

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

Report of the auditor
to the Standing Committee

on the financial statements 2021

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 2021.

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 2021 comply with Swiss law.

PricewaterhouseCoopers SA

Marcello Stimato

Audit expert
Auditor in charge

Hamza Benhlal

Geneva, 8 April 2022

Enclosure:

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

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TABLE OF CONTENTS

	Page
BALANCE SHEET	4
STATEMENT OF INCOME AND EXPENDITURE	5
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	
1. Activity	7
2. Summary of significant accounting policies and definitions	8
3. Staff costs	11
4. Other income / (expense)	11
5. Provisions for staff termination, leave and repatriation	11
6. Contracting Party receivables (net)	11
7. Other receivables	12
8. Trade and other payables	12
9. Non-current assets (net)	12
10. Retention of staff income tax	12
11. Unrestricted reserve fund	13
12. Projects financed by restricted funds	13
13. Subsequent events	13

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	2021	2020
ASSETS			
Current assets			
Cash and short term bank deposits		6,946	5,634
Contracting Party receivables (net)	6	484	680
Other account receivables	7	49	85
Total current assets		7,479	6,399
Fixed assets (net)	9	17	13
Total non-current assets		17	13
TOTAL ASSETS		7,496	6,412
LIABILITIES AND FUND BALANCES			
Current liabilities			
Amount owed to IUCN		135	61
Other Payables	8	1,054	655
Accrued liabilities		121	83
Total current liabilities		1,310	799
Provisions			
Staff repatriation	5	133	121
Staff leave	5	132	125
Staff termination	5	192	172
Total provisions		457	418
Fund and Reserves			
Core reserve fund	11	3,738	3,318
Non-core Projects	12	1,991	1,877
Total fund and reserves		5,729	5,195
TOTAL LIABILITIES AND FUND BALANCES		7,496	6,412

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

STATEMENT OF INCOME AND AS OF 31 DECEMBER

<i>in thousands of Swiss Francs (CHF '000s)</i>	Notes	2021			2020		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
Income							
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		-	11	11	-	12	12
Project income		-	462	462	-	47	47
Swiss tax rebates	10	227	-	227	185	-	185
Total Income		5,072	473	5,545	5,030	59	5,089
Expenditure							
<i>Operating expenditure:</i>							
Resource Mobilisation and Outreach		(518)	(136)	(654)	(416)	(75)	(491)
Regional Advice, Initiatives and Support		(1,258)	(155)	(1,413)	(1,126)	(110)	(1,236)
Scientific and Technical Services		(588)	(48)	(636)	(527)	-	(527)
Management, Governance, Operations and Support		(2,234)	-	(2,234)	(2,129)	(67)	(2,196)
<i>Total operating expenditure</i>		(4,598)	(339)	(4,937)	(4,198)	(252)	(4,450)
Net Surplus/(Deficit) before Other Income/Expenditures		474	134	608	832	(193)	639
<i>Other income (expenditures):</i>							
Net financial income/(expense)	4	7	(14)	(7)	(66)	(3)	(69)
Non-recurring or prior period expense		0	(6)	(6)	-	-	-
Provisions and write-offs (expense)		(61)	-	(61)	(96)	0	(96)
<i>Total other income/expenditures</i>		(54)	(20)	(74)	(162)	(3)	(165)
Net Surplus/(Deficit) after Other Income/Expenditures		420	114	534	670	(196)	474

STATEMENT OF FUND BALANCE for the year ended 31 December

<i>in thousands of Swiss Francs (CHF '000s)</i>		2021			2020		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
Fund balance at the beginning of the year		3,318	1,877	5,195	2,648	2,073	4,721
Net income / (expenditure) for the year	11	420	114	534	670	(196)	474
Fund balance at the end of the year		3,738	1,991	5,729	3,318	1,877	5,195

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

CASH FLOW STATEMENT AS OF 31 DECEMBER

in thousands of Swiss Francs (CHF '000s)

	2021	2020
Cash flow from operations		
Surplus/(Deficit) from Operations	534	474
Depreciation of fixed assets	6	7
Increase / (decrease) in provisions for membership dues in arrears	60	95
Increase / (decrease) in staff leave and repatriation liabilities	19	(41)
Increase / (decrease) in the provision for staff termination	20	18
(Increase) / decrease in membership dues receivables (gross)	136	1,590
Increase / (decrease) in payables to partner organisations	74	(307)
(Increase) / decrease in other accounts receivable	36	57
Increase / (decrease) in membership dues paid in advance	227	(183)
Increase / (decrease) in accounts payable and accrued liabilities	48	54
Increase / (decrease) in social charges payable	163	47
Total Cash flow from operations	1,323	1,811
Cash flow from investing activities		
Purchase of fixed assets	(11)	(4)
Total Cash flow from investing activities	(11)	(4)
Net Cash inflow/(outflow) for the year	1,312	1,807
Cash and short term deposits at the beginning of the year	5,634	3,827
Cash and short term deposits at the end of the year	6,946	5,634

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 2021

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 a 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 effective 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 2021</u>	<u>31 December 2020</u>
USD	0.9151	0.8828
EURO	1.0364	1.0844
NOK	0.1039	n/a

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.

Dues outstanding 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.

xii. Fixed assets

Fixed asset purchases are capitalized when the purchase price is CHF 1,000 or 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

In accordance with Decision SC51-22 (November 2015), the Statement of Income and Expenditure are presented by “function of expense”. A brief explanation of each function is as follows:

- Resource Mobilization and Outreach covers the communications functions of the Secretariat (publications, workshops, translations and websites), fundraising and relationships between public and private partnerships;
- Regional Advice, Initiatives and Support covers 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 covers the 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, Governance, 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.

xv. Comparability

The 2021 presentation is consistent with the financial statements presentation introduced in 2015 and the new Swiss Law on accounting (as per 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; 2019: same).

3. STAFF COSTS

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

<i>in thousands of Swiss Francs</i>	2021	2020
Resource Mobilisation and Outreach	387	325
Regional Advice, Initiatives and Support	1,110	1,043
Scientific and Technical Services	549	454
Management, Governance, Operations and Support	1,353	1,209
Total	3,399	3,031

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

During the year, net financial expense was CHF 7 (primarily a net foreign exchange loss plus miscellaneous interest and other gains) compared to a net financial expense of CHF 69 in 2020. Foreign exchange gains and losses directly attributable to projects are dealt with under the respective projects.

In 2021 a total of CHF 6 non-recurring (or prior-period) expense is related to refund of unspent voluntary non-core income received in 2018.

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 2021. 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 have left the Convention within the past twelve months.

6. CONTRACTING PARTY RECEIVABLES (NET)

<i>in thousands of Swiss Francs</i>	2021	2020
Gross membership dues receivable	1,534	1,670
Provision against dues in arrears	(1,050)	(990)
Net membership dues receivable	484	680

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

7. OTHER RECEIVABLES

<i>in thousands of Swiss Francs</i>	2021	2020
Prepayments	40	69
Staff advances	0	0
Rent guarantees and sundry receivables	9	16
Total	49	85

8. TRADE AND OTHER PAYABLES

<i>in thousands of Swiss Francs</i>	2021	2020
Membership prepayments	730	503
Accounts payable	115	105
Pension and insurance payables	209	47
Total	1,054	655

9. NON-CURRENT ASSETS (NET)

<i>in thousands of Swiss Francs</i>	2021	2020
Office Furniture and computer equipment at cost	61	67
Amortisation and impairment on fixed assets	(44)	(54)
Fixed assets (net)	17	13

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 1 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 other allocations were made by the Standing Committee within the triennium. The Standing Committee, through Decision SC57-50 (June 2019), decided that unexpended and uncommitted balances 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>	2021	2020
Opening balance	3,318	2,648
Remaining Surplus / (Deficit) for the year	420	670
Closing balance	3,738	3,318

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 does not foresee any subsequent events to further affect the financial statements for 2021.