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

Gland (Switzerland)

***Report of the auditor
on the financial statements
2017***





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 expenditure, cash flow statement and notes, for the year ended 31 December 2017.

Managements' 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 the 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 2017 comply with Swiss law.

**Other matters**

The Appendix A as of 31 December 2017 and for the year then ended, is presented for the purpose of additional analysis and is not a required part of the financial statements. The information included in Appendix A is the responsibility of the Ramsar's management. The information in Appendix A has not been subject to audit procedures; accordingly, we neither express any assurance nor issue an audit opinion on the information included in Appendix A. Our opinion is not qualified in respect of these matters.

PricewaterhouseCoopers SA

Yves Cerutti
Audit expert
Auditor in charge

Fanny Chapuis
Audit expert

Geneva, 9 April 2018

Enclosures:

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

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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

	Notes	2017	2016
<i>in thousands of Swiss Francs (CHF '000s)</i>			
ASSETS			
Current assets			
Cash and short term bank deposits		4,466	4,599
Contracting Party receivables (net)	6	1,166	624
Other account receivables	7	74	98
Total current assets		5,707	5,321
Total non-current assets	9	21	21
TOTAL ASSETS		5,728	5,342
LIABILITIES AND FUND BALANCES			
Current liabilities			
Amount owed to IUCN		475	277
Other Payables	8	564	766
Accrued liabilities		175	111
Total current liabilities		1,213	1,154
Provisions			
Staff repatriation	5	135	120
Staff leave	5	139	100
Staff termination	5	123	89
Total provisions		396	309
Fund and Reserves			
Unrestricted reserve fund	11	1,801	1,270
Restricted Projects	12	2,317	2,609
Total fund and reserves		4,118	3,879
TOTAL LIABILITIES AND FUND BALANCES		5,728	5,342

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

		2017			2016		
	Notes	Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
in thousands of Swiss Francs (CHF '000s)							
Income							
<i>External income:</i>							
		3,779	-	3,779	3,779	-	3,779
		1,066	41	1,107	1,066	76	1,142
		-	14	14	-	14	14
		-	375	375	-	625	625
	10	215	-	215	172	-	172
Total external income		5,059	430	5,489	5,017	716	5,733
Transfer between core and projects		-	-	-	(277)	277	-
Total Income		5,059	430	5,489	4,740	993	5,733
Expenditure							
<i>Operating expenditure:</i>							
		(334)	(167)	(501)	(460)	(184)	(644)
		(1,384)	(321)	(1,704)	(1,242)	(418)	(1,660)
		(309)	(67)	(376)	(146)	(10)	(156)
		(96)	(161)	(257)	-	(432)	(432)
		(2,381)	(18)	(2,399)	(2,164)	(70)	(2,234)
Total operating expenditure		(4,504)	(734)	(5,237)	(4,011)	(1,115)	(5,126)
Net Surplus/(Deficit) before Financial Income/Expenditures		555	(304)	252	729	(122)	607
<i>Other income (expenditures):</i>							
	4	176	12	188	127	7	135
	4	(151)	(1)	(151)	4	(122)	(119)
		(49)	-	(49)	37	-	37
Total other income/expenditures		(24)	12	(12)	169	(115)	54
Net Surplus/(Deficit) after Financial Income/Expenditures		531	(292)	239	898	(237)	661

STATEMENT OF FUND BALANCE for the year ended 31 December

		Preliminary 2017			2016		
		Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
<i>in thousands of Swiss Francs (CHF '000s)</i>							
Fund balance at the beginning of the year		1,270	2,609	3,879	372	2,846	3,218
Net income / (expenditure) for the year	11	531	(292)	239	898	(237)	661
Transfer (from) to reserve fund		-	-	-	-	-	-
Fund balance at the end of the year		1,801	2,317	4,118	1,270	2,609	3,879

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 2017

in thousands of Swiss Francs (CHF '000s)

	2017	2016
Cash flow from operations		
Surplus/(Deficit) from Operations	239	661
Depreciation of fixed assets	10	15
Increase / (decrease) in provisions for membership dues in arrears	67	(37)
Increase / (decrease) in staff leave and repatriation liabilities	54	(69)
Increase / (decrease) in the provision for staff termination	33	(138)
(Increase) / decrease in membership dues receivables (gross)	(609)	72
Increase / (decrease) in payables to partner organisations	198	(498)
(Increase) / decrease in other accounts receivable	24	(10)
Increase / (decrease) in membership dues paid in advance	(76)	(52)
Increase / (decrease) in accounts payable and accrued liabilities	(81)	15
Increase / (decrease) in social charges payable	19	(9)
Total Cash flow from operations	(123)	(51)
Cash flow from investing activities		
Purchase of fixed assets	(10)	(2)
Total Cash flow from investing activities	(10)	(2)
Net Cash inflow/(outflow) for the year	(133)	(53)
Cash and short term deposits at the beginning of the year	4,599	4,652
Cash and short term deposits at the end of the year	4,466	4,599

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 2017

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.

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 2017</u>	<u>31 December 2016</u>
USD	0.9808	1.0252
EURO	1.1706	1.0718
NOK	0.1188	0.1180

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 was 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%

In accordance with the new calculation method, the 2017 provision is CHF 720 whereas it would have been CHF 869 using the previous calculation method.

Prior to 2017, the provision calculation method applied the following percentages to the total outstanding balance for each Contracting Party based on the age of their oldest outstanding balance:

- Outstanding dues from contracting parties for 6 or more years 100%
- Outstanding dues from contracting parties for 5 years 80%
- Outstanding dues from contracting parties for 4 years 60%
- Outstanding dues from contracting parties for 3 years 40%
- Outstanding dues from contracting parties for 2 years 20%
- The rest of outstanding dues from contracting parties 5%

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, the Statement of Income and Expenditure for years ended 2017 and 2016 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.

xv. Comparability

The 2017 presentation is consistent with the new 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; 2016: same).

3. STAFF COSTS

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

<i>in thousands of Swiss Francs</i>	2017	2016
Communications (Outreach)	367	454
Regional Advice, Initiatives and Support	1,184	1,160
Scientific and Technical Services	211	109
Partnerships	161	64
Management, Operations and Support	1,334	1,239
Total	3,257	3,026

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

During the year, net financial income was CHF 37 (primarily a net foreign exchange gain plus miscellaneous interest and other gains) compared to a net financial income of CHF 16 in 2016. 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 2017. 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>	2017	2016
Gross membership dues receivable	1,886	1,277
Provision against dues in arrears	(720)	(653)
Net membership dues receivable	1,166	624

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>	2017	2016
Prepayments	53	78
Staff advances	10	9
Rent guarantees and sundry receivables	11	11
Total	74	98

8. OTHER PAYABLES

<i>in thousands of Swiss Francs</i>	2017	2016
Membership prepayments	396	473
Accounts payable	134	278
Pension and insurance payables	34	15
Total	564	766

9. NON-CURRENT ASSETS (NET)

<i>in thousands of Swiss Francs</i>	2017	2016
Office Furniture and Computer Equipment at cost	94	84
Amortisation and impairment on fixed assets	(73)	(63)
Fixed assets (net)	21	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)

The 2016 movement in the Core reserve fund was broken down to show (a) the replenishment of the Core reserve fund to the maximum 15% of the annual Core budget (CHF 762) per Note 2(xiii) plus (b) the remaining 2016 surplus was allocated to 2017 and 2018 budgets in accordance with decision SC53-29. The surplus amount for 2017 will be carried forward into 2018 and SC54 in 2018 will decide on the allocation of the un-allocated surplus of CHF 44 from 2016.

<i>in thousands of Swiss Francs</i>	2017	2016
Opening balance	1,270	372
Replenishment of the Core reserve fund	-	390
Remaining Surplus / (Deficit) for the year	514	508
Subtotal Core reserve movement for the year	514	898
Transfer of surplus (deficit) reserve to Restricted Funds	-	-
Closing balance	1,784	1,270

12. PROJECTS FINANCED BY RESTRICTED FUNDS

An analysis of projects financed by restricted funds is provided in Appendix A (Unaudited).

Appendix A: PROJECTS FINANCED BY RESTRICTED FUNDS

For the period of 1 January 2017 to 31 December 2017 (CHF '000s, includes rounding errors)

<i>in thousands of Swiss Francs (CHF '000s)</i>	Balance (deficit) at 31 December 2016	Income during 2017	Expenditure during 2017	Project Transfers and Cross charges	Balance (deficit) at 31 December 2017
	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR
<u>International Cooperation</u>					
R100159 SGF-2009	60	-	-	-	60
R100160 SGF 2010	53	-	-	-	53
R100161 SGF-2011	23	-	-	-	23
R100163 SGF-2013	0	-	1	-	1
R100266 SGA-2016	52	-	1	(4)	49
R100350 WFF-Exchange	3	0	(11)	8	-
R100362 WFF-2012	105	(0)	(38)	(33)	35
R100364 WFF-2014	97	0	(48)	-	49
R100365 WFF - 2015 - 2017	160	41	-	-	201
R100407 RI Central Asia (Norway)	3	(0)	0	-	3
R100408 Nagao Wetland Fund (NEF Japan)	91	87	(66)	(8)	104
R100809 Danone Ecole de l'eau	21	-	-	-	21
R100814 Danone 2014	30	-	(0)	-	30
R100819 Danone Spring	10	-	(1)	-	9
Total of International Cooperation	692	128	(170)	(12)	638
<u>Listed Sites</u>					
R100110 RAM	90	81	(73)	-	98
Total of Listed Sites	90	81	(73)	-	98
<u>Other</u>					
R100100 Admin	865	4	(0)	(74)	795
R100102 RSIS redevelopment	36	-	(20)	23	39
R100103 Web redevelopment	62	-	2	-	64
R100104 Development	7	0	-	-	7
R100105 Science Review	33	-	-	-	33
R100106 Strategic Plan 2016	18	-	-	-	18
R100108 COP12 Translation (FOEN-CH)	45	-	-	-	45
R100190 Water cycle	11	-	-	-	11
R100210 WA Urbanisation	16	-	-	-	16
R100310 Americas - Admin	(1)	-	-	1	-
R100311 Rio Cruces	110	2	-	-	112
R100402 Bhutan	(10)	-	-	-	(10)
R100403 AIT/JAPAN/MYANMAR	2	-	-	(2)	-
R100404 KOREA/WETLAND CENTRES	3	-	-	(3)	-
R100405 RI Central Asia (Japan)	1	-	(1)	-	-
R100406 WWF Grant, WWD Korea	(1)	-	(3)	-	(4)
R100631 COP - Delegate Support	2	-	-	(2)	-
R100637 COP-2018	-	-	-	49	49
R100638 SC-Standing Committee	-	-	-	32	32
R100700 CEPA	-	-	-	9	9
R100815 Danone 2015	(6)	-	6	-	-
R100816 Danone 2016	114	-	(172)	(5)	(62)
R100902 STRP 2009-2011	11	-	-	(11)	0
R100903 STRP 2013-2015	113	-	-	(113)	0
R100904 STRP 2016-2018	30	0	(20)	124	133
R100910 TEEB	39	-	-	-	39
R101000 SSFA, Expert Group on Water Cycle	21	-	(23)	-	(3)
R101001 WCMC, Online National Report Format	13	0	0	-	14
R101002 NORAD 2015	42	0	(15)	-	27
R101003 MAVA 13-32	65	141	(130)	(15)	61
R101004 UNEP, Law and Environment Outlook	(3)	-	3	-	-
R101005 Wetlands Extent Trends (WET) Index	24	-	(24)	-	-
R117100 UNEP Infomea Project funds	-	25	(20)	(6)	-
R118100 Ramsar Pre_COP 13-FUNDS All Parties	-	45	0	-	45
Total of Other	1,659	218	(417)	10	1,470
<u>Regional Initiatives</u>					
R100132 RI - WACOWET	49	-	-	-	49
R100133 RI - CARIWET	(4)	-	-	-	(4)
R100135 RI - Mangrove	(1)	-	-	-	(1)
R100137 RI - East Africa Centre	27	-	-	-	27
R100142 RI - Amazon River Basin	30	0	(21)	-	9
R100143 RI - Central Asia	12	-	(12)	-	-
R100144 RI - Indo-Burma	30	-	(30)	-	-
R100145 RI - Senegal River Basin	12	-	(12)	-	-
R100200 AVC, African Regional Initiatives	14	15	(0)	2	31
Total of Regional Initiatives	169	15	(75)	2	112
Grand Total	2,609	442	(734)	(0)	2,317