



United Nations
Educational, Scientific and
Cultural Organization



Diversity of
Cultural Expressions

12 IGC

DCE/18/12.IGC/5b
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**INTERGOVERNMENTAL COMMITTEE
FOR THE PROTECTION AND PROMOTION
OF THE DIVERSITY OF CULTURAL EXPRESSIONS**

**Twelfth session
Paris, UNESCO Headquarters
11-14 December 2018**

Item 5b of the provisional agenda: Report of the Secretariat on the budget and financial resources of the International Fund for Cultural Diversity (IFCD)

In accordance with the Guidelines on the Use of the Resources of the International Fund for Cultural Diversity (IFCD) and [Decision 11.IGC 7a](#), adopted by the Committee, this document presents the report of the Secretariat on the budget of the IFCD.

Decision required: paragraph 17

1. The financial report of the International Fund for Cultural Diversity (IFCD) is complementary to the narrative report of the IFCD on project implementation and the results of the ninth call for funding requests (see Document DCE/18/12.IGC/5a) as well as the report on the impact of the recommendations of the external evaluation of the IFCD (see Document DCE/18/12.IGC/6). This financial report presents the results and financial challenges faced by the Secretariat in 2018. At this session, the Intergovernmental Committee for the Protection and Promotion of the Diversity of Cultural Expressions (hereafter “the Committee”):
 - (i) will consider the financial statements for the period covering 1 January 2017 to 31 December 2017 and 1 January 2018 to 30 June 2018;
 - (ii) will consider the provisional draft budget for 2019, which includes cost recovery, with a view to its adoption.

I. Contribution of the Parties to the Convention

2. Since the creation of the Special Account for the IFCD in 2008, 69 Parties have made at least one contribution to the IFCD and 11 Parties make annual contributions. Although this accounts for 48% of the Parties, most contributions are irregular and the Fund still faces significant challenges to receive regular financial support from at least half the Parties. Annex I provides an overview of the contributions made since 2007.
3. To strengthen the IFCD’s donor base, the Director-General launched a call for contributions to Parties in April 2018, in an official letter which encouraged them to support the IFCD through regular voluntary contributions corresponding to at least 1% of the Parties’ annual contributions to UNESCO’s regular budget ([Resolution 5.CP 10](#) and [Decision 11.IGC 7a](#)).
4. Given their diverse capacities and financial resources, the efforts made by the various Parties, particularly developing countries, should be lauded. However, recommendations 16 and 19 of the second external evaluation suggest that the fundraising strategy be revised so that it is more tailored and better adapted to the respective circumstances of each Party (Document DCE/18/12.IGC/6). The objective would thus not be limited to ensuring that 50% of the Parties give to the Fund, but that contributions are made on a regular basis.
5. The IFCD would need all the Parties to make regular contributions, work with local partners to organize fundraising events and activities, and contact private sector donors. The need is a pressing one if the IFCD is to be able to meet its fundraising objectives and if the Parties are to be able to fulfil their commitments to implement the objectives of the Convention.
6. Indeed, if the number of submitted project increases, the number of projects financed still depends on the amount paid through contributions. In order to ensure that more projects are financed, contributions need to increase accordingly.

II. Use of the financial resources of the IFCD

7. Total revenue from 1 January 2017 to 30 June 2018 came to \$1,246,622.74. Such revenue is reflected in the financial statements prepared for the IFCD by UNESCO’s Bureau of Financial Management (BFM), which are found in Annex II.
8. In the context of expenditure allocated to the IFCD during the reference period, a total of \$1,279,223.37 was spent. Annex II breaks down the details of said expenditure.

III. Provisional draft budget for 2019

9. At its eleventh session (December 2017), the Committee adopted [Decision 11.IGC 7a](#), which noted that 70% of the funds available to the IFCD as at 30 June 2018 will be dedicated to the IFCD budget for 2019.
10. The total amount available as at 30 June 2018 was \$1,202,096. The budget requested for 2019 amounts to \$841,467, including programme support costs¹ (7%). Unallocated funds come to \$360,629. Annex III sets out a provisional draft budget for 2019, which is divided into two main categories:
 - (a) fixed costs, amounting to \$40,500; and
 - (b) project funding amounting to \$745,918, plus support costs of \$55,049 associated to the overall budget.

Below is an overview of the main activities to be financed by the IFCD in 2019.

Fixed Costs

- *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): the tenth funding cycle will be launched in 2019. \$35,000 will be allocated to the evaluation of funding requests by the IFCD Panel of Experts.
- *IFCD operating expenses*: \$500 will be allocated for correspondence with project administrators and for conference calls with members of the IFCD Panel of Experts.
- *Costs associated with the participation of experts from least-developed countries (LDCs) who are members of the Committee, to its statutory meetings*: pursuant to paragraph 7.2.2 of the aforementioned Guidelines, these costs will continue to be met in order to ensure that government experts from least developed countries can participate in the meetings of governing bodies. The funds allocated for this purpose amount to \$5,000.

Project Funding

- *Funding of projects approved by the Committee*: a total of \$673,918 has been allocated for the funding of projects to be approved at the twelfth session of the Committee.
- *Cost recovery*: the cost recovery amount for 2019 is evaluated at \$72,000. These relates to direct management of both ongoing projects and projects to be approved at the twelfth session of the Committee.
- In accordance with UNESCO's Financial Regulations, 7% of programme *support costs* are charged to the Special Account. The amount allocated is \$55,049 in overall budget.

Financial impact of the recommendations of the external evaluation of the IFCD

- As noted in the report on the impact of the recommendations of the second external evaluation of the IFCD, the implementation of some of the recommendations issued, if approved by the Committee, will have financial consequences and will entail the Committee allocating resources from unassigned funds of the IFCD (see paragraph 10 of Document DCE/18/12.IGC/6). The sum to be allocated would be \$117,000. This amount would cover the renewal and updating of the IFCD fundraising strategy; it would

¹ In accordance with the Organization's new policy, support costs decreased from 10% to 7% in 2018.

also cover independent evaluations of projects for the purpose of preparing a report outlining lessons learned in order to strengthen the IFCD.

IV. Revisions to the Financial Regulations of the IFCD

11. In accordance with [201_EX/Decision 24](#) of the Executive Board and [paragraph 11 \(a\) of Document 201_EX/24](#), concerning the Financial Regulations of Special Accounts, Annex IV puts forward, for adoption by the Committee, a preliminary draft revision of the Financial Regulations of the International Fund for Cultural Diversity (IFCD), approved in 2009 by the Conference of Parties. For Special Accounts with governing bodies, the Executive Board requested the Director-General to consult the relevant governing body to realign the different Financial Regulations of the Special Accounts with the new standard Financial Regulations, as approved at the 200th session of the Executive Board. The table in Annex IV shows the changes proposed in order to ensure compliance with the new standard adopted by the Executive Board.
12. These changes include two new articles. Article 4 concerns governance and Article 9, the narrative and financial reports to be submitted to the governing bodies. These two new articles ensure greater transparency in the financial management of the IFCD. Other changes apply to Article 2, “Financial Period”, and Article 6, “Expenditure”. The two articles stipulate a financial period of two consecutive years for budget estimates and for the appropriation of resources in order to follow the Organization’s integrated budget approach. At its thirteenth session, the Committee will thus be called upon to approve the next draft budget for two consecutive years, namely 2020-2021.
13. At the current session, the Committee is invited to consider the proposed preliminary draft revision of the Financial Regulations applicable to the Special Account of the IFCD. The Committee is invited to adopt the draft and transmit it to the Conference of the Parties for approval at its seventh session (June 2019). The approved document will then be submitted to the Executive Board for information at its 207th session (autumn 2019).

V. Challenges and conclusions

14. In conclusion, even though the IFCD is increasingly recognized as an effective international cooperation tool for the promotion of dynamic cultural sectors in developing countries, it still faces challenges that risk compromising its effectiveness, its future outcomes, and its viability. The two main challenges are:
 - the achievement of a level of regular funding sufficient to respond to the high number of funding requests;
 - the creation of partnerships, particularly with potential donors and partners in the private sector.
15. As the IFCD is dependent on the voluntary contributions of the Parties, it is important that they take action. If all Parties to the Convention paid their annual voluntary contribution equivalent to at least 1% of their total contribution to UNESCO, the IFCD's total annual budget would be \$2,000,218, an amount that would enable the funding of twice as many projects.
16. Within the framework of private sector partnerships, in November 2017, a strategic partnership was established with Ms Sabrina Ho (see Document DCE/18/12.IGC/INF.7). This initial undertaking will make it possible to explore new partnerships in future.
17. The Committee may wish to adopt the following decision:

DRAFT DECISION 12.IGC 5b

The Committee,

1. *Having examined Document DCE/18/12.IGC/5b, its annexes, and Documents DCE/18/12.IGC/5a, DCE/18/12.IGC/6 and DCE/18/12.IGC/INF.7;*
2. *Taking note of the total amount of \$1,202,096 available within the IFCD, as at 30 June 2018, for the tenth funding cycle of IFCD,*
3. *Takes note of the financial statements of the IFCD for the period from 1 January to 31 December 2017 and from 1 January to 30 June 2018 as set out in Annex II and adopts the provisional draft budget, including cost recovery, for 2019 as set out in Annex III;*
4. *[If the Committee so decides] Authorizes the Secretariat to draw on the unassigned funds of the IFCD the costs (\$117,000) related to the implementation of the recommendations stemming from the second external evaluation of the IFCD, approved by the Committee at this session, as set out in the provisional draft budget for 2019;*
5. *Requests the Secretariat to submit to it, at its thirteenth session, a detailed report on the use of the financial resources of the IFCD;*
6. *Adopts the revised draft of the Financial Regulations of the Special Account for the IFCD as presented in Annex IV, and requests the Secretariat to transmit said draft to the seventh session of the Conference of the Parties, in June 2019, for approval;*
7. *Thanks all donors who have supported the IFCD since its regular session and encourages Parties to provide ongoing support to the Fund through a voluntary annual contribution amounting to at least 1% of their total contribution to UNESCO;*
8. *Requests the Director-General to issue, in 2019, a new call for contributions to all the Parties to the Convention, quoting the amount corresponding to 1% of the total contribution of each Member State to UNESCO's regular budget.*

ANNEXES

ANNEX I: Status of Parties' contributions

ANNEX II: Financial statements prepared by UNESCO's Bureau of Financial Management for the Special Account for the International Fund for Cultural Diversity (IFCD)

ANNEX III: Provisional draft budget for 2019

ANNEX IV: Preliminary draft revision of the Financial Regulations of the Special Account for the International Fund for Cultural Diversity (IFCD)

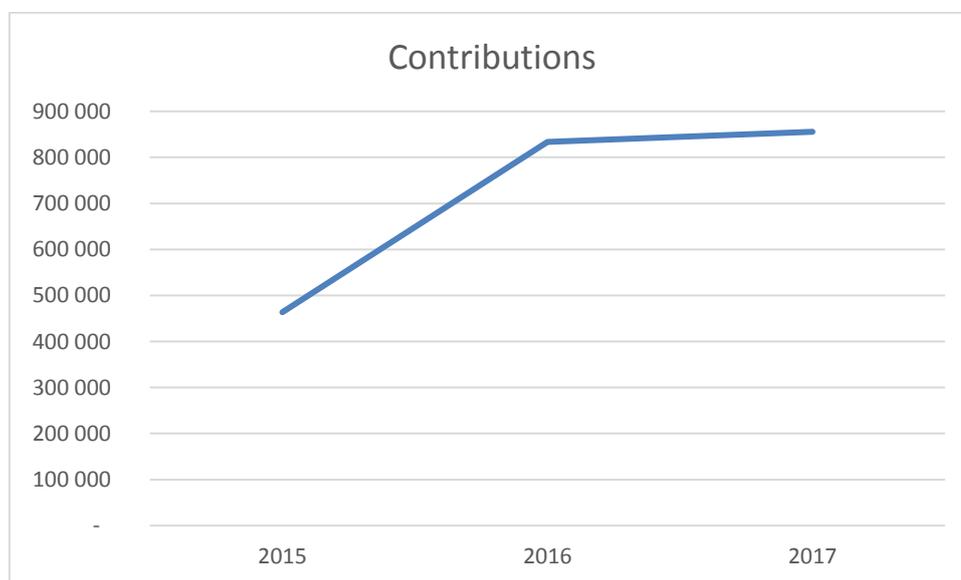
ANNEX I

Status of Parties' contributions

Parties having contributed (since 2007)

	Number of countries having ratified	Number of countries having contributed	Number of countries having contributed at least three times
Africa	38	13	1
Asia and the Pacific	14	5	5
Arab States	14	3	1
Eastern and South-Eastern Europe	23	16	12
Latin America and the Caribbean	32	13	4
Northern Europe and North America	24	19	11

Increase in contributions (2015 - 2017)



ANNEX II

Financial statements prepared by UNESCO's Bureau of Financial Management for the Special Account for the International Fund for Cultural Diversity (IFCD)



UNESCO

INTERNATIONAL FUND FOR CULTURAL DIVERSITY

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017

(EXPRESSED IN US DOLLARS)

INCOME

Voluntary Contributions - Schedule 1.1 857,450.84

Other Income:

Interest 30,909.00

TOTAL INCOME

888,359.84

EXPENDITURE

Programme Activities Schedule 1.2 690,760.78

TOTAL EXPENDITURE

690,760.78

EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE

197,599.06

Savings/(Overspending) on prior years' obligations and other adjustments

29,899.47

Reserves and fund balances, beginning of the period

1,473,460.59

RESERVES AND FUND BALANCES, END OF THE PERIOD

1,700,959.12

Financial Report issued by the Bureau of Financial Management.

The total income and expenditure are in accordance with UNESCO's financial records.



Schedule 1.1

UNESCO

INTERNATIONAL FUND FOR CULTURAL DIVERSITY

SCHEDULE OF INCOME
FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017

(EXPRESSED IN US DOLLARS)

Funds received		
Andorra	6,009.60	
Austria	23,508.00	
Azerbaijan	1,959.00	
Belgium	58,823.50	
Brazil	95,795.00	
Bulgaria	1,444.00	
Cambodia	146.00	
Cameroon	324.50	
Canada (including, Government of Québec)	126,477.86	
Côte d'Ivoire	294.00	
Croatia	10,000.00	
Czech Republic	13,303.49	
Estonia	1,237.45	
Finland	21,344.80	
France	214,831.10	
Germany	117,396.40	
Grenada	33.00	
Guinea	65.00	
Haiti	78.00	
Jordan	652.01	
Latvia	1,633.00	
Lithuania	2,351.00	
Luxembourg	31,380.90	
Madagascar	106.57	
Malawi	65.00	
Mauritius	392.00	
Monaco	11,792.50	
Montenegro	131.00	
Netherlands	51,103.36	
Paraguay	457.00	
Qatar	6,824.00	
Saint Vincent & Grenadines	5,369.28	
Serbia	1,045.00	
Slovakia	5,312.88	
Slovenia	2,743.00	
Sweden	32,289.27	
The former Yugoslav Republic of Macedonia	229.00	
Ukraine	6,726.00	
Vietnam	1,894.00	
Gwangju Fine Arts Association	1,836.82	
Online donations	46.55	857,450.84
Interest		30,909.00
TOTAL		888,359.84

*Financial Report issued by the Bureau of Financial Management.
The total income and expenditure are in accordance with UNESCO's financial records.*



UNESCO
INTERNATIONAL FUND FOR CULTURAL DIVERSITY
SCHEDULE OF EXPENDITURE FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017
PROGRAMME ACTIVITIES

	Budget 2017	Disbursements	Unliquidated Obligations	Total	Unspent budget	Expenditure rate
1. Evaluation of funding requests by the IFCD Panel of Experts	38,000.00	25,137.29	-	25,137.29	12,862.71	66.15%
2. Operating costs	1,000.00	-	-	-	1,000.00	0.00%
3. Cost of participation in statutory meetings of government experts from LDCs that are members of the	8,000.00	-	-	-	8,000.00	0.00%
4. Funding of projects	510,500.00					
4.1 Chamber of Commerce of Bogota - CCB		49,994.00	49,993.00	99,987.00		
4.2 Leaders Organization Institut Régional d'Enseignement Supérieur et de		79,480.00	19,670.00	99,350.00		
4.3 Recherche en Développement Culturel (IRES-RDEC)		25,280.00	6,320.00	31,600.00		
4.4 T-movie		49,988.00	49,987.00	99,975.00		
4.5 Museums Association of Namibia		69,700.00	17,425.00	87,125.00		
4.6 Directorate-General of Culture and Tourism - Municipality of Asunción		42,603.00	42,602.00	85,205.00		
	510,500.00	317,045.00	186,197.00	503,242.00	7,258.00	98.58%
5. Cost recovery related to year 2017	70,248.00	28,636.00	-	28,636.00	41,612.00	40.76%
SUB-TOTAL	627,748.00	370,818.29	186,197.00	557,015.29	70,732.71	88.73%
Programme Support Costs 10%	62,774.80	37,081.83	18,619.70	55,701.53	7,073.27	88.73%
TOTAL	690,522.80	407,900.12	204,816.70	612,716.82	77,805.98	88.73%
<i>Use of unassigned funds*</i>						
6. IFCD Evaluation	40,000.00	40,000.00	-	40,000.00	-	100.00%
7. Fund Raising and Communication Strategy	53,416.00	24,749.05	6,200.00	30,949.05	22,466.95	57.94%
SUB-TOTAL	93,416.00	64,749.05	6,200.00	70,949.05	22,466.95	76.95%
Programme Support Costs 10%	9,341.60	6,474.91	620.00	7,094.91	2,246.69	75.95%
TOTAL	102,757.60	71,223.96	6,820.00	78,043.96	24,713.64	75.95%
GRAND TOTAL	793,280.40	479,124.08	211,636.70	690,760.78	102,519.62	87.08%

*as per decision 10.IGC.8

Financial Report issued by the Bureau of Financial Management.
The total income and expenditure are in accordance with UNESCO's financial records.



UNESCO

INTERNATIONAL FUND FOR CULTURAL DIVERSITY

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
FOR THE PERIOD 1 JANUARY 2018 TO 30 JUNE 2018

(EXPRESSED IN US DOLLARS)

INCOME

Voluntary Contributions - Schedule 1.1 339,404.90

Other income:

Interest 18,858.00

TOTAL INCOME

358,262.90

EXPENDITURE

Programme Activities Schedule 1.2 588,462.59

TOTAL EXPENDITURE

588,462.59

EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE

(230,199.69)

Savings/(Overspending) on prior years' obligations and other adjustments 8,509.76

Reserves and fund balances, beginning of the period 1,700,959.12

RESERVES AND FUND BALANCES, END OF THE PERIOD

1,479,269.19

Financial Report issued by the Bureau of Financial Management.

The total income and expenditure are in accordance with UNESCO's financial records.



UNESCO
INTERNATIONAL FUND FOR CULTURAL DIVERSITY
SCHEDULE OF INCOME
FOR THE PERIOD 1 JANUARY 2018 TO 30 JUNE 2018
(EXPRESSED IN US DOLLARS)

Funds received		
Australia	76,278.00	
Austria	23,228.80	
Belgium	23,894.80	
Bulgaria	1,444.00	
Cambodia	131.00	
Djibouti	33.00	
Estonia	1,241.00	
Finland	24,844.80	
France	144,276.00	
Jamaica	274.00	
Latvia	1,633.00	
Mexico	5,000.00	
Montenegro	131.00	
Morocco	1,763.00	
Saint Vincent & Grenadines	33.00	
Serbia	1,045.00	
Sweden	31,183.00	
The former Yugoslav Republic of Macedonia	229.00	
Uruguay	800.00	
Vietnam	1,894.00	
Online donations	48.50	339,404.90
Interest		18,858.00
TOTAL		358,262.90

*Financial Report issued by the Bureau of Financial Management.
The total income and expenditure are in accordance with UNESCO's financial records.*



UNESCO
INTERNATIONAL FUND FOR CULTURAL DIVERSITY
SCHEDULE OF EXPENDITURE FOR THE PERIOD 1 JANUARY 2018 TO 30 JUNE 2018
PROGRAMME ACTIVITIES

	Budget 2018	Disbursements	Unliquidated Obligations	Total	Unspent budget	Expenditure rate
1. Evaluation of funding requests by the IFCD Panel of Experts	37,000.00	6,823.99	17,250.29	24,074.28	12,925.72	65.07%
2. Operating costs	500.00	6.13	493.87	500.00	-	100.00%
3. Cost of participation in statutory meetings of government experts from LDCs that are members of the Committee	6,200.00	-	-	-	6,200.00	0.00%
4. Funding of projects	612,300.00					
4.1 Developing cultural and creative industries into viable economic sector in Montenegro submitted by Institute for Entrepreneurship and Economic Development		43,045.00	43,045.00	86,090.00		
4.2 Strengthening regional innovative creative micro-industries submitted by mentoring young entrepreneurs from marginalized and indigenous cultures in Mesoamérica submitted by Ventana a la Diversidad (Window to Diversity)		38,889.00	38,888.00	77,777.00		
4.3 Appropriation, renforcement et promotion du cinéma latino-américain à travers la plateforme numérique régionale du cinéma Retina Latina submitted by Ministère de la Culture colombien - Direction de la Cinématographie and Fundacion Patrimonio Filmico Comibiano		-	-	-		
4.4 The Business of Plays: Transformation of Theatres submitted by National Union of Theatre Workers of Ukraine (NUTWU)		44,041.00	44,041.00	88,082.00		
4.5 Strengthening local cultural chains and networks in four Brazilian mid-sized cultural poles submitted by Cebrap - Centro Brasileiro de Análise e Planejamento (Brazilian Centre of Analysis and Planning)		45,677.00	45,678.00	91,355.00		
4.6 Engaging Communities in Public Art and Policy submitted by Ekphrasis Studio		43,026.00	43,026.00	86,052.00		
4.7 Mobicine Sénégal : Le cinéma de proximité comme outil de promotion de la diversité culturelle submitted by Association Culture Waw		44,995.00	44,994.00	89,989.00		
	612,300.00	259,673.00	259,672.00	519,345.00	92,955.00	84.82%
5. Cost recovery related to year 2018	70,942.00	-	-	-	70,942.00	0.00%
SUB-TOTAL	726,942.00	266,503.12	277,416.16	543,919.28	183,022.72	74.82%
Management Costs	72,694.00	25,124.18	19,419.13	44,543.31	28,150.69	61.28%
TOTAL	799,636.00	291,627.30	296,835.29	588,462.59	211,173.41	73.59%
Use of unassigned funds*						
6. Fundraising and communication costs	60,000.00	-	-	-	60,000.00	0.00%
SUB-TOTAL	60,000.00	-	-	-	60,000.00	0.00%
Management Costs	6,000.00	-	-	-	6,000.00	0.00%
TOTAL	66,000.00	-	-	-	66,000.00	0.00%
GRAND TOTAL	865,636.00	291,627.30	296,835.29	588,462.59	277,173.41	67.98%

*as per decision 11.IGC 7a

Financial Report issued by the Bureau of Financial Management.
The total income and expenditure are in accordance with UNESCO's financial records.

ANNEX III

Provisional draft budget for 2019

	DESCRIPTION	AMOUNT US\$
Fixed costs	Evaluation of funding requests by the IFCD Panel of Experts (paragraph 7.3 of the Guidelines)	35,000
	Operating expenses	500
	Costs associated with participation of government experts from LDCs in statutory meetings that are members of the Committee (paragraph 7.2.2 of the Guidelines)	5,000
Subtotal 1		40,500
Project funding	Project funding	673,918
	Cost recovery*	72,000
Subtotal 2		745,918
SUBTOTAL (fixed costs + project funding)		786,418
Support costs**		55,049
GRAND TOTAL ***		841,467
Total available as at 30 June 2018		1,202,096
Unallocated funds accounting for 30% of the amount available as at 30 June 2018		360,629
Expenses relating to the implementation of the recommendations of the second external evaluation of the IFCD (\$117,000)		
*Cost recovery = time spent on project management by staff funded under the regular programme; 13 ongoing projects and eight projects awaiting approval by the Committee at its twelfth session		
**In accordance with UNESCO's Financial Regulations, 7% of support costs are chargeable to the Special Account.		
***70% of the funds available as at 30 June 2018 is allocated as the budget, in accordance with paragraph 7 of Decision 7.IGC 6.		

ANNEX IV

Preliminary draft revision of the Financial Regulations of the Special Account for the International Fund for Cultural Diversity (IFCD)

Approved in 2009	Proposed revision ²	Emphasis of matter
Article 1 – Creation of a Special Account	Article 1 – Creation of a Special Account	
1.1 Article 18 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (hereinafter referred to as “the Convention”) establishes an International Fund for Cultural Diversity. Given the multi-donor nature of the Fund, it will be managed as a Special Account.	1.1 Article 18 of the Convention on the Protection and Promotion of the Diversity of Cultural Expressions (hereinafter referred to as “the Convention”) establishes an International Fund for Cultural Diversity. Given the multi-donor nature of the Fund, it will be managed as a Special Account.	
1.2 In accordance with Article 6, paragraph 6, of the Financial Regulations of UNESCO, there is hereby created a Special Account for the International Fund for Cultural Diversity (hereinafter referred to as the “Special Account”).	1.2 In accordance with Article 18 of the Convention and Article 6, paragraphs 5 and 6, of the Financial Regulations of UNESCO, there is hereby created a Special Account for the International Fund for Cultural Diversity, hereinafter referred to as the Special Account.	
1.3 The following regulations shall govern the operation of the Special Account.	1.3 The following regulations shall govern the operation of the Special Account.	
Article 2 – Financial Period	Article 2 – Financial Period	Distinction between financial and budget period.
The financial period shall correspond to that of UNESCO.	2.1 <i>The financial period for budget estimates shall be two consecutive calendar years beginning with an even-numbered year.</i>	

² In accordance with 201 EX/ Decision 21, a model approved by the Executive Board for the Conventions served as a basis and was adapted to the IFCD in conformity with the 2005 Convention and the Guidelines on the Use of the Resources of the International Fund for Cultural Diversity.
Key: original text; ~~deleted text~~ (strikethrough); ***new text*** (bold italics)

	2.2 The financial period for accounting shall be an annual calendar year.	
Article 3 – Purpose	Article 3 – Purpose	
In accordance with Article 18 of the Convention, the purpose of the Special Account is to finance activities decided by the Intergovernmental Committee on the basis of guidelines determined by the Conference of Parties, notably to assist Parties to support cooperation for sustainable development and poverty reduction, especially in relation to the specific needs of developing countries, in order to foster the emergence of a dynamic cultural sector, in accordance with Article 14 of the Convention.	In accordance with Article 18 of the Convention, the purpose of the Special Account is to finance activities decided by the Intergovernmental Committee for the Protection and Promotion of the Diversity of Cultural Expressions, hereafter referred to as the Committee , on the basis of guidelines determined by the Conference of Parties, notably to assist Parties to support cooperation for sustainable development and poverty reduction, especially in relation to the specific needs of developing countries, in order to foster the emergence of a dynamic cultural sector, in accordance with Article 14 of the Convention.	
	Article 4 – Governance³	New article to define the governance mechanisms
	4.1 The Intergovernmental Committee has authority over the appropriation of the resources under the Special Account, based on the guidelines of the Conference of Parties.	In accordance with Article 18, paragraphs 4 and 5, of the Convention
	4.2 The Director-General shall manage and administer the funds of the Special Account in accordance with the text of the Convention, the decisions approved by the Committee, and the present Financial Regulations.	In accordance with Article 24 of the Convention

³ Governing bodies of the 2005 Convention are the Conference of Parties plenary body of the Convention, and the Intergovernmental Committee for the Protection and Promotion of the Diversity of Cultural Expressions, executive body.

	<p>4.3 <i>The Director-General shall, on an annual basis, submit to the Committee narrative and financial reports and, every two years, submit to the Conference of Parties a narrative report as indicated under Article 9 below.</i></p>	
<p>Article 4 – Income</p>	<p>Article 5 – Income</p>	
<p>In accordance with Article 18 of the Convention, the income of the Special Account shall consist of:</p> <ul style="list-style-type: none"> (a) voluntary contributions made by the Parties of the Convention; (b) funds appropriated for this purpose by the General Conference of UNESCO; (c) contributions, gifts or bequests which may be made by: <ul style="list-style-type: none"> (i) other States; (ii) organizations and programmes of the United Nations system; (iii) other regional or international organizations; (iv) public or private bodies or individuals; (d) any interest due on the resources of the Special Account; (e) funds raised through collections and receipts from events organized for the benefit of the Voluntary Fund. 	<p><i>With due regard to the text</i> of the Convention, the income of the Special Account shall consist of:</p> <ul style="list-style-type: none"> (a) voluntary contributions made by the Parties of the Convention; (b) funds appropriated for this purpose by the General Conference of UNESCO; (c) contributions, gifts or bequests which may be made by: <ul style="list-style-type: none"> (i) other States; (ii) organizations and programmes of the United Nations system; (iii) other regional or international organizations; (iv) public or private bodies or individuals; (d) any interest due on the resources of the Special Account; (e) funds raised through collections and receipts from events organized for the benefit of the Voluntary Fund; <i>(f) miscellaneous income.</i> 	<p>In accordance with Article 18, paragraph 3, of the Convention</p>
<p>Article 5 – Expenditure</p>	<p>Article 6 – Expenditure</p>	
	<p>6.1 <i>The appropriation of the resources of the Special Account shall be approved by the Committee on a biennial basis.</i></p>	<p>See Articles 4.1, 4.3 above and Article 9 below</p>

<p>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 and programme support costs applicable to Special Accounts.</p>	<p>6.2 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 and programme support costs applicable to Special Accounts.</p>	
	<p>6.3 <i>Expenditure shall be made within the limits of funds available.</i></p>	
<p>Article 6 – The accounts</p>	<p>Article 7 – The Accounts</p>	
<p>6.1 The UNESCO Comptroller shall maintain such accounting records as are necessary.</p>	<p>7.1 <i>The Chief Financial Officer</i> shall maintain such accounting records as are necessary.</p>	
<p>6.2 Any unused balance at the end of a financial period shall be carried forward to the following financial period.</p>	<p>7.2 Any unused balance at the end of a financial period shall be carried forward to the following financial period.</p>	
<p>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.</p>	<p>7.3 The accounts of the Special Account shall be <i>part of the consolidated financial statements</i> presented for audit to the External Auditor of UNESCO, together with the other accounts of the Organization</p>	
<p>6.4 Contributions in kind shall be recorded outside the Special Account.</p>	<p>7.4 Contributions in kind shall be recorded outside the Special Account.</p>	
<p>Article 7 – Investments</p>	<p>Article 8 – Investments</p>	
<p>7.1 The Director-General may make short-term investments of sums standing to the credit of the Special Account.</p>	<p>8.1 The Director-General may make short-term <i>or long-term</i> investments of sums standing to the credit of the Special Account.</p>	<p>To align to the investment policy of the organization.</p>
<p>7.2 Interest earned on these investments shall be credited to the Special Account.</p>	<p>8.2 <i>Revenue from</i> these investments shall be credited to the Special Account <i>in line with UNESCO's Financial Rules.</i></p>	

	Article 9 – Reporting	New article to define the reporting requirements.
	9.1 <i>An annual financial report showing the income and expenditure under the Special Account shall be prepared and submitted to the Committee.</i>	
	9.2 <i>An annual narrative report shall be submitted to the Committee and every two years to the Conference of Parties.</i>	
Article 8 – Closure of the Special Account	Article 10 – Closure of the Special Account	To reflect the role of the governing bodies regarding the closure of the Special Account.
The Director-General may 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	10.1 The Director-General may decide upon the closure of the Special Account shall consult the Intergovernmental Committee at such time as he/ <i>she</i> deems that its the operation of the Special Account is no longer necessary and inform the Executive Board accordingly. Such consultation shall cover the decision on the use of any unspent balance.	
	10.2 <i>The decision of the Committee shall be approved by the Conference of Parties and shall be transmitted to the Executive Board prior to the effective closure of the Special Account.</i>	
Article 9 – General Provision	Article 11 – General provision	To reflect the role of the governing bodies regarding the amendment of the present Financial Regulations.

<p>Unless otherwise provided in these Regulations, the Special Account shall be administered in accordance with the Financial Regulations of UNESCO.</p>	<p>11.1 <i>Any amendment to these Financial Regulations shall be adopted by the Committee and approved by the Conference of Parties. The Executive Board shall be informed accordingly of any such amendments.</i></p>	
	<p>11.2 Unless otherwise provided in these Regulations, the Special Account shall be administered in accordance with the Financial Regulations of UNESCO.</p>	