

Report of the Subgroup on Finance

The Subgroup on Finance, in its meetings on 23, 25, 26 and 27 April 2018, discussed the following items and recommends the following:

1. Update on the financial/management review of non-core funds (undertaken by IUCN Oversight Unit):
 - i. The Oversight Unit reported that, following their review, they were able to provide a reasonable assurance on the accuracy of non-core funds balances. The recommendation of the Subgroup on Finance is to not undertake further work on the non-core balances already analysed such as the admin project, except the Swiss Grant for Africa, as well as to do more work on other project balances such as the African Voluntary Contributions and SGF.
 - ii. To assist with the second phase of the management review of non-core funds, it will be necessary to hire a management consultant to further look at and assess internal controls.
 - iii. The Subgroup on Finance recommend that Appendix A, of the 2016 and 2017 audits, containing an overview of non-core funding should be – in future – excluded from the financial statements and published in separate reports to the Standing Committee.

2. Report on financial matters for 2016-2018 (Doc. SC54-7.1 Rev1):
 - i. It is recommended to accept the 2016 audited financial statements as of 31 December 2016.
 - ii. It is recommended to accept the 2017 audited financial statements as of 31 December 2017.
 - iii. Core budget results for 2017 and carry-forward of 2017 surplus: The core budget results for 2017 were noted. The subgroup would like Standing Committee to take note of the following change in categories, the Communications and Partnership functions were merged to create a Resource Mobilization and Outreach category.

The Subgroup on Finance recognizes the large surplus and recommends that the Standing Committee authorises the use of the 2016 and 2017 surplus of CHF 90K for 2018; and conditionally recommends that the Standing Committee authorizes the use of 2016 and 2017 surplus for the next triennium activities of CHF 600K as per table 1 below (depending on the outcome of the decision on the triennium core budget):

Table 1: Proposed use of 2017 surplus (in '000 CHF)

Overall 2017 surplus (I)	825
Pre-committed (see table 1, SC54-7.1 Rev.1; as per decision SC53-29)	
RAMs	77
Capacity-building	26
interpretation pre-COP	32
Executive Team*	0

Total pre-committed (II)	135
Surplus after pre-commitments - proposed for allocation (III = I - II)	690
Proposed use of surplus:*	
Management consultant (internal controls / phase 2 of management review)	20
<i>Activities</i>	
Initial analysis and fundraising proposal for inventories, analysing data (SDG monitoring 6.61) - 2018	70
<i>Budget under budget scenario A (2019-2021) reduced compared to SC54-7.3</i>	
Communications (2019-2021)	120
Staff travel (2019-2021)	60
Regional Initiatives (2019-2021)	60
Web / IT support(2019-2021)	30
STRP implementation (2019-2021)	15
RSIS (2019-2021)	15
<i>Additional costs to be covered in 2019-2021 triennium</i>	
Roll-out new IUCN competency framework and promotion guidelines	110
Staff travel	60
Planning and capacity-building	130
Total proposed for re-allocation (IV)	690
Remaining surplus to be allocated (V = III - IV)	0

* Previously CHF 8K allocated but not used

To cover the costs of a full-time Accounting Assistant, budget in the following lines were reduced (compared to the Secretariat's proposal): Communications, Web/IT support and development, Support to Regional Initiatives and Ramsar Sites Information Service maintenance. STRP implementation was reduced to allow for a travel line of the STRP Chair. To cover these gaps, the Subgroup on Finance recommends the use of surplus.

- iv. The Subgroup on Finance noted the status of non-core funding status and voluntary contributions for 2017.
- v. The Subgroup on Finance noted the status of African voluntary contributions being CHF 50K, including CHF 20K located within WACOWET, subject to further analysis of the oversight unit whose report is expected end of June 2018 and minus CHF 1K to reflect a correction in the reporting of Madagascar's voluntary contributions (move CHF 1K to assessed contributions received, changes to be done in the financial system in 2018).

The recommendation of the Subgroup on Finance is to not discuss the use of the balance at this stage but to await the outcome of the review undertaken by the IUCN Oversight Unit providing the final balance by end of June 2018. It requests the Secretariat to inform the Ramsar regional initiatives in Africa on an annual basis the available balance of the African voluntary contribution fund and invites those regional initiatives to submit requests to the Secretariat to access available funds using the rules of regional initiatives found in Resolution RRI;

- vi. 2018 Core budget: The Subgroup on Finance recommends approving the adjustments to the COP12-approved core budget for 2018 presented in Annex 1.
- vii. Pre-COP meetings: The Subgroup on Finance acknowledges all Contracting Parties who have provided funding to the pre-COP meetings, namely from Australia (CHF 7K), Canada (CHF 33K), Germany (CHF 12K), New Zealand (CHF 19K), Norway (CHF 7K) and Switzerland (CHF 100K) and notes that the pre-COP meetings were fully funded due to authorisation by the Subgroup on Finance for using certain identified balances for covering the funding gap.

COP13: the Subgroup on Finance notes the status of funding and encourages additional voluntary contributions. It recommends that balances proposed below be authorised to be used as a back-up option whilst fundraising efforts should continue.

- viii. Small Grants Fund: The Subgroup on Finance recommends discontinuing the Small Grants Fund upon using up the balance of CHF 137K for its intended purpose. The Ramsar Secretariat should put out a call for proposals in this respect. For the future, the Ramsar Secretariat should continue looking for funding opportunities to leverage activities on the ground and report back to the Contracting Parties.
- ix. Decide on use of non-core balances. The Subgroup on Finance recommends not to translate any documents pertaining to the working group of the Strategic Plan 2019-2021, budgeted at CHF 6K and recommends the use of non-core balances as per table 2 below.

Table 2: Proposed use of balances of non-core funds

Name of project	Balance as at 31 December 2017 (in '000 CHF)	Revised (Subgroup on Finance)** (in '000 CHF)	Proposed use of balance
WACOWET Regional Initiative*	49	29	Funding of sponsored delegates to COP13
East Africa Centre	27	27	Funding of sponsored delegates to COP13
Balance in admin project earmarked for COP priorities	116	116	Funding of sponsored delegates to COP13
Balance African Voluntary Contributions**	31	50	Balance to be kept awaiting outcome and report of IUCN Oversight unit.
Small Grants Fund***	137	137	Use balance for intended purpose (new call for proposals to be done by Ramsar Secretariat)
Total	360	359	

* CHF 20K (out of balance of CHF 49K of WACOWET reported in SC54-7.1 Rev1 Annex 3) to be transferred to African voluntary contributions

** CHF 50K arrived at as follows: CHF 31K balance as per Annex 3 of SC54-7.1 Rev1 minus CHF 1K Madagascar + CHF 20K from WACOWET

*** Upon checking the ancestry for the past 10 years and confirming the balance (by IUCN Oversight Unit)

Note: A total of CHF 108K was authorized inter-sessionally by the Subgroup on Finance to be used for pre-COP meetings,

thereof the following funding from non-core funds: CHF 49K from COP-balances and CHF 32K from SC balances;

and CHF 27K from 2016 core surplus set-aside for Regional Initiatives

- x. Approach for managing non-core funds: The Subgroup on Finance recommends that the Standing Committee instructs the Secretariat to use IUCN policies and procedures as well as guidelines for the management of non-core funds, especially in regards to the capacity to implement projects and the use of management fees and that the corresponding text be put into the draft resolution on financial and budgetary matters.

It further recommends postponing any decision on the use of the “old” balance of accumulated management fees of CHF 298K within the non-core admin project previously reported by the Secretariat until the IUCN Oversight Unit has finished its work and shared its report.

3. Status of annual contributions (Doc. SC54-7.2):

- i. The Subgroup on Finance takes note of the status of annual contributions.
- ii. The Subgroup on Finance takes note of the proposed Secretariat actions for 2018 to keep engaging with Contracting Parties on contributions not received, especially those older than three years, and to keep publishing the updated status of contributions on the Ramsar website.
- iii. Highlights the increase in assessed annual contributions receivable and in the annual provision against contributions receivable.
- iv. African voluntary contributions: The Subgroup on Finance asks the Ramsar Secretariat to correct, in their 2018 accounting, the numbers in the African voluntary contributions by moving CHF 1K received from Madagascar from African voluntary contributions to assessed contributions received in 2017. This correction follows the practice where contributions received are applied first against assessed contributions. With this, the Subgroup on Finance notes the current status of the voluntary contributions of Contracting Parties in the African region. The Subgroup on Finance asked that the last column in Annex 2 be deleted in future documents.
- v. The Subgroup on Finance discussed the possibility of “sanctions” for Contracting Parties with outstanding contributions and concluded to not recommend this action but to recommend that the Secretariat make contact with the permanent missions in Geneva of Parties that have not paid contributions for three years or more and to

recommend that the Regional Representatives in the Standing Committee be encouraged to reach out to the countries in their regions with outstanding contributions to encourage them to pay their contributions.

4. Budget scenarios for 2019-2021 and draft resolution on financial and budgetary matters (Doc. SC54-7.3)

- i. Budget scenarios: The Subgroup on Finance recommends that 2 budget scenarios, one at 0 % increase and one at 1.5% increase be presented at the 13th meeting of the conference of the Contracting Parties. These budget scenarios are presented in Doc. SC54-Comm.7 (7.3).

Compared to the Secretariat's proposal, the subgroup recommends including a full-time Accounting Assistant at A2 level in budget scenario A and further recommends that the costs of the travel implant of CHF 20K per year be borne by a reduction in staff travel of CHF 20K per year. To cover the costs of a full-time Accounting Assistant, budget in the following lines was reduced (compared to the Secretariat's proposal): Communications, Web/IT support and development, Support to Regional Initiatives and Ramsar Sites Information Service maintenance. STRP implementation was reduced to allow for a travel line of the STRP Chair.

In Budget Scenario B (1.5% increase), the reductions (compared to the previous triennium budget) in staff travel, communications and STRP implementation were put back in. In addition, some budget was allocated to planning and capacity-building.

The Subgroup on Finance further recommends that, depending on which budget scenario will be approved, surplus be used to partly finance activities such as communications, staff travel and regional initiatives. Should the surplus be finished and/or not enough surplus be available, it asks the Secretariat to re-balance the budget and look for economies.

- ii. Draft resolution on financial and budgetary matters: The draft resolution on financial and budgetary matters discussed by the Subgroup on Finance (SC54-Com.7 (7.3)) is recommended to be presented at the 13th meeting of the conference of the Contracting Parties.

5. Regional Initiatives

- i. The Subgroup on Finance takes note of Doc. SC54-20.1 and confirms the 2018 core budget allocation of CHF 120K. The subgroup further notes the un-allocated 2016 surplus of CHF 33K set-aside for Regional Initiatives (see Annex 1 below).
- ii. As per Table 2 of SC54-20.1, the requested Ramsar 2018 budget contribution is CHF 132K. The Subgroup recommends the Standing Committee to authorize the full CHF 132K and to allocate the following for Regional Initiatives in 2018: CHF 42K to Senegal Basin, CHF 30K to Amazon Basin, CHF 30K to Central Asia and CHF 30K to Indo-Burma.

Annex 1 (SC54-7.1 rev1 Addendum, revised Annex 4): Proposed Core Budget 2018 (without 2017 carry-forwards)

CHF 000'S	Budget 2018 (COP12- approved)	Authorised use of 2016 surplus in 2018*	Proposed re- allocation 2018	Proposed budget 2018 after re- allocation
INCOME				
Parties' Contributions	3,779			3,779
Voluntary contributions	1,065			1,065
Income Tax	225			225
Income Interest	12			12
TOTAL INCOME	5,081	0	0	5,081
EXPENDITURES				
A. Secretariat Senior Management	798	0	0	798
Salaries and social costs	674			674
Other employment benefits	79			79
Travel	45			45
B. Resource Mobilization and Outreach**	250	0	0	250
Salaries and social costs	188			188
Other employment benefits	52			52
Travel	10			10
C. Regional Advice and Support	1,342	0	0	1,342
Salaries and social costs	1,201			1,201
Other employment benefits	56			56
Travel	85			85
Ramsar Advisory Missions				0
D. Support to Regional Initiatives	120	33	0	153
Regional networks and centers	120	33		153
E. Science and Policy	212	44	180	436
Salaries and social costs	110		180	290
Other employment benefits	2			2
Travel	10			10
STRP implementation	40			40
STRP meetings	50			50
Strategic Plan (2019-2021)		44		44
F. Communications**	569	0	(180)	389
Salaries and social costs	434		(180)	254
Other employment benefits	0		0	0
Travel	5			5
CEPA Program	30			30
Comms, Translations, Publications and Reporting Implementation	100			100
G. Administration/RSIS/Web	896	57	(20)	933
Salaries and social costs	629	57		686

Other employment benefits	5			5
Staff hiring and departure costs	25			25
Travel				0
Web/IT support and Development	120		(10)	110
Ramsar Sites Information Service (maintanance and develop)	117		(10)	107
H. Operating Costs	94	55	0	149
General	80			80
Equipment/Office Supplies	14			14
Planning and Capacity building		55		55
I. Standing Committee Services	150	0	0	150
Standing Committee delegates' Support	45			45
Standing Committee meetings	10			10
SC translation	60			60
Simultaneous interpretation at SC Meetings	35			35
Other meetings				0
J. IUCN Administrative Service Charges (maximum)	540	0	20	560
Administration, Human Resources, Finance & IT services	540		20	560
K. Miscellaneous - Reserve Fund	110	0	0	110
Provisions	50			50
Legal Services	60			60
TOTAL EXPENDITURES	5,081	189	0	5,270

* See SC53-29. Out of CHF 510K 2016 surplus, CHF 294K allocated to 2017, CHF 189K allocated to 2018; CHF 27K authorized by Subgroup on Finance for pre-COP meetings.

** Name change from Partnership Coordinator to Resource Mobilization and Outreach reflecting the merger of the functions of Partnership Coordinator and Communications. Categories proposed to be combined in next triennium.