

***Secretariat of the Convention
on Wetlands of International
Importance especially as
Waterfowl Habitat
(Ramsar, Iran, 1971),
Gland***

Financial Statements for the year
ended 31 December 2023
and Report of the Independent Auditor

Report of the Independent Auditor

To the Standing Committee of the Secretariat of the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar, Iran, 1971), Gland.

Opinion

We have audited the financial statements of the Secretariat of the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar, Iran, 1971) (“Convention on Wetlands”), which comprise the balance sheet as at 31 December 2023, and the statement of income and expenditure and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Convention on Wetlands in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Convention on Wetlands for the year ended 31 December 2022 were audited by another auditor whose report, dated 4 April 2023, expressed an unqualified opinion on those financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law, and for such internal controls as the Management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Convention on Wetlands' ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Management either intends to liquidate the Convention on Wetlands or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Deloitte SA

Lisa Watson
Licensed Audit Expert
Auditor in Charge

Zita Sucikova
Licensed Audit Expert

Geneva, 20 March 2024

Enclosure

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

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	2023	2022
ASSETS			
Current assets			
Cash and short term bank deposits		7,176	6,377
Contracting Party receivables (net)	6	221	390
Amount owed from IUCN		-	105
Other account receivables	7	45	34
Total current assets		7,442	6,906
Fixed assets (net)	9	22	27
Total non-current assets		22	27
TOTAL ASSETS		7,464	6,933
LIABILITIES AND FUND BALANCES			
Current liabilities			
Amount owed to IUCN		230	-
Other payables	8	609	757
Accrued liabilities		88	76
Total current liabilities		927	833
Provisions			
Staff repatriation	5	183	150
Staff leave	5	139	141
Staff termination	5	201	184
Total provisions		522	475
Fund and Reserves			
Core reserve fund	11	3,783	3,930
Non-core projects	12	2,232	1,695
Total fund and reserves		6,015	5,625
TOTAL LIABILITIES AND FUND BALANCES		7,464	6,933

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

	Notes	2023			2022		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
<i>in thousands of Swiss francs (CHF '000s)</i>							
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		-	2	2	-	4	4
Project income		-	1,672	1,672	-	1,960	1,960
Swiss tax rebates	10	189	0	189	126	-	126
Total external income		5,034	1,674	6,708	4,971	1,964	6,935
Transfer between core and non-core projects		(140)	140	0	-	-	-
Total Income		4,894	1,814	6,708	4,971	1,964	6,935
Expenditure							
<i>Operating expenditure:</i>							
Resource Mobilisation and Outreach		(448)	(163)	(611)	(390)	(234)	(624)
Regional Advice, Initiatives and Support		(1,113)	(860)	(1,973)	(1,187)	(285)	(1,472)
Scientific and Technical Services		(735)	(1)	(736)	(634)	(14)	(648)
Management, Governance, Operations and Support		(2,453)	(39)	(2,492)	(2,422)	(1,674)	(4,096)
Total operating expenditure		(4,749)	(1,063)	(5,812)	(4,633)	(2,207)	(6,840)
Net Surplus/(Deficit) before Other Income/(Expenditure)		145	751	896	338	(243)	95
<i>Other income/(expenditure):</i>							
Net financial income/(expense)	4	(79)	(3)	(82)	4	(6)	(2)
Non-recurring or prior period expense		-	(211)	(211)	-	(47)	(47)
Provisions and write-offs (expense)		(213)	-	(213)	(150)	0	(150)
Total other income/(expenditure)		(292)	(214)	(506)	(146)	(53)	(199)
Net Surplus/(Deficit) after Other Income/(Expenditure)		(147)	537	390	192	(296)	(104)

STATEMENT OF FUND BALANCE for the year ended 31 December

		2023			2022		
		Core Funds	Non-Core Projects	Total	Core Funds	Non-Core Projects	Total
<i>in thousands of Swiss Francs (CHF '000s)</i>							
Fund balance at the beginning of the year		3,930	1,695	5,625	3,738	1,991	5,729
Net income / (expenditure) for the year	11	(147)	537	390	192	(296)	(104)
Fund balance at the end of the year		3,783	2,232	6,015	3,930	1,695	5,625

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)

	2023	2022
Cash flow from operations		
Surplus/(Deficit) from Operations	390	(104)
Depreciation of fixed assets	8	6
Increase / (decrease) in provisions for membership dues in arrears	211	152
Increase / (decrease) in staff leave and repatriation liabilities	30	26
Increase / (decrease) in the provision for staff termination	17	(8)
(Increase) / decrease in membership dues receivables (gross)	(42)	(58)
Increase / (decrease) in payables to partner organizations	335	(135)
(Increase) / decrease in other accounts receivable	(11)	(90)
Increase / (decrease) in membership dues paid in advance	(66)	(181)
Increase / (decrease) in accounts payable and accrued liabilities	(48)	(3)
Increase / (decrease) in social charges payable	(22)	(158)
Total Cash flow from operations	802	(553)
Cash flow from investing activities		
Purchase of fixed assets	(3)	(16)
Total cash flow from investing activities	(3)	(16)
Net cash inflow/(outflow) for the year	799	(569)
Cash and short term deposits at the beginning of the year	6,377	6,946
Cash and short term deposits at the end of the year	7,176	6,377

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 2023

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 2023</u>	<u>31 December 2022</u>
USD	0.8413	0.9234
EURO	0.9287	0.9859
NOK	0.0826	0.0936

xi. Provisions against dues receivables from Contracting Parties

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 (June 2017), 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%. The governing bodies of the Convention shall decide on the allocation of the use of the core surplus exceeding the Reserve Fund, as explained in note 11 below.

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 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 covers 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 2023 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 (Swiss Code of Obligations Art. 959c para. 2; 2023: same).

3. STAFF COSTS

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

<i>in thousands of Swiss francs</i>	2023	2022
Resource Mobilization and Outreach	455	454
Regional Advice, Initiatives and Support	1,196	1,203
Scientific and Technical Services	615	556
Management, Governance, Operations and Support	1,406	1,414
Total	3,672	3,627

4. OTHER INCOME / (EXPENSE)

During the year, net financial expense was CHF 82,000 (primarily a net foreign exchange loss plus miscellaneous interest and other gains) compared to a net financial expense of CHF 2,000 in 2022. Foreign exchange gains and losses directly attributable to projects are dealt with under the respective projects.

In 2023 a total of CHF 211,000 non-recurring (or prior-period) expense is related to refund of unspent voluntary non-core income received in 2022 as advance for the 14th Meeting of the Conference of the Contracting Parties (COP14) that took place in November 2022 in Wuhan and Geneva.

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 2023. 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>	2023	2022
Gross membership dues receivable	1,634	1,592
Provision against dues in arrears	(1,413)	(1,202)
Net membership dues receivable	221	390

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>	2023	2022
Prepayments	36	32
Rent guarantees and sundry receivables	9	2
Total	45	34

8. TRADE AND OTHER PAYABLES

<i>in thousands of Swiss francs</i>	2023	2022
Membership prepayments	483	549
Accounts payable	97	157
Pension and insurance payables	29	51
Total	609	757

9. NON-CURRENT ASSETS (NET)

<i>in thousands of Swiss francs</i>	2023	2022
Office furniture and computer equipment at cost	63	77
Amortization and impairment on fixed assets	(41)	(50)
Fixed assets (net)	22	27

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)

Resolution XIV.1 of COP14 (November 2022) approved the use of up to CHF 558,000 of core surplus reserve funds to supplement the 2023-2025 triennium budget. 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 2024 will decide on the allocation of the remaining core surplus reserve funds at the end of 2023.

<i>in thousands of Swiss francs</i>	2023	2022
Opening balance	3,930	3,738
Remaining Surplus / (Deficit) for the year	(147)	192
Closing balance	3,783	3,930

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 2023.