



INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE



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IPCC-XIX/Doc. 6(b) 1
(15.II.2002)

NINETEENTH SESSION
Geneva, 17-20 (morning only) April 2002

Agenda item: 6
ENGLISH ONLY

OPTIONS FOR THE IPCC BUDGET MANAGEMENT
Discussion note for IPCC Bureau 24
Geneva 17-18 December 2001

(Submitted by Dr. Leo Meyer, Co-Chairman, IPCC Financial Task Team)

The attached document was circulated to the Bureau at its Twenty-fourth Session. Review of the documents from governments is invited. It is requested that comments be sent to the Co-Chairman of the IPCC Financial Task Team, Dr. Leo Meyer, at e-mail: leo.meyer@minvrom.nl by 22 March 2002.

OPTIONS FOR THE IPCC BUDGET MANAGEMENT
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Leo Meyer, Co-chair, IPCC Financial Task Team

1. Introduction

The IPCC Trust Fund is vital to the existence of IPCC. Its Secretariat, participation of developing countries and economies in transition in IPCC activities, communication, and many other activities are fully dependent of availability of the Funds resources. The Fund, at its turn, is entirely dependent on voluntary contributions by governments. The financial situation of the fund is an area of concern to the Panel for several reasons. First, the incoming cash flow, based on voluntary contributions by governments, is irregular and unpredictable. Second, the financial reporting is not sufficiently transparent to all Panel members. There have been several situations in the past where IPCC was at risk to run out of money.

The flow of income has been subject to many debates within the Financial Task Team. In addition, the IPCC Panel has been requesting for more transparent financial reporting on expenditures. In response to these discussions and requests, there have been considerable improvements in the meantime. The income flow has been analysed and some improvement has been made in financial reporting. However, the job is not yet finished. This paper gives an outline of issues to be resolved and indications options for solution. At IPCC 19, the Panel may adopt further decisions on the financial management of IPCC.

Bureau members and TSU's are invited to submit their comments to this note before February 15 2002 to Leo Meyer (email: leo.meyer@minvrom.nl). Based upon these comments, a draft decision document will be prepared for IPCC 19 in collaboration with the IPCC secretariat and the WMO financial experts.

2. Issues to be addressed

2.1. Objectives and criteria for use of the IPCC Trust Fund

The Trust Fund needs some ruling: which activities are eligible for financing from the Fund and which are excluded.

2.2. How could the "chain of command" for financial decisions on the Trust Fund be arranged?

Which decisions by Panel, the Bureau, the Secretary, the WG/NGGIP co-chairs and TSUs. How much flexibility is allowed for each?

2.3. What are the appropriate cost categories?

The IPCC Budget proposals could be further improved by defining cost categories and its breakdowns in sub categories. These categories can be derived from the WMO financial system on several levels of detail. See BOX 1 and Box 2 for examples.

2.4. How can budget plans be represented in decision documents?

Currently, the budget plan for IPCC secretariat and WGs at one hand and the NGGIP are separately presented. It has been decided at IPCC 18 that the formats of IPCC secretariat and WGs and the NGGIP need to be merged. The financial tables of the NGGIP may serve as a good example to accomplish this task; These consist of a master table with all costs of activities in the coming 3 years, and attached are detailed descriptions of each activity (cost category) including mandate, objectives, contents, and planning.

2.5. How could the Trust Fund planning and control cycle be managed?

What are the consecutive steps in decision making: budget planning, budget decision, interim budget revisions and consideration of expenditures, approval of expenditures by the end of the year, reporting back to the contributors to the Trust Fund: See BOX 3 for an example of elaboration.

2.6. How to better ensure the income of the Trust Fund?

There is no straightforward answer. The following options could be elaborated, each with its pros and cons, for decision making by the Panel:

Option 1: maintain existing practices (leave it to the Governments, publish contributions, and call regularly upon Governments to give generously).

Option 2: Send a periodic letter to the governments to contribute conform a standard indicative scale (UN scales, UNFCCC scales)

Option 3: Send a periodic letter to governments, tailor-made to its circumstances, after some informal communication with the responsible financial people in the governments to explore the feasibility.

Option 4: Direct approach by the IPCC Chair of rich OECD Governments that do not or hardly contribute.

Option 5: Conditional response to requests of UNFCCC or other bodies; only yes if Parties guarantee full sponsorship of the requested report or advice.

Of course, also combinations of options are possible.

BOX 1. Example of IPCC Main Cost Categories.

I. General cost categories

1. Secretariat of IPCC
2. Support for all TSU's (co-chairs DC money)
3. General meetings: IPCC Panel, IPCC Bureau ,
4. General Communication and outreach activities

II. Regular cost categories

This part contains the main stream of IPCC activities.

5. WG I meetings and reports /papers
6. WG II meetings and reports /papers
7. WG III meetings and reports/papers
8. NGGIP meetings and reports/papers
9. Synthesis meetings and reports/papers
10. Other (cross-cutting meetings and reports)

III. Special Projects

11. TGCIA
12. (other projects or temporary tasks).

BOX 2. Example of IPCC Sub cost Categories

1. Steering committee meetings and Task force meetings
2. IPCC Expert meetings, scoping meetings and workshops
3. Lead Author meetings
4. Panel meetings
5. Printing, shipping and reproduction costs
6. Translations
7. Tools, outreach activities

BOX 3. Planning and Control Cycle

1. Planning

Some contributing governments would like to see more transparency in the decision process in preparing the budget. In fact, it is not a “budget” but a budget proposal to governments). The following “rules” or “codes of conduct” may be needed: All TSU’s, Project leaders, Task Force Chairs should submit their budget proposals for the next year and requests for revisions of the current budget to the Secretary, who prepares with the TSU’s and project leaders a comprehensive budget proposal for consideration by the Panel. All requests should be fully underpinned by a paper containing: the mandate, the objectives, the content, the production planning and timing, communication of the product, and the financial support requested from the Trust Fund. The budget proposals (with its underpinnings) should be submitted to the Panel well in advance to a Panel meeting – panel members should have enough time to prepare their views on the proposals.

2. Budget decision for the next year (= budget proposal to governments)

- The panel can approve the proposed budget for the next year after preparation of a draft decision paper by the Financial Task team, as usual.
- For the future years are needed:
 - Estimate of budgets year X+2 and X+3;
 - Estimate of carry-overs;
 - Best prediction of future contributions in year X+2 and X+3.
- The Secretary of the Panel should be mandated to procure the approved budget proposal and balance it with incoming contributions.

3. Interim budget revisions

The Secretariat of IPCC, in conjunction with the WMO financial department, should produce financial information on the state-of-the art well in advance before Panel meeting. The panel may ask more detailed questions on sub-items as appropriate.

Interim financial reporting tables should contain:

Main Category	Sub cat.	Budget for sub-cat.	Expenditure to date ...	Balance; over/under budget	Explanation (if needed)	Expected expenditures to end of year	Expected balance end of year
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BOX 4. Approval of expenditures by the end of the year.

The panel should adopt a financial report from its Fund expenditures over the previous year. A financial yearly report should have 3 tables, containing:

Table I: expenditures previous year

Category	Sub cat.	Budget for subcat.	Expenditure by 31 December	Balance; over/under budget	Explanation (if needed)
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Table II: contributions previous year country by country / organisation
(available from WMO)

Table III:

1. Balance at beginning of year	CHF...
2. Contributions received + interest	CHF...
3. Expenditures	CHF...
4. Balance at end of year	CHF...
5. Less reserved for commitments made in previous year against the budget for current year	CHF...
6. Still available for current year	CHF...

