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ENGLISH ONLY

AD HOC TASK GROUP ON FINANCIAL STABILITY OF THE IPCC

**Annex to the report of the Ad Hoc Task Group on Financial Stability
of the IPCC – Pros and Cons of the funding Options**

(Prepared by some members of the Ad Hoc Task Group on Financial Stability of the IPCC)

(Submitted by the Secretary of the IPCC)

AD HOC TASK GROUP ON FINANCIAL STABILITY OF THE IPCC

Annex to the report of the Ad Hoc Task Group on Financial Stability of the IPCC

Pros and Cons of the Funding Options

Background

The following table was prepared by some members of the Ad Hoc Task Group on Financial Stability of the IPCC with the understanding that this could be helpful to the Panel discussions in Montreal. No consensus, however, has been reached among the members of the Task Group. The table was sent out for comments to members of the Ad Hoc Task Group, to the Financial Task Team (Co-chairs and core members) and to national focal points on 16 August 2017.

The original table and comments received are included in this document as they have been received by the Secretariat.

AD HOC TASK GROUP ON FINANCIAL STABILITY OF THE IPCC

Annex to the report of the Ad Hoc Task Group on Financial Stability of the IPCC

Pros and Cons of the Funding Options proposed by some members of the Ad Hoc Task Group on Financial Stability of the IPCC, and comments received

Funding options	Pros	Cons
A - Increasing voluntary contributions from Member Countries	• No change in IPCC procedures necessary • No risk for conflicts of interest	• Little planning security without multi-year pledges and no link between planned work programme and income • Has not been sufficient in recent years
B - Assessed or mandatory contributions from governments	• Planning security • No risk for (perceived) conflicts of interest • Would broaden the contribution base in a fair way • UN scale is a tried and tested process by UN organisations including the UNFCCC	• Significant changes to the IPCC-principles and procedures necessary • A mandatory system would be unfair to those who make significant contributions in kind, so flexibility would be needed
C - Crowd funding	• Could sensitize and raise awareness globally of the work of IPCC and climate change	• Little planning security without multi-year pledges and no link between planned work programme and income • Changes to the IPCC principles and procedures necessary • Implementation might be costly • Would draw attention to the lack of government funding and thus damage the reputation of the IPCC • Risk for (real or perceived) conflicts of interest of the donors and risk of compromising the independence and the integrity of the IPCC
D - Contributions from scientific, research and philanthropic institutions	• No change in IPCC-procedures necessary • Little risk for (real or perceived) conflicts of interest	• Little planning security without multi-year pledges and no link between planned work programme and income • Would draw attention to the lack of government funding and thus damage the reputation of the IPCC • Risk for (real or perceived) conflicts of interest of the donors and risk of compromising the independence and the integrity of the IPCC
E - Contributions from UN entities and international and regional financial institutions	• No change in IPCC-procedures necessary • No risk for (perceived) conflicts of interest	• Little planning security without multi-year pledges and no link between planned work programme and income • The financial rules and regulations and Terms of Reference of such institutions might exclude any funding of the IPCC, e.g. in case of the GCF and the GEF.
F - Contributions from the private sector	• Might provide a possibility for leverage of significant amounts of funding	• Significant changes to the IPCC principles and procedures necessary • Little planning security without multi-year pledges and no link between planned work programme and income • Risk for (real or perceived) conflicts of

		interest of the donors and risk of compromising the independence and the integrity of the IPCC • Would draw attention to the lack of government funding and thus damage the reputation of the IPCC
G - Funding (friends) meeting	• No changes of IPCC-procedures necessary • Could be implemented as part of the resource mobilisation strategy (identification of eligibility of potential invitees needed)	• Does not fundamentally change the funding system of the IPCC • Might be costly with little return

Collated comments on the Pros and Cons of the Funding Options

AUSTRALIA

Thank you for the opportunity to provide feedback on this annex to the ATG-Finance report: *Pros and cons of the funding options*. I hope the following thoughts and suggestions are useful.

Option A

- In relation to A: *Increasing voluntary contributions from Member Countries*, we suggest that inviting multi-year pledges from Member Countries can be identified separately from increasing voluntary contributions from Member Countries. A country might be in a position to make a multi-year pledge, even if it cannot increase its support, and this would go some way towards helping with planning security.

Pros/Cons

- To encourage all member governments' engagement with this document, we suggest careful language selection. In particular,

- o Option B, Pros, point 3 "Would broaden the contribution base in a fair way". Member governments may contest the option's 'fairness' (including as noted in the 'cons'). Could revise such that the broadening of the contribution base itself becomes the pro (ie the risk to IPCC's financial security associated with any one government not paying its contribution is somewhat mitigated).

- o Option C, Cons, point 4 "Would draw attention to the lack of government funding and thus damage the reputation of the IPCC". What is meant by the latter part of this statement? Is it intended to mean inadequate government funding could be perceived as reflecting governments' lack of confidence in the quality/relevance of IPCC products? Suggest clarifying.

- o Option D, Cons, point 2, and Option F, Cons, point 4. See above point.

I look forward to reviewing the final draft.

CANADA

Thank you for the opportunity to comment on the document outlining pros and cons for the financing options that will be considered by the Panel in order to address the IPCC's budget constraints. Although the analysis is not comprehensive, we nonetheless view it as a useful supporting document to help inform the Panel's deliberations.

As requested, here is some quick feedback on the table:

- It would be most helpful to complement the risk analysis with consideration of risk mitigation strategies in order to support a solution-oriented discussion.
 - o For example, the risk of costly implementation associated with crowd funding could potentially be offset, as noted in the decision document for this agenda item, by having the IPCC partner with a UN organization that already has this type of platform in place.
 - o Similarly, risks of conflict of interest could be minimized with the development of a donor policy with provisions that preclude external funders from having influence on the decisions related to the operations or program of work of the IPCC.
- Additional con for option B 'Assessed or mandatory contributions from governments': This could result in having some countries disengage from IPCC due to financial constraints.
- Additional pro for options C through F: These options would allow the IPCC to access new sources of funding that could help resolve current budget issues without asking more of member countries.

I look forward to seeing you in Montreal.

CROATIA

B – Assessed or mandatory contributions from governments (Pros): Could mandatory contribution be done over WMO and UNEP existing systems?

B – Assessed or mandatory contributions from governments (Cons): Status of IPCC (see e.g. MOU-1989)

DENMARK

I find the table a valuable addition. I have no further suggestions or additions to the table.

I apologize for the late answer.

FRANCE

C - Crowd funding (Pros): Might provide a possibility for leverage of significant amounts of funding.

C - Crowd funding (Cons): The idea of crowdfunding is to have a multiplicity of relatively small amounts of money, so the conflict of interest risks would be limited.

H - Funding (friends) meeting (Cons): Would draw attention to the lack of government funding and thus damage the reputation of the IPCC

Risk for (real or perceived) conflicts of interest of the donors and risk of compromising the independence and the integrity of the IPCC

NEW ZEALAND

Thanks for circulating this table. We feel that it is a helpful and unbiased addition to the material to support the discussion of financing options at the upcoming meeting in Montreal. For clarity of the document, the New Zealand delegation has two minor suggestions:

- Option D: the risk of Conflict of Interest appears as both a 'pro' and 'con'. Although this is correct, (because the risk, though present (a 'con'), is low (a 'pro')), it could be clarified by changing the wording of the 'con': "Risk for (real or perceived) conflicts of interest of the donors is present, though low. This risks compromising the independence and the integrity of the IPCC"

- Option G, the 'con' "Does not fundamentally change the funding system of the IPCC" is unclear. We suggest "does not address the disadvantages of the current funding system"

We look forward to discussing these matters in Montreal.

UNITED KINGDOM

I have one small comment.

The document refers to "conflicts of interest" in different ways: sometimes just "conflicts of interest"; sometimes "perceived conflicts of interest" and sometimes "real or perceived conflicts of interest".

These distinctions seem unnecessary and could be confusing. I suggest in all instances we say either "conflicts of interests" or "real or perceived conflicts of interest", I have no preference which and am happy to leave that to the co-chairs.

UNITED STATES OF AMERICA

First, I want to apologize for the lateness of my comments. Unfortunately, [we] did not receive any of the communications regarding the ATG's work and therefore were not able to comment on the ATG report prior to it being posted on the IPCC website. It is quite a comprehensive document, laying out several of the options for increasing the income of the IPCC. However, we were surprised to see that assessed contributions were included as an option given that the panel has decided against going down this path when it was suggested in the past. I'm afraid that by including this option, we will be returning to the same discussion, preventing progress on the other ideas presented. Given these concerns, section 6b should be revised to only point out that governments decided not to fund the IPCC through assessed or mandatory contributions including in how they formulated the principles and procedures governing the IPCC's work. Similarly, the annex should be removed entirely, as the Panel has not made the decisions necessary to generate such information. I fear that the ATG is overstepping its mandate in providing this table, as doing so presumes several factors that would need to be decided upon by the Panel. I hope to see these revisions when the document is reposted.

On your request for comments on the proposed table, it is a useful compilation of the reasons for and against the options. If the table is included, I have a few comments on several of the table's rows.

Row A Increasing voluntary contributions from Member Countries

ADD TO PROS:

"Agreed upon method for raising funds for the IPCC"

"Raised sufficient funds over 30 year history of the IPCC"

REPLACE BULLET 2 UNDER CONS:

"if unsuccessful, may not be sufficient to cover IPCC expenses in future years"

Row B - Assessed or mandatory contributions from governments

DELETE BULLETS 1 AND 3 UNDER PROS

REPLACE BULLET 4 UNDER PROS:

"Other UN organizations use this approach"

REPLACE BULLET 1 UNDER CONS:

"Not allowed under IPCC principles and procedures"