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**AD HOC TASK GROUP ON FINANCIAL STABILITY**

(Prepared by the Co-Chairs of the Ad Hoc Task Group on Financial Stability (ATG-Finance))

(Submitted by the Secretary of the IPCC)



## **AD HOC TASK GROUP ON FINANCIAL STABILITY**

### **Report on the Financial Stability of the IPCC by the Ad Hoc Task Group on Financial Stability (ATG-Finance)**

The current document contains the report from the Ad hoc Task Group on Finance, as a follow up to decision IPCC-XLVII-10.

#### **Establishment and mandate of ATG-Finance**

The 45<sup>th</sup> Session of the IPCC held in Guadalajara, Mexico, established an Ad Hoc Task Group on Financial Stability (ATG-Finance) with the purpose to explore avenues for financial stability of IPCC, including funding options, and implications therein, with a view to secure predictable, sustainable and adequate means for a smooth implementation of the IPCC's programme of work, for consideration by the Panel.

The ATG-Finance is co-chaired by IPCC Vice-Chairs Thelma Krug from Brazil and Youba Sokona from Mali. The members of the ATG-Finance are the core members of the Financial Task Team, the Co-Chairs of the Financial Task Team as well as the Secretary and Deputy Secretary of the IPCC. The group is also open to government representatives.

The ATG-Finance has been tasked to identify matters affecting the financial stability of the IPCC and submit to the Panel a report that would consider options for increasing the contributions from governments, including in-kind contributions, and broadening the donor base in terms of contributing governments; exploring means to mobilize additional resources, including from United Nations (UN) organizations and others (e.g., the United Nations Environment Programme (UN Environment), the Global Environment Facility (GEF), The Green Climate Fund (GCF), and evaluating their potential implications, in particular issues related to conflict of interest and legal matters; and providing guidance on the eligibility of potential donors, in particular the private sector.

#### **IPCC-46**

At the 46<sup>th</sup> Session of the IPCC (IPCC-46), (Montreal, September 2017) the Co-Chairs presented a report introducing possible ways for increasing the contributions from governments, broadening the donor base and means to mobilize additional resources, while remaining impartial and steering clear of potential conflicts of interest. The Panel decided to (1) extend the mandate of the ATG-Finance with specific focus on parts 2 and 3 of its mandate; (2) exploring means to mobilize additional resources, including from UN organizations and others (e.g., UN Environment, GEF, GCF), and evaluating their potential implications, in particular issues related to conflict of interest and legal matters; and (3) providing guidance on the eligibility of potential donors, including the private sector. It also decided to revisit the discussion on the fundraising options and requested the ATG-Finance to report back to the 47<sup>th</sup> Session of IPCC (IPCC-47) with its proposals.

#### **IPCC-47**

At the 47<sup>th</sup> Session of the IPCC (IPCC-47), (Paris, March 2018) the Co-Chairs of ATG-Finance provided information [IPCC-XLVII/Doc. 10, Rev.1](#) on recent consultations with IPCC member governments on fundraising options as well on contacts with the Office of the UN Secretary General, the World Meteorological Organization (WMO) and the UN Environment. As mandated by the Panel, they had also explored the potential of IPCC receiving support from the GEF and the GCF and have been advised by members of the group to explore a high-level meeting with the Co-Chairs of GEF and GCF. Because of the low response rate for the questionnaire sent out to members it had not been possible to present the Plenary with conclusive results at this session.

ATG-Finance held a face-to-face meeting during IPCC-47 and as a follow-up would prepare a work plan identifying the short-, medium- and long-term goals and collect further information on the options in order to come up with recommendations for the Panel, including identifying the barriers for contributing to the IPCC. The Panel recognized that while the financial situation of the IPCC for the forthcoming years had improved, there was still a need to discuss options for sustainable financing for the IPCC for the medium- and long-term. The Panel concluded that it would be useful to send out another questionnaire with more in-depth questions that would help in understanding the barriers that governments face and that the Task Group would also continue to explore experiences from other UN organizations on dealing with a similar challenge. The Panel therefore decided to extend the mandate of the Ad hoc Task Group on Financial Stability of the IPCC and requested that it report back to the 48<sup>th</sup> Session of the IPCC (IPCC-48).

### **ATG-Finance preparations for IPCC-48**

On 27 April 2018, the Co-Chairs sent a letter to the members of the Ad hoc Task Group on Financial Stability of the IPCC, soliciting views on barriers and opportunities for financing the activities of the IPCC. Responses were received from twelve IPCC member governments out of one hundred ninety five members: Canada, France, Germany, Hungary, Iraq, the Netherlands, New Zealand, the Slovak Republic, Sri Lanka, Sweden, Togo and the United Kingdom. Many of the IPCC member governments that replied are consistent, regular, either annual or multi-year contributors to the IPCC Trust Fund and recognize that it is a worthwhile effort.

The Co-Chairs then followed up with a letter on 31 July 2018 to ATG-Finance members summing up the results of the comments received.

They noted that increasing the number of regular and/or multi-year contributions would give IPCC more financial security. The urgency of climate change as an environmental, economic, and societal issue which warrants both national attention and international collaboration, underlines the importance of the IPCC as a vehicle of scientific foundation for climate work. Respondents had recognized the value of the IPCC as an important contribution to evidence-based international and national policy-making. Outreach and communication activities as well as increasing awareness and political visibility of the work of the IPCC was felt to be key in order to make the case for contributing to the IPCC in national administrations. Highlighting the political relevance of the work done by the IPCC, initiatives in the context of implementing the Paris Agreement and using the outcomes of the Special Report on Global Warming of 1.5°C (SR1.5) as inputs for the Talanoa Dialogue were seen as opportunities for countries to acknowledge the role of the IPCC and increase their financial contribution.

It was deemed important that the IPCC continues to operate with a high degree of transparency and to seek good value for the money contributed to the Trust Fund, so that donors remain convinced of the value of IPCC's work and core mission.

Some respondents expressed willingness to start contributing to the IPCC Trust Fund and requested specific advice on how to do it, either by means of an invoice to be sent to them or by a direct payment to the IPCC Trust Fund account, whose number was requested. It was also noted by some respondents that it is easier to make a voluntary contribution to the IPCC if the financial allocation has been made for this purpose in the annual budget. The absence of an invoice makes it more difficult for ministries of finance to disburse the money and justify the expense. The Co-Chairs suggested that those countries which are in such a situation approach the Secretariat and inform of the amount of contribution so that the Secretariat could send an invoice in due course. Some noted that the number of countries contributing to the Trust Fund is relatively small and an increase in existing donors' contributions may be seen as a disincentive to others who are not contributing but may be planning to do so. On the other hand, one member government noted that the continuous absence of payment from some countries demotivates it to increase its contribution to the IPCC and highlighted the potential longer-term risk of regular payees decreasing or ceasing their contribution if this situation continued.

Others noted that the main barrier to contributing to the IPCC stems from budgetary constraints, particularly at times when governments seek to ensure internal balance between incomes and expenditures in their national budget. In a situation where administrations are encouraged to continuously reduce their costs it is more difficult to contribute to a voluntary budget.

It was further proposed that the UN scale for assessed contributions could be used as a reference for the voluntary contributions from all member countries, including for potentially adjusting their actual financial support to the IPCC, if applicable. Balanced contributions from all member governments of the IPCC, taking into account their respective capabilities, are essential for global participation, ownership and inclusiveness.

Some noted that the constraint to commit to multi-year contributions is due to their national annual budgets, and that this is particularly relevant when financing an organization on a voluntary basis. Some national administrative regulations do not allow for multi-year pledges. Nevertheless, some governments had successfully managed to make multi-year pledges, also for in-kind contributions in support of Technical Support Units (TSUs) and Data Distribution Centres (DDCs), some pledging for the full cycle of AR6.

IPCC member governments further expressed keen interest to support the work of the IPCC through in-kind contributions. Some member governments noted that their main share of support to the IPCC is provided through this kind of contribution, which includes support to the bureau members and authors of IPCC reports, including related travel, funding the Technical Support Units, IPCC data centers as well as hosting plenary and expert meetings. Some countries occasionally use funds targeted for assisting developing country engagement in international climate change processes to support the activities of the IPCC. In the current cycle two of the TSUs are co-located in developed and developing countries which may contribute to capacity building and may prove to be a successful model which could be more widely used in the future.

For small countries, the significant cost of hosting meetings is a barrier. It is also difficult to allocate a budget in advance, and it is therefore important that hosting opportunities and meeting schedules are available well in advance and government focal points are made aware of such needs.

One barrier to in-kind funding might be a lack of knowledge and it would therefore be advisable to increase the transparency about the possibility of this kind of support. Visibility of contributions provided, beyond the budget documents, would acknowledge donors and might incentivize further contributions.

While the Co-chairs recognized that the responses received represent the views of a limited number of IPCC members, the views expressed provide, however, valuable insights to the questions posed in the letter. In order to allow for other member governments to provide their views, an electronic forum will be established for further comments to be posted.

The Co-Chairs suggested that ATG-Finance may want to consider recommending to Plenary the commissioning of a study from an external expert on finance in order to progress work further and to explore in more depth the other options outlined in the first report, in light of views and feedback already provided by IPCC member governments.