SCAR FINANCIAL STRATEGY 2006-2010
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SCAR’s ability to carry out effectively its dual mission of leadership in international Antarctic scientific research and of providing independent scientific advice on Antarctic issues, depends critically on its financial capacity. Financial capacity in turn depends on increasing income and controlling costs.

This document reports in section 1 on controls on costs, in section 2 on increases in national contributions, and in section 3 on increasing income from other sources.

It is recommended that Delegates:

(i) Recognise the cost-savings made thus far,
(ii) Note the increases in contribution; and
(iii) Adopt the Funding Plan proposed.

1. Cost cutting measures implemented since October 2004

1.1 Salaries

At XXVIII SCAR it was agreed that an Executive Officer (Dr. Kaczmarska) should be hired, on the retirement of the Executive Secretary (Dr. Clarkson), and at a lower pay grade, to assist the Executive Director.

At that time the Secretariat was exploring the possibility that the Administrative Assistant (Mrs Dalton) might transfer onto the SCAR payroll from the University payroll, to relieve SCAR of the growing burden of Cambridge University overheads on the salary for that post. That problem was solved unexpectedly with the promotion and transfer of Mrs Dalton. This opened the way for the Secretariat to experiment with supplying administrative assistance in a different way, which culminated in the replacement of Mrs Dalton’s full time post on the University’s payroll with a part-time appointment (Mrs Smith) on SCAR’s payroll, thereby eliminating the overhead and in addition reducing by 50% the salary cost of secretarial/administrative assistance.

The net result is a reduction in the expected salary costs, due to (a) the replacement of Dr Clarkson by Dr. Kaczmarska, and (b) the replacement of Mrs Dalton (full time) by Mrs Smith (half-time). These reductions partially balance the increase in costs necessary to employ a full-time Executive Director. As a result, administrative salary costs are a reduced demand on SCAR’s year-end fund balance (formerly referred to, in paper SCAR XXVIII-45 as the “cash reserve”). The salary positions in 2003, 2004, 2005 and 2006 are shown in the accompanying graphs (Figures 1 and 2). Note that by contract Secretariat staff salaries increase annually to keep pace with UK inflation.
Fig. 1. Changes in SCAR Secretariat Staff salaries 2003-06.

Fig. 2 Proportional distribution of the SCAR Secretariat Staff salaries, 2003-06.
1.2 Other Savings

As agreed by XXVIII SCAR, it is intended that savings of around $6,000/yr shall be made under the heading of publications, by moving from hard copy publication to electronic. To put it another way, the customary annual allocation of $10,000 for publications, as at XXVIII SCAR, will now be $4,000. Having moved to electronic publishing at the beginning of 2006, we expect this year to spend $4,000 on publications in accordance with that plan. However, the actual expenditure in 2006 will be closer to $8,000, because of the near $4,000 cost over-run on publications in 2005, when more publications had to be printed than had been planned (e.g. the SCAR Strategic Plan). Thus the first year in which we will see the full reduction of $6,000 is 2007.

2. Increases in Income from Contributions

2.1 Basic Contributions

At XXVIII SCAR, in accordance with the advice in Paper SCAR XXVIII-45, Delegates agreed to raise the level of national contributions, starting in 1 January 2006. The increase was justified primarily by the mandate to implement the restructuring recommendations and to meet the new demands of SCAR science and administration. This should raise the annual income from contributions from $330,000 to $428,000 in 2006.

2.2 Voluntary Contributions

At XXVIII SCAR the UK and Germany volunteered to double their contributions for a period of 3 years to assist in the transition to the new SCAR structure. The resources have helped SCAR to provide an extra $6,000 per year to each of the 5 Scientific Research Programmes, giving them a total of $21,000 per year each.

2.3 New Members

XXVIII SCAR asked the Secretariat to find new Members. In 2006 two new Membership applications are being considered – Denmark and Portugal. Discussions have been held with the Czech Republic, Greece and Romania.

2.4 Members Changing to a Higher Category

XXVIII SCAR did not consider the issue of Members possibly wishing to change to a higher category of their membership. However, two countries have volunteered to take this step – Bulgaria (from Associate to Full Membership, class D) and the Republic of Korea (from class D to class C). Others are believed to be considering an increase in their category.
2.5 Arrears

The XXVIII SCAR Finance Strategy document did not consider the matter of arrears. The Secretariat has made a concerted effort to work with Members to eliminate arrears, or to arrange schedules through which the amounts owing can be paid off over time. Delegates are reminded that according to the Rules of Procedure non-payment of contributions for 2 years constitutes the grounds either for downgrading category from Full to Associate Membership, or for leaving SCAR completely. The rules need to be enforced in order to ensure the financial integrity of the organisation.

2.6 Additional Income

The award by the Sloan Foundation of a sizeable grant (roughly $1.4 million over 4 years) to support the Census of Antarctic Marine Life (CAML), brings with it a 15% management fee amounting to about $35,000 per year. This has enabled SCAR to continue its Fellowship Programme, with a $30,000 per year allocation that supports 3-4 research Fellows at up to $10,000 per year each.

2.7 Annual Adjustments

In keeping with other parts of the ICSU organisation, such as SCOR, SCAR should in future request a yearly cost of living increase of 3% to annual contributions, to maintain their ‘buying power’. This would enable SCAR to avoid large occasional increases to contributions of the kind that we have just had to implement. SCAR administrative salaries are tied by contract to an annual cost of living adjustment.

Underspends by SSGs and SRPs are being carried forward deliberately to create the funds necessary to start new initiatives or to contribute to the costs of large meetings – like those held by the SSGs at 4 yearly intervals, or SRP workshops

2.8 Bids to House the Secretariat

SCAR is prepared to consider competitive bids to house the Secretariat, provided that they offer significant financial advantages over the present arrangement, which offers free accommodation and basic facilities as well as access to one of the world’s major polar science libraries. In particular, bids would only be considered if they funded a substantial proportion of the costs of employment of the three Secretariat staff. Currently both Scott Polar Research Institute and the Norwegian Polar Institute provide free space and facilities for Secretariat staff.

2.9 Increases in Costs

Some costs savings are offset by increases in the costs of attending meetings. For instance in the new SCAR structure the Executive Director and Executive Officer are expected to interface much more with the scientific community, which has increased the
Secretariat’s annual travel bill from $2,000 in 2003 to $16,000 in 2005 and 2006 (these sums exclude the costs of the Secretariat’s attendance at administrative meetings like the Delegates meeting, Executive Committee meeting and ATCM. Travel costs have also risen slightly to cover the attendance at the ATCM of the SCAR Lecturer ($600 in 2006), for the provision of the SCAR Reception at ATCM following the SCAR Lecture ($2500), to cover the attendance of Chief Officers at Executive Committee meetings ($5000 in 2007), and to cover the occasional cost for selected speakers to attend the Open Science Conference (such as the ICSU President; $2,000 in 2006).

3. Finding New External Income

3.1 Background

As pointed out to XXVIII SCAR in Paper 45, some potential was recognised for using SCAR’s contributions as leverage to obtain additional funds from external sources. It was envisaged that external donations or grants would more likely be given for targeted scientific activities (as in the case of the Sloan grant) rather than to support general administrative costs. Nevertheless, grants for targeted activities could attract overheads that could be used for indirect costs (as in the case of the Sloan grant). Advice on how to go about finding such funds was requested from Members at XXVIII SCAR, prior to the development of a plan to obtain new funds.

If SCAR wishes to be successful in attracting external funds, it must adopt a proactive approach directed towards that end, and take into consideration such factors as ‘positioning’, ‘niche-marketing’, and ‘global branding’.

In this context, it is important to recognise that SCAR does not just have its own global brand (epitomised by the SCAR logo). It can also trade on the ICSU brand, which in many countries is more widely known than the SCAR brand. This dual approach provides SCAR with a stronger ‘market’ position than it would otherwise command.

Traditionally SCAR’s financial mix has been close to 100% government funding. During the 4 years of the Sloan grant, the total funds increased, lowering the government funded share to 70%, with the remaining 30% coming from the grant. However, as is usual in such cases, most of the grant was “in-out” money for specific expenditure, and so not available to the organisation as a whole.

Investment income through the endowment fund has been very low (<5%) primarily because of the lack of charitable status (something SCAR is about to address). Provided that SCAR gains charitable status, the endowment may be expected to increase by (say) 4% (depending on the current rates of interest), thus providing additional income to support the Fellowship programme.

Gifts have been rare (one of $5,000 in recent years, to ACE).
SCAR would be in a far healthier financial position, able to support more scientific activity and more fellowships, if it was able to double its income by means of grants and contracts. Much of the extra income would be earmarked (‘in-out’) money for specific scientific programmes or educational activities (such as Fellowships). Flexibility would come from modest overheads in the form of ‘grant management fees’ (the overhead on the Sloan contract is 15%).

While doubling SCAR’s income from external sources may seem ambitious, it is suggested by some (see reference list) that the ideal mix for financial wellbeing of a scientific research organisation may be around 40% from individuals; 30% from corporations; 20% from Foundations; and 10% from governments. The implication is that if we start with the $430,000 in governmental funding that is represented by national contributions, we ought to be able to use it as leverage to obtain ten times as much (a total of $4.3 million). Just how realistic that may be remains to be seen. A modest doubling would not seem to be overly ambitious under the circumstances.

There would appear to be everything to gain and nothing to lose from developing a plan to bring in additional resources, using the national contributions as leverage, aiming first to double the income. We have seen some success already with the Sloan grant, which is around 45% of the income in 2006.

### 3.2 Supporting Instruments

At its meeting in Sofia in 2005, and in discussions ‘off-line’ since then, the Executive Committee agreed that it would not be appropriate to start approaching potential funding agencies before certain basic instruments were in place to demonstrate SCAR’s credibility as a ‘professional’ organisation. These instruments include:

1. Publication of the strategic plan with a glossy cover (done in July 2005);
2. Publication of a glossy brochure (drafted with COMNAP, May 2006);
3. Development of a statement of SCAR’s achievements (it’s ‘track record’) (draft completed May 2006);
4. Finalisation of the implementation plans of the 5 SCAR Scientific Research Programmes (completed January 2006).
5. Finalisation of SCAR’s scientific plans for the IPY (approved April 2006).

It is anticipated that the Delegates will approve the publication of the brochure and the achievements documents in July 2006, after which they can be produced as glossy documents with which to approach funding agencies. Printed versions should be available by year-end 2006 at the latest. Thus all of the instruments required as the basis for approaching funding agencies should be in hand by year-end 2006.

In addition it was agreed that it would make more sense to start fund raising as and when SCAR’s legal status becomes clear, and it becomes registered as a Charity, which will facilitate the giving of gifts. This too is likely to be effected by year-end 2006.
3.3 A Funding Plan

(much of what follows in this and other sections comes from the reference list, tempered by personal experience)

It is recommended that a SCAR Funding Plan should be developed following the ideas set out below.

This will require the addition of a section (5.10) to the revised Rules of Procedure to the effect that “The Charity may solicit gifts, including equipment and expertise, donations, and grants from corporations, foundations, government agencies and individuals, may set up a Development Committee to oversee this process, and will publicly recognise what has been received, from whom, and how it is to be used.”

Attracting funds and all other kinds of support depends on two key elements:

(i) Developing the most compelling case for support, and

(ii) Identifying high-profile donors capable of providing equipment, services, or cash.

3.3.1 The Case for Support

Fundraising success depends on being able to convince prospective donors that SCAR deserves their support. Donors want to feel they are contributing to something important and useful. The case for support must therefore address the following points, the most important of which is highlighted in bold at the top:-

- Show how the project helps the donor (corporation, foundation, government agency or individual) meet the core aspects of their mission, goals, or aspirations
- Play to SCAR’s strengths - we have a global brand with a strong Internet presence and no significant competitors;
- Relate to a constituency of potential donors (i.e potential ‘partners’);
- Stress the ‘new’, rather than development of the ‘existing’;
- Occupy a unique and high profile funding niche capable of attracting the attention of a range of funders;
- Be focused;
- Demonstrate leadership;
- Bring significant benefits (scientific advances);
- Be financially realistic (not under-capitalised);
- Demonstrate manageable risks;
- Be exclusive or multi-faceted - allowing the possibility of different donors funding different parts (depending on the requirements of the sponsor);
- Be brief and written in plain (i.e simple) English, not scientific jargon;
- Have a budget and a cash flow profile;
- Ideally demonstrate matching funds (including in-kind contributions);
- Demonstrate low overheads;
• Demonstrate accountability – hard deliverables in given time frames, accompanied by independent external review of results;
• Demonstrate public accessibility – outreach (communication and education);
• Provide easy public recognition for the donors (display their logo; link to their web site, etc).

Cases for support must be personalised, not mass-produced. Relationships must be built with donors or donor organisations.

The ideal strategy for approaching funding sources seems to be to ask for about the average awarded per grant by that organisation during the preceding 3 years.

3.3.2 A Funding Development Committee

A first step to build a successful funding campaign is to create a Development Committee – in effect a “Board of Donors” - containing people who are connected to the organisation’s mission, but also have clout with the donor community, and have the capacity to give money (this Board can be advised by scientists who can explain their needs, but should NOT be led by scientists).

The Committee’s primary task should be to identify potential donors (foundations, corporations, governmental agencies, individuals), and to relate each of them to the primary and secondary missions, goals and objectives of SCAR and its programmes. Working with the SCAR Executive Committee and Secretariat, the Board should invite potential donors to participate in funding. Donors in turn can help to invite additional commitments from others. The goal is not just cash or other kinds of support, but access to new donors – a donor list.

3.3.3 Potential Corporate Sponsors

More than 3500 companies worldwide have more than 10 years experience in sponsoring environmental or scientific research.

The goals of global corporations are the achievement of corporate objectives. Philanthropy is an extension of marketing. They look for opportunities that are long-term, focused and accountable. Around 7% of their donations have an environmental focus reflecting social responsibility. Nationally based companies tend not to be global in their outlook, are less strategic in their giving and tend to target only 1% of their donations towards environmental issues. In any case, business – to - polar connections are rare. One might approach the known suppliers who have connections with research bases in Antarctica. One might approach companies that use science and discovery as common themes in their corporate advertising.

Possible corporate sponsors include (the list is non-exhaustive): IBM, Bosch, Mercedes-Benz, Apple, oil companies, General Electric, Xerox, Honda, Nikon, Omega, Nippon, airline companies, beer companies, mountaineering clothing suppliers, GPS suppliers.
(Rockwell), special materials companies (Dupont), The Nature Company, ice hockey companies, Ice Machine makers, Tent makers, Rolex Watches, etc. In turn, each of these has a supply chain of suppliers who could become second-tier sponsors.

Examples abound of companies aiming for a greener image: e.g. Japan Airlines using commercial flights to collect data about global warming; Mazda Motors stress on recycling; Mitsubishi’s Action Council on global warming; Mitsubishi’s satellite-mounted ozone sensor; Nippon Steel’s focus on symbiosis and environmental protection; Toyota’s push for an electric vehicle.

Tourism is the largest industry in the world. SCAR should attempt to persuade Antarctic tour operators to contribute to a polar research fund for conservation studies involving the effect of tourism and tour ships (e.g. ballast water; hull fouling; effects of visits; anchor drag etc). The model is Royal Caribbean’s “Ocean Fund”, which provides researchers with financial support for studies involving coral reefs, effluent discharge from ships, anchor-drag, and related “green” issues. The company has positioned itself as proactive in a symbiotic relationship with the reefs and sanctuaries of the Caribbean. This might work in Antarctica with a focus on islands as genetic sanctuaries. Seabirds and seals are fundable icons. SCAR should also consider requesting support from tour operators for major conservation-directed meetings.

In approaching corporations, a three-tiered request strategy should be used: seek corporate volunteers; seek in-kind contributions (equipment, clothing, supplies; other infrastructure, seats on planes, free phone calls, accommodation etc); seek cash. In addition, consider asking for short-term or long-term loans of equipment (followed by return with endorsement and donor recognition).

Ethics also have to be considered in deciding whether or not to approach particular companies, or to accept money from them.

Special “behind-the-scenes” visits can be an attraction - in SCAR’s case some donors may find attractive the prospect of having a visit to Antarctica as part of a donor programme – e.g. to visit a base and see the science in action.

3.3.4 Foundations

There are 62,000 foundations in the US alone. Germany has more than 7000 foundations.

Experience suggests that:

(i) Family foundations are less competitive, require less paperwork, and provide a faster turn-around than large organisations.
(ii) Awards of under $5000, or under $10,000 may be at the discretion of the funding officer and not require a full board meeting.
(iii) The best time for requesting funds is the last quarter of the year.
(iv) Foundations prefer “Implementation” grants to “Planning” grants.
(v) Three years is an appropriate duration for a grant request.
(vi) A cluster of small grants ($5k variety) is often a good way to start.
(vii) A 1-3 page mini-proposal is often a useful leader to determine interest.

Some examples of US Foundations follow. There are several Foundation search tools now available on the web for those in search of funds.

**Sloan Foundation:** SCAR is already receiving funds for the Census of Antarctic Marine Life (CAML), which is part of the global Census of Marine Life (CoML). We managed to provide them with a missing Antarctic dimension for their global mission.

**Tinker Foundation:** has provided SCAR with funds twice in the distant past, both for meetings. It specialises in support for Spanish and Portuguese speaking countries or for links with such countries, but also has Antarctica as a line item. SCAR has the potential to meet their mission by, e.g., holding Antarctic meetings in South America.

**John D and Catherine T MacArthur Foundation:**

**McKnight Foundation:**

**Rockefeller Brothers’ Fund:**

**Ford Foundation:**

**Turner Foundation:**

**David and Lucile Packard Foundation:** includes fellowships for science and engineering.

**Carl C Anderson, Sr. and Marie Jo Anderson Charitable Foundation:** underwrites museum exhibitions etc.

**The Bill and Melinda Gates Foundation:**

**Gordon E and Betty I Moore Foundation:** protecting areas of tropical wilderness.

**Carnegie Foundation:**

**Lucille P. Markey Charitable Trust:**

**George C. Smith Fund:**

**National Science Foundation.**

### 3.3.5 Individuals

Early expeditions relied heavily on individuals, Patrons of Exploration, who had to be found by diligent effort. These days wealthy individuals are identified on lists published on the Internet, making them easier to find (but also easier for everyone else to find). They will also tend to be the group most difficult to educate into giving (i.e. requiring more time).

It is worth bearing in mind that wealthy individuals who provide charitable bequests on death leave about one third of their estate assets to educational, medical or scientific organisations.

### 4. References

There are a great many references on corporate and charitable giving. Particularly useful in preparing this strategy was: