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# Proposal for alternative Core Budget Contributions

## BACKGROUND

**19th Meeting of the IAI EC charged the FAC to study different alternatives for the calculation of Country Contributions.**

## Update of Reference scales

- **Quota Assessment for 2005 of the Organization of the American States (OAS)**
- **Scale of Assessments of the United Nations (UN) for the period 2004-2006**
- **Scale of Contributions of International Council for Science (ICSU) members for the period 2002-2005**

# Proposal for alternative Core Budget Contributions

Table 1

	Original Scale		IAI-Normalized		Diference UN-OAS	
	OAS (%)	UN (%)	OAS (%)	UN (%)	(%)	US\$
Argentina	4,9	0,956	4,943	3,179	-1,764	\$ -15.000
Bolivia	0,07	0,009	0,071	0,030	-0,041	\$ -
Brazil	8,55	1,523	8,625	5,065	-1,764	\$ -35.000
Canada	12,36	2,813	12,468	9,355	-1,764	\$ -30.000
Chile	0,54	0,223	0,545	0,742	0,197	\$ -
Colombia	0,94	0,155	0,948	0,515	-0,433	\$ -5.000
Costa Rica	0,13	0,03	0,131	0,100	-0,031	\$ -
Cuba	1,24	0,043	1,251	0,143	-1,108	\$ -
Dominican Republic	0,18	0,035	0,182	0,116	-0,065	\$ -
Ecuador	0,18	0,019	0,182	0,063	-0,118	\$ -
Guatemala	0,13	0,03	0,131	0,100	-0,031	\$ -
Jamaica	0,18	0,008	0,182	0,027	-0,155	\$ -
Mexico	6,08	1,883	6,133	6,262	0,129	\$ -
Panama	0,13	0,019	0,131	0,063	-0,068	\$ -
Paraguay	0,18	0,012	0,182	0,040	-0,142	\$ -
Peru	0,41	0,092	0,414	0,306	-0,108	\$ -
United States	59,47	22	59,992	73,165	13,173	\$ 110.000
Uruguay	0,26	0,048	0,262	0,160	-0,103	\$ -
Venezuela	3,2	0,171	3,228	0,569	-2,659	\$ -25.000
Total	99,13	30,069	100	100	<sup>2</sup> / <sub>3</sub>	0

# Proposal for alternative Core Budget Contributions

Table 2

	Original Scale		IAI-Normalized		Diference ICSU-OAS	
	OAS (%)	ICSU (\$)	OAS (%)	ICSU* (%)	(%)	US\$
Argentina	4,9	\$ 13.472	4,943	3,344	-1,599	\$ -15.000
Bolivia	0,07	\$ 1.000	0,071	0,248	0,178	
Brazil	8,55	\$ 62.051	8,625	15,401	-1,764	\$ 65.000
Canada	12,36	\$ 62.051	12,468	15,401	-1,764	\$ 30.000
Chile	0,54	\$ 11.275	0,545	2,799	-1,764	\$ 25.000
Colombia	0,94	\$ 1.000	0,948	0,248	-1,764	\$ -5.000
Costa Rica	0,13	\$ 2.043	0,131	0,507	0,376	
Cuba	1,24	\$ 1.000	1,251	0,248	-1,003	\$ -10.000
Dominican Republic	0,18	n/a	0,182	0,248	0,067	
Ecuador	0,18	n/a	0,182	0,248	0,067	
Guatemala	0,13	n/a	0,131	0,248	0,117	
Jamaica	0,18	n/a	0,182	0,248	0,067	
Mexico	6,08	\$ 1.000	6,133	0,248	-5,885	\$ -55.000
Panama	0,13	n/a	0,131	0,248	0,117	
Paraguay	0,18	n/a	0,182	0,248	0,067	
Peru	0,41	\$ 1.000	0,414	0,248	-0,165	
United States	59,47	\$238.999	59,992	59,321	-0,671	\$ -5.000
Uruguay	0,26	n/a	0,262	0,248	-0,014	
Venezuela	3,2	\$ 1.000	3,228	0,248	-2,980	\$ -30.000
<b>Total</b>	<b>99,13</b>	<b>\$395.891</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>0</b>

\* assigned minimum values to facilitate analysis



## Proposal for alternative Core Budget Contributions

### Some interesting observations:

- The use of either scale instead of OAS's would favor Argentina, Colombia, Cuba and Venezuela;
- Brazil and Canada would benefit from the use of the UN scale but not the ICSU one;
- The US and Mexico would benefit from the use of the ICSU scale but not from the use of the UN one;
- Chile would have to pay more only if the ICSU scale is applied; and
- There is minimal effect on Bolivia, Peru and Uruguay.

**In summary:** *any change of contribution scale would benefit some member countries and affect negatively others.*



## Proposal for alternative Core Budget Contributions

### Reasons to disregard the ICSU scale:

- Several IAI countries do not contribute to ICSU ;  
and
- The scale is not directly related to the payment capacity of the countries (e.g., Mexico is in the lowest level of contributions)

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Therefore, next discussions will be focused on the two remaining scales – OAS and UN.



## Proposal for alternative Core Budget Contributions

### Useful elements for the comparative analysis of UN-OAS scales:

- The UN scale is periodically updated. Last update: 2004;
- Since 1981, OAS quotas have ceased to be determined on the basis of objective criteria and, for most of this time, they have been frozen;
- The current OAS scale does not adequately reflect the member states' ability to pay;
- OAS Resolution 1746 (2000) express the need for adopting a quota assessment scale which is fair and equitable and which adequately reflects the member states' ability to pay; and
- recommends that the scale of quota assessments for the OAS for 2002-2004 shall be determined by using as a basis the scale approved by the United Nations for 2001-2003.

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### Useful elements for the comparative analysis of UN-OAS scales – cont.:

- This Resolution of the OAS has not been applied and the member country contribution scale is still frozen ;
- Many OAS member countries are in arrears with their contributions to this organization.
- Few American countries are in arrears with contributions to the UN.

#### Conclusions:

Being frozen the OAS scale does not represent accurately the member countries' ability to pay; and

the OAS itself has considered that an appropriate correction would be the adoption of the UN scale.



## Proposal for alternative Core Budget Contributions

**How would country contribution be affected if the IAI scale was modified by a formula that would bring it closer to the UN scale:**

- **The only contribution that would rise is that of the US;**
- **Argentina, Brazil, Canada, Colombia, Cuba and Venezuela would have lower contributions; and**
- **the rest of the countries would not be affected.**



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### Possible alternatives:

- To create a new scale based on the UN; or
- an intermediate formula between both scales.

See next example which contains the calculation of the contribution scale for the FY 2004/2005 Core Budget, using:

- the OAS scale (current),
- a mix of the two scales 2 OAS - 1 UN,
- a simple average OAS-UN,
- a mix of the two scales 1 OAS-2 UN, and
- the UN scale.

# Proposal for alternative Core Budget Contributions

Table 3.

	OAS Scale (%)	Contribution FY 04/05	2*OAS-1*UN (%)	Contribution	1*OAS-1*UN (%)	Contribution	1*OAS-2*UN (%)	Contribution	UN Scale (%)	Contribution
Argentina	4.943	\$45	4.355	\$40	4.061	\$35	3.767	\$35	3.179	\$30
Bolivia	0.071	\$5	0.057	\$5	0.050	\$5	0.043	\$5	0.030	\$5
Brazil	8.625	\$80	7.438	\$70	6.845	\$60	6.252	\$55	5.065	\$45
Canada	12.468	\$115	11.431	\$105	10.912	\$100	10.393	\$95	9.355	\$85
Chile	0.545	\$5	0.610	\$5	0.643	\$5	0.676	\$5	0.742	\$5
Colombia	0.948	\$10	0.804	\$10	0.732	\$10	0.660	\$5	0.515	\$5
Costa Rica	0.131	\$5	0.121	\$5	0.115	\$5	0.110	\$5	0.100	\$5
Cuba	1.251	\$5	0.882	\$5	0.697	\$5	0.512	\$5	0.143	\$5
Dominican Republic	0.182	\$5	0.160	\$5	0.149	\$5	0.138	\$5	0.116	\$5
Ecuador	0.182	\$5	0.142	\$5	0.122	\$5	0.103	\$5	0.063	\$5
Guatemala	0.131	\$5	0.121	\$5	0.115	\$5	0.110	\$5	0.100	\$5
Jamaica	0.182	\$5	0.130	\$5	0.104	\$5	0.078	\$5	0.027	\$5
Mexico	6.133	\$55	6.176	\$55	6.198	\$55	6.219	\$55	6.262	\$55
Panama	0.131	\$5	0.108	\$5	0.097	\$5	0.086	\$5	0.063	\$5
Paraguay	0.182	\$5	0.134	\$5	0.111	\$5	0.087	\$5	0.040	\$5
Peru	0.414	\$5	0.378	\$5	0.360	\$5	0.342	\$5	0.306	\$5
United States	59.992	\$550	64.383	\$585	66.578	\$605	68.774	\$625	73.165	\$660
Uruguay	0.262	\$5	0.228	\$5	0.211	\$5	0.194	\$5	0.160	\$5
Venezuela	3.228	\$30	2.342	\$20	1.898	\$20	1.455	\$15	0.569	\$5
Total	100.000	\$945	100.000	\$945	100.000	\$945	100.000	\$945	100.000	\$945

Note: % values are IAI normalized, contributions are in thousands of US\$



# Proposal for alternative Core Budget Contributions

## Summary and next steps:

- This presentation intends to show the EC the different options for IAI member country contribution scale.
- As indicated, the OAS and UN scales can be applied separately or a combination of both.

The FAC states that they do not recommend/endorse any scale in particular.

The decision on future steps regarding this issue is left to the EC.