



**Documents of the 70<sup>th</sup> Meeting of the Bureau of the IUCN Council**  
Held remotely on 6 June 2017

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[Compiled by Luc De Wever, Secretary to Council]

<sup>1</sup> Refers to the page number of the present pdf file (71 pages).

<sup>2</sup> Note that the documents submitted to the Bureau for consideration may differ from any of these documents subsequently approved by the Bureau, modified as the case may be, and attached to the decisions and the summary minutes of the Bureau meeting.

**A. SUMMARY MINUTES OF THE 70<sup>th</sup> BUREAU MEETING (with Annex 1 to 5 and Annex A)**



## INTERNATIONAL UNION FOR CONSERVATION OF NATURE

## Bureau of the IUCN Council

70<sup>th</sup> Meeting held remotely on 6 June 2017 from 11:00 to 13:00 GMT/UTC

## Summary Minutes

*Participants: cf. Annex A hereafter*

*Preliminary note:*

- a. All decisions of the Bureau were adopted by consensus unless stated otherwise.
- b. To avoid unnecessary repetition, these summary minutes do not summarize presentations if their content is reflected in the documents which are attached or referred to in these summary minutes.

**Agenda Item 1: President's opening remarks and approval of the agenda** [[Document B/70/1 Rev1 Draft Agenda of the 70<sup>th</sup> Meeting of the Bureau](#)]

During the roll call of the Bureau members, the Secretary to Council informed the Bureau that apologies had been received from Antonio Benjamin and Ali Kaka (who had given a proxy to Malik Amin Aslam Khan).

Recalling in his opening remarks that the Bureau had been given increased responsibilities with a view to enabling the IUCN Council to concentrate on more strategically important matters, the IUCN President expressed his gratitude to the Ethics Committee, the Finance and Audit Committee and the Secretariat for their intense work to prepare substantive recommendations for the Bureau meeting. The draft agenda was approved with the inclusion, under Agenda Item 4, of the dates for the next Bureau meeting to be held in person in Gland at the end of August 2017.

With the agreement of the Bureau, Agenda Items 4 and 5 were tackled before Agenda Items 2 and 3 in order to ensure that the Chair of the Ethics Committee who had a commitment at the expected closing time of the Bureau meeting, would be present for Item 5. Following intermittent disruptions of the Internet connection experienced by two Bureau members during the meeting, the IUCN President requested the Secretariat to find a solution to ensure the smooth participation of members from places with unstable Internet connectivity.

**BUREAU DECISION B/70/1**

The Bureau of the IUCN Council,  
adopts the agenda of its 70<sup>th</sup> Meeting. ([Annex 1](#))

**Agenda Item 4: Approval of [summary minutes of the 69<sup>th</sup> Bureau Meeting](#) and update on follow-up actions with timelines**

The Bureau approved the draft summary minutes [*Document "69<sup>th</sup> Meeting of the Bureau of the IUCN Council - 15-16 May 2017 - Summary Minutes DRAFT rev1" distributed to the Bureau on 5 June 2017*] after incorporating modifications received from Peter Cochrane on 5 June and those made during the Bureau meeting (replace "CHF 2.4 m" by "CHF 2.0 m" in Item 5; move the last bullet point of Item 6.1 to Item 7; replace "the suggestion was made to invite" by "the Chair of GCC advised that [...] be invited" and replace "conservation tool" by "sustainable use tool" in Item 6.3; replace "prevent" by "mitigate" in Item 8; and delete "and fair" in Item 9).

The IUCN President asked the Secretary to Council to issue a poll with the dates 28, 29, 30, 31 August and 1 September 2017 in order to determine the dates of the next meeting of the Bureau to be held in person in Gland.

**BUREAU DECISION B/70/2**

The Bureau of the IUCN Council,  
adopts the summary minutes of its 69<sup>th</sup> Meeting, with amendments. ([Annex 2](#))

**Agenda Item 5: Brief Report from the first formal meeting of the Ethics Committee of Council held on 23<sup>rd</sup> May 2017** [[Document: B/70/5/1 - IUCN-Ethics-1-2017-Minutes with Annex 1](#)]

The IUCN President recalled the importance of the Ethics Committee's work to protect all senior leaders in governance and management and safeguard IUCN's reputation by providing continuous guidance on ethical issues.

Vice-President Malik Amin Aslam Khan, Chair of the Ethics Committee, presented the report of the 1<sup>st</sup> meeting of the Ethics Committee held remotely on 23 May 2017 which contains 3 recommendations addressed to the Bureau (EC/1/1, EC/1/2 and EC/1/4) and 4 items for the Bureau's information.

During the discussion, the following points were made:

- With reference to Ethics Committee decision EC/1/2 concerning the IUCN World Heritage Panel, the Director General (DG) recalled that, since 1972, IUCN's role as a technical adviser on natural heritage is guided by the legal framework based on the World Heritage Convention. Quoting from the UNESCO basic text document approved by the World Heritage Committee<sup>1</sup>, an intergovernmental body, the DG noted that the document provides that "The IUCN World Heritage Panel is established by the Director General of IUCN to provide high quality and independent technical and scientific advice to IUCN on its work as an Advisory Body to the World Heritage Committee [...]" and "The members of the Panel comprise senior IUCN staff, IUCN Commission members and external experts selected for their high level of experience and recognised leading expertise and knowledge relevant to IUCN's work on World Heritage", the DG explained that when making appointments on the IUCN World Heritage Panel she is bound by the criteria established by the instruments of the World Heritage Convention which can't be changed by the Ethics Committee. There is no category of observers on the IUCN World Heritage Panel despite attempts by Parties to the World Heritage Convention to request an observer seat. Opening up the Panel for observers from IUCN would clearly have implications for the inclusion of other observers. The term "firewall" is also used vis-à-vis the Director General who protects the Panel members from the heavy lobbying by States and NGOs: the DG to ensure their neutrality by ensuring they speak with her instead of the Panel. For this reason, the DG strongly recommended to keep the appointment of the Panel members within the DG's remit instead of the President's or the Council's. The DG advised that any change would require the agreement of the World Heritage Center as well as the World Heritage Committee, which the DG would not recommend. Further, of course, it is unclear what the problem is that this change would seek to address. IUCN has a stellar reputation as unassailably neutral and exceptionally technically competent in the role of providing independent technically sound advice to the UNESCO Convention parties and it would be difficult to explain what was not working well and would justify such a change. The DG also drew attention to the unusual situation that would occur if the DG were to appoint members of Council to whom she reports, to a panel reporting to her. Wording such as "firewall" and "keeping Council at arm's length" could be changed if felt inappropriate.
- The Chair of the Ethics Committee clarified that the Ethics Committee's recommendation was to firstly codify that the possible membership of Council members in the WHP did not automatically constitute an ethical issue as presently construed and secondly to ensure that the Terms of Reference of the IUCN World Heritage Panel did not stand in the way of a Council member's application and appointment – provided the individual concerned has the expertise and is interested to serve on the Panel. Furthermore, in a non-voting observer role, the membership could strengthen the oversight role of Council without constituting political interference or affecting the neutrality of the Panel. With regard to the issue of there being a legal obligation requiring the agreement of the World Heritage Committee before approving the Ethics Committee's recommendation, it was requested that the requisite legal information may be provided to aid further discussion on the matter.
- Two members of the Bureau observed that while a Councillor sitting on the Panel might not constitute a direct conflict of interest, the perception of a conflict of interest of a Councillor sitting in the Panel in whatever form would undermine its credibility. In light of the intense political interest in the Panel's deliberations and awareness of the impact of the Panel's recommendations, any hint of some wider influence in the Panel would severely damage IUCN's credibility. A member of the Bureau suggested that this matter was not ready for decision and required further discussion at the next Bureau meeting held in person.
- The Legal Adviser recalled that, the approval of the Council Handbook and Code of Conduct and modifications thereof not having been "delegated" to the Bureau as part of the governance reforms of April 2016, they remained Council's prerogative<sup>2</sup>. For this reason, the Legal Adviser recommended that the proposals of the Ethics Committee be decided by Council during its next meeting. In addition, she explained that this made sense, also for practical purposes, since the entire Council Handbook (covering also recommendations from GCC on other topics currently under discussion) including the Code of Conduct, will be submitted for approval at the November Council meeting.

Having heard no objections to the other elements of the Ethics Committee's report, the IUCN President proposed and the Bureau agreed to approve the recommendations of the Ethics Committee addressed to Council/Bureau with the exception of the recommendation regarding the IUCN World Heritage Panel which will be referred for discussion to the next meeting of the Bureau to be held in person, followed by a decision to be taken by the Council at its 93<sup>rd</sup> Meeting in November 2017. The IUCN President suggested that the Chair of the Ethics Committee and the Director General discuss the Ethics Committee's recommendation regarding the IUCN World Heritage Panel prior to the next Bureau meeting.

#### **BUREAU DECISION B/70/5**

The Bureau of the IUCN Council,  
*on the recommendation of the Ethics Committee of the IUCN Council,*  
decides to include the provisions presented in Ethics Committee recommendations EC/1/1 and EC/1/4 in the Council Handbook and Code of Conduct for Council members. **(Annex 5)**

<sup>1</sup> The "[Operational Guidelines for the Implementation of the World Heritage Convention](#)", §148 and Annex 6

<sup>2</sup> Cf. the list of matters assigned to the Bureau referred to in Regulation 57 can be found in the Appendix to the Rules of Procedure of the Bureau (Council Handbook, Annex 1)

- Agenda Item 2: 2016 IUCN Audit Financial Statements and the Report of the External Auditors, taking into account the recommendations of the Finance and Audit Committee** [*Documents:*
- [B/70/2/1 Report of the FAC meeting of 30 May 2017 with FAC's recommendations to the Bureau;](#)
  - [B/70/2/2 Document FAC/62/2 with the Chief Financial Officer's review of the audited financial statements, the draft audit opinion and the Consolidated Financial Statements 2016;](#) and
  - [B/70/2/3 PPT External auditors' report to Council and FAC](#)

The Director General referred to the documents, i.e. the audited financial statements as well as the detailed report of the external auditors to the FAC and Council, and thanked the FAC for their diligent review and their recommendations, including that Bureau approves the financial statements noting that the final approval rests with the next IUCN Congress as required by the Statutes.

The Chair of the Finance and Audit Committee (FAC), Ayman Rabi, thanked the members of the FAC for their diligent work and the external auditors for their report. The Chair of FAC re-iterated the concerns also expressed in the FAC report related to the use of reserve to cover operational deficits and that this should be avoided. The reduction of net deficit to CHF 200,000 in 2016 was the result of the 2016 Congress surplus. Hence the importance of the liaison group set up by the Bureau at its previous meeting, chaired by himself with other members of the Bureau to be nominated by the President, to follow up with the Secretariat on these issues as well as to establish time bound quantified financial targets and keep track on the implementation of these targets. He also noted the concerns raised by the Auditors related to the need for improving the internal control system as well as the IT system.

Patrick de Heney, Treasurer of IUCN, reporting on his two interactions with the external auditors, noted with thanks the unqualified audit report which means that there are no material issues with the IUCN accounts which reflect a true and fair view of the financial situation and performance of the Union at the end 2016, in compliance with Swiss law. As required by changes in Swiss law, the transition to a full accrual based accounting system had been accomplished which had significantly improved the clarity of the income statement. Equally, the risks on the balance sheet have been presented in a much clearer way, with project agreements, receivables and advances having been split out. It was worth noting that the external auditor, PwC (Pricewaterhouse Coopers), had observed significant improvements in the 2016 closing process and automated controls, mainly due to the migration to a new accounting system. While the accounts reflect the past, the Treasurer was confident that the challenges ahead were properly addressed by the Secretariat's change process. He fully supported the new business model pursued by the Secretariat to compensate for reduced Framework income. Given that IUCN's benchmark for financial health lies with its financial reserves, the Treasurer agreed that they should only be used when there is no alternative. However, he noted that when he took up his functions as Treasurer in 2012, the reserves stood at CHF 13m while they are now at CHF 20m.

During the discussion, the following points were made:

- IUCN will have to work hard and proactively to address the declining funding for public goods following recent developments in the context of the Paris Agreement on Climate Change and the Green Climate Fund.
- In response to a question about the deficiencies in the internal control systems reported in PwC's report, the Treasurer explained that the issues identified in the report under the heading "segregation of duties" related to difficulties typically encountered in smaller IUCN offices. Following visits to the offices concerned, the two cases are being addressed. The issues are clearly stated as part of the recommendations made by PwC in the "management letter" and, as usual, will be monitored by the external auditor as part of the next year's audit. The Chair of the FAC added that the liaison group established by the Bureau will track progress on these issues. The Director General added that the Secretariat will track and report to the FAC the progress with follow-up to all internal and external audit recommendations. The ERP allowed to better address the issue of "segregation of duties". Also the financial hubs that were being set up as part of the change process are expected to, in part, address these issues which remain a challenge for small offices.
- In response to a question about ways to reduce the CHF 0.5 m exchange rate losses, the Chief Financial Officer explained that the policy was to hedge exchange rate losses on our Framework income, which was done in 2016. However, there was a residual risk because, being an international organization working in many countries with many currencies, exchange rate losses could not be completely hedged or mitigated. We will see fluctuations from year to year. The 2016 exchange rate losses were higher - although not significantly - than the provision of CHF 300,000 included in the 2016 budget. It is being monitored from month to month and action is taken where necessary.

After concluding that the Bureau had agreed to approve the 2016 audited financial statements, the IUCN President, following the request he had received from the Secretariat to sign the financial statements, asked the Legal Adviser to explain in writing the modifications of Swiss law requiring the President to sign off on the financial statements. Explaining that following a modification of Swiss law applicable from fiscal year 2016 onwards, the chairman of the board is required to sign off on the financial statements together with management (CFO), the Treasurer offered to sign them together with the President and the CFO.

**BUREAU DECISION B/70/3**

The Bureau of the IUCN Council,  
*on the recommendation of the Finance and Audit Committee,*  
approves the Audited Financial Statements for 2016, noting that final approval rests with the 2020 IUCN World Conservation Congress as provided under Article 20 (d) of the Statutes. **(Annex 3)**

**Agenda Item 3: Approval of the Commission Financial Rules** [*Documents: [B/70/3/1 Commission Financial Rules](#)*]

The Chair of the Finance and Audit Committee (FAC), Ayman Rabi, explained that following a remote meeting with the Chairs of the IUCN Commissions and the Secretariat to resolve all outstanding issues, the Commission Financial Rules had been agreed by all Chairs and the FAC recommends the Bureau to approve them. Having spoken with Antonio Benjamin, the representative of the Commissions in the Bureau, who strongly supports the Commission Financial Rules, the Director General commended the Chairs and the CFO for achieving a consensus text which she warmly recommended the Bureau to endorse.

Following the response to questions for clarification and correction of a formatting issue, the Bureau approved the Commission Financial Rules without modification.

**BUREAU DECISION B/70/4**

The Bureau of the IUCN Council,  
*on the recommendation of the Finance and Audit Committee,*  
approves the Commission Financial Rules. **(Annex 4)**

There being no other business, the meeting adjourned at 13:00 GMT/UTC.



## 70<sup>th</sup> Meeting of the Bureau of the IUCN Council

Remote meeting held on 6 June 2017 from 11:00 am to 12:30 UTC/GMT

### Agenda

Agenda Items
<p><b>Item 1: President's opening remarks and approval of the agenda</b></p>
<p><b>Item 2: 2016 IUCN Audit Financial Statements and the Report of the External Auditors, taking into account the recommendations of the Finance and Audit Committee</b></p> <p>Documents:</p> <ol style="list-style-type: none"> <li>1. B/70/2/1 Report of the FAC meeting of 30 May 2017 with FAC's recommendations to the Bureau;</li> <li>2. B/70/2/2 Document FAC/62/2 with the Chief Financial Officer's review of the audited financial statements, the draft audit opinion and the Consolidated Financial Statements 2016 (as revised following the FAC meeting);</li> <li>3. B/70/2/3 PPT External auditors' report to Council and FAC.</li> </ol>
<p><b>Item 3: Approval of the Commission Financial Rules</b></p> <p>Documents: B/70/3/1 Commission Financial Rules (release 2 v 7 as revised following the FAC meeting)</p> <p>For the FAC's recommendations to Bureau, see B/70/2/1 Report of the FAC meeting of 30 May 2017.</p> <p>Note that sections 1 to 4 of the Commission Financial Rules covering the use of Commission Operating Funds and funds flowing through the Secretariat in support of Commission activities were part of the first release of these Rules approved by Council in April 2016. This second release presented for approval contains <u>new sections 5 to 8</u> covering funds flowing through other organizations in support of Commission activities raised in the name of IUCN and in-kind support provided by other organizations in support of Commission activities.</p>
<p><b>Item 4: Approval of minutes of the 69<sup>th</sup> Bureau Meeting and update on follow-up actions with timelines, incl. dates for the next meeting of the Bureau to be held in person</b></p> <p>Documents: B/70/4/1 Summary minutes of the 69<sup>th</sup> Meeting of the Bureau (15-16 May 2017) (The draft summary minutes are under review by the Bureau)</p>
<p><b>Item 5: Brief Report from the first formal meeting of Ethics Committee held on 23<sup>rd</sup> May 2017</b></p> <p>Document: B/70/5/1 - IUCN-Ethics-1-2017-Minutes with Annex 1</p>





## INTERNATIONAL UNION FOR CONSERVATION OF NATURE

69<sup>th</sup> Meeting of the Bureau of the IUCN Council  
held in person on 15-16 May 2017 at the IUCN Headquarters, Gland (Switzerland)

## Summary Minutes

Approved by the Bureau of the IUCN Council at its 70<sup>th</sup> Meeting on 6 June 2017

*Present:* see [Annex A](#) attached hereafter

Preliminary note:

- a. Unless stated otherwise, all decisions of the Bureau were adopted by consensus
- b. To avoid unnecessary repetition, the present summary minutes do not summarize presentations if their content is reflected in the documents or PowerPoint presentations to which reference is made in, or which are annexed to the present summary minutes

**Monday 15 May 2017 from 9:00 to 18:00****Agenda Item 1. President's opening remarks and approval of the agenda [Bureau document B/69/1 Rev1 dated 9 May 2017]**

Welcoming the members of the Bureau and the Director General, the IUCN President explained that, this being the first meeting of the Bureau in the current quadrennium and also the first meeting since the previous Council enhanced the level of responsibility of the Bureau, this face-to-face interaction would allow Bureau members to develop an effective working relationship. This Bureau meeting includes consideration of several strategic matters as well as the follow-up to the February Council decisions. He appreciated the Director General's prompt support to make the necessary arrangements for the meeting despite the short notice. Following the Paris Agreement and the global commitment to SDGs, it was important to seize the momentum to make IUCN more relevant than ever before. While remaining accountable to Council who ultimately takes the decisions, the Bureau must now implement its enhanced role in order to enable the Council to effectively and efficiently assume its strategic direction and oversight functions. The IUCN President assigned to Jennifer Mohamed-Katerere the task of supporting the Secretary of Council with recording the decisions and preparing the minutes of the Bureau meeting.

At the invitation of the IUCN President, the Bureau approved the agenda (Rev1 dated 9 May 2017) with the addition of a new Item 7 (all remaining agenda items to be renumbered): Letter of 11 May 2017 from the Chairs of the IUCN Commissions to the President and the Director General and the Director General's response of 13 May 2017. [The letters were distributed during the Bureau meeting]. A member of the Bureau expressed concern that the agenda did not provide sufficient time to reflect on the rapidly changing external environment and risks involved, and how IUCN was to respond to these challenges in order to remain relevant.

[Later during the Bureau meeting, a new Item 10.3 was added: Letter A. Claparols on behalf of the Ecological Society of the Philippines, 15 January 2017]

**BUREAU DECISION B/69/1**

The Bureau of the IUCN Council,  
adopts the agenda of its 69<sup>th</sup> Meeting. ([Annex 1](#))

**Agenda Item 2. Update on the follow-up to the outcomes of the 92<sup>nd</sup> Council Meeting and, as required, consideration of any recommendations for decision of the Bureau [Bureau document B/69/2/1 Follow-up to the 92<sup>nd</sup> Council Meeting – list of pending issues - status 8 May 2017]**

The Secretary to Council introduced the list of actions required as recorded in the decisions and summary minutes of the 92<sup>nd</sup> Council Meeting (incl. the reports of the standing committees to Council).

During the discussion, it was observed that the recommendations of the previous Council concerning the elaboration of detailed procedures to harmonize the Commissions' nominations process in order to give full effect to Regulation 30bis should be approved in 2018 and not left to 2019. The question was also raised as to whether the GCC was best placed to undertake this work. The Legal Adviser clarified that it was the role of the GCC (as per the TOR approved at the 92<sup>nd</sup> Council Meeting) to support the Council in relation to governance matters of the Union, including statutory and regulations reforms as required. In addition, she recommended the Bureau to follow the nomenclature of Council subsidiary bodies adopted by the Council with the enhanced practices and reforms of IUCN's governance in 2016.

The proposal was made that the Bureau facilitates the identification of all governance issues that may need update or reform during the 2017-20 term and to formulate a proposal for a process and timeline for each issue, in order for the Council and its committees to timely discuss the most appropriate way to address those issues and, where appropriate, begin the formulation of concrete proposals including, as required, amendments to the Statutes, Rules and Regulations, the Council's Code of Conduct and the Council Handbook.



The Bureau agreed to establish a small group chaired by Jennifer Mohamed-Katerere, with Antonio Benjamin (co-chair) and one or two Councillors and/or external individuals to be proposed by the President, if so required, and with the support of Sandrine Friedli Cela (IUCN Legal Adviser) and Luc De Wever (Secretary to Council), with the purpose of identifying areas for further improvement of IUCN's governance beyond the reforms approved by the 2016 Congress and the "Enhanced practices and reforms of IUCN's governance" approved by Council in April 2016. The small group shall report back to the Bureau in November 2017 with its findings, following which the Bureau will recommend to Council, for each of the reforms identified, a process with timeline leading to the formulation of concrete proposals including, where required, proposed amendments to the Statutes, Rules and/or Regulations and any other instruments that may be considered necessary.

With reference to changes in the membership of Council's standing committees that had occurred during and following the Council, the IUCN President informed the Bureau that he had consulted the Vice-Presidents and agreed with them that the membership of the Council's standing committees should be in accordance with the provisional membership as presented by the Vice-Presidents to Council prior to the first meeting of the committees of 8 February 2017 - which was largely based on the preferences expressed by Council members. With the exception of Norbert Baerlocher, appointed by Council as Councillor from the State in which IUCN has its seat, who - following a request from his authorities - will be a member of the Finance and Audit Committee. If a certain topic to be discussed by another committee appeals to a Council member who's not a member of the committee concerned or if the topic is related to his/her specific unique expertise or the business that s/he is in charge of within the Union, s/he may attend and intervene at that specific session upon the consent of the chairs of both committees concerned, but the voting rights and official membership of that Councillor will remain in their original committee. The role of the standing committees is to make recommendations to Council and so, all Council members have the opportunity to participate in the decision-making process of all proposals, whichever committee has prepared them. The Bureau consented to this procedure and process and no objection was received.<sup>1</sup>

**Agenda Item 3. Presentation on the enhanced responsibilities of the Bureau, as approved by the last Council specially to apprise the new members** [[PPT presentation B/69/3 – Responsibilities of the Bureau](#)]

The Secretary to Council made a brief presentation to recall the decisions of the 88<sup>th</sup> Council Meeting (April 2016) to enhance the role of the Bureau and delegate more to the standing committees with the view to enabling the Council to be more strategic and exercise high-level oversight.

During the discussion, the following observations were made:

- Council approval of committee reports including of draft Council decisions without discussion requires an extra effort by all Council members to provide input to the work of the committees of which they are not a member; this necessitates bringing the committee agenda and documents to the attention of all Council members in advance of the meeting and prompt sharing of all the information made available during the committee meetings;
- Opportunities to review the impact of the governance reforms of 2016 include: 1) the external evaluation of IUCN governance to be commissioned by Council every 4 years in time to be reviewed by Council at mid-term (see Council Handbook p. 5); 2) the annual report on evaluations which will include an update on the follow-up to the Management's Response to the 2015 External Evaluation of Aspects of IUCN's Governance; and 3) the small group set up by the Bureau under Agenda Item 2 (referred to above).

**Agenda Item 4. Strategic session to discuss and appraise IUCN's performance** [[PPT presentations B/69/4 a + c](#) [PPT - Framework funding: B/69/4 b](#) [PPT - Expansion of IUCN financing avenues; and B/69/4 d](#) [PPT - Information Systems Presentation](#)]

Following the Director General's (DG) introduction of Agenda Items 4 a) to c) [*Cf. the PPT presentations referred to above*], the following points were raised during the discussion:

- In response to questions about the risk assessment following reductions in framework income, the limits of GEF income because of the ceilings involved and the uncertainties around GCF funding, the DG explained that an integrated risk management framework will be rolled out in the Secretariat, developed by Sharon Fitzpatrick, the Head of Oversight, and benchmarks for monitoring income will be developed. The risk management framework should ideally also include the Commissions which manage funds. It will enable the Finance and Audit Committee and Council to fully engage in the assessment of and response to strategic risks.
- In response to a question regarding the US continued contribution to the GCF and how this might affect the contribution of others, the DG responded that while there has been a clear agreement among the GCF donors on formula based burden sharing, the DG was cautiously optimistic that the international community would live up to the commitments made, even if the US were to withdraw.
- With respect to non GEF and non GCF resources, the DG, referring among others to the EU (The Biodiversity and Protected Areas Management Programme - Biopama project) and Germany, also noted positive trends in our relations with other donors. The discussion with Norway and the EU demonstrates the need for IUCN to be considered as an

<sup>1</sup> Note from the Secretary to Council: It means in practice that, after agreement with him, Michael Hosek will be a member of the Programme and Policy Committee (PPC) instead of the Governance and Constituency Committee (GCC) as had been recorded in Council decision C/92/3 (Annex 4).

International Organization; this would pave the way for in-budget contributions, which in turn requires that IUCN continues to effectively address the weaknesses in IUCN's systems identified by the EU audit (the 2014 "pillar assessment").

- Exploring the identification of new donors beyond the traditional ones, the DG noted that the days of easy access to unrestricted funding are coming to a close and the focus is therefore on maintaining the current donors and on targeting those that might be interested. Further, considerable effort is being invested in developing relations with new philanthropists but it will take time and requires due diligence.
- Questioned about the level of involvement of IUCN Members in the implementation of the IUCN Secretariat managed project portfolio, the DG recalled that a Project Portal based mechanism of self-reporting by the senior management revealed that an average of 60% of projects involved IUCN Members. With over 1,400 members, however, the DG highlighted that it needs to be understood that most members will not be involved in IUCN project activities.
- In response to a question of activities undertaken by IUCN members, the DG recalled that, funds allowing, the Portal will be expanded such that by 2020 IUCN Members can report directly into the Portal about their contributions to Programme results.
- With respect to databases and systems, questions were asked about the extent of engagement with the full diversity of members (including small national NGOs, IPOs and Women's Organizations) and not only large well-established organizations. The DG acknowledged that these indicators were not well included in the current monitoring system and encouraged Council and Bureau to continue challenging the Secretariat as to the level of ambition regarding the systems required to provide the adequate data we need (including e.g. the type of Member organizations such as indigenous peoples' organisations, the organisations meeting gender and other criteria etc.). But she also stressed, and as demonstrated during the Council Retreat in February 2017, that the roll out of the Project Portal has been and will continue to be a massive undertaking for the Secretariat.
- With respect to on-granting, the DG emphasized that on-granting programs remain important and strategic although with modest amounts involved and that different donors have different requirements with respect to fiduciary controls. In addition, as donor governments are accountable for the resources, they generally prefer competitive bidding for on-granting as opposed to sole-sourcing. As a consequence, therefore, it is not always a given that an IUCN member will be the selected partner.
- On the question how well IUCN advocates for itself and the conservation imperative, the Bureau members and the DG stressed the important achievement of having mapped the IUCN programme against SDGs and using this as a base for broader communication action.
- Concerned to avoid having to dig further into the reserves, Bureau members considered 2017 a particularly important year and suggested that a mechanism be developed to keep the Bureau informed and engaged with support in achieving targets and in reporting to Council.

The Bureau concluded, following comprehensive discussions on the financial challenges facing IUCN and the response pathway being followed, that a liaison group comprised of members of the Bureau (to be finalized by the President after consultations) will be established with the purpose of gathering further relevant information for establishing time bound financial targets and keeping track of progress towards the achievement of these targets in order to report back to the Bureau and, if required, composing a draft formal decision for Council. The IUCN President requested Ayman Rabi to chair the group.

Following the Chief Financial Officer's (CFO) introduction of Agenda Items 4 d) [Cf. the PPT presentations referred to above], the following points were raised during the discussion:

- In response to questions, the CFO explained that it is not possible to say what the costs of Information Systems (IS) were prior to 2014 because there was no common way across the many IUCN offices of accounting for them in view of the absence of standard reporting and accounting standards prior to that time. IUCN now has a common accounting system enabling it to know and control IS related costs. System changes in the regional/country offices are implemented in a way that allows training and feedback which is resulting in a high degree of satisfaction once the staff see the actual benefits. The Secretariat now has statistics on Members' use of the Union Portal. Members' uptake should become much better. That is why the Secretariat is working towards making the Portal more user-friendly by e.g. improving the search capacity.
- In response to a question on fraud detection, the CFO noted that for fraud detection, the Secretariat relies more on the control environment than on the actual information system itself: managers must review and investigate unusual transactions. The Finance Hubs that are being created will be important in this regard as adequate segregation of duties is particularly challenging for smaller offices.
- With regard to the Project Portal, the DG explained that the donors are impressed with the progress made as they are now able to receive data by SDG and other criteria. In the period 2017-20, the Secretariat will be experimenting with a self-reporting tool for IUCN Members to input their contributions so that by IUCN should be able to report the total of the Union membership contribution towards the 2030 goals. Bureau members commended the Secretariat for the progress made with Information Systems, global connectivity and Project Portal. In response to a suggestion to make Skype for Business available to all Commission members so that global "webinars" can be held periodically, the DG explained that the license required for every user would make the cost prohibitive but in the same way as the Secretariat does, presentations are at times taped and could be made available cost permitting.
- On the question that the .5% charge on projects (approved by Council in 2014 to enhance IS services) was not viable in the Region and that the same services would be obtained cheaper in the local market, the DG and CFO stressed the

imperative of modernizing what was a deeply fragmented and unconnected organization that was highly exposed to data loss and inability to monitor and report on a growing portfolio. The CFO also noted that it is difficult to place a value on the vastly enhanced centralized Information Services that guarantee global connectivity and business continuity as these values are not easily measured (providing a more secure IS environment preventing the loss of data because of hacking etc.). Further baseline data are lacking to compare against the level of services available in the regions prior to 2014, nevertheless a key objective is to provide an increased level of Information Services on an on-going basis at a reduced transfer cost and time for the regions (55 offices) and HQ. Costs will be monitored and reported.

**Agenda Item 5. Other strategic issues** [*PPT presentations [B/69/5 a PPT - Organisational change process](#) and [B/69/5 b, c and d PPT - HR Topics](#)*]

Following the Director General's presentation of the Organisational Change Process [*Cf. the PPT presentations referred to above*], the following points were raised during the discussion:

- The DG explained that the change process of the IUCN Secretariat is necessary in order to be able to continue serve the IUCN membership. In 2015, her first year as IUCN's DG, the donors called the DG to order for serious weaknesses in IUCN's reporting. According to members of the Secretariat's Leadership Team at that time, the reductions in Framework funding had been anticipated since 2012 but apart from general budget cuts across the entire Secretariat, no other measures had been taken to address this issue. IUCN aspires to become again the recipient of choice in donor capitals.
- In response to terms such as decentralization/centralization, the DG emphasized the importance of speaking of IUCN as a platform to service our Members and donors in return for the grants and membership dues they provide to further our conservation and environmental mission. While decentralisation is IUCN's strength, IUCN cannot be effective without centralized financial, procurement and HR systems etc. because IUCN will not be successful without an accurate reporting system that satisfies donors' strict audit and accounting needs. Unfortunately, some consider this bureaucratic, however, as anyone will know managing tax payers resources requires fiduciary controls, timeliness and accuracy. The DG mentioned that she already saw indications of donors' increased respect for IUCN as a result of progress made with systems development.
- In response to a question how the functions related to social policy and indigenous peoples were going to be transitioned after the sudden announced departure of a long-serving staff member, the DG explained that IUCN must not only maintain its current expertise on social science but that IUCN must significantly expand it, ensuring that our approaches to rights, gender, equitable governance and indigenous peoples are consistent with IUCN's Resolutions and that they are systematically applied across all our conservation activities. The DG was asked what provision had been made to ensure that IUCN can continue to serve at the same level and she advised the Bureau that a P2 position had been created. She referred for more detail to her letter to the Commission Chairs [*Cf. document [B/69/7 Commission Chairs' letter and Director General's response 13 May 2017](#)*]. The DG assured the Bureau that the relationship with the Human Rights Council in Geneva and the United Nations Indigenous People's Forum in New York will be enhanced and that there are strong opportunities and cost savings for basing staff in the US.
- To the question what actually drives the change process and whether staff affected by the redundancies are valued for their contribution to IUCN, the DG reiterated that the change process is about achieving greater impact, effectiveness as well as efficiencies in IUCN's systems in order to deliver more expeditiously on the IUCN Programme, more than it is about restructuring. The number of redundancies has been and is expected to be kept small. Bureau members expressed concern about high-level redundancies in the organization without prior information to the President or Bureau and reiterated that the President and Bureau if engaged, could provide advice and help smooth transitions.
- The CFO added that he expected the mid-term budget review to show a projected year-end deficit that is lower than the CHF 2.0 m approved as part of the 2017 budget. The results will be communicated to the FAC as soon as they are available.
- Concerned to exercise sufficient governance oversight and accountable to Council and ultimately the IUCN membership for ensuring that the change process made the Union more united and effective, Bureau members requested that a mechanism be designed to keep the Bureau and Council informed on the purpose and impact of the change process, enabling them to understand the changes, respond to questions and concerns from the membership and provide input where required, recognizing that the DG remains responsible for the change process.
- The DG appreciated the opportunity for exchange at this first Bureau meeting and, in addition to the DG's monthly reports, presentations made in Council and the present Bureau meeting, would be happy to communicate more to the Bureau on key issues with the exception of staffing issues.
- The IUCN President thanked the Bureau and the DG and Secretariat for a very constructive, frank and insightful exchange of views. The importance of the change process required a thorough discussion with a view to building consensus on many fundamental issues such as the core strength / efficiency of IUCN, which justified the convening of a face-to-face meeting. The Bureau felt accountable to Council and ultimately to the IUCN Members to provide a solid base for understanding and trust among all parts of IUCN.

Following the Director General's presentation of the HR Topics [*Cf. the PPT presentations referred to above*], the following points were raised during the discussion:

- In response to the question whether the staff morale has improved since the staff survey, the DG explained that there was a sense of a heightened anxiety around December 2016 but since global town halls have been held periodically,

with the confidential (external) listening post becoming operational which since January 2017, has been followed up by the DG's monthly response to all (anonymous) questions and, together with all other documents of the change process, made available in the Union Portal, and since Mark Smith is available for any questions or inputs, the comments from staff had changed in tenor, from concern to asking constructive questions to better understand the actual changes being rolled out.

- In addition, there has been positive response to some of the changes being rolled out that seek to address areas that have been un-transparent in the past such as, for example, no consistency of promotions across the Secretariat.
- In response to the questions around the Staff Survey, the DG responded on her interpretation of some of the low and the high scores. She further noted that measures are being taken to increase visibility and effective communication, such as the minutes of the LT meetings which are being posted in the Union Portal accessible to all staff worldwide and the town halls that are becoming more important communication tools. The DG was confident that with the changes she was making, the IUCN Secretariat would become a significantly different organisation without having to resort to massive firing. She also informed the Bureau of her intent to roll out the full Staff Survey every year
- With respect to the (last) slide about the requirements for reporting to the FAC on HR issues, the Bureau members agreed to the DG preparing a collation of documents considered relevant for the FAC to exercise its oversight role in addition to the revision of the Staff Rules which have not been updated since 2003, and subsequently to request the FAC whether it wishes to receive additional information.
- The DG informed the Bureau that since the beginning of 2017, IUCN was granted an exemption from the restrictions of Swiss immigration laws which had limited IUCN's ability to recruit from countries outside the EU. This will enable to increase diversity when recruiting Gland based staff. The DG acknowledged that greater regional diversity of staff in Gland needed to be achieved.
- Several Bureau members asked the DG to engage with the Bureau in making changes to staff at a senior level given the potential impacts on staff morale and potential implications for the delivery of the Programme.

After a detailed discussion of the organizational change process, the valuable and incisive findings of the December 2016 staff survey, and other HR related matters, the Bureau decided to establish a liaison group composed of members of the Bureau (to be finalized by the President after consultations), with the purpose of serving as contact point of further exploring the current HR procedures and policies, rules and practices applied within IUCN with the objective of reporting back to the Bureau with its recommendations and, if required, composing a draft decision for Council with the objective of reporting back to the Bureau as appropriate and making recommendations to Council if necessary. The President requested Ali Kaka to chair the group.

## Tuesday 16 May 2017 from 9:00 to 15:00

**Agenda Item 6. Update on work by the Standing Committees of the Council including required intervention/decisions by the Bureau:**

### **1. Finance and Audit Committee (FAC)**

Ayman Rabi, Chair of the Finance and Audit Committee (FAC) announced that the FAC will hold a conference call on 30 May 2017 to review the 2016 financial statements and the external auditors' report. On 15 May, he had had a brief meeting with the auditors who confirmed that the audit will be ready in the following week. Swiss law required the Bureau's approval of the audit financial statements before the end of June. He was confident that also the Commission Financial Rules would be ready for review by the FAC at its forthcoming meeting. The outstanding issue about the socially responsible investment policy referred from the previous Council will be taken up by the FAC in November.

During the discussion, the following matters were raised:

- The Director General noted that, as the February Council was an inaugural meeting, and the Secretariat therefore did not know ahead of the meeting who the FAC members would be, the FAC could not receive the level of financial information it would normally receive ahead of each meeting in accordance with the Strategic Planning and Reporting Framework approved by Council and which a member of the Bureau who was also a member of the FAC 2013-16 considered very adequate. The Chair of FAC was concerned to receive financial updates as part of a regular communication flow in addition to formal reports.
- The CFO will distribute the audited financial statement to FAC and Bureau as soon as they are available.
- On the issue of the long time it required to conclude a Doodle poll to determine meeting dates, the IUCN President requested Council members to be responsive and answer such requests as quickly as possible. A Bureau member suggested that the small group set up to identify governance reforms also considers whether the rule sanctioning repeated absence from Council is still relevant.

### **2. Programme and Policy Committee (PPC)**

Jan Olov Westerberg, Chair of the PPC, informed the Bureau that he had consulted the PPC on follow-up issues from the 92<sup>nd</sup> Council meeting, in particular the ToR of the task forces:

- The Climate Change TF: draft ToR had been received from the core group established by the PPC in February 2017 and chaired by Angela Andrade, with Kristen Walker, Ana Tiraa and Carlos Durigan as members, with support from Sandeep Sengupta on behalf of the Secretariat;
- The Urban TF: draft ToR were being prepared by Jonathan Hughes;

iii. The Private Sector TF: draft ToR were being prepared by Jonathan Hughes with the support of John Robinson. A discussion was being held on the need for thematic Council Focal Persons. The Chair of PPC's personal view was that Regulation 45bis should be amended in order to make it more generic and allow Council to formalize the appointments it considers necessary, such as the one about Gender identified in February, for which Jesca Osuna was nominated. The Chair of PPC was going to discuss with his colleagues of the FAC and GCC how to resolve overlap between Council committees (e.g. obsolete Congress Resolutions and indigenous peoples' organisations). Also the possible overlap between TF and Secretariat needed to be addressed. He was going to meet with Cyrie Sendashonga to discuss the calendar for the preparation of the IUCN Programme 2021-24 as well as the PPC's role in the Commission planning and reporting process (as per the Strategic Planning and Reporting Framework approved by Council in 2016). He intended to convene a remote meeting of the PPC in June. As time for education of new Council members was short last February, the Chair of PPC proposed that the committees be given 2 days to meet in advance of the 93<sup>rd</sup> Council meeting.

During the discussion, the following points were raised:

- The Chair of PPC agreed to transmit to PPC Antonio Benjamin's proposal to include in the ToR of the Climate Change TF that each Commission be invited to appoint one Commission member to the TF.
- The ToR of the task forces will also provide for the membership of Secretariat staff. The IUCN President added that, contrary to Council and Council committees which are in charge of Union wide oversight and strategic direction and can therefore only have elected members, the task forces worked on specific time-bound issues and so provided more flexibility, with Councillors, Secretariat staff members and Commission members participating on an equal footing.
- The IUCN President suggested to the Chairs of the committees that it is not necessary to restrict the search for task force chairs to the committee itself, but to reach out for the most experienced, willing and capable person from within the wider Council.
- Task forces are a very good mechanism to actively engage a broader range of people to further Council's agenda, leaving the decision-making to Council.

### 3. Governance and Constituency Committee (GCC)

Jennifer Mohamed-Katerere, Chair of GCC, referred to the report for the background information on the draft decisions presented to the Bureau for approval. [\[B/69/6.3/1 – GCC Recommendations to the Bureau on membership admissions and changes of category\]](#)

#### Consideration of 14 membership applications submitted by 31 December 2016

During the discussion, the following issues were raised:

- The objections to the application from the David Suzuki Foundation is related to the question whether the applicant opposes to IUCN's Sustainable Use Policy and the SSC Guidelines on trophy hunting (in relation to trophy hunting of grizzly bears).
- As has been the case for the application of the International Fund for Animal Welfare (IFAW) discussed during the February 2017 Council, an extra effort is required to increase Councillors' understanding of the policies and guidelines before a decision on substance can be taken. A Council discussion has therefore been opened in the Union Portal on IFAW's application. This issue touches upon the very DNA of IUCN as we witnessed during the discussion about Motion 007 in Hawaii and during the online discussion and forthcoming vote of the IUCN membership on the question of reversing Council's admission of BFF. The GCC's role was to lead and prepare a good discussion in Council.
- The Chair of GCC advised that the Chair of the SSC/CEESP Specialist Group on Sustainable Use and Livelihoods be invited to assist the GCC and possibly also Council, by electronic communication or in person.
- The suggestion was made to improve the sophistication of IUCN's guidelines and our assessments, and to broaden the discussion about hunting as a sustainable use tool beyond SSC in order to include wider considerations and input such as WCEL which has been considering ethical aspects.
- The GCC had decided to look into ways to strengthen the due diligence as part of the admission process.

#### **BUREAU DECISION C/69/2**

The Bureau of the IUCN Council,

*on the recommendation of the Governance and Constituency Committee (GCC),*

1. approves the admission of 12 organizations and/or institutions applying for IUCN membership in accordance with Regulation 18 (**Annex 2**<sup>2</sup>);
2. notes the GCC's deferral of its consideration of the membership applications from:
  - a. Asociación para la Protección de los Recursos Naturales Renovables (Guatemala) until further information will have been received enabling the GCC to verify that the conditions for admission are fulfilled; and
  - b. David Suzuki Foundation (Canada), which received objections from IUCN Members, until the 93<sup>rd</sup> meeting of IUCN Council (November 2017).

Consideration of the membership applications from Tajjin (AITA Foundation), China and Window to Environment Association, Lebanon, deferred by the 92<sup>nd</sup> Council in February 2017

During the discussion, the following issues were raised:

<sup>2</sup> Annex 2 also includes 10. Window to Environment Association, Lebanon which is the object of Bureau decision B/69/3.



- The key question for Council to resolve in this and potential other future cases involving the topic of hunting is whether a Member or an applicant is automatically disqualified if they do not endorse all or part of IUCN's policy. The answer to this question may empower a small group within IUCN to block admissions thereby reducing the diversity of IUCN's membership.
- The Chair of GCC requested approval of the draft decision while noting in the summary minutes that the GCC is preparing a Council discussion on these issues in order to enable Council to take a decision in November 2017.

#### **BUREAU DECISION C/69/3**

The Bureau of the IUCN Council,

*on the recommendation of the Governance and Constituency Committee (GCC),*

1. approves the admission of Window to Environment Association<sup>3</sup>, Lebanon, in accordance with Regulation 18;
2. notes the GCC's deferral of its consideration of the objections to the membership application of Tajjin (AITA Foundation), China, until the 93<sup>rd</sup> Council meeting in November 2017 in order to consider further information requested on the IUCN Sustainable Use Policy.

#### Change of membership category of two current IUCN Members

#### **BUREAU DECISION C/69/4**

The Bureau of the IUCN Council,

*on the recommendation of the Governance and Constituency Committee (GCC),*

approves the request from two current IUCN Members, Turtle Conservancy, USA and the Arab Network for Environment and Development, Egypt, to change their membership category from National Non-governmental Organisation (NGO) to International Non-governmental Organisation (INGO).

#### Name change of one current IUCN Member

#### **BUREAU DECISION C/69/5**

The Bureau of the IUCN Council,

*on the recommendation of the Governance and Constituency Committee (GCC),*

takes note of the change of name of one current IUCN Member from "Kaz Dagı ve Madra Dagı Belediyeler Birliđi" (Union of Municipalities for Kaz and Madra Mountains) to "Ege ve Marmara Cevre Belediyeler Birliđi" (Union of Municipalities for Aegean and Marmara Environment), Turkey.

The Chair of GCC informed the Bureau of work in progress in GCC:

- WCC-2016-Res-003 about including regional authorities in IUCN: a pre-working group established by GCC in February 2017 under the lead of the Deputy Chair of GCC is preparing decisions for GCC and Council to take in November on the WG ToR and membership.
- Performance Tools of the Council Handbook: a small group of GCC members assisted by the Secretariat has developed proposals now under consideration by the GCC, for consideration by the Bureau at its next meeting.
- The Union Development Group is preparing a detailed membership survey to provide the basis for preparing the new membership strategy.
- The Chair of GCC was consulting with other Committee Chairs regarding the allocation of Resolutions pertaining to constituency matters that needed to be declared obsolete in response to WCC-2016-Res-001.

**Agenda Item 7. Letter of 11 May 2017 from the Chairs of the IUCN Commissions to the President and the Director General and the Director General's response of 13 May 2017 ([B/69/7 Commission Chairs' letter and Director General's response 13 May 2017](#))**

Antonio Benjamin, Chair of the World Commission on Environmental Law (WCEL) and representative of the Commission Chairs in the Bureau, introduced the letter from the Commission Chairs and the Director General summarized her response to the Chairs.

During the discussion, the following points were raised:

- As also highlighted in her response to the Chairs, the Director General appreciates the Chairs' reaching out to her. However, looking ahead, she suggested that when and if issues crop up, they simply reach out to her more quickly so that these can be resolved along the way. To this end, she has contacted all Chairs to set up regular monthly phone calls.
- Explaining why Commission Financial Rules were required regarding cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions and in-kind support received from other entities, the Director General referred to the Statutes and the Regulations, which state that the Chairs "shall ensure that there is proper authorization of expenditure for Commission activities and operations and that there is proper accounting of all Commission funds" (Regulation 82) and that "the Council shall adopt financial rules for the Commissions to facilitate their capacity to raise funds and manage these with autonomy." (Regulation 83) The DG further referred to the European Union's 2014 audit ("pillar assessment") which was part of the standard procedure on IUCN's way to achieving International Organization

<sup>3</sup> See Annex 2 for more information about this organization.

status with the EU which, if granted, would enable massive EU budget support for IUCN. To get there, all risks identified by the audit must be addressed, including effective Commission operating rules which fall outside the Director General's remit. It is on this background that she requested the Bureau's approval of rules that have been under development since the end of 2014.

- Both Antonio Benjamin and the Director General expressed confidence that the issues raised in the Chairs' letter could be resolved and committed to working out the issues as per the letter exchange.
- Also confident that solutions could be found for the outstanding issues with regard to the Commission Financial Rules prior to the FAC meeting of 30 May 2017, the Chair of the FAC offered to contribute. It was agreed to convene a remote meeting of the Chairs with the Chief Financial Officer (CFO) with the participation of the Chair of the FAC. The CFO will provide a detailed response to the Chairs' comments prior to the meeting.
- On the issue of the turn-around for Secretariat approval of contracts, the Director General and the Legal Adviser clarified that the normal turn-around for a standard contract is 2-3 weeks. In addition, the Legal Adviser explained that other factors have to be taken into consideration, in particular when contracts entail unclear or controversial clauses or other complexities, where more time is required for internal clarifications as well as for negotiations with the other party until final clearance by the Office of the Legal Adviser and the different units involved (programme, finance and/or HR) and signature. In such cases, everyone involved should be informed of the estimated time required for approval.
- The Bureau agreed that in regard to the contract sign off process the secretariat must set a time threshold to finalize the sign off with partners, as long pending contracts may adversely affect the ability of IUCN to raise funds.

The Bureau noted with appreciation the recent correspondence between the Commission Chairs and the DG over a range of important endemic issues and encouraged the need to have timely communication channels established with the Bureau especially on financial and HR issues including the removal/departure of any senior leadership staff. In this regard, the liaison groups referred to under Agenda items 4 and 5 (above) were asked to work with the Secretariat and, if required, to provide recommendations for the Bureau to consider.

#### **Agenda Item 8. Follow-up to Council's discussion on its Strategic objectives and priorities for 2017-20, if required further after discussion on items 4 and 5 above**

The IUCN President recalled the discussion during the 92<sup>nd</sup> Council Meeting which was a very productive first step in the process leading to the definition of strategic priorities and measurable objectives for the Council for the next 4 years. [*cf. the Summary Minutes of the 92nd Council Meeting, pp. 11-12*]

During the discussion, the following points were made:

- While the 1<sup>st</sup> and 3<sup>rd</sup> strategic priority areas identified during the 92<sup>nd</sup> Council Meeting (income stability and implementation of the One Programme Approach) had already been the focus of the Director General and the Bureau, the 2<sup>nd</sup> priority area, the need for a stronger value proposition required more attention. Peter Cochrane volunteered to prepare a conversation starter on the value proposition;
- Pointing at the close link between the strategic risk analysis and strategic priorities, the suggestion was made that each Council meeting should have a strategic session, not only to discuss the strategic risks but also to define IUCN's forward looking response to each risk, align Council's priorities and objectives accordingly and take stock of progress at each Council meeting;
- Reference was made to the Hawai'i commitments on which IUCN needed to define its course of action;

While concluding that the formulation of Council's strategic priorities required more reflection, the IUCN President emphasized the importance of a strong value proposition in order to speak with one voice, and encouraged the standing committees of the Council to think more strategically and not only mitigate risk but also capture opportunity.

#### **Agenda Item 9. Future Agenda and priorities for the Bureau in the period until the next Council meeting**

The IUCN President reminded the Bureau that it will need to convene a remote meeting following the FAC's meeting on the 30 May 2017 to consider the recommendations of the FAC regarding the IUCN 2016 Audit Financial Statements and the Report of the External Auditors, as well as the Commission Financial Rules. He requested the Secretary to Council to issue a Doodle poll to determine a date between 6 and 9 June.

There was general agreement in the Bureau to convene another face-to-face meeting of the Bureau within 3 months, to use the existing momentum to further build its cohesion, strengthen its role and support of the Director General to ensure a smooth transition process. The Director General agreed to the proposal and assured the Bureau that the Secretariat would find ways to cover the cost of the meeting. Another proposal by the Chair of the PPC that a two-day meeting of the standing committees be convened as part of the 93<sup>rd</sup> Council meeting in November 2017, as opposed to a one day meeting, was deferred until 2018 so that adequate budgetary allocations could be made.

In response to a query from a Bureau member about the formal signing of the Code of Conduct the meeting was informed that this had already been done as part of the formalities of the nomination of Councillors prior to the elections held at the 2016 WCC. However, the matter could be further clarified by the Ethics Committee.

The suggestion was made for Bureau to facilitate the development of the value proposition, with the assistance of the Secretariat and the CEC.



## Agenda Item 10. Any other item with the permission of the Chair

### 10.1 Calendar of Council meetings 2017-20 [[Bureau document B/69/9.1/1 Calendar for IUCN Council meetings 2017-20](#)]

The Secretary to Council introduced the Bureau document explaining the linkages between the proposed calendar of Council meetings in 2018, 2019 and 2020, the timing on Council's agenda of strategic, oversight and fiduciary functions and the proposed timing of key process preparing the 2020 Congress.

During the discussion, the following observations were made:

- It would be useful to complete the calendar with detailed milestones for the work of Council committees, the reform of Statutes, Rules and Regulations, the development of the IUCN Programme 2021-24, the Bureau meetings (albeit on a tentative basis) etc.;
- While welcoming an early launch of the motions process, and noting that for very specific reasons only the European Regional Conservation Forum happened very late in 2015, the scheduling of some Regional Conservation Forums in early 2020 (also a Congress year) might be a budgetary restraint for some IUCN Members;
- The Programme and Policy Committee needs to consider an adequate process for the development of the next IUCN Programme, preparing in time for Council's strategic session (95<sup>th</sup> Council Meeting) while taking into account the need to have relevant results on the implementation of the IUCN Programme 2017-20 which has just begun, and the need to involve the IUCN membership more effectively, which is to happen in a dynamic way instead of a one-time occasion to comment during a RCF.
- The timeline needs to be communicated to the IUCN membership.

The IUCN President supported the planning but warned that we need to ensure a relevant motions process, Programme and value proposition that raises IUCN's profile, attracts high level participants at the 2020 Congress, helps move forward IUCN's finances and strengthens cooperation with the private sector.

#### **BUREAU DECISION C/69/6**

The Bureau of the IUCN Council, approves the time slots for the ordinary meetings of the Council in 2018-20 as presented in Bureau document B/69/9.1/1 "Calendar for IUCN Council meetings 2017-20" within which the precise dates will be determined, subject to adaptation as required to take into account important events that may be scheduled in the meantime.

### 10.2 Announcement about the Council's Ethics Committee

The IUCN President informed the Bureau of his meeting with the Vice-Presidents to constitute the Ethics Committee of Council with the following division of responsibilities relating to Ethics Issues within the said committee:

1. VP John Robinson (North and South America / All Commissions of IUCN)
2. VP Ali Kaka (Africa and Western Asia / the Regions)
3. VP Ana Tiraa (Pacific / In charge of reporting)
4. VP Malik Amin Aslam, Chair (Asia / IUCN Secretariat).

The Bureau acknowledged this decision and no objection was made.

### 10.3 Letter from The Ecological Society of the Philippines dated 15 January 2017

The IUCN President requested the inclusion of this item in the Bureau agenda. The Secretary to Council summarized A. Claparols's letter and the draft response prepared in cooperation with the Legal Adviser and reviewed by the President and Vice-Presidents. The Bureau requested that a more focused draft response be circulated to the members of the Bureau for further consideration.

#### **Closure**

In his closing statement, the President thanked the Bureau members and the Director General for a successful meeting which demonstrated the close cooperation between the President, the Bureau and the Director General based on a shared and deep belief in IUCN, its values and mission, as well as mutual trust, open and honest discussion and constructive communication.

The Director General thanked the President and the Bureau for the very constructive meeting, the mutual trust as we all work for the better of IUCN, and the Bureau's support. The Director General was pleased to announce that the agreement with WWF International was a fact and the office move scheduled for October 2017.



**List of attendees at the  
69<sup>th</sup> Meeting of the Bureau of the IUCN Council, 15-16 May 2017**

**PRESIDENT**

- Mr ZHANG Xinsheng, China

**VICE-PRESIDENTS**

- Mr Malik Amin Aslam Khan, Pakistan
- Mr Ali Kaka, Kenya

**TREASURER**

- Mr Patrick de Heney, Switzerland/United Kingdom (present for Agenda Items 6 and 7)

**COMMISSION CHAIR**

- Mr Antonio Herman Benjamin, Chair of the World Commission on Environmental Law (WCEL) (participated remotely for Agenda Items 1 to 7)

**REGIONAL COUNCILLORS**

- Mr Peter Michael Cochrane, Australia
- Mr Rustam Sagitov, Russian Federation

**CHAIRS OF THE STANDING COMMITTEES OF THE IUCN COUNCIL**

Programme and Policy Committee (PPC):

- Mr Jan Olov Westerberg, Sweden (present for Agenda Items 4 (d) to 10)

Finance and Audit Committee (FAC):

- Mr Ayman Rabi, Palestine

Governance and Constituency Committee (GCC):

- Ms Jennifer Mohamed-Katerere, South Africa

**DIRECTOR GENERAL**

Ms Inger Andersen

**OTHERS**

Ms Sandrine Friedli Cela, IUCN Legal Adviser

Mr Mike Davis, Chief Financial Officer (present for Agenda Items 1 to 7)

Mr Nick Bertrand, Chief of Staff, Director General's Office

Mr Enrique Lahmann, Global Director Union Development Group (present for Agenda Item 6.3)

Ms Louise Imbsen, Governance Assistant

Mr Luc De Wever, Senior Governance Manager, Secretary to Council

# IUCN – International Union for Conservation of Nature and Natural Resources

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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(Approved by the Bureau of the IUCN Council on 6 June 2017)

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# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	31.12.2016	31.12.2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and short term bank deposits	III	37,777	33,859
Financial assets	IV	14,005	14,492
Membership dues receivables (net)	VI	1,592	2,022
Staff receivables	VII	649	519
Receivables from partner organisations	VIII	277	773
Advances to implementing partners	IX	7,722	7,900
Prepayments		756	1,736
Donor funds receivable		2,793	2,649
Project agreements receivables	X	16,300	12,258
Framework agreements receivables	XI	-	623
Other account receivables		966	821
<b>Total Current assets</b>		<b>82,837</b>	<b>77,652</b>
<b>Non-current assets</b>			
Fixed assets (net)	XII	31,864	33,234
Intangible assets (net)	XIII	975	1,565
<b>Total Non-current assets</b>		<b>32,839</b>	<b>34,799</b>
<b>TOTAL ASSETS</b>		<b>115,676</b>	<b>112,451</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Membership dues paid in advance		1,977	2,011
Accounts payable and accrued liabilities	XIV	7,593	6,431
Social charges payable		608	331
Project agreements advances	X	50,179	47,976
Deferred income framework agreements	XVIII	103	-
Deferred income buildings	XVIII	511	645
New building loan	XIX	171	167
Hosted organisation advances	XVI	589	729
Miscellaneous current liabilities		225	82
<b>Total Current liabilities</b>		<b>61,956</b>	<b>58,372</b>
<b>Provisions</b>			
Projects in deficit	XVII	1,495	1,064
Staff leave and repatriation		2,042	1,331
Staff termination	XVII	1,450	1,495
Other provisions		39	207
<b>Total Provisions</b>		<b>5,026</b>	<b>4,097</b>
<b>Non-current liabilities</b>			
Deferred income buildings	XVIII	17,085	17,708
New building loan	XIX	11,298	11,469
<b>Total Non-current liabilities</b>		<b>28,383</b>	<b>29,177</b>
<b>Funds and Unrestricted Reserves</b>			
Designated reserves	XX	849	6,770
Unrestricted reserves	XX	19,462	14,035
<b>Total Funds and Unrestricted Reserves</b>		<b>20,311</b>	<b>20,805</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>115,676</b>	<b>112,451</b>

See notes to the consolidated financial statements as indicated

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016			2015		
		Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
<b>EXTERNAL OPERATING INCOME</b>							
Membership dues		12,932	-	12,932	12,495	-	12,495
Retention of staff income tax	XXI	1,319	-	1,319	1,375	-	1,375
Agreements income		90	94,453	94,543	450	95,343	95,793
Framework income	XXII	13,877	-	13,877	15,958	-	15,958
Other operating income	XXIII	3,514	3,670	7,184	3,772	761	4,533
<b>TOTAL EXTERNAL OPERATING INCOME</b>		<b>31,732</b>	<b>98,123</b>	<b>129,855</b>	<b>34,050</b>	<b>96,104</b>	<b>130,154</b>
<b>INTERNAL ALLOCATIONS</b>							
Cross charges from projects		36,722	(36,722)	-	34,110	(34,107)	3
Other internal allocations		250	(250)	-	314	(317)	(3)
<b>TOTAL INTERNAL ALLOCATIONS</b>		<b>36,972</b>	<b>(36,972)</b>	<b>-</b>	<b>34,424</b>	<b>(34,424)</b>	<b>-</b>
<b>OPERATING EXPENDITURE</b>							
Staff costs		53,003	6,771	59,774	51,562	4,994	56,556
Consultants		1,802	18,272	20,074	1,747	18,540	20,287
Grants to partners		627	5,595	6,222	812	4,161	4,973
Travel		3,017	15,226	18,243	3,522	14,904	18,426
Workshops and conferences		523	2,675	3,198	606	1,482	2,088
Publications and printing costs		296	2,660	2,956	427	1,968	2,395
Office and general administrative costs		3,995	3,159	7,154	3,730	3,142	6,872
Vehicles & equipment - costs & maintenance		927	4,722	5,649	1,041	3,083	4,124
Professional fees or costs		661	632	1,293	496	552	1,048
Depreciation and amortization		3,206	5	3,211	2,938	8	2,945
<b>TOTAL OPERATING EXPENDITURE</b>		<b>68,057</b>	<b>59,717</b>	<b>127,774</b>	<b>66,880</b>	<b>52,834</b>	<b>119,714</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>647</b>	<b>1,434</b>	<b>2,081</b>	<b>1,594</b>	<b>8,846</b>	<b>10,441</b>
<b>OTHER INCOME/(EXPENDITURE)</b>							
Interest income	XIX	553	30	583	625	10	635
Financial charges	XIX	(557)	(245)	(802)	(596)	(180)	(776)
Capital gains/(losses)	IV	86	-	86	(278)	-	(278)
Net gains/(losses) on foreign exchange		(396)	(89)	(485)	(211)	(40)	(251)
Exchange differences on revaluation of project balances	XXIV	-	324	324	-	(876)	(876)
Net movements in provision and write-offs		(2,163)	189	(1,974)	(1,108)	325	(783)
2016 Congress project surplus	XXVI	1,643	(1,643)	-	-	-	-
<b>TOTAL OTHER INCOME/(EXPENDITURE)</b>		<b>(834)</b>	<b>(1,434)</b>	<b>(2,268)</b>	<b>(1,568)</b>	<b>(761)</b>	<b>(2,329)</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(187)</b>	<b>-</b>	<b>(187)</b>	<b>26</b>	<b>8,085</b>	<b>8,111</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED FUNDS AND RESERVE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Designated Reserves					Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Programme Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
<b>Balance as at 1 January 2015</b>	<b>946</b>	<b>458</b>	<b>5,301</b>	<b>768</b>	<b>7,473</b>	<b>1,195</b>	<b>8,621</b>	<b>3,049</b>	<b>12,865</b>	<b>20,337</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	26	26	26
Foreign exchange gain/(loss)	-	-	-	-	-	441	-	-	441	441
Allocation to renovation fund	-	-	-	57	57	-	-	(57)	(57)	-
Allocation to other designated reserves for WCEL	-	138	-	-	138	-	-	(138)	(138)	-
Release from other designated reserves for External review	-	(55)	-	-	(55)	-	-	55	55	-
Release from reserve for statutory meetings for Congress	(367)	-	-	-	(367)	-	-	367	367	-
Release from Reserve for statutory meetings for Regional Conservation Forums	(476)	-	-	-	(476)	-	-	476	476	-
<b>Balance as at 31 December 2015</b>	<b>103</b>	<b>541</b>	<b>5,301</b>	<b>825</b>	<b>6,770</b>	<b>1,636</b>	<b>8,621</b>	<b>3,778</b>	<b>14,035</b>	<b>20,805</b>
<b>Balance as at 1 January 2016</b>	<b>103</b>	<b>541</b>	<b>5,301</b>	<b>825</b>	<b>6,770</b>	<b>1,636</b>	<b>8,621</b>	<b>3,778</b>	<b>14,035</b>	<b>20,805</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	(187)	(187)	(187)
Foreign exchange gain/(loss)	-	-	-	-	-	(307)	-	-	(307)	(307)
Allocation to renovation fund	-	-	-	24	24	-	-	(24)	(24)	-
Release from other designated reserves	-	(541)	-	-	(541)	-	-	541	541	-
Release from reserve for statutory meetings	(103)	-	-	-	(103)	-	-	103	103	-
Release from Programme reserves	-	-	(5,301)	-	(5,301)	-	-	5,301	5,301	-
<b>Balance as at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>849</b>	<b>849</b>	<b>1,329</b>	<b>8,621</b>	<b>9,512</b>	<b>19,462</b>	<b>20,311</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016	2015
<b>Cash flow from operations</b>			
<b>Surplus/Deficit from operations</b>		(187)	26
Effect of exchange rate	XXIV	(307)	441
<b>Net balance from operations</b>		<b>(494)</b>	<b>1,170</b>
Depreciation of fixed assets	XII	2,602	2,318
Amortisation and write-down of intangible assets	XIII	671	768
Increase / (decrease) in provisions for projects in deficit	XVII	431	137
Increase / (decrease) in the provision for staff termination	XVII	(45)	(343)
Increase / (decrease) in staff leave and repatriation liabilities		711	(160)
Increase / (decrease) in other provisions		(168)	99
(Increase) / decrease in membership dues receivables (net)	VI	430	634
(Increase) / decrease in staff receivables	VII	(130)	(197)
(Increase) / decrease in receivables from partner organisations	VIII	496	(259)
(Increase) / decrease in advances to implementing partners	IX	178	(1,685)
(Increase) / decrease in project agreement receivables	X	(4,042)	(1,314)
(Increase) / decrease in framework agreements receivable	XI	623	(623)
(Increase) / decrease in other accounts receivable		(145)	321
(Increase) / decrease in prepayments		980	-
(Increase) / decrease in donor funds receivable		(144)	29
Increase / (decrease) in membership dues paid in advance		(34)	560
Increase / (decrease) in accounts payable and accrued liabilities	XIV	1,162	1,449
Increase / (decrease) in social charges payable		277	(232)
Increase / (decrease) in project agreement advances	X	2,203	9,399
Increase / (decrease) in miscellaneous current liabilities		143	(81)
Increase / (decrease) in hosted organisations advances	XVI	(140)	(159)
(Gain)/loss on disposal of fixed assets	XII	43	70
<b>Total cash flow from operations</b>		<b>5,608</b>	<b>11,198</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	XII	(1,275)	(2,588)
Net movement in financial assets	IV	487	(1,360)
Purchase of intangible assets	XIII	(81)	-
<b>Total cash flow from investing activities</b>		<b>(869)</b>	<b>(3,948)</b>
<b>Cash flow from financing activities</b>			
Increase / (decrease) in loan	XIX	(167)	1,826
Increase / (decrease) in current deferred income	XVIII	(31)	(125)
Increase / (decrease) in long-term deferred income	XVIII	(623)	(2,915)
<b>Total cash flow from financing activities</b>		<b>(821)</b>	<b>(1,214)</b>
<b>Net cash inflow for the year</b>		<b>3,918</b>	<b>6,036</b>
<b>Cash and short term deposits at the beginning of the year</b>	III	<b>33,859</b>	<b>27,823</b>
<b>Cash and short term deposits at the end of the year</b>	III	<b>37,777</b>	<b>33,859</b>



# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## I. ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources was constituted by statutes adopted in 1948 at a conference convened by the Republic of France, with membership comprised of states, governmental agencies, and international and national non-governmental organizations. IUCN has been registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code. The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

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

### 1. Accounting convention

The financial statements are prepared under the historical cost convention except for financial assets and loans that are measured at revalued amounts or at fair values. The financial statements are prepared for the first time in accordance with the provisions of the Swiss Code of Obligations changes introduced on 1 January 2013. The law requires adoption for consolidated financial statements on 1 January 2016 at the latest. The financial figures of previous year in the balance sheet and income statement have been prepared according to the new structure. There were no changes in valuation, however reclassifications were made in the comparative balance sheet to be consistent with the current year's presentation and in compliance with the new Swiss accounting law (Note II 14).

### 2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Regional Office
  - Asia Regional Office (Thailand)
  - Bangladesh Country Office
  - Cambodia Country Office
  - China Country Office
  - India Country Office
  - Indonesia Project Office
  - Lao PDR Country Office
  - Maldives Project Office
  - Myanmar Project Office
  - Nepal Country Office
  - Pakistan Country Office
  - Sri Lanka Country Office
  - Thailand Country Office
  - Vietnam Country Office
- Eastern and Southern Africa Regional Office
  - Eastern and Southern Africa Regional Office (Kenya)
  - Djibouti Project Office
  - Mozambique Country Office
  - Rwanda Project Office
  - South Africa Country Office
  - Tanzania Country Office
  - Uganda Country Office
  - Zimbabwe Country Office

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

- Eastern Europe and Central Asia Regional Office (Serbia)
- Environmental Law Centre (Germany)
- Mediterranean Office (Spain)
- Oceania Regional Office (Fiji)
- Mexico, Central America and the Caribbean Regional Office
  - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
  - El Salvador Project Office
  - Guatemala Project Office
  - Honduras Project Office
  - Mexico Project Office
- South America Regional Office
  - South America Regional Office (Ecuador)
  - Brazil Country Office
- UK Species Programme (United Kingdom)
- Western and Central Africa Regional Office
  - Western and Central Africa Regional Office (Burkina Faso)
  - Burkina Faso Country Office
  - Cameroon Country Office
  - Democratic Republic of Congo Country Office
  - Ghana Project Office
  - Guinea Project Office
  - Guinea Bissau Country Office
  - Mali Country Office
  - Mauritania Country Office
  - Niger Project Office
- West Asia Regional Office (Jordan)
- Washington, DC Office

## Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne asbl
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

## 3. Currency of accounts

### a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

## 4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the ledger in which they reside. Project balances in currencies other than CHF are translated to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

## 5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

### a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

### b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

#### Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## Framework in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

## Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as “Project agreement receivables” (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under “Project agreement advances” (current liabilities) where advances from donor exceeded expenditure incurred.

### **c) Retention of staff income tax**

Non-Swiss staff resident in Switzerland 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 at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

## **6. Expenditure**

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

## **7. Cross charges from projects**

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

### Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

### Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

## **8. Financial assets**

Financial assets are recorded at fair value. Gains or losses arising from changes in fair values of financial assets are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF.

## **9. Fixed assets**

### **a) Purchased assets**

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

## c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

## d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

## 10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

## 11. Provisions

### a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Membership dues outstanding for:

Four years or more	100%
Three years	60%
Two years	40%
One year	20%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

### b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

## d) Staff leave and repatriation

Provision is made for holiday entitlement which had not been used by staff at the year-end. Staff members are not allowed to carry forward from one year to another a cumulative leave balance of more than 10 days and any outstanding leave days are normally covered as part of the normal staff notice period. The balance at the year-end also includes the estimated cost of repatriation of international staff.

## 12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

## 13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

## 14. Reserves

IUCN maintains the following reserves:

### a) Unrestricted reserves

#### IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

#### Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

#### Retained surpluses

The Retained surpluses represent other unrestricted reserves.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

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## b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

### Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

### Programme reserves

Programme reserves are funds set aside for specific future programme activities or for when unrestricted income is received in one financial year but the associated expenditure is planned in a future financial year.

### Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

### Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

## 15. New Swiss accounting law

The most significant impact of adoption of the new Swiss accounting law (see Note II. 1. Accounting convention) is the change to full accrual accounting for project agreements. Project expenditure, including expenditure incurred by implementing partners, is recognised in the year the expenditures occur. Project agreement income is recognised to match related project expenditure for the year.

The following prior year balance comparatives have been reclassified on the balance sheet to be consistent with the current year's presentation and to be in compliance with the new Swiss accounting law:

	<b>2015</b>	<b>2015</b>
	<b>Revised</b>	<b>Published</b>
<b>Assets:</b>		
Prepayments	1,736	-
Other accounts receivable	821	2,557
Project agreement receivables	12,258	-
<b>Liabilities:</b>		
Project agreement advances	(47,976)	-
<b>Restricted reserves:</b>		
Restricted reserves	-	(35,718)
	<hr/>	<hr/>
	(33,161)	(33,161)



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### III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2016	2015
Asia	2,975	3,203
Eastern and Southern Africa	2,191	973
Eastern Europe and Central Asia	65	20
Europe	664	1,584
Environmental Law Centre, Bonn	270	426
Headquarters	22,466	20,334
Mediterranean	726	1,545
Mexico, Central America and the Caribbean	2,632	1,680
Oceania	785	509
South America	395	28
United Kingdom	692	532
United States	1,332	590
Western and Central Africa	2,566	2,264
West Asia	18	171
<b>Balance at 31 December</b>	<b>37,777</b>	<b>33,859</b>

### IV. FINANCIAL ASSETS

	2016	2015
Bonds	8,366	8,763
Microfinance	2,793	3,480
Equities	1,457	1,491
Convertibles	626	631
Other Investments	763	127
<b>Balance at 31 December</b>	<b>14,005</b>	<b>14,492</b>

At 31 December 2016, an unrealized foreign exchange gain of CHF 14 (2015 – CHF 59 loss) was recognised on the investment portfolio.

During the 2016 year, CHF 86 of capital gains (2015 - CHF 278 loss) was realised on the sale of investments.

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates from 2017 to 2019. The treasury bills are recorded at estimated fair value.

### V. DERIVATIVE FINANCIAL INSTRUMENTS

There were no forward currency contract commitments held at 31 December 2016 (2015 – CHF 7,388).

# IUCN – International Union for Conservation of Nature and Natural Resources

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## VI. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2016	2015
Gross membership dues receivable	4,285	3,649
Provision for dues in arrears	(2,693)	(1,627)
<b>Net membership dues receivable at 31 December</b>	<b>1,592</b>	<b>2,022</b>

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.10 (a).

	2013 and prior	2014	2015	2016	Total
State member	300	453	593	1,669	3,015
Government agencies	95	96	144	330	665
International NGOs	10	8	8	19	45
National NGOs	95	65	82	210	452
Affiliates	31	17	22	38	108
<b>Total membership dues receivable</b>	<b>531</b>	<b>639</b>	<b>849</b>	<b>2,266</b>	<b>4,285</b>
Provision for membership dues	(531)	(562)	(646)	(954)	(2,693)
<b>Net membership dues receivable</b>	<b>-</b>	<b>77</b>	<b>203</b>	<b>1,312</b>	<b>1,592</b>

### Movement in provision for membership dues

	2016	2015
<b>Balance at 1 January</b>	1,627	1,121
Addition to provision	1,269	511
Write off of deficits against provision	(203)	(5)
<b>Balance at 31 December</b>	<b>2,693</b>	<b>1,627</b>

## VII. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December. Amounts due to staff are netted off against amounts due from staff.

	2016	2015
Net travel advances	533	449
Payroll advances and staff loans	116	70
<b>Balance at 31 December</b>	<b>649</b>	<b>519</b>

## VIII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2016	2015
<b>RAMSAR Convention Secretariat</b>	<b>277</b>	<b>773</b>

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### IX. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2016	2015
Asia	450	739
Eastern and Southern Africa	396	940
Eastern Europe and Central Asia	-	12
Environmental Law Centre, Bonn	-	166
Headquarters	4,924	3,874
Mediterranean	61	140
Mexico, Central America and the Caribbean	239	627
South America	69	601
United Kingdom	251	25
United States	299	70
West Asia	127	103
Western and Central Africa	906	603
<b>Balance at 31 December</b>	<b>7,722</b>	<b>7,900</b>

### X. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2016	2015
Project agreement receivables	(16,300)	(12,258)
Project agreement advances	50,179	47,976
<b>Balance at 31 December</b>	<b>33,879</b>	<b>35,718</b>

### XI. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2016 there was CHF nil receivable compared to CHF 623 receivable at 31 December 2015.

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## XII. FIXED ASSETS

### 1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
<b>Purchase value:</b>					
<b>Balance as at 31 December, 2014</b>	<b>27,178</b>	<b>13,775</b>	<b>3,703</b>	<b>9,624</b>	<b>54,280</b>
Additions	-	-	1,208	1,380	<b>2,588</b>
Disposals	-	-	-	(175)	<b>(175)</b>
Change in functional currency adjustment	-	-	-	(297)	<b>(297)</b>
<b>Balance as at 31 December, 2015</b>	<b>27,178</b>	<b>13,775</b>	<b>4,911</b>	<b>10,532</b>	<b>56,396</b>
Additions	-	-	157	1,118	<b>1,275</b>
Disposals	-	-	(15)	(1,794)	<b>(1,809)</b>
<b>Balance as at 31 December, 2016</b>	<b>27,178</b>	<b>13,775</b>	<b>5,053</b>	<b>9,856</b>	<b>55,862</b>
<b>Depreciation:</b>					
<b>Balance as at 31 December 2014</b>	<b>(7,922)</b>	<b>(5,010)</b>	<b>(628)</b>	<b>(7,685)</b>	<b>(21,245)</b>
Charge for the year 2015	(544)	(575)	(227)	(972)	<b>(2,318)</b>
Disposals	-	-	-	163	<b>163</b>
Change in functional currency adjustment	-	-	(6)	244	<b>238</b>
<b>Balance as at 31 December 2015</b>	<b>(8,466)</b>	<b>(5,585)</b>	<b>(861)</b>	<b>(8,250)</b>	<b>(23,162)</b>
Charge for the year 2016	(544)	(575)	(281)	(1,202)	<b>(2,602)</b>
Disposals	-	-	15	1,751	<b>1,766</b>
<b>Balance as at 31 December 2016</b>	<b>(9,010)</b>	<b>(6,160)</b>	<b>(1,127)</b>	<b>(7,701)</b>	<b>(23,998)</b>
<b>Net book value:</b>					
<b>Balance as at 31 December 2015</b>	<b>18,712</b>	<b>8,190</b>	<b>4,050</b>	<b>2,282</b>	<b>33,234</b>
<b>Balance as at 31 December 2016</b>	<b>18,168</b>	<b>7,615</b>	<b>3,926</b>	<b>2,155</b>	<b>31,864</b>

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.8.

### 2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008 the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

### 3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

#### a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.

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In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

## b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,092 and in-kind donations of CHF 1,787.

## XIII. INTANGIBLE ASSETS

As at 31 December 2016 expenditure of CHF 4,698 (2015 - CHF 4,605) had been incurred on the development and implementation of an ERP system and portal applications. The ERP system went “live” at the IUCN Headquarters in July 2011 and has been depreciated from this point. In 2016, there was no write off of integration tools and code no longer in use (2015 - CHF 290).

### Movement in Intangible assets

	2016	2015
<b>Purchase value:</b>		
Balance at 1 January	4,327	4,605
Additions	81	12
Write-down	-	(290)
<b>Balance at 31 December</b>	<b>4,408</b>	<b>4,327</b>
<b>Amortisation:</b>		
Balance as of 1 January	(2,762)	(2,272)
Charge for the year	(671)	(678)
Write-down	-	188
<b>Balance at 31 December</b>	<b>(3,433)</b>	<b>(2,762)</b>
<b>Net Book Value at 31 December</b>	<b>975</b>	<b>1,565</b>

## XIV. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 7,593 as at 31 December 2016 (2015 – CHF 6,431), CHF 3,342 (2015 - CHF 2,169) is related to Headquarters and the balance to regional and country offices.

## XV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans, which conform to the legal regulations in the respective countries. On 31 December 2016, the liability to the pension schemes amounted to CHF 60 (2015 CHF 26).

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## XVI. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2016	2015
Balance at 1 January	729	888
Income	5,204	4,597
Expenditure	(4,950)	(4,547)
	983	938
Movement on funds held	(394)	(209)
<b>Balance at 31 December</b>	<b>589</b>	<b>729</b>

## XVII. PROVISIONS

### 1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

#### Movement in project deficit provision

	2016	2015
<b>Balance at 1 January</b>	<b>1,064</b>	<b>927</b>
Additions to provision	835	499
Utilization of provision	(404)	(362)
<b>Balance at 31 December</b>	<b>1,495</b>	<b>1,064</b>
<b>Region</b>	<b>2016</b>	<b>2015</b>
Asia	108	-
Eastern and Southern Africa Region	10	160
Eastern Europe and Central Asia	16	16
Headquarters	938	737
Oceania	277	39
Western and Central Africa	73	112
West Asia	73	-
<b>Balance at 31 December</b>	<b>1,495</b>	<b>1,064</b>

### 2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

#### Movement in provision for staff termination

	2016	2015
<b>Balance at 1 January</b>	<b>1,495</b>	<b>1,838</b>
Additions to provision	1,016	1,017
Utilization of provision	(1,061)	(1,360)
<b>Balance at 31 December</b>	<b>1,450</b>	<b>1,495</b>

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## XVIII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	<b>2016</b>	<b>2015</b>
Deferred unrestricted income	103	-
US deferred rent	31	80
Donations for construction of HQ building extension		
Donations in cash	2,956	3,058
Donations in kind	344	558
Donation in cash for renovation of original building	527	375
	<b>3,827</b>	<b>3,991</b>
Headquarters original building	8,017	8,325
Interest free government loan	5,721	5,957
<b>Total</b>	<b>17,699</b>	<b>18,353</b>
<b>Current</b>		
Deferred unrestricted income	103	-
Buildings:		
Original building	339	329
Building extension	172	316
<b>Total buildings</b>	<b>511</b>	<b>645</b>
<b>Total current deferred income</b>	<b>614</b>	<b>645</b>
<b>Non-current</b>		
US deferred rent	31	80
Original building	7,709	8,017
Building extension	9,345	9,611
<b>Total long term deferred income</b>	<b>17,085</b>	<b>17,708</b>
<b>Total deferred income</b>	<b>17,699</b>	<b>18,353</b>

IUCN Washington DC Office entered into a long term rental contract and benefits from lower rental costs at the beginning of the ten year contract. In 2014, the lease was extended and will expire in 2025. The office is paying an annual increase in rent of 4%, which is higher than annual inflation estimated at 1.75%. The difference of the low initial rental costs and the higher annual rental increases is recorded as deferred income to straight line the cost over the rental period to 2025.

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XII 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,469 (2015 - CHF 11,636) and the outstanding cash value of the loan CHF 17,190 (2015 - CHF 17,593) (see Note XIX). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

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## XIX. NEW BUILDING LOAN

### Headquarters building extension loan

	2016	2015
Current	171	167
Non-current	11,298	11,469
<b>Balance at 31 December</b>	<b>11,469</b>	<b>11,636</b>

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,469 (2015 - CHF 11,636). The outstanding cash value of the loan has been discounted at a rate of 2% (2015 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,721 (2015 - CHF 5,957) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVIII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 344 (2015 - 2%, CHF 352). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

## XX. FUNDS AND UNRESTRICTED RESERVES

### 1. Unrestricted reserves

#### Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 396 (2015 - loss of CHF 211).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2016 was a loss of CHF 307 (2015 - gain of CHF 441).

### 2. Designated reserves

#### a) Reserve for statutory meetings

In 2016, CHF 103 (2015 – CHF 843) was released from the Reserve for statutory meetings to Retained surpluses to cover costs for the 2016 Congress.

#### b) Other designated reserves

CHF 541 (2015 – allocation to reserve CHF 83) was released from Other designated reserves to the Retained surpluses in respect of the World Commission on Environmental Law CHF 445 (2015 - allocation to reserve CHF 138) and External review CHF 96 (2015 – CHF 55).

#### c) Programme Reserves

The balance of Programme Reserves were transferred into Retained surpluses in line with the IUCN Reserve policy.



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## d) Renovation fund

A net allocation of CHF 24 (2015 - CHF 57) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

## XXI. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,319 (2015 – CHF 1,375) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

## XXII. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 307 (2015 - CHF 310).

## XXIII. OTHER OPERATING INCOME

Other operating income of CHF 3,514 (2015 - CHF 3,772) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar of CHF 536 (2015 - CHF 546), rental income of CHF 866 (2015 - CHF 793) and recognition of deferred income of donations for the headquarters original building and building extension CHF 645 (2015 - CHF 670). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

## XXIV. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the country ledger. At the end of the year, project balances expressed in non CHF ledgers are revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet (Restricted operating reserves) and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

## XXV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2016	2015
Consolidated financial statement audit	189	208
Other audits	126	19

## XXVI. 2016 WORLD CONSERVATION CONGRESS

The IUCN World Congress is IUCN's highest governing body. It comprises the duly accredited delegates of the Members of IUCN and takes place every four years. The 2016 Congress held in Hawai'i, USA resulted in a surplus of CHF 1,643. The surplus has been allocated to unrestricted reserves.

## XXVII. RELATED PARTIES

### 1. Identity of related parties

#### a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

#### b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

#### c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

#### d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom and is a joint venture between WWF International and IUCN. The IUCN Secretariat hosts TRAFFIC operations in its offices in Ecuador, Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

#### e) International Union for Conservation of Nature and Natural Resources - US

The International Union for Conservation of Nature and Natural Resources - US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

### 2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,443 to the Commissions (2015 - CHF 1,443). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 5,729 (2015 – CHF 6,285) and incurred payments of CHF 5,650 (2015 - CHF 7,448) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 4,599 (2015 - CHF 4,652). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 536 (2015 - CHF 546) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 275 to TRAFFIC International (2015 - CHF 275).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources - US of USD 1,259 (CHF 1,254) and in 2015, USD 1,328 (CHF 1,319) was received.

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## Summary of legally controlled entities:

Company	Year-end closing	Currency	Capital	Share of capital	
				2016	2015
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	243,563	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	77	100%	100%
Associação IUCN	31.12	BLR	247	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	34	NA	NA
IUCN Maldives		registered			
IUCN PNG "Mangrove Rehabilitation and Management Project Association		dormant			

## XXVIII. OPERATING LEASES

At 31 December 2016, IUCN has future minimum office rental commitments amounting to CHF 5,973 relating to expected rental fees until the end of the lease contract expiring from March 2017 to December 2025.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 136 expiring June 2017 to October 2019.

## XXIX. BANK GUARANTEE

At 31 December 2016, IUCN had bank guarantees totalling EUR 2,071 (CHF 2,220) (2015 - EUR 2,071 – CHF 2,242) in favour of an IUCN donor. Cash for an equivalent amount is pledged at the corresponding bank.

## ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

	2016	2016	2015	2015
	Secretariat Unrestricted expenditure	Framework income allocation	Secretariat Unrestricted expenditure	Framework income allocation
<b>Amounts in CHF ('000)</b>				
Central and West Africa Region	4,272	882	4,409	969
Eastern and Southern Africa Region	4,355	827	3,745	890
Asia Region	7,798	1,115	8,228	1,284
Meso America and Caribbean	3,979	545	3,784	572
South America and Brazil	1,190	481	1,182	504
European Regional Office, Brussels	820		894	
Eastern Europe and Central Asia Regional Office	396		316	
West Asia Region	1,218	439	1,216	436
Mediterranean Cooperation Centre	1,035		1,217	
Oceania	1,910	442	1,718	463
Washington DC Office	1,125		961	
<b>Sub Total Regional Components</b>	<b>28,097</b>	<b>4,731</b>	<b>27,670</b>	<b>5,117</b>
Director's Office, Biodiversity Conservation Group	466	493	494	529
Species Programme	3,243	803	3,459	884
Protected Areas Programme	1,347	541	1,230	580
World Heritage Programme	1,038	407	1,011	437
Traffic International	573	275	530	275
<b>Sub Total Biodiversity Conservation Group</b>	<b>6,667</b>	<b>2,518</b>	<b>6,724</b>	<b>2,705</b>
Director's Office, Nature-based Solutions Group	523	441	542	473
Ecosystem Management Programme	1,418	260	1,410	280
Forest & Climate Change Programme	2,908	382	2,519	411
Marine & Polar Programme	1,521	445	1,857	477
Water & Food Security Programme	1,114	356	1,125	383
Business & Biodiversity Programme	1,344	401	1,474	481
Economics and Social Science Programme	1,585	818	1,574	876
<b>Sub Total Nature-based Solutions Group</b>	<b>10,411</b>	<b>3,103</b>	<b>10,501</b>	<b>3,381</b>
Director's Office, Programme & Policy Group	427	480	406	490
Science and Knowledge Unit	842	795	761	824
Global Policy Unit	609	574	686	693
Environmental Law Programme	1,153	504	1,146	533
GEF Coordination Unit	669	684	747	773
<b>Sub Total PPG - Programme &amp; Policy Group</b>	<b>3,700</b>	<b>3,037</b>	<b>3,746</b>	<b>3,313</b>
Commission on Education and Communication	229	232	239	232
Commission on Ecosystem Management	244	232	194	232
World Commission on Environmental Law	175	244	106	244
World Commission on Protected Areas	231	242	241	242
Species Survival Commission	277	261	282	261
Commission on Environment, Economics and Social Policy	224	232	191	232
<b>Sub Total Commissions</b>	<b>1,378</b>	<b>1,443</b>	<b>1,253</b>	<b>1,443</b>
Director's office, Union Development Group	1,638	-	1,575	215
Governance	652		604	
<b>Sub Total Union Development</b>	<b>2,291</b>	<b>-</b>	<b>2,179</b>	<b>215</b>
Directorate	1,558	159	1,663	161
Office of the Legal Adviser	511		475	
Oversight Unit	246		216	
Planning, Monitoring & Evaluation Unit	539	654	513	633
Global Communications Unit	1,252	167	1,058	176
Finance Group	2,159		2,250	
Human Resources Management Group	1,252		1,152	
Strategic Partnerships Unit	638		746	
General Services Unit	3,066		3,096	
Information Systems Group	4,249		3,970	
<b>Sub Total Corporate Support Units</b>	<b>15,471</b>	<b>981</b>	<b>15,140</b>	<b>970</b>
<b>OVERALL TOTAL</b>	<b>68,015</b>	<b>15,811</b>	<b>67,212</b>	<b>17,144</b>
Non-operating expenditure	42		(331)	
<b>Operating expenses as per the Income &amp; Expenditure Statement</b>	<b>68,057</b>	<b>15,811</b>	<b>66,881</b>	<b>17,144</b>
<b>Reconciliation of Framework Income to the Financial Statements</b>				
		<b>2016</b>		<b>2015</b>
<b>Overall Total allocations as above</b>		<b>15,811</b>		<b>17,144</b>
Realised foreign exchange on cash contributions		6		-
Surplus/(Deficit) at year-end transferred to reserve		(1,941)		(1,186)
<b>Total Funding Framework Agreements</b>		<b>13,877</b>		<b>15,958</b>

## ANNEX A - INCOME UNDER FRAMEWORK AGREEMENTS

Amounts in CHF ('000)

<b>Framework Agreement Partners</b>	<b>2016</b>	<b>2015</b>
Ministry of Foreign Affairs (DANIDA) - Denmark	3,527	3,464
Environment Agency – Abu Dhabi (EAD) – United Arab Emirates	-	1,000
Agence Française de Développement (AFD), Ministry of Foreign Affairs and International Development (MAEDI), Ministry of Environment, Energy and the Sea (MEEM), Ministry of Overseas Territories (MOM) – France	924	933
MAVA Fondation pour la Nature - Switzerland	1,000	1,000
Ministry of Environment, Republic of Korea (MOE) - Korea	600	600
Ministry of Foreign Affairs - Finland	375	757
Norwegian Agency for Development Cooperation (NORAD) - Norway	2,507	2,514
Swedish International Development Agency (Sida) - Sweden	2,893	3,489
Swiss Agency for Development and Cooperation (SDC) - Switzerland	2,050	2,200
<b>Total Income under Framework Agreements</b>	<b>13,877</b>	<b>15,958</b>

**Note:**

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.

# Commission Financial Rules

Release 2 v 30 May 2017

Approved by the Bureau of the IUCN Council on 6 June 2017

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# Commission Financial Rules

## 1. Purpose

The purpose of these financial rules is to provide guidance to Commissions on the management of income raised and expenditure incurred for Commission activities. This includes both income and expenditure passing through the IUCN Secretariat and recorded in its books and that received/incurred by other entities on behalf of Commissions.

## 2. Scope

These financial rules cover:

1. The use of Commission Operating Funds
2. Project income and expenditure received / incurred by the Secretariat for Commission activities
3. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions
4. In-kind contributions from other organisations to Commission activities
5. Partnership arrangements

## 3. Commission Operating Funds

### a. Purpose

Commissions Operating Funds (COF) provides support for Commission networks to function effectively. The COF is intended primarily to support Commission governance and management.

### b. Eligible use

The COF is intended for the following purposes<sup>1</sup>:

- Commission Steering Committee meetings (travel and accommodation of Steering Committee members; meeting venue and related costs)
- Support to Chair including:
  - Local staff support (non IUCN), if necessary
  - Office support (office rent, fax, phone, email, photocopying, etc.)
  - Travel to Commission meetings
  - Travel to key policy meetings (e.g. COPS of CBD, CITES)
  - Travel to IUCN and other meetings relevant to the work of the Commission
- Travel support to the Deputy Chair, Other Steering Committee members, or other Commission members appointed by the Commission chair when representing the Commission at IUCN governance meetings, IUCN management meetings or key external meetings.
- Meeting and administration costs to support subsidiary Commission structures
- Costs of internal Commission communications such as newsletters, website development and maintenance
- Cost of participation in IUCN external reviews and evaluations

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<sup>1</sup> Taken from Council decision made at the 58<sup>th</sup> meeting of Council, June 2003 (see appendix) with minor edits.

### **c. Accountability**

The Commission Chair is accountable for the proper use of the COF, including ensuring that the funds are used for their intended purpose, in accordance with applicable IUCN policies and procedures, and that all expenditure is supported by appropriate, auditable evidence.

Commission Operating Funds are funded from IUCN core income. Consequently, COF expenditures are subject to the same level of oversight and fiduciary control as any other IUCN expenditure.

### **d. Budget**

The Commission Chair will submit a budget for the use of the COF on an annual basis, working with the Commission Focal Point to ensure that it is consistent with the joint Commission-Secretariat workplan. It should be submitted ahead of the year to which it relates to the Chief Financial Officer at the Secretariat in accordance with budget instructions issued by the Secretariat.

The Chief Financial Officer will review the budget and check that it is in compliance with the eligible use criteria detailed in section 3. b.

Allocations to the COFs will be proposed by the Director General, following consultation with the Commission Chairs, as part of her/his submission of a draft consolidated budget to Council. Allocations will be deemed to be approved at the point Council approves the consolidated budget.

Any funds unspent at the year-end will be transferred to IUCN reserves, it being understood that the purpose of the annual allocation is to fund the current year's operating expenditure.

In the event of a budget deficit, the excess of expenditure will also be transferred to reserves.

### **e. Expenditure processes**

Expenditure may be incurred by a Commission by:

- Requesting the Secretariat (through the Commission Focal Point or his/her delegated representative) to incur the expenditure on behalf of the Commission, e.g. entering into a consultancy contract on behalf of the Commission, purchasing an air ticket for a Commission member.
- Submitting an expense claim to the Secretariat for expenses incurred by the Commission Chair or other Commission Member which are eligible for reimbursement from the COF.
- Requesting an advance from the Secretariat for planned expenditure, the use of which is justified at a later date by the submission of receipts and other evidence of expenditure to the Secretariat.

All expenditures must be supported by receipts or other evidence of expenditure.

The Commission Chair is responsible for approving all expenditure in relation to the COF prior to submitting disbursement requests to the Secretariat. Disbursements are approved by the Secretariat in accordance with the IUCN Delegation of Authority policy.

### **f. Contracting**

In view of the fact that Commissions are not distinct legal entities they are not able to enter into contracts with other parties. Contracts must therefore be entered into in the name of IUCN.



All contracts and agreements must be signed by a member of the Secretariat staff in accordance with the IUCN Delegation of Authority policy<sup>2</sup>.

Commission members are not allowed to sign contracts on behalf of IUCN as they are not employees of the Swiss IUCN legal entity and have no authority to commit IUCN.

#### **g. Requirement to comply with IUCN procedures**

The Commission Chair must ensure that all expenditure from the COF is incurred in compliance with IUCN Secretariat policies and procedures. In particular:

- The IUCN Procurement Policy
- The IUCN Travel Policy
- IUCN Anti-Fraud Policy
- Code of Conduct of the Members of the IUCN Commissions<sup>3</sup>
- Operational guidelines for business engagement

IUCN operational policies and procedures can be found on the Union Portal at: [Documents: Policies, Procedures, Guidelines, Templates and Tools | Union](#).

#### **h. Supporting documentation**

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

In the event that a Commission Chair or other Commission members uses his/her own facilities or assets (e.g. house, internet connection, telephone) to support the operations of the Commission, he/she may claim for the cost of use of those facilities to the extent that they are used for Commission operations, e.g. if a Commission Chair uses part of his/her house from which to run Commission activities he/she may claim the cost of the space used. The cost must be supported by a rental agreement with a 3<sup>rd</sup> party together with a calculation of the cost of the space used for Commission activities.

#### **i. Accounting and reporting**

The Secretariat is responsible for maintaining the accounts of each COF in the Secretariat finance system.

Following the closure of the month in the Secretariat financial system the Secretariat will distribute an income and expenditure report to the Commission Chair showing expenditure against budget and details of all transactions.

#### **j. Audit and oversight**

Expenditure in relation to the COFs is subject to the same level of audit and oversight as any other funds managed by the Secretariat. COF income and expenditure is covered in the annual statutory audit of the IUCN Financial Statements and may be subject to internal audit at the discretion of the Head of Oversight and Director General.

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<sup>2</sup> The Delegation of Authority (DOA) is the mechanism by which the Director General authorizes relevant functions or positions – and consequently IUCN staff appointed to fill them - to act for and on behalf of IUCN, to protect the rights of IUCN and to incur obligations and liabilities in the name of IUCN. The DOA defines the limits of authority designated to specified functions or positions within the IUCN Secretariat and establishes the types and maximum financial amount of obligations that may be approved.

<sup>3</sup> approved by the IUCN Council, Decision C 89 3 of 17 August 2016

## **4. Project income and expenditure received / incurred by the Secretariat for Commission activities**

### **a. Purpose**

The Secretariat may receive restricted funds to fund work by Commissions which forms part of the annual workplan approved by Council.

Where the work is to be performed by a Commission, the Secretariat will, with the agreement of the Commission Chair in question, enter into contracts with Commission members, Commission hosts<sup>4</sup>, or other 3<sup>rd</sup> parties for the performance of such work.

### **b. Eligible use**

Funds may only be used for their intended purpose, taking into consideration any donor restrictions.

### **c. Accountability**

Since the donor contract is with the Secretariat, the Secretariat is ultimately accountable to the donor for the correct use of the funds. Should any dispute arise between the Secretariat and the Commission Chair on the use of such funds, the matter will be referred to the Director General to resolve with the Commission Chair in question.

For sub-contracts between the Secretariat and other parties, e.g. Commission members, the recipient of the funds is legally accountable to the Secretariat.

The IUCN Secretariat has authority to take management decisions regarding the use of the funds that are necessary to ensure compliance with IUCN's policies and procedures and the contract with the donor and, ultimately, to protect IUCN's financial, legal and reputational integrity. However, in a normal situation all decisions would be taken jointly with the Commission Chair in question, and the Secretariat would only exert its legal authority if no other option exists.

### **d. Budget**

Funds should be used in accordance with a budget agreed with the donor. The funds should be credited to a project in the Secretariat financial system and a Secretariat project manager appointed to manage the budget. A separate project may be opened up for an individual donation, or funds may be pooled if they are for a similar purpose and provided that such pooling does not conflict with any donor imposed conditions.

### **e. Approval of expenditure**

Expenditure must be approved in accordance with the IUCN Secretariat Delegation of Authority policy and associated approval rules. These require that all project related expenditures are approved by the appointed project manager. In view of the joint nature of the project, the project manager will seek the agreement of the Commission Chair or his appointed representative prior to approving the expenditure.

### **f. Requirement to comply with IUCN procedures, e.g. procurement, travel, DoA**

All expenditure from funds received by the Secretariat must be made in accordance with IUCN Secretariat policies and procedures. Procurement must follow the Secretariat procurement policy. In particular, IUCN competition rules must be respected before entering into contracts with Commission members for the supply

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<sup>4</sup> A Commission host is an organisation or other legal entity, separate to IUCN, which agrees to provide services to the Commission. This may include in-kind services, e.g. the provision of office space, but also financial services such as receiving income and making payments on behalf of the Commission.

of services, noting the exception to competition provided in paragraph 13(f) of the Procurement Policy relating to contracts to individuals by virtue of the Commission position that they hold.

**g. Supporting documentation**

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

**h. Accounting and reporting**

The Secretariat is responsible for the proper accounting of all donations received and expenditures incurred and for providing both financial and technical reports to the donor. Technical reports may include submissions from Commissions or be wholly written by a Commission, depending on the nature of the project.

## **5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions**

### **a. Overview**

An IUCN Commission may raise funds in the name of the Commission which would then be received and managed by an entity independent of IUCN on its behalf and according to its instructions.

The independent entity is accountable to IUCN for the proper management of the funds entrusted to it, while the Commission on whose behalf these funds are managed remains accountable to donors for the proper use of the funds, which means ultimately IUCN as the IUCN Commissions have no legal personality of their own. It is therefore in the interest of IUCN as a whole to ensure that there are controls in place to ensure good custodianship of the funds.

Funds raised may be 1) single donations for one-off events and time-bound activities, or 2) longer commitments covering periods of one year or more, as is the case, e.g., of several Specialist Groups of the SSC. In the first case the entity receiving the funds would therefore agree to act as a simple "Trustee" in accordance with the instructions of the Commission Chair. In the second case it would agree to "host" the activities of the Commission Specialist Group and provide different types of hosting services under specific terms and conditions, so acting as a "Host Organisation".

The funds may be given in support of the general objectives and work of the Commission (unrestricted), or in support of a specific activity of a Commission (restricted).

### **b. Single donations for single events or time bound activities**

For donations of CHF 10,000 and up to CHF 100,000 a letter of agreement between the donor and the Trustee should be entered into, clearly stating that the purpose of the funds is to support an IUCN Commission activity. The letter must be copied to the Commission Chair and, in addition, when the donation relates to the activity of a Commission Specialist Group, to the Chair of the Specialist Group.

It is the responsibility of the Commission Chair to ensure that letters of agreement are in place, and that a record is kept of all such letters.

For single donations over CHF 100,000 advice should be sought from the Secretariat before entering into any contractual arrangements.

Similarly, for single events or time bound activities (e.g. conferences) where no individual donation exceeds CHF 100,000 but the combined cash donations exceed CHF 100,000, the Secretariat should be informed in writing of the amount raised for such event and the donors with their respective amounts listed (as above, letters of agreement will be required for donations of CHF 10,000 and up to 100,000).

In parallel to the receipt of funds, the Trustee may have to enter into contracts with Commission members or other 3rd parties for the performance of the work of the Commission. All expenditures incurred by the Trustee on behalf of a Commission must be authorised by a Commission representative.

### **c. Hosting**

Where another entity independent from IUCN agrees to manage the operations of a Commission sub-group, and the annual amount of cash contributions is expected to exceed CHF 100,000, a hosting agreement between IUCN (through the Secretariat) and the Host Organization is required.

Since Commissions are not distinct legal entities they cannot receive income or incur expenditure in their own name. Therefore they must operate within the legal framework of another entity ("host"). Where feasible and where it makes operational sense a Commission should work within the framework of the IUCN Secretariat (See section 4). However, a Commission may also operate under a Host Organisation or other legal entity

separate from IUCN where this is advantageous, e.g. where the Host Organisation has specific expertise that would benefit the Commission.

Before entering into a hosting agreement, the Secretariat will undertake a due diligence review of the proposed Host to ensure that the hosting arrangement would not give rise to any undue reputational, legal or financial risk to IUCN. Ideally, the Host should be an IUCN Member.

The hosting agreement should include, amongst others:

- Objectives of the agreement
- Hosting services
- Responsibilities of the parties
- Hosting fees, if applicable
- Modalities for the receipt of funds and payment of expenditures
- Reporting obligations
- Audit requirements
- Intellectual property rights
- IUCN representative

The Host Organisation may charge a fee for its services or provide them free of charge. In the latter case the organisation is making a contribution to the IUCN Commission in the form of in-kind services. It is the responsibility of the Commission Chair to ensure that hosting agreements are in place, that a record is kept of all hosting agreements, and that they are renewed, amended or terminated as necessary.

A template hosting agreement can be found at [\(Add link\)](#)

In consideration of the importance and the potential risks related to this type of agreements, the agreement should go through the standard contract review and clearance process of the Secretariat as defined in the IUCN [Contract Review Procedure](#).

The following operational aspects shall be considered in the hosting agreement (if relevant):

**i. Receipt of donations in cash by a Host Organisation**

A Host may receive unrestricted or restricted donations on behalf of a Commission. Donations are unrestricted when they are given in support of the general objectives and work of the Commission, and restricted when given for a specific activity, e.g., for a workshop.

For both unrestricted and restricted donations the intended purpose of the donation must be evidenced in writing by the donor.

**ii. Donations from the Host to the Commission**

Where the Host makes a cash donation to the Commission, the donation should be accounted for in the same way as a cash donation from any other donor.

**iii. On-line giving**

The Host Organisation may agree to host a website for the Commission<sup>5</sup>. This may include a page for on-line giving. Donations received through on-line giving will be received by the Host Organisation. It should be made clear on the Commission website that the donations will be received by another entity on behalf of the Commission.

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<sup>5</sup> The websites of SSC Specialist Groups are often hosted by partner organisations.

On-line donations received by the Host should be managed as in i) above, taking into consideration any restrictions made by the giver.

**iv. Provision of services**

The hosting agreement shall specify the kinds of services that the Host Organisation will provide and the types of expenditures that it will incur in the execution of Commission activities.

**a. Staff time**

If the Host dedicates a proportion of the time of its staff to Commission activities, and wishes to recover the cost of the staff concerned from the funds that it manages on behalf of the Commission, a suitable charging mechanism shall be agreed that fairly reflects the employment cost of the staff concerned.

**b. Consultancy contracts**

If the Host contracts a consultant to perform Commission activities the consultancy contracts must be between the Host Organisation and the consultant and shall specify the tasks to be performed for the Commission. The consultant may or may not be a Commission member.

**c. Other expenditure**

Other Commission expenditure, e.g. travel, workshops, meetings should be paid by the Host and charged against the funds held on behalf of the Commission.

**v. Advances**

The Host may give an advance to a Commission member who then clears the advance by providing the Host with receipts and other justification of expenditure once the expenditure has been incurred.

**vi. Authorisation of expenditure**

All expenditures incurred by a Host Organisation on behalf of a Commission must be authorised by a Commission representative (Regulation 82). The Chair may act in the name of the Commission or may delegate authority for the approval of Commission expenditures to other Commission members in accordance with Regulation 78 (a).

**vii. Compliance with IUCN procedures**

The operational policies and procedures of the Host will normally apply to transactions undertaken in the name of the Host on behalf of the Commission. Key policies will be reviewed as part of the due diligence undertaken by the Secretariat, prior to signing a hosting agreement, to ensure that they are consistent with the principles in IUCN Secretariat policies.

In the event that significant weaknesses in the host policies are identified the Secretariat will request that IUCN rules be applied by the host in those specific areas of weakness. This requirement will be included in the hosting agreement.

**viii. Accounting**

The host should account for income and expenditure received on behalf of the Commission separately from its own funds.

#### **ix. Documentation**

Supporting documents for income and expenditure accounted for in the books of the Host Organisation should rest with the Host. The Commission should be given access to documents or be provided with copies on request.

#### **x. Reporting**

The Host Organisation should provide the Commission with an annual report of all income and expenditure received/incurred on behalf of the Commission. More frequent reports may be requested by the Commission, depending on the value of transactions.

#### **d. Direct receipt of donations by Commission members**

Commission members should avoid the direct receipt of donations in support of a particular Commission. In the event that a Commission member is approached by a donor he/she should request the donor to give the funds through an official channel such as the IUCN Secretariat or a Host Organisation. In the event that personal receipt is unavoidable the Commission member should satisfy himself/herself that the donation comes from a known source and that receipt of the donation would not contravene any local laws or ethical principles of IUCN (in particular the *Code of Conduct of the Members of IUCN Commissions*). The Commission member should provide a receipt to the donor and is required to transfer the funds for administration to the IUCN Secretariat or Host Organisation at his/her earliest convenience.

### **6. In-kind contributions from other organisations to Commission activities**

#### **a. Overview**

Commissions receive support from organisations (3<sup>rd</sup> parties independent from IUCN) through a variety of in-kind arrangements not involving the Secretariat. The main arrangements are:

- 1) An organisation provides in-kind support through the provision of office facilities and/or the time of technical and administrative staff. This may be in the form of ongoing support to a Commission subgroup or support for specific meetings or events.
- 2) An organisation provides support to Commission meetings and events through the direct provision of a service or by paying for a service.
- 3) An organisation undertakes Commission activities as part of its normal activities or agrees to undertake additional activities to support a Commission. Two mechanisms are possible:
  - i. The activities undertaken by the organisation are aligned with the objectives or workplan of the Commission and the results of the activities are made available to the Commission; or
  - ii. The organisation actively raises funds in its own name to fund and carry out a Commission activity.

In these situations the donor to the IUCN Commission is the organisation providing the services. The services are funded from funds raised in the name of the organisation as opposed to in the name of the IUCN Commission which is the situation described in section 5 of these financial rules.

#### **b. Requirements**

##### **i. General principles**

In deciding what needs to be tracked and reported the following elements need to be considered:

- 1) The financial value and scale of the benefits being received
  - High value / Large-scale (e.g. IUCN wide) benefits should be reported to the Secretariat.

- Low value / Small-scale benefits (e.g. at the level of a Specialist Group) do not need to be reported to the Secretariat, e.g. the value of office space provided to a Specialist Group member to enable him/her to undertake Commission activities.
- 2) The relevance of the work being performed
- Significant pieces of work undertaken by another organisation that form part of a Commission workplan should be reported to the Secretariat to allow tracking and reporting against the workplan.
  - Work not closely related to a Commission workplan or of relatively low scope and value does not need to be formally reported.
- 3) The risk to IUCN
- Where the risk to IUCN, reputational or otherwise, is significant, arrangements need to be formalised.

## **ii. Provision of office services, technical and administrative support**

For the provision of office services, technical and administrative support that is expected to extend over a period of one year or more, and its monetary value is estimated to exceed CHF 25,000 a Memorandum of Understanding (MoU) detailing the roles and responsibilities of the parties should be entered into by the Commission Chair and the entity providing the in-kind services. The MoU does not require clearance from the Secretariat<sup>6</sup>.

In addition to covering the provision of in-kind services, the MoU can also be used to cover the receipt and use of funds up to an annual maximum of CHF 100,000. In the event that cash contributions are expected to exceed CHF 100,000 a hosting agreement should be put in place (See section 5 c).

The Commission should keep track of all MoUs for its own administrative and management purposes and provide a copy of each MoU to the Secretariat.

A template MoU can be found at [\(Add link\)](#)

## **iii. Support provided by organisations to Commission events and meetings**

An organisation or other 3<sup>rd</sup> party independent from IUCN may provide in-kind services or pay for services themselves for Commission events and meetings, e.g. meetings of the Commission Steering Committee, Colloquiums or Conferences. Those services may include, but not be limited to, provision of venues and related facilities, hotel accommodation and transportation.

The Commission Chair should formalise these arrangements through an exchange of letters for all significant amounts. (As a guide, a value of CHF 10,000 would be considered significant in this context.)

For the provision of in-kind services, for single events (e.g. conferences) where combined in-kind donations are expected to exceed CHF 100,000, advice should be sought from the Secretariat. (See also 5b in respect of cash donations to Commission events).

## **iv. Contribution to a Commission workplan by an organisation acting in its own name**

An organisation may undertake Commission activities as part of its normal activities or agree to undertake additional activities to support a Commission. There is no requirement to enter into an MoU between the Commission Chair and the entity undertaking the work, nor is there a formal reporting requirement. However, depending on the significance of the activities and their relevance to the Commission workplan, the Commission may wish to enter into an agreement with the organisation to detail the scope of work and

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<sup>6</sup> Applicable to all new arrangements and renewals. For existing arrangements where no MOU is in place, they are required to be put in place on a best efforts basis over the course of the 2017-2020 Programme.



reporting requirements. This would allow IUCN to track contributions to the workplan and acknowledge the work undertaken by the organisation.

It is not necessary to attribute a monetary value to in-kind contributions, though the Commission may choose to do so. This could be based on an estimate provided by the organisation undertaking the work or by the Commission itself.

In the event that the funds are being raised in the name of IUCN as opposed to the name of the organisation then the procedure outlined in section 5b applies.

## **7. Partnership arrangements**

An organisation may enter into a partnership with the IUCN Secretariat and relevant Commission for specific deliverables, e.g. Red List Partnership, KBA (Key Biodiversity Areas) Partnership. In these situations resources are pooled for the common interest of the partners.

For partnership arrangements, a formal agreement is required between the IUCN Secretariat and the organisation(s) concerned.

The agreement should cover, amongst others, the work to be performed, timelines, the estimated monetary value of the work, reporting obligations and intellectual property rights.

The agreement will be tailor-made and should go through the standard IUCN contract review and clearance process.

It is understood that these agreements may include both cash and in-kind elements.

## **8. Financial reporting requirements**

Commissions are required to maintain records of income and expenditure received/incurred in cash that are not recorded in the books of the Secretariat. At a minimum, all donations of CHF 10,000 and above should be recorded and reported.

Host organisations, i.e. those organisation receiving CHF 100,000 or more per annum on behalf of an IUCN Commission are required to provide annual reports of income and expenditure received/incurred on behalf of the Commission to the Commission Chair in accordance with the Hosting Agreement.

An annual consolidated financial report of Commission income and expenditure should be provided to the IUCN Secretariat and Council in line with IUCN Regulations 78*bis*. This should include:

- a. All single cash donations of CHF 10,000 and above and related expenditure or activity funded. Lower amounts may also be reported if the information is readily available (see 5b).
- b. All income and expenditure received/incurred through a hosting arrangement (see 5c).

In addition, Commissions are encouraged to report on in-kind contributions, including:

- a. A listing of MoUs for the provision of office services, technical and administrative support (see 6b.ii).
- b. Significant in-kind support provided by organisations to Commission events and meetings either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iii).
- c. Significant in-kind contributions to a Commission workplan by organisations acting in their own name either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iv).

## **Annex 1**

### **Council Decision (58th meeting of the IUCN Council, June 2003)**

Upon the recommendation of the Finance and Audit Committee, the Council APPROVES the following budget principles to be applied for the submission by the Commission Chairs for the Commission Operating Funds:

1. The Commissions Operations Fund (COF) provides some of the support necessary for Commission networks to function effectively. Commission Chairs understand the COF is intended for Commission governance and management and thus, those activities necessary for a functioning Commission network should be supported by the COF.
2. Governance and management activities include:
  - a. Commission Steering Committee meetings (travel and accommodation support, logistics)
  - b. Support to Chair including:
    - i. Local staff support (non IUCN), if necessary
    - ii. Office support (fax, phone, email, photocopying, etc.)
    - iii. Travel to Commission meetings
    - iv. Travel to key external meetings (e.g. COPS of CBD, CITES)
    - v. Travel to IUCN governance meetings ( global and regional)
  - c. Travel support to Deputy Chair (or other Commission members appointed by the Commission chair) when representing the Commission at Commissions meetings, IUCN governance meetings or key external meetings.
  - d. Other meeting and Office support (as needed) to support subsidiary commission structures.
  - e. Newsletter/main communications organ (production and delivery, either electronic or hard copy); basic communication tools, including via the internet and Commission website development.
  - f. Support to the statutory external review.
3. Programme activities are not funded by the Commission Operating Fund, but included in the Programme budget.

**Modifications to the Council Handbook and Code of Conduct for IUCN Council members**

Approved by the Bureau of the IUCN Council on 6 June 2017

**1. Inclusion of a new paragraph and addition of a new Annex 4 to the Council Handbook**

Insert the following (new) §35 in the Council Handbook:

§35 In Annex 4 hereafter, the Ethics Committee for a record and for additional guidance to the Committee will, from time to time, insert examples of the implementation or interpretation of the Code of Conduct. These examples will be based on determinations made by the Ethics Committee in concrete cases or in response to requests for clarification or guidance from Council.

**2. Inclusion of new provisions in the Code of Conduct for IUCN Council members regarding the conduct in the process of selecting the venue of the next World Conservation Congress**

Include points a. and b. of the Code of Conduct included as Appendix C of the Statement of Requirements for the 2020 IUCN World Conservation Congress, as a new paragraph k. of the Council's Code of Conduct (Part IV – Conduct) with the title “Conduct in the process of selecting the venue of the next World Conservation Congress”, as follows:

*k. Conduct in the process of selecting the venue of the next World Conservation Congress*

- a. No IUCN Council member may obtain property, financial advantage or any other benefit including but not limited to soliciting or accepting any gift, hospitality or value in kind from any Candidate (directly or indirectly) that could be seen as affecting the person's impartiality with regard to the selection process in line with the Code of Conduct for IUCN Councillors.
- b. No IUCN Council member or IUCN staff member may provide support to a Candidate in preparing their proposal.



**70<sup>th</sup> Meeting of the Bureau of the IUCN Council  
Held remotely on 6 June 2017**

List of participants

**PRESIDENT**

- Mr ZHANG Xinsheng, China

**VICE-PRESIDENTS**

- Mr Malik Amin Aslam Khan, Pakistan

**TREASURER**

- Mr Patrick de Heney, Switzerland/United Kingdom

**REGIONAL COUNCILLORS**

- Mr Peter Michael Cochrane, Australia
- Mr Rustam Sagitov, Russian Federation

**CHAIRS OF THE STANDING COMMITTEES OF THE IUCN COUNCIL**

Governance and Constituency Committee (GCC):

- Ms Jennifer Mohamed-Katerere, South Africa

Finance and Audit Committee (FAC):

- Mr Ayman Rabi, Palestine

Programme and Policy Committee (PPC):

- Mr Jan Olov Westerberg, Sweden

**DIRECTOR GENERAL**

- Ms Inger Andersen

**OTHERS**

Ms Sandrine Friedli Cela, IUCN Legal Adviser

Mr Mike Davis, Chief Financial Officer

Ms Louise Imbsen, Governance Assistant

Mr Luc De Wever, Senior Governance Manager, Secretary to Council

**APOLOGIES** had been received from:

- Mr Antonio Herman Benjamin, Chair of the World Commission on Environmental Law (WCEL)
- Mr Ali Kaka, Vice-President, Kenya

## **B. DOCUMENTS SUBMITTED TO THE 70<sup>th</sup> BUREAU MEETING<sup>1</sup>**

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<sup>1</sup> Note that the documents submitted to the Bureau for consideration may differ from any of these documents subsequently approved by the Bureau, modified as the case may be, and attached to the decisions and the summary minutes of the Bureau meeting.



## 70<sup>th</sup> Meeting of the Bureau of the IUCN Council

Remote meeting on 6 June 2017 from 11:00 am to 12:30 UTC/GMT

Zhang Xincheng	19:00
Patrick de Heney	13:00
Malik Amin Aslam Khan	16:00
Ali Kaka	14:00
Antonio Benjamin	Sent apologies
Jan Olov Westerberg	13:00
Ayman Rabi	14:00
Jennifer Mohamed-Katerere	13:00
Peter Cochrane	21:00
Rustam Sagitov	14:00
Inger Andersen	13:00
Mike Davis	13:00
Sandrine Friedli Cela	13:00
Luc De Wever	13:00

### Draft Agenda Rev1

Time	Agenda Items
11:00-11:05	<b>Item 1: President's opening remarks and approval of the agenda</b>
11:05-11:40	<p><b>Item 2: 2016 IUCN Audit Financial Statements and the Report of the External Auditors, taking into account the recommendations of the Finance and Audit Committee</b></p> <p>Documents:</p> <ol style="list-style-type: none"> <li><a href="#">B/70/2/1 Report of the FAC meeting of 30 May 2017 with FAC's recommendations to the Bureau;</a></li> <li><a href="#">B/70/2/2 Document FAC/62/2 with the Chief Financial Officer's review of the audited financial statements, the draft audit opinion and the Consolidated Financial Statements 2016</a> (as revised following the FAC meeting);</li> <li><a href="#">B/70/2/3 PPT External auditors' report to Council and FAC</a> (note that the pdf file opens slowly due to the verification of electronic signatures).</li> </ol>
11:40-11:55	<p><b>Item 3: Approval of the Commission Financial Rules</b></p> <p>Documents: <a href="#">B/70/3/1 Commission Financial Rules</a> (release 2 v 7 as revised following the FAC meeting)</p> <p>For the FAC's recommendations to Bureau, see B/70/2/1 Report of the FAC meeting of 30 May 2017.</p> <p>Note that sections 1 to 4 of the Commission Financial Rules covering the use of Commission Operating Funds and funds flowing through the Secretariat in support of Commission activities were part of the first release of these Rules approved by Council in April 2016. This second release presented for approval contains <u>new sections 5 to 8</u> covering funds flowing through other organizations in support of Commission activities raised in the name of IUCN and in-kind support provided by other organizations in support of Commission activities.</p>
11:55-12:05	<b>Item 4: Approval of minutes of the 69<sup>th</sup> Bureau Meeting and update on follow-up actions with timelines</b>

	Documents: B/70/4/1 Summary minutes of the 69 <sup>th</sup> Meeting of the Bureau (15-16 May 2017) (The draft summary minutes are under review by the Bureau)
12:05- 12:15	<b>Item 5: Brief Report from the first formal meeting of Ethics Committee held on 23<sup>rd</sup> May 2017</b> Document: <a href="#">B/70/5/1 - IUCN-Ethics-1-2017-Minutes with Annex 1</a>

IUCN, INTERNATIONAL UNION FOR CONSERVATION OF NATURE

**62<sup>nd</sup> Meeting of the Finance and Audit Committee**

**30 May 2017 by teleconference**

**11:00 GMT/UTC**

**FAC members:**

Ayman Rabi (Chair)  
Patrick de Heney (Treasurer)  
Rick Bates (Vice Chair)  
Malik Amin Aslam Khan  
Norbert Baerlocher  
Antonio Herman Benjamin  
Andrew Bignell  
Said Ahmad Damhoureyeh  
Kathy MacKinnon  
Jon Paul Rodriguez  
Mangal Man Shakya

Apologies were received from Marco Vinicio Cerezo Blandón (Vice Chair) and Jesca Eriyo Osuna who were unable to attend the meeting.

**Secretariat staff**

Inger Andersen, Director General  
Michael Davis, Chief Financial Officer (CFO)  
Sandrine Friedli Cela, Legal Advisor  
Luc De Wever, Senior Governance Manager

**Invitees for item 3:**

Yves Cerutti, Partner, PricewaterhouseCoopers  
Fanny Chapuis, Senior Manager, PricewaterhouseCoopers

The following members of the FAC left the meeting after completion of item 2 but during item 3: Antonio Benjamin (11:44); Jon Paul Rodriguez (11:58) and Malik Amin Aslam Khan (12:05).

Due to connection difficulties at the start of the meeting whereby Ayman Rabi (Chair) was unable to communicate with other members, Rick Bates (Vice Chair) commenced chairing the meeting.

1. Approval of the agenda

The FAC agreed to change the order of the agenda to consider the Commissions Finance Rules ahead of the Approval of the 2016 Financial Statements.

2. Commission Financial Rules

The CFO explained the revision process for the Commission Financial Rules. Sections 1-4 of the Commission Financial Rules had been approved by Council in April 2016. A revised version of the rules, encompassing the additional sections 5-8, was considered by the FAC at its meeting in February 2017. At this meeting several concerns were raised. Consequently, the Secretariat agreed to work with the Commission Chairs to address the concerns and revise the rules accordingly. The version now presented follows the completion of that process. He also explained that the template agreements, the due diligence guidance and the typology of Commission arrangements did not form part of the Commission Financial Rules but were tools to aid their implementation.



The Commission Chairs who were also members of the FAC confirmed that their concerns had been satisfactorily addressed and that the new sections of the rules could be implemented. As the Commission Rules will be made public, they requested that the typology should not be included when published as this was an internal document.

The Treasurer noted that implementation of the new rules would accelerate working with the EU and increase resource mobilisation possibilities and that they were not intended to add more bureaucracy.

Ayman Rabi took over chairing of the meeting from Rick Bates at this point.

The FAC agreed that the Commission Finance Rules should be presented to the Bureau for approval and recommended as follows:

The Finance and Audit Committee recommends that Bureau APPROVES the Commission Financial Rules
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### 3. Approval of the 2016 financial statements and review of the report of the external auditors

The CFO summarised the 2016 financial results. The overall result for 2016 was a net deficit of CHF 0.2m compared to a breakeven budget. Framework income was below budget by CHF 1.5m due to changing priorities of some framework partners; additional provisions of CHF 1.0 had to be made for Membership dues in arrears as a result of the requirement to provide fully for the amounts owed by Members rescinded at the 2016 Congress. These negative impacts were counteracted by a surplus on the 2016 Congress of CHF 1.6m and other net savings of CHF 0.7m. Barring the extraordinary one time surplus from Congress the net deficit would have been CHF 1.8m which was raised as an issue of serious concern.

For project income and expenditure, actual project income for 2016 was in line with the budget of CHF 98m. In 2016, in line with Swiss law requirements, IUCN had changed its income recognition policy to recognise income in line with expenditure. Consequently, the result for restricted income and expenditure is a balanced result. Income received in advance of expenditure had been recorded on the balance sheet as deferred income. It was also clarified that the report focussed on this year's income and the longer-term income streams and the associated risks of the projected GEF/GCF income streams were being handled elsewhere and were also addressed recently by the Bureau.

The CFO explained the movements in reserves. There are two categories of reserves: unrestricted reserves and designated reserves. The designated reserves are put aside for a specific purpose and when the event takes place, the balance is returned to unrestricted reserves to fund the actual expenditure which is included in the result for the year. In the event that the designated reserve is no longer required (i.e. if it has become redundant) it is also transferred back to unrestricted reserves. Approval of the financial statements also includes approval of the reserve movements.

PricewaterhouseCoopers (PwC) presented their report. They confirmed that they would be issuing a clean audit report. The auditors said that they had seen significant positive changes in the Finance function, including a smoother year-end close process, and that this had been facilitated by all offices being on the ERP system for the entirety of 2016. They also noted that there were promising projects in progress that would further leverage the ERP.

The auditors commented on specific areas of the audit. There were no issues noted in regards to the adoption of the new Swiss accounting law; the key changes being a move to full accrual accounting and the recognition of project income in line with expenditure. They also noted that management had exercised reasonable judgement in determining provisions for receivables and projects in deficit. In

the areas of fraud and the risk of management overriding controls there was nothing of concern to report.

In respect of internal control findings from the audit, overall, IUCN was in compliance with Swiss law but there were some areas where improvements could be made. There is a need to update the internal control system, particularly for smaller sized offices; Information Technology (IT) policies and procedures should be better documented and communicated; and the IT management controls should be more consistently and systemically applied.

The Chair asked how the 2016 Congress surplus had been reflected in the unrestricted reserves and what the process was for deciding on the use of unrestricted reserves.

The CFO responded that the 2016 Congress surplus is included in the consolidated income statement as it was an event that took place in 2016. The surplus flows through to unrestricted reserves at the end of the year as part of the result for the year. He further explained that Council decides on use of the unrestricted reserves.

The Treasurer noted that the 2016 Congress surplus was disclosed as a separate line on the income statement.

The Chair requested PwC to expand on the areas of improvement for IUCN.

PwC replied that IT changes to systems need to be well controlled so that no one can tamper with systems in an undesired manner and so that IUCN can rely on the systems and controls embedded in the systems. Business controls need to be better documented as current documentation is not up to date with all the changes that have taken place following implementation of the ERP system. Smaller offices have weaknesses in segregation of duties - IUCN is addressing this by moving to a regional control model for certain processes, e.g. payments. Together with the bank rationalisation project and the intention to centralise some banking functions, this will increase control over cash and bank.

The Chair asked for clarification on the membership dues provision, projects in deficit provision, internal allocations in the consolidated income statement, the depreciation period for fixed assets and the balances for financial assets.

The CFO explained the basis of these amounts. He noted that there was a formula for the calculation of the membership dues provision but that further provisions were made for State members by considering their specific circumstances. He also noted that projects in deficits were an operational risk but that the Secretariat did its best to keep these as low as possible. The Treasurer noted that the depreciation policy fairly reflected the useful lives of the IUCN assets. The chair commented that the 10 - 20 years range of depreciating fixed assets may pose difficulties on judging what useful life is assigned to which fixed asset. He emphasized that if needed this policy can be revised to reduce this difficulty. The Treasurer clarified that the reduction in financial assets from 2015 to 2016 did not represent a loss on the investment portfolio as cash items of the portfolio were included under bank and cash. The portfolio actually made a gain of CHF 0.1m during 2016. The CFO explained the basis of internal allocations. The chair asked to include a note to explain these allocations. The CFO agreed to add a note to the financial statements to explain them.

Following to the clarifications provided by the CFO, the Treasurer and the auditors (PwC) on the points raised, the Chair asked whether or not any member had any further comments or clarifications. One member proposed to recommend the 2016 financial statements for approval. The proposal was seconded by the Treasurer. The chair agreed to recommend that the 2016 financial statements be approved by Bureau. Other members seconded the recommendation.

The deputy chair of the FAC asked whether the 2016 reserve movements needed to be approved separately. The Treasurer responded that approval of the financial statements included approval of the reserve movements as presented in the financial statements.

The chair concluded by emphasizing on the concern related to the use of reserve to cover operational deficits and that this should be avoided. He also noted the concerns raised by the Auditors related to the need for improving the internal control system as well as the IT system. He also informed the members that due to the decline in unrestricted income and increased challenges the Bureau has agreed to form a liaison group chaired by himself with other members of the Bureau to be nominated by the President, to follow up with Secretariat on these issues as well as to establish time bound quantified financial targets and keep track on the implementation of these targets.

The FAC recommended as follows:

The Finance and Audit Committee recommends Bureau APPROVES the Audited Financial Statements for 2016.

4. Any other business

There being no other business the meeting closed at 12:30.

IUCN, INTERNATIONAL UNION FOR CONSERVATION OF NATURE  
62<sup>nd</sup> Meeting of the Finance and Audit Committee  
30 May 2017 by teleconference

**Approval of the 2016 financial statements**

Origin: Chief Financial Officer

**Action requested:**

The Finance and Audit Committee is asked to review the 2016 audited financial statements and make a recommendation to Bureau on their approval.

**Draft Bureau decision:**

Bureau, on the proposal of the Director General and the recommendation of the Finance and Audit Committee, approves the Audited Financial Statements for 2016, noting that final approval rests with the 2020 World Conservation Congress as provided under Article 20 (d) of the Statutes.

**Background**

1. In accordance with the statutes (46.g), Council (or Bureau acting on behalf of Council) is required to approve the audited financial statements, though final approval rests with Congress (20.d)
2. The external audit covers the consolidated accounts of the IUCN Secretariat. This includes Headquarters and all regional and country offices.
3. This paper comprises:
  - This overview
  - Review of the audited financial statements for the year ended 31 December 2016, which should be read in conjunction with:
    - Consolidated Financial Statements for the year ended 31 December 2016
    - PwC report: IUCN Detailed report to the Council and Finance and Audit Committee for the year ended 31 December 2016

**Issues and Considerations**

4. The auditors intend to issue an unqualified audit report, which means that the financial statements contain no material misstatements and that they are in compliance with Swiss law and IUCN's accounting policies.
5. The overall result for the year is a deficit of CHF 187k.
6. As detailed on pages 7 and 8 of the document Review of the 2016 Financial Statements, designated reserves no longer required (i.e. where the designation is no longer relevant) have been transferred

to unrestricted reserves in accordance with the IUCN reserves policy. The reserve transfers are shown on the Consolidated Funds and Reserve Statement (page 4 of the Financial Statements).

The following amounts are released from/(transferred to) designated reserves:

	<b>CHF</b>
World Conservation Congress	103k
External review	96k
Renovation fund	(24k)
<b>Net utilized/(allocated) in 2016</b>	<b>175k</b>
World Commission on Environmental Law Congress (2016)	445k
Programme reserves	5,301k
<b>Redundant designated reserves</b>	<b>5,746k</b>
<b>Total</b>	<b>5,921k</b>

The balance on the reserve for the World Conservation Congress and External Review were utilized during 2016 – the related expenditure is included in the 2016 operating expenditure. The transfer to the Renovation fund represents unutilized funds set aside for renovation in 2016. The net amount of CHF 175k represents a funding source for the deficit of CHF 187k.

The reserves for the World Commission on Environmental Law Congress (2016) and the Programme reserves are released as they are no longer relevant and are therefore redundant, not as a result of utilization.

As part of the approval process of the financial statements, the FAC and Council are requested to approve the release from and allocations to designated reserves.

7. A full analysis of the result is included in the following paper: Review of the audited financial statements for the year ended 31 December 2016.

## Review of the audited financial statements for the year ended 31 December 2016

### 1) Unrestricted (Core) income and expenditure

The below table summarises IUCN core income and expenditure for 2016 compared to the 2016 Council approved budget and actual results for 2015.

CHF m	Core Income & Expenditure			
	2016 Actual	2016 Budget	2016 Variance	2015 Actual
Membership dues	12.9	12.6	0.3	12.5
Framework income	13.9	15.4	(1.5)	16.0
Other income	4.9	5.1	(0.2)	5.6
<b>Total income</b>	<b>31.7</b>	<b>33.1</b>	<b>(1.4)</b>	<b>34.1</b>
Cost recovery from projects	37.0	36.2	0.8	34.4
Operating expenditure	(68.0)	(68.0)	0.0	(66.9)
<b>Operating surplus</b>	<b>0.7</b>	<b>1.3</b>	<b>(0.6)</b>	<b>1.6</b>
Other income and expenditure	(0.9)	(1.3)	0.4	(1.6)
<b>Net surplus</b>	<b>(0.2)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.0</b>

#### a) Overall result

A net deficit of CHF 0.2m was realised. This compares to a breakeven budget.

At the time of the FAC in February 2017 a net deficit of CHF 0.8k was forecast. The actual audited result therefore represents an improvement on the forecast presented in February.

The deficit of CHF 0.2m is a result of the following items:

#### Negative items:

Framework income being below budget: CHF 1.5m.  
Additional provisions for Membership dues arrears: CHF 1.0m

#### Positive items:

Surplus on the 2016 Congress: CHF 1.6m  
Net savings and other items: CHF 0.7m

#### b) Income

Total core income was CHF 31.7m vs. a budget of CHF 33.1m.

### Membership dues

CHF m	2016 Actual	2016 Budget	2015 Actual
Membership dues invoiced	12.9	12.6	12.5
Provision	(1.6)	(0.6)	(0.5)
<b>Net membership dues</b>	<b>11.3</b>	<b>12.0</b>	<b>12.0</b>

Invoiced Membership dues were CHF 12.9m vs. a budget of CHF 12.6m. The budgeted membership dues did not include the contribution from WWF for CHF 200k, which was received in 2016 but budgeted under *Other income*. 95 new applicants were admitted as members in April and August of 2016, adding CHF 98k as membership income.

The provision for unpaid dues (included in Other Income and Expenditure) was significantly higher than budget (CHF 1.6m vs. a budget of CHF 0.6m). Full provision was made for specific outstanding dues for States and Government Agencies where payment was considered unlikely. A higher provision was required to accommodate the increase in outstanding dues for 2015 and 2016 for states and government agencies (mainly Iran, Greece, Malaysia, Nigeria, Iraq, Columbia and Argentina).

### Framework income

	2016 Actual	2016 Budget	2016 Variance	2015 Actual
Framework partner	Actual	Budget	Variance	Actual
	CHF m	CHF m	CHF m	CHF m
Denmark	3.5	3.4	0.1	3.5
Norway	2.5	2.5	-	2.5
Sweden	2.9	3.4	(0.5)	3.5
Switzerland	2.1	2.2	(0.1)	2.2
France	0.9	0.6	0.3	0.9
MAVA Foundation	1.0	1.0	-	1.0
Finland	0.4	0.7	(0.3)	0.8
United Arab Emirates	-	1.0	(1.0)	1.0
Republic of Korea	0.6	0.6	-	0.6
<b>Total</b>	<b>13.9</b>	<b>15.4</b>	<b>(1.5)</b>	<b>16.0</b>

Total framework income received was CHF 13.9m vs. a budget of 15.4m. The contribution from France was CHF 0.3m higher than budget due to the inclusion of in-kind staff (recorded as both an income and an expenditure) which forms part of the French framework agreement. The in-kind amount was not included in the 2016 budget.

There was a reduction in the contributions from Sweden and Finland as a result of reprioritisation of funding driven by the European migration crisis.

### Cost recovery

Cost recovery from projects was CHF 37.0m vs. a budget of CHF 36.2m (see section 2. for further analysis).

### c) Expenditure

Operating expenditure was CHF 68.0m, directly in line with budget (CHF 68.0m), and is broken down as follows:

	2016 Actual		2015 Actual	
	CHF m	%	CHF m	%
Staff costs	53.0	78%	51.6	77%
Consultants	1.8	3%	1.8	3%
Grants to partners	0.6	1%	0.8	1%
Travel	3.0	4%	3.5	5%
Workshops and conferences	0.5	1%	0.6	1%
Publications and printing costs	0.3	0%	0.4	1%
Office and general administrative costs	4.0	6%	3.7	6%
Vehicles & equipment - costs & maintenance	0.9	1%	1.0	1%
Professional fees or costs	0.7	1%	0.5	1%
Depreciation and amortisation	3.2	5%	3.0	4%
<b>Total operating expenditure</b>	<b>68.0</b>	<b>100%</b>	<b>66.9</b>	<b>100%</b>

#### Extract from Income and Expenditure Statement, page 3 of the Audited Financial Statements

The distribution of expenses is similar to that of 2015. Travel was higher in 2015 as a result of subsidised travel for participants to attend the Regional Conservation Forums which took place in that year. Despite 2016 being a Congress year, units and regions managed to control their travel costs and accommodate Congress travel costs in their annual budgets or use project funding.

It is important to note that staff costs represent 78% of the IUCN core budget.

### d) Other income and expenditure

CHFm	2016 Actual	2016 Budget	2016 Variance	2015 Actual
Interest income	0.6	0.6	-	0.6
Financial charges	(0.6)	(0.6)	-	(0.6)
Capital gains/(losses)	0.1	-	0.1	(0.3)
Net gains/(losses) on foreign exchange	(0.4)	(0.3)	(0.1)	(0.2)
Net movements in provisions and write-offs	(2.2)	(1.0)	(1.2)	(1.1)
2016 Congress surplus	1.6	-	1.6	-
<b>Total other income and expenditure</b>	<b>(0.9)</b>	<b>(1.3)</b>	<b>0.4</b>	<b>(1.6)</b>

#### Extract from Income and Expenditure Statement, page 3 of the Audited Financial Statements

#### i. Interest income

Interest income represents the in-kind benefit of the interest-free loan from the Swiss government for the Headquarters extension (CHF 0.4m) and interest received on bank and investment accounts (CHF 0.2m).

#### ii. Financial charges

Financial charges include bank charges and interest paid, and the value of interest that would have been paid on the headquarters building loan if it had been obtained on a commercial basis (CHF 0.4m).



### iii. Capital gains/(losses)

The capital gain of CHF 0.1m represents gains on IUCN's investment portfolio.

### iv. Net gains/(losses) on foreign exchange

Losses on foreign exchange of CHF 0.4m were realised in 2016 as a result of USD and EUR weakness against the CHF and other ledger currencies.

### v. Net movements in provision and write-offs

Net movements in provision and write-offs of CHF 2.2m comprises:

- Provision for Membership dues: CHF 1.6m
- Provision for projects in deficit and other losses: CHF 0.6m

### vi. 2016 Congress surplus

A surplus of CHF 1.6m was realised on the 2016 Congress, primarily as a result of registration income being significantly higher than budget but also as a result of certain costs, e.g. travel, being lower than budget.

## 2) Project income and expenditure

### a) Overall result

The below table summarises IUCN restricted income and expenditure for 2016 compared to the Council approved budget.

CHF m	Project Income & Expenditure			
	2016 Actual	2016 Budget	2016 Variance	2015 Actual
Project income	94.4	98.1	(3.7)	95.3
Other income	3.7	0.0	3.7	0.8
<b>Total income</b>	<b>98.1</b>	<b>98.1</b>	<b>0.0</b>	<b>96.1</b>
Cost recovery from projects	(37.0)	(36.2)	(0.8)	(34.4)
Operating expenditure	(59.7)	(61.9)	2.2	(52.8)
<b>Operating surplus</b>	<b>1.4</b>	<b>0.0</b>	<b>1.4</b>	<b>8.9</b>
Other income and expenditure	(1.4)	0.0	(1.4)	(0.8)
<b>Net surplus</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.1</b>

The overall result for the year is neither surplus nor deficit. This is as a result of a change in IUCN's income recognition policy whereby income is recognised in line with actual expenditure. The change in policy follows the implementation of new provisions of the Swiss accounting law in 2016.

In 2015, income was recognised in the year it was received. The Surplus of CHF 8.1m in 2015 was purely a timing difference. Actual income received from donors was higher than expenditure in that year.

Income that is received in one year but spent in the next or other future years is treated as deferred income and carried forward on the balance sheet as Project agreement advances.

Other income of CHF 3.7m relates primarily to registration and exhibition fees from Congress (CHF 3.0m).

### b) Income and expenditure

Restricted income and expenditure totalled CHF 98.1m, exactly in line with budget.

The table below compares project income, cost recovery and expenditure for 2016 with 2015.

CHF m	2016 Actual	%	2015 Actual	%
<b>Project income</b>	<b>98.1</b>		<b>96.1</b>	
Cost recovery	(37.0)	38%	(34.4)	39%
Operating expenditure	(59.7)	61%	(52.8)	60%
Other income / (expenditure)	(1.4)	1%	(0.8)	1%
<b>Total project expenditure</b>	<b>(98.1)</b>	<b>100%</b>	<b>(88.0)</b>	<b>100%</b>
<b>Net (deficit) / surplus</b>	<b>0.0</b>		<b>8.1</b>	

The costs recovery rate for 2016 (38%) was similar to that of 2015 (39%), and slightly higher than budget (37%). Other expenditure includes the surplus on the 2016 Congress of CHF 1.6m which was transferred to unrestricted income – see 1) d) vi above.

## 3) BALANCE SHEET

### a) Assets

	2016 CHFm	2015 CHFm
<b>Current assets</b>		
Cash and short term bank deposits	37.8	33.9
Financial assets	14.0	14.5
Membership dues receivables	1.6	2.0
Staff receivables	0.6	0.5
Receivables from partner organisations	0.3	0.8
Advances to implementing partners	7.7	7.9
Prepayments	0.7	1.7
Donor funds receivable	2.8	2.6
Project agreement receivables	16.3	12.3
Framework agreements receivables	-	0.6
Other account receivables	1.0	0.8
<b>Total current assets</b>	<b>82.8</b>	<b>77.6</b>
Fixed assets (Net)	31.9	33.2
Intangible assets	1.0	1.6
<b>Total non-current assets</b>	<b>32.9</b>	<b>34.8</b>
<b>TOTAL ASSETS</b>	<b>115.7</b>	<b>112.4</b>

Extract from Consolidated Balance Sheet, page 2 of the Audited Financial Statements

Total assets show an increase of CHF 3.3m compared to 2015, primarily due to an increase in cash and short term bank deposits of CHF 3.9 (not significant in view of the size of IUCN's project portfolio). At the end of 2016 there were no Framework agreement receivables, compared to CHF 0.6m at the end of 2015, which represented an outstanding payment from the French government.

#### b) Liabilities

	2016	2015
	CHFm	CHFm
<b>Liabilities</b>		
<b>Current liabilities</b>		
Membership dues paid in advance	2.0	2.0
Accounts payable and accrued liabilities	7.6	6.5
Social charges payable	0.6	0.3
Project agreement advances	50.2	48.0
Deferred income	0.6	0.6
New building loan	0.2	0.2
Miscellaneous current liabilities	0.6	0.1
Advances from hosted organisations	0.2	0.7
<b>Total current liabilities</b>	<b>62.0</b>	<b>58.4</b>

#### Extract from Consolidated Balance Sheet, page 2 of the Audited Financial Statements

Current liabilities increased by CHF 3.6m compared to 2015. The main increases were in Project agreement advances (CHF 2.2m) and Miscellaneous current liabilities (CHF 0.5m).

#### c) Provisions and non-current liabilities

	2016	2015
	CHFm	CHFm
<b>Provisions</b>		
Projects in deficit	1.5	1.1
Staff leave and repatriation	2.0	1.3
Staff termination	1.5	1.5
Other provisions	-	0.2
<b>Total provisions</b>	<b>5.0</b>	<b>4.1</b>
<b>Non-current liabilities</b>		
Deferred income	17.1	17.7
Loan	11.3	11.5
<b>Total non-current liabilities</b>	<b>28.4</b>	<b>29.2</b>

#### Extract from Consolidated Balance Sheet, page 2 of the Audited Financial Statements

The overall level of provisions increased by CHF 0.9m compared to 2015. This was a result of an increase in the provision for Staff leave and repatriation of CHF 0.7m as a result of a change in accounting policy where by provision is now made in all locations for outstanding leave and repatriation entitlements at the year end in accordance with Swiss law, and an increase in the projects in deficit provision of CHF 0.4m.

Long term deferred income represents the in-kind benefit of the loan received from the Swiss Government and donations for the construction of the headquarters building extension, plus the net-book-value of the original headquarters building (donated). The deferred income will be recognized over the remaining lives of the buildings.

The overall reduction of CHF 0.8m is accounted for by payment of the seventh loan instalment of CHF 0.4m and release of CHF 0.4m of deferred income in relation to donated assets in line with the corresponding depreciation of these assets.

The cash value of the loan at the end of 2015 was CHF 17.2m.

#### d) Reserves

	2016	2015
	CHFm	CHFm
<b>Reserves</b>		
Reserve for statutory meetings	-	0.1
Other reserves	-	0.6
Programme reserves	-	5.3
Renovation fund reserve	0.9	0.8
<b>Designated reserves</b>	<b>0.9</b>	<b>6.8</b>
IUCN Fund	8.6	8.6
Retained surpluses	9.5	3.8
Currency translation adjustment	1.3	1.6
<b>Unrestricted reserves</b>	<b>19.4</b>	<b>14.0</b>
<b>Total designated and unrestricted</b>	<b>20.3</b>	<b>20.8</b>

#### Extract from Funds and Reserves Statement, page 4 of the Audited Financial Statements

Designated and unrestricted reserves show an overall decrease of CHF 0.5m. This corresponds to losses on translation of individual country balances sheets into Swiss francs of CHF 0.3m and the overall deficit of CHF 0.2m.

#### Designated reserves

The following designated reserves have been transferred to retained surpluses in accordance with the IUCN Reserves Policy which requires that when the reason for the designation no longer exists the reserve is credited back to retained surpluses.

1) Reserve for statutory meetings: CHF 103k

The reserve was established to cover the cost of the 2016 Congress and has been utilized accordingly.

2) Other reserves: CHF 541

This comprises two elements:

a. World Commission on Environmental Law CHF 445

The reserve for the World Commission on Environmental Law was set up to fund the costs of the World Commission on Environmental Law Congress which took place in January 2016. The costs were in actual fact covered by the 2016 Commission Operating Fund (COF) allocation and by fund raising. The reserve is now redundant as the event has taken place.

b. External review CHF 96

The reserve for the external review was set up to fund the cost of the external review for the period 2013-16 and the governance review which took place in 2015/16. Final payments were made in 2016 and the expenditure included in the 2016 operating expenditure. The reserve has been utilized.

3) Programme reserves: CHF 5,301k

Programme reserves were established prior to the introduction of the revised IUCN reserves policy which came into effect in 2015.

Programme reserves represent amounts set aside for specific future programme activities, e.g. programme and project development, or for when unrestricted income is received in one financial year but the associated expenditure is planned in a future financial year. Since these reserves are a carry-over from the previous reserves policy and that they are general in nature they have been transferred to unrestricted reserves.

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***IUCN, International Union for  
Conservation of Nature and  
Natural Resources***

*Gland*

***Report of the  
statutory auditor to the  
Council on the consolidated  
financial statements 2016***





# ***Report of the statutory auditor to the Council of IUCN, International Union for Conservation of Nature and Natural Resources Gland***

## ***Report of the statutory auditor on the consolidated financial statements***

As statutory auditor, we have audited the accompanying consolidated financial statements of IUCN, International Union for Conservation of Nature and Natural Resources (“IUCN”), which comprise the balance sheet, income and expenditure statement, funds and reserve statement, cash flow statement and notes, for the year ended 31 December 2016.

### ***Management’s responsibility***

Management is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law, IUCN Statutes as well as the consolidation and valuation principles described in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 effectiveness of the entity’s internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements for the year ended 31 December 2016 comply with Swiss law, IUCN Statutes, as well as with the consolidation and valuation principles described in the notes.



## ***Report on other legal requirements***

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of Management.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Yves Cerutti  
Audit expert  
Auditor in charge

Fanny Chapuis  
Audit expert

Geneva, 15 May 2017

Enclosure:

- Consolidated financial statements (balance sheet, income and expenditure statement, funds and reserve statement, cash flow statement and notes)
- Annex A –Core Funds under Framework Agreements



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# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	31.12.2016	31.12.2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and short term bank deposits	III	37,777	33,859
Financial assets	IV	14,005	14,492
Membership dues receivables (net)	VI	1,592	2,022
Staff receivables	VII	649	519
Receivables from partner organisations	VIII	277	773
Advances to implementing partners	IX	7,722	7,900
Prepayments		756	1,736
Donor funds receivable		2,793	2,649
Project agreements receivables	X	16,300	12,258
Framework agreements receivables	XI	-	623
Other account receivables		966	821
<b>Total Current assets</b>		<b>82,837</b>	<b>77,652</b>
<b>Non-current assets</b>			
Fixed assets (net)	XII	31,864	33,234
Intangible assets (net)	XIII	975	1,565
<b>Total Non-current assets</b>		<b>32,839</b>	<b>34,799</b>
<b>TOTAL ASSETS</b>		<b>115,676</b>	<b>112,451</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Current liabilities</b>			
Membership dues paid in advance		1,977	2,011
Accounts payable and accrued liabilities	XIV	7,593	6,431
Social charges payable		608	331
Project agreements advances	X	50,179	47,976
Deferred income framework agreements	XVIII	103	-
Deferred income buildings	XVIII	511	645
New building loan	XIX	171	167
Hosted organisation advances	XVI	589	729
Miscellaneous current liabilities		225	82
<b>Total Current liabilities</b>		<b>61,956</b>	<b>58,372</b>
<b>Provisions</b>			
Projects in deficit	XVII	1,495	1,064
Staff leave and repatriation		2,042	1,331
Staff termination	XVII	1,450	1,495
Other provisions		39	207
<b>Total Provisions</b>		<b>5,026</b>	<b>4,097</b>
<b>Non-current liabilities</b>			
Deferred income buildings	XVIII	17,085	17,708
New building loan	XIX	11,298	11,469
<b>Total Non-current liabilities</b>		<b>28,383</b>	<b>29,177</b>
<b>Funds and Unrestricted Reserves</b>			
Designated reserves	XX	849	6,770
Unrestricted reserves	XX	19,462	14,035
<b>Total Funds and Unrestricted Reserves</b>		<b>20,311</b>	<b>20,805</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>115,676</b>	<b>112,451</b>

See notes to the consolidated financial statements as indicated

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016			2015		
		Secretariat Unrestricted	Project Agreements	Total	Secretariat Unrestricted	Project Agreements	Total
<b>EXTERNAL OPERATING INCOME</b>							
Membership dues		12,932	-	12,932	12,495	-	12,495
Retention of staff income tax	XXI	1,319	-	1,319	1,375	-	1,375
Agreements income		90	94,453	94,543	450	95,343	95,793
Framework income	XXII	13,877	-	13,877	15,958	-	15,958
Other operating income	XXIII	3,514	3,670	7,184	3,772	761	4,533
<b>TOTAL EXTERNAL OPERATING INCOME</b>		<b>31,732</b>	<b>98,123</b>	<b>129,855</b>	<b>34,050</b>	<b>96,104</b>	<b>130,154</b>
<b>INTERNAL ALLOCATIONS</b>							
Cross charges from projects		36,722	(36,722)	-	34,110	(34,107)	3
Other internal allocations		250	(250)	-	314	(317)	(3)
<b>TOTAL INTERNAL ALLOCATIONS</b>		<b>36,972</b>	<b>(36,972)</b>	<b>-</b>	<b>34,424</b>	<b>(34,424)</b>	<b>-</b>
<b>OPERATING EXPENDITURE</b>							
Staff costs		53,003	6,771	59,774	51,562	4,994	56,556
Consultants		1,802	18,272	20,074	1,747	18,540	20,287
Grants to partners		627	5,595	6,222	812	4,161	4,973
Travel		3,017	15,226	18,243	3,522	14,904	18,426
Workshops and conferences		523	2,675	3,198	606	1,482	2,088
Publications and printing costs		296	2,660	2,956	427	1,968	2,395
Office and general administrative costs		3,995	3,159	7,154	3,730	3,142	6,872
Vehicles & equipment - costs & maintenance		927	4,722	5,649	1,041	3,083	4,124
Professional fees or costs		661	632	1,293	496	552	1,048
Depreciation and amortization		3,206	5	3,211	2,938	8	2,945
<b>TOTAL OPERATING EXPENDITURE</b>		<b>68,057</b>	<b>59,717</b>	<b>127,774</b>	<b>66,880</b>	<b>52,834</b>	<b>119,714</b>
<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>647</b>	<b>1,434</b>	<b>2,081</b>	<b>1,594</b>	<b>8,846</b>	<b>10,441</b>
<b>OTHER INCOME/(EXPENDITURE)</b>							
Interest income	XIX	553	30	583	625	10	635
Financial charges	XIX	(557)	(245)	(802)	(596)	(180)	(776)
Capital gains/(losses)	IV	86	-	86	(278)	-	(278)
Net gains/(losses) on foreign exchange		(396)	(89)	(485)	(211)	(40)	(251)
Exchange differences on revaluation of project balances	XXIV	-	324	324	-	(876)	(876)
Net movements in provision and write-offs		(2,163)	189	(1,974)	(1,108)	325	(783)
2016 Congress project surplus	XXVI	1,643	(1,643)	-	-	-	-
<b>TOTAL OTHER INCOME/(EXPENDITURE)</b>		<b>(834)</b>	<b>(1,434)</b>	<b>(2,268)</b>	<b>(1,568)</b>	<b>(761)</b>	<b>(2,329)</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(187)</b>	<b>-</b>	<b>(187)</b>	<b>26</b>	<b>8,085</b>	<b>8,111</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED FUNDS AND RESERVE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Designated Reserves					Unrestricted Reserves			Total	
	Reserve for Statutory Meetings	Other Designated Reserves	Programme Reserves	Renovation Fund	Total Designated Reserves	Currency Translation Reserve	IUCN Fund	Retained Surpluses		Total Unrestricted Reserves
<b>Balance as at 1 January 2015</b>	<b>946</b>	<b>458</b>	<b>5,301</b>	<b>768</b>	<b>7,473</b>	<b>1,195</b>	<b>8,621</b>	<b>3,049</b>	<b>12,865</b>	<b>20,337</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	26	26	26
Foreign exchange gain/(loss)	-	-	-	-	-	441	-	-	441	441
Allocation to renovation fund	-	-	-	57	57	-	-	(57)	(57)	-
Allocation to other designated reserves for WCEL	-	138	-	-	138	-	-	(138)	(138)	-
Release from other designated reserves for External review	-	(55)	-	-	(55)	-	-	55	55	-
Release from reserve for statutory meetings for Congress	(367)	-	-	-	(367)	-	-	367	367	-
Release from Reserve for statutory meetings for Regional Conservation Forums	(476)	-	-	-	(476)	-	-	476	476	-
<b>Balance as at 31 December 2015</b>	<b>103</b>	<b>541</b>	<b>5,301</b>	<b>825</b>	<b>6,770</b>	<b>1,636</b>	<b>8,621</b>	<b>3,778</b>	<b>14,035</b>	<b>20,805</b>
<b>Balance as at 1 January 2016</b>	<b>103</b>	<b>541</b>	<b>5,301</b>	<b>825</b>	<b>6,770</b>	<b>1,636</b>	<b>8,621</b>	<b>3,778</b>	<b>14,035</b>	<b>20,805</b>
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	(187)	(187)	(187)
Foreign exchange gain/(loss)	-	-	-	-	-	(307)	-	-	(307)	(307)
Allocation to renovation fund	-	-	-	24	24	-	-	(24)	(24)	-
Release from other designated reserves	-	(541)	-	-	(541)	-	-	541	541	-
Release from reserve for statutory meetings	(103)	-	-	-	(103)	-	-	103	103	-
Release from Programme reserves	-	-	(5,301)	-	(5,301)	-	-	5,301	5,301	-
<b>Balance as at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>849</b>	<b>849</b>	<b>1,329</b>	<b>8,621</b>	<b>9,512</b>	<b>19,462</b>	<b>20,311</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

Report Currency: CHF ('000)

	Notes	2016	2015
<b>Cash flow from operations</b>			
<b>Surplus/Deficit from operations</b>		(187)	26
Effect of exchange rate	XXIV	(307)	441
<b>Net balance from operations</b>		<b>(494)</b>	<b>1,170</b>
Depreciation of fixed assets	XII	2,602	2,318
Amortisation and write-down of intangible assets	XIII	671	768
Increase / (decrease) in provisions for projects in deficit	XVII	431	137
Increase / (decrease) in the provision for staff termination	XVII	(45)	(343)
Increase / (decrease) in staff leave and repatriation liabilities		711	(160)
Increase / (decrease) in other provisions		(168)	99
(Increase) / decrease in membership dues receivables (net)	VI	430	634
(Increase) / decrease in staff receivables	VII	(130)	(197)
(Increase) / decrease in receivables from partner organisations	VIII	496	(259)
(Increase) / decrease in advances to implementing partners	IX	178	(1,685)
(Increase) / decrease in project agreement receivables	X	(4,042)	(1,314)
(Increase) / decrease in framework agreements receivable	XI	623	(623)
(Increase) / decrease in other accounts receivable		(145)	321
(Increase) / decrease in prepayments		980	-
(Increase) / decrease in donor funds receivable		(144)	29
Increase / (decrease) in membership dues paid in advance		(34)	560
Increase / (decrease) in accounts payable and accrued liabilities	XIV	1,162	1,449
Increase / (decrease) in social charges payable		277	(232)
Increase / (decrease) in project agreement advances	X	2,203	9,399
Increase / (decrease) in miscellaneous current liabilities		143	(81)
Increase / (decrease) in hosted organisations advances	XVI	(140)	(159)
(Gain)/loss on disposal of fixed assets	XII	43	70
<b>Total cash flow from operations</b>		<b>5,608</b>	<b>11,198</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	XII	(1,275)	(2,588)
Net movement in financial assets	IV	487	(1,360)
Purchase of intangible assets	XIII	(81)	-
<b>Total cash flow from investing activities</b>		<b>(869)</b>	<b>(3,948)</b>
<b>Cash flow from financing activities</b>			
Increase / (decrease) in loan	XIX	(167)	1,826
Increase / (decrease) in current deferred income	XVIII	(31)	(125)
Increase / (decrease) in long-term deferred income	XVIII	(623)	(2,915)
<b>Total cash flow from financing activities</b>		<b>(821)</b>	<b>(1,214)</b>
<b>Net cash inflow for the year</b>		<b>3,918</b>	<b>6,036</b>
<b>Cash and short term deposits at the beginning of the year</b>	III	<b>33,859</b>	<b>27,823</b>
<b>Cash and short term deposits at the end of the year</b>	III	<b>37,777</b>	<b>33,859</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## I. ACTIVITY

IUCN, International Union for Conservation of Nature and Natural Resources was constituted by statutes adopted in 1948 at a conference convened by the Republic of France, with membership comprised of states, governmental agencies, and international and national non-governmental organizations. IUCN has been registered in Gland, Switzerland as an association under article 60 of the Swiss Civil Code. The mission of IUCN is to influence, encourage and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable.

## II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DEFINITIONS

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

### 1. Accounting convention

The financial statements are prepared under the historical cost convention except for financial assets and loans that are measured at revalued amounts or at fair values. The financial statements are prepared for the first time in accordance with the provisions of the Swiss Code of Obligations changes introduced on 1 January 2013. The law requires adoption for consolidated financial statements on 1 January 2016 at the latest. The financial figures of previous year in the balance sheet and income statement have been prepared according to the new structure. There were no changes in valuation, however reclassifications were made in the comparative balance sheet to be consistent with the current year's presentation and in compliance with the new Swiss accounting law (Note II 14).

### 2. Basis of consolidation

The consolidated financial statements include all offices of IUCN and those entities over which IUCN has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Branches:

- Asia Regional Office
  - Asia Regional Office (Thailand)
  - Bangladesh Country Office
  - Cambodia Country Office
  - China Country Office
  - India Country Office
  - Indonesia Project Office
  - Lao PDR Country Office
  - Maldives Project Office
  - Myanmar Project Office
  - Nepal Country Office
  - Pakistan Country Office
  - Sri Lanka Country Office
  - Thailand Country Office
  - Vietnam Country Office
- Eastern and Southern Africa Regional Office
  - Eastern and Southern Africa Regional Office (Kenya)
  - Djibouti Project Office
  - Mozambique Country Office
  - Rwanda Project Office
  - South Africa Country Office
  - Tanzania Country Office
  - Uganda Country Office
  - Zimbabwe Country Office

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

- Eastern Europe and Central Asia Regional Office (Serbia)
- Environmental Law Centre (Germany)
- Mediterranean Office (Spain)
- Oceania Regional Office (Fiji)
- Mexico, Central America and the Caribbean Regional Office
  - Mexico, Central America and the Caribbean Regional Office (Costa Rica)
  - El Salvador Project Office
  - Guatemala Project Office
  - Honduras Project Office
  - Mexico Project Office
- South America Regional Office
  - South America Regional Office (Ecuador)
  - Brazil Country Office
- UK Species Programme (United Kingdom)
- Western and Central Africa Regional Office
  - Western and Central Africa Regional Office (Burkina Faso)
  - Burkina Faso Country Office
  - Cameroon Country Office
  - Democratic Republic of Congo Country Office
  - Ghana Project Office
  - Guinea Project Office
  - Guinea Bissau Country Office
  - Mali Country Office
  - Mauritania Country Office
  - Niger Project Office
- West Asia Regional Office (Jordan)
- Washington, DC Office

## Other entities:

- The International Union for the Conservation of Nature and Natural Resources, Registered Trustees (WASAA Trust Fund, Nairobi)
- UICN, Bureau de Représentation auprès de l'Union Européenne asbl
- Associação UICN
- IUCN UK (A Company Limited by Guarantee)
- IUCN Maldives
- IUCN PNG Mangrove Rehabilitation and Management Project Association

## 3. Currency of accounts

### a) Reporting currency

In accordance with IUCN's Regulations, the reporting currency for the consolidated financial statements is Swiss francs (CHF).

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## b) Functional currency

A separate set of accounts is maintained for each country where IUCN has a presence. The functional currency for each country is the national currency of the country with the exception of Fiji (USD), Costa Rica (USD) and Serbia (EUR) where the currency chosen better reflects the economic environment in which the office operates.

## 4. Foreign exchange

The following accounting policies are applied when converting transactions and balances to the reporting currency:

- Transactions denominated in currencies other than the office ledger currency are converted to the ledger currency and recorded on the basis of the exchange rate prevailing at the date of the transaction. At the end of the year all balances maintained in transaction currencies are translated to the currency of the office ledger at the year-end rate. The gains and losses incurred are recognised in the income statement of each office ledger.
- Except for fixed assets which are stated at historical values, non-Swiss franc balances in the consolidated balance sheet are translated to CHF at the year-end exchange rate and the resulting net unrealised gain or loss included in the balance sheet as a currency translation adjustment reserve.
- Project balances are expressed in the currency of the ledger in which they reside. Project balances in currencies other than CHF are translated to CHF at the year-end exchange rate. The resulting net unrealised gain or loss is recognized in the currency translation adjustment reserve.
- If, as a result of the application of the above translation policies, a net deficit would occur on the currency translation adjustment reserve the deficit would be recognized in the income and expenditure statement.

## 5. Income

Income comprises membership dues from members, contributions from donors, investment income, Swiss government tax rebates, rental of office space, and sundry income from the sale of other goods and services.

### a) Membership dues

Membership dues are fixed by the World Conservation Congress, the supreme governing body of IUCN, and are recognised as unrestricted income in the year they fall due.

### b) Voluntary donations

Voluntary donations comprise framework agreements with donors for the core activities of IUCN and project agreements for project activities.

#### Framework agreements income

Framework agreements are normally for periods of more than one year and may be subject to general restrictions in their use in terms of geography or thematic area.

Framework agreements income is recognized in the income statement as unrestricted income once the agreement has been signed and in accordance with the amounts specified in the agreement for each calendar year. Framework agreements income received in advance of the period to which it relates is recorded as deferred unrestricted income.



# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## Framework in-kind contributions

In-kind contributions of staff are recognised at fair value over the period of the employment contract as both income and expenditure in the Consolidated Income and Expenditure Statement. The fair value of in-kind staff is taken as the average cost that would be incurred by IUCN, if it were to directly employ a person in a similar position.

## Project agreements income

Project agreements income is restricted for specific project activities detailed in project agreements and subject to specific conditions imposed by the donor. Income is recognised as expenditure is incurred. At year end, the balance of projects are recorded as “Project agreement receivables” (current assets) where expenditure incurred on projects exceeded amounts advanced by donors, and under “Project agreement advances” (current liabilities) where advances from donor exceeded expenditure incurred.

### **c) Retention of staff income tax**

Non-Swiss staff resident in Switzerland 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 at Headquarters, an internal tax is levied on non-Swiss staff resident in Switzerland. This is shown as Retention of staff income tax in the Consolidated Income and Expenditure Statement and is classified as unrestricted income.

## **6. Expenditure**

All unrestricted expenditure and project expenditure is accounted for on an accruals basis.

## **7. Cross charges from projects**

Cross charges from projects represent transfers between Project agreements and Secretariat unrestricted funds and comprise staff time charged to projects and indirect costs funded from projects.

### Staff time charges

IUCN staff costs are recorded as unrestricted costs. Staff working on projects charge their time spent on projects through a time recording system. Project agreements are charged the cost of staff time and the Secretariat unrestricted fund receives the income.

### Indirect cost recoveries

Indirect costs are recorded as unrestricted costs. Indirect costs funded from project agreements are cross charged to projects and the Secretariat unrestricted fund receives the income.

## **8. Financial assets**

Financial assets are recorded at fair value. Gains or losses arising from changes in fair values of financial assets are recognized in the income statement in the year that they occur as are foreign exchange gains or losses resulting from the revaluation of financial assets denominated in currencies other than the CHF.

## **9. Fixed assets**

### **a) Purchased assets**

Purchased fixed assets are capitalised when the purchase price is one thousand CHF or above, or the equivalent in other currencies, and when ownership resides with IUCN.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## b) In-kind assets

In-kind contributions of fixed assets are capitalised at fair value and the donations recorded as deferred income which is then recognised in the income statement over the estimated useful life of the assets in line with the depreciation charges.

## c) Depreciation

Fixed assets are depreciated over their estimated useful lives on the following basis:

Computer hardware	3 years
Vehicles	4 - 7 years
Office furniture and equipment	4 - 7 years
Building renovations	10 - 20 years
Building installations	20 years
Building infrastructures	50 years

## d) Donations for the purchase of fixed assets

Cash donations received for the purchase of fixed assets are recorded as deferred income and recognised in the income statement over the estimated useful life of the corresponding asset in line with the depreciation charge.

## 10. Intangible assets

Purchased computer software is capitalized on the basis of the costs incurred to acquire the software and bring it to its point of use.

Software is depreciated over its estimated useful life on a straight line basis over 5 to 7 years.

The cost of developing in-house software is expensed in the year that the costs are incurred.

## 11. Provisions

### a) Provision for membership dues receivable

A general provision for outstanding membership dues is made to recognise the probability that not all dues will be received. The increase or decrease in the total provision is recognised in the income and expenditure statement. Provision for membership dues in arrears is calculated on the following basis, based on the outstanding balance at the close of the year.

Membership dues outstanding for:

Four years or more	100%
Three years	60%
Two years	40%
One year	20%

The provision against the arrears of some state members and state agencies is calculated on an individual basis after a review of their own special situations.

### b) Provision for projects in deficit

A provision for projects in deficit is made in respect of those projects where expenditure has exceeded income and where the receipt of future additional funds to cover the excess expenditure is uncertain.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## c) Staff terminations

Provision is made for the estimated cost of known redundancies. A redundancy is considered to be known when a management decision has been taken and communicated to the staff concerned.

Additional provision is made when there is a local legal obligation.

## d) Staff leave and repatriation

Provision is made for holiday entitlement which had not been used by staff at the year-end. Staff members are not allowed to carry forward from one year to another a cumulative leave balance of more than 10 days and any outstanding leave days are normally covered as part of the normal staff notice period. The balance at the year-end also includes the estimated cost of repatriation of international staff.

## 12. Loans at below market rate of interest

Loans are initially measured at fair value. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan and the proceeds received. The benefit is recorded as deferred income and recognised over the period of the loan. The market rate of interest is reviewed annually and the carrying value adjusted for significant movements in the market rate.

An amount equivalent to the interest that would have been incurred had the loan been acquired at a market rate is recognised as both an income and an expense in the income and expenditure statement on an annual basis.

## 13. Hosted organisations

IUCN hosts certain organisations. A hosted organisation has no legal status in the country of operation and therefore operates under the legal umbrella of IUCN. A hosted organisation is operationally autonomous and is accountable to its own management and governance structures and not to IUCN.

Income received and expenditure incurred on behalf of a hosted organisation is accounted for in separate project accounts and excluded from consolidation. Funds held by IUCN on behalf of hosted organisations are recorded on the balance sheet as hosted organisation advances.

## 14. Reserves

IUCN maintains the following reserves:

### a) Unrestricted reserves

#### IUCN Fund

The IUCN Fund is maintained in order to preserve IUCN's capital base. The use of the fund is governed by the IUCN Council and is maintained as a reserve of last resort.

#### Currency translation reserves

The Currency translation reserve represents changes in the value of the net assets of IUCN at the consolidation level as a result of movements of functional currencies against the Swiss franc.

#### Retained surpluses

The Retained surpluses represent other unrestricted reserves.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## b) Designated reserves

Designated reserves represent funds set aside from unrestricted reserves to cover the cost of future events or activities. The designation may be reversed at any time by the IUCN Council.

### Reserve for statutory meetings

The Reserve for statutory meetings represents amounts allocated from unrestricted funds to cover costs of future meetings of the World Conservation Congress and related preparatory meetings.

### Programme reserves

Programme reserves are funds set aside for specific future programme activities or for when unrestricted income is received in one financial year but the associated expenditure is planned in a future financial year.

### Renovation fund

The Renovation fund represents funds allocated from unrestricted funds for future renovations of the Headquarters building.

### Other Designated reserves

Other Designated reserves represent amounts allocated from unrestricted funds to cover the cost of other future costs or activities.

## 15. New Swiss accounting law

The most significant impact of adoption of the new Swiss accounting law (see Note II. 1. Accounting convention) is the change to full accrual accounting for project agreements. Project expenditure, including expenditure incurred by implementing partners, is recognised in the year the expenditures occur. Project agreement income is recognised to match related project expenditure for the year.

The following prior year balance comparatives have been reclassified on the balance sheet to be consistent with the current year's presentation and to be in compliance with the new Swiss accounting law:

	<b>2015</b>	<b>2015</b>
	<b>Revised</b>	<b>Published</b>
<b>Assets:</b>		
Prepayments	1,736	-
Other accounts receivable	821	2,557
Project agreement receivables	12,258	-
<b>Liabilities:</b>		
Project agreement advances	(47,976)	-
<b>Restricted reserves:</b>		
Restricted reserves	-	(35,718)
	<hr/>	<hr/>
	(33,161)	(33,161)

## IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

### III. CASH AND SHORT TERM BANK DEPOSITS

Cash and short-term bank deposits include all bank accounts and short-term deposit accounts operated by IUCN worldwide. The analysis by region or office is shown below.

REGION OR OFFICE	2016	2015
Asia	2,975	3,203
Eastern and Southern Africa	2,191	973
Eastern Europe and Central Asia	65	20
Europe	664	1,584
Environmental Law Centre, Bonn	270	426
Headquarters	22,466	20,334
Mediterranean	726	1,545
Mexico, Central America and the Caribbean	2,632	1,680
Oceania	785	509
South America	395	28
United Kingdom	692	532
United States	1,332	590
Western and Central Africa	2,566	2,264
West Asia	18	171
<b>Balance at 31 December</b>	<b>37,777</b>	<b>33,859</b>

### IV. FINANCIAL ASSETS

	2016	2015
Bonds	8,366	8,763
Microfinance	2,793	3,480
Equities	1,457	1,491
Convertibles	626	631
Other Investments	763	127
<b>Balance at 31 December</b>	<b>14,005</b>	<b>14,492</b>

At 31 December 2016, an unrealized foreign exchange gain of CHF 14 (2015 – CHF 59 loss) was recognised on the investment portfolio.

During the 2016 year, CHF 86 of capital gains (2015 - CHF 278 loss) was realised on the sale of investments.

The Government of Zimbabwe appropriated USD bank accounts of IUCN in 2008. In 2015, treasury bills were issued to IUCN as compensation for the appropriation. The treasury bills have maturity dates from 2017 to 2019. The treasury bills are recorded at estimated fair value.

### V. DERIVATIVE FINANCIAL INSTRUMENTS

There were no forward currency contract commitments held at 31 December 2016 (2015 – CHF 7,388).

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## VI. MEMBERSHIP DUES RECEIVABLE AND PROVISION

	2016	2015
Gross membership dues receivable	4,285	3,649
Provision for dues in arrears	(2,693)	(1,627)
<b>Net membership dues receivable at 31 December</b>	<b>1,592</b>	<b>2,022</b>

The provision for membership dues in arrears has been calculated in accordance with the policy described in Note II.10 (a).

	2013 and prior	2014	2015	2016	Total
State member	300	453	593	1,669	3,015
Government agencies	95	96	144	330	665
International NGOs	10	8	8	19	45
National NGOs	95	65	82	210	452
Affiliates	31	17	22	38	108
<b>Total membership dues receivable</b>	<b>531</b>	<b>639</b>	<b>849</b>	<b>2,266</b>	<b>4,285</b>
Provision for membership dues	(531)	(562)	(646)	(954)	(2,693)
<b>Net membership dues receivable</b>	<b>-</b>	<b>77</b>	<b>203</b>	<b>1,312</b>	<b>1,592</b>

### Movement in provision for membership dues

	2016	2015
<b>Balance at 1 January</b>	1,627	1,121
Addition to provision	1,269	511
Write off of deficits against provision	(203)	(5)
<b>Balance at 31 December</b>	<b>2,693</b>	<b>1,627</b>

## VII. STAFF RECEIVABLES

Staff receivables comprise travel advances, payroll advances and loans to staff outstanding as at 31 December. Amounts due to staff are netted off against amounts due from staff.

	2016	2015
Net travel advances	533	449
Payroll advances and staff loans	116	70
<b>Balance at 31 December</b>	<b>649</b>	<b>519</b>

## VIII. RECEIVABLES FROM PARTNER ORGANISATIONS

Receivables from partner organisations represent balances due from organisations associated with IUCN that are outstanding as at 31 December.

	2016	2015
<b>RAMSAR Convention Secretariat</b>	<b>277</b>	<b>773</b>

## IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

### IX. ADVANCES TO IMPLEMENTING PARTNERS

Advances to implementing partners represent amounts advanced to IUCN partners for the implementation of project agreements that were not spent as at 31 December.

	2016	2015
Asia	450	739
Eastern and Southern Africa	396	940
Eastern Europe and Central Asia	-	12
Environmental Law Centre, Bonn	-	166
Headquarters	4,924	3,874
Mediterranean	61	140
Mexico, Central America and the Caribbean	239	627
South America	69	601
United Kingdom	251	25
United States	299	70
West Asia	127	103
Western and Central Africa	906	603
<b>Balance at 31 December</b>	<b>7,722</b>	<b>7,900</b>

### X. PROJECT AGREEMENTS RECEIVABLES AND ADVANCES

Receivables and advances on project agreements represent respectively the total of projects with a negative cash balance and the total of projects with a positive cash balance at year end.

	2016	2015
Project agreement receivables	(16,300)	(12,258)
Project agreement advances	50,179	47,976
<b>Balance at 31 December</b>	<b>33,879</b>	<b>35,718</b>

### XI. FRAMEWORK AGREEMENTS RECEIVABLES

Framework agreements receivables represent framework agreements income due but not received as at the end of the year. As at 31 December 2016 there was CHF nil receivable compared to CHF 623 receivable at 31 December 2015.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## XII. FIXED ASSETS

### 1. Movement in fixed assets

	Building Infrastructures	Building Installations	Other Land and Buildings	Vehicles, Equipment, Furniture & Fixtures	Total
<b>Purchase value:</b>					
<b>Balance as at 31 December, 2014</b>	<b>27,178</b>	<b>13,775</b>	<b>3,703</b>	<b>9,624</b>	<b>54,280</b>
Additions	-	-	1,208	1,380	<b>2,588</b>
Disposals	-	-	-	(175)	<b>(175)</b>
Change in functional currency adjustment	-	-	-	(297)	<b>(297)</b>
<b>Balance as at 31 December, 2015</b>	<b>27,178</b>	<b>13,775</b>	<b>4,911</b>	<b>10,532</b>	<b>56,396</b>
Additions	-	-	157	1,118	<b>1,275</b>
Disposals	-	-	(15)	(1,794)	<b>(1,809)</b>
<b>Balance as at 31 December, 2016</b>	<b>27,178</b>	<b>13,775</b>	<b>5,053</b>	<b>9,856</b>	<b>55,862</b>
<b>Depreciation:</b>					
<b>Balance as at 31 December 2014</b>	<b>(7,922)</b>	<b>(5,010)</b>	<b>(628)</b>	<b>(7,685)</b>	<b>(21,245)</b>
Charge for the year 2015	(544)	(575)	(227)	(972)	<b>(2,318)</b>
Disposals	-	-	-	163	<b>163</b>
Change in functional currency adjustment	-	-	(6)	244	<b>238</b>
<b>Balance as at 31 December 2015</b>	<b>(8,466)</b>	<b>(5,585)</b>	<b>(861)</b>	<b>(8,250)</b>	<b>(23,162)</b>
Charge for the year 2016	(544)	(575)	(281)	(1,202)	<b>(2,602)</b>
Disposals	-	-	15	1,751	<b>1,766</b>
<b>Balance as at 31 December 2016</b>	<b>(9,010)</b>	<b>(6,160)</b>	<b>(1,127)</b>	<b>(7,701)</b>	<b>(23,998)</b>
<b>Net book value:</b>					
<b>Balance as at 31 December 2015</b>	<b>18,712</b>	<b>8,190</b>	<b>4,050</b>	<b>2,282</b>	<b>33,234</b>
<b>Balance as at 31 December 2016</b>	<b>18,168</b>	<b>7,615</b>	<b>3,926</b>	<b>2,155</b>	<b>31,864</b>

Fixed assets purchased using unrestricted funds are depreciated over their estimated useful lives as per Note II.8.

### 2. Land

In 1990, the commune of Gland gave IUCN the right to use a plot of land for the purpose of building the IUCN Secretariat Headquarters. The right was granted at no cost for a period of 50 years, i.e. until August 2040. In 2008 the commune of Gland gave IUCN the right of use of an adjacent piece of land to the original plot for a period of 50 years, with the permission to construct an extension to the existing IUCN Headquarters building.

### 3. IUCN Headquarters building

Included in Building Infrastructures and Building Installations is the Headquarters building of IUCN. This consists of an original building and an extension.

#### a) Original building

The original building was financed by donations received from the Swiss Confederation, the Canton of Vaud and the Commune of Gland. Although IUCN formally owns the Headquarters building, it enjoys a restricted use and cannot dispose of it or use it as collateral without the approval of the Swiss Government. If disposed of, the Swiss Government has the right to recuperate its initial outlay plus a percentage of the value added, if applicable. The cost of the building is included in fixed assets and the net book value is matched by a corresponding value of deferred income to recognise the restricted nature of the building. The deferred income is released over the estimated useful life of the building in line with the depreciation of the building.



# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

In 2014, the Canton of Vaud provided a grant of CHF 600 towards the renovation of the original building. The grant will be released over the estimated useful life of the building renovation (20 years).

## b) Building extension

The building extension was financed by an interest free loan from the Swiss Government of CHF 20,000 payable in 50 equal yearly instalments of CHF 400, the first of which was paid in December 2010. In addition to the loan from the Swiss Government, IUCN received cash donations of CHF 4,092 and in-kind donations of CHF 1,787.

## XIII. INTANGIBLE ASSETS

As at 31 December 2016 expenditure of CHF 4,698 (2015 - CHF 4,605) had been incurred on the development and implementation of an ERP system and portal applications. The ERP system went “live” at the IUCN Headquarters in July 2011 and has been depreciated from this point. In 2016, there was no write off of integration tools and code no longer in use (2015 - CHF 290).

### Movement in Intangible assets

	2016	2015
<b>Purchase value:</b>		
Balance at 1 January	4,327	4,605
Additions	81	12
Write-down	-	(290)
<b>Balance at 31 December</b>	<b>4,408</b>	<b>4,327</b>
<b>Amortisation:</b>		
Balance as of 1 January	(2,762)	(2,272)
Charge for the year	(671)	(678)
Write-down	-	188
<b>Balance at 31 December</b>	<b>(3,433)</b>	<b>(2,762)</b>
<b>Net Book Value at 31 December</b>	<b>975</b>	<b>1,565</b>

## XIV. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities represent amounts owed to creditors and suppliers as at the end of the year. Of the total outstanding balance of CHF 7,593 as at 31 December 2016 (2015 – CHF 6,431), CHF 3,342 (2015 - CHF 2,169) is related to Headquarters and the balance to regional and country offices.

## XV. PENSION FUND OBLIGATIONS

IUCN operates different pension plans, which conform to the legal regulations in the respective countries. On 31 December 2016, the liability to the pension schemes amounted to CHF 60 (2015 CHF 26).

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## XVI. HOSTED ORGANISATIONS ADVANCES

Hosted organisation advances represent funds held by IUCN on behalf of hosted organisations.

	2016	2015
Balance at 1 January	729	888
Income	5,204	4,597
Expenditure	(4,950)	(4,547)
	983	938
Movement on funds held	(394)	(209)
<b>Balance at 31 December</b>	<b>589</b>	<b>729</b>

## XVII. PROVISIONS

### 1. Projects in deficit

The provision for projects in deficit is funded by unrestricted income and covers projects where negotiations are still ongoing but where IUCN considers that it may not be able to obtain additional funds from donors to cover expenditures already incurred.

#### Movement in project deficit provision

	2016	2015
<b>Balance at 1 January</b>	<b>1,064</b>	<b>927</b>
Additions to provision	835	499
Utilization of provision	(404)	(362)
<b>Balance at 31 December</b>	<b>1,495</b>	<b>1,064</b>
<b>Region</b>	<b>2016</b>	<b>2015</b>
Asia	108	-
Eastern and Southern Africa Region	10	160
Eastern Europe and Central Asia	16	16
Headquarters	938	737
Oceania	277	39
Western and Central Africa	73	112
West Asia	73	-
<b>Balance at 31 December</b>	<b>1,495</b>	<b>1,064</b>

### 2. Staff termination

The provision for staff termination is calculated separately for each office to comply with local labour laws. Irrespective of local labour law, provision is made for the estimated cost of staff termination when a decision has been made to terminate a member of staff and the decision has been communicated to the individual concerned.

#### Movement in provision for staff termination

	2016	2015
<b>Balance at 1 January</b>	<b>1,495</b>	<b>1,838</b>
Additions to provision	1,016	1,017
Utilization of provision	(1,061)	(1,360)
<b>Balance at 31 December</b>	<b>1,450</b>	<b>1,495</b>

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## XVIII. DEFERRED INCOME

Deferred unrestricted income represents income received in advance of the period to which it relates.

	2016	2015
Deferred unrestricted income	103	-
US deferred rent	31	80
Donations for construction of HQ building extension		
Donations in cash	2,956	3,058
Donations in kind	344	558
Donation in cash for renovation of original building	527	375
	<b>3,827</b>	<b>3,991</b>
Headquarters original building	8,017	8,325
Interest free government loan	5,721	5,957
<b>Total</b>	<b>17,699</b>	<b>18,353</b>
<b>Current</b>		
Deferred unrestricted income	103	-
Buildings:		
Original building	339	329
Building extension	172	316
<b>Total buildings</b>	<b>511</b>	<b>645</b>
<b>Total current deferred income</b>	<b>614</b>	<b>645</b>
<b>Non-current</b>		
US deferred rent	31	80
Original building	7,709	8,017
Building extension	9,345	9,611
<b>Total long term deferred income</b>	<b>17,085</b>	<b>17,708</b>
<b>Total deferred income</b>	<b>17,699</b>	<b>18,353</b>

IUCN Washington DC Office entered into a long term rental contract and benefits from lower rental costs at the beginning of the ten year contract. In 2014, the lease was extended and will expire in 2025. The office is paying an annual increase in rent of 4%, which is higher than annual inflation estimated at 1.75%. The difference of the low initial rental costs and the higher annual rental increases is recorded as deferred income to straight line the cost over the rental period to 2025.

Donations received for the headquarters buildings (original and extension) are recorded as deferred income and recognised over the useful life of the corresponding purchased or donated assets (see Note XII 3).

The deferred income on the government loan represents the difference between the fair value of the loan CHF 11,469 (2015 - CHF 11,636) and the outstanding cash value of the loan CHF 17,190 (2015 - CHF 17,593) (see Note XIX). This difference represents the fair value of the interest saved on the interest free loan granted by the Swiss Government and is recognised over the period of the loan.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## XIX. NEW BUILDING LOAN

### Headquarters building extension loan

	2016	2015
Current	171	167
Non-current	11,298	11,469
<b>Balance at 31 December</b>	<b>11,469</b>	<b>11,636</b>

The Swiss Government provided an interest free loan of CHF 20,000 to finance the headquarters building extension.

The loan is repayable in 50 annual instalments of CHF 400. The first instalment was paid in December 2010.

The fair value of the loan is estimated at CHF 11,469 (2015 - CHF 11,636). The outstanding cash value of the loan has been discounted at a rate of 2% (2015 - 2%) which represents the market interest rate for a 10-year loan based on current market conditions. The difference of CHF 5,721 (2015 - CHF 5,957) between the outstanding cash value and the fair value of the loan is the benefit derived from the interest-free loan and is recorded as deferred income (see Note XVIII).

The value of the interest that would have been paid on an equivalent commercial loan of 2% is estimated at CHF 344 (2015 - 2%, CHF 352). This has been recorded in the income and expenditure statement under Interest income to recognize the benefit of the interest free loan and under financial charges to recognize the interest that would have been paid.

## XX. FUNDS AND UNRESTRICTED RESERVES

### 1. Unrestricted reserves

#### Currency translation adjustments & foreign exchange gains and losses

Exchange gains and losses at the individual ledger levels are dealt with in the income statement. The net unrestricted loss on exchange for the year amounted to CHF 396 (2015 - loss of CHF 211).

Exchange gains and losses on consolidation and translation of ledgers maintained in other currencies to CHF are taken to the currency translation adjustment reserve. The net movement during 2016 was a loss of CHF 307 (2015 - gain of CHF 441).

### 2. Designated reserves

#### a) Reserve for statutory meetings

In 2016, CHF 103 (2015 – CHF 843) was released from the Reserve for statutory meetings to Retained surpluses to cover costs for the 2016 Congress.

#### b) Other designated reserves

CHF 541 (2015 – allocation to reserve CHF 83) was released from Other designated reserves to the Retained surpluses in respect of the World Commission on Environmental Law CHF 445 (2015 - allocation to reserve CHF 138) and External review CHF 96 (2015 – CHF 55).

#### c) Programme Reserves

The balance of Programme Reserves were transferred into Retained surpluses in line with the IUCN Reserve policy.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
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## d) Renovation fund

A net allocation of CHF 24 (2015 - CHF 57) was made from Retained surpluses to the Renovation fund to cover future renovation costs of the IUCN Headquarters building.

## XXI. RETENTION OF STAFF INCOME TAX

Swiss Government tax rebates amounted to CHF 1,319 (2015 – CHF 1,375) and represents the value of taxes that would have been paid by non-Swiss staff in the absence of the Fiscal Agreement between IUCN and the Swiss Government which exempts non-Swiss staff from payroll taxes and which entered into effect on 1 January 1987.

## XXII. FRAMEWORK INCOME

Annex A lists Framework Agreements income by donor and details income allocations to the IUCN programme and operational units.

Framework income includes in-kind contributions of CHF 307 (2015 - CHF 310).

## XXIII. OTHER OPERATING INCOME

Other operating income of CHF 3,514 (2015 - CHF 3,772) shown under Secretariat unrestricted funds includes overhead and management fees from Ramsar of CHF 536 (2015 - CHF 546), rental income of CHF 866 (2015 - CHF 793) and recognition of deferred income of donations for the headquarters original building and building extension CHF 645 (2015 - CHF 670). The balance of other operating income is made up of miscellaneous external income received by IUCN both at Headquarters and other offices around the world.

## XXIV. EXCHANGE DIFFERENCES ON REVALUATION OF PROJECT BALANCES

Project balances are expressed in the currency of the country ledger. At the end of the year, project balances expressed in non CHF ledgers are revalued to CHF using the year-end exchange rates. The resulting unrealised gain or loss is recorded as an adjustment to project balances on the balance sheet (Restricted operating reserves) and the Currency translation adjustment reserve. The net adjustment is passed through the income and expenditure statement for project agreements to reflect the net movement on the project portfolio.

## XXV. AUDIT FEE

The following fees were paid to the auditors of IUCN's financial statements.

	2016	2015
Consolidated financial statement audit	189	208
Other audits	126	19

## XXVI. 2016 WORLD CONSERVATION CONGRESS

The IUCN World Congress is IUCN's highest governing body. It comprises the duly accredited delegates of the Members of IUCN and takes place every four years. The 2016 Congress held in Hawai'i, USA resulted in a surplus of CHF 1,643. The surplus has been allocated to unrestricted reserves.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016  
All amount in CHF ('000) unless otherwise stated

## XXVII. RELATED PARTIES

### 1. Identity of related parties

#### a) The Commissions

The Commissions of IUCN are networks of expert volunteers entrusted to develop and advance the institutional knowledge and experience and objectives of IUCN. The Commissions are established by Congress which determines their mandate.

#### b) The National and Regional Committees

National and Regional Committees are groupings of Members of IUCN from specific states or regions. Their role is to facilitate cooperation among Members and to coordinate the participation of Members in the programme and governance of IUCN.

#### c) The Convention on Wetlands of International Importance (Ramsar)

Ramsar is hosted by the IUCN Secretariat and operates under its legal personality. It is headed by a Secretary General with sole responsibility for the administration of the convention funds and for all administrative matters, with the exception of those requiring the exercise of legal personality. IUCN provides services to the Ramsar Secretariat in terms of financial and budgetary management, office facilities, human resources management and information technology.

#### d) TRAFFIC International

TRAFFIC International is a charity registered in the United Kingdom and is a joint venture between WWF International and IUCN. The IUCN Secretariat hosts TRAFFIC operations in its offices in Ecuador, Cameroon, Thailand and South Africa where they operate under the legal personality of IUCN.

#### e) International Union for Conservation of Nature and Natural Resources - US

The International Union for Conservation of Nature and Natural Resources - US is a US registered charity whose main purpose is to raise funds for conservation to be spent in partnership with IUCN and its members.

### 2. Transactions with related parties

During the course of the year IUCN made contributions of CHF 1,443 to the Commissions (2015 - CHF 1,443). The amount is distributed across the expenditure headings that reflect the nature of the expenses incurred by the Commissions.

During the year and as part of the services IUCN provides to Ramsar, IUCN received funds of CHF 5,729 (2015 – CHF 6,285) and incurred payments of CHF 5,650 (2015 - CHF 7,448) on behalf of Ramsar. At year-end the balance held in trust for Ramsar amounted to CHF 4,599 (2015 - CHF 4,652). These transactions are recorded in Ramsar accounts and financial statements and are therefore not presented in the financial statements of IUCN. During the year, IUCN received fees of CHF 536 (2015 - CHF 546) for the services provided to Ramsar and which are included in Other operating income.

During the year IUCN made contributions of CHF 275 to TRAFFIC International (2015 - CHF 275).

During the year IUCN received funds from the International Union for the Conservation of Nature and Natural Resources - US of USD 1,259 (CHF 1,254) and in 2015, USD 1,328 (CHF 1,319) was received.

# IUCN – International Union for Conservation of Nature and Natural Resources

Notes to the financial Statements for the Year ended 31 December 2016

All amount in CHF ('000) unless otherwise stated

## Summary of legally controlled entities:

Company	Year-end closing	Currency	Capital	Share of capital	
				2016	2015
The International Union for the Conservation of Nature and Natural Resources, Registered Trustees, (WASAA Trust Fund, Nairobi)	31.12	KES	243,563	100%	100%
IUCN, Bureau de Représentation auprès de l'Union Européenne aisbl	31.12	EUR	77	100%	100%
Associação IUCN	31.12	BLR	247	20%	20%
IUCN UK (A Company Limited by Guarantee)	31.12	GBP	34	NA	NA
IUCN Maldives	registered				
IUCN PNG "Mangrove Rehabilitation and Management Project Association	dormant				

## XXVIII. OPERATING LEASES

At 31 December 2016, IUCN has future minimum office rental commitments amounting to CHF 5,973 relating to expected rental fees until the end of the lease contract expiring from March 2017 to December 2025.

IUCN has leasing contracts for office equipment and vehicles amounting to CHF 136 expiring June 2017 to October 2019.

## XXIX. BANK GUARANTEE

At 31 December 2016, IUCN had bank guarantees totalling EUR 2,071 (CHF 2,220) (2015 - EUR 2,071 – CHF 2,242) in favour of an IUCN donor. Cash for an equivalent amount is pledged at the corresponding bank.

## ANNEX A - CORE FUNDS UNDER FRAMEWORK AGREEMENTS

	2016	2016	2015	2015
	Secretariat Unrestricted expenditure	Framework income allocation	Secretariat Unrestricted expenditure	Framework income allocation
<b>Amounts in CHF ('000)</b>				
Central and West Africa Region	4,272	882	4,409	969
Eastern and Southern Africa Region	4,355	827	3,745	890
Asia Region	7,798	1,115	8,228	1,284
Meso America and Caribbean	3,979	545	3,784	572
South America and Brazil	1,190	481	1,182	504
European Regional Office, Brussels	820		894	
Eastern Europe and Central Asia Regional Office	396		316	
West Asia Region	1,218	439	1,216	436
Mediterranean Cooperation Centre	1,035		1,217	
Oceania	1,910	442	1,718	463
Washington DC Office	1,125		961	
<b>Sub Total Regional Components</b>	<b>28,097</b>	<b>4,731</b>	<b>27,670</b>	<b>5,117</b>
Director's Office, Biodiversity Conservation Group	466	493	494	529
Species Programme	3,243	803	3,459	884
Protected Areas Programme	1,347	541	1,230	580
World Heritage Programme	1,038	407	1,011	437
Traffic International	573	275	530	275
<b>Sub Total Biodiversity Conservation Group</b>	<b>6,667</b>	<b>2,518</b>	<b>6,724</b>	<b>2,705</b>
Director's Office, Nature-based Solutions Group	523	441	542	473
Ecosystem Management Programme	1,418	260	1,410	280
Forest & Climate Change Programme	2,908	382	2,519	411
Marine & Polar Programme	1,521	445	1,857	477
Water & Food Security Programme	1,114	356	1,125	383
Business & Biodiversity Programme	1,344	401	1,474	481
Economics and Social Science Programme	1,585	818	1,574	876
<b>Sub Total Nature-based Solutions Group</b>	<b>10,411</b>	<b>3,103</b>	<b>10,501</b>	<b>3,381</b>
Director's Office, Programme & Policy Group	427	480	406	490
Science and Knowledge Unit	842	795	761	824
Global Policy Unit	609	574	686	693
Environmental Law Programme	1,153	504	1,146	533
GEF Coordination Unit	669	684	747	773
<b>Sub Total PPG - Programme &amp; Policy Group</b>	<b>3,700</b>	<b>3,037</b>	<b>3,746</b>	<b>3,313</b>
Commission on Education and Communication	229	232	239	232
Commission on Ecosystem Management	244	232	194	232
World Commission on Environmental Law	175	244	106	244
World Commission on Protected Areas	231	242	241	242
Species Survival Commission	277	261	282	261
Commission on Environment, Economics and Social Policy	224	232	191	232
<b>Sub Total Commissions</b>	<b>1,378</b>	<b>1,443</b>	<b>1,253</b>	<b>1,443</b>
Director's office, Union Development Group	1,638	-	1,575	215
Governance	652		604	
<b>Sub Total Union Development</b>	<b>2,291</b>	<b>-</b>	<b>2,179</b>	<b>215</b>
Directorate	1,558	159	1,663	161
Office of the Legal Adviser	511		475	
Oversight Unit	246		216	
Planning, Monitoring & Evaluation Unit	539	654	513	633
Global Communications Unit	1,252	167	1,058	176
Finance Group	2,159		2,250	
Human Resources Management Group	1,252		1,152	
Strategic Partnerships Unit	638		746	
General Services Unit	3,066		3,096	
Information Systems Group	4,249		3,970	
<b>Sub Total Corporate Support Units</b>	<b>15,471</b>	<b>981</b>	<b>15,140</b>	<b>970</b>
<b>OVERALL TOTAL</b>	<b>68,015</b>	<b>15,811</b>	<b>67,212</b>	<b>17,144</b>
Non-operating expenditure	42		(331)	
<b>Operating expenses as per the Income &amp; Expenditure Statement</b>	<b>68,057</b>	<b>15,811</b>	<b>66,881</b>	<b>17,144</b>
<b>Reconciliation of Framework Income to the Financial Statements</b>				
		<b>2016</b>		<b>2015</b>
<b>Overall Total allocations as above</b>		<b>15,811</b>		<b>17,144</b>
Realised foreign exchange on cash contributions		6		-
Surplus/(Deficit) at year-end transferred to reserve		(1,941)		(1,186)
<b>Total Funding Framework Agreements</b>		<b>13,877</b>		<b>15,958</b>



## ANNEX A - INCOME UNDER FRAMEWORK AGREEMENTS

Amounts in CHF ('000)

<b>Framework Agreement Partners</b>	<b>2016</b>	<b>2015</b>
Ministry of Foreign Affairs (DANIDA) - Denmark	3,527	3,464
Environment Agency – Abu Dhabi (EAD) – United Arab Emirates	-	1,000
Agence Française de Développement (AFD), Ministry of Foreign Affairs and International Development (MAEDI), Ministry of Environment, Energy and the Sea (MEEM), Ministry of Overseas Territories (MOM) – France	924	933
MAVA Fondation pour la Nature - Switzerland	1,000	1,000
Ministry of Environment, Republic of Korea (MOE) - Korea	600	600
Ministry of Foreign Affairs - Finland	375	757
Norwegian Agency for Development Cooperation (NORAD) - Norway	2,507	2,514
Swedish International Development Agency (Sida) - Sweden	2,893	3,489
Swiss Agency for Development and Cooperation (SDC) - Switzerland	2,050	2,200
<b>Total Income under Framework Agreements</b>	<b>13,877</b>	<b>15,958</b>

### Note:

Framework income allocations are made on the basis of budgeted income at the start of the year. The difference between allocations made and actual income received is taken to unrestricted reserves. This is compensated by balances on other funding sources to arrive at the overall result for the year.

# Commission Financial Rules

Release 2 v 7 Draft 30 May 2017

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# Commission Financial Rules

## 1. Purpose

The purpose of these financial rules is to provide guidance to Commissions on the management of income raised and expenditure incurred for Commission activities. This includes both income and expenditure passing through the IUCN Secretariat and recorded in its books and that received/incurred by other entities on behalf of Commissions.

## 2. Scope

These financial rules cover:

1. The use of Commission Operating Funds
2. Project income and expenditure received / incurred by the Secretariat for Commission activities
3. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions
4. In-kind contributions from other organisations to Commission activities
5. Partnership arrangements

## 3. Commission Operating Funds

### a. Purpose

Commissions Operating Funds (COF) provides support for Commission networks to function effectively. The COF is intended primarily to support Commission governance and management.

### b. Eligible use

The COF is intended for the following purposes<sup>1</sup>:

- Commission Steering Committee meetings (travel and accommodation of Steering Committee members; meeting venue and related costs)
- Support to Chair including:
  - Local staff support (non IUCN), if necessary
  - Office support (office rent, fax, phone, email, photocopying, etc.)
  - Travel to Commission meetings
  - Travel to key policy meetings (e.g. COPS of CBD, CITES)
  - Travel to IUCN and other meetings relevant to the work of the Commission
- Travel support to the Deputy Chair, Other Steering Committee members, or other Commission members appointed by the Commission chair when representing the Commission at IUCN governance meetings, IUCN management meetings or key external meetings.
- Meeting and administration costs to support subsidiary Commission structures
- Costs of internal Commission communications such as newsletters, website development and maintenance
- Cost of participation in IUCN external reviews and evaluations

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<sup>1</sup> Taken from Council decision made at the 58<sup>th</sup> meeting of Council, June 2003 (see appendix) with minor edits.

### **c. Accountability**

The Commission Chair is accountable for the proper use of the COF, including ensuring that the funds are used for their intended purpose, in accordance with applicable IUCN policies and procedures, and that all expenditure is supported by appropriate, auditable evidence.

Commission Operating Funds are funded from IUCN core income. Consequently, COF expenditures are subject to the same level of oversight and fiduciary control as any other IUCN expenditure.

### **d. Budget**

The Commission Chair will submit a budget for the use of the COF on an annual basis, working with the Commission Focal Point to ensure that it is consistent with the joint Commission-Secretariat workplan. It should be submitted ahead of the year to which it relates to the Chief Financial Officer at the Secretariat in accordance with budget instructions issued by the Secretariat.

The Chief Financial Officer will review the budget and check that it is in compliance with the eligible use criteria detailed in section 3. b.

Allocations to the COFs will be proposed by the Director General, following consultation with the Commission Chairs, as part of her/his submission of a draft consolidated budget to Council. Allocations will be deemed to be approved at the point Council approves the consolidated budget.

Any funds unspent at the year-end will be transferred to IUCN reserves, it being understood that the purpose of the annual allocation is to fund the current year's operating expenditure.

In the event of a budget deficit, the excess of expenditure will also be transferred to reserves.

### **e. Expenditure processes**

Expenditure may be incurred by a Commission by:

- Requesting the Secretariat (through the Commission Focal Point or his/her delegated representative) to incur the expenditure on behalf of the Commission, e.g. entering into a consultancy contract on behalf of the Commission, purchasing an air ticket for a Commission member.
- Submitting an expense claim to the Secretariat for expenses incurred by the Commission Chair or other Commission Member which are eligible for reimbursement from the COF.
- Requesting an advance from the Secretariat for planned expenditure, the use of which is justified at a later date by the submission of receipts and other evidence of expenditure to the Secretariat.

All expenditures must be supported by receipts or other evidence of expenditure.

The Commission Chair is responsible for approving all expenditure in relation to the COF prior to submitting disbursement requests to the Secretariat. Disbursements are approved by the Secretariat in accordance with the IUCN Delegation of Authority policy.

### **f. Contracting**

In view of the fact that Commissions are not distinct legal entities they are not able to enter into contracts with other parties. Contracts must therefore be entered into in the name of IUCN.

All contracts and agreements must be signed by a member of the Secretariat staff in accordance with the IUCN Delegation of Authority policy<sup>2</sup>.

Commission members are not allowed to sign contracts on behalf of IUCN as they are not employees of the Swiss IUCN legal entity and have no authority to commit IUCN.

#### **g. Requirement to comply with IUCN procedures**

The Commission Chair must ensure that all expenditure from the COF is incurred in compliance with IUCN Secretariat policies and procedures. In particular:

- The IUCN Procurement Policy
- The IUCN Travel Policy
- IUCN Anti-Fraud Policy
- Code of Conduct of the Members of the IUCN Commissions<sup>3</sup> Operational guidelines for business engagement

IUCN operational policies and procedures can be found on the Union Portal at: [Documents: Policies, Procedures, Guidelines, Templates and Tools | Union.](#)

#### **h. Supporting documentation**

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

In the event that a Commission Chair or other Commission members uses his/her own facilities or assets (e.g. house, internet connection, telephone) to support the operations of the Commission, he/she may claim for the cost of use of those facilities to the extent that they are used for Commission operations, e.g. if a Commission Chair uses part of his/her house from which to run Commission activities he/she may claim the cost of the space used. The cost must be supported by a rental agreement with a 3<sup>rd</sup> party together with a calculation of the cost of the space used for Commission activities.

#### **i. Accounting and reporting**

The Secretariat is responsible for maintaining the accounts of each COF in the Secretariat finance system.

Following the closure of the month in the Secretariat financial system the Secretariat will distribute an income and expenditure report to the Commission Chair showing expenditure against budget and details of all transactions.

#### **j. Audit and oversight**

Expenditure in relation to the COFs is subject to the same level of audit and oversight as any other funds managed by the Secretariat. COF income and expenditure is covered in the annual statutory audit of the IUCN Financial Statements and may be subject to internal audit at the discretion of the Head of Oversight and Director General.

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<sup>2</sup> The Delegation of Authority (DOA) is the mechanism by which the Director General authorizes relevant functions or positions – and consequently IUCN staff appointed to fill them - to act for and on behalf of IUCN, to protect the rights of IUCN and to incur obligations and liabilities in the name of IUCN. The DOA defines the limits of authority designated to specified functions or positions within the IUCN Secretariat and establishes the types and maximum financial amount of obligations that may be approved.

<sup>3</sup> approved by the IUCN Council, Decision C 89 3 of 17 August 2016

## **4. Project income and expenditure received / incurred by the Secretariat for Commission activities**

### **a. Purpose**

The Secretariat may receive restricted funds to fund work by Commissions which forms part of the annual workplan approved by Council.

Where the work is to be performed by a Commission, the Secretariat will, with the agreement of the Commission Chair in question, enter into contracts with Commission members, Commission hosts<sup>4</sup>, or other 3<sup>rd</sup> parties for the performance of such work.

### **b. Eligible use**

Funds may only be used for their intended purpose, taking into consideration any donor restrictions.

### **c. Accountability**

Since the donor contract is with the Secretariat, the Secretariat is ultimately accountable to the donor for the correct use of the funds. Should any dispute arise between the Secretariat and the Commission Chair on the use of such funds, the matter will be referred to the Director General to resolve with the Commission Chair in question.

For sub-contracts between the Secretariat and other parties, e.g. Commission members, the recipient of the funds is legally accountable to the Secretariat.

The IUCN Secretariat has authority to take management decisions regarding the use of the funds that are necessary to ensure compliance with IUCN's policies and procedures and the contract with the donor and, ultimately, to protect IUCN's financial, legal and reputational integrity. However, in a normal situation all decisions would be taken jointly with the Commission Chair in question, and the Secretariat would only exert its legal authority if no other option exists.

### **d. Budget**

Funds should be used in accordance with a budget agreed with the donor. The funds should be credited to a project in the Secretariat financial system and a Secretariat project manager appointed to manage the budget. A separate project may be opened up for an individual donation, or funds may be pooled if they are for a similar purpose and provided that such pooling does not conflict with any donor imposed conditions.

### **e. Approval of expenditure**

Expenditure must be approved in accordance with the IUCN Secretariat Delegation of Authority policy and associated approval rules. These require that all project related expenditures are approved by the appointed project manager. In view of the joint nature of the project, the project manager will seek the agreement of the Commission Chair or his appointed representative prior to approving the expenditure.

### **f. Requirement to comply with IUCN procedures, e.g. procurement, travel, DoA**

All expenditure from funds received by the Secretariat must be made in accordance with IUCN Secretariat policies and procedures. Procurement must follow the Secretariat procurement policy. In particular, IUCN competition rules must be respected before entering into contracts with Commission members for the supply

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<sup>4</sup> A Commission host is an organisation or other legal entity, separate to IUCN, which agrees to provide services to the Commission. This may include in-kind services, e.g. the provision of office space, but also financial services such as receiving income and making payments on behalf of the Commission.

of services, noting the exception to competition provided in paragraph 13(f) of the Procurement Policy relating to contracts to individuals by virtue of the Commission position that they hold.

**g. Supporting documentation**

All expenditures must be supported by auditable evidence, e.g. invoices, contracts, receipts, all of which should be maintained by the Secretariat.

**h. Accounting and reporting**

The Secretariat is responsible for the proper accounting of all donations received and expenditures incurred and for providing both financial and technical reports to the donor. Technical reports may include submissions from Commissions or be wholly written by a Commission, depending on the nature of the project.

## **5. Cash income and expenditure received / incurred by other entities on behalf of IUCN Commissions**

### **a. Overview**

An IUCN Commission may raise funds in the name of the Commission which would then be received and managed by an entity independent of IUCN on its behalf and according to its instructions.

The independent entity is accountable to IUCN for the proper management of the funds entrusted to it, while the Commission on whose behalf these funds are managed remains accountable to donors for the proper use of the funds, which means ultimately IUCN as the IUCN Commissions have no legal personality of their own. It is therefore in the interest of IUCN as a whole to ensure that there are controls in place to ensure good custodianship of the funds.

Funds raised may be 1) single donations for one-off events and time-bound activities, or 2) longer commitments covering periods of one year or more, as is the case, e.g., of several Specialist Groups of the SSC. In the first case the entity receiving the funds would therefore agree to act as a simple "Trustee" in accordance with the instructions of the Commission Chair. In the second case it would agree to "host" the activities of the Commission Specialist Group and provide different types of hosting services under specific terms and conditions, so acting as a "Host Organisation".

The funds may be given in support of the general objectives and work of the Commission (unrestricted), or in support of a specific activity of a Commission (restricted).

### **b. Single donations for single events or time bound activities**

For donations of CHF 10,000 and up to CHF 100,000 a letter of agreement between the donor and the Trustee should be entered into, clearly stating that the purpose of the funds is to support an IUCN Commission activity. The letter must be copied to the Commission Chair and, in addition, when the donation relates to the activity of a Commission Specialist Group, to the Chair of the Specialist Group.

It is the responsibility of the Commission Chair to ensure that letters of agreement are in place, and that a record is kept of all such letters.

For single donations over CHF 100,000 advice should be sought from the Secretariat before entering into any contractual arrangements.

Similarly, for single events or time bound activities (e.g. conferences) where no individual donation exceeds CHF 100,000 but the combined cash donations exceed CHF 100,000, the Secretariat should be informed in writing of the amount raised for such event and the donors with their respective amounts listed (as above, letters of agreement will be required for donations of CHF 10,000 and up to 100,000).

In parallel to the receipt of funds, the Trustee may have to enter into contracts with Commission members or other 3rd parties for the performance of the work of the Commission. All expenditures incurred by the Trustee on behalf of a Commission must be authorised by a Commission representative.

### **c. Hosting**

Where another entity independent from IUCN agrees to manage the operations of a Commission sub-group, and the annual amount of cash contributions is expected to exceed CHF 100,000, a hosting agreement between IUCN (through the Secretariat) and the Host Organization is required.

Since Commissions are not distinct legal entities they cannot receive income or incur expenditure in their own name. Therefore they must operate within the legal framework of another entity ("host"). Where feasible and where it makes operational sense a Commission should work within the framework of the IUCN Secretariat (See section 4). However, a Commission may also operate under a Host Organisation or other legal entity



separate from IUCN where this is advantageous, e.g. where the Host Organisation has specific expertise that would benefit the Commission.

Before entering into a hosting agreement, the Secretariat will undertake a due diligence review of the proposed Host to ensure that the hosting arrangement would not give rise to any undue reputational, legal or financial risk to IUCN. Ideally, the Host should be an IUCN Member.

The hosting agreement should include, amongst others:

- Objectives of the agreement
- Hosting services
- Responsibilities of the parties
- Hosting fees, if applicable
- Modalities for the receipt of funds and payment of expenditures
- Reporting obligations
- Audit requirements
- Intellectual property rights
- IUCN representative

The Host Organisation may charge a fee for its services or provide them free of charge. In the latter case the organisation is making a contribution to the IUCN Commission in the form of in-kind services. It is the responsibility of the Commission Chair to ensure that hosting agreements are in place, that a record is kept of all hosting agreements, and that they are renewed, amended or terminated as necessary.

A template hosting agreement can be found at [\(Add link\)](#)

In consideration of the importance and the potential risks related to this type of agreements, the agreement should go through the standard contract review and clearance process of the Secretariat as defined in the IUCN [Contract Review Procedure](#).

The following operational aspects shall be considered in the hosting agreement (if relevant):

**i. Receipt of donations in cash by a Host Organisation**

A Host may receive unrestricted or restricted donations on behalf of a Commission. Donations are unrestricted when they are given in support of the general objectives and work of the Commission, and restricted when given for a specific activity, e.g., for a workshop.

For both unrestricted and restricted donations the intended purpose of the donation must be evidenced in writing by the donor.

**ii. Donations from the Host to the Commission**

Where the Host makes a cash donation to the Commission, the donation should be accounted for in the same way as a cash donation from any other donor.

**iii. On-line giving**

The Host Organisation may agree to host a website for the Commission<sup>5</sup>. This may include a page for on-line giving. Donations received through on-line giving will be received by the Host Organisation. It should be made clear on the Commission website that the donations will be received by another entity on behalf of the Commission.

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<sup>5</sup> The websites of SSC Specialist Groups are often hosted by partner organisations.

On-line donations received by the Host should be managed as in i) above, taking into consideration any restrictions made by the giver.

**iv. Provision of services**

The hosting agreement shall specify the kinds of services that the Host Organisation will provide and the types of expenditures that it will incur in the execution of Commission activities.

**a. Staff time**

If the Host dedicates a proportion of the time of its staff to Commission activities, and wishes to recover the cost of the staff concerned from the funds that it manages on behalf of the Commission, a suitable charging mechanism shall be agreed that fairly reflects the employment cost of the staff concerned.

**b. Consultancy contracts**

If the Host contracts a consultant to perform Commission activities the consultancy contracts must be between the Host Organisation and the consultant and shall specify the tasks to be performed for the Commission. The consultant may or may not be a Commission member.

**c. Other expenditure**

Other Commission expenditure, e.g. travel, workshops, meetings should be paid by the Host and charged against the funds held on behalf of the Commission.

**v. Advances**

The Host may give an advance to a Commission member who then clears the advance by providing the Host with receipts and other justification of expenditure once the expenditure has been incurred.

**vi. Authorisation of expenditure**

All expenditures incurred by a Host Organisation on behalf of a Commission must be authorised by a Commission representative (Regulation 82). The Chair may act in the name of the Commission or may delegate authority for the approval of Commission expenditures to other Commission members in accordance with Regulation 78 (a).

**vii. Compliance with IUCN procedures**

The operational policies and procedures of the Host will normally apply to transactions undertaken in the name of the Host on behalf of the Commission. Key policies will be reviewed as part of the due diligence undertaken by the Secretariat, prior to signing a hosting agreement, to ensure that they are consistent with the principles in IUCN Secretariat policies.

In the event that significant weaknesses in the host policies are identified the Secretariat will request that IUCN rules be applied by the host in those specific areas of weakness. This requirement will be included in the hosting agreement.

**viii. Accounting**

The host should account for income and expenditure received on behalf of the Commission separately from its own funds.

#### **ix. Documentation**

Supporting documents for income and expenditure accounted for in the books of the Host Organisation should rest with the Host. The Commission should be given access to documents or be provided with copies on request.

#### **x. Reporting**

The Host Organisation should provide the Commission with an annual report of all income and expenditure received/incurred on behalf of the Commission. More frequent reports may be requested by the Commission, depending on the value of transactions.

#### **d. Direct receipt of donations by Commission members**

Commission members should avoid the direct receipt of donations in support of a particular Commission. In the event that a Commission member is approached by a donor he/she should request the donor to give the funds through an official channel such as the IUCN Secretariat or a Host Organisation. In the event that personal receipt is unavoidable the Commission member should satisfy himself/herself that the donation comes from a known source and that receipt of the donation would not contravene any local laws or ethical principles of IUCN (in particular the *Code of Conduct of the Members of IUCN Commissions*). The Commission member should provide a receipt to the donor and is required to transfer the funds for administration to the IUCN Secretariat or Host Organisation at his/her earliest convenience.

### **6. In-kind contributions from other organisations to Commission activities**

#### **a. Overview**

Commissions receive support from organisations (3<sup>rd</sup> parties independent from IUCN) through a variety of in-kind arrangements not involving the Secretariat. The main arrangements are:

- 1) An organisation provides in-kind support through the provision of office facilities and/or the time of technical and administrative staff. This may be in the form of ongoing support to a Commission subgroup or support for specific meetings or events.
- 2) An organisation provides support to Commission meetings and events through the direct provision of a service or by paying for a service.
- 3) An organisation undertakes Commission activities as part of its normal activities or agrees to undertake additional activities to support a Commission. Two mechanisms are possible:
  - i. The activities undertaken by the organisation are aligned with the objectives or workplan of the Commission and the results of the activities are made available to the Commission; or
  - ii. The organisation actively raises funds in its own name to fund and carry out a Commission activity.

In these situations the donor to the IUCN Commission is the organisation providing the services. The services are funded from funds raised in the name of the organisation as opposed to in the name of the IUCN Commission which is the situation described in section 5 of these financial rules.

#### **b. Requirements**

##### **i. General principles**

In deciding what needs to be tracked and reported the following elements need to be considered:

- 1) The financial value and scale of the benefits being received
  - High value / Large-scale (e.g. IUCN wide) benefits should be reported to the Secretariat.

- Low value / Small-scale benefits (e.g. at the level of a Specialist Group) do not need to be reported to the Secretariat, e.g. the value of office space provided to a Specialist Group member to enable him/her to undertake Commission activities.
- 2) The relevance of the work being performed
- Significant pieces of work undertaken by another organisation that form part of a Commission workplan should be reported to the Secretariat to allow tracking and reporting against the workplan.
  - Work not closely related to a Commission workplan or of relatively low scope and value does not need to be formally reported.
- 3) The risk to IUCN
- Where the risk to IUCN, reputational or otherwise, is significant, arrangements need to be formalised.

## **ii. Provision of office services, technical and administrative support**

For the provision of office services, technical and administrative support that is expected to extend over a period of one year or more, and its monetary value is estimated to exceed CHF 25,000 a Memorandum of Understanding (MoU) detailing the roles and responsibilities of the parties should be entered into by the Commission Chair and the entity providing the in-kind services. The MoU does not require clearance from the Secretariat<sup>6</sup>.

In addition to covering the provision of in-kind services, the MoU can also be used to cover the receipt and use of funds up to an annual maximum of CHF 100,000. In the event that cash contributions are expected to exceed CHF 100,000 a hosting agreement should be put in place (See section 5 c).

The Commission should keep track of all MoUs for its own administrative and management purposes and provide a copy of each MoU to the Secretariat.

A template MoU can be found at [\(Add link\)](#)

## **iii. Support provided by organisations to Commission events and meetings**

An organisation or other 3<sup>rd</sup> party independent from IUCN may provide in-kind services or pay for services themselves for Commission events and meetings, e.g. meetings of the Commission Steering Committee, Colloquiums or Conferences. Those services may include, but not be limited to, provision of venues and related facilities, hotel accommodation and transportation.

The Commission Chair should formalise these arrangements through an exchange of letters for all significant amounts. (As a guide, a value of CHF 10,000 would be considered significant in this context.)

For the provision of in-kind services, for single events (e.g. conferences) where combined in-kind donations are expected to exceed CHF 100,000, advice should be sought from the Secretariat. (See also 5b in respect of cash donations to Commission events).

## **iv. Contribution to a Commission workplan by an organisation acting in its own name**

An organisation may undertake Commission activities as part of its normal activities or agree to undertake additional activities to support a Commission. There is no requirement to enter into an MoU between the Commission Chair and the entity undertaking the work, nor is there a formal reporting requirement. However, depending on the significance of the activities and their relevance to the Commission workplan, the Commission may wish to enter into an agreement with the organisation to detail the scope of work and

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<sup>6</sup> Applicable to all new arrangements and renewals. For existing arrangements where no MOU is in place, they are required to be put in place on a best efforts basis over the course of the 2017-2020 Programme.

reporting requirements. This would allow IUCN to track contributions to the workplan and acknowledge the work undertaken by the organisation.

It is not necessary to attribute a monetary value to in-kind contributions, though the Commission may choose to do so. This could be based on an estimate provided by the organisation undertaking the work or by the Commission itself.

In the event that the funds are being raised in the name of IUCN as opposed to the name of the organisation then the procedure outlined in section 5b applies.

## **7. Partnership arrangements**

An organisation may enter into a partnership with the IUCN Secretariat and relevant Commission for specific deliverables, e.g. Red List Partnership, KBA (Key Biodiversity Areas) Partnership. In these situations resources are pooled for the common interest of the partners.

For partnership arrangements, a formal agreement is required between the IUCN Secretariat and the organisation(s) concerned.

The agreement should cover, amongst others, the work to be performed, timelines, the estimated monetary value of the work, reporting obligations and intellectual property rights.

The agreement will be tailor-made and should go through the standard IUCN contract review and clearance process.

It is understood that these agreements may include both cash and in-kind elements.

## **8. Financial reporting requirements**

Commissions are required to maintain records of income and expenditure received/incurred in cash that are not recorded in the books of the Secretariat. At a minimum, all donations of CHF 10,000 and above should be recorded and reported.

Host organisations, i.e. those organisation receiving CHF 100,000 or more per annum on behalf of an IUCN Commission are required to provide annual reports of income and expenditure received/incurred on behalf of the Commission to the Commission Chair in accordance with the Hosting Agreement.

An annual consolidated financial report of Commission income and expenditure should be provided to the IUCN Secretariat and Council in line with IUCN Regulations 78*bis*. This should include:

- a. All single cash donations of CHF 10,000 and above and related expenditure or activity funded. Lower amounts may also be reported if the information is readily available (see 5b).
- b. All income and expenditure received/incurred through a hosting arrangement (see 5c).

In addition, Commissions are encouraged to report on in-kind contributions, including:

- a. A listing of MoUs for the provision of office services, technical and administrative support (see 6b.ii).
- b. Significant in-kind support provided by organisations to Commission events and meetings either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iii).
- c. Significant in-kind contributions to a Commission workplan by organisations acting in their own name either through descriptive reporting or with estimated values where these can be reasonably determined (see 6b. iv).

## **Annex 1**

### **Council Decision (58th meeting of the IUCN Council, June 2003)**

Upon the recommendation of the Finance and Audit Committee, the Council APPROVES the following budget principles to be applied for the submission by the Commission Chairs for the Commission Operating Funds:

1. The Commissions Operations Fund (COF) provides some of the support necessary for Commission networks to function effectively. Commission Chairs understand the COF is intended for Commission governance and management and thus, those activities necessary for a functioning Commission network should be supported by the COF.
2. Governance and management activities include:
  - a. Commission Steering Committee meetings (travel and accommodation support, logistics)
  - b. Support to Chair including:
    - i. Local staff support (non IUCN), if necessary
    - ii. Office support (fax, phone, email, photocopying, etc.)
    - iii. Travel to Commission meetings
    - iv. Travel to key external meetings (e.g. COPS of CBD, CITES)
    - v. Travel to IUCN governance meetings ( global and regional)
  - c. Travel support to Deputy Chair (or other Commission members appointed by the Commission chair) when representing the Commission at Commissions meetings, IUCN governance meetings or key external meetings.
  - d. Other meeting and Office support (as needed) to support subsidiary commission structures.
  - e. Newsletter/main communications organ (production and delivery, either electronic or hard copy); basic communication tools, including via the internet and Commission website development.
  - f. Support to the statutory external review.
3. Programme activities are not funded by the Commission Operating Fund, but included in the Programme budget.



## INTERNATIONAL UNION FOR CONSERVATION OF NATURE

## Ethics Committee of the IUCN Council

1<sup>st</sup> Meeting held remotely on 23 May 2017 from 17:00 to 18:30 GMT/UTC

### Summary Minutes

<u>Participants:</u>	Ethics Committee:	Malik Amin Aslam Khan, Chair Ali Kaka John Robinson Ana Tiraa
	Other:	Sandrine Friedli Cela, Legal Adviser Luc De Wever, Secretary to Council

#### 1. Chair's opening remarks; role and objectives of the Ethics Committee

The Chair welcoming the formation of the Ethics Committee, recalled the following distribution of responsibilities as assigned by the President, agreed by consent within the Ethics Committee and also endorsed by the 69<sup>th</sup> Bureau meeting on 16 May 2017:

- VP John Robinson (North and South America / All Commissions of IUCN)
- VP Ali Kaka (Africa and Western Asia / the Regions)
- VP Ana Tiraa (Pacific / In charge of reporting)
- VP Malik Amin Aslam Khan, Chair (Asia / IUCN Secretariat)

The Chair clarified that, where the distribution of responsibilities mentions the Commissions, Regions and Secretariat, it refers to any issues brought forth for the Ethics Committee's attention and guidance from the Commissions, the Regions and the Secretariat.

The Ethics Committee further agreed that it should be convened on a needs basis and deal with questions for clarification or guidance referred to it by the Council, or any of the IUCN arms mentioned above, without the need for the secretarial support staff to specifically scan for issues to bring to the Committee.

The Ethics Committee, however, agreed to examine the issues elaborated in the document dated 11 May 2017 prepared by Luc De Wever with advice from Sandrine Friedli Cela (Annex 1 hereafter) which lists the issues presented in Council document C/92/5.3.2.4 plus two additional issues, one identified during and the other following the February Council meeting, as explained in the document.

#### 2. A new Annex to the Council Handbook

The Ethics Committee agreed to the addition of an Annex to provide additional guidance, based on past practices of the implementation or interpretation of the Council's Code of Conduct through determinations made by the Committee in concrete cases.

Also, the Ethics Committee decided to do this only for selected topics, which it will decide upon, in order to keep this Annex short and focused. A draft list of topics may be proposed by the secretariat staff for consideration.

The following (new) §35 will be inserted in the Council Handbook:

§35 In Annex 4 hereafter, the Ethics Committee for a record and for additional guidance to the Committee will, from time to time, insert examples of the implementation or interpretation of the Code of Conduct. These examples will be based on determinations made by the Ethics Committee in concrete cases or in response to requests for clarification or guidance from Council.

Decision EC/1/1 - The Ethics Committee recommends to Council/Bureau to approve the addition of a new §35 and a new Annex 4 to the Council Handbook.

### **3. Incompatibility between membership of the IUCN Council and membership of the IUCN World Heritage Panel (WHP)**

The following points were raised by Ethics Committee members during the discussion:

- The Ethics Committee did not perceive any natural or automatic conflict of interest arising out of a Council member serving on the WHP. On the contrary, participation of Council Members could strengthen the Council's oversight role for this important function being carried out by IUCN.
- The members were critical of words used in TORs/discussion notes such as "firewall" or keeping Council "at arm's length" which carried assumed negative connotations.
- It was observed that any specific potential conflicts of interest can be resolved in the same way as Regulation 78 (b) does for the Chairs of Commissions as members of the Council – if a Council Member is involved in a specific case being considered by the WHP, it is expected that they would recuse themselves from further discussion.
- It was recommended that nominated Council members could also sit on IUCN World Heritage Panel as observer, without the right to vote.
- Also it was recommended that the ToR of the IUCN World Heritage Panel should be revised to make it possible for eligible and interested Council members to be part of the IUCN World Heritage Panel. This would constitute a recommendation for approval to the Council/Bureau with the responsibility of formal issuance and implementation of the TORs by the IUCN Director General as stipulated.

EC/1/2 – The Ethics Committee decided to propose an amendment to the TORs (attached) to reflect the right of any Council member to apply for a seat on the WHP and recommends to Council/Bureau to :

- a. Approve this amended TOR for issuance by the Director General
- b. Approve the proposal that two Council members may sit as non-voting observer members in the role of Council's oversight for this important function of IUCN.

*Note: following the meeting, the Chair provided the following wording to replace §7 of the ToR of the IUCN World Heritage Panel:*

*§7: Members of IUCN Council can serve as a member of the Panel, if selected and/or serve in an oversight role as non-voting observing members, if nominated by the President of IUCN.*

### **4. Incompatibility between IUCN Council membership and being the Chair of a National or Regional Committee**

The Ethics Committee discussed the issue and observed that the "**Operational Guide for IUCN National and Regional Committees approved by Council in 2011**" be slightly amended so that it remains *non-restrictive* and allows the existing flexibility, but discourages Council members from accepting to be Chair of a National or Regional Committee, in particular when the Committee concerned selects candidates for Regional Councillor.

EC/1/3 – The Ethics Committee recommends that the line "*in particular when the Committee concerned selects candidates for Regional Councillor*" may be added to the end of the rule within section 8.c of the "**Operational Guide for IUCN National and Regional Committees approved by Council in 2011**"

### **5. Conduct in the process of selecting the venue of the next World Conservation Congress**

EC/1/4 - The Ethics Committee recommends to Council/Bureau to include points a. and b. of the Code of Conduct included as Appendix C of the Statement of Requirements for the 2020 IUCN World



Conservation Congress, as a new paragraph k. of the Council's Code of Conduct (Part IV – Conduct) with the title “Conduct in the process of selecting the venue of the next World Conservation Congress”.

**6. Potential conflicts of interest in relation to contracts between IUCN and a Council Member or her/his family or organisations/institutions with which a Council Member or her/his family has an affiliation**

The Ethics Committee observed that Council members or their ‘close relatives’ should not receive direct or indirect personal remuneration (salary, honoraria etc.) in any contractual relationship with IUCN. However, the Ethics Committee does not consider that all related-party agreements, for instance involving a Council member in his/her official capacity in their institution, constitute a conflict of interest for the Council member concerned. There is a need to apply best practice without being too prescriptive and a simple way is to integrate this within the annual disclosure forms.

The Legal Adviser suggested to define the term ‘close relatives’ which is not further specified in the Code of Conduct. She also drew attention to the fact that the Code does not only refer to personal interests but also to “professional interests” which may require further guidance from the Ethics Committee.

EC/1/5 - The Ethics Committee decided to prepare brief wording for inclusion in the proposed annual disclosure form for Council members in the sense of separating personal from institutional issues, as well as a short explanation for inclusion in the Council Handbook if so required.

**7. Disclosure of interests**

The Ethics Committee agreed that Councillors be requested to complete the disclosure form on an annual basis and requested Vice President John Robinson to oversee the preparation of the draft disclosure form keeping in line with the form already submitted during the election process, with assistance from Sandrine Friedli Cela and Luc De Wever and to also keep in consideration the recommendation from point 6 (above).

EC/1/6 - The Ethics Committee requested that the new draft disclosure form be prepared, in line with the disclosure form signed upon during the elections process, for approval by the Ethics Committee.

Once approved, all Council members would be recommended to complete and submit the form on an annual basis for submission to the Ethics Committee.

**8. Signature of the Code of Conduct**

EC/1/7 - The Ethics Committee advises that Council members should be recommended to sign the above mentioned Code of Conduct during the 93<sup>rd</sup> Meeting of the Council (November 2017).

## ISSUES REGARDING THE IUCN COUNCIL HANDBOOK FOR CONSIDERATION OF THE IUCN COUNCIL'S ETHICS COMMITTEE

(Release 2.0 of the Note addressed to the Ethics Committee on 14 March 2017)

1. In Council document C/92/5.3.2.4 – *Revision of the Council Handbook* (dated 23 January 2017 – copy attached hereafter), I recommended that the Vice-Presidents acting as Ethics Committee review the following sections of the revised Council Handbook related to questions qualified as “ethical issues” before the Council Handbook can be approved:
  - a. the firewall between the IUCN World Heritage Panel and the Council (§35)
  - b. potential conflicts of interest when Council members sign IUCN project contracts on behalf of their organisations/institutions (§36)
  - c. will the Ethics Committee determine the annual disclosure of interests form required by the Code of Conduct? (§37)
  - d. should Council members sign the Code of Conduct at the February Council as required by the Code (despite the fact that they already signed on their nomination form their commitment to respect the Code)? (§41)

The Council document also requested guidance from the Governance and Constituency Committee of Council (GCC) regarding the performance tools before the Council Handbook can be finalized. The recommendations of a small working group of the GCC were presented to the GCC for comments on 28 April 2017. Once finalized, the GCC will forward its recommendations to the Council for approval.

2. In the meantime, the Vice-Presidents have convened a first (remote) meeting on 23 May 2017 in order to consider the elements of the present note as well as the next steps.

The Ethics Committee is invited to consider the items described in the present note during its remote meeting of 23 May 2017 at 5:00 pm UTC.

3. The issues listed above in paragraph 1, can be categorized as issues of
  - 1) Form;
  - 2) Substance; and
  - 3) Process.

#### 4. Issues of form

##### 4.1 **A new Annex of the Council Handbook to give typical examples of conflicts of interest and other ethical issues based on the Ethics Committee's case law**

As I explained during the Council Retreat on 7 February 2017, I recommend Council to include in the Council Handbook concrete examples of the most recurring types of conflicts of interest and other ethical issues described in the Code of Conduct, based on decisions (“determinations”) or recommendations from the Ethics Committee of Council in concrete cases. Under the Code of Conduct, the Ethics Committee makes the determination in each case whether there is misconduct and, if that is the case, makes a recommendation to Council on the appropriate action to be taken. In other words, without giving the details of concrete cases, the Council Handbook should record - for present and future Councillors - the general rules derived from the Ethics Committee's and the Council's case law. This would not only provide additional guidance on how the Code of Conduct is to be applied and interpreted, but also ensure that similar cases are dealt with in the same way.

However, to include these examples in the body of the Handbook would require Council approval in each case. This will not only be convoluted but also contradict the Code of Conduct and Regulation 48 (c) (iv) which confer to the Ethics Committee responsibilities regarding questions of ethics and the implementation of the Code.

My proposal therefore is to add a new “Annex 4” to the Council Handbook, allowing the Council’s Ethics Committee to describe the typical examples of conflicts of interest and other ethical issues based on the Committee’s case law.

In case the Ethics Committee is favourable to this proposal, a new §35 could be incorporated in the Council Handbook as follows (and all subsequent § renumbered):

*§35 Annex 4 hereafter provides examples of conflicts of interest and other ethical issues based on decisions or advice from the Ethics Committee of Council. The Ethics Committee will update Annex 4 from time to time on the basis of its responsibility to consider and administer all matters relating to the Council’s Code of Conduct.*

These modifications should be approved by Council at its 93<sup>rd</sup> meeting (November 2017) as part of the revised Council Handbook.

The Ethics Committee is invited to recommend to Council to:

- approve the addition of a new Annex 4 to the Council Handbook and a new §35 in the Council Handbook as proposed in point 4.1 of the present paper, and to
- request the Ethics Committee, on an on-going basis, to complete Annex 4 with examples of conflicts of interest and other ethical issues based on the Committee’s case law.

## 5. Issues of substance

5.1 I recommend including the following issues in the Council Handbook in order to provide clear guidance to current and future Councillors on important issues that recur from time to time:

- i. The “firewall” between the IUCN World Heritage Panel and Council (currently §35 of the Council Handbook);
- ii. The incompatibility between being a member of the IUCN Council and the Chair of a National / Regional Committee (Operational Guide for National and Regional Committees, section 8.c);
- iii. Rules of conduct in the process of selecting the venue of the next World Conservation Congress (Code of Conduct included as Appendix C of the Statement of Requirements for the 2020 IUCN World Conservation Congress);
- iv. Potential conflicts of interest when Council members sign IUCN consultancy/ project contracts on behalf of their organisations/institutions (currently §36 of the Council Handbook).

The issues concerning Council members mentioned above under ii. and iii. were not mentioned in Council document C/92/5.3.2.4 but identified following the February 2017 Council meeting as useful to include. They have been the object of, respectively, a Council decision and the constant and accepted practice as part of the selection process for the World Conservation Congress approved by Council.

## 5.2 The “firewall” between the IUCN World Heritage Panel and Council

In October 2016, a member of the IUCN Council explored the possibility of becoming a member of the IUCN World Heritage Panel. The Council member was given the explanations that follow hereafter. For the purpose of transparency, I committed to include this in my proposals for the Council Handbook.

For ease of reference, §35 of the Council Handbook (version of 23 January 2017) is quoted here in full:

*“§35 An interesting case in this regard is paragraph 13 of the Terms of Reference (and related Code of Conduct) of the IUCN World Heritage Panel; “In view of IUCN’s Statutes, and in particular the role of IUCN Council in the overall governance of the Union, members of IUCN Council may not represent IUCN in field evaluation missions, nor serve as members of the Panel”. The “firewall” between the IUCN Council and IUCN’s World Heritage Panel is a result of IUCN being defined in the World Heritage Convention as the independent advisor directly to the Convention’s principal decision taking body, the World Heritage Committee, an elected intergovernmental body. Given that the accountability for IUCN’s advisory role on World Heritage is vested in the Director General, and delegated by her to the IUCN World Heritage Panel, it would also be inappropriate and present a perceived or real conflict of interest to see members of Council, which has the general oversight of IUCN, in a role on the IUCN World Heritage Panel of being accountable to the Director General.”*

A note to §35 refers to the [ToR of the IUCN World Heritage Panel](#) on the IUCN website. A copy of these ToR is attached hereafter for ease of reference.

In order to guarantee IUCN’s formal role under the World Heritage Convention which “is to provide the highest quality of objective technical advice on natural heritage to the World Heritage Committee in relation to the evaluation of new nominations to the World Heritage List, and monitoring of the State of Conservation of World Heritage properties that have been inscribed on the World Heritage List” (quote from the ToR of the IUCN World Heritage Panel) and for that purpose to secure the independent judgment of the IUCN World Heritage Panel, the ToR of the IUCN World Heritage Panel provide that the IUCN Council is kept at arm’s length from the Panel and its work (the “fire-wall”).

In July/August 2016, the then Vice-Presidents acting as Ethics Committee (Malik Amin Aslam Khan, Miguel Pellerano, John Robinson and Marina von Weissenberg) considered a complaint against a Council member for alleged breach of the Council’s Code of Conduct submitted by a business man who had a stake in the question of a minor boarder modification of a natural World Heritage site. The Council member had been appointed as independent scientific adviser to the government of the country concerned. According to the complainant, the Council member’s scientific study was tainted because it had been directed by a Council member, and had unduly influenced IUCN’s recommendation to UNESCO’s World Heritage Committee.

The “firewall” between the IUCN World Heritage Panel and Council was a central element of the Ethics Committee’s response to the allegation. I quote from the letter of the Chair of the Ethics Committee to the complainant (removing names of concrete individuals and countries):

*The Ethics Committee has reviewed the material which you submitted. We restricted our consideration to whether [the Council member] had breached the Code of Conduct for IUCN Councillors. The Code's definition of 'conflict of interest' applies to situations where competing professional or personal interests would impede his/her ability to fulfil his/her duties as an IUCN Council member.*

*From our deliberations, we concluded that [the Council member] had not breached the IUCN Code of Conduct. Many of the allegations you bring forward relate to [the Council member's] contractual relationships with the [country] Government, and have no effect on the fulfilment of his duties as a member of the IUCN Council.*

*The Committee also confirmed that [the Council member] did not participate in IUCN's decision-taking process on the matter of the [specific World Heritage site]. As always, IUCN's position on World Heritage matters is taken consistently by the IUCN World Heritage Panel, under clear rules of procedure and governance, including the consideration of conflicts of interest. [The Council member] is not, and never has been a member of that Panel.*

It was also mentioned during the Ethics Committee's deliberations that the only possible way for country nationals – whether or not they are Council Members – to bring input to IUCN's World Heritage Panel process is through the submission of a written review which the Panel may consider. This possibility is sufficient to ensure that a Council Member holding essential knowledge on a specific site shares her/his knowledge with IUCN's World Heritage Panel, which the Panel may take into account in its deliberations, without incurring the risk of a real or perceived conflict of interest that would arise if the Council member was made a member of the Panel.

Given the proven degree of political pressure to which IUCN is exposed at various levels in the context of the World Heritage Convention, the above measures are both prudent and proportionate in avoiding unnecessary risk to IUCN, protecting individual members of the Council as well as the overall integrity of the IUCN governance, and with no risk to IUCN's effectiveness in delivering the work required by UNESCO.

The "firewall" between the IUCN World Heritage Panel and the IUCN Council is not so much a safeguard against a "conflict of interest" as defined in the IUCN Council's Code of Conduct than it is an example of an "incompatibility" between both functions/roles based on the mandate of the Panel and related requirements as defined for IUCN under the World Heritage Convention.

My proposal is therefore to include a new section in the Council Handbook with the title "**Incompatibilities**", immediately after the section "Statutory Responsibilities, Liability and Accountability" (p. 10) and before the section "Registre du Commerce" (p.11) and add in this section the following paragraph:

### **Incompatibilities**

*§30 (and renumber all following paragraphs) Paragraph 13 of the "Code of Conduct for IUCN's work in relation to providing advice to the World Heritage Committee" (part of the Terms of Reference of the IUCN World Heritage Panel) provides that: "In view of IUCN's Statutes, and in particular the role of IUCN Council in the overall governance of the Union, members of IUCN Council may not represent IUCN in field evaluation missions, nor serve as members of the Panel".*

*The “firewall” between the IUCN Council and IUCN’s World Heritage Panel is a direct result of IUCN being defined in the World Heritage Convention as the independent advisor directly to the Convention’s principal decision taking body, the World Heritage Committee, an elected intergovernmental body. Based on Article 79 (f) of the Statutes, the Director General has delegated this function to the IUCN World Heritage Panel. To ensure the independence of the Panel, the Code of Conduct for IUCN’s work in relation to providing advice to the World Heritage Committee provides that being a member of the IUCN Council is incompatible with being a member of the World Heritage Panel.*

The Ethics Committee is invited to recommend to Council the insertion in the Council Handbook, of the paragraph as revised (new § 30) about the “firewall” between the IUCN World Heritage Panel and the IUCN Council, as proposed in point 5.2 of the present paper.

### 5.3 A Council member should “preferably” not simultaneously be Chair of a National / Regional Committee

The [Operational Guide for IUCN National and Regional Committees](#), approved by the IUCN Council at its 76<sup>th</sup> Meeting (May 2011), provides in section 8.c. that *“All IUCN National and Regional Committees shall therefore take all appropriate steps to ensure [...] that as many Members and individuals as possible have the opportunity to participate in IUCN’s governance bodies and processes, and to ensure that Members have a diversity of individuals operating within the IUCN’s structures, both leading them in the pursuit of IUCN business as well as representing their interests. Therefore, the Chair of a National or Regional Committee should preferably not, subject to availability of an alternate Committee representative to fill the position of Chair, simultaneously hold the position of IUCN Council member and Committee Chair”*.

Since it is not so much a question of a “conflict of interest” as defined in the IUCN Council’s Code of Conduct than it is a question of not accepting the cumulation of two functions considered incompatible because the Council exercises oversight of National and Regional Committees, it is proposed to include the previous paragraph in the Council Handbook as new §31 in the same section with the title “Incompatibilities”. However, Council chose to add a “qualifier” to the Operational Guide: “preferably not, subject to availability of an alternate Committee representative to fill the position of Chair”. The Ethics Committee is invited to consider whether or not to maintain the “qualifier” and make a recommendation to Council accordingly.

The Ethics Committee is invited to recommend to Council the addition to the Council Handbook, of the paragraph about the incompatibility between IUCN Council membership and being the chair of a National or Regional Committee as proposed in point 5.3 of the present paper, with or without the “qualifier” approved by Council in 2011.

### 5.4 Conduct in the process of selecting the venue of the next World Conservation Congress

The Code of Conduct which is included as Appendix C of the [Statement of Requirements for the 2020 IUCN World Conservation Congress](#) (issued on 7 March 2017) which, in turn, is based on the “Procedure for selecting a Host Country for the World Conservation Congresses” approved by the IUCN Council (81<sup>st</sup> Meeting, January 2013), provides the following paragraphs specifically related to Council:



- a. No IUCN Council member may obtain property, financial advantage or any other benefit including but not limited to soliciting or accepting any gift, hospitality or value in kind from any Candidate (directly or indirectly) that could be seen as affecting the person's impartiality with regard to the selection process in line with the Code of Conduct for IUCN Councillors.
- b. No IUCN Council member or IUCN staff member may provide support to a Candidate in preparing their proposal.

In a separate provision, the Code also makes point a. applicable to all the staff members of the IUCN Secretariat worldwide referring to the IUCN Code of Conduct and Professional Ethics for the Secretariat and the IUCN Anti-Fraud Policy.

Given that this rule has been part of a constant and acceptable practice, it is recommended to include the above points a. and b. either:

- i. as a new paragraph *k.* of the Council's Code of Conduct (Part IV – Conduct) with the title “Conduct in the process of selecting the venue of the next World Conservation Congress” - which will require a decision to be taken by Council on the recommendation of the Ethics Committee based on Part V, d. of the Code,  
OR
- ii. as a new paragraph in Annex 4 of the Council Handbook (examples of conflict of interest or other ethical issues based on rulings and advice of the Ethics Committee) with the title “Conduct in the process of selecting the venue of the next World Conservation Congress” – which the Ethics Committee may decide based on the rationale explained in section 4.1 of the present paper.

The Ethics Committee is invited to consider whether:

1. to recommend Council to include points a. and b. in the Council's Code of Conduct as proposed above in i., OR
2. to include them in (new) Annex 4 of the Council Handbook.

#### **5.5 Potential conflicts of interest in relation to contracts between IUCN and a Council Member or her/his family or organisations/institutions with which a Council Member or her/his family has an affiliation**

A situation that gives rise to questions from time to time relates to project contracts between IUCN and a Council member or between IUCN and organizations/institutions with which the Council member has an affiliation or family member(s) of the Council member. Affiliation includes, but is not limited to, serving as board member, chief executive, employee or consultant of the organization/institutions with whom IUCN envisages to sign a contract. This is an example of a so-called “related-party transaction”, i.e. a transaction that takes place between two parties who hold a pre-existing connection / affiliation prior to the transaction.

There is presumption of a conflict of interest in such cases as it is likely that these transactions will result in a direct or indirect economic benefit to the Council Member. Article 63 of the Statutes provides that “No member of the Council shall receive any remuneration from IUCN”.

Following the February Council meeting, a member of Council requested advice from the Secretariat about how to submit his case to the Ethics Committee in order to clear any potential conflicts of interest. The Council member was advised to write to the Vice-

Presidents, directly or via the Secretary to Council, but will only do so if/when the funding for the project concerned will have been confirmed.

The wording of the Code of Conduct for Council members (Part IV, paragraph b.) is not very clear with regard to related-party transactions. It not only seems to discourage such transactions but also to foresee - as the only means to address a declared conflict of interest - the obligation for the Council Member to recuse her/himself from that situation or withdraw from the participation in the decision-making process.

However, this is appropriate when Council Members participate in the decision relating to the related-party transaction. However, it does not seem to be appropriate when the decision about whether or not it is in the interest of IUCN to conclude a transaction in a concrete case is not taken at the level of the Council but is – as in most cases - a prerogative of the Director General in accordance with Article 79 (f) of the Statutes.

With regard to the selection of suppliers, it is worth noting that the IUCN “Policy and Procedure on Procurement of Goods and Services” (2015) contains the following paragraph (section 6):

*Suppliers participating in a procurement process shall disclose any conflict of interest. Any supplier found to have a conflict of interest that was not disclosed shall be ineligible for award of a contract. A Supplier with a disclosed conflict of interest may be considered for the award of a contract provided that the conflict of interest will not impact performance and the Supplier is assessed as the most competitive provider of the goods or services. In the event that a Supplier with a conflict of interest is selected, the contract award must be approved by the Procurement Panel (see section 9.4.2).*

This process will ensure that the contract is concluded in the best interest of IUCN.

Even if the Council member does not directly participate in the decision about the conclusion of a contract, s/he may still be perceived as being able to influence such a decision due to the oversight function of the Council. It may also be very delicate for the Director General, through its procurement Panel, to decide about a contract involving a Council member.

The Code of Conduct does not propose clear guidelines in this regard, but gives the Ethics Committee the space to provide guidance on how this type of conflict of interest should be treated.

By way of an example of how organizations resolve such issues, please find attached hereafter 4 examples of conflict of interest policies and procedures (including disclosure forms) from:

- GAVI – The Vaccine Alliance
- The Council on Foundations (provided by Sharon Fitzpatrick, Head Oversight Unit)
- The Bill and Melinda Gates Foundation (provided by Sharon Fitzpatrick)
- [www.knowledgeleader.com](http://www.knowledgeleader.com) (provided by Sharon Fitzpatrick).

The “Sample Conflict of Interest Policies from the Council (on Foundations)” provides an interesting perspective, in the section “Purpose of the Statement of Policy” (pp. 6-7): *“The foundation is committed to integrity and fairness in the conduct of all of its activities. Inevitably, the interests of directors and employees will involve them in organizations, causes and other endeavours that intersect with the affairs of the foundation. It would disadvantage the foundation to deprive it of the involvement of interested colleagues, but*



*their participation in foundation decision-making cannot impair the fairness and integrity of foundation processes.”*

The Council on Foundations further describes the principles guiding the interpretation and application of the conflict of interest policy without replacing the policy, thereby making certain related-party transactions acceptable on an exceptional basis. Fundamental are the disclosure of interests, abstention from participation in decision-making that affects non-Foundation affiliations or interests, and the absence of appearance of bias or self-interest in (the Foundation's) activities.

§36 of the Council Handbook (version 23 January 2017) quoted here in extenso for ease of reference, is therefore to be considered as a “place holder” pending further guidance from the Ethics Committee:

*§36 It is clear that Council members cannot receive consultancy contracts and be paid honoraria for IUCN project work, even if the Council member concerned signs the contract on behalf of her/his institution. Even if the Council member would not her/himself directly or indirectly receive IUCN funds under contracts concluded by her/him with IUCN on behalf of her/his institution, such a situation may affect or be perceived to affect the independence of the Council member.*

The Ethics Committee may wish to consider the following types of situations of related-party transactions involving a Council member and define the conditions under which these would be acceptable as follows:

- 1) The contract is signed by the Council member in his personal capacity (i.e. consultancy contract). This is clearly not allowed and would go against Article 63 of the Statutes. (receiving a remuneration directly from IUCN)
- 2) The contract is signed by the Council member as a representative of her/his organisation. This is not advisable because of the perception that it affects the independence of that Council member. In addition, the Council member would likely have the responsibility of the execution of the contract, which could complicate the IUCN Secretariat's monitoring of the organization's contract performance.
- 3) The contract is signed by someone else in the Council member's organization other than the Council member her/himself and the Council member is referred to in the contract as the person who is assigned to do the work either within the organization/institution or as a subcontractor. Clearly, it would not be acceptable under Article 63 of the Statutes as it would mean that the Council member received indirect remuneration from IUCN under the contract.
- 4) The contract is signed by someone in the Council member's organization other than the Council member her/himself and the Council member exercises oversight of the implementation of the contract. This should be avoided, but exception could be granted by the Procurement Panel if it is in the interest of IUCN.
- 5) The contract is signed by someone in the Council member's organization other than the Council member her/himself and the Council member does neither receive direct remuneration under the contract nor exercise oversight of the implementation of the contract. This should be acceptable in principle, as long as the Procurement Procedures have been respected.
- 6) In the last 2 cases (points 4 and 5 above), the contracts should be registered with the Finance and Audit Committee which may review them on an annual basis.

The Ethics Committee is invited to consider the above reflections and provide feedback to the Legal Adviser and Secretary to Council requesting them to prepare the necessary text for the Council Handbook or its Annex 4, or the as the case may be, to prepare draft amendments to the Code of Conduct.

## 6. Issues of process

### 6.1 Disclosure of interests.

§37 of the Council Handbook states that: “*Part IV, paragraph a. (of the Code of Conduct) requires each Council member to submit an annual disclosure form to the Chairperson of the Ethics Committee*” and that “*The standard format for the annual disclosure not having been determined by the Ethics Committee, this provision has not been implemented.*”

The pdf file “Examples of conflict of interest policies and procedures from 4 organizations” attached hereafter provides examples of disclosure forms. The centre piece of the annual disclosure form could be as follows (based on the example from the Council of Foundations and taking into account the definitions of the IUCN Council’s Code of Conduct):

*“Below, I have listed all situations in which I or my close relative(s) hold or assume a role or engage in a relationship with a third party, in a context other than my role in and responsibilities to IUCN, which impairs or reduces, or appears to impair or reduce, my capacity to act in the best interest of IUCN. The term “role and relationship” means any relation with a person or organization, whether financial, employment (such as a volunteer assignment or part-time job), consultancy (as an independent contractor), or fiduciary (such as a board member or officer). The term “close relative(s)” means spouse, parent, child or other individual living in the same household. Signed by (name and signature) on (date)”*

The form could also include:

- more detailed explanations of what constitutes a conflict of interest in terms of Council’s Code of Conduct; and
- any conditions or principles which the Ethics Committee may wish to define as explained in paragraph 5.5 of the present note in order for certain related-party transactions to be acceptable on an exceptional basis, including that the Council’s Finance and Audit Committee will systematically be informed of all related-party transactions and review them on an annual basis.

The Ethics Committee is invited to determine the conflict of interest disclosure form or provide directions to the Legal Adviser and the Secretary to Council for preparing a draft, and to request all Council members to complete the form on an annual basis for submission to the Ethics Committee.

### 6.2 Signature of the Code of Conduct.

The Council Handbook provides the following two paragraphs:

§40 **Adhere to the Code and signature.** *As required by the Code of Conduct, a copy of the Code is attached to the nomination forms for any person seeking or accepting to stand for election or appointment to a position on Council. By signing a nomination to be elected or appointed as a Council member, such a candidate*

*agrees to submit to the provisions in the Code of Conduct both during and, where relevant, after their term has expired (e.g. in relation to confidentiality, respect etc.).*

[Cf. the [Call for nominations 6 November 2015](#) in particular the [nomination form](#) attached to the Call for nominations of Regional Councillor candidates. The Call for nominations also includes a copy of the profile of all elected positions approved by Council, which specifically refers to the Council Handbook and the Code of Conduct.]

*§41 The Code also requires Council members to sign two original copies of the Code during the first full meeting of Council after the World Conservation Congress (with a special procedure for those absent from that meeting). In the event of a Council member failing to sign the Code, the individual concerned will be considered as having acted in a manner seriously inconsistent with that Council member's duties and the provisions in Article 65 of the Statutes shall apply.*

The Ethics Committee is invited to advise:

- a. whether all Council members should be requested to sign the Code of Conduct during the 93<sup>rd</sup> Meeting of the IUCN Council (November 2017), OR
- b. whether the Council members' signature on the nomination form should be considered sufficient evidence of their commitment to respect the Code and Council may therefore remove the 3<sup>rd</sup> and 4<sup>th</sup> paragraphs of Part V, section c. of the Code of Conduct (p. 10).

Prepared by Luc De Wever with the advice from Sandrine Friedli Cela, Legal Adviser  
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