

Contracting Parties with outstanding annual contributions

Actions requested:

- The Standing Committee is invited to note the current status of Parties' outstanding annual contributions and actions taken and planned by the Secretariat to stimulate the payment of arrears.

Background

1. Article 6.6 of the Convention states: "Each Contracting Party shall contribute to the budget according to a scale of contributions adopted by unanimity of the Contracting Parties present and voting at a meeting of the ordinary Conference of the Contracting Parties".
2. Annual (assessed) contributions from Parties are used to finance the Conventions' Core budget. Each year, the Secretariat invoices Parties for their annual contributions. Swiss franc invoicing is based upon the approved Core budget and the current UN Scale of Assessments. (The current UN Scale of Assessments is adjusted on a pro rata basis to reflect the actual membership of the Convention at the beginning of the year.) Income is recognized on invoicing and a receivable is recorded, assuming full collection.
3. Most Contracting Parties pay their assessed contributions on a timely basis. Some Parties, for a number of (often valid) reasons, do not pay their contributions on such a timely basis, and sometimes not in the year in which they fall due. The Secretariat is regularly in touch with these Parties and is able to agree payments at specified future dates, without this severely affecting the operations of the Convention or the Secretariat.
4. Before each financial year end, the Secretariat assesses the status of outstanding contributions, based on the amounts and lengths of time outstanding, and records a provision accordingly. Every annual increase in the provision reduces the Core funds available to spend.¹
5. Core contributions, outstanding contributions and the provision against them have been gradually increasing over time, and those since 2010 are shown in Table 1

¹ No outstanding contributions are written off. The Standing Committee is advised if a Party expressly advises that it does not recognize their outstanding contributions and/or has no intention of paying them.

Table 1: Outstanding contributions and provision for non-collection, 2010-2014

	2010	2011	2012	2013	2014
	CHF'000	CHF'000	CHF'000	CHF'000	CHF'000
Assessed contributions from Parties	3,482	3,625	3,780	3,782	3,779
Voluntary contribution from USA	942	872	930	1,048	1,066
Cumulative outstanding assessed contributions at end of year ²	760	736	759	759	1,067
Provision for non-collection ³	332	361	361	385	TBD

2014/15 update

6. In Resolution XI.2 (2012), the Conference of the Contracting Parties: “Urges Contracting Parties with outstanding contributions to make a renewed effort to settle them as expeditiously as possible to enhance the financial sustainability of the Convention through contributions by all Contracting Parties, and requests the Secretariat to contact Contracting Parties with outstanding contributions in excess of three years and work with them to identify appropriate options and actions for addressing the situation and initiating a plan for making payment of contributions, and to report back to each Standing Committee meeting and COP on activities taken and results achieved”.
7. The Standing Committee at SC47 noted the current status of Parties’ outstanding contributions and encouraged the Secretariat, working with Finance Subgroup members, to continue to take collaborative actions to make progress to resolve this issue. The Standing Committee noted the Subgroups’ request for prioritizing Contracting Parties that have never paid, and underlined its hope for progress by Parties that have been in arrears for more than three years. Additionally, the Standing Committee noted the actions of Switzerland, by restricting use of its additional voluntary contributions to African Contracting Parties whose contributions have been fully paid up. The Standing Committee hoped that this action would support other efforts of the Secretariat.
8. The Secretariat’s actions since SC47 have included:
 - Sending of reminders and statements via diplomatic and other government channels to specific Parties;
 - Visits and follow-up communications to Geneva-based permanent missions of Parties with arrears;
 - Sustained verbal and written reminders to National Focal Points and Administrative Authority contacts;
 - Reminders to African Contracting Parties of their Ouagadougou Commitments and formal notifications in January 2014, advising them of contribution arrears and the realities and risks relating to receipt of future voluntary funding from certain donor Contracting Parties.

² As of 30 November 2014.

³ TBD – Provision to be determined for 2014 at year end 2014.

9. Contracting Parties with arrears for more than 3 years (year 2011 and older):

Table 2

	2014		2013	
	Count	Amount	Count	Amount
Africa	16	134,000	18	196,000
Asia	4	14,000	6	40,000
Europe	1	2,000	1	4,000
Neotropics	3	41,000	3	91,000
Oceania	4	27,000	4	36,700
	28	218,000	32	367,700

Table 2 shows a slight decrease in the number of Contracting Parties with arrears more than 3 years and a significant decrease in the amount outstanding.

10. As of 30 November 2014, there was CHF 1,067,400 of outstanding annual contributions due from 2014 and earlier, as shown in Annex 1. This is a significant increase from 2013 (CHF 727,000) but it is expected to reduce through the month of December 2014 (an updated report will be provided at SC48 meeting). The profile of unpaid contributions is:

Year	Years In Arrears	Unpaid (CHF '000s)	Running Balance
2006	9	66	
2007	8	16	82
2008	7	20	102
2009	6	24	126
2010	5	44	170
2011	4	50	220
2012	3	65	285
2013	2	276	561
2014	1	507	1,067
Total		1,067	

11. It has previously been suggested that the Standing Committee or COP could ask the Secretariat to manage requests from Contracting Parties with outstanding contributions in the following ways:
- by not accepting further Small Grants Fund (SGF) proposals from such countries;
 - by providing the Secretariat's advice and missions (including Ramsar Advisory Missions) only in emergency situations; and
 - by providing financial support for the attendance of delegates at regional and COP meetings only if the Contracting Party is not more than three years in arrears, and after all other eligible Parties have been assisted.
12. At SC47, a comparison of outstanding contributions was made with Ramsar and other conventions (CITES, CBD and CMS and WHF). There was no convincing evidence from these analyses or from our discussions with CBD, CMS and CITES that their approaches have delivered significantly better collections. For CBD and CITES, their current profile of arrears was very similar to that of the Ramsar Convention. For CMS, the number of Parties with arrears is half that of Ramsar's, but they also have only 70% the current membership of Ramsar. (For further information, see document SC47-13.)

13. The Ramsar Standing Committee has so far decided not to support proposals for making non-paying Contracting Parties ineligible to vote in Convention meetings, stand for election to the Standing Committee, or make nominations for membership of the STRP.
14. The Secretary General believes progress on clearing arrears and fuller engagement and financial commitment by all Parties to the Convention would send positive messages about the governance of the Convention and enable the Secretariat to fully achieve the tasks set by the COP.
15. It is important to continue to explore additional actions since the status of contributions appears not to be markedly improving, and also to recognize that success comes from multiple sustained actions.
16. One approach is to wait and observe the impact of new rules applied by the voluntary donors. We are already receiving strong signals from donors such as Switzerland (for SGA from 2013) that they do not wish countries with significant arrears to benefit from their contributions. It is possible that these or other donors may go further and choose to stop the funding of the Small Grants Fund or sponsoring attendance at intersessional Regional Meetings or attendance at COPs for delegates of Parties with more than three years of arrears.
17. As discussed with the Finance subgroup at SC43 ahead of COP11, the Secretariat believes that the situation may improve if the Convention makes those Parties with significant arrears ineligible for election to the Standing Committee, as is the case for the World Heritage Convention, CBD and CMS. After considerable debate, the Standing Committee chose not to take this suggestion through to COP11. On that occasion, the Contracting Parties in the Africa region, where the majority of non-paying contributions are to be found, chose to implement the suggestion by choosing to nominate only Parties that were not in arrears as regional representatives to meetings of the Convention, and this situation continues through to the present.

