

**CONVENTION ON WETLANDS (Ramsar, Iran, 1971)**  
**40th Meeting of the Standing Committee**  
**Gland, Switzerland, 11-15 May, 2009**

Agenda items 8 and 9

**Meeting of the Subgroup on Finance:**  
**12 May 2009 (0900-1200 h)**

**Report & Recommendations**

**Participants:**

Members: Finland (Chair), China, Jamaica, Marshall Islands, and Mexico (Nigeria not present).

Observers: Argentina, Japan, Republic of Korea, I.R. Iran, Paraguay, Switzerland, South Africa, Georgia, WWF

**1. Introduction to the role of the Subgroup on Finance.**

The previous Chair of the Subgroup (Herb Rafaele, USA) outlined the role and responsibilities of the Subgroup, and stressed the challenge and need to ensure a smooth transition between the past and present subgroup, and the need to focus on how the Convention's core budget as approved by COP10 is deployed most effectively, and the opportunities and initiatives for the Subgroup and Standing Committee to consider for supporting increasing implementation capacity, including through partnerships.

**2. Agenda item 8.1 Review of 2008 core and projects income and expenditure, including audited financial statements (DOC. SC40-6), and Agenda item 8.2 Current status of the reserve fund (Resolution X.2, paragraph 21) (DOC. SC40-7)**

The Secretariat Finance Officer reported that core incomes and expenditures were largely as budgeted, but with a net deficit of CHF 62,000 as a consequence of exchange rate changes and losses during the year. Costs for the Standing Committee were higher than budgeted owing to the decision to hold two rather than one SC meeting in the COP year. Additional (voluntary) income was lower than 2007 and included a large sum related to costs of COP10. There was a small (CHF 34,000) net deficit in the COP10 budget, again largely a consequence of exchange rates. Cash reserves are currently healthy.

The Reserve Fund holds the profit and loss from the core budget held against unexpected expenditures. By the end of 2007 the reserve fund was higher than the ceiling limit set. Secretary General is authorized to allocate excess for expenditure from the Reserve Fund. Reserve Fund currently at CHF 423,000, which is an excess of CHF 59,000. Proposal for use of the Reserve Fund excess is to a) cover COP10 deficit; CHF 15,000 for ad hoc legal advice, and CHF 10,000 for supporting Ramsar Advisory Missions (RAMs). This will maintain reserve fund at the agreed one-twelfth of the core budget.

***Recommendation***

The Subgroup on Finance recommends that the Standing Committee:

- i) approves the 2008 audited accounts as provided in DOC. SC40-6 rev.1; and
  - ii) agrees the allocations of the surplus to the Reserve Fund for 2008 in line with DOC. SC40-7 rev. 1: CHF 34,000 to cover COP10 deficit, CHF 15,000 for ad hoc legal advice, and CHF 10,000 for supporting RAMs
3. Agenda item 8.3 **Ramsar Secretariat Budget 2009** (Resolution X.2) (DOC. SC40-2)

The 2009 budget as approved at COP10 by Resolution X.2 provides the working budget for 2009. Concerning salaries, Secretary General has approved cost of living increase of 2.6%, which is the official level advised by Swiss authorities. On the Partnership Officer core budget allocation, the Management working Group is making a proposal to SC40 for how to progress this role which may lead to a later need to propose transfer of some of these 2009 funds to the 2010 budget for this work, but it would be premature to consider such a transfer at this time.

On voluntary funding, previous generous contributions are no longer provided by Sweden owing to changes in their donor priorities and processes. Currently a substantial contribution is made through the Danone partnership. In recent years there has been a progressive overall fall in level of voluntary contributions.

Following COP10 Resolution X.2, a total of CHF 2,000 has been received as additional contributions from African Parties, which is set aside, as agreed, for African regional initiatives.

#### ***Recommendation***

The Subgroup on Finance recommends that the Standing Committee approves the core budget allocations for 2009 as set out in DOC. SC40-2 rev 1); thanks those Parties which have made additional voluntary contributes; and notes the current declines in voluntary contributions.

4. Agenda item 8.4 **Status and summary of Secretariat services agreement with IUCN** (DOC. SC40-8)

There is good progress in concluding the new service agreement with IUCN, but the current proposal for service costs from IUCN exceeds the 13% or core budget ceiling approved by COP10 in Resolution X.2. This excess largely concerns an overhead charge related to IUCN senior staff oversight services. It was recognized that there is a need to have a better understanding on what IUCN's oversight services will provide, in relation to IUCN's responsibilities for legal and financial oversight and due diligence in relation to the Secretariat.

#### ***Recommendation***

The Subgroup on Finance recommends that the Standing Committee:

- i) reaffirms that the 13% budget ceiling adopted by COP10 Resolution X.2 needs to be followed in relation to the conclusion of the IUCN services agreement, but also
- ii) requests the Secretariat to further clarify the precise nature and cost of the oversight services IUCN proposes to provide so as to further identify what service costs might be reduced to keep in line with the core budget allocation.

5. Agenda item 8.5 **Contracting Parties that are consistently in arrears with payments to the Convention** (Resolution X.2, paragraph 17) (DOC. SC40-9)

The Finance Officer put on the record that since the issuing of DOC. Sc40-9, Canada, Phillipines, Serbia and Ecuador are now no longer in arrears with their payments. Bolivia has also paid all its outstanding dues. There is general improvement with situation of Parties in arrears, with most owing relatively small sums, and this is not substantively affecting core budget management and cash-flow. It is, however, important to continue to urge all Parties to keep up to date their membership dues, and it was considered that the currently established Secretariat activities to address this are sufficient to continue, without putting in place any additional measures. In discussion it was noted that some Standing Committee appointed members are currently in arrears with their payments.

### ***Recommendation***

The Subgroup on Finance recommends that:

- i) the Standing Committee request the Secretariat to continue to work with each Party in arrears to resolve this on a case by case basis,
- ii) urges all such Parties to respond to the terms of Resolution X.2 on this matter as a priority; and
- iii) the Chair of Standing Committee should contact all such Parties to further seek resolution of this matter.

6. Agenda item 8.6 **Optimizing the Ramsar Small Grants Fund during the period 2009-2012** (Resolution X.7)

The Senior Advisor for Europe reported on the current situation on the SGF and the terms of Resolution X.7 on this matter, and on the current SGF processes and the current situation concerning funded projects and those in the SGF portfolio. 2009 SGF proposals will be evaluated and sent by the Secretariat later in 2009 to the Subgroup for approval, including the allocation of funds available at that time.

7. Agenda item 9.1 **Regional Initiatives 2009-2012 in the framework of the Ramsar Convention - financial matters** (DOC. SC40-10 and DOC. Secretariat note to the Subgroup on Finance): a) progress reports from initiatives which have received core budget funding; b) levels of financial support to individual initiatives in 2009 (Resolution X.6)

The Senior Advisor for Europe provided briefing on the terms of Resolution X.6 which adopted operational guidelines for regional initiatives, and established reporting requirements for initiatives recognized by the Convention. The Resolution asked for the Secretariat to develop evaluation criteria and procedures for SC approval and standard formats for financial reporting (provided in Annex to DOC SC40-10), and these provide the basis for reviewing initiatives and reporting to COP11.

The Standing Committee will need to confirm which initiatives of those already operating or are proposed which are fully in line with the operational guidelines, as the basis for 2009 approvals. The Sub-group on Finance needs to consider and recommend allocations to those initiatives which are requesting financial support in relation to their meeting the operational guidance and satisfactory reporting requirements, in line with Resolution X.6 paras 23, 24 and 25.

The updated Secretariat note provided to the Subgroup adds two initiatives to the proposals in DOC SC40-10, each of which has now very recently made requests for 2009 funding support: WacoWet and the Ramsar Regional Centre, Iran. These two have each reported that they have not utilized all funds allocated in 2008 and have not provided progress reports in relation to this. It is proposed that the unspent allocated 2008 funds under these initiatives are carried over into 2009 and these funds form the allocations made to these initiatives for 2009.

Any recommendation by the Subgroup on Finance concerning 2009 funding allocations should be provisional and subject to confirmation by SC40 of confirmation of each initiative as being in line with the overall operational guidelines.

Concerning the proposed allocations, there are two budget lines for regional initiatives approved in Resolution X.2: for centres and networks. In addition, African countries decided at COP10 to make an additional annual dues payment of CHF 1,000 each to be put towards African regional initiatives: so far two Parties have made these payments, so CHF 2,000 is available to be allocated to such initiatives. Priorities for allocating such funds could be established now, or wait for allocations until later in the year in anticipation of further such funds being provided.

### ***Recommendation***

The Subgroup on Finance recommends to the Standing Committee that:

- i) the available Ramsar core budget funding for the work of regional initiatives (i.e. 331,190 CHF) be allocated to the initiatives requesting for such funds, according to the table below. This table includes funding allocations to the WacoWet initiative and the Ramsar center in Iran (for funds carried over from 2008), in the light of recent information received.
- ii) The proposed allocations to regional initiatives should be subject to their confirmation by Standing Committee in plenary as being approved for 2009 as operating under the framework of the Convention in relation to the COP10-adopted operational guidelines.
- iii) the process for the allocation to African initiatives of additional funds provided by African Parties should be further discussed by Nigeria as Subgroup African member with the other African Standing Committee members and the Secretariat Senior Advisor for Africa, and advice given to the Standing Committee.

regional initiative	total budget 2009-2012 (all in CHF)	Ramsar request 2009-2012	budget 2009	Ramsar request 2009	allocation proposal 2009	total Ramsar funding in the past
<b>i) networks</b>						
WacoWet	unknown	unknown	210,400	60,000	<b>17,000</b>	110,700
High Andean	unknown	66,000	201,623	22,000	<b>22,000</b>	64,000
Himalayan	300,000	100,000	75,000	25,000	<b>25,000</b>	none
Carpathian	211,500	150,000	73,500	37,500	<b>37,500</b>	none
Black Sea	unknown	291,000	66,000	66,000	<b>44,690</b>	none

Caribbean	unknown	50,000	unknown	25,000	<b>25,000</b>	none
American mangroves	unknown	75,000	unknown	25,000	<b>25,000</b>	none
total for networks				200,500	196,190	
<b>ii) centers</b>						
CREHO center Panama	unknown	94,572	258,840	23,643	<b>23,643</b>	240,000
Iran Center	560,000	210,000	242,000	70,000	<b>35,000</b>	99,745
RAMCEA centre Uganda	400,000	100,000	151,000	85,000	<b>76,357</b>	none
total for centers				108,643	135,000	
Totals				439,143	<b>331,190</b>	

## 8. Any other business

The Management Working Group in its meeting on 11 May 2009 made two recommendations on financial issues to the Subgroup on Finance. These are points 5 and 7 of paragraph 3 of its report to SC40. These are recommended to the Standing Committee for their decision as follows:

### ***Recommendation***

The Subgroup on Finance recommends to the Standing Committee that:

- i) The Subgroup on Finance should review the overall process and mechanisms for Secretariat staff salary awards, including in relation to the responsibilities of the SG and those aspects which should follow IUCN processes.
  
- ii) The Subgroup on Finance should consider how best the Secretariat and Parties could engage more strongly with the Global Environment Facility so as to enhance the opportunity for GEF to act more directly as a funding instrument for the Ramsar Convention in relation *inter alia* its International Waters focal area, including in relation to opportunities for “Signature Initiatives” further redevelopment in collaboration with the IOPs, and report on this to the 41<sup>st</sup> meeting of the Standing Committee.