
***Secretariat of the Convention
on Wetlands of International
Importance (Ramsar)***

Gland (Switzerland)

***Report of the auditor on the
financial statements 2018***





Report of the auditor ***to the Standing Committee of the Secretariat of the*** ***Convention on Wetlands of International Importance*** ***(Ramsar)*** ***Gland (Switzerland)***

Report of the auditor on the financial statements

On your instructions, we have audited the accompanying financial statements of the Secretariat of the Convention on Wetlands of International Importance (Ramsar), which comprise the balance sheet, statement of income and expenditures, cash flow statement and notes, for the year ended 31 December 2018.

Management's responsibility

Management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Marcello Stimato
Audit expert

Geneva, 5 June 2019

Enclosure:

- Financial statements (balance sheet, statement of income and expenditure, cash flow statement and notes)

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**SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE
ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)**

BALANCE SHEET AS OF 31 DECEMBER

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2018	2017
ASSETS			
Current assets			
Cash and short term bank deposits		5,196	4,466
Contracting Party receivables (net)	6	833	1,166
Other account receivables	7	54	74
Total current assets		6,083	5,707
Total non-current assets	9	18	21
TOTAL ASSETS		6,101	5,728
LIABILITIES AND FUND BALANCES			
Current liabilities			
Amount owed to IUCN		338	475
Other Payables	8	827	564
Accrued liabilities		155	175
Total current liabilities		1,320	1,213
Provisions			
Staff repatriation	5	164	135
Staff leave	5	141	139
Staff termination	5	147	123
Total provisions		452	396
Fund and Reserves			
Unrestricted reserve fund	11	2,196	1,801
Restricted Projects	12	2,133	2,317
Total fund and reserves		4,329	4,118
TOTAL LIABILITIES AND FUND BALANCES		6,101	5,728

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

STATEMENT OF INCOME AND EXPENDITURE for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2018			2017		
		Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
Income							
<i>External income:</i>							
Contributions from Contracting Parties		3,779	-	3,779	3,779	-	3,779
US voluntary contributions		1,066	-	1,066	1,066	41	1,107
African voluntary contributions		-	7	7	-	14	14
Project income		-	1,657	1,657	-	375	375
Swiss tax rebates	10	221	-	221	215	-	215
Total external income		5,066	1,664	6,730	5,059	430	5,489
Transfer between core and projects		(3)	3	-	-	-	-
Total Income		5,063	1,667	6,730	5,059	430	5,489
Expenditure							
<i>Operating expenditure:</i>							
Communications (Outreach)		(336)	(258)	(594)	(334)	(167)	(501)
Regional Advice, Initiatives and Support		(1,389)	(197)	(1,585)	(1,384)	(321)	(1,704)
Scientific and Technical Services		(301)	27	(275)	(309)	(67)	(376)
Partnerships		(221)	(63)	(284)	(96)	(161)	(257)
Management, Operations and Support		(2,446)	(1,353)	(3,799)	(2,381)	(18)	(2,399)
Total operating expenditure		(4,693)	(1,844)	(6,537)	(4,504)	(734)	(5,237)
Net Surplus/(Deficit) before Other Income/Expenditures		370	(177)	193	555	(304)	252
<i>Other income (expenditures):</i>							
Net financial income/(expense)	4	(32)	(7)	(39)	25	12	37
Provisions and write-offs (expense)		57	-	57	(49)	-	(49)
Total other income/expenditures		25	(7)	18	(24)	12	(12)
Net Surplus/(Deficit) after Other Income/Expenditures		395	(184)	211	531	(292)	239

STATEMENT OF FUND BALANCE for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>		2018			2017		
		Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
Fund balance at the beginning of the year		1,801	2,317	4,118	1,270	2,609	3,879
Net income / (expenditure) for the year	11	395	(184)	211	531	(292)	239
Fund balance at the end of the year		2,196	2,133	4,329	1,801	2,317	4,118

**SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE
ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)**

Cash Flow Statement for the year ended 31 December 2018

in thousands of Swiss Francs (CHF '000s)

	2018	2017
Cash flow from operations		
Surplus/(Deficit) from Operations	211	239
Depreciation of fixed assets	10	10
Increase / (decrease) in provisions for membership dues in arrears	(57)	67
Increase / (decrease) in staff leave and repatriation liabilities	31	54
Increase / (decrease) in the provision for staff termination	24	33
(Increase) / decrease in membership dues receivables (gross)	390	(609)
Increase / (decrease) in payables to partner organisations	(137)	198
(Increase) / decrease in other accounts receivable	20	24
Increase / (decrease) in membership dues paid in advance	280	(76)
Increase / (decrease) in accounts payable and accrued liabilities	(46)	(81)
Increase / (decrease) in social charges payable	10	19
Total Cash flow from operations	737	(123)
Cash flow from investing activities		
Purchase of fixed assets	(7)	(10)
Total Cash flow from investing activities	(7)	(10)
Net Cash inflow/(outflow) for the year	730	(133)
Cash and short term deposits at the beginning of the year	4,466	4,599
Cash and short term deposits at the end of the year	5,196	4,466

SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACTIVITY

The Convention on Wetlands of International Importance especially as waterfowl habitat, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Convention's mission is the "Conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world".

The work of the Convention has since 1997 been organized around three pillars:

- i) the wise use of all wetlands through national plans, policies and legislation, management actions and public education;
- ii) the designation and sustainable management of suitable wetlands for inclusion on the list of Wetlands of International Importance; and
- iii) international cooperation on transboundary wetlands and shared species.

The Convention's Secretariat is constituted under Article 8 of the Convention and administered as an independent unit by and from the offices of IUCN, International Union for Conservation of Nature and Natural Resources, Gland, Switzerland. The Secretariat's functions include the provision of administrative, technical and scientific support to the Contracting Parties, maintaining a List of Wetlands of International Importance, notifying Contracting Parties of additions to that List, and performing all the tasks required by the Conference of the Contracting Parties. The Secretary General has the sole responsibility for administration of Convention funds and for all administrative matters other than those requiring the exercise of legal personality. For those latter matters, formal responsibility rests with the Director General of IUCN.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

i. Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Significant items are accounted for as follows:

ii. Currency

All figures are in thousands of Swiss francs (CHF) unless otherwise indicated.

iii. Contributions from Contracting Parties

Contributions from Contracting Parties are determined in accordance with the UN Scale of assessments for contributions of Member States to the United Nations budget approved by the UN General Assembly. These are then attributed to the Ramsar budget. Contributions are accounted for on an accruals basis.

iv. Voluntary contributions and other income

Any voluntary contributions and receipts of other income are accounted for on a cash basis, when they are received by Ramsar, with the exception in 2018 for a COP13 related voluntary contribution of CHF 36,000 where a written commitment was received.

v. Expenditure

Expenditure is accounted for on an accruals basis.

vi. Accrued Liabilities

Accrued liabilities are calculated using time based method.

vii. Unrestricted Funds (Core Funds)

Unrestricted funds are funds that are not subject to any externally imposed restrictions on their use. The Secretary General is empowered by the Standing Committee of the Convention to apply these funds in accordance with an approved budget.

viii. Restricted Funds

Restricted funds are those funds provided by donors with restrictions applying to specific projects, geographical regions, specific activities or other externally imposed restrictions as to their use. These funds are applied only in accordance with the donor agreements.

ix. Foreign Exchange

The Secretariat's accounting records are maintained in Swiss Francs which is the reporting currency. Except for fixed assets which are stated at historical values, all assets and liabilities expressed in other currencies are translated at exchange rates ruling at the end of the year. Items of income and expenditure in other currencies are included in the financial statements at the exchange rate prevailing at the date of the transaction. Bank accounts expressed in US dollars (USD) and Euros (EUR) or other currencies are revalued to Swiss Francs at the year-end rate of exchange.

x. Year-end Exchange Rates

The following are the principal rates of exchange to the Swiss Franc used to revalue the balance sheet accounts at the end of the year.

	<u>31 December 2018</u>	<u>31 December 2017</u>
USD	0.9834	0.9808
EURO	1.1254	1.1706
NOK	0.1127	0.1188

xi. Provisions against dues receivables from contracting parties (in thousands of Swiss Francs)

A general provision for outstanding dues from contracting parties is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Following the decision of SC53-36, the provision calculation for dues from contracting parties in arrears was changed in 2017 and is calculated on the following basis, based on the outstanding balance at the close of the year.

Outstanding dues from contracting parties for:

Five years or more	100%
Four years	80%
Three years	60%
Up to Two Years	20%

xii. Fixed assets

Fixed asset purchases are capitalized when the purchase price is CHF 1,000 and above (or the equivalent in other currencies) and when ownership resides with Ramsar. Fixed assets are depreciated over their estimated useful lives on the following basis:

- Office furniture 7 years
- Office equipment 5 years
- Computer hardware/software 3 years

xiii. Core Reserve Fund (Unrestricted Reserve Fund)

The Core Reserve Fund receives annual surpluses/(deficits) from core operations which are accumulated and held to meet unforeseen and unavoidable expenses. Resolution XI.2 of COP11 stipulates that the Reserve Fund should not be less than 6% of the annual core budget of the Convention and not greater than 15%.

xiv. Statement of Income and Expenditure

Following the decision of SC51-22 (November 2015), the Statement of Income and Expenditure for years ended 2018 and 2017 are presented by “function of expense”. A brief explanation of each function is as follows:

- Communications (Outreach) manages the communications functions of the Secretariat (publications, workshops, translations and websites);
- Regional Advice, Initiatives and Support provide the support to the Contracting Parties in their implementation of the Convention such as advice on the wise use of the wetlands in the territory and the designation and conservation of Ramsar Sites;
- Scientific and Technical Services provides support to the Scientific and Technical Review Panel (a subsidiary body of the Convention responsible for providing scientific and Technical advice to other Convention bodies, such as the Conference of the Parties, the Standing Committee, and the Ramsar Secretariat);
- Partnerships manage relationships between public and private partnerships; and
- Management, Operations and Support are the management and administration functions of the Secretariat, including support to Standing Committee and Conference of the Parties meetings.

xv. Comparability

The 2018 presentation is consistent with the financial statements presentation introduced in 2015 and the new Swiss Law on accounting (as per Ramsar Standing Committee decision SC51-22).

xvi. Full-time equivalents

The number of full-time equivalents, averaged over the year, did not exceed 50 (art. 959c para. 2; 2017: same).

3. STAFF COSTS

Staff costs include salary, recruitment and allowances (education and housing).

<i>in thousands of Swiss Francs</i>	2018	2017
Communications (Outreach)	373	367
Regional Advice, Initiatives and Support	1,189	1,184
Scientific and Technical Services	192	211
Partnerships	239	161
Management, Operations and Support	1,400	1,334
Total	3,393	3,257

4. FINANCIAL INCOME / (EXPENSE) (IN THOUSANDS OF SWISS FRANCS)

During the year, net financial expense was CHF 39 (primarily a net foreign exchange loss plus miscellaneous interest and other gains) compared to a net financial income of CHF 37 in 2017. Foreign exchange gains and losses directly attributable to projects are dealt with under the respective projects.

5. PROVISIONS FOR STAFF TERMINATION, LEAVE AND REPATRIATION

Provisions for staff termination are amounts set aside to cover the Ramsar Convention in case of unplanned termination of indefinite staff contracts leading either to legal costs or redundancy payments or other costs not otherwise budgeted for.

Management recommends a target of 10% of annual salary.

The provision for staff leave covers the estimated cost of accrued, unused staff vacation which will be taken or paid after 31 December 2018. The provision for staff repatriation covers the estimated cost of repatriation of all internationally recruited staff currently on the payroll plus eligible former staff who left the Ramsar Convention within the past twelve months.

6. CONTRACTING PARTY RECEIVABLES (NET)

<i>in thousands of Swiss Francs</i>	2018	2017
Gross membership dues receivable	1,496	1,886
Provision against dues in arrears	(663)	(720)
Net membership dues receivable	833	1,166

Provision against dues in arrears is calculated as per the policy stated under Note 2(xi).

7. OTHER RECEIVABLES

<i>in thousands of Swiss Francs</i>	2018	2017
Prepayments	3	53
Staff advances	4	10
Contributions for COP13 Delegate Support	36	-
Rent guarantees and sundry receivables	11	11
Total	54	74

8. OTHER PAYABLES

<i>in thousands of Swiss Francs</i>	2018	2017
Membership prepayments	676	396
Accounts payable	107	134
Pension and insurance payables	44	34
Total	827	564

9. NON-CURRENT ASSETS (NET)

<i>in thousands of Swiss Francs</i>	2018	2017
Office Furniture and Computer Equipment at cost	101	94
Amortisation and impairment on fixed assets	(83)	(73)
Fixed assets (net)	18	21

10. SWISS GOVERNMENT TAX REBATE

Non-Swiss staff are exempt from paying taxes on their IUCN earnings on the basis of a Fiscal Agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staffs, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retained Swiss Income Tax and is classified as unrestricted income.

11. UNRESTRICTED RESERVE FUND (CORE FUND) (IN THOUSANDS OF SWISS FRANCS)

Resolution XIII.2 of COP13 (October 2018) approved the use of up to CHF 298 of core surplus reserve funds to supplement the 2019-2021 triennium budget and to support the work of the Effectiveness Working Group. Standing Committee SC57 in 2019 will decide on the allocation of the remaining core surplus reserve funds.

<i>in thousands of Swiss Francs</i>	2018	2017
Opening balance	1,801	1,270
Remaining Surplus / (Deficit) for the year	395	531
Closing balance	2,196	1,801

12. PROJECTS FINANCED BY RESTRICTED FUNDS

In accordance with Standing Committee decision SC54-26 (April 2018), the overview of projects financed by restricted funds (non-core funds) will be published in separate reports to the Standing Committee.