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WHC-99/CONF.206/3a
PARIS, 1 September 1999
Original: French

**UNITED NATIONS EDUCATIONAL,
SCIENTIFIC AND CULTURAL ORGANIZATION**

**TWELFTH GENERAL ASSEMBLY OF STATES PARTIES TO THE CONVENTION
FOR THE PROTECTION OF THE WORLD CULTURAL
AND NATURAL HERITAGE**

**Paris, UNESCO Headquarters, Room II
28-29 October 1999**

**Item 6 of the provisional agenda: Examination of the statement of accounts of the World
Heritage Fund**

Accounts of the World Heritage Fund for the financial period 1996-1997

SUMMARY

The Financial Regulations of the World Heritage Fund stipulate that the accounts of the Fund shall be submitted to the General Assembly of the States Parties to the Convention (Article 6, para. 6.4). The present document therefore submits the accounts of the World Heritage Fund for the financial period ending 31 December 1997 to the General Assembly for its approval.

The accounts of the World Heritage Fund for 1998, approved by the Comptroller, are also set out in the annex to this document.

Decision required: the General Assembly is invited to approve the accounts of the World Heritage Fund for the financial period ending 31 December 1997.

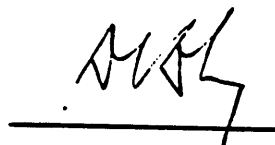
APPROVAL OF FINANCIAL STATEMENTS
U N E S C O
WORLD HERITAGE FUND
FOR THE BIENNIUM ENDED 31 DECEMBER 1997

The appended financial statements I and II (one page each) and Schedule 1.1, accompanied by notes are approved :

Bernd von Droste
Director, WHC

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Daniel Daly
UNESCO Comptroller

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UNESCO

WORLD HERITAGE FUND

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
FOR THE BIENNIUM ENDED 31 DECEMBER 1997

(EXPRESSED IN US DOLLARS)

	Reference	Programme Activities	Earmarked Activities	Emergency Relief Fund	Total	Biennium 1994-95
Income						
Assessed contributions :						
Compulsory		4,113,449			4,113,449	3,476,864
Voluntary		1,926,928			1,926,928	1,802,952
Total assessed contributions		6,040,377			6,040,377	5,279,816
Other income:						
Interest		611,884			611,884	449,376
Earmarked	Note 3		787,245		787,245	322,657
Other & Non-earmarked	Note 4	182,782			182,782	
Total other income		794,666	787,245		1,581,911	772,033
Total income		6,835,043	787,245		7,622,288	6,051,849
Total expenditure	Schedule 1.1	5,506,428	680,807	461,050	6,648,285	6,518,828
Excess (shortfall) of income over expenditure		1,328,615	106,438	(461,050)	974,003	(466,979)
Prior period adjustments	Note 5	164,686			164,686	
Net excess of income over expenditure		1,493,301	106,438	(461,050)	1,138,689	(466,979)
Savings on prior periods' obligations and other adjustments	Note 10	282,503			282,503	199,883
Transfer (to)/from other funds	Note 9	(332,736)		332,736		
Reserves and fund balances, beginning of the period		4,319,687		297,010	4,616,697	4,883,793
Reserves and fund balances, end of the period		5,762,755	106,438	168,696	6,037,889	4,616,697

See accompanying notes

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WORLD HERITAGE FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURE
FOR THE BIENNIUM ENDED 31 DECEMBER 1997

(EXPRESSED IN US DOLLARS)

	Allocation 1996	Allocation 1997	Total Allocations 1996/1997	Expenditure 96 + Disbursements 97	Unliquidated Obligations	Total Expenditure	Unobligated Balance
A. Approved budget							
<u>Chapter I</u>							
Assistance to experts from LDC's to attend statutory meetings	80,000	80,000	160,000	63,154	16,065	79,219	80,781
Support to the Secretariat	360,000		360,000	358,650		358,650	1,350
Admin. management evaluation of WHC		120,000	120,000	57,455	51,990	109,445	10,555
<u>Chapter II</u>							
Global Strategy	70,000	100,000	170,000	93,852	62,339	156,191	13,809
Advisory Services	522,000	632,000	1,154,000	1,006,950	112,050	1,119,000	35,000
<u>Chapter III</u>							
Preparatory assistance and regional studies	175,000	300,000	475,000	179,817	67,968	247,785	227,215
Technical co-operation	685,000	900,000	1,585,000	843,520	509,259	1,352,779	232,221
Training	550,000	745,000	1,295,000	844,529	217,544	1,062,073	232,927
<u>Chapter IV</u>							
Monitoring	260,000	325,000	585,000	344,256	130,365	474,621	110,379
<u>Chapter V</u>							
Promotion and education	298,000	298,000	596,000	474,492	72,173	546,665	49,335
Sub-total	3,000,000	3,500,000	6,500,000	4,266,675	1,239,753	5,506,428	993,572
B. Earmarked activities	552,944	234,301	787,245	640,856	39,951	680,807	106,438
C. Emergency reserve fund	500,000	129,746	629,746	329,351	131,699	461,050	168,696
TOTAL	4,052,944	3,864,047	7,916,991	5,236,882	1,411,403	6,648,285	1,268,706

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WORLD HERITAGE FUND

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES
AS AT 31 DECEMBER 1997

(EXPRESSED IN US DOLLARS)

	Reference	1997	1995
Assets:			
Cash and term deposits	Note 6	5,622,572	4,264,269
Compulsory assessed contributions receivable from states parties	Note 7	2,151,228	1,992,407
Accounts receivable - other			41,000
Total Assets		7,773,800	6,297,676
Liabilities:			
Unliquidated obligations - current year		1,411,403	1,453,090
Unliquidated obligations - prior years		307,780	110,573
Total unliquidated obligations		1,719,183	1,563,663
Contributions received in advance		7,828	11,061
Other liabilities		8,900	106,255
Total liabilities		1,735,911	1,680,979
Reserves and fund balances:			
Contingency reserve	Note 8	2,000,000	2,000,000
Emergency reserve fund	Note 10	168,696	297,010
Earmarked activities	Note 3	106,438	
Operating reserves		3,762,755	2,319,687
Total reserves and fund balances		6,037,889	4,616,697
Total liabilities, reserves and fund balances		7,773,800	6,297,676

World Heritage Fund

Notes to the Financial Statements for the biennium ended 31 December 1997

1. Objectives

The World Heritage Fund (WHF) was established as a Trust Fund of the United Nations Education, Scientific and Cultural Organization (UNESCO) further to the adoption on 16 November 1972 of the convention for the Protection of World Cultural and Natural Heritage by the seventeenth session of the General Conference of UNESCO, with the objective of complementing the protection of cultural and natural heritage of outstanding and universal value. An intergovernmental committee, called the World Heritage Committee, was established by the same Convention to decide on the use of the resources of the WHF. The Committee is assisted by a Secretariat appointed by the Director-General of UNESCO.

2. Significant accounting policies

a) Financial Statements

The WHF financial statements are maintained in accordance with the special financial regulations of the WHF as noted by the Executive Board of UNESCO at its ninety-third session. They are presented in United States dollars (US dollars).

b) Appropriations

Appropriations represent amounts that have been approved by the World Heritage Committee for different programme elements, which can be spent for the purpose for which they have been voted, to the extent that funds are available.

c) Income

Income is recognized on an accrual basis of accounting except for voluntary assessed and other contributions which are recognized only when funds are received.

d) Expenditure

Expenditure, which includes amounts for goods supplied and services rendered in the financial period as well as amounts for legal obligations of the financial period are recorded on an accrual basis of accounting.

e) Translation of Foreign Currencies

Transactions carried out during the period in currencies other than US dollars are translated to US dollars using the United Nations operational rate of exchange at the date of the transaction. At the year end, accounts expressed in currencies other than US dollars are translated at the UN operational rate of exchange then prevailing.

3. Earmarked income

Earmarked income relates to contributions received from donors for specific purposes. This income is used for project expenditures pertaining to the purpose of the donor's contribution. At the end of an earmarked project, any remaining balance is transferred to the operating reserves of the WHF, if desired by the donor.

4. Non-earmarked income

Non-earmarked income relates to contributions to the WHF which have no specific purpose. Funds so received are transferred to the operating reserve.

5. Prior period adjustments

The adjustments which relate to 1995 or earlier years are:

Income:

Voluntary contribution from France for 1995 recorded in another trust fund in 1995 and correctly recorded in the Fund in 1996	201 189
Other prior year income received in 1993 deposited in 1996	<u>13 497</u>
Total Income	<u>214 686</u>

Expenditure:

Contract relating to 1995 recorded in the accounts in 1996	<u>(50 000)</u>
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Total:	<u>164 686</u>
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6) Cash and term deposits

These deposits, are principally term deposits that are pooled with other UNESCO Special Accounts and Trust Funds. The average interest rate earned by these pooled term deposits was approximately 5.5 %.

7) Compulsory assessed contributions receivable

Of the balance of \$ 2 151 228 due by States Parties at 31 December 1997, \$ 396 674 relate to 1997 assessments and \$ 1 754 554 to earlier years.

8) Contingency reserve

A contingency reserve of \$ 2 000 000 has been maintained in accordance with the decision of the World Heritage Committee meeting at its seventeenth session.

9) Emergency reserve fund

In accordance with Financial Regulation, Article 5.1 a reserve fund for emergency assistance has been maintained and as agreed by the nineteenth and twentieth sessions of the World Heritage Committee amounts of \$ 202 990 and \$ 129 746 were transferred from the operating reserves to replenish the emergency reserve fund to \$ 500 000 at 1 January 1996 and 1997 respectively, with another amount of \$ 331 304 to be transferred on 1 January 1998.

10) Savings on prior periods' obligations

The savings on prior periods' obligation represent the difference between the unliquidated obligation balance at the end of the prior period less the disbursements against the same obligation made during the current period when the obligation was liquidated.

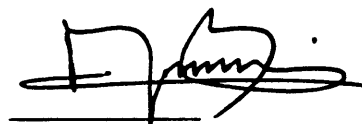
11) Staff cost contribution

In the biennium UNESCO's Regular Programme provided services without charge to the World Heritage Fund of \$ 2 743 038 in respect of the Secretariat administering the World Heritage Fund.

APPROVAL OF FINANCIAL STATEMENTS
UNESCO
WORLD HERITAGE FUND
FOR THE YEAR ENDED 31 DECEMBER 1998

The appended financial statements I and II (one page each) and Schedule 1.1,
accompanied by notes are approved:

Mounir Bouchenaki
Director, WHC

A handwritten signature in black ink, appearing to be 'Mounir Bouchenaki', written over a horizontal line.

Mark Warren
UNESCO Comptroller

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UNESCO

WORLD HERITAGE FUND

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
FOR THE YEAR ENDED 31 DECEMBER 1998

(EXPRESSED IN US DOLLARS)

	Reference	Programme Activities	Earmarked Activities	Emergency Reserve Fund	Total 31.12.1998	31.12.1997
Income						
Assessed contributions :						
Compulsory		2,009,160			2,009,160	2,064,153
Voluntary		1,127,900			1,127,900	1,147,779
Total assessed contributions		3,137,060			3,137,060	3,211,932
Other income:						
Interest		360,508			360,508	366,990
Earmarked	Note 3		429,427		429,427	234,301
Other and Non-earmarked	Note 4	31,527			31,527	13,738
Total other income		392,035	429,427		821,462	615,029
Total income		3,529,095	429,427		3,958,522	3,826,961
Total expenditure	Schedule 1.1	3,683,784	309,351	323,156	4,316,291	3,763,538
Excess (shortfall) of income over expenditure		(154,689)	120,076	(323,156)	(357,769)	63,423
Savings on prior years' obligations and other adjustments	Note 9	169,186			169,186	21,048
Transfer (to)/from other funds	Note 8	(356,509)	25,205	331,304		
Reserves and fund balances, beginning of the period		5,762,755	106,438	168,696	6,037,889	5,953,418
Reserves and fund balances, end of the period		5,420,743	251,719	176,844	5,849,306	6,037,889

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WORLD HERITAGE FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 1998

(EXPRESSED IN US DOLLARS)

	Allocation	Disbursements	Unliquidated Obligations	Total Expenditure	Unobligated Balance
A. Approved budget					
Chapter I					
Attendance of experts to statutory World Heritage meetings	80,000	79,214	748	79,962	38
Management review	50,000	12,365	1,511	13,876	36,124
Coordination with other conventions, Programmes, etc	30,000	14,298	9,980	24,278	5,722
Sub-Total Chapter I	160,000	105,877	12,239	118,116	41,884
Chapter II					
Global Strategy	243,000	73,579	168,984	242,543	457
Advisory Services					
ICOMOS	327,000	275,000	52,000	327,000	
IUCN	237,750	169,250	68,500	237,750	
Others	40,000	21,000	4,015	25,015	14,985
Sub-Total Chapter II	847,750	538,829	293,479	832,308	15,442
Chapter III					
Preparatory assistance					
Africa	58,700	15,045	43,655	58,700	
Arab States	74,900	30,968	26,048	57,014	17,886
Europe	66,500	38,012	8,453	46,465	20,035
Asia & Pacific	68,600	24,000	18,566	42,566	26,034
Latin America and the Caribbean	31,300	28,267	3,000	31,267	33
Total Preparatory assistance	300,000	136,292	99,720	236,012	63,988
Technical Cooperation					
Africa	25,000	25,000		25,000	
Arab States	158,800	65,343	43,340	108,683	48,117
Europe	157,700	37,765	69,000	108,765	50,935
Asia & Pacific	168,800	69,075	32,612	101,687	67,113
Latin America and the Caribbean	365,300	150,678	185,928	336,606	28,694
Total Technical assistance	1,032,500	433,991	400,880	834,871	197,629
Training					
Africa	82,500	77,000	5,400	82,400	100
Arab States	221,000	164,133	58,400	220,533	467
Europe	150,000	81,691	7,862	89,353	60,647
Asia & Pacific	127,000	100,245	25,955	126,200	800
Latin America and the Caribbean	258,500	171,493	86,889	258,382	118
Total Training	982,500	653,228	231,636	884,864	97,636
Support to promotional activities at sites	125,000	44,765	80,233	124,998	2
Sub-Total Chapter III	2,440,000	1,268,276	812,469	2,080,745	359,255
Chapter IV					
Reactive monitoring	120,000	78,831	41,073	119,904	96
Preparation of methodology	25,000				25,000
Support to States Parties for periodic reporting					
Africa	65,000	44,183	20,785	64,968	32
Arab States	35,000	33,001	1,936	34,937	63
Europe	25,000	21,529	2,000	23,529	1,471
Asia & Pacific	45,000	26,072	18,928	45,000	
Latin America and the Caribbean	45,000	12,240	1,135	13,375	31,625
Sub-Total Chapter IV	360,000	215,856	85,857	301,713	58,287
Chapter V					
Documentation	38,000	38,000		38,000	
Information material	165,000	135,542	26,884	162,426	2,574
Internet and WHIN	70,000	59,874	10,126	70,000	
Medias and publishers	10,000		10,704	10,704	(704)
Education	70,000	12,541	57,231	69,772	228
Sub-total Chapter V	353,000	245,957	104,945	350,902	2,098
Total A.	4,160,750	2,374,796	1,308,989	3,683,784	476,965
B. Earmarked activities					
Promotional	208,048	54,494	3,983	58,457	149,591
Other	353,022	150,305	100,589	250,894	102,128
Total B.	561,070	204,799	104,572	309,351	251,719
C. Emergency reserve fund					
	500,000	144,466	178,700	323,166	176,844
TOTAL (A+B+C)	5,221,820	2,724,061	1,592,261	4,316,291	905,529

UNESCO

WORLD HERITAGE FUND

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCES
AS AT 31 DECEMBER 1998

(EXPRESSED IN US DOLLARS)

	Reference	31.12.1998	31.12.1997
Assets:			
Cash and term deposits	Note 5	5,704,259	5,622,572
Compulsory assessed contributions receivable from states parties	Note 6	2,143,167	2,151,228
Total Assets		7,847,426	7,773,800
Liabilities:			
Unliquidated obligations - current year		1,592,241	1,411,403
Unliquidated obligations - prior years		394,921	307,780
Total unliquidated obligations		1,987,162	1,719,183
Contributions received in advance		10,958	7,828
Other liabilities			8,900
Total liabilities		1,998,120	1,735,911
Reserves and fund balances:			
Contingency reserve	Note 7	2,000,000	2,000,000
Emergency reserve fund	Note 8a	176,844	168,696
Earmarked activities	Note 3/Note 8b	251,719	106,438
Operating reserves		3,420,743	3,762,755
Total reserves and fund balances		5,849,306	6,037,889
Total liabilities, reserves and fund balances		7,847,426	7,773,800

World Heritage Fund

Notes to the Financial Statements for the year ended 31 December 1998

1. Objectives

The World Heritage Fund (WHF) was established as a Trust Fund of the United Nations Education, Scientific and Cultural Organization (UNESCO) further to the adoption on 16 November 1972 of the convention for the Protection of World Cultural and Natural Heritage by the seventeenth session of the General Conference of UNESCO, with the objective of complementing the protection of cultural and natural heritage of outstanding and universal value. An intergovernmental committee, called the World Heritage Committee, was established by the same Convention to decide on the use of the resources of the WHF. The Committee is assisted by a Secretariat appointed by the Director-General of UNESCO.

2. Significant accounting policies

a) Financial Statements

The WHF financial statements are maintained in accordance with the special financial regulations of the WHF as noted by the Executive Board of UNESCO at its ninety-third session. They are presented in United States dollars (US dollars).

b) Appropriations

Appropriations represent amounts that have been approved by the World Heritage Committee for different programme elements, which can be spent for the purpose for which they have been voted, to the extent that funds are available.

c) Income

Income is recognized on an accrual basis of accounting except for voluntary assessed and other contributions which are recognized only when funds are received.

d) Expenditure

Expenditure, which includes amounts for goods supplied and services rendered in the financial period as well as amounts for legal obligations of the financial period are recorded on an accrual basis of accounting.

e) Translation of Foreign Currencies

Transactions carried out during the period in currencies other than US dollars are translated to US dollars using the United Nations operational rate of exchange at the date of the transaction. At the year end, accounts expressed in currencies other than US dollars are translated at the UN operational rate of exchange then prevailing.

3. Earmarked income

Earmarked income relates to contributions received from donors for specific purposes. This income is used for project expenditures pertaining to the purpose of the donor's contribution. At the end of an earmarked project, any remaining balance is transferred to the operating reserves of the WHF, if desired by the donor.

4. Non-earmarked income

Non-earmarked income relates to contributions to the WHF which have no specific purpose. Funds so received are transferred to the operating reserve.

5. Cash and term deposits

These deposits, are principally term deposits that are pooled with other UNESCO Special Accounts and Trust Funds. The average interest rate earned by these pooled term deposits was approximately 5.7 %.

6. Compulsory assessed contributions receivable

Of the balance of \$ 2 143 167 due by States Parties at 31 December 1998, \$ 303 108 relate to 1998 assessments and \$ 1 840 059 to earlier years.

7. Contingency reserve

A contingency reserve of \$ 2 000 000 has been maintained in accordance with the decision of the World Heritage Committee meeting at its seventeenth session.

8. Transfer (to)/from other funds

a) Emergency Reserve Fund

In accordance with Financial Regulation, Article 5.1, a reserve fund for emergency assistance has been maintained and as agreed by the twenty-first session of the World Heritage Committee an amount of \$ 331 304 was transferred from the operating reserves to replenish the emergency reserve fund to \$ 500 000 at 1 January 1998. Another amount of \$ 423,156 is to be transferred on 1 January 1999 to replenish the emergency relief fund to \$ 600,000 as agreed by the twenty-second session of the World Heritage Committee.

b) Earmarked Activities

\$ 25,205 has been transferred from operating reserves to cover a shortfall for the secondment of Mr. Milne. The operating reserves will be re-credited once the donor re-imburses the fund.

9. Savings on prior periods' obligations

The savings on prior periods' obligation represent the difference between the unliquidated obligation balance at the end of the prior period less the disbursements against the same obligation made during the current period when the obligation was liquidated.

10. Staff cost contribution

In 1998 UNESCO's Regular Programme provided services without charge to the World Heritage Fund of \$ 1 748 817 in respect of the Secretariat administering the World Heritage Fund.