



REPORT OF THE WORKING GROUP ON SUSTAINABLE FINANCING OF IARC

1. Background and mandate

The Working Group on Sustainable Financing of IARC (the “Working Group”) was established to support IARC in strengthening the sustainability, predictability, and flexibility of its financing, in alignment with the Medium-Term Strategy (MTS) 2026–2030.

In accordance with its Terms of Reference, the Working Group was mandated to define the concept of sustainable financing for IARC, assess the Agency’s financial situation and associated risks, review existing and alternative funding mechanisms, examine the use of the Working Capital Fund (WCF), and provide recommendations to the Governing Council aimed at enhancing the stability and adequacy of resources.

2. Meetings

After the Sixty Seventh (67th) session of the Governing Council in May 2025, the Working Group held five teleconferences:

- 18 June 2025
- 23 September 2025
- 3 December 2025
- 18 February 2026
- 21 April 2026

3. Summary of discussions

3.1 Defining IARC’s sustainable financing framework

The Secretariat presented a proposed framework for sustainable financing, building on WHO’s sustainable financing model and adapting it to IARC’s specific context and scientific mandate. The framework draws on the principles of predictability, flexibility and resilience, while emphasizing the importance of safeguarding IARC’s scientific independence and ensuring sustained support for the long-term horizons inherent to cancer research.

The Working Group underscored the importance of securing resources in advance of programme implementation, reducing reliance on short-term and highly earmarked funding, and increasing the share of flexible resources to support scientific independence and long-term planning. The Working Group also supported the integration of sustainable financing considerations into results-based management and strategic planning processes, in alignment with the MTS 2026–2030.

3.2 Investment case development

The Secretariat provided updates on the development of an investment case aimed at demonstrating the impact and value of IARC's research and supporting resource mobilization efforts. Cervical cancer elimination was selected as a pilot thematic area to illustrate IARC's contribution to public health policy and outcomes.

The Working Group noted that the investment case would serve as an important advocacy and engagement tool in discussions with Participating States and partners and encouraged its continued development.

3.3 Financial outlook and medium-term risks

The Working Group reviewed updates on the Agency's financial outlook, including assessed contribution levels, use of the Governing Council Special Fund, and projected funding gaps under a zero nominal growth scenario.

The Secretariat highlighted the limited availability of non-staff budgets and indicated that further reductions would likely need to be absorbed through staffing adjustments, with potential implications for programme delivery and the Agency's ability to attract and secure external funding.

The Working Group emphasized the importance of protecting core scientific functions and maintaining the critical capacity required to sustain IARC's research portfolio.

3.4 Establishment of a new Committee of the Governing Council: the IARC Budget and Administration Committee (IBAC)

The Secretariat presented a proposal to establish a standing committee of the Governing Council dedicated to budgetary and administrative matters, drawing on practices in other organizations within the United Nations. The proposed committee would enable more detailed review of financial, human resource, and oversight issues and provide recommendations to the Governing Council.

The Working Group expressed broad support for the establishment of such a committee. Discussions addressed issues related to membership, scope, and working modalities. While views were expressed on both open-ended and limited membership models, there was general agreement that a defined membership would enhance efficiency, while ensuring transparency through the participation of non-member observers.

A draft of the proposed Terms of Reference for the IBAC is attached as Annex I of this report, for consideration and approval by the Governing Council at its Sixty-Eighth (68th) session. As a transitional step, it is also recommended that the mandate of the Working Group on Sustainable Financing of IARC is extended by another one year, to allow sufficient time for handover and knowledge transfer to the new committee.

3.5 Amendment to the method of assessment of contributions including grouping of Participating States

The Working Group examined options to adjust the grouping system used to determine annual contributions considering the recent changes to the WHO scale of assessments. The Secretariat outlined the challenges faced with the current structure, including its potential to create barriers to accession for low-income countries.

Two proposals were reviewed and discussed:

I. Adjusting thresholds to smooth the impact of changes in the WHO scale of assessments:

Having reviewed the effect of the new WHO Scale of Assessments for 2026-2027 ([WHA78.19](#)) on the grouping of IARC Participating States, the Secretariat held discussions with the Working Group on a proposed adjustment to the existing grouping structure ([GC/15/R9](#)), to minimize the disruption for most Participating States.

The current method of assessment on IARC Participating States is as follows ([GC/15/R9](#)):

- The first 70% of the appropriations to be financed by assessments on Participating States are borne equally by all Participating States (each Participating State contributes the equivalent of 1 unit); and
- The remaining 30% of the appropriations are assessed in accordance with a unit system which takes account of national resources.

The proposal is to amend only the thresholds of the percentage of contribution in the WHO scale of assessment, for the purpose of the 30% apportionment, as outlined below:

- a) Group 1 will comprise the Participating States which contribute 6% or more in the WHO scale of assessment, instead of the current "8% or more",
- b) Group 2 will comprise the Participating States which contribute 3% or more but less than 6% in the WHO scale of assessment, instead of the current "4% or more but less than 8%",
- c) Group 3 will comprise the Participating States which contribute 1.5% or more but less than 3% in the WHO scale of assessment, instead of the current "2% or more but less than 4%",
- d) Group 4 will comprise the Participating States which contribute 0.5% or more but less than 1.5% in the WHO scale of assessment, instead of the current "0.5% or more but less than 2%",

- e) Group 5 will comprise the Participating States which contribute less than 0.5% in the WHO scale of assessment.

The unit system to be used for the 30% apportionment among Participating States would remain as follows:

- a) A Group 1 State shall pay 8 units,
- b) A Group 2 State shall pay 4 units,
- c) A Group 3 State shall pay 2 units,
- d) A Group 4 State shall pay 1 unit,
- e) A Group 5 State shall pay 0 unit.

II. Creating an additional lower-contribution group (Group 6) to facilitate accession by very small economies and low-income countries:

The Working Group also discussed as a second amendment to the current method of assessment, establishing a new 'Group 6' to encourage the participation of very small economies and low-income countries in the work of IARC. The Working Group acknowledged that this would widen participation and global representation within the Agency, while allowing for the possibility of reduced assessed contributions by such countries.

Accordingly, it is proposed to create a new Group 6 as follows:

- a) Group 6 will comprise the Participating States which contribute less than 0.05% in the WHO scale of assessment;
- b) A Group 6 State will contribute the equivalent of 0.5 units of the first 70% of the appropriations, and 0 unit to the remaining 30% apportionment.

Summary of deliberations:

The Working Group engaged in extensive discussions with the Secretariat regarding the above proposals, highlighting their significance for fairness, predictability, and revenue stability within the Agency. The Working Group supported presenting both proposals to the Governing Council at its Sixty-Eighth (68th) session for consideration and approval. Additionally, these proposals received endorsement from the respective Chairpersons and Vice Chairpersons of the Governing Council and Scientific Council, who also emphasized the necessity for transparent communication with IARC Participating States, including through individual consultations for those seeking clarifications, and underscored adherence to the deadline for sharing the proposed amendments should it be included in the GC Provisional Agenda (Rule 48 of the Rules of Procedure of the Governing Council). The Secretariat has implemented this guidance accordingly.

A revised version of the method of assessment, including grouping of IARC Participating States, reflecting the two proposed amendments is shown at Annex II.

3.6 Working Capital Fund (WCF) and chronic arrears

The Working Group discussed the uses of the Working Capital Fund, noting that it should remain focused on short-term liquidity management. The Working Group expressed concerns regarding the introduction of any punitive financial measures for Participating States and highlighted the importance of positive incentives and improved transparency to encourage timely payment of contributions.

To address budgeting challenges arising from any long-term arrears, the Secretariat proposed the introduction of a “General Reserve” budget line. Under this approach, the assessed contributions of Participating States in prolonged arrears (as defined further below) would be reflected in the proposed budget under the “General Reserve” line but not programmed for expenditure, unless and until received. Any amounts budgeted under General Reserve remaining unreceived at the end of the biennium would not have to be returned to the Governing Council Special Fund (GCSF), unlike any balance of the approved regular budget that remains unspent at the end of the biennium. Accordingly, the Working Group agreed to make the following proposal to the Governing Council for consideration and approval at its Sixty-Eighth (68th) session:

- a) At the time of preparation of the proposed programme and budget to be submitted to the Governing Council for approval the following year, the assessed contributions of Participating States with prolonged arrears i.e., with arrears that equal or exceed the total due for the two preceding financial years, will be credited to the General Reserve line of the proposed budget.
- b) Use of any portion of a Participating State’s assessed contributions credited to this General Reserve will be subject to receipt of the full amount corresponding to the Participating State’s assessed contributions due for the biennium or biennia in arrears. Such use will be decided upon by the Governing Council.
- c) If the Governing Council has approved a repayment schedule for a Participating State in prolonged arrears, the amount agreed to contribute to the payment of arrears in any given year must be received in full and credited to the outstanding contributions of the Participating State, before any contribution may be credited towards the regular budget and used for programme activities.
- d) At the end of the biennium, any portion of the budget remaining in the General Reserve will not be considered as unspent funds and thereby will not be returned to the Governing Council Special Fund (GCSF).
- e) Provided the Governing Council agrees, it is proposed to implement the above General Reserve mechanism as from the date of adoption of the Governing Council resolution to that effect in May 2026.
- f) For the biennium 2026–2027, IARC will make all reasonable efforts to make savings in the budget to compensate for any prolonged arrears that, under this new guidance, would have been included in the General Reserve line, to avoid use of the Working Capital Fund for this purpose. Any unused balance of the budget falling under this category at the end of the biennium will not be returned to the GCSF.

4. Summary of Recommendations

On the basis of its discussions since the last Governing Council meeting held in May 2025, the Working Group is kindly requesting the Governing Council to consider the following recommendations for approval:

1. Establish a new standing committee of the Governing Council, dedicated to budgetary and administrative matters: the IARC Budget and Administration Committee (IBAC), in accordance with the proposed Terms of Reference (Annex I);
2. Extend the mandate of the Working Group on Sustainable Financing of IARC for an additional one (1) year to allow for proper transition and knowledge transfer to the new committee;
3. Amend the method of assessment on Participating States, including the grouping system, as shown in Annex II, with: (i) adjustments to the thresholds of contribution by the respective Participating States to the WHO scale of assessment, and (ii) the creation of an additional lower-contribution group (Group 6), with a view to expanding the funding base of the Agency, and facilitating wider geographical participation and broader membership;
4. Introduce a General Reserve mechanism to manage assessed contributions from Participating States in prolonged arrears and enhance budget realism and programme implementation.

ANNEX I - DRAFT Terms of Reference of the IARC Budget and Administration Committee (IBAC)

Scope

The IARC Budget and Administration Committee (the “IBAC” or “Committee”) shall serve as an auxiliary advisory body of the IARC Governing Council, with responsibility to provide guidance and make recommendations on budgetary, financial and administrative matters for the Governing Council’s consideration.

The Committee shall discharge its functions in accordance with the IARC [Statute, Rules and Regulations](#), and applicable policies and procedures.

Function

The Committee shall review, discuss, provide guidance and, as appropriate, make recommendations to the Governing Council on:

- The Proposed Programme and Budget, the assessment of annual contributions of Participating States and any identified funding gaps;
- The annual financial report and audited financial statements, together with the report of the External Auditor;
- The sustainable financing of IARC and related resource mobilization efforts;
- The status of collection of assessed annual contributions, including the situation of Participating States in arrears to an extent that would justify the application of Article VIII paragraph 5 of the IARC Statute¹;
- Administrative matters, including human resources, financial management and operational policies;
- Oversight matters, including ethics, internal audit and investigation functions; and
- Any other matter referred by the Governing Council.

Composition and Membership

The Committee shall be composed of the following members:

- The Chairperson of the Governing Council who shall be a member ex-officio; and
- Up to ten (10) representatives of IARC Participating States appointed by the Governing Council – one (1) representative per Participating State, taking into account the need to ensure wide geographic representation.

¹ IARC Statute, Article VIII §5: “A Participating State which is in arrears in the payment of its annual contribution shall have no vote in the Governing Council if the amount of its arrears equals or exceeds the amount of contributions due from it for the preceding financial year.”

Each member is expected to participate fully in the work of the Committee, including attending meetings and contributing actively to the discussions, deliberations and recommendations.

For the purpose of membership of the Committee, Participating States shall nominate their respective representatives, to the extent possible, on the basis of the range of expertise to be prioritized (budget, finance, administration, audit or related fields).

Term and Rotation of Membership

Except for the Chairperson of the Governing Council and unless otherwise specified hereafter, members shall serve for a term of a minimum of two (2) years.

For the purpose of these Terms of Reference, a “year” shall be understood to mean the period between two consecutive regular sessions of the Governing Council, normally from May to May.

To ensure continuity and preserve institutional memory:

- Considering the IBAC builds on the work of the Working Group on Sustainable Financing of IARC (established under Governing Council Resolutions GC/66/R10 and GC/67/R6), at least one-third of the initial membership of the Committee shall be composed of former members of the Working Group;
- Membership shall be staggered thereafter, such that approximately one-third of members are renewed every two years to the extent possible, with priority given to Participating States not currently represented on the Committee, while maintaining sufficient expertise and as wide a geographic representation as possible.

Officers

The Committee shall nominate from among its members:

- A Chairperson, and
- A Vice-Chairperson

All members shall be eligible for nomination as Chairperson or Vice-Chairperson. Officers shall serve for a term of one (1) year, which may be renewed or extended by the Committee.

The IARC Director shall serve as ex-officio Secretary of the Committee and may delegate this function to other members of the Secretariat as deemed appropriate.

Participation of other Participating States and External Experts

Other Participating States may attend meetings of the Committee as observers.

As a general principle, for the purpose of efficient and effective conduct of Committee meetings, observers are expected to make interventions, if applicable, at the Governing Council session rather than at the Committee meeting, unless invited to do so by the Chairperson. In case where the Chairperson determines that the efficient and effective conduct of the Committee meeting will not be affected in any way, the Chairperson may, as appropriate, invite observers to make interventions with respect to items on the agenda that are of particular concern or relevance to them.

If required under exceptional circumstances, the Chairperson may close the meeting of the Committee, or parts thereof, to observers.

The Committee may invite external experts or advisors, as appropriate, to provide technical input on specific agenda items.

Meetings and conduct of business

The Committee shall:

- Hold at least one regular session annually;
- Hold a second regular session in budget years;
- Convene additional sessions, as required, at the request of the Governing Council, the Chairperson of the Committee or the Secretariat.

A majority of the members of the Committee shall constitute a quorum for the meeting to take place.

When a member's representative is not able to attend a meeting, the member may designate an alternate with relevant expertise and shall inform the Chairperson of the Committee accordingly.

Meeting arrangements:

- Meetings may be held virtually and shall be held in private;
- Meeting dates shall be communicated by the Secretariat to all Participating States at least 45 days prior to the meeting, together with the provisional agenda;
- Any IARC Participating State may propose additional agenda items, for consideration by the officers of the Committee, at least 30 days prior to the meeting;
- Documentation shall be shared no later than 21 days prior to the meeting.

If the Chairperson is unable to attend, the Vice-Chairperson shall preside. In their absence, members present shall elect an Acting Chairperson.

Members of the Committee may consult with and seek the views of other IARC Participating States, as appropriate, prior to the meeting, with a view to facilitating informed deliberations and promoting coherence in the recommendations submitted to the Governing Council.

The Committee shall seek to adopt its recommendations by consensus, to be submitted to the Governing Council for decision. In case of the Committee not reaching consensus, the full content of discussions and deliberations will be reported to the Governing Council for review and decision.

The Committee shall agree on a standardized format to prepare a summary report of discussions, deliberations and recommendations for each meeting. The summary report shall be circulated promptly by the Secretariat to all Committee members, for approval within one (1) month after the meeting.

Reporting

The Committee shall report on its work to the Governing Council at each regular session.

The Secretariat shall assist in the preparation of a consolidated annual report of the Committee, incorporating information from the approved summary reports of the Committee meetings as appropriate, for issuance as a Governing Council document.

The annual report of the Committee shall include:

- A summary of deliberations;
- Any advice or observations on the topics covered during the session(s);
- Recommendations for consideration and decision by the Governing Council.