



**10th Meeting of the Conference of the Parties to
the Convention on Wetlands (Ramsar, Iran, 1971)**

“Healthy wetlands, healthy people”

**Changwon, Republic of Korea,
28 October-4 November 2008**

Agenda item XIV

Ramsar COP10 DOC. 18

Background information on financial and budgetary matters

1. In Decision SC37-6, the Standing Committee approved for transmittal to the COP the draft Resolution DR 2 on the four proposed budget options, as amended and with the requested recalculations and explanations. The Committee also requested the Secretariat to prepare for COP10 an analysis of the implications of those budget options for the core budget and Secretariat operations, including an estimate of what Secretariat work would not be capable of being delivered if one of them were to be adopted.
2. Budget projections for the 2009-2012 cycle have been developed using the 2008 core budget as a starting point. The Parties should note that the 2008 core budget allocations in draft Resolution DR 2 have been subject to minor adjustments to those approved by Decision SC36-8 to reflect updated staff salaries according to minimum increases allowing for annual performance-related increments and the Cost of Living adjustment of 1.3%.
3. When considering the budget proposals in DR 2, the Conference of the Parties is also urged to take into consideration the implications of the analysis provided in Annex 4 of COP10 DOC. 19 of the historical patterns of growth of the Convention, its core budget, and Secretariat staffing. Notably this Annex shows that despite the steady growth of the Convention and numbers of listed sites and the increasing workloads these imply in providing Secretariat services to the increasing number of Parties, the resources of the Convention (core budget) and capacity and staffing of the Secretariat have not kept pace. The rate of increase in the core convention budget has been progressively slowing over the past ten years, as has the growth in Secretariat staffing, which has leveled off in recent years. Furthermore, comparisons with the budgets and staffing of other multilateral environmental agreements (MEAs) indicate that the Ramsar Convention has fewer Secretariat staff and a much smaller budget per Contracting Party.
4. The notes on each of the four 2009-2012 budget proposals provided below provide an assessment of some of the implications for Secretariat operations, as requested by Decision SC37-6. Further implications and assessment of current Secretariat staffing and capacity to deliver the work expected of it by Parties in a timely manner are provided in COP10 DOC. 19.
5. Annex I to draft COP10 Resolution DR 2 provides one table of core budget income for each of the four budget options, and a separate expenditure table for each of these budget options, organized in the same manner as the 2008 expenditure table.

6. In Annex II, for ease of comparison of the implications for Contracting Party annual contributions under the various budget options, a single table showing the annual contributions for the four options, for 2009, is provided. Once the Conference of the Parties has determined which version of the budget proposals will be adopted, the Secretariat will add to this tabulation the projected annual contributions for 2010 through 2012.
7. In determining the budget proposals to transmit to COP10, the Standing Committee considered the possible implications of the proposal to change the Ramsar triennial cycle to a quadrennial (4-year) cycle provided in draft Resolution DR 3. The Standing Committee requested the Secretariat to prepare the core budget proposals for COP10 to cover the years 2009-2012.

1) Zero Nominal Growth Budget

8. The Zero Nominal Growth Budget description is that there is no increase in the Total Forecast Expenditure line of 2008 in the budgets for 2009 through 2012. However, certain budget lines within this overall budget total will need to increase during the triennium, given current rates of increase in costs of living, salary increments, and in the provision of services such as travel and overall operating expenses. As a result, other budget lines must be reduced to keep within the total budget amount.
9. Calculation of staff costs have been based on a steady cost of living increase of 2.9% (the current cost of living increase for Switzerland) plus annual performance-related salary increments. Travel budgets (for Secretariat staff and for Standing Committee and STRP member meeting participation) have been increased by 15% as that is the minimum percentage increase that is expected in the industry, and since otherwise the Secretariat staff who travel would not be able to fulfill their work plans if they had smaller travel budgets. Some increased expenditures costs of 4% were added to budgets lines to cover realistic anticipated increases in overall operating expenses and for simultaneous interpretation costs for Standing Committee meetings, as these costs increase each year.
10. An amount of CHF 3,000 has been added for travel costs, according to Decision SC35-10, to cover the costs of the current Standing Committee Chair's participation in the Transition Committee in 2009 (as proposed in DOC. SC37-1). It is to be noted that this budget line from 2009 will depend on which countries the new Standing Committee delegates who require support will be from. This budget line may have to be adjusted in 2010 through 2012 when we have more precise information.
11. To balance the overall budget the sum of these increases has been deducted from the budget line not directly affecting the Secretariat's operations, namely support to the Regional Initiatives. In order to maintain the same overall budget figure, reductions have been taken as follows: allocation to regional initiatives reduced to nearly zero in 2012; limited Regional advice & support travel; reduction of STRP Services in point D.i. to only the staff cost; reduction of the Communications and reporting implementation budget by CHF 27,000 in 2012; and reducing Standing Committee delegate support. A recosting would probably have to be undertaken to allow the Secretariat to continue to operate. The overall implication is that it would not be possible to maintain the current level of operational support by 2012.

2) Zero Real Growth Budget

12. The Zero Real Growth Budget description is that the rate of inflation is added to budget lines with legitimate expected increases in costs to those of the Nominal Growth Budget. The year over year rate of inflation for May 2008 in Switzerland is 2.9%.
13. Increases for cost of living, salary increments, and in the provision of services such as travel and overall operating expenses have been applied. Support to regional initiatives is maintained throughout the triennium at 2008 levels. A nominal annual increase in the budget allocation for the Ramsar Sites Information Service has also been made, but it should be recognized that this is below the level anticipated to be needed to maintain the service at its current level of operation, given that much of this funding concerns staff salary costs. In order to keep the budget within an average yearly increase of 3%, certain budget lines such as Standing Committee delegate travel have been kept at a reduced increase percentage.
14. This budget option would not allow for any recruitment of additional Secretariat staff to be funded from the core budget.
15. This budget option results in 3% annual growth.

3) Four Per Cent Growth Budget

16. The Four Per Cent Growth Budget description is based on applying a base 4% on those expenditure items where costs are expected to increase (as best as can be estimated).
17. Anticipated expenditure increases have been applied as for the two zero growth budgets above. Anticipated realistic cost increases for the Ramsar Sites Information Service to be adequately maintained and its development continued have been included, as has a 4% annual increase in support to regional initiatives.
18. This budget option would not allow for any recruitment of additional Secretariat staff to be funded from the core budget.
19. This budget option results in 4% annual growth.

4) Proposed future Secretariat staffing and structure Budget

20. As requested in Decision SC36-9, this budget option is provided to indicate the core budget implications of full cost coverage of the increased 2009-2012 Secretariat staffing proposal endorsed by Decision SC36-15 as appropriate in a general sense to consider as a realistic vision for a future Secretariat structure to deliver the aspirations and development of the Convention.
21. Salary and social costs for each of the additional Secretariat staff posts have been calculated at 50% for 2009 and 100% for 2010 through 2012. This is calculated on the basis that, should this budget or a budget which includes core budget coverage for some of the posts be approved at COP10, recruitment processes mean that staff coming into such new posts would be able to do so in about June 2009 at the earliest.

22. Calculation of expenditure increases are as those for each of the other budget options relating to salary increments, expected increased costs for travel, and legitimate expected increase in normal services.
23. This budget option results in 11% annual growth for this 4-year period. However, it should be noted that the increase in 2009 of 27% and the increase of 15% in 2010 are then followed by a return to normal historical growth levels. The increase in 2011 would be 1% and the increase in 2012 would be 4%.

5) Other considerations

24. Not taken into consideration in the preparation of these budgets is current and future capacity for fundraising for supporting participation in Convention meetings (regional meetings and meetings of the Conference of the Parties, and for COP administration where the host country has not been able to support the Secretariat), and for other fundraising such as for the Small Grants Fund. At present the Finance Officer has had the responsibility to prepare budgets and documents for all such fundraising efforts needed, but increasingly this time-consuming work competes with other essential finance management work which needs to be delivered by the Secretariat. The Conference of the Parties is requested to give consideration to also including a budget allocation for a part-time fundraising consultant to assist the Secretariat with more effective and efficient fundraising for such needs.
25. The IUCN Travel Policy now permits personnel to travel in Business Class for all missions over eight hours (similar to UN policy). However, due to the constraints in the Ramsar core budget, nowhere have we included these increased costs in our travel budget, which could in that case conceivably double.
26. The Overhead Service Charges agreement with IUCN is being renegotiated for the 2009-2012 cycle, but will not be signed until after COP10 has approved the budget. New internal controls required by Switzerland may give us additional work and may also mean additional work for the IUCN finance services, which may in turn result in higher service charges. As the discussions and negotiations with IUCN progress, and their implications become clearer, the Secretariat will keep the Subgroup on Finance informed and as necessary seek its advice on this matter.