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WHC-06/30.COM/15 Rev

Vilnius, 8 July 2006

Original : English/French

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL
ORGANIZATION

CONVENTION CONCERNING THE PROTECTION OF THE WORLD
CULTURAL AND NATURAL HERITAGE

WORLD HERITAGE COMMITTEE

Thirtieth session

Vilnius, Lithuania

8 – 16 July 2006

Item 15 of the Provisional Agenda : Presentation of the accounts of the World Heritage Fund for 2004-2005 and the provisional state of implementation of the 2006-2007 budget

SUMMARY

In accordance with Article 4.1 of the *Financial Regulations* for the World Heritage Fund, the resources of the Fund can only be used for activities defined by the World Heritage Committee. In this document, the World Heritage Centre presents the accounts of the World Heritage Fund for 2004-2005, certified by the Comptroller, the state of implementation of the 2006-2007 budget (for all funding sources) and the situation concerning the mandatory and voluntary contributions to the World Heritage Fund as at 31 March 2005.

Draft Decisions : 30 COM 15.1 and 30 COM 15.2 : See Point IV.

I World Heritage Fund

Statement of accounts of the World Heritage Fund for 2004-2005 – Annex I

1. In accordance with paragraph 3.1 of the Financial Regulations, the resources of the World Heritage Fund consist of (a) mandatory contributions (173 States Parties), (b) voluntary contributions (9 States Parties), (c) interest, and (d) gifts and various incomes. In this document, the Centre presents the statement of accounts of the World Heritage Fund for 2004-2005 prepared by the Comptroller of UNESCO as at 31 December 2005.
2. In the Table of Contributions certified by the Comptroller, the Former Yugoslav Republic is also listed with arrears due to the World Heritage Fund. According to information provided by the Bureau of the Comptroller, even if this entity no longer exists as a State Party, its outstanding dues are always counted whilst awaiting the decision of the United Nations Organization regarding this issue.
3. Having noted the depletion of the reserves of the World Heritage Fund, the Committee approved a smaller budget for the preceding four years (2002 to 2005). In 2004, the Centre announced that this policy would have a positive impact on the subsequent statements of account. The audit of the World Heritage Centre carried out by IOS in 2005 reached the same conclusion.
4. The statement of accounts of the World Heritage Fund for 2004-2005 (**Annex I**) established by the Comptroller already shows encouraging, positive results. Several indicators in Statement I demonstrate this. These indicators are :
 - i) Total contributions should be at least equal to 1% of the UNESCO budget. For the years 2004-2005 the total contribution was USD 6,197,943, a little more than 1% of the reference budget, due to the high rate of receipts of voluntary contributions.
 - ii) Receipts for voluntary contributions have reached the highest level ever since the creation of the Fund: 99.5 %.
 - iii) Total expenditure should be equal to or less than total income. For the period under review, for the first time for several exercises, expenditure was less than income by USD 716,542 (USD 8,113,100 minus USD 7,396,558). As the deficit for the preceding period was USD 1,844,888, the difference between these two results is USD 2,561,430: a very promising result.
 - iv) The real total economy for commitments during past years was USD 315,727, an increase of 28.06% in comparison to the preceding period: USD 246,538 (the amount of USD 614,233 shown in economies for the preceding period is artificial as the total commitments for 2002-2003, liquidated for technical reasons, have to be deducted, that is USD 614,233 minus USD 367,695: USD 246,538).
 - v) The total unliquidated commitments must correspond to a realistic part of the total amount earmarked in the period under review. The ideal range of unliquidated commitment levels is situated between 15-18% of the total earmarked amount, which corresponds to the last four months of the exercise. In this particular case,

the provision for unliquidated commitments totals USD 1,210,673 that is 16.36% of the total earmarked amount (USD 7,396,558), an excellent result, compared to 22.84% for the preceding period.

- vi) Finally, at the end of the period, the total reserve stands at USD 3,440,993, a clear improvement of 34.38% in comparison to the preceding period (USD 2,560,549).

II Budget of the World Heritage Centre

Statement of accounts of the World Heritage Fund for the current period (2006-2007) established by the Comptroller – Annex II

5. The statement of accounts of the World Heritage Fund for the current period (2006-2007) (**Annex II**) established by the Comptroller was transmitted by the Chief Accountant. In the covering memo the Chief Accountant recalled the regulations governing allotments that must not exceed the income received.
6. In view of these regulations, the Centre was allocated a reduced allotment (see Schedule I.I under column « Authorized » Allotment for 2006), which has hampered the implementation of Activities. This is the main budgetary problem the Centre is facing this year, and resulting in a low level of receipts of voluntary contributions. In fact, according to Statement I, only USD 21,991 have been received. This corresponded to a level of 1.82% of the expected amount this year under this heading.
7. In the same covering memo and in support of the recommendations made by the IOS Audit, the Chief Accountant recalled the need to build up a minimum contingency reserve. An initial amount of USD 100,000 could constitute the beginnings of an effort to accumulate a reasonable sum. The existence of this reserve could facilitate the use of unspent amounts from one period to the next (see paragraph 21 below).

State of implementation of the Budget for 2006-2007 established by the World Heritage Centre as at 31 March 2006 – Annex III

8. The Committee adopted a presentation of the budgetary structure (Decision 6 EXT.COM 6) taking the Strategic Objectives into account (26th session of the Committee, Budapest 2002) whilst remaining coherent with the budgetary structure proposed in the Draft Programme and Budget (C/5) of UNESCO. In this document, the World Heritage Centre presents the rate of implementation of the budget for 2006-2007 as at 31 March 2006 (**Annex III**).
9. The table includes all budgetary sources, comprising the World Heritage Fund, extrabudgetary funds (including those transferred by the Sector), the Regular Programme of UNESCO, and the Regular Programme Special Account. The rate of implementation of the budget takes account of the following elements : (a) At the request of the Centre, the Central Services undertook responsibility for an expenditure foreseen for the World Heritage Fund in the first quarter of 2006 (USD 30,000), representing a real economy and not a non-implemented activity; (b) problems encountered by the Centre in obtaining allotments, already mentioned in paragraph 5 of this document; (c) the rigidity of present management procedures, as the Centre has no authority to make adjustments at the end of a period, transferring available amounts from one budgetary line to another. Because of this latter restriction it is technically impossible to achieve a 100% implementation.

10. For the correct interpretation of the different implementation percentages it should be recalled that the duration of the extrabudgetary funds is linked to the agreement with the donor, that the World Heritage Fund and the Regular Programme have a two-year exercise and the Regular Programme Special Account a four-year exercise (2004-2007).
11. Moreover, the nature and the work plans of extrabudgetary funds do not necessarily correspond to the structure of the budget by Main Line of Action (MLA), but rather to a result desired by the donor. Sometimes it is difficult for the Centre to reconcile the headings of certain extrabudgetary projects with those of the budgetary structure. There are also cases where extrabudgetary projects correspond to two or more headings in the budgetary structure. In these cases, the Centre has arbitrarily decided to list them under the appropriate heading with the highest percentage.
12. In order to complete this Table, the Centre requested the other sectors of UNESCO to provide information regarding possible extrabudgetary projects for World Heritage. The sectors concerned were unable to identify any extrabudgetary projects of this type.
13. In order to conform with the wishes of the Committee, the Centre has prepared this Table using information from the financial system (SAP). Nevertheless, attention should be drawn to the fact that it is not official UNESCO information, which may only be provided by the Division of the Comptroller (DCO) and must be communicated by the Division of Extrabudgetary Funding Sources (ERC).

Permanent and Temporary Staff of the World Heritage Centre – Appendix III

14. **Appendix III** contains a table showing the human resources of the World Heritage Centre, including staff on permanent posts, temporary assistance and associate experts for the current biennium. It should be noted that the number of permanent posts of the Centre is insufficient in comparison to the heavy workload to be undertaken, and requires recourse to temporary assistance. This situation was also noted by the external consultants of the mission concerning « Result-based Management», the Report of which can be found in Document **WHC-06/30.COM/12 Annex RBM** (Result-based Management).
15. With regard to resources relating to the Funds-in-Trust Operating Costs Account (FITOCA), it should be recalled that it is the Director-General of UNESCO who decides its disbursement and the percentage to be shared between the Central Services and the Sector. For 2005, resources originating from this account amounted to USD 546,275, almost the same amount as the previous year (USD 545,946). The allotted amount to the World Heritage Centre to cover only staff costs funded by FITOCA for 2006 is USD 605,400 compared to USD 239,704 for 2005. The increase under this item is due to the transfer of two posts to strengthen the World Heritage Centre (1 P-4 post and 1 P-3 post).
16. In general, a percentage (between 40% and 50% depending upon the decision of the Director-General) of the funds generated is transferred to the Sector. According to the figures in the preceding paragraph, the amount needed by the Centre largely exceeds this percentage (USD 59,125 in comparison to the total funds generated).

Follow-up of the IOS audit in 2005

17. During the 29th session, the Committee examined an information document, the IOS report (UNESCO service responsible for audits, evaluations and relations with the External Auditor). IOS undertook an audit of the administrative and financial issues of the Centre, not only following the recommendation of the External Auditor, but within a larger framework. IOS formulated recommendations that the Centre, in accordance with its commitment, implemented without delay.
18. Of the 60 recommendations made by IOS, 56 concerned the World Heritage Centre, two the Bureau of the Comptroller and two others the Bureau of the Budget. Together with these two Bureaux, the Centre has implemented these recommendations. With regard to those for which the Centre is responsible, clear instructions were given for the strict adherence to the recommendations. Furthermore, internal controls were reinforced to prevent the risks and were followed up by further controls.
19. According to instructions given by the IOS, the Centre should inform, no later than 30 June 2006, on progress made in the implementation of the recommendations. It may be noted that IOS has put online a programme for an integrated monitoring of internal audits. The Centre has been selected to be one of the first user groups. This tool will help to achieve the objectives of monitoring and reporting for this type of exercise.
20. After 30 June 2006, IOS will examine the information provided by the Centre and will take the necessary measures to ensure that the recommendations were properly implemented. Following the submission by IOS of the updated information of the Audit, the Centre will present it to the Committee as an annex to the Budgetary document.

III Use of unspent balance during the preceding period

21. According to the Financial Regulations of the World Heritage Fund, the Committee may decide upon the use of the unspent balance of the preceding exercise. Expenditure in 2004-2005 represented 87.16% of the approved budget (see *Schedule I.1 2/2 of the Statement of Accounts of the World Heritage Fund, Annex I*). The unearmarked amount, USD 865,288, could in principle be carried over to the 2006-2007 exercise. A part of this amount (USD 332,953) has already been earmarked to cover international assistance requests which were not implemented during the period of their approval, in conformity with Decision 29 COM 16.7 of the Committee. Consequently, the unspent balance that the Committee may allocate amounts to USD 532,335.
22. Working within this framework, the advice of the Comptroller was sought with regard to the use of this amount whilst maintaining a prudent attitude with respect to the World Heritage Fund. After examination of the situation, the Bureau of the Comptroller advised against the use of the unearmarked funds in view of the low level of contributions received (see paragraph 6 above).
23. Nevertheless, the situation at 31 March 2006 evolved, and between 1 April and 31 May 2006 the Centre received, in the framework of expected contributions for 2006, a total amount of USD 1,023,421, of which USD 21,320 came from States Parties who chose to make voluntary contributions.
24. The Centre presents hereunder proposals for the Committee's consideration that could be financed should the Bureau of the Comptroller indicate that the financial situation of the Fund had improved. The Centre's proposals amount to USD 205,000. The Centre also

presents the necessary budgetary adjustments submitted by IUCN (USD 50,000) and ICOMOS (USD 66,690) as well as their justifications.

- (i) Development and dissemination of a user-friendly material to build capacity on disaster reduction at World Heritage properties (USD 50,000).

This activity consists of the elaboration of a Training Kit on Risk Reduction for World Heritage Sites' Managers, of which a draft was prepared by ICCROM in 2005, and its testing through a seminar to be organized at a pilot World Heritage site in a disaster-prone region. The Training Kit would integrate the principles and recommendations of the Strategy for Risk Reduction at World Heritage Properties (see Document **WHC-06/30.COM/7.2**), by developing a methodology and practical tools for their implementation on the ground. Once tested, the Kit will be finalized and made accessible in electronic format through the web site of the World Heritage Centre. The activity will be implemented by the World Heritage Centre in cooperation with ICCROM.

- (ii) Preparation of the next Periodic Reporting for the Arab Region (USD 20,000)

Within the overall context of the Regional Programme for the Arab States and the preparation of the next Periodic Reporting exercise for the Arab region, in close consultation with the Advisory Bodies and the States Parties, the World Heritage Centre would undertake assessment missions to World Heritage sites for which no recent report is available, as well as consultations with the concerned responsible authorities in order to identify necessary safeguarding and training activities.

In addition, the assistance modules elaborated by ICCROM and IUCN would be revised and possibly translated into Arabic in order to improve the effectiveness of the requests submitted for funding to the World Heritage Fund.

- (iii) Phase II of the Retrospective Inventory for the World Heritage List (USD 50,000)

The lack of key baseline data regarding the nomination files for most properties inscribed before 1998 often makes the planning of missions and reporting on sites problematic. In conjunction with the Periodic Reporting process, the World Heritage Centre has begun a Retrospective Inventory to identify all materials submitted and in which organization (World Heritage Centre, ICOMOS, IUCN) they can now be found, for incorporation into a unique database. One consultant, currently funded under provisions of the Committee's decision (**7 EXT.COM 15**), is assisted by a junior consultant from the European Periodic Reporting budget line. The continuance of this budget line will not be possible and the Centre requests the Committee to provide this additional support, necessary for the preparation of the second cycle of Periodic Reporting. Furthermore, to put the proposed re-scanning project on a professional basis, and due to the procedural and technical deficiencies in the World Heritage Centre archive maintenance, the aid of a professional archivist for a minimum of 1-2 years, or a secondment or an associate expert, is requested.

- (iv) New series of World Heritage Resource Manuals (USD 40,000)

As a result of meetings between the Advisory Bodies and the World Heritage Centre over the past year, and based on a recognized critical need for more guidance to States Parties on the implementation of the *Convention*, it is proposed that the World Heritage Centre and Advisory Bodies cooperate to develop of a new series of

World Heritage Resource Manuals. In order to make best use of limited resources, the Manuals should focus on those areas which are specific to the *Convention*, consolidate guidance on specific issues, link this to the requirements of the *Convention* and the *Operational Guidelines*, and make it available in an accessible manner for practitioners and policy-makers alike. Based on preliminary outcomes of the first Periodic Reporting cycle, the Manuals would cover issues such as *Preparing World Heritage Nominations*; *Conservation and Management of World Heritage properties*; and *Guidelines for the presentation / interpretation of World Heritage properties*.

- (v) Revision of the Periodic Reporting questionnaire (USD 45,000)

During the Reflexion Year on Periodic reporting, it is proposed that the present Periodic Reporting questionnaire be simplified and that State of Conservation indicators be developed that may be used to monitor the condition of sites over time. This work could be undertaken by a small Working Group composed of the UNESCO Institute of Statistics/international experts/Committee Members/Advisory Bodies and the World Heritage Centre (see Document **WHC-06/30.COM/11G**).

- (vi) Follow up of 2006-2007 activities in the framework of ICOMOS consultant services (USD 66,690) – **Annex IV**
- (vii) Follow up of 2006-2007 activities in the framework of IUCN consultant services (USD 50,000) - **Annex IV**

IV DRAFT DECISIONS

Draft Decision : 30 COM 15.1

The World Heritage Committee,

1. *Takes note of the statement of account of the World Heritage Fund for 2004-2005 and the situation of the reserves and the contributions as at 31 December 2005;*
2. *Further takes note of the implementation of the budget and the statement of accounts of the World Heritage Fund for 2006-2007 and the current situation of the reserves and contributions as at 31 March 2006 ;*
3. *Calls upon States Parties who have not yet paid their full contributions, including voluntary contributions, to do so at their earliest convenience;*
4. *Takes note of the follow up of the recommendations of IOS and requests the World Heritage Centre to inform on progress achieved at the next session.*

Draft Decision : 30 COM 15.2

The World Heritage Committee,

1. *Having examined the budgetary adjustments proposed by the World Heritage Centre, as well as the requests formulated by ICOMOS and IUCN,*
2. *Authorizes the World Heritage Centre to proceed with the necessary budgetary revisions, if the financial situation of the Fund so permits, to finance the following activities:*
 - i. *Development and dissemination of material for disaster reduction at World Heritage sites (USD 50,000);*
 - ii. *Preparation of the next Periodic Reporting for the Arab Region (USD 20,000);*
 - iii. *Phase II of the Retrospective Inventory for the World Heritage List (USD 50,000);*
 - iv. *New series of World Heritage Resource Manuals (USD 40,000);*
 - v. *Organization of a meeting for the revision of the Periodic Reporting questionnaire (USD 45,000);*
 - vi. *Budgetary adjustment for ICOMOS consultant services (USD 66,690);*
 - vii. *Budgetary adjustment for IUCN consultant services (USD 50,000).*