



**Agreement on the Conservation of Albatrosses and Petrels**

**Third Meeting of the Parties**

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**Title: Scale of Contributions**

**Author: Secretariat**



## Scale of Contributions

### Purpose

The purpose of this paper is to examine different options to calculate a scale of contributions for Parties to the Agreement on the Conservation of Albatrosses and Petrels (ACAP).

### Background

Calculation of the Scale of Contribution for Parties to ACAP is currently based upon a series of formulae elaborated in Resolution 2.3. These formulae use the United Nations Scale of Assessment for payment of annual contributions to the UN Budget (Resolution 58/1 B, March 2004) and indices of Gross National Income and Gross National Income per Capita to calculate the annual contribution each party is required to make to cover the costs of implementing the Agreement, with no Party contributing more than 20% of the total annual budget.

Consideration of a revision to the approved Scale of contributions was discussed at the 4<sup>th</sup> Advisory Committee Meeting in August 2008. All Parties present endorsed the view that future contributions should amount to them paying a similar amount to their assessed contributions under the current formulation for 2009, but incorporating a slight increase to take account of inflation. The Secretariat was asked to consider a revised scale of contributions to be agreed by consensus at MoP3.

This paper should be read in conjunction with [ACAP/MoP3/Doc.24](#) Agreement Budget 2010 -2012 and [ACAP/MoP3/Doc.23](#) Advisory Committee Work Programme 2010-2012, which outline in more detail how expenses related to running the Secretariat and funding Meetings of the Parties and the Advisory Committee have been estimated.

### Guiding Principles, Methods and Data Sources

In examining options the Secretariat has been guided by the principles that:

- contributions need to be proportional to the ability of a Party to pay; and
- existing parties should pay an amount similar to their assessed contributions under the current formulation for 2009, but incorporating a slight increase to take account of inflation.

The Secretariat examined the contribution assessment processes used by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR), the Convention on Migratory Species of Wild Animals (CMS), the Antarctic Treaty, the Agreement on the Conservation of African-Eurasian Migratory Waterbirds (AEWA), and the Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and contiguous Atlantic Area (ACCOBAMS), but none appeared to offer an improvement over the current method used by ACAP. Each system had its own benefits and disadvantages and was clearly developed to suit their own circumstances. While a 'hybrid' of a few of these systems was considered, this was not pursued in detail to avoid developing a system more complex than the existing one used by the Agreement.

Variations on the existing ACAP formulation were then considered, and the most favourable is presented in this paper.

In preparing estimates of contributions using the existing formula, it was necessary to update the data sources used in the calculation. Information on these is provided below:

1. The Fifth Committee of the UN General Assembly decides on the scale of assessments for contributions to the U.N Regular Budget every third year. The scale of assessments reflects a country's capacity to pay (measured by factors such as a country's national income and size of population). A "ceiling" rate sets the maximum amount of any member state's assessed share of the regular Budgets. There is also a minimum rate of 0.001% for poor countries, and a ceiling rate of 22% for the Regular Budget. The U.N. scale of assessment used here has been obtained from Resolution 61/237 dated 13 February 2007, a copy of which can be supplied by the Secretariat.

It should be noted that the U.N. scale is now based on Gross National Income (GNI) and not Gross Domestic Product (GDP). GNI is seen as a more appropriate index of a country's wealth, and hence its ability to pay annual contributions to Inter Governmental Agreements such as ACAP.

2. *World Development Indicators* (World Bank), September 2008, downloaded 5 December 2008, (<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20535285~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:23941900.html> ). The World Development Indicators (WDI) is the World Bank's premier annual compilation of data about development. This data source has been used to source figures for population size, GNI, and Gross National Income per capita (GNI per capita).

## Proposed scale of contributions

Three options for determining the scale of contributions are provided for the Parties' consideration. The difference between options one ([Table 1](#)) and two ([Table 2](#)) is in the maximum contribution payable by a Party. The existing method stipulates that no Party shall contribute more than 20% of the total annual budget, and the alternative reduces the maximum contribution to 15%. The use of the formula is similar in all other aspects. The third option ~~applies a 4% inflator to the level of contributions Parties paid in 2009 (highlighted in Table 3).~~

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The calculations have been prepared assuming two budget amounts — AUD \$620,000 (which does not fully fund the Advisory Committee Work Programme) and AUD \$750,000 which it is estimated would allow for full funding of the AC Work Programme as well as accommodating budget items that are not currently included in the draft budget (refer MoP3 Doc 24 – Table 3).

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To assist Parties in making a comparison between the options, Table 3 shows the level of contributions paid by Parties in the previous triennium (2007-2009), together with the three options elaborated in this paper, using budget figures of AUD 620,000 and AUD 750,000.

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Table 4 shows the level of contributions Parties would pay over the three year period under each scenario for a budget of AUD 620,000 applying a 4% inflator each year and using 2009 as the baseline.

## **Review of Economic Forecasts**

The Secretariat was requested at AC4 to review economic forecasts at the conclusion of the first fiscal quarter in 2009 in order to provide guidance to Parties on the likely level of cost increases to be expected during the 2010 – 2012 triennium. The following information has been obtained from the 'Mid Year Economic and Fiscal Outlook 2008-09' published by the Commonwealth of Australia.

Table 1.2 presents the major economic parameters used in preparing the *Mid-Year Economic and Fiscal Outlook 2008-09*. The parameters for 2008-09 and 2009-10 are forecasts, while those for 2010-11 and 2011-12 are projections. The projections of economic growth are based on analysis of underlying trends in employment and productivity. Similar to Budget, the projection years include the assumption that the prices of key non-rural commodities will fall further from their 2009-10 forecast levels. The projections of inflation are consistent with the medium-term target band.

**Table 1.2: Major economic parameters<sup>(a)</sup>**

	Forecasts		Projections	
	2008-09	2009-10	2010-11	2011-12
Real GDP	2	2 1/4	3	3
Employment	1 1/4	3/4	1 1/4	1 1/4
Wage Price Index	4 1/4	4	4	4
CPI	3 1/2	3	2 1/2	2 1/2
Nominal GDP	7 3/4	3	4 1/4	4 1/4

(a) All parameters except the CPI are year average percentage changes. The CPI is through the year growth to the June quarter. As in previous budget documents, projections assume a two-year step down in non-rural commodity prices.

**Table 1. Budget amount AUD \$620,000**

	Method			
	20% Maximum		15% Maximum	
	% of budget	AUD	% of budget	AUD
Argentina	2.55	15,785	3.08	19,089
Australia	10.59	65,685	13.39	83,014
Brazil	8.64	53,550	9.66	59,914
Chile	2.21	13,690	2.84	17,585
Ecuador	0.10	635	0.10	635
France	20.00	124,000	15.00	93,000
New Zealand	5.18	32,093	7.14	44,278
Norway	14.00	86,807	15.00	93,000
Peru	0.38	2,357	0.38	2,357
South Africa	2.74	17,003	3.28	20,312
Spain	13.48	83,579	15.00	93,000
United Kingdom	20.00	124,000	15.00	93,000
Uruguay	0.13	816	0.13	816
<b>Totals</b>	<b>100.00</b>	<b>620,000</b>	<b>99.87</b>	<b>620,000</b>

**Table 2. Budget amount AUD \$750,000**

	Method			
	20% Maximum		15% Maximum	
	% of budget	AUD	% of budget	AUD
Argentina	2.55	19,094	3.08	23,092
Australia	10.59	79,458	13.39	100,420
Brazil	8.64	64,778	9.66	72,476
Chile	2.21	16,560	2.84	21,272
Ecuador	0.10	768	0.10	768
France	20.00	150,000	15.00	112,500
New Zealand	5.18	38,822	7.14	53,562
Norway	14.00	105,008	15.00	112,500
Peru	0.38	2,852	0.38	2,852
South Africa	2.74	20,569	3.28	24,571
Spain	13.48	101,104	15.00	112,500
United Kingdom	20.00	150,000	15.00	112,500
Uruguay	0.13	987	0.13	987
<b>Totals</b>	<b>100.00</b>	<b>750,000</b>	<b>99.87</b>	<b>750,000</b>

**Table 3. Comparison showing 4% increase on 2009 level of contributions and 15% and 20% cap<sup>1</sup> (as per Table 1 and 2 above).**

	Annual contribution AUD			+4% on	15%	15%	20%	20%
	2007	2008	2009	2009	(620,000)	(750,000)	(620,000)	(750,000)
Argentina	17,298	17,701	18,689	19,437	19,089	23,092	15,785	19,094
▲ Australia	87,794	89,837	94,852	98,646	83,014	100,420	65,685	79,458
▲ Brazil	-	2,936	37,203	38,691	59,914	72,476	53,550	64,778
▲ Chile	15,120	15,472	16,335	16,988	17,585	21,272	13,690	16,560
▲ Ecuador	472	483	510	530	635	768	635	768
▲ France	89,800	91,890	97,020	100,901	93,000	112,500	124,000	150,000
▲ New Zealand	36,810	37,667	39,770	41,361	44,278	53,562	32,093	38,822
▲ Norway	38,885	68,211	72,019	74,900	93,000	112,500	86,807	105,008
▲ Peru	2,286	2,339	2,470	2,569	2,357	2,852	2,357	2,852
▲ South Africa	19,820	20,282	21,414	22,271	20,312	24,571	17,003	20,569
▲ Spain	89,800	91,890	97,020	100,901	93,000	112,500	83,579	101,104
▲ United Kingdom	89,800	91,890	97,020	100,901	93,000	112,500	124,000	150,000
▲ Uruguay	-	-	1,285	1,336	816	987	816	987
▲	<b>487,885</b>	<b>530,598</b>	<b>595,607</b>	<b>619,431</b>	<b>620,000</b>	<b>750,000</b>	<b>620,000</b>	<b>750,000</b>

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<sup>1</sup> The figures in the last four columns of this table have been calculated using the 2007 U.N. Scale of Assessment, those in the preceding four columns on the 2004 U.N. SoA.

**Table 4. Comparison showing effect of a 4% increase on 2009 level of contributions for all three methods.**

	Annual contribution AUD			+4% on 2009 (10 Parties) Option 1			+4% on 2009, 15% Method Option 2			+4% on 2009, 20% Method (13 Parties) Option 3		
	2007	2008	2009	2010	2011	2012	2010	2011	2012	2010	2011	2012
Argentina	17,298	17,701	18,689	19,437	20,214	21,023	19,072	19,835	20,628	15,770	16,401	17,057
Australia	87,794	89,837	94,852	98,646	102,592	106,696	82,938	86,255	89,706	65,625	68,250	70,980
Brazil		2,936	37,203	38,691	40,239	41,848	59,859	62,253	64,743	53,501	55,641	57,867
Chile	15,120	15,472	16,335	16,988	17,668	18,374	17,569	18,272	19,003	13,677	14,224	14,793
Ecuador	472	483	510	530	551	573	634	659	686	634	659	686
France	89,800	91,890	97,020	100,901	104,937	109,135	92,915	96,631	100,497	123,886	128,842	133,995
New Zealand	36,810	37,667	39,770	41,361	43,015	44,736	44,237	46,007	47,847	32,063	33,346	34,680
Norway	38,885	68,211	72,019	74,900	77,896	81,012	92,915	96,631	100,497	86,727	90,196	93,804
Peru	2,286	2,339	2,470	2,569	2,672	2,779	2,355	2,449	2,547	2,355	2,449	2,547
South Africa	19,820	20,282	21,414	22,271	23,162	24,088	20,294	21,105	21,949	16,988	17,667	18,374
Spain	89,800	91,890	97,020	100,901	104,937	09,135	92,915	96,631	100,497	83,502	86,843	90,316
United Kingdom	89,800	91,890	97,020	100,901	104,937	109,135	92,915	96,631	100,497	123,886	128,842	133,995
Uruguay			1,285	1,336	1,389	1,445	815	848	882	815	848	882
<b>Budget amount</b>	<b>487,885</b>	<b>530,598</b>	<b>595,607</b>	<b>619,431</b>	<b>644,209</b>	<b>669,978</b>	<b>619,431</b>	<b>644,209</b>	<b>669,977</b>	<b>619,431</b>	<b>644,209</b>	<b>669,977</b>

Notes:

1. The budget adopted by MoP2 for the 2009 financial year was AUD 485,100 and was met through contributions from 10 Parties. Three new Parties subsequently joined the Agreement and as agreed by MoP2 their contributions were calculated using the formula in Resolution 2.3 which was then added to the allocation available for the running of the Agreement (specifically to fund the work of the Advisory Committee). For this reason, there is a considerable difference in the calculation of contributions when 4% is added to the 'actual' budget for 2009 ( Option 1), to that obtained using Option 3, when the base rate is calculated using contributions from 13 Parties. Consequently, the level of contributions shown in Option 1 is not proportional to the level of contributions calculated under the formula adopted at MoP2, resulting in a significant difference for some Parties between the level of contributions shown in options 1 and 3.



