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moves the world
to reconciliation
and unity

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Report of the Finance Committee

1. Financial stewardship from Busan to Karlsruhe

When the assembly met in Busan in 2013, in the wake of the financial crisis of 2008, there was concern over both the decreasing levels of income, and the loans taken to refinance the pension fund. However, the launch of the WCC strategic plan by central committee in 2014 marked the start of a new cycle, during which a remarkable level of stability in contributions had been attained. Between 2015 and 2019, an annual average of CHF 17.7 million in contributions assured the basis for the programmatic work, including the services of the general secretariat, governance meetings and communication. The assembly finance committee (AFC) is grateful to the member churches, ecumenical partners and others, for the continued solidarity expressed in the active engagement in the work, and their support offered in so many ways.

Certainly, the impact of the pandemic, in 2020 and 2021 has resulted in reduced income, but also an adaptation in ways of working, including an increased number of webinars and other on-line productions. The AFC members appreciated the work which had been conducted by the WCC during these challenging years.

The WCC has adjusted expenditure plans faithfully according to income each year; no programme deficits had been incurred throughout the entire cycle of work. Further, the work guided by the steering committee for the Green Village project has progressed. As a result of the development and land sales, the pension fund loans of CHF 24 million were reduced by half in 2020, and will be reimbursed entirely this year.

In discussing the income perspectives for the forthcoming strategic period of eight years, with its two planning periods of four years, the AFC observed the following:

- The WCC lists over 30 projects and transversals in its current structure.
- The executive committee could apply discretion on the allocation of budgets working with two particular sources of income, being on the one hand, the membership contributions, and on the other, the programme contributions where the partner trusts the WCC to designate the allocation. Comparing the total contributions in these categories in 2021 with 2014, a decrease of CHF 2.4 million was noted, from CHF 11.4 million to CHF 9 million (21%). The continued strengthening of the Swiss franc compared to other currencies was a factor in the decrease. However, the trend showed the increasing challenge in funding projects which do not benefit from sufficient, or any, ear-marked contributions.
- It was appreciated with gratitude to the staff involved that substantial grant agreements had been successfully contracted with new funding partners during the period, in particular with governments and international UN agencies. The projects concerned typically benefited from larger budgets than those funded by traditional partners. While the funding complemented that of the traditional partners, it did not replace such contributions, given the restrictions. Further, it was noted that such grants introduced particular requirements for reporting and compliance with terms; and introduced an additional responsibility for governance in the monitoring of the projects.

- Member churches and specialized ministries representing traditional funding partners in the AFC shared the view that a trend of decrease in funding is to be expected from current major partners over the next eight year period. This highlights the need for further initiatives in fund-raising.

The AFC concurred with:

- the moderator that the climate crisis is the predominant concern affecting all people and all of creation at this time (A01, para 6);
- the view of the acting general secretary that “the WCC remains an essential instrument for engaging the churches and amplifying their common witness...” (A02, para 18);
- the findings in the Pre-Assembly Programme Evaluation Report which highlighted the need to “strengthen the fellowship by nurturing the engagement between and among churches”; and
- the recommendation of the Pre-Assembly Programme Evaluation Report, that the new strategic plan, 2023-2030, be developed “in consultation with a diverse group of stakeholders.”

The AFC took note of the advice of the acting general secretary to revive the regional desks within the new programmatic structure (A02, para 29). The AFC considered that this advice should be further developed in the current financial context, and also in consultation with the existing regional ecumenical offices.

The AFC observed that there were about 43 programme executives (full-time equivalents) in Geneva and elsewhere, including those serving in Communication, to cover the range of over 30 projects.

In the light of these observations, the AFC considers it urgent that the assembly set guidance for the strategy and plans which will set in motion the adaptations required for the next cycle of work.

The AFC **recommends** that when approving the new strategic plan, the new central committee ensure that:

- (i) plans for the new cycle of work focus on the WCC’s unique role, addressing those activities which only the WCC is best placed to do; and that the number and range of projects be adjusted to be mindful of the economic realities;
- (ii) consideration be given to those projects considered of priority by the programme guidelines committee;
- (iii) focus be placed on the roles of the regional ecumenical organisations and national councils of churches, and the WCC’s commitment to work jointly with them to nurture greater coherence in developing relations with and among the member churches;
- (iv) consideration be given in the strategic plan to ways of “amplifying the common witness of the member churches” in the critical work of common concern; and
- (v) efforts be made to take into account work conducted by ACT Alliance, as coordinated by its secretariat, when planning WCC initiatives in areas of common concern.

2. Four-year financial plan

The AFC supported the general guidelines for the financial strategy for the first four-year planning period, as set out in FIN 02¹ section 4, *Towards a financial strategy 2023-2026*.

It was confirmed that the financial strategy was a useful reference for executive committee. Progress reported against milestones and indicators had been monitored regularly in the prior period.

The AFC shared the view that the four-year financial target for programmes should be set at a steady level based on the current perspectives for 2023. With the application of the current view on exchange rates for 2023, total programme income was estimated at CHF 14.8 million.

¹ Assembly finance documents referenced in this report are available under <https://assembly.oikoumene.org/files>

Within the file structure presented, they are filed under Assembly documentation/Members of assembly committees/Finance

The AFC shares the following additional general guidance on the four-year financial strategy, and **recommends** to the new central committee that:

- (i) the over-arching principle be that expenditure plans be adjusted to match available income in any year;
- (ii) authority be invested in the general secretary, in consultation with the leadership of central committee, to adjust, close, or open a project, as may be required, between meetings of executive committee;
- (iii) with reference to the new Rule VI.4.b² and Rule XIX. 11³, a target be set for the four-year period concerning the number of the normally scheduled meetings of central committee and executive committee to be held electronically, in order to reduce costs, and the carbon footprint associated with travel;
- (iv) the financial strategy include the requirement to prepare a risk assessment document on the planned removal to the Kyoto building in 2024, and then to the Lima building in 2027, with the aim of quantifying any recommended adjustment to the level of the general reserves;
- (v) the objective to deliver and maintain a change management plan in FIN 02, 4.15, include the delegation of responsibility to the appropriate officers by the general secretary;
- (vi) the financial strategy include the plan for revision of the financial policies listed in FIN 09, with the timeline for those requiring revision as a priority in the four-year period; and
- (vii) a financial strategy for 2023-2026 be developed under the above guidelines, and reviewed by executive committee, before approval by central committee in June 2023.

3. Membership contributions

Membership contributions are the principal source of unrestricted income necessary for the funding of the work of the general secretariat, governance, communication and for the support of certain important programme work. Membership contributions totalled CHF 3.6 million in 2021.

The AFC noted with appreciation that 198, or 57%, of member churches had paid a membership contribution in 2021, representing an increase of 42 member churches compared with the previous year, when the impact of the pandemic had caused a decrease in the number contributing. However, it was noted with some concern that it was considered as a positive indicator that 73% of the member churches represented on central committee had paid a membership contribution for 2021.

The AFC heard a report on the development of the new membership contribution plan. The plan proposed the continuation of the current scheme, in which the base level is set in the local currency at the level of giving in the prior year, with the request for annual increase of 2% to 5%. The AFC noted that a very few member churches contributed 80% of the total membership contributions.

It was recognised that not all churches could contribute financially to the same degree. There were reasons why particular churches made such significant contributions, motivated by the Christian spirit of giving, and the church's own commitment to fund the work of the WCC. Other member churches, making smaller contributions financially, were making costly gifts with regard to their available funds. Others contributed by engagement in programmatic work, or through contributions-in-kind.

The AFC discussed whether a membership fee, rather than a contribution, should be introduced, with reference to the principles of Christian stewardship, fairness, transparency and objectivity. A member church would remain free to make a contribution over and above a possible "membership fee", and to qualify such a contribution as a membership contribution. The AFC discussed what it might mean to be gathered at the table with shared Christian values, and to determine how each might contribute in different ways, with their different talents, to ensure the sustainability of the WCC.

² "In lieu of or in addition to its ordinary meetings, the central committee may decide to convene electronically".

³ "Electronic means, such as teleconference, video-conference and other technologies, may be used in lieu of in-person meetings, for consultation and decision-making, when a quorum is present and the following conditions have been met..."

The AFC urges the member churches who could contribute more to take up the responsibility for funding the WCC, at this time when traditional partners indicate the likelihood of reductions in the future.

Improved financial participation from other sources should follow if the WCC coordinates its way of working within the membership.

The AFC **recommends** that:

- (i) the plan for membership contributions be further developed to ensure incorporation of the values of Christian stewardship, fairness, transparency and objectivity;
- (ii) a strategy be developed on how to actively involve those churches which do not contribute or are identified as possibly paying less than they could; and
- (iii) the new membership contributions plan be launched by central committee in June 2023.

4. Income development strategy

The AFC reviewed the draft *Income Development Strategy 2023-2026* (FIN 06), which, in line with the previous strategy, included sections addressing financial stewardship by member churches, collaboration with specialised ministries, the development of income from new funding partners and fund-raising for the Ecumenical Institute at Bossey.

The AFC supports the draft income development strategy, confirming that the approach proposed can result in improved financial stability for the Council.

In discussion of the document, the AFC raised the following observations:

- A regular, documented contact with member churches, monitored by the responsible officer, presenting the work of the WCC, and expressing interest in the activities of the church, will help build the number of members contributing.
- Training should be provided for project executives and other staff involved in fund-raising, in order to identify opportunities, and to present compelling applications.
- WCC, as well its member churches, may on occasion miss opportunities to fund-raise for specific projects at the grass-roots level. As an example, congregations in Korea, further to the involvement of the local church leaders, are likely to be interested in the WCC's collaborative work with the churches on reconciliation between North and South Korea. Congregation members might be willing to contribute to the WCC's project work through, for example, an online giving initiative, or other similar mechanism.

The AFC **recommends** that:

- (i) the income development strategy include milestones for both programme contributions' development, and as measures for the engagement and effectiveness of leadership and programme executives in fund-raising activities; and
- (ii) the income development strategy be presented for approval at central committee in June 2023.

5. Assembly Fund

The AFC deeply appreciates the opportunities for development of the fellowship which the 11th Assembly has offered, and the renewed experience of identifying together the hopes and challenges for the WCC for the new cycle of work. The committee noted that the assembly costs to the WCC from 2018 to first quarter 2023 are forecast to close at CHF 14.2 million, quite apart from the direct costs of the host churches, and other churches.

The AFC offers sincere gratitude to the host churches for their engagement in the international and local planning, for the coverage of related administrative costs, for the weekend programme, and other contributions to the 11th Assembly in so many ways. The AFC also expresses gratitude to the German people for the substantial grants from the German Federal Foreign Office for the 11th Assembly.

The AFC noted with appreciation the commitment to sustainability principles at the assembly; and the possibilities offered to eat together as a fellowship during the event.

The AFC **recommends** that the new central committee:

- (i) ensure that the financial strategy include plans for establishment of the 12th Assembly fund in the four-year planning period 2023-2026, including consideration for an annual allocation of unrestricted contributions to the fund;
- (ii) take into account, most seriously, when planning the 12th Assembly, a reduction in the number of days, and a consideration as to the number of seats, as well as subsidies granted, noting that a similar recommendation was made by the AFC of the 10th Assembly.

6. Capital expenditure and real estate strategy

The AFC noted that in accordance with the guidelines of the financial strategies from 2014 to 2021, the investment in capital expenditure had remained low, and at an average of CHF 0.5 million per year over the last four years.

The AFC highlights that in the years 2023-2026, as described below in point 11, Green Village, substantial capital expenditure is envisaged for construction. In addition, as noted in FIN 02, an overall strategy for WCC's real estate, including the residential building in Grand-Saconnex and the Château de Bossey in the Canton de Vaud, should be developed in consultation with an expert.

The AFC **recommends** that the new central committee consider the level of priority to be granted for investment and renovation at the Château de Bossey, if it may be demonstrated that such investment would offer the opportunity to realise further financial potential.

7. IT strategy

The AFC heard a report on progress with the IT strategy, as set for the prior period, and as outlined for the future in FIN 02. In developing the IT strategy for the next cycle of work, the AFC concurred with the following proposed directions:

- Plan, implement and complete phase 2 of the Enterprise Resource Planning (ERP) system, to address HR systems, and contact management.
Development for the ERP contact management module should include the feasibility to organise all correspondence and contacts with member churches, ecumenical partners and other project network relations. In this way, and also with due respect to data confidentiality and data protection policies, tracking of involvement of member churches in the work of the WCC could be realised, and could be monitored. The project for development of such a contact database, integrated within the ERP, will require to be led by an executive to be identified by the general secretary.
- Monitor the capacities and qualities of the current platform for digital learning, together with the responsible executives, and bring recommendations to staff leadership.
- Development of tools for application in both in-person and electronic meetings, which could be applied for the implementation of the consensus process.
- Study the application of technology for interpretation, with the aim of including additional languages, in the awareness that certain member churches might be willing to sponsor such an initiative.

In addition, the AFC shared the following observation:

- In the report of the AFC of the 10th Assembly, in Busan, it had been proposed that the IT strategy include a study for an IT platform for participative project work and exchange between member churches. The definition of a project which requires such a platform is yet to be formulated. The AFC supports the proposal that a project with such a participative profile be identified, with a study and possible IT implementation to be aligned to support the work, when requirements are defined.

The AFC **recommends** that the new central committee ensure that the IT Strategy is developed, and monitored within the context of the WCC financial strategy 2023-2026.

8. Report of the audit committee

The AFC received the report of the audit committee (FIN 03) covering the period 2013 to 2021, and highlighting the work conducted with the auditors, and with staff, in review of financial risks, and in assessment of financial controls.

It was noted that the number of grant audits required by funding partners had increased from four in 2013 to eleven required in 2022.

The AFC **recommends** that the assembly:

- (i) take note that the audit committee reported that “there have been no matters of contention concerning the annual statements under review, nor material issues raised concerning financial controls”.
- (ii) recognise with appreciation the voluntary commitment of the independent professionals who have served on the audit committee alongside executive committee members during the period under review.

9. Report of the pension fund committee

The AFC reviewed a brief report summarizing the responsibilities of the pension fund committee, its work in monitoring the financial situation of the collective service provider *Profond*, and the efforts conducted by the pension fund committee to engage in dialogue with *Profond* on its sustainability strategy, and to move towards the implementation of a sustainability investment policy.

When the last AFC met in Busan, 2013, the transfer of assets and liabilities from the former WCC Retirement Fund to the collective service provider, *Profond*, had already been made. The process of liquidation of the WCC Retirement Fund was in progress at that time. The report of the pension fund committee confirms that the liquidation of the former WCC Retirement Fund was completed, and the Fund was struck from the Geneva register in 2016.

Following the transfer to *Profond* in 2012, financial responsibility for the WCC as employer is limited to the annual contributions due under the pension plan.

The AFC **recommends** that the new central committee require that the mandate of the pension fund committee be revised to develop further the responsibilities for engagement with *Profond* with regard to its sustainability investment policy, and the principles of climate-responsible finance.

10. Policies

As noted in point 2 above, *Four-year financial plan*, the document FIN 09, being a list of WCC’s financial policies, with dates of last review, was received by the AFC.

In addition to the recommendation at point 2 (vi), the AFC **recommends** that the new central committee ensure that:

- (i) The draft *Code of conduct for governing bodies, commissions, consultative and advisory bodies* reviewed by central committee 2018 be finalised and approved, ensuring in particular that the protocol for addressing possible conflicts of interest for members of governing bodies be formalised;
- (ii) The investment policy be revised as a priority, recognising in particular the new category of short-term investments held, being seed capital for the Green Village project;
- (iii) A policy be introduced governing compliance with the principles of climate-responsible finance, as described in the WCC statement on the imperative for effective response to the climate emergency (June 2022). The compliance policy should define staff responsibilities, and ensure monitoring by the finance sub-committee of executive committee of actions taken by staff to engage with the financial institutions through which WCC banks, invests and seeks insurance coverage;
- (iv) Follow up is made, in the form of definition of policy, concerning the decision of central committee in June 2021 which required that the executive committee “monitor the approach to foster inclusiveness in participation [in WCC programme meetings] when digital means are adopted; and

- (v) the new finance policy committee of central committee take note that its mandate, as defined in Rule X.5 was extended in June 2022 to include the responsibility to recommend policies related to “significant issues concerning...income-generating projects, based upon reports from the finance sub-committee of the executive committee.”

11. Green Village

The AFC heard a report on the perspectives in the Green Village project, the innovative and sustainable real estate development of the WCC in Geneva, being built for operation under One Planet Living principles.

The first objective of the Green Village project is the reimbursement of CHF 24 million of loans contracted to refinance the pension fund in 2012. As a result of the successful sale of the Montreal land-shares in 2020, followed by the sale of the Kyoto plot, with transfer of title in July 2022, the first objective of the Green Village project will be completed this year, with all loans reimbursed. Seed capital has also been established towards WCC's own construction in this first phase.

The second objective is to renovate the Ecumenical Centre; while the third objective is to own property which will generate a target of CHF 3 million in rental income annually, towards the WCC's operational costs.

In order to meet the second objective, an approach will be made to Geneva foundations this year, to seek financing, and to the Canton's agencies, which may offer an interest-free loan.

To meet the third objective, studies are underway for the Lima office building, with a strategy to be approved by the new steering committee this year. Financing for the Lima construction is dependent on the success of the land sale for the Stockholm project. The timeline established together with the developer, Implenia, foresees Stockholm sales contracted in 2024. If these steps are completed according to plan, then the Lima building may be delivered in 2027. Rental income might be generated from 2028, provided that new tenants are found. Given the unstable market conditions, there could be risk of delay.

The AFC notes that there is a transition period during 2023-2026. During this four-year planning period, WCC will clear the office wings of the Ecumenical Centre, and move to the Kyoto building together with sister organisations. In addition, WCC will be engaged in ensuring land sales and funding for a capital expenditure plan to be submitted for approval by executive committee in 2024.

The AFC *recommends* that:

- (i) The assembly recognise with appreciation the role of the steering committee, and in particular its leadership, assured over the past nine years firstly by Bishop Olav Fykse Tveit, the former general secretary; and then by Rev. Dr Prof Ioan Saucă, the acting general secretary, in guiding the Green Village project to success in this first phase;
- (ii) The assembly recognise that the ecological standards and qualities of the development, with its sustainability action plan, are signs of hope for the future of the work in Geneva, for WCC and the sister organisations; and that further, the project itself stands as witness in Geneva to the values of the WCC and the sister organisations;
- (iii) The assembly recognise with appreciation that the work conducted has resulted in completion of the first objective of the project, with CHF 18 million of the loans now reimbursed, and the final loan of CHF 6 million to be reimbursed on 30 September 2022:
- (iv) the assembly decide that the outgoing steering committee retain its responsibilities until the new central committee appoint a new steering committee, in the awareness that guidance may be needed already in October, with regard to strategy, and to ensure that the interests of the WCC are protected; and
- (v) the new central committee require that the new steering committee review the guidelines and indicators for the project in the financial strategy 2023-2026 as proposed in FIN02, before approval of the financial strategy by central committee in 2023.

12. Actions taken on report of the finance committee of the 10th Assembly

The AFC received a report on actions taken by the central committee with regard to the recommendations of the AFC of the 10th Assembly in Busan, 2013. The AFC appreciated the extent of work accomplished by the outgoing central committee and executive committee with regard to the recommendations.

The AFC *recommends* that an accountability report on actions taken with regard to recommendations in this report be monitored by the finance policy committee of central committee, and be shared with the finance committee at the 12th Assembly.

13. Meeting between the moderators and rapporteurs of the programme guidelines committee and the finance committee

A meeting was held to discuss mutual concerns, and to ensure alignment or complementarity in recommendations to the assembly. The finance committee and the programme guidelines committee welcomed this opportunity for its leadership to consult on matters in the process of the work.

14. Appreciation

The AFC expresses its sincere gratitude for the dedicated support of the finance staff, and especially Ms Elaine Dykes, in the preparation of this meeting and their professionalism in presenting the material.

Recommendations approved by consensus