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

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

**Fourteenth session**

**Bogotá, Republic of Colombia**

**9 to 14 December 2019**

**FINANCIAL REPORT FOR THE PERIOD**

**1 JANUARY 2018 – 30 JUNE 2019**

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| **Summary**This document reports on the use of the Intangible Cultural Heritage Fund and presents, in its Annexes, the Financial Report for the period 1 January 2018 to 30 June 2019. |

1. The Financial Report in [document LHE/19/14.COM/INF.7](https://ich.unesco.org/doc/src/LHE-19-14.COM-INF.7-EN.docx) covers the period 1 January 2018 to 30 June 2019, during which the Intangible Cultural Heritage Special Account (hereafter ‘the Fund’) was used according to the Plan approved by the seventh session of the General Assembly in June 2018 ([Resolution 7.GA](https://ich.unesco.org/en/Decisions/7.GA/8)8). According to Article 7.5 of the Financial Regulations of the Fund, a financial report for the entire biennium (1 January 2018 to 31 December 2019) will be submitted to the General Assembly of the States Parties at its eighth session in June 2020.
2. The Fund is governed by 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](https://ich.unesco.org/doc/src/00192-EN-PDF.pdf)). Its sources of income are governed by Article 25.3 of the Convention and Article 4 of the above-mentioned Financial Regulations.
3. Expenditures of non-earmarked contributions are governed by the Plan for the use of the resources of the Fund, which is adopted each biennium by the General Assembly according to Article 7 (c) of the Convention. In accordance with Article 25.5 of the Convention, the Committee approves earmarked contributions made to the Fund and their use does not follow the two-yearly accounting period.
4. **Income (Statement I)[[1]](#footnote-1)**
5. During the reporting period (1 January 2018 – 30 June 2019), the income of the Fund consisted of:

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| 1. Compulsory and voluntary assessed contributions from States Parties[[2]](#footnote-2)
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| Compulsory contributions from 173 States Parties to the Convention, as described in Article 26.1 of the Convention. | US$3,629,786 |
| Voluntary contributions received from two of the five States Parties which, at the time of their ratification, had recourse to Article 26.2 of the Convention. | US$363,260 |
| 1. Voluntary supplementary contributions
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| *Contributions made for specific purposes relating to specific projects approved by the Committee, in accordance with Article 25.5 of the Convention* |  |
| None |  |
| *Sub-fund intended exclusively to strengthen the human capacities of the Secretariat(*[Resolution 3.GA 9](https://ich.unesco.org/en/Resolutions/3.GA/9)*)*[[3]](#footnote-3) |  |
| From China, Finland, Kazakhstan, Monaco and Montenegro | US$77,772 |
| 1. Interest credited to the Fund
 | US$372,949 |
| **TOTAL** | **US$4,443,767** |

1. The total income as at 30 June 2019 is 4.6% lower than the same period of the previous biennium. This fall is mainly due to the reduction in the amount of voluntary supplementary contributions received, which decreased by 87% from US$618,868 to US$77,772 (see [document LHE/19/14.COM/6](https://ich.unesco.org/doc/src/LHE-19-14.COM-6-EN.docx)); this situation affected both the funds dedicated to specific activities approved by the Committee and the Sub-fund for enhancing the human capacities of the Secretariat. The fall in the total income received is partially compensated by the increase in the interest generated, which grew from US$178,588 to $372,949. As at 30 June 2019, the total unpaid balance of assessed contributions represents 78% of the compulsory contributions due for the year 2019.
2. **Schedule of appropriations and expenditure for the period 1 January 2018 to 30 June 2019 (Statement I and Schedule 1.1, pages 5–6)**[[4]](#footnote-4)
3. By its [Resolution 7.GA](https://ich.unesco.org/en/Decisions/7.GA/8)8, the General Assembly approved a budget of US$8,590,922 for the period 1 January 2018 to 31 December 2019, as shown by the schedule of appropriations and expenditure. This corresponds to the balance of the Fund on 1 January 2018 (US$9,590,922) less the Reserve Fund accumulated up to that date (US$1,000,000).
4. Statement I shows a total expenditure of US$ 4,051,180 as of 30 June 2019, that is 47% of the approved budget. Explanations for each budget line of the schedule of appropriations and expenditure are provided below.
5. 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 decided that the majority of the resources (**budget line 1**, 52.55 %) would continue to be allocated to the provision of International Assistance to States Parties in order to supplement their national efforts to safeguard intangible cultural heritage. Expenses under this line correspond to International Assistance granted by the Committee or its Bureau for nineteen projects, which represents an 81.3% increase compared to the previous biennium. Eight of the projects approved were submitted by States Parties belonging to Electoral Group V(a): Africa. As of 30 June 2019, seven other projects – one granted by the Bureau that met in March 2018 ([Decision 13.COM 1.BUR 3.7](https://ich.unesco.org/doc/src/ITH-18-13.COM_1.BUR-Decisions-EN.docx)), one by the last Committee (Decisions [13.COM 10.d](https://ich.unesco.org/en/Decisions/13.COM/10.d) and [14.COM 2.BUR 4](https://ich.unesco.org/doc/src/LHE-19-14.COM_2.BUR-Decisions-EN.docx)), two by the Bureau that met in March 2019 ([Decisions 14.COM 1.BUR 3.2 and 14.COM 1.BUR 3.3](https://ich.unesco.org/doc/src/LHE-19-14.COM_1.BUR-Decisions-EN.docx)) and three by the Bureau that met in June 2019 ([Decisions 14.COM 2.BUR 5.3, 14.COM 2.BUR 5.4 and 14.COM 2.BUR 5.5](https://ich.unesco.org/doc/src/LHE-19-14.COM_2.BUR-Decisions-EN.docx)) – have not yet materialized into a contract and are therefore not reflected in Statement I. The expenditure rate of International Assistance (51.7%) is expected to rise to 68% at the end of the biennium when the above-mentioned contracts are established, marking an increase of around 40% compared to the expenditure rate of the last biennium.
6. The new **budget line 1.1** was created by the General Assembly at its seventh session in 2018 to cover the biennial costs of three extra-budgetary fixed-term posts (one P3, one P2 and one G5) in order to fully activate the International Assistance mechanisms and effectively monitor and evaluate their implementation ([Resolution 7.GA 8](https://ich.unesco.org/en/Decisions/7.GA/8)). As at 30 June 2019, the recruitment procedure for the three posts was still ongoing. The budget allocation under this budget line therefore remained untouched at the time at which the financial statement was issued. The recruitment procedure was finalized in September 2019.
7. During the reporting period, the Secretariat received three preparatory assistance requests for a nomination to the List of Intangible Cultural Heritage in Need of Urgent Safeguarding – one of which was withdrawn by the requesting State Party – and one preparatory assistance request for proposals to the Register of Good Safeguarding Practices. The Bureau approved the latter request when it met in June 2018 ([Decision 13.COM 2.BUR 6](https://ich.unesco.org/doc/src/ITH-18-13.COM_2.BUR-Decisions_Rev.-EN.docx)) and examined the other two requests after the reporting period. Expenditures reflected in **budget line 2** also include the provision of technical assistance to three States Parties for their International Assistance requests, in accordance with [Decision 8.COM 7.c](https://ich.unesco.org/en/Decisions/8.COM/7.c).
8. 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 12.COM 7](https://ich.unesco.org/en/Decisions/12.COM/7)). According to the plan approved by the Bureau in its [Decision 13.COM 2.BUR 3](https://ich.unesco.org/doc/src/ITH-18-13.COM_2.BUR-Decisions_Rev.-EN.docx), these funds were dedicated to: capacity building and guidance on safeguarding measures and good practices (36%); awareness raising and outreach (27%); knowledge-management services (20%); and the integration of intangible cultural heritage into development plans, policies and programmes (17%). Some 60.1% of the funds approved for the current biennium were obligated as of 30 June 2019. A detailed report on the progress of the implementation of these funds can be found in [document LHE/19/14.COM/5.b](https://ich.unesco.org/doc/src/LHE-19-14.COM-5.b-EN.docx), ‘Report by the Secretariat on its activities (January 2018 to June 2019)’.
9. Following the Internal Oversight Service’s recommendation in its audit of the working methods of the culture conventions ([IOS/AUD/2013/06](https://ich.unesco.org/doc/src/IOS-AUD-2013-06-EN.pdf)), the Committee requested, by its [Decision 8.COM 11](https://ich.unesco.org/en/Decisions/8.COM/11), that the Secretariat apply the cost recovery policy consistently when using the resources of the Fund. Consequently, and as provided in Article 5.2 of the Financial Regulations of the Fund, budget lines 1 to 3 were charged with all direct expenses. [Decision 8.COM 11](https://ich.unesco.org/en/Decisions/8.COM/11) is systematically applied and will continue to be applied in future cycles.
10. **Budget line 4**, which is used to finance the participation of experts representing developing States Members of the Committee, its Bureau and subsidiary bodies in its sessions, shows an expenditure rate of 50.1%. Costs that will be committed for the participation of such experts in the fourteenth session of the Committee would increase this rate up to 100%, a 40% increase compared with the previous biennium.
11. The expenditure rate of **budget line 5** reached 67.6%. Disbursements include the participation costs of thirty-six eligible experts from developing States Parties non-members of the Committee serving on the Evaluation Body in 2018 and 2019 and the participation costs of experts in the thirteenth session of the Committee. Participation costs of experts from developing States Parties non-members of the Committee in the fourteenth session of the Committee will increase the expenditure rate to 100%, similar to the previous biennium.
12. **Budget Line 6** shows an expenditure rate of 50.6%, which reflects the participation costs of the six accredited non-governmental organizations (NGOs) serving on the Evaluation Body in 2018 and 2019 and the participation of twenty-six NGOs in the thirteenth session of the Committee. It does not, however, reflect obligations that will be provisioned for the participation of accredited NGOs from developing countries in the fourteenth session of the Committee. These costs will lead to a significant increase in the expenditure rate – possibly up to 100% – at the end of the biennium, compared with 65.7% in the previous biennium.
13. **Budget line 7** shows an expenditure rate of 40.0%, corresponding to the fees of the eligible members of the Evaluation Body (nine in 2018 and eight in 2019) and the fees paid to the Chairperson and the Rapporteur of the Body for the additional tasks they perform. This rate remains relatively low due to the need to establish the contract of the members of the Evaluation Body at the beginning of the evaluation cycle, when only one fourth of the total budget is available.
14. The Reserve Fund **(budget line 8)** was created in accordance with the Financial Regulations of the Special Account of the Fund for the Safeguarding of the Intangible Cultural Heritage 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) are exhausted. During the reporting period, the Reserve Fund remained untouched.
15. **Additional reports**
16. Annex II of the present document contains the list of voluntary supplementary contributions paid between January 2018 and June 2019 for specific purposes, as stipulated in Article 25.5 of the Convention, following a decision of the Committee. On the other hand, the list attached to [document LHE/19/14.COM/6](https://ich.unesco.org/doc/src/LHE-19-14.COM-6-EN.docx) presents all the voluntary contributions received in support of the 2003 Convention, with all modalities combined, since the thirteenth session of the Committee. In addition, in conformity with paragraph 77 of the Operational Directives, [an updated list of donors](https://ich.unesco.org/en/donors) can be found on the website of the Convention. Annex III shows the total expenditure incurred for each earmarked project, from its beginning until 30 June 2019.
17. Annex IV shows the forecasts as of 30 June 2019, based on the Secretariat’s estimation, for the future use of the funds allocated to ongoing projects based on funds not committed at that date and budgets approved by the Committee.

ANNEX I

Statement I



Schedule 1.1



Statement II



Statement III



**ANNEX II**



**ANNEX III**



**ANNEX IV**



1. . Figures rounded up to the next highest dollar compared to Financial Statement I, pages 5–6. [↑](#footnote-ref-1)
2. . In Financial Statement I, the assessed compulsory contributions for the period 2018 to 2019 are shown as income, whether they have been received or not; in Financial Statement II, the unpaid amount from States Parties due on 30 June 2019 was US$1,435,058. The assessed voluntary contributions appear as income only on the date when they are received. [↑](#footnote-ref-2)
3. . Since its creation in 2010, as of 30 June 2019 the sub-fund – intended exclusively to strengthen the human capacities of the Secretariat – had received contributions amounting to a total of US$1.5 million. [↑](#footnote-ref-3)
4. . Figures rounded up to the next highest dollar compared to Financial Statement I, pages 5–6. [↑](#footnote-ref-4)