

Welcome

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Meeting of the Subgroup on Finance -
SC43 – 31 October 2011

This morning:



- Two documents:
DOC. SC43-03 – 2011 and 2012
DOC. SC43-02 - 2013-2015 and DR
- Context
- Complex
- Seeking understanding, discussion, SC decisions, robust COP 11 DR

Desired SC43 financial decisions



- 2011
- 2012
- Reserve Fund Plan
- Arrears
- 2013-2015 and DRs
- Other

Realities



- Huge uncertainty economic environment
- International “business”
- Strength of Swiss Franc, weakness of USD and Euro. Huge daily volatility. Less exposed than many, but the Convention balance sheet has Euro (and some USD) assets and CHF liabilities (“Structural imbalance”)
- Extremely modest reserves. Little scope to absorb adversity.
- Dependent on Parties to pay CHF contributions in order for Secretariat to spend in accordance with Parties’ wishes.
- Hits in 2010 (e/r). Hits in 2011 (USA contribution and probable other Euro losses). Likely hits in 2012 (USA contribution and probable Euro losses).

Exchange rates!

	US\$	EUR	%
31.12.2008	1.0561	1.4888	-6.3%/-10%
31.12.2009	1.0380	1.4877	-1.7%/- 0%
31.12.2010	0.9408	1.2468	-9.4%/-16.9%
Over three years			-16.5%/-24.8%
11.8.11	0.7433	1.0376	

- Rollercoaster 2011 so far
- Other Swiss based organisations planning and making dramatic adjustments. Ramsar less exposed in many ways, but we have significant vulnerabilities
- Reforecast for 2011 (handout), covering potential US shortfall, 2 SC meetings, Euro depreciation
- Strong actions taken in August 2011 –RIs payments, travel.
- Some things more certain, since. But ... still forecasting a shortfall.

- Contributions invoiced as agreed at COP 10 (supplementary invoicing possible).
- Serious, deep, 2012 rebudget (handout), looking at all income increasing and all expenditure reducing alternatives.
- Proposing no 2012 RI allocations. Increasing provision for arrears. Exchange losses should decrease, proposing no staff cost increases, no SC costs.

Predicted Reserve Movements

	<u>CHF'000</u>
Reserves at 31.12.10	302
Forecast loss for 2011	<u>-114</u>
Reserves at 31.12.11	188
Rebudget 2012	<u>-22</u>
Reserves at 31.12.12*	<u>166</u>

*The SC should not plan to operate with Core reserves at this level in the current environment. (examples – Cites Trust Fund and 15% operating cash reserve, CBD 5%, CMS higher of 15% or USD500,000.)

What to do now?

2011

- ratify actions planned by SG

2012

- ratify current 2012 rebudget
- Very strong message to all CPs re their assessed contributions for 2012, 2011, 2010 and prior.
- Start to address the reserve problem (150k (7 year 30% plan)? 325k (4 year 30% plan)?) Via emergency additional contributions from CPs. Mandatory contributions, 40th anniversary gesture/ present, voluntary contributions from CPs, voluntary contributions from elsewhere.

The 4 year Reserve Fund Plan

Reserve to be built over four years from 2012-2015 to 30%* of annual budgeted core income of CHF 5,000,000:

i.e. from 188,000 at the end of 2011 to 1,500,000 by 2015.

i.e. CHF 325,000 per annum (note: CHF325,000 per year, is 6.7% of currently budgetted income from parties for 2012, and will require larger parties to pay slightly more than this as additional contributions)

This should start in 2012 and be continued in each of 2013, 2014, 2015.

And needs to be built into SC decisions, COP resolutions and budgets. (Currently is not).

Proposed SC43 decisions (1)

- Note 2011 financial challenges
- Ratify specific 2011 SG actions taken to reduce expenditures
- Note 2012 rebudget, and proposed actions (esp RIs) (noting that this will be updated and recirculated with final 2011 accounts to the Finance Subgroup in Mar 2012)
- Ask USA to consider make payments in CHF and to reconsider how they/we deal with the 2011 (and possible future) shortfalls – keep as an on or off balance sheet obligation (recording in 2011/2 or on payment).

AND for DR

- Propose that COP 11 increases the maximum reserve fund (from 1/12 to 30%) + introduces a minimum (say CHF300,000)
- Propose to get to the maximum by when (the end of 2015?)
- Propose how to get to that maximum – 2012 action, 2013 -2015 action
- Propose to visibly add this additional income requirement to the 3 budget scenarios for presentation to COP11
- SC42-12 house-keeping – Guidelines for using the Reserve Fund

Arrears



- Thank you, sincerely, to those parties who have paid. With local and international operating challenges AND the strength of the Swiss Franc we know it has been really hard.
- Note development since May 2011, and ineffectiveness so far of Decision SC42-13
- Discussing and collecting further ideas from Parties at Regional Meetings.
- DR Proposal from SG – selection of officers for the next SC to require Parties to be no more than 2 years in arrears (at time of accepting nomination)
- Other Conventions
- Previous Ramsar proposals

Arrears - recent suggestions

- Suspension of membership (eg UNWTO)
- Not processing further Small Grants Fund (SGF) proposals;
- Providing Secretariat advice and missions (including Ramsar Advisory Missions) only in emergency situations;
- Providing delegate support to attend regional and COP meetings only if all other Parties have been assisted according to existing rules, and in any event only if the Contracting Party is not more than three years in arrears.
- Contracting Parties more than three years in arrears could be made ineligible to vote in the Convention's meetings, eg CMS ineligible for election to the Standing Committee, and ineligible to make nominations for membership of the Scientific and Technical Review Panel (STRP), eg CBD ineligible to be a member of Bureau of Conference of Parties
- To date, the Standing Committee has not supported such measures, and the Secretary General does not recommend consider such measures helpful or necessary.
- SC43 decisions (2)?

Voluntary Contributions



- Update decision SC42-15
- Pre-COP Regional Meetings – huge thanks to Australia, Canada, Czech Republic, Finland, Germany, Norway, Switzerland, USA – Cash – and Burkina Faso, Jamaica, Indonesia, Slovakia – hosts – and self supporting Parties and other organisations.
- Overall target for sponsoring delegates almost met – some difficulties in Asia and with high costs in certain areas of the world.
- COP – process underway. Challenging target of CHF900,000. Need SC decision to underline this and Reserve Fund as our 2012 priorities.

Other SC42 matters

- SC42-18 - decision being followed. Need to have SC43 decision to reinforce SC42 decision and show Parties that money for SGF and grants programmes is still a priority for on-the-ground Convention implementation.
- SC42-19 – cost estimates from earlier this year stand, no short or longer term funding opportunities have yet been identified, and feasible no low or no-cost options have been identified. Not currently budgeted for 2012 or 2013-2015 (versions A and B).

2013-2015 Budget scenarios

- DOC. SC43-02
- Basis of preparation – Core (funded) and Non-Core (unfunded)
- Three CORE scenarios
 - 1) FLAT (no inflation), A, 0% Contribution impact
 - 2) ZERO GROWTH (inflation), B, 2% contribution impact
 - 3) MODEST GROWTH, C, 4% contribution impact
- Related non-Core scenarios
- All clearly explained in the document, together with conclusions
- Recommend update for Reserve Fund addition. Additional scenario?

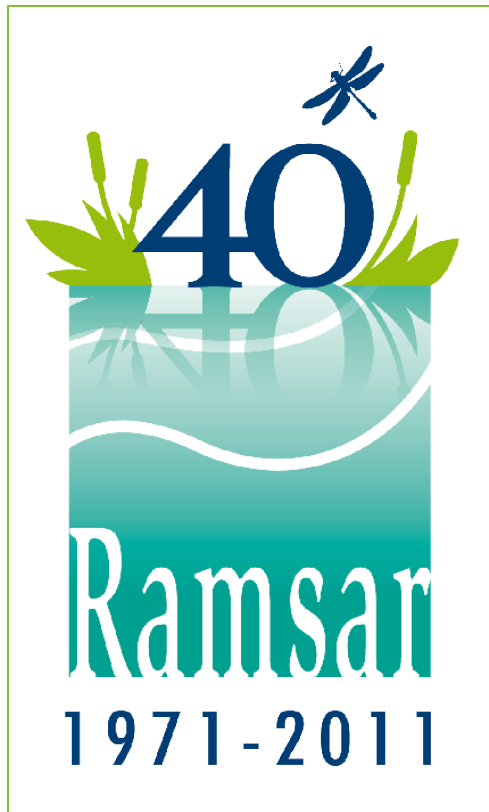
Draft Resolution



- Combined budget – paragraph 11;
- Reserve Fund – proposed text, paragraph 21, for increasing the maximum from 1/12 of annual budget to 1/10 (need to adjust and introduce minimum)
- Arrears in annual contributions – a recommendation for SC43-16, the Draft Resolution on “Adjustments to the roles and composition of the Standing Committee”. More on arrears?
- Continuation of the Partnership Coordinator – paragraph 20;
- African additional voluntary contribution – as COP10, paragraph 15;
- Voluntary contribution plea for all items in the non-Core budget (and Reserve Fund?), non-core, SGF, (COP12 sponsored delegates) and generally and signature initiatives – paragraphs 18 and 19;
- Future of the Small Grants Fund – paragraph 21 and
- Formal 13% cap on IUCN charges – paragraph 12.

- Review conclusions
- Thank you

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