

Secretariat of the Convention on  
Wetlands of International  
Importance (Ramsar)  
Gland (Switzerland)

Report of the auditor  
to the Standing Committee

on the financial statements 2019



# Report of the auditor

## to the Standing Committee of the Secretariat of the Convention on Wetlands of International Importance (Ramsar) Gland (Switzerland)

On your instructions, we have audited the financial statements of the Secretariat of the Convention on Wetlands of International Importance (Ramsar), which comprise the balance sheet, statement of income and expenditure, cash flow statement and notes, for the year ended 31 December 2019.

### Management' responsibility

Management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the existence and effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law.

PricewaterhouseCoopers SA

Yves Cerutti  
Audit expert  
Auditor in charge

Marcello Stimato  
Audit expert

Geneva, 2 April 2020

Enclosure:

- Financial statements (balance sheet, statement of income and expenditure, cash flow statement and notes)

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# SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

## BALANCE SHEET AS OF 31 DECEMBER

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2019	2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and short term bank deposits		3,827	5,196
Contracting Party receivables (net)	6	2,364	833
Other account receivables	7	142	54
<b>Total current assets</b>		<b>6,333</b>	<b>6,083</b>
<b>Fixed assets (net)</b>	9	16	18
<b>Total non-current assets</b>		<b>16</b>	<b>18</b>
<b>TOTAL ASSETS</b>		<b>6,349</b>	<b>6,101</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Amount owed to IUCN		367	338
Other Payables	8	749	827
Accrued liabilities		71	155
<b>Total current liabilities</b>		<b>1,187</b>	<b>1,320</b>
<b>Provisions</b>			
Staff repatriation	5	150	164
Staff leave	5	137	141
Staff termination	5	154	147
<b>Total provisions</b>		<b>441</b>	<b>452</b>
<b>Fund and Reserves</b>			
Core reserve fund	11	2,648	2,196
Non-core Projects	12	2,073	2,133
<b>Total fund and reserves</b>		<b>4,721</b>	<b>4,329</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>6,349</b>	<b>6,101</b>

# SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

## STATEMENT OF INCOME AND EXPENDITURE AS OF 31 DECEMBER

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2019			2018		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
<b>Income</b>							
<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	-	1,066
African voluntary contributions		-	2	2	-	7	7
Project income		-	379	379	-	1,657	1,657
Swiss tax rebates	10	202	-	202	221	-	221
<b>Total external income</b>		<b>5,047</b>	<b>381</b>	<b>5,428</b>	<b>5,066</b>	<b>1,664</b>	<b>6,730</b>
Transfer between core and non-core projects		(115)	115	-	(3)	3	-
<b>Total Income</b>		<b>4,932</b>	<b>496</b>	<b>5,428</b>	<b>5,063</b>	<b>1,667</b>	<b>6,730</b>
<b>Expenditure</b>							
<i>Operating expenditure:</i>							
Resource Mobilisation and Outreach		(319)	(159)	(478)	(556)	(321)	(877)
Regional Advice, Initiatives and Support		(1,245)	(174)	(1,419)	(1,389)	(197)	(1,585)
Scientific and Technical Services		(640)	0	(640)	(301)	27	(275)
Management, Operations and Support		(2,025)	3	(2,022)	(2,446)	(1,353)	(3,799)
<b>Total operating expenditure</b>		<b>(4,230)</b>	<b>(329)</b>	<b>(4,559)</b>	<b>(4,693)</b>	<b>(1,844)</b>	<b>(6,537)</b>
<b>Net Surplus/(Deficit) before Other Income/Expenditures</b>		<b>702</b>	<b>166</b>	<b>868</b>	<b>370</b>	<b>(177)</b>	<b>193</b>
<i>Other income (expenditures):</i>							
Net financial income/(expense)	4	(16)	0	(16)	(32)	(7)	(39)
Non-recurring or prior period expense		-	(227)	(227)	-	-	-
Provisions and write-offs (expense)		(234)	(0)	(234)	57	-	57
<b>Total other income/expenditures</b>		<b>(250)</b>	<b>(227)</b>	<b>(477)</b>	<b>25</b>	<b>(7)</b>	<b>18</b>
<b>Net Surplus/(Deficit) after Other Income/Expenditures</b>		<b>452</b>	<b>(60)</b>	<b>392</b>	<b>395</b>	<b>(184)</b>	<b>211</b>

## STATEMENT OF FUND BALANCE for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>		2019			2018		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
Fund balance at the beginning of the year		2,196	2,133	4,329	1,801	2,317	4,118
Net income / (expenditure) for the year	11	452	(60)	392	395	(184)	211
<b>Fund balance at the end of the year</b>		<b>2,648</b>	<b>2,073</b>	<b>4,721</b>	<b>2,196</b>	<b>2,133</b>	<b>4,329</b>

# SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)

## CASH FLOW STATEMENT AS OF 31 DECEMBER

<i>in thousands of Swiss Francs (CHF '000s)</i>	2019	2018
<b>Cash flow from operations</b>		
<b>Surplus/(Deficit) from Operations</b>	<b>392</b>	<b>211</b>
Depreciation of fixed assets	8	10
Increase / (decrease) in provisions for membership dues in arrears	233	(57)
Increase / (decrease) in staff leave and repatriation liabilities	(17)	31
Increase / (decrease) in the provision for staff termination	7	24
(Increase) / decrease in membership dues receivables (gross)	(1,764)	390
Increase / (decrease) in payables to partner organisations	29	(137)
(Increase) / decrease in other accounts receivable	(88)	20
Increase / (decrease) in membership dues paid in advance	10	280
Increase / (decrease) in accounts payable and accrued liabilities	(129)	(46)
Increase / (decrease) in social charges payable	(44)	10
<b>Total Cash flow from operations</b>	<b>(1,363)</b>	<b>737</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(6)	(7)
<b>Total Cash flow from investing activities</b>	<b>(6)</b>	<b>(7)</b>
<b>Net Cash inflow/(outflow) for the year</b>	<b>(1,369)</b>	<b>730</b>
Cash and short term deposits at the beginning of the year	5,196	4,466
<b>Cash and short term deposits at the end of the year</b>	<b>3,827</b>	<b>5,196</b>

# **SECRETARIAT OF THE CONVENTION ON WETLANDS OF INTERNATIONAL IMPORTANCE ESPECIALLY AS WATERFOWL HABITAT (RAMSAR, IRAN, 1971)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **1. ACTIVITY**

The Convention on Wetlands of International Importance especially as Waterfowl Habitat, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. The Convention on Wetlands' mission is the "Conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world".

The work of the Convention on Wetlands has since 1997 been organized around three pillars:

- i) the wise use of all wetlands through national plans, policies and legislation, management actions and public education;
- ii) the designation and sustainable management of suitable wetlands for inclusion on the list of Wetlands of International Importance; and
- iii) international cooperation on transboundary wetlands and shared species.

The Convention's Secretariat is constituted under Article 8 of the Convention on Wetlands and administered as an independent unit by and from the offices of IUCN, International Union for Conservation of Nature and Natural Resources, Gland, Switzerland. The Secretariat's functions include the provision of administrative, technical and scientific support to the Contracting Parties, maintaining a List of Wetlands of International Importance, notifying Contracting Parties of additions to that List, and performing all the tasks required by the Conference of the Contracting Parties. The Secretary General has the sole responsibility for administration of Convention funds and for all administrative matters other than those requiring the exercise of legal personality. For those latter matters, formal responsibility rests with the Director General of IUCN.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

### **i. Accounting principles applied in the preparation of the financial statements**

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Significant items are accounted for as follows:

### **ii. Currency**

All figures are in thousands of Swiss francs (CHF) unless otherwise indicated.

### **iii. Contributions from Contracting Parties**

Contributions from Contracting Parties are determined in accordance with the UN Scale of assessments for contributions of Member States to the United Nations budget approved by the UN General Assembly. These are then attributed to the Convention's budget. Contributions are accounted for on an accrual basis.

### **iv. Voluntary contributions and other income**

Any voluntary contributions and receipts of other income are accounted for on a cash basis, when they are received by the Convention Secretariat.

### **v. Expenditure**

Expenditure is accounted for on an accrual basis.

### **vi. Accrued Liabilities**

Accrued liabilities are calculated using time-based method.

### **vii. Unrestricted Funds (Core Funds)**

Unrestricted funds are funds that are not subject to any externally imposed restrictions on their use. The Secretary General is empowered by the Standing Committee of the Convention to apply these funds in accordance with an approved budget.

### **viii. Restricted Funds**

Restricted funds are those funds provided by donors with restrictions applying to specific projects, geographical regions, specific activities or other externally imposed restrictions as to their use. These funds are applied only in accordance with the donor agreements.

### **ix. Foreign Exchange**

The Secretariat's accounting records are maintained in Swiss francs which is the reporting currency. Except for fixed assets which are stated at historical values, all assets and liabilities expressed in other currencies are translated at exchange rates ruling at the



end of the year. Items of income and expenditure in other currencies are included in the financial statements at the exchange rate prevailing at the date of the transaction. Bank accounts expressed in US dollars (USD) and euros (EUR) or other currencies are revalued to Swiss francs at the year-end rate of exchange.

**x. Year-end Exchange Rates**

The following are the principal rates of exchange to the Swiss franc used to revalue the balance sheet accounts at the end of the year.

	<u>31 December 2019</u>	<u>31 December 2018</u>
USD	0.9709	0.9834
EURO	1.0874	1.1254
NOK	0.1102	0.1127

**xi. Provisions against dues receivables from Contracting parties** (in thousands of Swiss Francs)

A general provision for outstanding dues from Contracting Parties is made to recognize the probability that not all dues will be received. The increase or decrease in the total provision is recognized in the income and expenditure statement. In accordance with Standing Committee Decision SC53-36, the provision calculation for dues from Contracting Parties in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Outstanding dues from Contracting Parties for:

Five years or more	100%
Four years	80%
Three years	60%
Up to two Years	20%

In addition, in accordance with Standing Committee Decision SC57-39 (June 2019) the provision is increased to 100% for all balances outstanding for less than five years, for Contracting Parties which have not made a contribution payment in the past four years.

For 2019 calculation is also made to show the provision against dues receivables using the old method for comparative purposes.

**xii. Fixed assets**

Fixed asset purchases are capitalized when the purchase price is CHF 1,000 and above (or the equivalent in other currencies) and when ownership resides with the Convention. Fixed assets are depreciated over their estimated useful lives on the following basis:

- Office furniture 7 years
- Office equipment 5 years
- Computer hardware/software 5 years

**xiii. Core Reserve Fund (Unrestricted Reserve Fund)**

The Core Reserve Fund receives annual surpluses/(deficits) from core operations which are accumulated and held to meet unforeseen and unavoidable expenses. Resolution XI.2 of COP11 stipulates that the Reserve Fund should not be less than 6% of the annual core budget of the Convention and not greater than 15%.

**xiv. Statement of Income and Expenditure**

Following the Decision SC51-22 (November 2015), the Statement of Income and Expenditure for years ended 2019 and 2018 are presented by “function of expense”. A brief explanation of each function is as follows:

- Resource Mobilization and Outreach manages the communications functions of the Secretariat (publications, workshops, translations and websites), fundraising and relationships between public and private partnerships;
- Regional Advice, Initiatives and Support provide the support to the Contracting Parties in their implementation of the Convention such as advice on the wise use of the wetlands in the territory and the designation and conservation of Wetlands of International Importance;
- Scientific and Technical Services provides support to the Scientific and Technical Review Panel (a subsidiary body of the Convention responsible for providing scientific and Technical advice to other Convention bodies, such as the Conference of the Parties, the Standing Committee, and the Convention Secretariat); and
- Management, Operations and Support are the management and administration functions of the Secretariat, including support to meetings of the Standing Committee and the Conference of the Contracting Parties.

In 2019 expenditure categories aligned to the approved budget (COP13, 2018, Resolution XIII.2, paragraph 14). Comparative amounts for 2018 have been restated accordingly.

**xv. Comparability**

The 2019 presentation is consistent with the financial statements presentation introduced in 2015 and the new Swiss Law on accounting (as per Ramsar Standing Committee Decision SC51-22).

**xvi. Full-time equivalents**

The number of full-time equivalents, averaged over the year, did not exceed 50 (art. 959c para. 2; 2018: same).

### 3. STAFF COSTS

Staff costs include salary, recruitment and allowances (education and housing).

Staff Costs <i>in thousands of Swiss Francs</i>	2019	2018
Resource Mobilisation and Outreach	374	612
Regional Advice, Initiatives and Support	1,117	1,189
Scientific and Technical Services	528	192
Management, Operations and Support	1,000	1,400
<b>Total</b>	<b>3,019</b>	<b>3,393</b>

### 4. OTHER INCOME / (EXPENSE) (IN THOUSANDS OF SWISS FRANCS)

During the year, net financial expense was CHF 16 (primarily a net foreign exchange loss plus miscellaneous interest and other gains) compared to a net financial expense of CHF 39 in 2018. Foreign exchange gains and losses directly attributable to projects are dealt with under the respective projects.

In 2019 a total of CHF 227 non-recurring (or prior-period) expense is related to refund of unspent voluntary non-core income received in 2018 and earlier.

### 5. PROVISIONS FOR STAFF TERMINATION, LEAVE AND REPATRIATION

Provisions for staff termination are amounts set aside to cover the Convention in case of unplanned termination of indefinite staff contracts leading either to legal costs or redundancy payments or other costs not otherwise budgeted for.

The Secretariat applies the provision of 10% of annual salary for staff with open-ended contracts.

The provision for staff leave covers the estimated cost of accrued, unused staff vacation which will be taken or paid after 31 December 2019. The provision for staff repatriation covers the estimated cost of repatriation of all internationally recruited staff currently on the payroll plus eligible former staff who left the Convention within the past twelve months.

### 6. CONTRACTING PARTY RECEIVABLES (NET)

<i>in thousands of Swiss Francs</i>	2019	2018
Gross membership dues receivable	3,260	1,496
Provision against dues in arrears	(896)	(663)
<b>Net membership dues receivable</b>	<b>2,364</b>	<b>833</b>

Provision against dues in arrears is calculated as per the policy stated under Note 2(xi).

In 2019 calculation method changed. Should the old method continue to be applied, the provision against dues in arrears would be CHF (719).

## 7. OTHER RECEIVABLES

<i>in thousands of Swiss Francs</i>	<b>2019</b>	<b>2018</b>
Prepayments	113	3
Staff advances	13	4
Contributions for COP13 Delegate Support	0	36
Rent guarantees and sundry receivables	16	11
<b>Total</b>	<b>142</b>	<b>54</b>

## 8. TRADE AND OTHER PAYABLES

<i>in thousands of Swiss Francs</i>	<b>2019</b>	<b>2018</b>
Membership prepayments	686	676
Accounts payable	63	107
Pension and insurance payables	0	44
<b>Total</b>	<b>749</b>	<b>827</b>

## 9. NON-CURRENT ASSETS (NET)

<i>in thousands of Swiss Francs</i>	<b>2019</b>	<b>2018</b>
Office Furniture and Computer Equipment at cost	73	101
Amortisation and impairment on fixed assets	(57)	(83)
<b>Fixed assets (net)</b>	<b>16</b>	<b>18</b>

## 10. RETENTION OF STAFF INCOME TAX

Non-Swiss staff are exempt from paying taxes on their IUCN earnings on the basis of a fiscal agreement between IUCN and the Swiss Government, which entered into effect on 1st January 1987. In order to ensure equitable treatment of both Swiss and non-Swiss staff, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retained Swiss Income Tax and is classified as unrestricted income.

## 11. UNRESTRICTED RESERVE FUND (CORE FUND) (IN THOUSANDS OF SWISS FRANCS)

Resolution XIII.2 of COP13 (October 2018) approved the use of up to CHF 298 of core surplus reserve funds to supplement the 2019-2021 triennium budget and to support the work of the Effectiveness Working Group. The Standing Committee, through Decision SC57-50 (June 2019), decided that unexpended and uncommitted balances for 2019 budget lines should be carried forward to the next year within the triennium. The Standing Committee in 2022 will decide on the allocation of the remaining core surplus reserve funds of the triennium 2019-2021.

<i>in thousands of Swiss Francs</i>	<b>2019</b>	<b>2018</b>
<b>Opening balance</b>	<b>2,196</b>	<b>1,801</b>
Remaining Surplus / (Deficit) for the year	452	395
<b>Closing balance</b>	<b>2,648</b>	<b>2,196</b>

## 12. PROJECTS FINANCED BY RESTRICTED FUNDS

In accordance with Standing Committee Decision SC54-26 (April 2018), the overview of projects financed by restricted funds (non-core funds) will be published in separate reports to the Standing Committee.

## 13. SUBSEQUENT EVENTS

The Secretariat of the Convention on Wetlands, due to its main area of activity and the nature of its operations, considers that there is no impact to the 2019 financial statements resulting from the COVID-19 pandemic outbreak in 2020. As for 2020, for the same reasons the Secretariat does not expect any major impact. However, it is likely that that the meetings of the Conventions' governing and subsidiary bodies (the Scientific and Technical Review Panel and the Standing Committee) as well as staff travel might be cancelled or delayed, resulting in a lower level of implementation of related activities.