

Hundred and sixty-eighth Session

168 EX/4
PARIS, 15 October 2003
Original: English

Item 8.1 of the provisional agenda

**SPECIAL FINANCIAL REGULATIONS SUBMITTED IN ACCORDANCE WITH
ARTICLE 6.7 OF UNESCO'S FINANCIAL REGULATIONS**

SUMMARY

In accordance with Article 6.7 of UNESCO's Financial Regulations, the Director-General submits herewith for consideration by the Executive Board Special Financial Regulations to govern the operation of the following Special Accounts.

- I. The Special Account for the Headquarters Utilization Fund (Annex I);
- II. The Special Account for the contribution of the United States of America to UNESCO for the period 1 October to 31 December 2003 (Annex II).

Decision proposed: paragraph 8.

1. In 161 EX/Decision 7.10, the Executive Board approved a standard model text for the Financial Regulations of Special Accounts that are not related to institutes or similar bodies and requested that the Director-General apply the standard model text in the future. In this document, the Director-General is presenting two sets of special Financial Regulations in accordance with Article 6.7 of UNESCO's Financial Regulations, presented in accordance with the standard model text.

I. The Special Account for the Headquarters Utilization Fund

2. The Executive Board, in 162 EX/Decision 7.10, approved the Financial Regulations of the Special Account for the Headquarters Utilization Fund, which included, *inter alia*, that they could

be amended by the Director-General with the approval of the Executive Board and the prior consultation of the Headquarters Committee.

3. At its 167th session, the Executive Board examined the housing arrangements for the Director-General and recommended that the General Conference authorizes that the Organization shall assume the rental costs of the Director-General's accommodation as from 1 July 2003. Document 32 C/PLEN.1 has consequently been submitted to the General Conference, whose decision will be communicated to the Executive Board as an addendum to this document.

4. Also in 167 EX/Decision 7.13, the Executive Board requested the Director-General to submit to it at its 168th session revised Financial Regulations of the Headquarters Utilization Fund through the Headquarters Committee (Annex I). The changes to these Special Financial Regulations, which are shown in italics, will enable the Headquarters Utilization Fund to finance the costs of the Director-General's accommodation.

5. The comments of the Headquarters Committee will be communicated to the Executive Board in the addendum to this document.

II. The Special Account for the contribution of the United States of America for the period 1 October to 31 December 2003

6. Further to the return of the United States of America to UNESCO on 1 October 2003, the Director-General proposed to the General Conference that it suspend Article 5.2 of the Financial Regulations and establish a Special Account for its contribution of \$15,093,141 assessed for the period 1 October 2003 to 31 December 2003.

7. The Director-General submits, as Annex II, the Special Financial Regulations therefore.

8. The Executive Board may wish to consider a draft decision along the following lines:

The Executive Board,

1. Having considered document 168 EX/4 and Add.,
2. Takes note of the amendments proposed in Articles 3 and 5(f) of the Financial Regulations of the Special Account for the Headquarters Utilization Fund as shown in italics for Annex I to this decision;
3. Takes note of the Financial Regulations of the Special Account for the contribution of the United States of America to UNESCO for the period 1 October 2003 to 31 December 2003 in Annex II to this decision.

ANNEX I

Financial Regulations of the Special Account for the Headquarters Utilization Fund

(The proposed amendments are in italics)

Article 1 – Creation of a Special Account

- 1.1 In accordance with Article 6, paragraph 6, of the Financial Regulations of UNESCO, there is hereby created a Special Account for the Headquarters Utilization Fund, hereafter referred to as the Special Account.
- 1.2 The following regulations shall govern the operation of the Special Account and shall replace all previous financial arrangements in relation thereto.

Article 2 – Financial period

The financial period shall correspond to that of UNESCO.

Article 3 – Purpose

The purpose of the Special Account is to accommodate income and expenditure as set out in Articles 4 and 5 below relating to the use of the Headquarters premises and is to be managed on the general principle that expenditures should relate to the income earned. The Special Account may also finance repayable advances to the UNESCO Restaurant Services Fund within the limit of available resources and after consultation with the Headquarters Committee *and the costs of the housing arrangements for the Director-General as authorized by the General Conference.*

Article 4 – Income

The income of the Special Account shall consist of:

- (a) all receipts from the letting of offices to permanent delegations, observer missions, intergovernmental organizations and non-governmental organizations;
- (b) all rentals from the letting of meeting rooms, exhibition spaces and facilities;
- (c) rentals from users of the garages;
- (d) all receipts from the letting of offices to the travel agencies, the bank, the news-stands and all other services of a similar nature;
- (e) all receipts from additional facilities provided to users;
- (f) voluntary contributions from States, international agencies and organizations, as well as other entities, relating to maintenance and conservation of the Headquarters premises;
- (g) miscellaneous income (separate and distinct from the normal budgetary provisions of the Organization), including any interest earned on the investments referred to in Article 7 below.

Article 5 – Expenditure

The Special Account shall be debited with the expenditure relating to its purpose as described in Article 3 above, including administrative expenses specifically relating to it, namely:

- (a) expenditures relating to the letting of offices, meeting rooms, exhibition spaces and facilities (including appropriate repairs and maintenance), the operation of the garages, expenditures relating to the letting of premises to the travel agencies, the bank and the news-stands, and all expenditures arising from letting additional facilities;
- (b) contributions of permanent delegations of Member States, observer missions, intergovernmental organizations and other bodies occupying offices at Headquarters as their additional share in the cost of renovation of the Headquarters buildings for offices occupied by them;
- (c) staff costs for established posts and temporary assistance costs that have direct relation to income generating activities and services, or to the administrative and budgetary management of the Headquarters Utilization Fund, it being understood that the overall share of staff costs for established posts should not exceed 50% of the total expenditure and that staff cost charged for any Secretariat structure should not exceed the income generated by this structure to the Special Account;
- (d) expenditure for maintenance and upkeep, furniture and equipment in offices and meeting rooms, exhibition spaces and facilities;
- (e) provision for a reserve for accidental damage to works of art owned by UNESCO;
- (f) *rental costs and charges together with the maintenance and furnishing costs of the Director-General's official apartment;*
- (g) any other expenditure relating to the Headquarters buildings after consultation with the Headquarters Committee.

Article 6 – Accounts

- 6.1 The UNESCO Comptroller shall maintain such accounting records as are necessary.
- 6.2 Any unused balance at the end of a financial period shall be carried forward to the following financial period.
- 6.3 The accounts of the Special Account shall be presented for audit to the External Auditor of UNESCO, together with the other accounts of the Organization.
- 6.4 Contributions in kind shall be recorded outside the Special Account.
- 6.5 An annual management report of the Special Account shall be presented to the Headquarters Committee.

Article 7 – Investments

- 7.1 The Director-General may make short-term investments of sums standing to the credit of the Special Account.

7.2 Interest earned on these investments shall be credited to the Special Account.

Article 8 – Closure of the Special Account

The Director-General shall decide upon the closure of the Special Account at such time as he deems that its operation is no longer necessary with the approval of the Executive Board and the prior consultation of the Headquarters Committee.

Article 9 – General provision

Unless otherwise provided in these Regulations, the Special Account shall be administered in accordance with the Financial Regulations of UNESCO.

Article 10 – Amendments

The present Financial Regulations may be amended by the Director-General with the approval of the Executive Board and the prior consultation of the Headquarters Committee.

ANNEX II

Special Account for the contribution of the United States of America to UNESCO for the period 1 October to 31 December 2003

Article 1 – Creation of a Special Account

- 1.1 In accordance with Article 6, paragraph 6, of the Financial Regulations of UNESCO, there is hereby created a Special Account for the contribution of the United States of America for the period 1 October to 31 December 2003, hereafter referred to as the Special Account.
- 1.2 The following regulations shall govern the operation of the Special Account.

Article 2 – Financial period

The financial period shall correspond to that of UNESCO.

Article 3 – Purpose

The Special Account shall fund activities described in document 32 C/62, taking into account the action by the Executive Board in that regard, as envisaged by General Conference resolution 32 C/...

Article 4 – Income

The income of the Special Account shall consist of:

- (a) the contribution of the United States of America to UNESCO for the period 1 October to 31 December 2003;
- (b) miscellaneous income, including any interest earned on the investments referred to in Article 7 below.

Article 5 – Expenditure

The Special Account shall be debited with the expenditure relating to its purpose as described in Article 3 above, including administrative expenses specifically relating to it.

Article 6 – Accounts

- 6.1 The UNESCO Comptroller shall maintain such accounting records as are necessary.
- 6.2 Any unused balance at the end of a financial period shall be carried forward to the following financial period.
- 6.3 The accounts of the Special Account shall be presented for audit to the External Auditor of UNESCO, together with the other accounts of the Organization.
- 6.4 Contributions in kind shall be recorded outside the Special Account.

Article 7 – Investments

- 7.1 The Director-General may make short-term investments of sums standing to the credit of the Special Account.

7.2 Interest earned on these investments shall be credited to the Special Account.

Article 8 – Closure of the Special Account

The Director-General shall decide upon the closure of the Special Account at such time as he deems that its operation is no longer necessary and inform the Executive Board accordingly.

Article 9 – General provision

Unless otherwise provided in these Regulations, the Special Account shall be administered in accordance with the Financial Regulations of UNESCO.

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ADDENDUM

Further to paragraph 3 of document 168 EX/4, the General Conference has decided that the Organization shall assume the rental costs of the Director-General's accommodation as from 1 July 2003.

Consequently, the revised Financial Regulations of the Headquarters Utilization Fund were submitted to the Headquarters Committee at its 152nd session. The Committee endorsed without change these financial regulations attached as Annex I to document 168 EX/4.