

CONVENTION ON WETLANDS (Ramsar, Iran, 1971)

Meeting of the Standing Committee Subgroup on Finance  
Gland, Switzerland, 15 2002

## DOC. Finance SG-2

Agenda item 2

### **Response from the Contracting Parties to the Diplomatic Notification 2001/8 of 18 December 2001 concerning the proposal to establish a Ramsar Trust Fund to resource the Ramsar Small Grants Fund (SGF), and future course of action**

**Action requested.** The Subgroup on Finance is requested to review the responses received from Contracting Parties on this matter and to adopt a proposal to be transmitted to COP8 on the future resourcing of the Ramsar Small Grants Fund (SGF).

1. At its meeting in December 2001, the Standing Committee adopted Decision SC26-39 as follows: “The Standing Committee requested the Bureau to circulate the document ‘Proposal to establish a Trust Fund to resource the SGF’ to all Parties and other appropriate institutions by 14 December 2001, inviting comments by 15 March 2002, and to prepare a report based upon these comments, including the prospects and risks involved in establishing such a Trust Fund, to be considered by the Subgroup on Finance at a meeting to be held on 15 May 2002 in conjunction with that of the Subgroup on COP8. The Committee authorized the Subgroup on Finance to submit a recommendation to Ramsar COP8, if considered appropriate after the consultation with Contracting Parties, on establishing a Ramsar Trust Fund to resource the SGF.”
2. A copy of the Standing Committee document transmitted to Contracting Parties is attached again for ease of reference.
3. A total of 49 Contracting Parties (out of 123 Parties at the time of the consultation) have responded. It should be noted that this constitutes a true record in the number of responses, which may be an indication of Contracting Parties’ interest on this finance-related issue.
4. A total of 39 countries, namely Albania, Algeria, Argentina, Armenia, Belarus, Bulgaria, Chile, Colombia, Croatia, Georgia, Guinea, Hungary, India, Jordan, Kenya, Latvia, Lebanon, Mauritania, Mauritius, Niger, Nigeria, Pakistan, Peru, Philippines, Romania, Russian Federation, Slovak Republic, Slovenia, Spain, Suriname, Thailand, TFYR of Macedonia, Togo, Trinidad and Tobago, United Kingdom, Uganda, Ukraine, United States, and Yugoslavia expressed their support to the establishment of the Trust Fund.
5. A number of countries that have received support from the SGF in the past have indicated in their response how much they appreciate this mechanism and see the Trust Fund as a means to try to secure a more stable source of funds.

6. A number of countries have also made observations with respect of some details of the proposal.
7. Argentina, Chile, and the UK posed questions on, made suggestions about, or opposed the proposed *modus operandi* of the Trust Fund. Colombia expressed concern about the principle of connecting the SGF projects with poverty alleviation objectives.
8. Australia and Ecuador provided a number of comments and reflections on the proposal, without clearly stating if these countries would support or not the establishment of the Trust Fund. Poland also provided extensive comments, which in general seems to support the establishment of the Trust Fund but without saying so explicitly.
9. Denmark, through the Danish Forest and Nature Agency, indicated that they have no comments to the proposal and that they do not expect to be able to contribute to the Trust Fund.
10. Germany said that they “agree that the SGF needs to be fundamentally restructured” and the “documents forwarded form a good basis for discussion and will have a favourable influence on the restructuring process”. They submitted a number of questions on the proposal and requested a quick response from the Bureau in order to provide further comments. The Bureau answered the questions immediately but no further input has been received, though there was the indication that Germany may present its position directly to the Subgroup.
11. Switzerland stated that “with regard to the proposed Ramsar Trust Fund . . . while we are not opposed to the idea in itself, we wish to pursue our practice of providing direct support for projects”.
12. Sweden transmitted a letter from Sida in which it is stated that “a Trust Fund is considered by Sida as a possible option for future financing of the Ramsar SGF” but that they have objections to the set-up of a fund on an endowment basis, since this is against Swedish government instructions on the use of Swedish aid funding. Sida also considers that “the possibilities of failure with loss of donated capital due to the risks involved with an endowment fund should not be underestimated”. Sida is in favour of two options with regard to the SGF financing: a) to continue as at present by providing direct funding for the SGF; and b) to contribute to a Trust Fund of the same type as those applied by the World Bank and/or the UN system.
13. Canada, on the basis of a series of considerations, concluded that “Overall our government does not believe this proposal as stated is viable. It does not promote solving or improving existing management issues within the Small Grants Fund (such as reporting, evaluation and transaction costs). It is not a clear solution to guarantee delivery of more money for small grants, and, in fact, may cost more to administer.”
14. Japan expressed concerns about the necessity and feasibility of establishing the Trust Fund and about the nature of the proposed Fund. Their conclusions are that it is absolutely necessary to have adequate explanation from the Bureau on the issues that Japan has raised (see attachments) and to have a discussion among Contracting Parties

to reach common understanding on those issues. Thus, Japan considers that it is premature to adopt at the next meeting of the Subgroup on Finance in May 2002 a recommendation to establish the Ramsar Trust Fund. Japan cannot support the proposed Provisional Rules for the Fund. "Japan considers the current SGF mechanism, with the necessary improvements, can be an effective tool for the convention implementation". Japan "trusts that in the coming meeting, the Contracting Parties and the Bureau will discuss the issue in a responsible and practical manner".

15. Finally, The Netherlands indicated that "The Ministry of Foreign Affairs has decided negatively upon the request of funding of a Trust Fund to resources a Small Grant Fund." The argument is that "these funds tend to run for an indefinite period of time, while the influence of the donor to the Fund is rather limited. Furthermore the Directorate-General [for International Co-operation] is of the opinion that the secretariats of conventions in general should not execute projects and therefore it should neither distribute project funds".
16. Copies of the communications received from Australia, Canada, Japan, Poland, and the United Kingdom are attached to this document, since they are the ones containing more substantial considerations, not easy to summarize here.