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CAB/2477/R

2024-04-19

## INTERNATIONAL ELECTROTECHNICAL COMMISSION

CONFORMITY ASSESSMENT BOARD (CAB)

Meeting Geneva , 2024-06-10/11

### SUBJECT

Agenda Item 4.1.6

Report from CAB TF new CA Service Funding

### TERMS OF REFERENCE

- Investigate funding models for new CA Systems.
- Investigate funding models for new CA services.
- Investigate funding models for promotional activities of new CA services.
- Propose guidelines for adequate funding levels for promotional activities of new CA services.
- Provide recommendations to CAB at its June 2024 meeting.

### BACKGROUND

CAB TF new CA Service Funding was established at the CAB meeting at the IEC 2022 GM in San Francisco.

This report includes an executive summary of activities to date and recommendations to CAB based on items addressed through correspondence.

Part A – Recommendations submitted to the CAB for formal approval.

Part B – Other items of interest.

Part C - CAB Decisions related to TF new CA Service Funding.

### EXECUTIVE SUMMARY

The TF held a face-to-face meeting in Offenbach, Germany on December 11, 2023.

### ACTIONS

CAB is invited to review this report and submit comments, if any, using the [CAB commenting system](#), no later than **2024-05-15**.

*Note: If no recommendations are indicated, the document will be classified as a consent agenda item. However, if comments are received requesting discussion on the document, then it will become an item for discussion in the main agenda.*

*If recommendations are indicated, but no comments are received (by the given deadline) requesting discussion at the next CAB meeting, then the recommendations will be considered as approved.*

## Part A: Recommendations for approval

CAB is requested to approve the following recommendation to the IB:

### Recommendation 1

**The working group agreed that the following should be submitted to CAB with a recommendation to submit the same to IB asking for action to create the CA fund.**

CAB is requested to approve a recommendation to IB as follows:

### Recommendation 1:

- Approve the Phase II Operational Aspects of the IEC CA Designated Fund based on the detailed process outlined below.
- Request the immediate establishment by the IB of the CA Designated Fund as previously approved in:

#### ***IB DECISION 2023/18 - CA designated fund***

- *The IEC Board welcomed the proposal from CAB to promote and develop new CA Systems or CA services and thanked CAB for the work to date in its preparation.*
- *The IB agreed in principle to the need for investment in new CA Systems or CA services and looked forward to receiving more specific details and business models in due course.*
- *The IB recommended that a business case analysis should include measures of impact and commitment from the industry to market growth.*

## Part B: Supporting information and items of interest

#### ***IB DECISION 2023/18 - CA designated fund***

- *The IEC Board welcomed the proposal from CAB to promote and develop new CA Systems or CA services and thanked CAB for the work to date in its preparation.*
- *The IB agreed in principle to the need for investment in new CA Systems or CA services and looked forward to receiving more specific details and business models in due course.*
- *The IB recommended that a business case analysis should include measures of impact and commitment from the industry to market growth.*

- A. The third bullet point in the IB Decision, above, was interpreted as shown with the additional text; **business case analysis**, not a specific business case. With this understanding it was agreed that the document [IEC CAB G01](#) was an appropriate reply to this third bullet point.

CAB has, for many years, had a process for taking decisions with respect to the introduction of new CA services and potentially new CA Systems. Part of this process involves an analysis of the business factors according to criteria defined in IEC CAB G01, which is publicly available on the [Standing Documents](#) webpage of the CAB webpages on the IEC website. The scope of IEC CAB G01 is as follows:

### **1 Scope**

This guideline primarily applies to all new proposed IEC CA services. New IEC CA services may be new CA Systems, product categories, schemes, or proposed scope extension of the IEC CA System into a new area or field of activity. It is also intended to be used for the review of existing services within the IEC CA Systems.

This guideline is intended to provide an estimate to assist in the IEC CA decision making process.

- B. The working group also revised the original text in document CAB/2328/R, which had been submitted to the June 2023 CAB meeting where it had been approved (see CAB Decision 53/17) and had been shared with IB in the CAB report to IB (IB document IB/213/R dated 2023/06/16).

The IEC to establish a CA Designated Fund, administered by CAB\*, for the financing of  
 1) new IEC CA Systems, and  
 2) new services of strategic value\*\*

Note: New services and schemes within existing IEC CA Systems will continue to be managed and financed through the budgets of the existing IEC CA Systems that have reached sustainability.

\*administered by CAB: CAB has final authority for decision and allocation of funds.

\*\*strategic value: as determined by CAB.

- C. CAB confirms the Phase I approval from the IB in document CAB/2328/R, as follows:

*The proposed CA Designated Fund would be established at an amount not to exceed 2M CHF. Initial funding in the amount of 1M CHF would be deployed from IEC existing free capital at a ratio of 15% from conformity assessment and 85% from standards & services, which corresponds to the ratio on incomes coming from CA activities on one side and from Standards & Services on the other side. The remaining 1M CHF would be distributed into the CA Designated Fund over a period of three (3) years from free capital at the same ratio. Approval to utilize these funds would require approval from CAB. CAB would implement a process for utilization of funds and monitoring of expectations and results on, at a minimum, an annual basis. Any drawdown of the CA Designated Fund would result in the need for replenishment from free capital.*

- D. Details of proposed Phase II Operational Aspects:

**(1) Generic Scenario for new CA service using the CA fund**

1	2	3	4	5	6	7
Investigative work for new CA service. Yes/No → G01 CAB Decision	Development work. MBs from existing CA Systems join.	MC first meeting ODs created, etc	Launch of services.	Ongoing activities	ROI Analysis	Ongoing activities (going concern)
Financing → IEC General funds	<b>CA fund</b>	Budget (dues) + <b>CA fund</b>	Budget (Self-financing) <b>CA fund</b>	Budget Self-financing <b>(CA fund)</b>	Budget Self-financing <b>(CA fund)</b>	Budget payback
Financing →	CA fund	CA fund	CA fund	(CA fund)		
Financing what →	Admin, travel, secretariat, etc	Admin, travel, secretariat, etc	Promotion	Promotion		

**(2) Generic Scenario for new CA System using the CA fund**

1	2	3	4	5	6	7
Investigative work for new horizontal CA service.  Yes/No → G01  CAB Decision	Development of new CA System ODs.  MBs join new CA System.	Launch of the new CA System.  First MC meeting ODs created, etc	Launch of services.	Ongoing activities	ROI Analysis	Ongoing activities (going concern)
Financing →  IEC General funds	<b>CA fund</b>	Budget (dues) +  <b>CA fund</b>	Budget (Self-financing)  <b>CA fund</b>	Budget Self-financing  <b>(CA fund)</b>	Budget Self-financing  <b>(CA fund)</b>	Budget payback

Financing →	CA fund	CA fund	CA fund	(CA fund)		
Financing what →	Admin, travel, secretariat, etc	Admin, travel, secretariat, etc & promotion.	Admin, travel, secretariat, etc & promotion.	Promotion		

**Note: Typical current scenario for new CA service in existing CA System not using the CA fund**

1	2	3	4	5	6	7
Investigative work for new CA service in existing sustainable CA System.  Yes/No → G01  CAB Decision	Development work.	ODs created, etc	Launch services	Ongoing activities	<i>ROI Analysis (to be added)</i>	Ongoing activities (going concern)
CA Sys Budget	CA Sys Budget	CA Sys Budget	CA Sys Budget	CA Sys Budget	CA Sys Budget	

**CAB Decision 53/17 — CAB new CA Service Funding**

The CAB thanked the TF Convenor, Ms Joan Sterling, for the task force report in document CAB/2328/R, and noting the comments received in CAB/2328A/CC and the discussion during the meeting, agreed to treat the recommendations as follows:

A1: CAB approved a recommendation to the IEC Board (IB) for:

Phase I (Concept) approval of the establishment of a CA Designated Fund for the financing of

- 1) new IEC CA Systems,
- 2) new services in CA Systems that have not yet reached sustainability and
- 3) related activities.

Pending feedback or approval by IB of the CA Designated Fund concept (Phase I), operational considerations will be developed in Phase II.

A2: CAB approved that pending the response from the IB, the TF should determine next steps, that could include, proceeding to Phase II to investigate the operational aspects of the CA Designated Fund and report to CAB at its earliest convenience.

**CAB Decision 52/05 — *Establishment of a Taskforce New CA Service Funding***

The CAB, noting document CAB/2244/DC, the comments received in CAB/2244A/CC and the discussion during the meeting, agreed to establish TF New CA Service Funding with ToR to be determined by the TF and approved by CAB considering the following:

- Investigate funding models for new CA Systems.
- Investigate funding models for new CA services.
- Investigate funding models for promotional activities of new CA services.
- Propose guidelines for adequate funding levels for promotional activities of new CA services.