

Report of the teleconference of the Subgroup on Finance, 13 January 2021

Participants:

Members of the Subgroup on Finance

Costa Rica, Estonia, Japan, Mexico (Chair), Panama, Senegal, Switzerland and the United States of America.

Representatives of Ramsar Regional Initiatives (present under agenda item 3 below)

Coordinators of the Indo-Burma Ramsar Regional Initiative (IBRRI), represented by IUCN, and Ramsar Regional Initiative for Central Asia (RRI-CA), represented by Turkmenistan.

Secretariat

Secretary General, Deputy Secretary General, Finance Manager, Executive Assistant to the Secretary General.

Summary

The Chair opened the meeting thanking members of the Subgroup for being available to meet intersessionally and to discuss financial matters of the Convention such as 2020 budget implementation, cash position and outstanding contributions, as well as requests for additional funding for Ramsar Regional Initiatives and financial analysis for the Standing Committee's Observer Status Working Group.

1. Overview of 2020 budget implementation

The Secretary General provided an overview of the 2020 budget implementation as of end of November. The Secretariat was in the process of closing the year. The main highlight was the low level of budgetary expenditures resulting from the pandemic, including that meetings of the governing and subsidiary bodies and travel were not possible. The status of implementation was presented for the Subgroup to note. The results of the year and proposed budget for 2021 will be presented after the audit at the planned meeting of SC59.

The Secretariat further informed that, as per Decision SC57-50 and Resolution 5.2, any unused and uncommitted balances on 2020 budget lines would be marked as carry forward in the same budget lines and submitted to SC59 for a decision on further allocations. Additionally, the Secretariat foresaw one presentation change in the 2021 budget, to rename Section A of the expenditures budget as "Senior management and governance". Other changes will be expected in the salary lines, as a result of further improvements in the operations of Secretariat, such as the implementation of IUCN policies on performance and promotions to retain high performing staff, the review of grades and salary levels to be consistent with IUCN and more competitive with similar organizations, and the change of intern positions to junior professional positions, ensuring that all changes are made within the same staff budget allocation levels.

Lastly, the Secretary General informed the Subgroup about the ongoing recruitment of a position to support the Secretariat's communications capacity through the use of the management fees from the non-core contributions, in line with Decision SC58.17

Members of the Subgroup expressed appreciation of the transparent presentation of the budget including details about the allocation decisions, as well as the conservative approach of the Secretariat's expenditures. They agreed with carrying forward unspent funds and using the management fees to cover the communications position.

2. Cash position and status of outstanding contributions

The Secretariat informed the Subgroup that the increased provision for outstanding contributions resulted from the change of methodology applied in 2019, as per the auditor's request and endorsed by Decision SC57-39, to calculate the provision against outstanding contributions in a manner that complies with Swiss Law. The provision for outstanding contributions will need to be increased for 2020 and the adjustment will be done within the 2020 approved budget line for Provisions.

The Subgroup acknowledged the level of contributions received in 2020, which showed better progress than in 2019, and thanked Contracting Parties, the Secretariat and the Regional Representatives in the Standing Committee for the efforts made to address the payment of outstanding contributions, including old balances.

3. Request from two Ramsar Regional Initiatives for additional funds

As per Decision SC58-28, the Secretariat received reports and requests from two eligible Ramsar Regional Initiatives (RRIs), IBRRI and RRI-CA, for the distribution of the remaining allotted CHF 10,000 in funding not yet released from the budgeted CHF 25,000 allocated for each eligible RRI.

The representatives of IBRRI and RRI-CA were invited to present to the Subgroup their request for the remaining amount of CHF 10,000 that was not allocated in the June intersessional meeting due to balances of residuals and concerns about future liquidity risks amid the pandemic. In light of the better-than-expected preliminary financial results, the Subgroup on Finance agreed to recommend to the Standing Committee to approve the request to distribute these funds, which will be reflected in the 2020 reports.

Recommendation for decision by the Standing Committee:

The Subgroup on Finance recommends that the Standing Committee approve the remaining budgeted allocation of CHF 10,000 from the original proposal of CHF 25,000 to two of the four eligible Ramsar Regional Initiatives (RRIs) in the context of Decision SC58-28, for their activities in 2020 from the core budget line D "Support to Regional Initiatives". The two RRIs are the Regional Ramsar Initiative for Central Asia and the Indo-Burma Ramsar Regional Initiative.

- **Action item: Secretariat to send the recommendation by email to the SC for intersessional endorsement, and to prepare an amendment of the current RRIs' contracts and distribute the funds to the relevant RRIs after endorsement by the Standing Committee.**

4. Group confirmation of outstanding Contracting Parties' balances

The Secretariat informed the Subgroup that in relation to Decision SC58-18 and as per the further agreement with the PwC auditors, a communication would be sent to the Standing Committee in January by email with the request to acknowledge the status of assessed contributions as per 31

December 2020 with the table “Status of assessed contributions as of 31 December 2020” in the attachment. The communication would make explicit that if no questions or comments are received by a certain date, the status of assessed outstanding contributions would be considered acknowledged.

5. Consider request from the SC Observer Status Working Group for additional funds

The Secretary General reported on the Observer Status Working Group’s request for additional funds of CHF 17,000 on top of the CHF 15,000 already allocated to that Working Group to support its work to conduct a financial analysis of options identified in the “Independent analysis on the legal status of the Secretariat of the Convention on Wetlands”. The Secretariat identified possible use of unspent funds under the 2020 Legal Services budget line in order to accommodate this request.

Different views were presented by Subgroup members. Some members expressed concerns about the request of the Observer Status Working Group, about timing, preferring submission to the Standing Committee of the recommendations from the Observer Status Working Group prior to allocation of resources for additional work that was not explicitly mandated by the Standing Committee, and about the amount requested, which is higher than the amount allocated originally for the work of the Working Group, effectively more than doubling the resources for consultant fees to support the work of this Group. Other members expressed concern about precluding the work from being done in time and supported the allocation since they considered that the additional work was important for the Standing Committee’s consideration of the issue, also having in mind that considerable time has already been invested in this work. Some Subgroup members also expressed their view that, while concerns about the potential for expending additional resources for non-essential work by consultants during tight financial times were expressed by Working Group members during their discussions, the request had been agreed by consensus by the Working Group on the Observer Status and that it was beyond the purview of the Finance Subgroup to engage into the content of the recommendation of the Observer Status WG and its task to concentrate the attention to provide guidance and advice to the Secretary General in the discharge of his/her duties in connection with the administration of the finances of the Convention (this shall include all issues related to the sourcing and use of funds in the Reserve Fund).

Recommendation for decision by the Standing Committee:

The Subgroup on Finance recommends that the Standing Committee approve an additional allocation of up to CHF 17,000 from the carry-forward of the 2020 approved budget line Legal Services to conduct a financial and procedural analysis of options identified in the “Independent analysis on the legal status of the Secretariat of the Convention on Wetlands”, to supplement the amount of CHF 15,000 previously allocated as requested by the Standing Committee’s Observer Status Working Group, albeit noting there were divergent views within the Subgroup regarding the timing and level of funding requested.

- **Action item: Secretariat to send recommendations of the Subgroup on Finance for intersessional endorsement by the Standing Committee via e-mail.**