

Report of the Subgroup on Finance

1. The Subgroup met on the afternoon of Monday 2 June 2008.

2007 audited accounts

2. The subgroup received the advice of the Secretariat that although it had been anticipated to have the 2007 audited accounts available from the auditors by the time of SC37 the auditors had now advised that the Ramsar accounts are not yet available pending finalization of the full IUCN accounts, to which the Ramsar accounts are linked. It is now anticipated that the Ramsar accounts will be available within the next few weeks.

Recommendation. The Subgroup requests the Secretariat to circulate the 2007 audited accounts by electronic means, as soon as they are available, for Subgroup and Standing Committee approval.

DOC. SC37-7: Financial and budgetary matters

3. The Subgroup considered the four core budget options prepared by the Secretariat at the request of SC36, and the explanatory text accompanying these.
4. Following discussion of the interpretation of terms “Zero Real Growth” and “Zero Nominal Growth” it was agreed that in line with terminology used in other international processes these two terms should be switched for the budget options to which they refer.
5. Concerning the newly entitled “Zero Real Growth” budget option, the Secretariat has been requested to recalculate this option to take into account only cost-of-living increases and not increases in travel costs etc.
6. It was identified that elaborated explanations of how some budget lines, including travel costs at 15% increase, and Secretariat staff salary costs, have been calculated will be helpful in informing COP discussion on these budgets. Likewise, further clarifications concerning the implications for efficient and effective Secretariat and Convention operations of certain budget options in the next triennium, notably the (newly-entitled) Zero Nominal Growth budget, are needed.

Recommendation. The Subgroup recommends that all budget options, subject to the amendments and additional explanatory information should be transmitted to COP10, so that all Contracting Parties can address these matters. However if, following recalculation of the (new) Zero Real Growth budget, the percentage budget increases remain very similar (as now) to the 4% growth budget, only one of these should be transmitted to COP10.

DOC. SC37-8 Regional initiatives

7. The Subgroup considered the proposed Draft COP10 Resolution and its Operational Guidelines for future initiatives, and identified a number of concerns about *inter alia* the need to strengthen aspects of the operational guidelines (notably paras 21 and 22 of the draft), the need to include mechanisms for addressing initiatives which prove not to work operationally, and to ensure that there are clear guidelines for full submission of proposals for initiatives, including clarifications of support from all relevant Contracting Parties.
8. The Subgroup also recognized the need to include language and guidance concerning the “umbrella initiatives” approach, in line with SC36 discussions and DOC. SC36-19 on this matter, including identification of potential financial implications.
9. The Subgroup agreed to establish an informal working group to develop these texts, to meet initially on the evening of Monday 2 June, comprising: Finance Subgroup Chair, Uganda, Czech Republic, Japan and WWF, with Senior Advisor for Europe *ex officio*.

Recommendation. Subject to the resolution of the matters identified in paras 7-9 above the Subgroup recommends that a suitably revised text of the DR and its Annex be transmitted to COP10.

DOC. SC38-9 Small Grants Fund

10. There was general agreement in the Subgroup concerning the SGF portfolio mechanism, and a new operative paragraph was proposed to the DR concerning the oversight of management of the SGF portfolio by the Subgroup on Finance.
11. It was recognized that the “signature initiative” approach to complement the SGF, as discussed at SC36, was not reflected in the current DR and that discussion of this approach during regional preparatory meetings had not as yet led to firm proposals from regions for such initiatives.
12. The informal working group (para 9 above) was requested to look at how to include appropriate text in to the DR in relation to signature initiatives, including to clarify the difference between the SGF signature initiatives and the “umbrella regional initiatives” approaches in the Regional Initiatives DR, and text in the two DRs cross-referencing to these.

Recommendation. The Subgroup recommends that the DR on “Optimising the Ramsar Small Grants Fund during the triennium 2009-2011” be transmitted to COP10 subject to satisfactory resolution of the matters identified in paras 11 and 12 above.

Unpaid contributions from Parties

13. The Subgroup received advice from the Secretariat about the current extent of unpaid contributions, and how the Secretariat handles managing its budget in relation to likelihood of payments according to the trajectory of past payments and non-payments.
14. The Secretary General and others reported on recent attempts to resolve these matters with individual Parties, through which had been identified a number of possible approaches and issues of misunderstanding which need to be resolved.

Recommendation. The Subgroup recommends that the Standing Committee express its concern about the continuing level of unpaid contributions, that the Secretariat continue its efforts to resolve this matter, and that the list of unpaid contributions should, as for COP9, be provided to COP10 as an Information Paper.

Secretariat request for additional funds for future Secretariat status expert advice

15. The Subgroup on Finance was referred this matter by the Management Working Group meeting in the morning of Monday 2 June. The issue is covered by the report of the Management Working Group.
16. The Subgroup on Finance considered the options for identifying a source of approximately CHF 50,000 needed to commission further expert work on different aspects of the options for future Secretariat legal status, and recognized that the tight management of the core budget this triennium means that there are no budget lines currently identified as having surplus funds which could be reallocated to such work so as to progress this in a timely manner so as to provide further advice prior to COP10.

Recommendation. The Subgroup on Finance recommends that the Standing Committee: a) requests the Secretariat to discuss opportunities with those Contracting Parties and others who may be in a position to make a voluntary contribution to facilitate this work prior to COP10; and b) to include in the core budgets for the 2009-2011 triennium a budget line to undertake this work, should it not be possible to progress this before COP10.