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Educational, Scientific and  
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Diversity of  
Cultural Expressions

# 13 IGC

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## INTERGOVERNMENTAL COMMITTEE FOR THE PROTECTION AND PROMOTION OF THE DIVERSITY OF CULTURAL EXPRESSIONS

Thirteenth session  
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**Item 5c of the provisional agenda:** Provisional budget of the International Fund for Cultural Diversity (2020-2021)

In accordance with the revised Financial Regulations adopted by the Committee (Decision 12.IGC 5b), this document presents the IFCD's provisional budget for 2020-2021.

The financial reports for 2018 and 2019 are presented in Information Document DCE/20/13.IGC/INF.5.

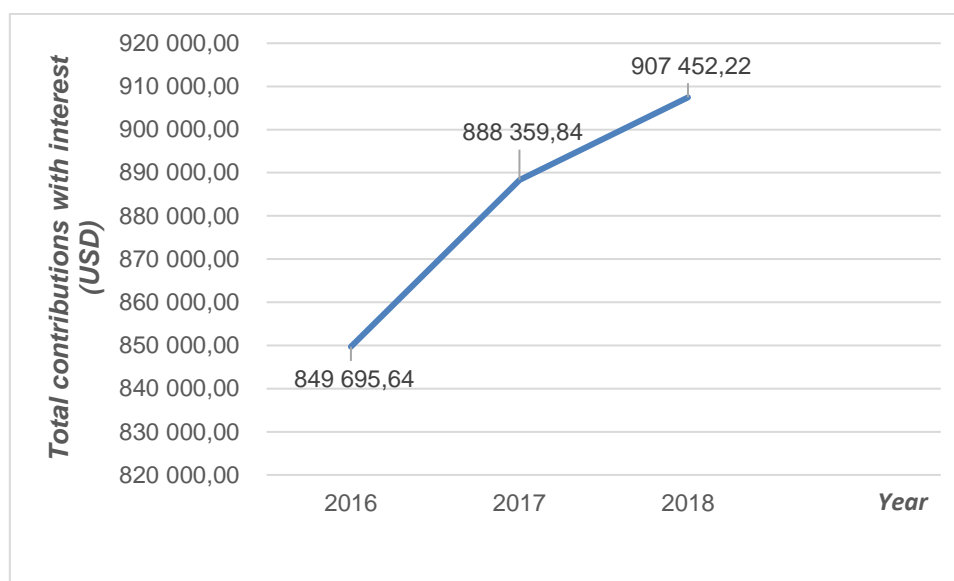
Decision required: paragraph 18



1. The report on the budget and financial resources of the International Fund for Cultural Diversity (hereinafter “the IFCD”) complements the Secretariat’s report on projects recommended in the context of the tenth call for applications (see DCE/20/13.IGC/5a) and the report on the monitoring of the implementation of projects and recommendations (see DCE/20/13.IGC/5b). At this session, the Intergovernmental Committee for the Protection and Promotion of the Diversity of Cultural Expressions (hereinafter “the Committee”) shall examine the draft provisional budget 2020-2021, including cost recovery, in accordance with the revised Financial Regulations ([Decision 12.IGC 5b](#)), with a view to its adoption (see Annex).
2. This document presents the results of the implementation of the IFCD as well as the financial challenges faced by the Secretariat. It formulates hypotheses with a view to preparing the draft provisional budget for the 2020-2021 period. Finally, it outlines propositions for future budget cycles.
3. To recall, the Conference of Parties approved the revised Financial Regulations of the IFCD Special Account at its seventh session in June 2019 ([Resolution 7.CP 9](#)), and they were subsequently presented to the Executive Board at its 207<sup>th</sup> session. The review had been undertaken pursuant to 201 EX/Decision 24 of the Executive Board (see Document 201 EX/24 paragraph 11(a)), concerning the Financial Regulations of Special Accounts within UNESCO. The revisions adopted concerned in particular Articles 2 (Budget Period) and 6 (Expenditure). In accordance with the Organization’s integrated budget cycle, both articles stipulate a period of two consecutive years for budget estimates (appropriation of resources).

#### **I. Current situation and future prospects**

4. The IFCD is financed by voluntary contributions. At the request of the Convention’s governing bodies, the Director-General launches an annual appeal for contributions through an official letter inviting Parties to support the IFCD with a contribution equivalent to at least 1% of their annual contribution to the regular budget of UNESCO ([Decision 12.IGC 5b](#) and [Resolution 7.CP 9](#)).
5. The total resources of the IFCD (including voluntary contributions and interest) from 1 January 2018 to 30 November 2019 amounted to US\$1,647,951.13. It should be noted that the total amount of contributions received from Parties during the period from 1 January 2018 to 31 December 2018 amounted to US\$862,810.22. From 1 January 2019 to 30 November 2019, the total contributions received amounted to US\$707,857.91. Figure 1 below illustrates the evolution in the IFCD’s resources from 2016 to 2018.
6. Over the last three years (2016-2018), the average of contributions received from Parties was US\$851,188 per annum. The average interest earned over the same period amounted to US\$30,648 per annum. It is proposed that the Committee consider these two averages as the basis for the preparation of the draft budget for 2020-2021 (Hypothesis 1). Thus, for 2020-2021 period, the contributions from Parties would be estimated at US\$1,702,376 and interest at US\$61,296 for a total of US\$1,763,672.

**Figure 1: Evolution of the IFCD's resources (2016-2018)**

7. A second hypothesis would be to consider that all Parties would respond favourably to the call for voluntary contributions in accordance with the Committee's decisions and the Director-General's annual letter of appeal for contributions. All Parties would therefore pay a contribution corresponding to at least 1% of their annual contribution to UNESCO's regular budget. On this basis (Hypothesis 2), the total annual contributions expected from States would be approximately US\$2,128,576 per annum, or US\$4,257,152 for the 2020-2021 budget. Since it has never been possible to raise all voluntary contributions from Parties, this hypothesis should be treated with caution.
8. Apart from Parties' voluntary contributions and interest earned, the IFCD Special Account has not recorded any other type of resources (foundations, private organizations or individuals) in the last three years (2016-2018). However, considering the new Communication and Fundraising Strategy that is currently being developed and that will be presented to the Committee at its next session, it is possible that the IFCD could raise additional funds from Parties and from the private sector. The resources that could be mobilized in this context in 2021 are estimated at less than US\$100,000, provided that the Committee allocate the necessary financial and human resources for this purpose.
9. With regard to expenditures and in accordance with its practices, the Committee decides at each of its sessions to allocate 70% of the funds available in the IFCD Special Account, as of 30 June of the current year, to funding projects recommended by the Panel of Experts following the call for applications addressed to Parties, NGOs and INGOs. Similarly, 30% of the funds available as of 30 June of the current year are set aside as "unassigned funds", from which the Committee may authorize the Secretariat to incur expenditures for fundraising and communication activities and for the implementation of recommendations following IFCD's second external evaluation.
10. Expenditures taken into account in the preparation of the budget also include fixed costs (evaluation of funding requests by the Panel of Experts and meeting of the Panel of Experts in Paris, participation in statutory meetings of government experts from least developed countries (LDC) members of the Committee, and communication and correspondence costs) and recovery and support costs.
11. At its twelfth session, the Committee adopted a total budget of US\$841,467 in expenditures, including support costs, and authorized the Secretariat to draw from

unassigned funds (US\$360,629) an amount of US\$117,000 to implement the recommendations adopted by the Committee at that session.

## II. Provisional draft budget for 2020-2021

12. At this session, the Committee is invited to examine the IFCD's provisional budget for the 2020-2021 period. Contrary to previous years, the total of resources available for the budget period is not known, due to the revision of the IFCD's Financial Regulations in 2019. Accordingly, the budget presented in Annex was prepared on the basis of the hypotheses presented in paragraphs 6 and 8 above regarding the mobilization of resources.
13. It is proposed that the Committee consider Hypothesis 1 when determining the resource estimates for the 2020-2021 period, that is to say US\$1,702,376 from Parties' contributions and US\$61,296 from interest, for a total amount of US\$1,763,672. An additional amount estimated at less than US\$100,000 could be raised from Parties and from the private sector following the implementation of the IFCD's Communication and Fundraising Strategy.
14. With regard to expenditures, the Committee is invited to earmark a percentage of the total estimated resources to certain expenditure items, for instance project funding. The Committee is also invited to allocate fixed amounts for fixed costs.
15. A draft provisional budget is presented in Annex to this Document. Its structure and individual expenditure items are detailed below.

### ***Fixed costs, project preparation and project management***

- *Evaluation of funding requests by the IFCD Panel of Experts* (paragraph 16.3 of the Guidelines on the Use of the Resources of the IFCD): US\$65,000 will be allocated to the evaluation of project proposals by the Panel of Experts for two calls for applications and for the meeting of the Panel of Experts to be held in Paris in 2020.
- *IFCD operating expenses*: a sum of US\$1,000 will be allocated for correspondence with project administrators and for conference calls with members of the IFCD Panel of Experts. This annual amount is the same as in the 2019 budget.
- *Costs associated with the participation in statutory meetings of experts from least-developed countries (LDCs) that are members of the Committee and who make a request*: pursuant to paragraph 7.2.2 of the aforementioned Guidelines, these costs will continue to be met in order to ensure that the next three statutory meetings of the governing bodies of the 2005 Convention include government experts from the four LDCs that are members of the Committee, for a total amount of US\$25,000.
- *Cost recovery*: the cost recovery amount has been estimated at US\$144,000 over two years. The annual amount is the same as in the 2019 budget. It is allocated to the preparation and direct management of ongoing projects, as well as of projects to be approved in the 2020-2021 period.

The fixed costs amount to US\$235,000 for the period 2020-2021, or an annual amount of US\$117,500.

### ***Project funding***

It is proposed to allocate 70% of the total amount of contributions received from Parties, as of 30 November of the year preceding the session of the Committee, to fund the projects that will be approved in the following year by the Committee on the basis of the recommendations of the IFCD Panel of Experts. For the transition period from an annual budget to a two-year budget, it is proposed to apply the aforementioned for 2020 and to allocate an additional amount from the contributions received between 1 July 2018 and 31 December 2018 that is currently unallocated, in order to finance the projects recommended to the Committee in the framework of the tenth call for funding requests (DCE/20/13.IGC/5a), i.e. approximately US \$761,000.

### ***Implementation of recommendations***

At its twelfth session, the Committee asked the Secretariat to implement 17 recommendations from the IFCD's second external evaluation, seven of which were deemed urgent. These include the revision of the monitoring and evaluation framework for IFCD projects and the study on the impact of funded projects; the development of a communication and fundraising strategy, and the assessment of the human resources needed to enable the Secretariat to implement the IFCD effectively. The recommendations are currently being implemented and their results will be presented to the Committee at its fourteenth session.

In order to enable the Secretariat to continue the implementation of urgent recommendations, it is proposed that the Committee allocate 5% of the total amount of contributions received from Parties and interest earned, as of 30 November of the year preceding the session of the Committee, to this purpose. With regard to the 2020 budget, an amount of US\$37,000 will be allocated to implement the recommendations, equivalent to 5% of the total amount of contributions received from Parties and interest earned, from 1 January 2019 to 30 November 2019. These activities include:

- *Monitoring and evaluation of funded projects*: with a view to strengthening the evaluation of the impact of projects, improving the IFCD's accountability, and drawing lessons to enable the IFCD to become a "learning-driven fund";
- *Fundraising and communication*: development of a communication plan consistent with the new strategy.

### ***Unassigned funds***

- *Unassigned funds*: it is proposed that 10% of the provisional budget be earmarked as unassigned funds. The unassigned funds allows the IFCD to meet any exceptional costs and to build up a reserve to guarantee its sustainability.

## **III. Prospects for future budget cycles**

16. Since the establishment of the IFCD's Special Account in 2008, 77 Parties (52% of the Parties to the Convention), have made at least one contribution. Although the number of Parties having contributed has increased, most contributions remain irregular. In fact, only 20 Parties<sup>1</sup> (14% of all Parties), contribute continuously to the IFCD. The table below shows the status of contributions, by region, as of 30 November 2019.

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<sup>1</sup> Andorra, Austria, Bulgaria, Cambodia, Canada, Czechia, Estonia, Finland, France, Lithuania, Mauritius, Mexico, Monaco, North Macedonia, Serbia, Saint Vincent and the Grenadines, Slovenia, Sweden, Ukraine and Viet Nam.

**Table 1: Status of contributions, by region, as of 30 November 2019**

	Number of Parties to the Convention	Number of Parties having contributed	Number of Parties having contributed at least three times
Africa	38	17	3
Asia and the Pacific	15	7	5
Arab States	14	3	2
Eastern and South-Eastern Europe	24	16	14
Latin America and the Caribbean	32	14	7
Northern Europe and North America	24	20	12

17. Although the IFCD is recognized as a tool for the promotion of dynamic cultural sectors in developing countries, it still faces challenges that may compromise its future outcomes and its viability. The two main challenges are:

- the achievement of a level of regular, sustainable funding that corresponds to the ever growing number of funding requests;
- the provision of financial resources to implement the second external evaluation's urgent recommendations adopted by the Committee in 2018 to improve the effectiveness of the IFCD as a tool for international cooperation and for the implementation of the 2005 Convention worldwide.

18. The Committee may wish to adopt the following decision:

#### **DRAFT DECISION 13.IGC 5c**

*The Committee,*

1. *Having examined Document DCE/20/13.IGC/5c and its Annex, as well as Information Document DCE/20/13.IGC/INF.5;*
2. *Takes note of the financial statements of the IFCD from 1 January to 31 December 2018 and from 1 January to 30 December 2019 presented in Information Document DCE/20/13.IGC/INF.5, and adopts the provisional budget for 2020-2021, including cost recovery, presented in Annex to Document DCE/20/13.IGC/5c;*
3. *Decides to allocate 70% of the total amount of contributions received from Parties, as of 30 November of the year preceding the session of the Committee, to project funding;*

4. Decides, for the year 2020, to allocate 70% of the total amount of contributions received from Parties and interest earned from 1 January 2019 to 30 November 2019 to finance projects and authorizes the Secretariat to allocate an additional as of yet unallocated amount from contributions received between 1 July 2018 and 31 December 2018 to finance projects recommended to the Committee in the context of the tenth call for funding requests (DCE/20/13.IGC/5a), i.e. US \$761,000;
5. Decides to allocate 5% of the total amount of contributions received from Parties and interest earned by 30 November of the year preceding the session of the Committee to the implementation of the recommendations and authorizes the Secretariat to allocate, for the year 2020, an amount of US\$ 37,000 for the implementation of the recommendations;
6. Requests the Secretariat to submit to it, at its fourteenth session, a detailed report on the use of the financial resources of the IFCD;
7. Thanks all the donors who have supported the IFCD since its last session and encourages Parties to provide regular support to the Fund through a voluntary annual contribution amounting to at least 1% of their total contribution to UNESCO's regular budget;
8. Requests the Director-General to issue, in 2020, a new call for contributions to all Parties to the Convention, quoting the amount corresponding to 1% of the total contribution of each Member State to UNESCO's regular budget.





**ANNEX**

**Draft provisional budget 2020-2021**

	<b>Description</b>	<b>2020-2021 Amount in USD</b>
<b>Fixed costs, preparation and project management</b>	Evaluation of projects by the IFCD Panel of Experts and the expert meeting in Paris	65,000
	Operating costs	1,000
	Participation of least developed countries members of the Committee in statutory meetings	25,000
	Cost recovery*	144,000
<b>Subtotal 1</b>		<b>235,000</b>
<b>Project funding</b>	Project funding	1,235,229
<b>Subtotal 2</b>		<b>1,235,229</b>
<b>Implementation of recommendations**</b>	Project monitoring and evaluation	35,000
	Communication and fundraising	53,000
<b>Subtotal 3</b>		<b>88,000</b>
<b>Grand subtotal</b>		<b>1,558,229</b>
<b>Support costs (7%)</b>		<b>109,076</b>
<b>GRAND TOTAL</b>		<b>1,667,305</b>
<b>Unassigned funds (10%)</b>		<b>176,367</b>
		<b>1,843,164</b>

\* Cost recovery = time spent on project preparation and management by staff funded under the regular programme

\*\* Following the Committee's Decision to implement two of the seven urgent recommendations (Decision 12.IGC 5b)