**12th Meeting of the Conference of the Parties to
the Convention on Wetlands (Ramsar, Iran, 1971)**

**Punta del Este, Uruguay, 1-9 June 2015**

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|  | **Ramsar COP12 DOC.14** |

**Background information on financial and budgetary matters**

1. At its 48th meeting (SC48), **t**he Standing Committee approved for transmittal to the 12th meeting of the Conference of the Contracting Parties a Draft Resolution on financial and budgetary matters with three budget alternatives for the 2016-2018 triennium. In its decisions SC48-12 and -17, the Committee approved the draft budget scenarios for 2016-2018 for presentation to COP12 with the following additional information: to include both a budget line for “CEPA activities” and “support for the Strategic Plan” to non-core budget; to prepare an information paper providing background documentation to support all items in the non-core budget; and to prepare an information paper outlining the additional costs to each Party under the 2% and 4% core budget scenarios.
2. As per COP11, a Combined budget, one which includes both a Core budget funded by contributions from Parties, based on the UN Scale of Assessments as previously, and a non-Core element to be financed by additional voluntary contributions has been prepared. The Secretariat and the Standing Committee strongly believe that COP approval of both elements for the 2016-2018 triennium will positively support the efforts of all Parties and partners implementing the Convention’s Strategic Plan in securing funding for the Ramsar Convention and the implementation its New Strategic Plan.
3. Annex 1 to the Draft Resolution on Financial and Budgetary Matters (DR01) and to this paper provides the core budget for each of the three budget scenarios. Annexes 1, 3 and 4 to this paper provide the details of the Core Budget alternatives, the contributions required to fund these alternatives, and the staffing to support 2016-2018 actions. Annex 2 provides the Non-Core Budget alternatives.

**Core budget**

1. Attached in Annex 5 is a brief summary of how the Core budget set at COP11 has been utilized. Parties will recall that COP11 approved a 0% annual increase in contributions from Parties for 2013-2015. Annual revisions to the budgets approved by COP11 have been agreed with the Standing Committee for 2014 and 2015 to reflect current realities.
2. The three Core budget scenarios for 2016-2018 for COP12 consideration are attached in Annex 1. Annex 3 provides the indicative contributions by Party for the two alternatives (assuming no change in the UN Scale of Assessments nor in Contracting Party membership).

**Core 2016-2018 – Contribution income**

1. The starting point for the 2016-2018 Core budgets is the Core contributions from all Parties for 2015, as approved at COP11. Scenario A assumes that these contributions (in total amount) do not change for 2016, 2017, and 2018. Scenario B assumes that these contributions increase by 2% from 2015 and remain the same in each of the three years. Scenario C assumes that these contributions increase by 4% from 2015 and remain the same for each of the three years.

**Core 2016-2018 – Other incomes and expenditure**

1. All other incomes and expenditures for 2016-2018 have been reassessed based on current expectations, working within the overall constraints of paragraph 6 above and guided by the decisions of SC48. Please refer to Annex 1 for the details.
2. Further explanation of key elements of the Core budget is provided in paragraphs 9 to 27 below, taking first the elements where the treatment of the elements is consistent in all budget versions, and then those elements where the budget assumptions are different. Budget version A is considered by the Secretary General to be an unfortunate choice as it will likely reduce Secretariat capacity over the triennium (see paragraphs 19 to 22 below).

**Core expenditure assumptions consistent in Scenarios A, B and C**

1. No changes in hosting arrangements for the Secretariat are anticipated. The budgets assume continued hosting by IUCN under the Letter of Agreement with IUCN signed in 2009. The charges are renegotiated annually. In 2015, negotiations will start on renegotiation of the Letter of Agreement as requested by Parties (SC48-17). Discussion will include the service fees taking into account: i) a new accounting system implemented by IUCN that has increased Ramsar staff workload, and ii) review of the service fees against delivered services. All scenarios assume the service fees to be reduced to CHF 540,000 (from CHF 566,000 in 2013-2015 budgets). The 2016-2018 service fees of CHF 540,000 represent 10-11% of the total Core expenditure budget lines and do not exceed the 13% maximum introduced by decision SC37-41(2008) and now included in paragraph 12 of Draft Resolution COP12 DR1.
2. **Staffing**. All three Core budget scenarios assume the continuation of the 26 positions (24.5 full-time equivalents) listed in Annex 4. In all scenarios, payroll costs represent approximately 66% of the Core budget.
3. **Other Employment Benefits**. Other employment benefits consist of home leave (expatriates), child education allowance and relocation costs. There are slight changes to “other employment benefits” to account for cost increases. The exception is the senior management budget with a decrease of CHF 13,000 from 2015 due to the allowance made in 2015 for the deputy secretary general relocation.
4. **Travel.** Travel budgets for the 2016-2018 triennium increase by CHF 30,000 (from CHF 135,000 to CHF 165,000). This is to adjust for travel cost increases and proposed increases to Senior Management, Regional Advisors and Communications travel budgets. Travel costs represent 4% of core budget.
5. **RSIS and Web/IT Support**. There is a RSIS annual budget reduction of CHF 75,000 from 2013-2015 triennium, considering that the COP10 approved investment in the RSIS redevelopment was finally completed in 2015. The ongoing web support costs of CHF 65,000 per annum are supplemented by an anticipated necessary investment in the RSIS website of CHF 10,000 per annum to cover further development of the facilities aimed at greater visibility. The Web/IT support budget of CHF 90,000 per annum consists of two main contracts and costs are expected to remain consistent.
6. **Communications.** An additional CHF 12,000 per annum is re-allocated for “Communication, Translation, Publications and Reporting” to respond to the call for greater visibility and the importance of communicating key messages through traditional and new media, and to support Parties’ efforts and their need for materials (virtual, print, film, clip, photo, sound) which are highly attractive to the target audiences in different languages; this reflects the drive for an increased number of supporters for the Convention and for wider involvement in wetlands.
7. **Regional Initiatives and STRP**. Core funding remain the same as the previous 2013-2015 triennium.
8. **SC Translation.** A new budget line for SC Translations, CHF 60,000 per annum, is budgeted for translation of Standing Committee documents into Spanish and French, in line with Decision SC47-07 on “Concerning accommodation of UN Languages under Resolution XI.1”.
9. **Reserve Fund**. At COP11, Resolution XI.2, Financial and Budgetary Matters, paragraph 21.c, it was decided that reserve funds be 6-15% of annual core budget. As the reserve fund is 14% of the annual core budget, there is no reserve provision budgeted for the 2016-2018 triennium.
10. **Provisions.** In the 2013-2015 triennium, there was a CHF 160,000 budget for provisions: reserves, bad debt (contributions), exchange rates, staff terminations and staff repatriations. Because these accounts are sufficiently funded, it is anticipated that a provision budget of CHF 50,000 per annum is sufficient for the 2016-2018 triennium.
11. **Regional Officers.** There is a long desired plan to recruit Regional Officers or additional support for the Partnership unit. At SC48, decision SC48-12 approved a Regional Officer (Africa) within the 2015 Core budget and this position continues through the 2016-2018 triennium. The support to fund a Regional Officer (Africa) shows progress toward those goals.

**Core expenditure assumptions differing in Scenarios A, B and C.**

1. Summary of the main differences in Scenarios A, B and C.



1. **Ramsar Advisory Missions**. Ramsar Advisory Missions (RAMS) for Parties unable to self-fund their missions as there is increasing need and recognition of the value of the RAMs around the world in all geographies. Scenarios B and C core budgets provide a modest CHF 50,000 annual increase to support Ramsar Advisory Missions.
2. **Regional Officer**. The proposed staff member, under Scenario C, is for one Regional Officer (Americas). This would add to the post of Regional Officers for Africa and for Oceania that have been agreed previously. The choice to support the Americas responds to the call from the Region and increasing needs of Parties for support and advice and the ever-increasing work related to both Ramsar Sites and other wetlands and the needs in relation to the new Strategic Plan. This post will, inter alia, provide technical support to Parties in using and updating the new RSIS and in the analysis, investigation and resolution of Article 3.2 files, and assistance to make regional initiatives active and secure finance for regional and national initiatives. Scenario C is the only option with sufficient funding to support the cost of hiring a staff member.
3. **Salary increase for merit.** Salaries for all staff have remained static since 2011. Incentives are needed to retain staff and reward the highest achievers. In Scenarios B and C, CHF 30,000 is budgeted to provide annual merit awards for 5-6 staff members.
4. **Training.** IUCN is starting to introduce a training budget for its staff and it is considered that opportunities for development of Ramsar staff should also be opened up. The initial call on this budget would serve to assess demand for all staff, but it is recognized that the amount is relatively low considering that major employers are investing 1.0 - 1.5% of staff budget costs for training and development.
5. **The Secretary General is confident that Scenario A is not a realistic budget given the current and anticipated future demands of Parties.** As presented, Scenario A is the best budget that can be proposed with a flat income for three years. With no salary increases in 2015, however, and a budget allowing for no increase for another three years, Scenario A will have a dramatic effect upon the management of the Secretariat’s key resource – people. The Secretary General will not be able to resist some payroll cost increases, and he and the Standing Committee have few choices for other areas of cost savings.
6. Scenario B gives the Secretary General a total of CHF 306,000 over three years to support Regional Advisory Missions and to reward staff with overdue salary merit increases and basic training. This is not a huge amount, but it is a balance between investing in the Secretariat (staff) and outside the Secretariat through advisory missions. The Conference of the Parties can also direct that these Scenario B increases should go elsewhere.
7. Scenario C gives the Secretary General a total of CHF 609,000 over three years to make a real difference in supporting Ramsar work with a dedicated Americas Regional Advisor, Ramsar Advisory Missions and reward staff with overdue salary merit increases. As mentioned above, there is a long desired plan to recruit Regional Officers and Scenario C will bring Ramsar one step closer to achieving this goal. The Conference of the Parties can alternatively direct that these Scenario C increases should go elsewhere.

**Non-Core budget 2016-2018**

1. A non-Core unfunded budget is in Annex 2. (In future, Core and non-Core alternatives will complement each other to a greater degree.)
2. The expenditure items included in the non-Core, unfunded budget are those that are not funded by Core but are considered either necessary to deliver the Strategic Plan 2016-2021 or strongly directed by recent COP Resolutions and Standing Committee decisions. These include:
3. *Budget Item A*: additional Secretariat staffing and three Regional Officers from 2014;
4. *Budget Item B*: funding for emergency Ramsar Advisory Missions for Parties unable to self-fund their missions (Strategy 2.4, 2.6);
5. *Budget Item C*: cost of staff member to convene and facilitate a coalition of governments, private sector and civil society for a Global Partnership on Wetlands Restoration;
6. *Budget Item D*: cost of translation of documents into Arabic (3 year gradual translation process);
7. *Budget Item E*: cost to build a virtual network of Wetland Professionals requiring a junior professional to manage the input, results management and capacity building for the new platform;
8. *Budget Item F*: execution of the STRP programme of work for 2013-2015 (Strategy 1.1, 1.2, 1.4, 1.5, 1.6, 1.7, 1.9, 2.5, 3.1). The cost estimate in budget item E includes all tasks planned for 2013-2015 including the GWOS project, but excluding the RSIS project in b below, which is included in Budget Category 1;
9. *Budget Item G*: financial support for Regional Initiatives;
10. *Budget Item H*: increase staffing capacity to leverage ongoing wetlands data mapping information from Japanese Space Agency, European Space Agency and others;
11. *Budget Item I*: re-invigorate the appreciation of culture, wetlands and livelihoods. Through Resolutions VIII.19 (2002) and IX.21 (2005), the Contracting Parties of Ramsar Convention have moved to strengthen the role of culture in supporting wise use and international co-operation associated with wetlands, and these are supported by a Guidance Document (2008);
12. *Budget Item J*: CHF 1 million per annum of resourcing for the Small Grants Fund and CHF 400,000 (total CHF 1,400,000) in other grant funding in order to keep the three current grant programmes operational. As discussed by the Parties at previous COPs, and at Standing Committee meetings, throughout the current triennium. These grant programmes need this minimum funding in order to keep the programmes alive and operationally efficient. At recent levels of funding, the programmes are not an efficient use of either the applicants’ or the Secretariat’s limited resources. (Grants support many 2009-2015 Strategies, including 1.3 and 5.1);
13. *Budget Item K*: develop online reporting systems based on indicators developed for the 4th Strategic Plan 2016-21;
14. *Budget Item L*: delivery of one CEPA action planning workshop and other CEPA actions to support the Core-funded CEPA activities (Strategy 4.1);
15. *Budget Item M*: increase support to World Wetland Day of CHF 150,000 to complement Danone’s EUR 250,000 contribution, with preparation and dissemination of products such as fact sheets, publicity leaflets posters and other CEPA materials for customization and promotion of WWD (Strategy 4.1);
16. *Budget Item N*: extend “IUCN World Heritage Outlook” to another 100 Sites (as approved at SC48 DR Status of Ramsar List);
17. *Budget Item O*: annual regional meeting funding, with enhanced funding in the pre-COP year to fund delegates and meeting costs for COP preparatory regional meetings;
18. *Budget Item P*: funding for sponsoring eligible delegates to COP13 in 2018 (Strategy 3.3, 4.2).
19. The non-Core income is largely anticipated to come from Contracting Parties, although there is also an assumption that increasing contributions will be secured from non-Contracting Parties, including foundations, individuals and the private sector.

**Other comments**

1. The presentation and COP approval of a Combined budget (with both a Core, funded element and a non-Core, unfunded element) should support the growth of the Convention and help the Parties and the Secretariat in their efforts to mobilize resources, and better align the Strategic Plan with the Financial Plan. Resources can come from different sources, and budgets can be revised and re-prioritised over time, but mid-term commitment for 2016-2018 via a Combined Budget, to support Core costs and more developmental activities, is helpful in the currently challenging financial times. Having a voluntary funded budget endorsed by Parties will greatly support the Convention’s fundraising efforts.
2. Parties’ commitment to clearing outstanding contributions could free up substantial additional resources. At 31 December 2014, outstanding contributions for 2014 and prior amounted to more than CHF 915,000, which is more than 24% of that year’s income. More information on outstanding contributions is included in COP12 DOC.15.
3. The further development of both people and technology is not well provided for in the Convention’s current core budget. There is no budget for training and development of Secretariat staff (except in the 2% scenario (B)), and this sum is considered small compared to other organizations that tend to set aside 1.5% of staff costs per staff per year. However, IUCN is also just starting to invest in training and we will work with the issue over the triennium.
4. There is still little capital development plan in terms of technology. Databases require regular and significant investment; key communications platforms and tools need regular 3-5 year refreshment or replacement. The Secretariat, as an information repository, needs highly effective document management technologies to efficiently support its activities, and providing access to various forms of wetland data is also critical to the Convention’s mission. Whilst Ramsar’s arrangement with IUCN provides for IT maintenance, IUCN’s internal and external needs in terms of communication and documentation, and their priorities, are somewhat different from Ramsar’s. The inclusion of an IT Officer on the payroll will still leave the need to consider a larger investment in technology by COP13 or earlier. In the 2016-2018 proposed budgets, the focus is not on IT personnel and technology investment; it is on supporting local, national and regional activities on the ground.

**Annex 1: 2016-2018 Core Budget Scenarios**



**Annex 2: 2016-2018 Non-Core Budget Scenarios**



**Annex 3: Contracting Parties’ contributions 2016-2018 for Scenarios A, B and C, and change from 2015**







**Annex 4: Staff Positions as of February 2015**



**Annex 5: Summary of financial results – Core, 2013-2014 and 2015 Approved Budget (SC48)**

