



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

**Second Meeting of the Parties**

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**Scale of Contributions**

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## Scale of Contributions

### Purpose

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

### Background

Options for a Scale of Contribution for Parties to ACAP was discussed at MoP 1. *Resolution 1.3* established a Scale of Contributions that was fully related to Gross Domestic Product (GDP), with no Party contributing more than 22% of the total annual budget. However, in order to encourage developing countries to join the Agreement, *Resolution 1.3* also provided for the second session of the Meeting of the Parties to give consideration to amending the Scale of Contributions to a formulation that is 50% GDP based and 50% GDP per capita based.

Consideration of a revision to the approved Scale of contributions was further discussed in a closed session of the 2nd Advisory Committee Meeting in June 2006. Four scales of contribution were examined and there was considerable support from all present for these options to be further elaborated. The Secretariat was asked to present a number of options for a scale of contributions to be determined by consensus at MoP2.

This paper should be read in conjunction with ACAP/MOP2/Doc.24 - Agreement Budget 2007-2009 – which outlines in more detail how the interim Secretariat has estimated the expenses related to running the Secretariat and funding Meetings of the Parties and the Advisory Committee, and related expenses.

### Data Sources

Two principal sources of data have been used to prepare the options presented in this paper:

1. The United Nations Scale of Assessment for payment of annual contributions to the UN Budget (Resolution 58/1 B, March 2004). 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% to the Regular Budget for poor countries. In December 2000, the Fifth Committee voted to lower the ceiling rate from 25% to 22% for the Regular Budget (<http://www.globalpolicy.org/finance/assessmt.htm>). The current U.N. scale of

assessment was approved in 2004 and is currently being re-assessed. A revised scale will be finalised before the end of the year but was not available at the time this paper was prepared.

It should be noted that the U.N. scale is now based on Gross National Income (GNI)<sup>1</sup> and not Gross Domestic Product (GDP) as indicated in ACAP *Resolution 1.3*. 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. 2005). CD-ROM. Washington, DC. (<http://www.worldbank.org/data/wdi2004/index.htm>). 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, GDP and GNI, and to calculate Gross National Income per capita (GNI per capita)<sup>2</sup>.

## **Proposed scale of contributions**

Six options for determining the scale of contributions are provided for the Parties' consideration, with two scenarios presented for each:

- Scenario 1 shows the estimated contribution for all Parties to the Agreement as of 1 September, 2006;
- Scenario 2 estimates the contribution assuming all signatories had ratified ACAP.

The options are described below:

### **Option 1: 100% related to the United Nations Scale of Contributions, 22 % maximum per Party**

This option is based on that used in other CMS Agreements. Parties pay a percentage contribution, based on the United Nations Scale of Assessment for payment of annual contributions to the UN Budget. Where the calculated contribution is in excess of 22%, Parties pay a fixed amount of 22% of the budget. The remainder of the budget is then distributed amongst Parties with a calculated

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<sup>1</sup> GNI (formerly Gross National Product – GNP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. GNI is usually calculated in national currency and converted to U.S. dollars at official exchange rates for comparisons across economies, although an alternative rate is used when the official exchange rate is judged to diverge by an exceptionally large margin from the rate actually applied in international transactions. To smooth fluctuations in prices and exchange rates, a special Atlas method of conversion is used by the World Bank. This applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country and other key economies.

<sup>2</sup> GNI per capita (formerly GNP per capita) is the gross national income, converted to U.S. dollars using the World Bank Atlas method, divided by the midyear population.

scale of contributions of less than 22%. Re-distributed funds are apportioned according to the relative UN Scale of Contributions of the Parties involved.

This may be more easily explained by the following equations:

$$Contribution = \frac{UN\%}{\sum UN\% ACAP} \cdot 100 \cdot ACAPBudget$$

(Equation 1)

where: *UN %* is the calculated UN Scale of Assessment for a Party outlined in UN Resolution 58/1 B;

$\sum UN\% ACAP$  is the sum of the UN Scale of Assessment for all ACAP Parties outlined in UN Resolution 58/1 B; and

*ACAPBudget* is the annual budget approved by the Meeting of the Parties, assumed to be AUD \$500,000 for the purposes of this paper.

If the calculated percentage contribution for one or more parties resulting from Equation 1 exceeds 22%, the contribution for the Party/Parties is set at 22% of the annual budget, and the contribution for the remaining Parties recalculated in one or more subsequent iterations of the following formula:

$$Contribution = \frac{UN\%}{\sum UN\% ACAP Parties < 22\%} \cdot (1 - (0.22 \cdot Parties > 22\%)) \cdot 100 \cdot ACAPBudget$$

(Equation 2)

where:  $\sum UN\% ACAP Parties < 22\%$  is the sum of the UN Scale of Assessment for all ACAP Parties outlined in UN Resolution 58/1 B that have an assessed annual ACAP contribution < 22%; and

*Parties > 22%* is the number of Parties that have an assessed contribution from Equation 1 or subsequent iterations of this equation that is >20% of the ACAP Budget

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**Option 2: 100% related to the United Nations Scale of Contributions, 20% maximum**

This option is similar to Option 1, except that no ACAP Party pays more than 20% of the total ACAP Budget.

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**Option 3: 100% related to Gross National Income, 20% maximum per Party**

This option calculates annual contributions based on 100% GNI, with no party paying more than 20% of the total ACAP Budget. It is calculated using the following equations:

$$Contribution = \frac{GNI\%}{\sum GNI\% ACAP} \cdot 100 \cdot ACAPBudget$$

(Equation 3)

where: *GNI %* is the Gross National Income for a Party;

$\sum GNI\% ACAP$  is the sum of the Gross National Incomes for all ACAP Parties.

If the calculated percentage contribution for one or more parties resulting from Equation 3 exceeds 20%, the contribution for the Party/Parties is set at 20% of the annual budget, and the contribution for the residual Parties recalculated in one or more subsequent iterations of the following formula:

$$Contribution = \frac{GNI\%}{\sum GNI\% ACAP Parties < 20\%} \cdot (1 - (0.20 \cdot Parties > 20\%)) \cdot 100 \cdot ACAPBudget$$

(Equation 4)

where:  $\sum GNI\% ACAP Parties < 20\%$  is the sum of the Gross National Incomes for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

*Parties > 20%* is the number of Parties that have an assessed contribution from Equation 3 or subsequent iterations of this equation that is >20% of the ACAP Budget.

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**Option 4: 50% related to Gross National Income, 50% related to Gross National Income per capita, 20% maximum per Party**

This option calculates annual contributions based on 50% GNI, and 50% GNI per capita, with no party paying more than 20% of the total ACAP Budget. It is calculated using the following equations:

$$Contribution = \left[ \sum \left( \frac{GNI\%}{\sum GNI\% ACAP} \cdot 0.5 \right), \left( \frac{GNIpc\%}{\sum GNIpc\% ACAP} \cdot 0.5 \right) \right] \cdot 100 \cdot ACAPBudget$$

Equation 5

where:  $GNIpc\%$  is the Gross National Income per capita for a Party; and

$\sum GNI\% ACAP$  is the sum of the Gross National Incomes per capita for all ACAP Parties.

If the calculated percentage contribution for one or more parties resulting from Equation 5 exceeds 20%, the contribution for the Party/Parties is set at 20% of the annual budget, and the contribution for the residual Parties recalculated in one or more subsequent iterations of the following formula:

$$Contribution = \left[ \sum \left( \frac{GNI\%}{\sum GNI\% ACAP < 20\%} \cdot 0.5 \right), \left( \frac{GNIpc\%}{\sum GNIpc\% ACAP < 20\%} \cdot 0.5 \right) \right] \cdot (1 - (0.20 \cdot Parties > 20\%)) \cdot 100 \cdot ACAPBudget$$

(Equation 6)

where:  $\sum GNI\% ACAP Parties < 20\%$  is the sum of the Gross National Incomes for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

$\sum GNIpc\% ACAP Parties < 20\%$  is the sum of the Gross National Incomes per capita for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

$Parties > 20\%$  is the number of Parties that have an assessed contribution from Equation 5 or subsequent iterations of this equation that is >20% of the ACAP Budget.

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**Option 5: 100% related to Gross Domestic Product, 20% maximum per Party**

This option calculates annual contributions based on 100% GDP, with no party paying more than 20% of the total ACAP Budget. Parties with a percentage contribution, based on GDP, in excess of 20%, pay a fixed amount of 20% of the budget. The remainder of the budget is then distributed amongst Parties with GDP scale contributions of less than 20%. Re-distributed funds are apportioned according to the relative GDPs of the Parties involved. It is calculated using the following equations:

$$Contribution = \frac{GDP\%}{\sum GDP\% ACAP} \cdot 100 \cdot ACAPBudget$$

(Equation 7)

where:  $GDP\%$  is the Gross Domestic Product for a Party;

$\sum GDP\% ACAP$  is the sum of the Gross Domestic Product for all ACAP Parties.

If the calculated percentage contribution for one or more parties resulting from Equation 7 exceeds 20%, the contribution for the Party/Parties is set at 20% of the annual budget, and the contribution for the residual Parties recalculated in one or more subsequent iterations of the following formula:

$$Contribution = \frac{GDP\%}{\sum GDP\% ACAP Parties < 20\%} \cdot (1 - (0.20 \cdot Parties > 20\%)) \cdot 100 \cdot ACAPBudget$$

(Equation 8)

where:  $\sum GDP\% ACAP Parties < 20\%$  is the sum of the Gross Domestic Product for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

$Parties > 20\%$  is the number of Parties that have an assessed contribution from Equation 7 or subsequent iterations of this equation that is >20% of the ACAP Budget.

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**Option 6: 50% related to Gross Domestic Product, 50% related to Gross Domestic Product per capita, 20% maximum per Party**

This option calculates annual contributions based on 50% GDP, and 50% GDP per capita, with no party paying more than 20% of the total ACAP Budget.

It is calculated using the following equations:

$$Contribution = \left[ \sum \left( \frac{GDP\%}{\sum GDP\% ACAP} \cdot 0.5 \right), \left( \frac{GDPpc\%}{\sum GDPpc\% ACAP} \cdot 0.5 \right) \right] \cdot 100 \cdot ACAPBudget$$

Equation 9

where:  $GDPpc\%$  is the Gross Domestic Product per capita for a Party; and

$\sum GDP\% ACAP$  is the sum of the Gross Domestic Product per capita for all ACAP Parties.

If the calculated percentage contribution for one or more parties resulting from Equation 9 exceeds 20%, the contribution for the Party/Parties is set at 20% of the annual budget, and the contribution for the residual Parties recalculated in one or more subsequent iterations of the following formula:

$$Contribution = \left[ \sum \left( \frac{GDP \%}{\sum GDP \% ACAP < 20\%} \cdot 0.5 \right), \left( \frac{GDPpc \%}{\sum GDPpc \% ACAP < 20\%} \cdot 0.5 \right) \right] \cdot (1 - (0.20 \cdot Parties > 20\%)) \cdot 100 \cdot ACAPBudget$$

(Equation 10)

where:  $\sum GDP \% ACAP Parties < 20\%$  is the sum of the Gross Domestic Product for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

$\sum GDPpc \% ACAP Parties < 20\%$  is the sum of the Gross Domestic Product per capita for all ACAP Parties that have an assessed annual ACAP contribution < 20%;

$Parties > 20\%$  is the number of Parties that have an assessed contribution from Equation 9 or subsequent iterations of this equation that is >20% of the ACAP Budget.

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Table 1 provides a summary of each Party's contribution based on an annual budget of AUS \$500,000.

**Required Action**

Parties are invited to:

1. note the options for the proposed scale of contributions outlined and provide any comments to the interim Secretariat;
2. agree to implement one of the options, or a combination of options, to determine the scale of contribution

**Table 1. Summary of options to determine annual contributions to ACAP, assuming annual budget of AUD \$500,000**

	Scenario	Option					
		1	2	3	4	5	6
<b>Argentina</b>	1	47,870	56,318	12,548	47,377	11,997	17,108
<b>Australia</b>	1	79,717	93,785	94,883	77,535	95,303	91,232
	2	59,930	64,742	91,669	77,508	92,519	78,644
<b>Brazil</b>	1						
	2	57,333	61,936	10,159	37,219	9,593	35,611
<b>Chile</b>	1	11,166	13,137	18,297	13,417	17,560	15,013
	2	8,395	9,069	17,677	13,741	17,047	13,303
<b>Ecuador</b>	1	951	1,119	7,746	5,181	6,991	5,424
	2	715	773	7,484	5,425	6,787	4,931
<b>France</b>	1	110,000	100,000	100,000	100,000	100,000	100,000
	2	110,000	100,000	100,000	100,000	99,171	100,000
<b>New Zealand</b>	1	11,066	13,019	70,067	33,506	73,276	39,961
	2	8,319	8,987	67,694	38,575	71,136	40,518
<b>Peru</b>	1	4,607	5,420	8,272	8,062	7,489	8,601
	2	3,463	3,741	7,992	7,780	7,270	7,126
<b>South Africa</b>	1	14,622	17,202	12,723	17,218	14,083	22,661
	2	10,992	11,875	12,293	15,753	13,671	17,688
<b>Spain</b>	1	110,000	100,000	75,464	97,704	73,301	100,000
	2	94,864	100,000	72,909	89,961	71,159	88,563
<b>United Kingdom</b>	1	110,000	100,000	100,000	100,000	100,000	100,000
	2	110,000	100,000	100,000	100,000	100,000	100,000

**Description of options**

1. 100% UN Scale of Assessment, no Party paying more than 22%
2. 100% UN Scale of Assessment, no Party paying more than 20%
3. 100% GNI per capita, no Party paying more than 20%
4. 50% GNI, 50% GNI per capita, no Party paying more than 20%
5. 100% GDP per capita, no Party paying more than 20%
6. 50% GDP, 50% GDP per capita, no Party paying more than 20%

Scenario 1 - shows the estimated contribution for all Parties to the Agreement as of 1 Sept. 2006;  
 Scenario 2 - estimates the contribution assuming all signatories had ratified ACAP.