



**INTERNATIONAL AGENCY FOR RESEARCH ON CANCER
CENTRE INTERNATIONAL DE RECHERCHE SUR LE CANCER**

**Governing Council
Fifty-first Session**

**GC/51/9
09/03/2009**

*Lyon, 14–15 May 2009
Auditorium*

**FINANCIAL IMPLICATIONS OF THE ACCEPTANCE
OF NEW PARTICIPATING STATES**

Introduction

1. Some Participating States have become concerned about the effect that the admission of new Participating States has on the level of their contributions to the IARC regular budget. In recent cases, a new Participating State has meant an increase to the budget, but also an increase to the contributions paid by some existing Participating States.
2. This issue came to a head at the 50th session of the Governing Council held in May 2008. During the agenda item dealing with the request for admission to IARC of Austria, several delegations raised the issue of the financial implications to their countries of accepting new Participating States. Whilst Austria was warmly welcomed as a new Participating State, a separate resolution, GC/50/R17, was passed asking the secretariat to prepare, in consultation with the Subcommittee on the Admission of new Participating States, a document addressing this issue and to report to the 51st session of the Governing Council. This resolution is attached at annex 1.
3. In particular, the resolution requested the secretariat to: analyse the financial implications of accepting new Participating States on the contributions of existing Participating States to future IARC programme budgets, to propose options to mitigate any negative financial implications on existing Participating States and to advise the next session of the Governing Council concerning the continued applicability of resolution GC/37/R9 (Gradual increase of contributions for new Participating States).

4. To address these issues requires explanations of the current methodology for calculating assessments, of possible alternative methodologies and to the *raison d'être* behind the introduction of gradual contributions for new Participating States. These explanations are provided below. The implications for existing Participating States of increases allowed to the Agency's budget following the addition of new Participating States are considered in the light of the various options for the calculation of assessments.

Current methodology for calculating assessments on Participating States

5. The current methodology used in calculating assessments on Participating States is described in resolution GC/15/R9, see annex 2, and dates from April 1976. This methodology allows for 70% of the budget to be assessed equally on all Participating States and the remaining 30% to be assessed in accordance with a unit system that takes into account national resources. For this purpose, Participating States are classed in five groups according to the WHO scale of assessments as detailed in paragraph 3 of annex 2 and units are attributed depending upon which group a Participating State is placed. This attribution of units to groups is shown in paragraph 4 of annex 2.

6. This system recognizes that the method by which contributions to the budget are assessed is a factor that influences the decision on membership by possible new Participating States. It allows for some differentiation in contributions between countries with contrasting economic situations; however, it does not provide for large differences as do the United Nations and World Health Organization scales of assessments. For information, the Summary of Assessments on Participating States of IARC for 2008–2009 is attached at annex 3.

Alternative methodologies for calculating assessments on Participating States

a) All Participating States pay the same amount

7. This option would be the simplest to calculate. Assessments would be determined by dividing the approved budget by the number of Participating States. When a new member joined, all members would pay the same proportion of the budget. This option should protect the contribution levels of existing Participating States when a new member is admitted. However, this solution ignores the criterion of ability to pay that is included to a greater or lesser extent in the assessments formulae for all United Nations system organizations and, as such, may not find favour with many Participating States.

b) Variations on the present 70:30 split

8. At present, 70% of the approved budget is assessed equally on all Participating States and the remaining 30% assessed according to a unit system as explained in paragraph 5 above. By adjusting this ratio, there is a variation in assessments by group and equally borne percentage. The Figure at annex 4 demonstrates various models ranging from 50%:50% to 90%:10%. It can be seen very clearly that as the ratio moves to a higher proportion of the budget being equally assessed, those States with the greater number of units benefit. Moving to a smaller proportion of the budget being equally assessed benefits those States with a fewer number of units.

c) Follow the model used by the World Health Organization

9. The WHO model uses the United Nations scale of assessments with adjustments made to take into account any differences in membership between the two organizations. If the WHO model were to be adopted for IARC, there would be significant changes due to the much smaller membership of IARC compared with that of WHO. At annex 5 is resolution WHA.60.5 which gives the WHO scale of assessments for 2008–2009. A table showing the IARC assessments using this scale adjusted for the different memberships is shown at annex 6 (in this example, no gradual increases in contributions are factored in).

10. Adopting this model would create a greater difference in assessments between Participating States, and would reflect better the variation in national resources of Participating States. However, when compared with the current model used by IARC, the significant increase in the share of the budget borne by some members may not be acceptable to them.

d) Combining models

11. Instead of following the WHO model exactly, another alternative would be to combine it with the current IARC model. This could involve dividing 70% of the budget equally amongst all Participating States, but then sharing the remaining 30% using the WHO scale of assessments adjusted for the different memberships of the two Organizations. Another possibility could be to adopt this combined model, but to adjust the 70% percentage of the budget shared equally amongst all Participating States.

Continued applicability or otherwise of gradual increase in contributions for new Participating States

12. The concept of gradual increase in contributions for new Participating States was introduced in 1996 via Resolution GC/37/R9 (annex 7). The Governing Council wished to encourage non-OECD countries that had the capacity to contribute to cancer research to apply for membership without being discouraged from joining by the apparently large contributions they would have to pay. The contributions required of such countries were often very high compared with their contributions to the WHO budget owing to the different methodologies employed for assessing contributions. It was thought that by allowing for a gradual increase in contributions, some countries may find it easier to write the smaller sums into their national budgets and then gradually increase them.

13. Since the introduction of this scheme, five countries have joined, three of which were non-OECD countries. However, two of these non-OECD countries withdrew from membership before they paid full contributions. Thus, it is difficult to conclude that the scheme is successful in attracting members who would not otherwise join IARC if retention of members is considered. If the scheme were to be retained, it may be worth considering whether it should continue to be offered to richer nations. If this route were to be taken, a formal definition of those countries that did not qualify, such as OECD nations, would have to be established.

Increases allowed to the budget following the admission of new Participating States

14. From the preceding discussion, it can be seen that changing the methodology used for the calculation of assessments on Participating States would not solve the issue of the contribution levels of existing members increasing when a new member joins, with the exception of the option where all Participating States would pay the same contribution. If the desire of the Governing Council were limited to ensuring that when a new Participating State joins IARC, the contributions of the existing members are not increased, the easiest way of achieving this objective is to control the budget level. The practice of automatically increasing the budget level for the next biennium following the accession of new Participating States by the amount of their full contributions would have to be discontinued. A rule could be established that any increase allowed to the budget consequent to the admission of a new Participating State would have to be such that no existing Participating State paid more than in the preceding biennium due to that new member joining. The budget has to be transparent in this regard. This condition was included in Resolution GC/50/R17 following the accession of Austria to membership of IARC and is easy to implement. It would work no matter what methodology was in place for the calculation of assessments.

Conclusion

15. The way to achieve the main concern of the Governing Council regarding the increases to contributions of existing Participating States following the admission of a new Participating State is by controlling the budget level as described in paragraph 14 above.

16. Notwithstanding the conclusion in paragraph 15, the Governing Council may still wish to consider adjusting the methodology for the calculation of assessments on Participating States as discussed above. In conjunction with this, the issue of whether to continue with gradual increases of contributions for new Participating States, to limit this facility to special countries (e.g. non-OECD members, developing or least developed countries) or to discontinue/abandon this methodology may be reviewed. Though this facility may have some positive impact on the decision to become a Participating State it also leads to less transparency in the budget.

Annex 1
Resolution GC/50/R17

The Governing Council,

REQUESTS the Director, in consultation with the Subcommittee on the admission of new Participating States, to:

1. ANALYSE the financial implications of accepting new Participating States on the contributions of existing Participating States of IARC to future programme budgets;
2. PROPOSE options to mitigate any negative financial implications on existing Participating States of IARC;
3. ADVISE the next session of the Governing Council concerning the continued applicability or otherwise of Resolution GC/37/R9 ("Gradual increase of contributions for new participating states");
4. REPORT thereon to the next session of the Governing Council; and
5. ENSURE that for the coming biennium no current Participating State should have an increase in its contribution as a consequence of the admission of a new Participating State.

May 2008

Annex 2
Resolution GC/15/R9

The Governing Council,

Having read Documents GC/15/4 and GC/15/WP/1;

Recognizing that the method by which contributions to the budget are assessed is a factor which will influence the decision on membership by possible new Participating States;

Reiterating the importance of preserving the criteria established by Article XII of the Statute;

Desiring that as many WHO Member States as possible which fulfil the criteria should participate in the work of the Agency;

Considering that the method of assessment in Resolution GC/7/R5 and GC/9/R3 required amendment,

RESOLVES

- (1) that the first 70% of the appropriations to be financed by assessments on Participating States shall be borne equally by all Participating States;
- (2) that the remaining 30% shall be assessed in accordance with a unit system which takes account of national resources;
- (3) that for this purpose, Participating States shall be classed in five groups according to the WHO scale of assessment, as follows:
 - (a) Group 1 comprises the Participating States which contribute 8% or more in the WHO scale of assessment,
 - (b) Group 2 comprises the Participating States which contribute 4% or more but less than 8% in the WHO scale of assessment,
 - (c) Group 3 comprises the Participating States which contribute 2% or more but less than 4% in the WHO scale of assessment,
 - (d) Group 4 comprises the Participating States which contribute 0.5% or more but less than 2% in the WHO scale of assessment,
 - (e) Group 5 comprises the Participating States which contribute less than 0.5% in the WHO scale of assessment;

- (4) that the remaining 30% referred to in (2) above shall be divided into units which will be paid by Participating States as follows:
 - (a) A group 1 State shall pay 8 units,
 - (b) A group 2 State shall pay 4 units,
 - (c) A group 3 State shall pay 2 units,
 - (d) A group 4 State shall pay 1 unit,
 - (e) A group 5 State shall pay 0 unit;
- (5) that this method of assessment shall be effective immediately so far as it relates to the 1976 and 1977 contributions of new Participating States;
- (6) that the unbudgeted contribution of a new Participating State shall be equivalent of the assessed contribution of a State within the same Group or, if there is no State within the same group, the unbudgeted contribution shall consist of those elements of assessed contributions which relate to its group.

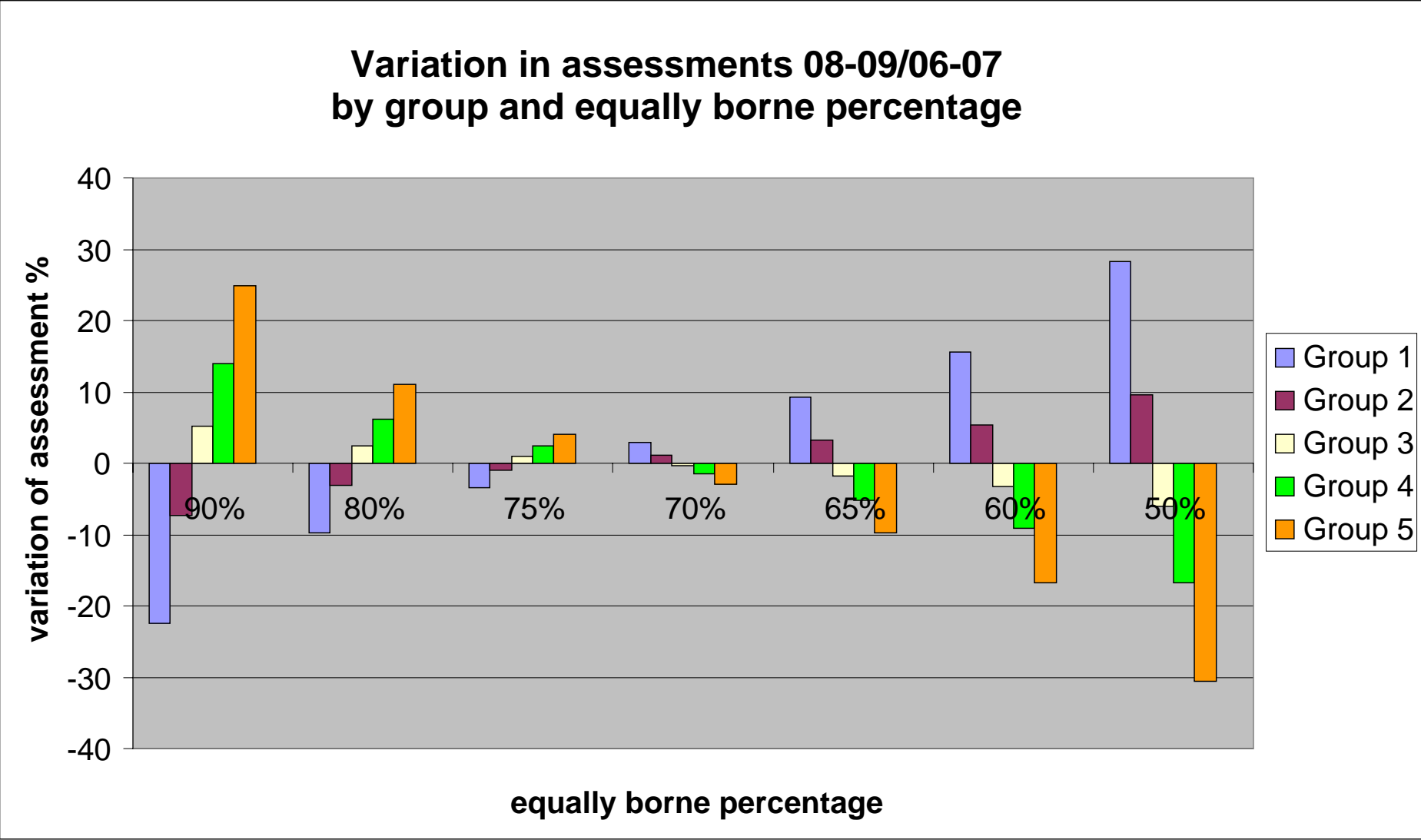
April 1976

Annex 3

Summary Table D, Rev 2 (@ 0.815 €/US\$)										
SUMMARY OF ASSESSMENTS ON PARTICIPATING STATES										
(expressed in US\$)										
PARTICIPATING STATES	NUMBER OF UNITS ASSIGNED	YEAR 2008			YEAR 2009			BIENNIUM 2008-2009	BIENNIUM 2006-2007	2008-2009 2006-2007
		70% of the assessed budget borne equally	30% of the assessed budget in accordance with the unit system	TOTAL	70% of the assessed budget borne equally	30% of the assessed budget in accordance with the unit system	TOTAL	TOTAL	TOTAL	%
AUSTRALIA	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
BELGIUM	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
CANADA	2	845 714	265 556	1 111 270	825 263	263 530	1 088 793	2 200 063	2 208 939	-0,40
DENMARK	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
FINLAND	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
FRANCE	4	845 714	531 113	1 376 827	825 263	527 058	1 352 321	2 729 148	2 699 812	1,09
GERMANY	8	845 714	1 062 224	1 907 938	825 263	1 054 118	1 879 381	3 787 319	3 681 562	2,87
INDIA	0	634 285	0	634 285	825 263	0	825 263	1 459 548	0	-
ITALY	4	845 714	531 113	1 376 827	825 263	527 058	1 352 321	2 729 148	2 699 812	1,09
JAPAN	8	845 714	1 062 224	1 907 938	825 263	1 054 118	1 879 381	3 787 319	3 681 562	2,87
NETHERLANDS	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
NORWAY	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
REPUBLIC OF KOREA	2	634 285	199 167	833 452	825 263	263 530	1 088 793	1 922 245	0	-
RUSSIAN FEDERATION	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	0	-
SPAIN	2	845 714	265 556	1 111 270	825 263	263 530	1 088 793	2 200 063	2 208 939	-0,40
SWEDEN	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
SWITZERLAND	1	845 714	132 778	978 492	825 263	131 765	957 028	1 935 520	1 963 500	-1,43
UNITED KINGDOM	4	845 714	531 113	1 376 827	825 263	527 058	1 352 321	2 729 148	2 699 812	1,09
UNITED STATES OF AMERICA	8	845 714	1 062 224	1 907 938	825 263	1 054 118	1 879 381	3 787 319	3 681 562	2,87
TOTAL PARTICIPATING STATES	51	15 645 708	6 705 292	22 351 000	15 679 997	6 720 003	22 400 000	44 751 000	39 270 000	13,96

Notes 1. The method of assessment of contributions of Participating States is detailed in Resolutions GC/15/R9 and GC/37/R9
2. Group classification of countries for the purpose of assigning units in accordance with Resolution GC/15/R9 is based on the scale of assessments for WHO for 2008-2009 recommended by the Executive Board (Resolution EB120.R20) for adoption by the World Health Assembly

Annex 4



Annex 5

52

SIXTIETH WORLD HEALTH ASSEMBLY

WHA60.5 Scale of assessments 2008–2009

The Sixtieth World Health Assembly,

ADOPTS the scale of assessments of Members for the biennium 2008–2009 as set out below:

Members and Associate Members	WHO scale for 2008–2009 %
Afghanistan	0.0010
Albania	0.0060
Algeria	0.0850
Andorra	0.0080
Angola	0.0030
Antigua and Barbuda	0.0020
Argentina	0.3250
Armenia	0.0020
Australia	1.7871
Austria	0.8871
Azerbaijan	0.0050
Bahamas	0.0160
Bahrain	0.0330
Bangladesh	0.0100
Barbados	0.0090
Belarus	0.0200
Belgium	1.1021
Belize	0.0010
Benin	0.0010
Bhutan	0.0010
Bolivia	0.0060
Bosnia and Herzegovina	0.0060
Botswana	0.0140
Brazil	0.8761
Brunei Darussalam	0.0260
Bulgaria	0.0200
Burkina Faso	0.0020
Burundi	0.0010
Cambodia	0.0010
Cameroon	0.0090
Canada	2.9772
Cape Verde	0.0010
Central African Republic	0.0010
Chad	0.0010
Chile	0.1610
China	2.6672
Colombia	0.1050
Comoros	0.0010
Congo	0.0010
Cook Islands	0.0010
Costa Rica	0.0320

RESOLUTIONS AND DECISIONS

53

Members and Associate Members	WHO scale for 2008–2009 %
Côte d'Ivoire	0.0090
Croatia	0.0500
Cuba	0.0540
Cyprus	0.0440
Czech Republic	0.2810
Democratic People's Republic of Korea	0.0070
Democratic Republic of the Congo	0.0030
Denmark	0.7391
Djibouti	0.0010
Dominica	0.0010
Dominican Republic	0.0240
Ecuador	0.0210
Egypt	0.0880
El Salvador	0.0200
Equatorial Guinea	0.0020
Eritrea	0.0010
Estonia	0.0160
Ethiopia	0.0030
Fiji	0.0030
Finland	0.5640
France	6.3015
Gabon	0.0080
Gambia	0.0010
Georgia	0.0030
Germany	8.5777
Ghana	0.0040
Greece	0.5960
Grenada	0.0010
Guatemala	0.0320
Guinea	0.0010
Guinea-Bissau	0.0010
Guyana	0.0010
Haiti	0.0020
Honduras	0.0050
Hungary	0.2440
Iceland	0.0370
India	0.4500
Indonesia	0.1610
Iran (Islamic Republic of)	0.1800
Iraq	0.0150
Ireland	0.4450
Israel	0.4190
Italy	5.0794
Jamaica	0.0100
Japan	16.6253
Jordan	0.0120
Kazakhstan	0.0290
Kenya	0.0100
Kiribati	0.0010

Members and Associate Members	WHO scale for 2008–2009 %
Kuwait	0.1820
Kyrgyzstan	0.0010
Lao People's Democratic Republic	0.0010
Latvia	0.0180
Lebanon	0.0340
Lesotho	0.0010
Liberia	0.0010
Libyan Arab Jamahiriya	0.0620
Lithuania	0.0310
Luxembourg	0.0850
Madagascar	0.0020
Malawi	0.0010
Malaysia	0.1900
Maldives	0.0010
Mali	0.0010
Malta	0.0170
Marshall Islands	0.0010
Mauritania	0.0010
Mauritius	0.0110
Mexico	2.2572
Micronesia (Federated States of)	0.0010
Monaco	0.0030
Mongolia	0.0010
Montenegro	0.0010
Morocco	0.0420
Mozambique	0.0010
Myanmar	0.0050
Namibia	0.0060
Nauru	0.0010
Nepal	0.0030
Netherlands	1.8731
New Zealand	0.2560
Nicaragua	0.0020
Niger	0.0010
Nigeria	0.0480
Niue	0.0010
Norway	0.7821
Oman	0.0730
Pakistan	0.0590
Palau	0.0010
Panama	0.0230
Papua New Guinea	0.0020
Paraguay	0.0050
Peru	0.0780
Philippines	0.0780
Poland	0.5010
Portugal	0.5270
Puerto Rico	0.0010
Qatar	0.0850

RESOLUTIONS AND DECISIONS

55

Members and Associate Members	WHO scale for 2008–2009 %
Republic of Korea	2.1732
Republic of Moldova	0.0010
Romania	0.0700
Russian Federation	1.2001
Rwanda	0.0010
Saint Kitts and Nevis	0.0010
Saint Lucia	0.0010
Saint Vincent and the Grenadines	0.0010
Samoa	0.0010
San Marino	0.0030
Sao Tome and Principe	0.0010
Saudi Arabia	0.7481
Senegal	0.0040
Serbia	0.0210
Seychelles	0.0020
Sierra Leone	0.0010
Singapore	0.3470
Slovakia	0.0630
Slovenia	0.0960
Solomon Islands	0.0010
Somalia	0.0010
South Africa	0.2900
Spain	2.9682
Sri Lanka	0.0160
Sudan	0.0100
Suriname	0.0010
Swaziland	0.0020
Sweden	1.0711
Switzerland	1.2161
Syrian Arab Republic	0.0160
Tajikistan	0.0010
Thailand	0.1860
The former Yugoslav Republic of Macedonia	0.0050
Timor-Leste	0.0010
Togo	0.0010
Tokelau	0.0010
Tonga	0.0010
Trinidad and Tobago	0.0270
Tunisia	0.0310
Turkey	0.3810
Turkmenistan	0.0060
Tuvalu	0.0010
Uganda	0.0030
Ukraine	0.0450
United Arab Emirates	0.3020
United Kingdom of Great Britain and Northern Ireland	6.6425
United Republic of Tanzania	0.0060
United States of America	22.0000

Members and Associate Members	WHO scale for 2008–2009 %
Uruguay	0.0270
Uzbekistan	0.0080
Vanuatu	0.0010
Venezuela (Bolivarian Republic of)	0.2000
Viet Nam	0.0240
Yemen	0.0070
Zambia	0.0010
Zimbabwe	0.0080
Total	100.0000

(Ninth plenary meeting, 21 May 2007 –
Committee B, first report)

Annex 6

IARC 2008-2009 contributions calculated using WHO scale of assessments
(adjusted for IARC membership)

PARTICIPATING STATES	WHO scale adjusted %	2008 Total US\$	2009 Total US\$	2008-2009 TOTAL US\$	2006-2007 TOTAL US\$	% increase 08-09/06-07
Australia	2.1242	474 784	475 825	950 609	1 963 500	-51.59
Belgium	1.3100	292 798	293 440	586 238	1 963 500	-70.14
Canada	3.5388	790 961	792 695	1 583 656	2 208 939	-28.31
Denmark	0.8785	196 359	196 789	393 148	1 963 500	-79.98
Finland	0.6704	149 839	150 168	300 007	1 963 500	-84.72
France	7.4902	1 674 137	1 677 807	3 351 945	2 699 812	24.15
Germany	10.1958	2 278 862	2 283 858	4 562 719	3 681 562	23.93
India	0.5349	119 553	119 815	239 368	0	
Italy	6.0376	1 349 458	1 352 417	2 701 875	2 699 812	0.08
Japan	19.7615	4 416 890	4 426 573	8 843 463	3 681 562	140.21
Netherlands	2.2264	497 632	498 723	996 354	1 963 500	-49.26
Norway	0.9296	207 783	208 238	416 021	1 963 500	-78.81
Republic of Korea	2.5832	577 360	578 626	1 155 986	0	
Russian Federation	1.4265	318 834	319 533	638 367	0	
Spain	3.5281	788 570	790 299	1 578 869	2 208 939	-28.52
Sweden	1.2732	284 562	285 186	569 748	1 963 500	-70.98
Switzerland	1.4455	323 085	323 793	646 878	1 963 500	-67.05
UK	7.8955	1 764 732	1 768 600	3 533 332	2 699 812	30.87
USA	26.1501	5 844 802	5 857 615	11 702 417	3 681 562	217.87
TOTAL	100.0000	22 351 000	22 400 000	44 751 000	39 270 000	13.96

Note all States pay full contributions

	WHO scale 2008-09
Australia	1.7871
Belgium	1.1021
Canada	2.9772
Denmark	0.7391
Finland	0.5640
France	6.3015
Germany	8.5777
India	0.4500
Italy	5.0794
Japan	16.6253
Netherlands	1.8731
Norway	0.7821
Republic of Korea	2.1732
Russian Federation	1.2001
Spain	2.9682
Sweden	1.0711
Switzerland	1.2161
UK	6.6425
USA	22.0000
	84.1298

Annex 7
Resolution GC/37/R9

The Governing Council,

Having reviewed Document GC/37/11,

Considering that the entry of new Participating States should be facilitated,

Recalling the method of assessments as described in Resolution GC/15/R9,

1. RESOLVES that each new Participating State will pay
 - 25% of its assessment in the first year of membership;
 - 50% of its assessment in the second year of membership;
 - 75% of its assessment in the third year of membership;
 - 100% of its assessment in the fourth and following years of membership;
2. DECIDES that, irrespective of its lower initial contributions, each new Participating State will have full voting rights;
3. Further DECIDES that Article VIII.5 of the Statute of the International Agency for Research on Cancer concerning the non-payment of assessed contributions, will also apply to lower contributions.

May 1996