meeting of its Bureau on 2 June 2016, **budget line 4**, used to finance participation of experts representing developing States Members of the Committee in its sessions, naturally shows a very modest expenditure rate (0.6%). In contrast, **budget lines 5 and 6** used to finance participation of the members of the Evaluation Body eligible to this type of support (ten in the present configuration) show expenditures relating to the two meetings of the Evaluation Body held during the reporting period. Budget line 5 financed participation costs for four Evaluation Body members representing developing States Parties non-Members of the Committee while budget line 6 took in participation costs for the six accredited non-governmental organizations serving the Evaluation Body.
8. Lastly, **budget line 7** (‘Cost of advisory services provided at the request of the Committee’) shows an expenditure rate of 18.9% corresponding to the fees of the ten members of the Evaluation Body who evaluated the files for the 2016 cycle and were entitled to receive financial support. Since the evaluation work was still ongoing as at 30 June 2016, the amount of fees included in their contracts are reflected as ‘unliquidated obligations’ and not yet as ‘disbursements’.

**Additional reports**

1. The present report includes in Annex 1 (page 10) the list of voluntary supplementary contributions paid for specific purposes, as specified by Article 25.5 of the Convention for the period 1 January 2016 to 30 June 2016. As mentioned in paragraph 4, no voluntary contributions were received during the reporting period dedicated to specific activities approved by the Committee.
2. Contributions earmarked for specific projects are subject to the decisions of the Committee on whether to accept such contributions. The table in Annex 2 shows the total expenditure incurred for each project since its beginning until 30 June 2016. In addition, the table shows that, concerning five projects, there is a total difference of US$204,980 between the budget approved by the Committee and the revised budget based on actual funding confirmed. This difference corresponds to the project balance once all planned activities were implemented, except in one case where it relates to 5% of the supplementary voluntary contribution from Norway that the Committee accepted in 2012 and which the Committee noted that it would not be paid to the Fund ([Decision 10.COM 9](http://www.unesco.org/culture/ich/en/Decisions/10.COM/9)).
3. This same table shows a funding gap of US$248,474, which corresponds to outstanding voluntary contributions from Brazil and Vietnam approved by the Committee at its 8th session in 2013 ([Decision 8.COM 12](http://www.unesco.org/culture/ich/en/Decisions/8.COM/12)). Following the Committee’s invitation to these two countries to inform the Secretariat of the status of their respective outstanding contributions ([Decision 10.COM 9](http://www.unesco.org/culture/ich/en/Decisions/10.COM/9)), Brazil informed the Secretariat by diplomatic note on 22 February 2016 of its inability to comply with that decision due to legal and budgetary issues. In Decision 11.COM 6, the Committee may wish to acknowledge this non-payment. As a result, the project budget concerned will be revised to zero in Annex 2 of the next Financial Report of the Intangible Cultural Heritage Fund.
4. Finally, Annex 3 shows the forecasts as of 30 June 2016, based on Secretariat’s estimation, for future use of the funds allocated to ongoing projects based on funds not committed at that date and budgets approved by the Committee.

**Statement I**



**Statement II**

**Statement III**



**Annex 1**



**Annex 2**

*\* Reduced to actual expenditure for terminated projects or to actual funding received*

*\*\* Awaiting receipt of funds from the donor(s)*

*\*\*\* including net savings of USD 20,040.61 on liquidation of prior years’ obligations as follows:*

*US$14,648.74 under project ‘PALOP Countries’*

*US$963.05 under project ‘Myanmar’*

*US$1,627.48 under project ‘Mauritania, Morocco and Tunisia’*

*US$2,801.34 under project ‘Suriname and Dutch Caribbean islands’*

*Financial Report issued by the Bureau of Financial Management.
The total income and expenditure are in accordance with UNESCO’s financial records.*

**Annex 3**



\* Funding of these projects is below the budget approved by the Committee. Forecast for their implementation is based on the actual funding received to date.

\*\* The implementation of these projects within the planned timeframe is subject to the receipt of outstanding confirmed contributions.

1. . Figures rounded to the next highest dollar compared to that in Financial Statement I, page 6. [↑](#footnote-ref-1)
2. . In Statement I, the compulsory assessed contributions for the period January 2016 - June 2016 are shown as income, whether or not they have been received; Statement II shows that the amount still unpaid and receivable from States Parties as at 30 June 2016 was US$1,289,625. Voluntary assessed contributions are shown as income only at the time cash is received. [↑](#footnote-ref-2)
3. . Since its establishment in 2010, the sub-fund has received contributions totalling US$1,477,795; that is just over a fifth of the total needs identified for the period 2010-2016 (US$6,600,000). [↑](#footnote-ref-3)