

Financial and budgetary matters – Report of the Subgroup on Finance Report on financial matters for 2018 and 2019

Actions requested:

Standing Committee is invited to:

- i. review and accept the 2018 audited financial statements as of 31 December 2018;
- ii. note the core budget results for 2018;
- iii. consider the remaining 2018 surplus and decide on allocation of these funds;
- iv. note the non-core funding status and voluntary contributions for 2018;
- v. note and approve the Secretariat's adjustments to the COP13-approved core budget for 2019, which only include the approved use of surplus from the previous triennium;
- vi. note the non-core balances;
- vii. note the progress in implementing the recommendations from the IUCN *Financial Management Review of Non-core (Restricted) Fund Accounts* and approve the actions proposed in paragraphs 40 and 41; and
- viii. consider the external auditor's proposed modification for the calculation of the provision for outstanding Contracting Party contributions and requested modification of their audit approach for outstanding Contracting Party balances, and take a decision on the way forward.

Background

1. This report addresses financial matters concerning the Ramsar Convention's core and non-core budgets for 2018 and 2019.
2. Improvements in the financial management of the Secretariat have been validated by the external auditors and by the *Financial Management Review of Non-core (Restricted) Fund Accounts* conducted by the IUCN Oversight Unit and submitted to the Standing Committee at its 55th meeting (SC55). The Secretariat has strengthened its capacity, with most processes completed in compliance with IUCN policies and procedures where applicable, and with some templates and guidelines being finalized in 2019. Capacities have been built in this regard and performance objectives included in management positions. The internal control allocation

between IUCN and Ramsar has been documented. Further follow-up is being implemented based on the recommendation from the *Review*.

2018 results - core budget

3. The summary of 2018 core budget results attached at Annex 2 shows the approved budget for 2018, the authorized use of surplus CHF 414K (following Decision SC53-29 on use of CHF 189K from the 2016 surplus, and Decision SC54-26 on use of CHF 225K from the 2017 surplus) and the budget reallocation made in line with Decision SC55-09, as well as final income and expenditures in 2018 as confirmed by the financial statements (Annex 1). Annex 2 also shows the balance as of 31 December 2018, with the variance between actuals and budget.
4. The Standing Committee is invited to review and accept the 2018 audited financial statements included at Annex 1. The full 2018 audited financial statements including the notes and audit opinion have been published¹.
5. At the end of 2018, there was a core budget balance of CHF 809K. This included CHF 189K of 2016 surplus and CHF 225K of 2017 surplus allocated to the 2018 budget², and a surplus of income over expenditures for 2018 of CHF 395K (see also Annex 2). The budget surplus also results from CHF 10K less income than budgeted. Table 1 below provides a summary.

Table 1: 2018 core budget surplus summary ('000 CHF, includes possible rounding differences)

Category / Department	Savings / (Over-expenditure) 2018	Comments
Senior Management	110	Vacancy of (i) Deputy position for the end of 2018 and (ii) Conference Assistant 4 months - and lower other employment benefits.
Partnership Coordinator	7	Small savings on other employment benefits and travel.
Regional Advice and Support	77	66K balance for Ramsar Advisory Missions to be spent in 2019.
Support to Ramsar Regional Initiatives	36	Balance to be spent in 2019.
Scientific and Technical Services	192	72K: Vacancies of Oceania Regional Officer 6 months and Asia Regional Advisor 2 months; 44K Strategic Plan (2019-2021) to be spent in 2019; 70K SDG 6.6.1 to be spent in 2019; and net overspend of CHF 8K for STRP meetings and implementation (overspend amount to be reimbursed from STRP non-core project balance to core).
Communications	63	27K balance in communication, capacity building, education, participation and awareness (CEPA) programme and 38K communications due to focus on COP13 with non-core budget provided by host.
Administration/RSIS/Web	215	105K staff hiring and departure costs (52K to be spent in 2019); 71K balance in RSIS and 42K balance in web support and development due to reduced needs in systems development.
Operating Costs	90	81K planning and capacity building to be spent in 2019 as it was not possible to implement in a COP year.

¹ <https://www.ramsar.org/document/report-of-the-auditor-on-the-financial-statements-2018>

² Out of the 2016 surplus of CHF 510K, CHF 189K was allocated to the 2018 budget and out of the 2017 surplus of CHF 825K, CHF 225K was allocated to the 2018 budget (see Decision SC54-26).

Category / Department	Savings / (Over-expenditure) 2018	Comments
Standing Committee Services	-4	
IUCN Administrative Service Charges	-15	SC54 forecast too low due to HRG travel implant.
Provisions, exchange difference and legal services	49	Increase in staff provisions (56K) offset by reduction of outstanding contributions provision 57K (to be used in 2019) – combined with a net exchange loss of 33K and underspend for legal services 31K (to be spent in 2019) .
	-1	Rounding.
Total	819	Overall projected budget savings 2018
Shortfall in income compared to budget	-11	4K less income tax and 8K less other income (such as interest income).
	1	Rounding.
Core budget balance 2018	809	

Note: Includes the authorized use of CHF 414K surplus in 2018

bold text: Committed from 2016-2018 triennium surplus to be spent in 2019 - total of CHF 437K

6. The following points are highlighted for the Standing Committee's consideration:
- a. Projected income was generally as budgeted except for income tax, which was CHF 4K under budget due to vacancies as well as other income, including interest income, which was CHF 8K lower than budgeted.
 - b. Overall salary costs of CHF 3,215K corresponded to a budget implementation rate of 92% and salary costs amounted to 69% of overall expenditure.
 - c. No IUCN-imposed cost-of-living increases have come into effect since 2011. Performance-based salary increases implemented by IUCN in 2017 are being put in place in Ramsar in 2019 after the Secretariat started to implement the new on-line performance system. This increase was included in the approved budget for the triennium (see Resolution XIII.2, paragraph 14 and Annex 1).
 - d. Provisions were under budget, mainly as a result of the reduction in bad debt provision of CHF 57K compared to 2017 offset by increase in staff provisions of CHF 56K compared to 2017. There was underspending from the legal services budget line of CHF 31K and an overall exchange loss of CHF 33K.
7. In line with the decisions taken by the Standing Committee mentioned above, the total pre-committed funds will be carried forward to 2019. The total sum pre-committed is CHF 437K, as noted above in Table 1 in bold text.
8. Funds which had, prior to 2017, been transferred to non-core projects, remain under the non-core funding category and are being used up for the specified purpose approved by Decision SC54-26. An overview of these can be found under the non-core funds report at Annex 3. The practice of such transfers was discontinued in 2017.

2018 surplus

9. The statement of income and expenditures for 2018 in the audited financial statements (see Annex 1, table II) shows that the fund balance at the end of the year was CHF 2,196K. This includes the 2017 fund balance (at the beginning of 2018) of CHF 1,801K and the net income over expenditures for 2018 of CHF 395K as per the audited financial statements and 2018 core results for the period 01 January to 31 December 2018 (Annex 2).
10. The fund balance at the beginning of 2018 includes the reserve fund at CHF 762K corresponding to 15% of the annual core budget approved by COP13, in line with Resolution XIII.2, paragraph 33. Given that this is the target maximum level approved by the COP, there is no need to reallocate resources for this purpose.
11. This balance also includes pre-committed funds that had been approved by the COP and Standing Committee as shown in Table 1 above for a total of CHF 437K. These funds are to be spent in 2019.
12. It also includes the funds approved intersessionally, on 30 April 2018, by the Subgroup on Finance to complement voluntary funding for COP13 delegate support. The Subgroup authorized the use of up to CHF 300K, and the amount that was used after fundraising efforts was CHF 94K.
13. The balance also includes the use of CHF 228K from the 2017 surplus approved through Resolution XIII.2, paragraph 15, to cover the gap created in the 2016-2018 budget to cover the cost of a new position of Finance and Accounting Assistant in the core budget (cuts were made to communications, travel, STRP and planning and capacity-building budget lines that were filled with this surplus).
14. Additionally, CHF 70K was approved through Resolution XIII.2, paragraph 16, to support the work of the Effectiveness Working Group .
15. The two above approved amounts, totalling CHF 298K, will be spent in 2019-2021 and have been included in the 2019 budget (see Annex 4).
16. Lastly, a correction needs to be made regarding the Ramsar Regional Initiative (RRI) for the Amazon River Basin, as the 2017 surplus of CHF 28K reported in document Doc. SC54-7.1 Rev.1 was accidentally excluded from the details of Decision SC54-26 and was thus carried forward to 2018. This was due to the transition away from the past practice, now discontinued, of transferring funds from core to non-core for RRIs. An allocation of 28k is thus required to cover this gap.
17. The 2018 RRI surplus of CHF 36k (Table 1 above) includes CHF 21K from the 2016 surplus not allocated to any specific Regional Initiative. The Standing Committee is invited to consider how to use this CHF 21K balance.
18. The core 2018 surplus thus available for consideration and allocation by Standing Committee is CHF 577K. The Standing Committee is invited to decide on the use of this surplus.
19. The Secretariat will propose to SC57 a possible allocation of the 2018 surplus. Possible areas include: a consultancy to support the review of previous Resolutions and decisions requested through Resolution XIII.4 as per the Secretariat proposal in document SC57 Doc.14; support to

Contracting Parties' work on inventories; staff travel; roll-out of competency framework and promotion guidelines (approved by the Standing Committee through Decision SC54-26); the annual planning and review process; Ramsar Advisory Missions; 50th anniversary and funding gap for World Wetlands Day (carrying forward savings in communications budget); and capacity building.

20. Furthermore, the Secretariat draws the attention of the Standing Committee to the decision of the Contracting Parties in Resolution XIII.2, paragraph 15, to use CHF 228k of surplus to fill the gap created in the regular budget of the Secretariat (communications, travel, STRP, planning and capacity building) to cover the inclusion of a new position of Finance and Accounting Assistant in the core budget. This gap will remain in the next triennium unless Contracting Parties increase the total budget and thus their contributions. An alternative would be to keep CHF 228k from the 2018 surplus which could be used for this purpose in the next triennium if Parties are not in a position to increase the budget. The Secretariat proposes to keep this amount as an operational reserve. In Decision SC53-31 the Standing Committee instructed the Secretariat to create an operational reserve on a pilot basis, if needed, and report back to SC54. In Document Doc.SC54-7.1 Rev.1, paragraph 11, this type of reserve was not seen as necessary; however the Secretariat suggests that this type of reserve could be appropriate for the present purpose, and proposes that the Standing Committee consider setting an operational reserve of CHF 228K for this purpose.
21. In addition, the Secretariat proposes to retain CHF 33K to replenish the non-core AVC project (*IUCN Oversight Review*) as stipulated in document SC57 Doc.7.3, paragraph 18.
22. Finally, the Standing Committee is invited to consider the proposed revision made of the methodology for the provisions against outstanding dues receivable (see paragraphs 42 and 43 of the present document). If it were to accept the proposal of the auditor, the provision would need to be increased. An option could be to increase the provision against outstanding dues receivable from Contracting Parties.

Table 2: 2018 core surplus to be allocated (in '000 CHF)

Fund balance at 31 December 2018 per audited statement (I)	2,196
Approved and pre-committed	
Reserve fund at 15% (Resolution XIII.2, paragraph 33)	762
Pre-committed balances of CHF 437K (Table 1)	437
Complement to voluntary funding for COP13 delegate support approved by Subgroup on Finance)	94
Approved use of 2016-2018 triennium surplus for the 2019-2021 triennium (Resolution XIII.2, paragraph 15) to supplement the 2019-2021 budget	228
Approved use of 2016-2018 triennium surplus for the 2019-2021 triennium to support the work of the Effectiveness Working Group (Resolution XIII.2, paragraph 16)	70
Correction for the Ramsar Regional Initiative (RRI) for the Amazon River Basin	28
Total approved and pre-committed (II)	1,598
2018 core surplus after approved and pre-committed – to be allocated (III = I – II)	577

Note: CHF 8K in addition to the above to be reimbursed from STRP non-core (see "Scientific and Technical Services" line in Table 1)

2018 results: non-core budget and voluntary contributions

23. The status of non-core funding as of 31 December 2018 can be found in Annex 3. In 2018, as shown in Annex 3, voluntary contributions of CHF 1,657K and net African voluntary contributions of CHF 7K were received. Together with exchange gains and losses, this resulted in a total income of non-core funding of CHF 1,667K.
24. The voluntary contributions received in 2018 are outlined in Table 3 below. As instructed by the Standing Committee through Decision SC53-32, Table 3 provides an overview of voluntary contributions received in 2018 and how they were used. Reference is made to the priorities for fundraising of the Contracting Parties provided in Annex 3 of Resolution XII.1.

Table 3: Voluntary non-core contributions received in 2018 (in '000 CHF)

Donor	Amount	Comment	Non-core priority as per Annex 3 of Resolution XII.1
United Arab Emirates	842	COP13 (2018)	
Sweden	87		COP13 (2018) sponsorship to eligible delegates
Canada	36		COP13 (2018) sponsorship to eligible delegates
Norway	30		COP13 (2018) sponsorship to eligible delegates
Germany	23		COP13 (2018) sponsorship to eligible delegates
The Netherlands	12		COP13 (2018) sponsorship to eligible delegates
Finland	11		COP13 (2018) sponsorship to eligible delegates
Switzerland*	10		COP13 (2018) sponsorship to eligible delegates
New Zealand	13		Pre-COP13 regional meetings (delegates support and meeting costs for preparatory meetings)
Germany	4	Net contribution after return of surplus	Pre-COP13 regional meetings (delegates support and meeting costs for preparatory meetings)
Canada	3		Pre-COP13 regional meetings (delegates support and meeting costs for preparatory meetings)
Danone	468	Contribution for 2017 and 2018 Danone project activities	
Japan	88	Nagao Wetland Fund	
Japan	28		Ramsar Advisory Missions for Parties requiring assistance
Finland	8	STRP workplan	
Norway	7	Workshop on Ramsar, wetlands and climate change	
Finland	4	CEPA workplan	Ramsar CEPA Programme (2016-2021), exclusion of World Wetlands Day
Norad	-19	Return of project surplus	
	2	Rounding	
Total	1,657		

* Switzerland also authorized the use of CHF 100K of the pre-2016 Swiss Grants for Africa surplus for pre-COP13 regional meetings (delegates support and meeting costs for preparatory meetings).

Note: In addition to the above voluntary contributions received in 2018 for pre-COP13 regional meetings (delegates support and meeting costs for preparatory meetings), voluntary contributions of CHF 45K were received in 2017 (CHF 7K from Australia, CHF 31K from Canada and CHF 7K from Norway) (see document Doc. SC54-7.1 Rev.1, Table 2).

25. From Danone, a total of EUR 400,500 was received in 2018 (EUR 232,000 relating to 2017 and EUR 168,500 relating to 2018). Danone's shifting in priorities resulted in reduced funding for World Wetlands Day from CHF 42,500 in 2018 to CHF 28,080 in 2019. The Secretariat is approaching possible donors to seek alternative resources. Efforts will continue to secure funding for the next years for this important area of work and for the Ramsar Awards.
26. Outreach has been made to Contracting Parties and other potential donors regarding funding of other budgeted non-core priority items identified in Resolution XIII.2, Annex 3.
27. The Secretariat would like to express its sincere appreciation to Contracting Parties and donors for voluntary contributions to non-core activities of the Convention.

African voluntary contributions

28. Net voluntary contributions of CHF 7K were received from Contracting Parties in the Africa region, relating to 2018 and prior years. See document SC57 Doc.7.3 for a summary of the status of African voluntary contributions.

Core budget 2019

29. An overview of the 2019 budget approved by COP13 is provided at Annex 4. This Annex includes the use of 2017 surplus of CHF 298K for 2019-2021 to fill the gap created by the inclusion of a new position of Finance and Accounting Assistant and the support for the Effectiveness Working Group requested by Contracting Parties and as authorized by Resolution XIII.2.
30. In addition, the pre-committed balances from Table 1 totalling CHF 437K are included in Annex 4.

Review of non-core balances (Annex 3)

COP13, COP13 delegate support and pre-COP funding

31. The budget of CHF 842K for COP13 in Dubai generously provided by the United Arab Emirates was underspent by CHF 206K. Total expenses incurred by the Secretariat totalled CHF 636K. Attention given to cost management and eliminating unnecessary expenses resulted in the Secretariat's ability to fulfil its responsibilities under budget. As requested, the surplus will be returned to the UAE in 2019.
32. The Secretariat had a challenging task of fundraising for eligible sponsored delegates for both COP13 and five pre-COP meetings during the same year. A total of CHF 209K was received in voluntary contributions from seven countries. These contributions coupled with use of surplus funds approved by the Subgroup on Finance and the Standing Committee allowed the Secretariat to sponsor 113 delegates from eligible countries. The total amount spent on sponsored travel under COP13 delegate support was CHF 480K. The Secretariat wishes to thank all Contracting Parties who made contributions to the COP13 delegate support (see Table 3).
33. The Secretariat also appreciates the funds made available by donors (see Table 3) for supporting sponsored delegate travel to pre-COP13 meetings held in Chilaw (Sri Lanka), Wellington (New Zealand), San Jose (Costa Rica) and Dakar (Senegal). A total of CHF 65K was received in voluntary contributions from six countries, and Switzerland authorized the use of CHF 100K of the pre-2016 Swiss Grants for Africa surplus. These contributions coupled with

surplus funds approved by the Subgroup on Finance and the Standing Committee allowed the Secretariat to sponsor delegates from eligible countries. The total amount spent on sponsored delegate travel for regional preparatory meetings was CHF 245K.

Review of other non-core balances

34. The Secretary General reviewed the financial management of the Secretariat and reported issues of concern and an action plan to the Executive Team, the Facilitation Working Group, the Subgroup on Finance, the Standing Committee at SC53 and the auditors in 2016, and has provided regular updates since then. A main issue was the management of non-core funds. The Secretariat has continued the implementation of its action plan and has put in place a more structured and transparent approach to the use of non-core funding and balances. The internal review of old non-core projects has continued and during 2017 and 2018, necessary closing actions were undertaken and as a result, 76 projects have been closed in the financial system. Improvements are also being made in the processes and procedures as well as in the system, in close cooperation with IUCN.
35. An update on balances related to the Small Grants Fund Programme is provided in document SC57 Doc.7.4
36. An update on balances related to the Ramsar Regional Initiatives is provided in DOC. SC57-25.
37. Old surplus balances in the Admin. project have been transferred to other projects in accordance with SC54 decisions. A new Pre-2016 Small Grants for Africa (SGA) project was set up with the remaining pre-2016 SGA surplus after the authorized transfer of CHF 100K to support pre-COP13 regional meetings.

Management review of non-core funds

38. As a follow up to the internal review conducted by the Secretary General, decision SC53-33, requested the Secretariat to take steps to conduct an external review of non-core projects. The Secretary General asked the IUCN Oversight Unit to undertake this management and financial review. The external auditors received favourably this initiative. The preliminary results of the review were presented at SC54 and the final results of the review were presented to SC55 as document SC55 Doc.8.2 on *Financial Management Review of Non-core (Restricted) Fund Accounts*³. The report includes the management response from the Secretariat.
39. The updated status of the management response and actions of the Secretariat is that two of the ten recommendations have been fully implemented (recommendations 6 and 7). Progress has been made and will continue for Recommendations 2, 5, 8, 9 and 10 now that the new Finance Officer has been hired.
40. The following recommendations require a decision from Standing Committee:
 - Recommendation 1: *The Secretariat should consider adopting standard terms to describe its funds, either 'core and non-core' funds or 'unrestricted and restricted'*. The Secretariat proposes to use the terms "core" and "non-core" funds. The Secretariat invites the Standing Committee to consider whether or not to adopt the use of the standard terms "core" and "non-core" to describe Ramsar funds.

³ <https://www.ramsar.org/document/sc55-doc82-iucn-review-of-non-core-finances>

- Recommendation 4: *The Secretariat should invite the external auditor to provide the Standing Committee, through the Subgroup on Finance, with an annual presentation and briefing on the audited financial statements.* This may result in an increased annual audit fee. The Secretariat invites the Standing Committee to make a decision on this matter.
41. Regarding Recommendation 3: *The Secretariat should present Appendix A: Projects Financed by Restricted Funds to the Standing Committee as a separate management report and remove it from the Convention’s financial statements starting with the fiscal year 2018.* This has been included in this section and in Annex 3 of this document. The 2018 audited statements do not include this annex, hence Standing Committee is invited to note this point.

External auditor’s proposed modification for the calculation of the provision for outstanding Contracting Party contributions

42. The external auditors have expressed that the current methodology approved by Decision SC53-36 does not incorporate the notion of economic risk of the Contracting Parties on an individual basis and, thus, may result in a less-than-prudent approach as it relates to Contracting Parties known to delay payments for many years. In order to fully comply with Swiss law, the external auditor requires that the methodology be reviewed for the 2019 audit. Options presented include the following:
- a. In order to continue to be audited in accordance with Swiss law, the annual calculation for the provision against dues receivable from Contracting Parties would need to be expanded. The requested change would be to increase the provision to 100% for balances outstanding for less than five years, for Contracting Parties who have not made a contribution payment in the past four years. This would represent an increase of CHF 178K.
 - b. Other alternatives would be:
 - i. for the auditors to include a qualification in the audit opinion stating that the financial statements comply with Swiss law except for the provision against outstanding dues from Contracting Parties; or
 - ii. Ramsar could adopt its own accounting policies: preparation of financial statements by adopting its own accounting principles (described in the notes to the financial statements). The auditors would opine on the financial statements prepared in accordance with the notes to the Financial Statements.

More details have been provided to the Subgroup on Finance, including a note from the auditor, prepared at the request of and with input from the Secretariat.

External auditor’s requested modification of their audit approach for outstanding Contracting Party balances

43. The external auditor has requested to send confirmation letters to a selection of Contracting Parties with outstanding contribution balances, as a part of the standard audit procedures. The process would consist of obtaining a direct communication from the Contracting Parties in response to a request for information about a particular item affecting financial statement assertions. The external auditor proposes starting in 2019 to send letters or forms directly to a group of selected Contracting Parties to check the payable or receivable amounts to confirm the amounts recorded in the financial system. This is a standard practice for the audit of entities that are audited in accordance with Swiss law. The Secretariat has explained to the auditor the challenges arising from requesting such letters from States.

Annex 1

Audited financial statements as of 31 December 2018 (Swiss reporting format)

I. Balance sheet as of 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>	<i>Notes⁴</i>	2018	2017
ASSETS			
Current assets			
Cash and short term bank deposits		5,196	4,466
Contracting Party receivables (net)	6	833	1,166
Other account receivables	7	54	74
Total current assets		6,083	5,707
Total non-current assets	9	18	21
TOTAL ASSETS		6,101	5,728
LIABILITIES AND FUND BALANCES			
Current liabilities			
Amount owed to IUCN		338	475
Other Payables	8	827	564
Accrued liabilities		155	175
Total current liabilities		1,320	1,213
Provisions			
Staff repatriation	5	164	135
Staff leave	5	141	139
Staff termination	5	147	123
Total provisions		452	396
Fund and Reserves			
Unrestricted reserve fund	11	2,196	1,801
Restricted Projects	12	2,133	2,317
Total fund and reserves		4,329	4,118
TOTAL LIABILITIES AND FUND BALANCES		6,101	5,728

⁴ See Notes to the Financial Statements, *Report of the auditor on the financial statements 2018*
<https://www.ramsar.org/document/report-of-the-auditor-on-the-financial-statements-2018>

II. Statement of income and expenditure for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2018			2017		
		Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
Income							
<i>External income:</i>							
Contributions from Contracting Parties		3,779	-	3,779	3,779	-	3,779
US voluntary contributions		1,066	-	1,066	1,066	41	1,107
African voluntary contributions		-	7	7	-	14	14
Project income		-	1,657	1,657	-	375	375
Swiss tax rebates	10	221	-	221	215	-	215
Total external income		5,066	1,664	6,730	5,059	430	5,489
Transfer between core and projects		(3)	3	-	-	-	-
Total Income		5,063	1,667	6,730	5,059	430	5,489
Expenditure							
<i>Operating expenditure:</i>							
Communications (Outreach)		(336)	(258)	(594)	(334)	(167)	(501)
Regional Advice, Initiatives and Support		(1,389)	(197)	(1,585)	(1,384)	(321)	(1,704)
Scientific and Technical Services Partnerships		(301)	27	(275)	(309)	(67)	(376)
Management, Operations and Support		(2,446)	(1,353)	(3,799)	(2,381)	(18)	(2,399)
Total operating expenditure		(4,693)	(1,844)	(6,537)	(4,504)	(734)	(5,237)
Net Surplus/(Deficit) before Other Income/Expenditures		370	(177)	193	555	(304)	252
<i>Other income (expenditures):</i>							
Net financial income/(expense)	4	(32)	(7)	(39)	25	12	37
Provisions and write-offs (expense)		57	-	57	(49)	-	(49)
Total other income/expenditures		25	(7)	18	(24)	12	(12)
Net Surplus/(Deficit) after Other Income/Expenditures		395	(184)	211	531	(292)	239

STATEMENT OF FUND BALANCE for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>		2018			2017		
		Core Funds	Restricted Projects	Total	Core Funds	Restricted Projects	Total
Fund balance at the beginning of the year		1,801	2,317	4,118	1,270	2,609	3,879
Net income / (expenditure) for the year	11	395	(184)	211	531	(292)	239
Fund balance at the end of the year		2,196	2,133	4,329	1,801	2,317	4,118

III. Cash Flow Statement for the year ended 31 December 2018

<i>in thousands of Swiss Francs (CHF '000s)</i>	2018	2017
Cash flow from operations		
Surplus/(Deficit) from Operations	211	239
Depreciation of fixed assets	10	10
Increase / (decrease) in provisions for membership dues in arrears	(57)	67
Increase / (decrease) in staff leave and repatriation liabilities	31	54
Increase / (decrease) in the provision for staff termination	24	33
(Increase) / decrease in membership dues receivables (gross)	390	(609)
Increase / (decrease) in payables to partner organisations	(137)	198
(Increase) / decrease in other accounts receivable	20	24
Increase / (decrease) in membership dues paid in advance	280	(76)
Increase / (decrease) in accounts payable and accrued liabilities	(46)	(81)
Increase / (decrease) in social charges payable	10	19
Total Cash flow from operations	737	(123)
Cash flow from investing activities		
Purchase of fixed assets	(7)	(10)
Total Cash flow from investing activities	(7)	(10)
Net Cash inflow/(outflow) for the year	730	(133)
Cash and short term deposits at the beginning of the year	4,466	4,599
Cash and short term deposits at the end of the year	5,196	4,466

Annex 2

2018 Core results for the period 01 January – 31 December 2018

('000 CHF, includes possible rounding differences)

2018 Ramsar Budget SC55 Approved CHF '000s	Approved budget (A)	Authorised use of surplus (B)	Budget reallocation (C)	Total available budget (D) =(A)+(B)+(C)	Actual expenditure (E)	Balance (F) =(D)-(E)
INCOME						
Parties' Contributions	3,779	0	0	3,779	3,779	0
Voluntary contributions	1,065	0	0	1,065	1,066	1
Income Tax	225	0	0	225	221	(4)
Other Income (including Interest Income)	12	0	0	12	4	(8)
TOTAL INCOME	5,081	0	0	5,081	5,070	(11)
EXPENDITURES						
A. Secretariat Senior Management	798	0	(20)	778	668	110
Salaries and social costs	674	0	(40)	634	582	52
Other employment benefits	79	0	0	79	27	52
Staff hiring and departure costs	0	0	0	0	8	(8)
Travel	45	0	20	65	51	14
B. Partnership Coordinator	250	0	(22)	228	221	7
Salaries and social costs	188	0	30	218	216	2
Other employment benefits	52	0	(50)	2	0	2
Staff hiring and departure costs	0	0	0	0	0	0
Travel	10	0	(2)	8	5	3
C. Regional Advice and Support	1,342	77	(70)	1,349	1,272	77
Salaries and social costs	1,201	0	(66)	1,135	1,136	(1)
Other employment benefits	56	0	6	62	53	9
Staff hiring and departure costs	0	0	0	0	3	(3)
Travel	85	0	(10)	75	68	7
Ramsar Advisory Missions	0	77	0	77	11	66
D. Support to Regional Initiatives	120	33	0	153	117	36
Regional Initiatives General	0	21	0	21	0	21
Activity 1: Senegal Basin	30	12	0	42	34	8
Activity 2: Amazon Basin	30	0	0	30	24	6
Activity 3: Central Asia	30	0	0	30	30	0
Activity 4: Indo-Burma	30	0	0	30	30	(0)
E. Scientific and Technical Services	392	114	(13)	493	301	192
Salaries and social costs	290	0	(25)	265	193	72
Other employment benefits	2	0	10	12	0	12
Staff hiring and departure costs	0	0	0	0	0	0
Travel	10	0	2	12	11	1
STRP implementation	40	0	0	40	65	(25)
STRP meetings	50	0	0	50	33	17
Strategic Plan (2019 - 2021)	0	44	0	44	0	44

2018 Ramsar Budget SC55 Approved CHF '000s	Approved budget (A)	Authorised use of surplus (B)	Budget reallocation (C)	Total available budget (D) =(A)+(B)+(C)	Actual expenditure (E)	Balance (F) =(D)-(E)
SDG 6.61	0	70	0	70	0	70
F. Communications	389	0	10	399	336	63
Salaries and social costs	254	0	10	264	261	3
Other employment benefits	0	0	0	0	0	(0)
Staff hiring and departure costs	0	0	0	0	0	0
Travel	5	0	0	5	9	(4)
CEPA Programme	30	0	0	30	3	27
Comms, Translations, Publications and Reporting Implementation	100	0	0	100	62	38
G. Administration/RSIS/Web	876	77	100	1,053	838	215
Salaries and social costs	629	77	(15)	691	700	(9)
Other employment benefits	5	0	0	5	1	4
Staff hiring and departure costs	25	0	115	140	35	105
Travel	0	0	0	0	0	(0)
Ramsar Sites Information Service (maintanance and develop)	107	0	0	107	36	71
Web/IT support and Development	110	0	0	110	66	44
H. Operating Costs	94	81	0	175	85	90
General	80	0	0	80	68	12
Equipment/Office Supplies	14	0	0	14	17	(3)
Planning and Capacity building	0	81	0	81	0	81
I. Standing Committee Services	150	32	0	182	186	(4)
Standing Committee delegates' support	45	0	(9)	36	36	0
Standing Committee meetings	10	0	9	19	19	(0)
SC translation	60	0	14	74	75	(1)
Simultaneous interpretation at SC meetings	35	0	(4)	31	38	(7)
Other meetings	0	32	(10)	22	19	3
J. IUCN Administrative Service Charges (maximum)	560	0	15	575	590	(15)
Administration, Human Resources, Finance & IT services	560	0	15	575	590	(15)
K. Miscellaneous - Reserve Fund	110	0	0	110	61	49
Provisions	50	0	0	50	(1)	51
Exchange rate gains / losses	0	0	0	0	33	(33)
Legal Services	60	0	0	60	29	31
TOTAL EXPENDITURES	5,081	414	0	5,495	4,676	819
SURPLUS/(DEFICIT) [Includes authorised use of surplus]					395	809

Annex 3

Projects financed by restricted funds for the period 01 January 2018 - 31 December 2018

('000), includes possible rounding differences

		Balance (deficit) at 31 December 2017	Income during 2018	Expenditure during 2018	Project transfers and cross charges	Balance (deficit) at 31 December 2018
		(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR
International Cooperation						
R100159	SGF-2009	60	-	-	-	60
R100160	SGF 2010	53	-	-	-	53
R100161	SGF-2011	23	-	-	-	23
R100163	SGF-2013	1	-	-	-	1
R100265	SGA-Pre-2016	-	-	-	235	235
R100266	SGA-2016	49	-	(22)	-	26
R100362	WFF-2012	35	(0)	(1)	-	34
R100364	WFF-2014	49	0	(27)	-	22
R100365	WFF - 2015 & 2016	201	-	-	-	201
R100407	RI Central Asia (Norway)	3	-	-	-	3
R100408	Nagao Wetland Fund (NEF Japan)	104	88	(65)	(19)	108
Total of International Cooperation		578	88	(115)	216	768
Listed Sites						
R100110	RAM	98	29	(9)	-	118
Total of Listed Sites		98	29	(9)	-	118
Other						
R100100	Admin	795	3	-	(435)	363
R100102	RSIS redevelopment	39	-	-	-	39
R100103	Web redevelopment	64	-	-	-	64
R100104	Development	7	-	-	-	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
R100311	Rio Cruces	112	0	(57)	-	55
R100402	Bhutan	(10)	-	-	-	(10)
R100406	WWF Grant, WWD Korea	(4)	-	-	-	(4)
R100637	COP13 UAE	49	843	(637)	(49)	206

		Balance (deficit) at 31 December 2017	Income during 2018	Expenditure during 2018	Project transfers and cross charges	Balance (deficit) at 31 December 2018
		(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR	(DR)/CR
R100638	SC-Standing Committee	32	-	-	(32)	-
R100639	COP13 - sponsored delegates	-	209	(480)	177	(94)
R100700	CEPA	9	4	-	-	13
R100809	Danone Ecole de l'eau	21	-	-	-	21
R100814	Danone 2014	30	-	(30)	-	-
R100819	Danone Spring	9	0	(1)	-	8
R100816	Danone 2016	(62)	469	(228)	-	178
R100904	STRP 2016-2018	133	8	3	-	145
R100910	TEEB	39	-	-	-	39
R101000	SSFA, Expert Group on Water Cycle	(3)	-	23	-	21
R101001	WCMC, Online National Report Format	14	-	-	-	14
R101002	NORAD 2015	27	(21)	(2)	(4)	-
R101003	MAVA 13-32	61	0	(61)	6	7
R101006	Workshop on Ramsar, wetlands and climate change	-	7	-	-	7
R118100	Ramsar Pre_COP 13- FUNDS All Parties	45	20	(245)	180	(0)
Total of Other		1,530	1,542	(1,714)	(157)	1,201
Regional Initiatives						
R100132	RI - WACOWET	49	-	-	(49)	(0)
R100133	RI - CARIWET	(4)	-	-	-	(4)
R100135	RI - Mangrove	(1)	-	-	-	(1)
R100137	RI - East Africa Centre	27	-	-	(27)	(0)
R100142	RI - Amazon River Basin	9	-	(16)	-	(7)
R100200	AVC, African Regional Initiatives	31	7	0	20	58
Total of Regional Initiatives		112	7	(16)	(56)	46
Grand Total		2,317	1,667	(1,855)	3	2,133

Annex 4
Proposed Core Budget 2019

Ramsar Budget 2019 CHF 000'S	Budget 2019 (COP13- approved)	Authorized use of 2016- 2018 surplus in 2019	Committed from 2018 budget (carry over to 2019)	Pre- committed from 2017 (carry over to 2019)	Proposed budget 2019 after reallocation
	(A)	(B)	(C)	(D)	(E)=(A)+(B)+(C) +(D)
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	0	5,081
EXPENDITURES					
A. Secretariat Senior Management	1,009	15	0	0	1,024
Salaries and social costs	918				918
Other employment benefits	51				51
Travel	40	15			55
B. Resource Mobilization and Outreach	638	135	0	0	773
Salaries and social costs	450				450
Other employment benefits	5				5
CEPA Program	30				30
Comms, Translations, Publications and Reporting Implementation	60	120			180
Web/IT support and Development	84				84
Travel	10	15			25
C. Regional Advice and Support	1,325	30	66	0	1,421
Salaries and social costs	1,178				1,178
Other employment benefits	72				72
Travel	75	30			105
Ramsar Advisory Missions	0		66		66
D. Support to Regional Initiatives	100	0	36	28	164
Regional networks and centers	100		36	28	164
E. Science and Policy	754	15	114	0	883
Salaries and social costs	559				559
Other employment benefits	4				4
STRP implementation	35	15			50
Travel STRP Chair	5				5
STRP meetings	50				50

Ramsar Budget 2019 CHF 000'S	Budget 2019 (COP13- approved)	Authorized use of 2016- 2018 surplus in 2019	Committed from 2018 budget (carry over to 2019)	Pre- committed from 2017 (carry over to 2019)	Proposed budget 2019 after reallocation
	(A)	(B)	(C)	(D)	(E)=(A)+(B)+(C) +(D)
Ramsar Sites Information Service (maintenance and development)	91				91
Travel	10				10
Strategic Plan (2019 - 2021)	0		44		44
SDG 6.61	0		70		70
G. Administration	436	33	133	0	602
Salaries and social costs	315				315
Other employment benefits	1				1
Staff hiring and departure costs	25		52		77
Secretariat Staff Travel	0				0
Operating Costs including equipment	95				95
Planning and Capacity building	0	33	81		114
H. Standing Committee Services	150	70	0	0	220
Standing Committee delegates' support	45				45
Standing Committee meetings	10				10
SC translation	60				60
Simultaneous interpretation at SC meetings	35				35
Effectiveness Working Group	0	70			70
I. IUCN Administrative Service Charges	560	0	0	0	560
Administration, Human Resources, Finance & IT services	560				560
J. Miscellaneous - Reserve Fund	109	0	88	0	197
Provisions	50		57		107
Legal Services	59		31		90
TOTAL EXPENDITURES	5,081	298	437	28	5,844

Notes:

Column B – Resolution XIII.2 use of CHF 228K plus up to CHF 70K for 2019-2021 triennium

Column C – Committed from 2018 budget (see Table 1 and Paragraph 11)

Column D - Pre-committed from 2017