

11th Meeting of the Mediterranean Wetlands Committee

5 July 2012, Bucharest, Romania

Doc MWC11.05

MedWet financial situation

In a first section we will briefly recall the main points of the 2011 financial report that was submitted to the attention of the Steering Group in its 10th meeting in Paris on March 29. This Doc SG.03 has been also disseminated after correction and comments by the SG to all the MedWet/Com members.

In the second part, we will present the budget proposal for 2012 that has been accepted by the Steering Group and the forecast budget for the triennium 2012-2015. These proposals are based on the 2011 analysis of the situation and the expectation that adequate funding will be mobilised in order to allow the implementation of the proposed Strategic Work Plan presented in Info MWC11.02.

INDEX

	page
1. <u>Funding of MedWet</u>	
Table I. MedWet country members contribution	2
MedWet Host country contribution	3
2. <u>2012 proposed and approved Budget</u>	4
3. <u>Budget forecast for the 2012-2015 triennium</u>	
Table II. Income and Expenses for the 2012-2015 triennium	5
4. <u>2013 and financial options for the future</u>	6

1. Funding of MedWet

The funds for the operation of the Secretariat have been provided according to document MWCom9.4 approved by the Greek Government, the MedWet countries and the Ramsar Secretariat. They were received as following:

MedWet country members contribution:

Despite the regional economic crisis and the administrative delays, we can note a satisfactory level of country contributions being channeled to the MedWet secretariat during 2011. As shown in the Technical Report, MedWet has so far received 98% of the 2008 and 2009 country contributions, 96% of those for 2010 and 94% of the 2011 invoiced amounts. More specifically, 115,072€ were received in 2011, corresponding to 108,672€ for 2011 and 6,400€ for contributions of previous or coming years.

TABLE I. MedWet Country Contributions (updated on 30.05.2012)

MedWet Annual Contributions					
last updated 15.5.2012 (all amounts in €)					
Country	2009 Paid	2010 Paid	2011 Paid	2012 Paid	OUTSTANDING BALANCE (Rate = 0.8326 CHF/€ 15.5.2012)
Albania	393	398	862		
Algeria					3,210
Bosnia and Herzegovina	360	405	442		458
Bulgaria	347	366	419	449	
Croatia	855	800	446		
Cyprus	359		413	452	458
Egypt	490	532	631	627	
France		73,929	40,673	45,328	
Greece	8,124	3,915			8,696
Israel	3,324	5,631			3,056
Italy	29,804	30,309	36,185	36,677	
Jordan	857	423	445		458
Lebanon	807				1,433
Libyan Arab Jamahriya					5,616
Malta	1,373		443		458
Monaco	358	370	425	449	
Montenegro	1,434			887	
Morocco		1,138			916
Portugal	5,537	3,322	7,299		3,844
Serbia	1,072		1,284		
Slovenia	547	571	1,309		
Spain	34,286	17,133	21,107		23,486
Syrian Arab Republic					3,206
The FYR of Macedonia					1,374
Tunisia				450	3,550
Turkey	5,197	2,349	2,690		2,779
Totals (in €)	95,524	141,591	115,073	85,319	62,998

Since its establishment MedWet has been receiving the country contributions in Swiss Francs (CHF). After MedWet/Com8 in Frascati in 2008, the annual total contribution from the countries has been fixed to a total of 153,716 CHF and the countries were encouraged to send directly their contribution to MedWet, instead of sending it to the Ramsar Secretariat as in the previous years. According to this annual basis, the follow up of the country contributions shows that MedWet has so far received 98% of the 2008 and 2009 country contributions, 96% of those for 2010 and 93% of the 2011 invoiced amounts.

Based on the follow up of country contributions for the period 2003-2012, we have calculated in column D of Table I above the outstanding balance of each country, based on the rate of conversion CHF/EUR at the date of 15 May 2012. 62,998€ is the total amount that the countries are owing to the Secretariat for the years (2003-2012) up to the date of the present report.

Among the countries with the biggest bad debt: Algeria has not paid its contribution since 2008, Libya has not paid since 2003, Syria has not paid since 2006 and Tunisia from 2004 to 2010.

Greece, like all MedWet/Com country members, pays a country contribution according to COP9 Resolution IX.7 – apart from that, Greece pays 170.000€ annually as the host country.

MedWet host country contribution:

Due to a government change in Greece in November 2011, which unduly lengthened the bureaucratic procedures, the Greek Ministry of Environment failed to fulfil its financial obligations to a number of international environmental Conventions and IGOs, among which the MedWet Secretariat, that stood to receive 170.000€ for 2011.

Since the Government changed, the previous Joint Ministerial Decision according to which the Greek contribution can be released to MedWet was no longer valid, so the procedure of signatures collection had to start all over again through three Ministries. Finally at the end of December, the Joint Ministerial Decision on ‘Subventions, contributions and obligations to international organisations and foreign communities, for the year 2011’ was signed¹ by the Ministers of Foreign Affairs, Environment and Finances.

We do not have any official confirmation, but in the actual economical context of the country, we can understand that the implementation of this Decision has less priority for the Greek State than for paying salaries and pensions.

We have also to mention that additional delays have occurred due to the anticipated elections in May 2012. Due to the change of government before the payment was made, a third Joint Ministerial Decision will have to be signed by the new ministers. The conclusion is that most probably a payment from Greece cannot be expected before August of this year at the best of cases, if the government decides to honor its international obligations.

Before examining the options we have in order to respond to these difficulties, it is also important to note the in-kind contribution the host country is providing to MedWet since 2002, by hosting the secretariat at the Villa Kazouli premises in the suburb of Kifissia. We are still benefitting from this support, which can be roughly estimated at € 20,000 to € 35,000 per year (rent, building charges, phone expenses, meeting facilities etc).

¹ Decision No 57567/2354/D112 on 23 December 2011

2. 2012 proposed and approved budget

The 2012 budget is based on the analysis provided by Doc MWSG 10.03 that has been discussed and validated by the 10th meeting of the Steering Group and distributed by email to the MedWet/Com members². We are in the case where the secretariat is operating in a situation of crisis, but with the hope that the Greek host country contribution for 2011 and hopefully for 2012, will be paid until the end of the year 2012. The proposed budget has been done and presented to the Steering Group members based on the actual funds available for the Secretariat and the expected income for the country contributions.

The Steering Group instructions were: a prudent but creative operation with the same 2011 budget size and staff until end 2012

- Expected 2012 income: It is expected to receive the € 170,000 promised by the host country until December 2012. Until then MedWet 2012 income will be based on the actual reserve funds and € 100,000 expected as country contributions from MedWet members.
- The staff positions are maintained as for 2011: Frosso Mantziou as Executive Assistant and Lily Mordechai as Communication Officer. Aspasia Dimizas who resigned and Alexis Katsaros whose contract will end with the Agadir Symposium activities, will be employed temporarily as independent consultants.
- € 200,000 is the total amount of the operational 2012 Core Budget. The staff category is reduced to 51,2% of the total proposed budget because of the resignation of the Development Officer. 8,2% will be allocated to the Consultant category, 7.5% for travel and 2.2% for outreach activities. A provision of € 80,000 will be added to the reserve fund upon reception of the host country contribution.
- In the positive option of receiving the 2011 contribution from Greece, our balance will allow us to allocate as in 2010 an amount of € 120,000 as reserve fund to compensate the uncertainty of the contributions and another amount of € 156,000 to continue the program of projects financing that has been detailed in the last 2011 budget proposal in a separate section to avoid confusion with the Core Budget and its operational character.

² Email sent by the MedWet Coordinator 23.04.12.

3. Budget forecast for the 2012-2015 triennium

TABLE II. MedWet Expected Income and Expenses (in €)

Income	2012	2013	2014	2015	Note
Host Country contribution (Greece)	170,000	170,000	170,000	170,000	
MedWet Countries	110,000	120,000	120,000	112,000	1
TOTAL INCOME	280,000	290,000	290,000	282,000	
Expenses	2012	2013	2014	2015	
Staff	143,300	143,300	148,300	185,300	2
Consultants	23,000	31,000	44,000	31,000	3
Travel expenses	21,000	23,000	28,000	30,000	4
Networking and Outreach	6,000	6,000	12,000	14,000	5
Equipment purchase	1,500	1,500	4,500	1,500	6
Operational costs	5,200	5,200	8,200	8,200	
Reserve fund	80,000	80,000	40,000	12,000	7
TOTAL EXPENSES	280,000	290,000	285,000	282,000	

Notes:

1. As mentioned in the 1st section of this report, it is expected to recuperate 22,697 €, which is the total amount that the countries are owing to the Secretariat. This bad debt is distributed over the 3 years 2013-2015;
2. 3,5% of positive adjustment in the staff expenses for 2014 and the possibility to reinforce the secretariat staff with an additional position in 2015;
3. Consultancy budget lines are reinforced after 2013 in order to allocate adequate means for the work plan implementation;
4. Travel allocation is increased accordingly;
5. Networking and outreach allocation is almost doubled for the next triennium;
6. Equipment purchase and operational costs are reasonably reinforced;
7. Two years of prudent economy are necessary in order to recover the initial reserve funds and be able to face the income uncertainty. From 2014 a decrease in the reserve funds will allow to reinforce the capacity of implementation.

4. 2013 and financing options for the future

In order to implement the MedWet Triennium Work Plan, it is crucial for the Secretariat to maintain a critical mass in order to be proactive and to implement its key tasks, to continue the programs identified in 2010 in Bastia and take the challenges presented by the Agadir Commitments and Guidelines.

In face of the uncertainty of the host country to provide its contribution for 2011 and 2012, the MedWet Steering Group instructed the Secretariat to consider future options beyond 2013 like assistance from external donors, capacity and willingness of other MedWet countries to host the Secretariat, funding from projects or the EU etc. These tasks will be implemented by the MedWet Coordinator with the support of the Steering Group Chair. We started to examine these options and it is expected to present tangible results until the end of 2012. The pros and cons will be carefully explored and presented to the Steering Group that will instruct the Secretariat to further develop and/or explore the feasibility and the consequences of a particular option.

The following options were presented and discussed with the Steering Group:

- 1. Assistance of an external donor to fill the gap**
- 2. Assistance of private sponsors to fill the gap**
- 3. MedWet/Com country members to change the repartition and increase the country contributions**
- 4. MedWet/Com country members to replace the host country contributor**