



## **REPORT FROM THE GOVERNING COUNCIL WORKING GROUP ON THE REVIEW OF THE METHOD OF ASSESSMENT OF CONTRIBUTIONS**

1. At its Fifty-fifth session in May 2013, the Governing Council through its Resolution GC/55/R26 set up a Working Group, composed of Australia, Austria, Canada, Germany [NB: Germany withdrew from the Working Group prior to the first meeting], Norway, and the USA, to review the current method of assessment of contributions from Participating States and the principles as set out in Resolution GC/15/R9 (April 1976), taking into account Governing Council deliberations on the potential fluctuations to Participating States contributions due to changes in the WHO scale of assessments as outlined in Resolution GC/51/R7 (May 2009). The Governing Council requested the Working Group to report back on its findings and recommendations at its next regular session in May 2014.
2. This document reports on the outcome of two virtual meetings of the Working Group which were held on 3 October 2013 and 2 December 2013.
3. The Working Group reviewed background information and the seven different potential options presented by the Secretariat (see details in Annex 1), within the agreed framework of minimizing the effect of fluctuations in assessed contributions and maintaining the attractiveness for more countries, especially the low- and middle-income countries (LMICs), to become IARC Participating States.
4. Based on these criteria, the Working Group eliminated several options and requested the Secretariat to provide further analysis of the remaining three options for review in the second meeting, namely:
  - Revised number of units from 8-4-2-1-0 to 4-3-2-1-0;
  - Revised threshold with five Groups; and
  - Revised threshold with six Groups.
5. In addition the USA suggested the possibility of developing a method which would allow delaying the impact of considerable changes to individual Participating State, i.e. a method that would cap maximum increases/decreases within a biennium to either 10% or 15% with the difference being distributed proportionally between the other Participating States.

6. At the second Working Group meeting, the Secretariat presented these five options (see details in Annex 2).
7. Within the same framework agreed in the first meeting (see paragraph 3 above), the Working Group had extensive discussions and concluded that:
  - a. While increasing the number of Groups may reduce the impact to an individual Participating State when fluctuation occurs, it increases the probability for frequent fluctuations, i.e. Participating States move from one Group to another.
  - b. Limiting the percentage increases/decreases would not only discourage LMICs to become new Participating States, it also increases the burden on other existing Participating States. In addition, this method breaks the linkage with the WHO scale of assessments.
  - c. There was no clear consensus for a particular model proposed and merit was found in keeping the current method that has been implemented for almost 40 years without major issues.
8. Given the above reasons, the Working Group recommends to the Governing Council that the current method of assessment as set out in Resolution GC/15/R9 be maintained.

## **Annex 1**

### **Background information and potential options reviewed by the Working Group during the first meeting on 3 October 2013**

#### **Method of assessment of contributions at IARC**

Methods of assessment of contributions from Participating States (PS) have evolved since the establishment of the Agency in 1965 and can be categorized into two main categories; further details of the methods of assessment used by the Agency to date can be found in Annex 1-A:

- (a) All Participating States contribute equally;
- (b) Two-tier system whereby a portion of the budget is funded equally by all Participating States and the remaining portion of the budget is divided amongst Participating States based on a formula related to that State's assessed contributions to WHO.

The current method for assessing contributions from Participating States adopted under Governing Council Resolution GC/15/R9 has been in force since 1976. In 2009, the Governing Council confirmed its continuation following the review of the financial implications of the acceptance of new Participating States (Resolution GC/51/R7).

Under the current method, 70% of the regular budget financed by assessments on Participating States is borne equally by all Participating States with the remaining 30% assessed in accordance with a unit system which takes account of national resources.

The unit system entails the classification of Participating States in five Groups according to the WHO scale of assessment, which is in turn based on the UN scale of assessment. IARC's scale of assessment applied to the 2014–2015 biennium budget is based on the WHO scale of assessment approved by the World Health Assembly under Resolution WHA66.15 linked to the UN scale of assessments adopted under the United Nations General Assembly Resolution 67/238.

By its Resolution 67/238, the United Nations General Assembly decided that the scale of assessments for the period 2013–2015 shall be based on the following elements and criteria:

- (a) Estimates of gross national income;
- (b) Average statistical base periods of three and six years;
- (c) Conversion rates based on market exchange rates, except where that would cause excessive fluctuations and distortions in the income of some Member States, when price-adjusted rates of exchange or other appropriate conversion rates should be employed, taking due account of its resolution 46/221 B;
- (d) The debt-burden approach employed in the scale of assessments for the period 2010–2012;
- (e) A low per capita income adjustment of 80%, with a threshold per capita income limit of the average per capita gross national income of all Member States for the statistical base periods;
- (f) A minimum assessment rate of 0.001%;
- (g) A maximum assessment rate for the least developed countries of 0.01%;
- (h) A maximum assessment rate of 22%.

## **Issues of the current method of assessment of contributions**

Resolution GC/55/R26 was prompted by a change in the WHO scale of assessment in 2013 which led to the change of groups for four IARC Participating States. Due to the IARC method of assessment, these relatively small changes in the WHO scale in effect triggered considerable changes to the amounts due from the four PS who changed groups, as well as considerable knock on effects for all IARC PS.

As an example of one of the four PS who changed groups for the 2014–15 biennium, the increase of 0.141% in the WHO scale for the 2014–2015 budget for Australia resulted in the shift from Group 4 to Group 3 in the IARC scale leading to an increase of 124 627 Euros in Australia's assessed contribution. On the other hand, the decrease of 0.877% in the WHO scale resulted in Germany moving from Group 1 to Group 2 decreasing its assessment by 419 796 Euros.

As an example of the effect of redistribution of assessed contribution to all PS, revision of the WHO scale of assessment for the 2014–15 biennium lead to the redistribution of 275 491 Euros between the remaining Participating States (except Ireland).

Viewing the experience for the 2014–15 budgets, several Governing Council members felt that the current method and its principles should be revisited and other options that minimize the impact of such potential fluctuations to Participating States assessed contributions be considered.

## **Potential options**

It is worth noting that with the continuous changes in scales of assessment over the past years the current method has been able to avoid substantial changes to IARC PS assessments, until this past year. Annex 1-B provides data on changes for IARC PS since 2008 for reference.

When considering potential options, the following methods are excluded as they were either previously considered and found inappropriate or were replaced by the current method:

- All Participating States contribute equally;
- Adopt WHO's scale of assessment;
- Drastic change to the two-tier system to 90–10 and 50–50.

Careful consideration has also been given whether to completely de-link IARC scale of assessment from that of WHO and develop other criteria and methodology to assess contribution levels of IARC Participating States. The Secretariat proposes to maintain the linkage with WHO scale for two main reasons:

- (a) WHO scale of assessment is linked with the UN scale which has been determined based on a complex set of elements and criteria endorsed by the United Nations General Assembly. Being part of the WHO and UN system, IARC should apply a similar principle.
- (b) Developing a criteria and methodology specific to IARC would require special expertise and heavy administrative processes, the resources for which are not currently available in-house.

Potential options discussed in this document are developed by reviewing the following three factors within the current method of scale of assessment that could potentially contribute to the fluctuation of Participating States contributions:

- i. percentage of equal portion of contribution versus the portion applying unit system;
- ii. difference of number of unit(s) assigned to each group of Participating States (especially between Group 1 and 2); and
- iii. number of groups including thresholds for group classification.

Seven potential options and their pros and cons are summarized in Annex 1-C.

Scale 1 – Status Quo

Scale 2 – 80/20: Increase an equal portion of contribution to 80%

Scale 3 – 60/40: Decrease an equal portion of contribution to 60%

Scale 4 – Reduce differences of number of unit(s) assigned to groups

i.e. from 8-4-2-1-0 to 4-3-2-1-0 for Group 1, 2, 3, 4, and 5, respectively.

Scale 5 – Revise group classification by reducing to 3 groups

Scale 6 – Revise group classification by revising thresholds of 5 groups

Scale 7 – Revise group classification by increasing to 6 groups

The tables in Annex 1-C use the 2014–15 change in the scale of assessment as a basis and calculate the fluctuations that would have occurred to all PS (individually and as part of groups) as a consequence, providing the current method as a comparator. The reader should note that the tables do not provide information on the impact of moving from the current scale to the new options, as the examples are set up to measure the impact of fluctuations resulting from changes to the scale of assessment. As a quick summary of the effects of changes to the three factors that we have tested:

- i. Change in percentages of equal portion:* These options do not affect the amount of fluctuations, only the degree. With a higher equally shared percentage there will be less impact to all PS.
- ii. Number of Units per group:* These options do not affect the amount of fluctuations. With the increase of cost of each unit, the burden of changes is spread across all PS more evenly.
- iii. Number of groups:* These options affect the amount of fluctuations as reducing the number of groups would reduce the amount of changes that occur as a result of small changes to the scale of assessment and an increase in the number of groups would result in more changes. The financial impact would be the opposite, with more groups each change would have less impact for each PS.

The analysis also considered options for new, and potentially existing, Participating States to pay according to various categories of membership. The ITU model was looked at specifically as suggested by a GC Representative (please see [ITU financing link](#) and the Secretariat has more information available on request). In view of the nature of IARC, our analysis concluded that we are not looking for a financing model that would attract as many subscribers as possible and we should therefore not consider an option along the ITU example. In not including such a model, we were guided by the statement made by the Subcommittee on the Admission of new Participating States in their report (see document GC/54/15):

*“The underlying principle expressed in the Statute is that PS should bring not only financial support but also technical expertise and scientific collaboration to the mission of the Agency. The scientific community of a PS should therefore truly participate in the programme of IARC. This implies an active and collaborative cancer research community.”*

**Annex 1-A: IARC method of assessment of contributions from Participating States**

Effective Period	GC Document No. &/or GC Resolution	Method	Description
1965	GC/1/R10	Equal by all PS	Each Participating State contributes USD 75 000.
1966 - 1970	Statute Article VIII.3	Equal by all PS	Each Participating State contributes USD 150 000.
1971 - 1972	GC/7/R5	Combination of fixed amount and unit system	<p>Part of the budget was funded by equal contribution of USD 150 000 from each Participating State and the balance of the budget was assessed in accordance with the unit system which takes account of national resources. Participating States were classed in four groups according to the WHO scale of assessment while the balance of the budget was divided into units which were paid by Participating States as follows:</p> <p>Group 1: contributes more than 8% in WHO scale – paid 8 units                      Group 2: contributes between 4% and 8% in WHO scale – paid 4 units                      Group 3: contributes between 2% and 4% in WHO scale – paid 2 units                      Group 4: contributes less than 2% in WHO scale – paid 1 unit</p>
1973 - 1975	GC/9/R3	Combination of equal contribution and unit system	<p>The first 70% of the budget was funded equally by all Participating States and the remaining 30% of the budget was assessed in accordance with the unit system approved by the Governing Council under Resolution GC/7/R5 as follows:</p> <p>Group 1: contributes more than 8% in WHO scale – paid 8 units                      Group 2: contributes between 4% and 8% in WHO scale – paid 4 units                      Group 3: contributes between 2% and 4% in WHO scale – paid 2 units                      Group 4: contributes less than 2% in WHO scale – paid 1 unit</p>

Effective Period	GC Document No. &/or GC Resolution	Method	Description
1976 - present	<p>GC/15/4 GC/15/WP/1 GC/15/R9</p> <p>GC/51/R7 (2009)</p>	<p>Combination of equal contribution and unit system</p>	<p>The first 70% of the budget is funded equally by all Participating States and the remaining 30% of the budget was assessed in accordance with the unit system approved by the Governing Council under Resolution GC/7/R5 as follows:</p> <p>Group 1: contributes 8% or more in WHO scale – paid 8 units            Group 2: contributes 4% or more but less than 8% in WHO scale – paid 4 units            Group 3: contributes 2% or more but less than 4% in WHO scale – paid 2 units            Group 4: contributes 0.5% or more but less than 2% in WHO scale– paid 1 unit            Group 5: contributes less than 0.5% in WHO scale – paid 0 units</p> <p>The Governing Council confirmed maintaining the method by which contributions to the budget were assessed, as described in Resolution GC/15/R9.</p>

**Annex 1-B: Evolution of WHO Scale of Assessment on IARC Participating States since 2008**

<b>Participating States</b>	<b>2014-2015</b>	<b>2012-2013</b>	<b>2010-2011</b>	<b>2008-2009</b>
Ireland	0.4180	0.4980	0.4450	0.4450
Finland	0.5190	0.5660	0.5640	0.5640
India	0.6660	0.5340	0.4500	0.4500
Denmark	0.6750	0.7361	0.7391	0.7391
Austria	0.7981	0.8511	0.8871	0.8871
Norway	0.8511	0.8711	0.7821	0.7821
Sweden	0.9601	1.0641	1.0711	1.0711
Belgium	0.9981	1.0751	1.1021	1.1021
Switzerland	1.0471	1.1301	1.2161	1.2161
Turkey	1.3281	0.6170	0.3810	0.3810
Netherlands	1.6541	1.8551	1.8731	1.8731
Republic of Korea	1.9941	2.2602	2.1732	2.1732
Australia	2.0741	1.9331	1.7871	1.7871
Russian Federation	2.4382	1.6021	1.2001	1.2001
Spain	2.9732	3.1772	2.9682	2.9682
Canada	2.9842	3.2072	2.9772	2.9772
Italy	4.4483	4.9994	5.0794	5.0794
United Kingdom of Great Britain and Northern Ireland	5.1794	6.6045	6.6425	6.6425
France	5.5935	6.1234	6.3015	6.3015
Germany	7.1416	8.0186	8.5777	8.5777
Japan	10.8338	12.5309	16.6253	16.6253
United States of America	22	22	22	22



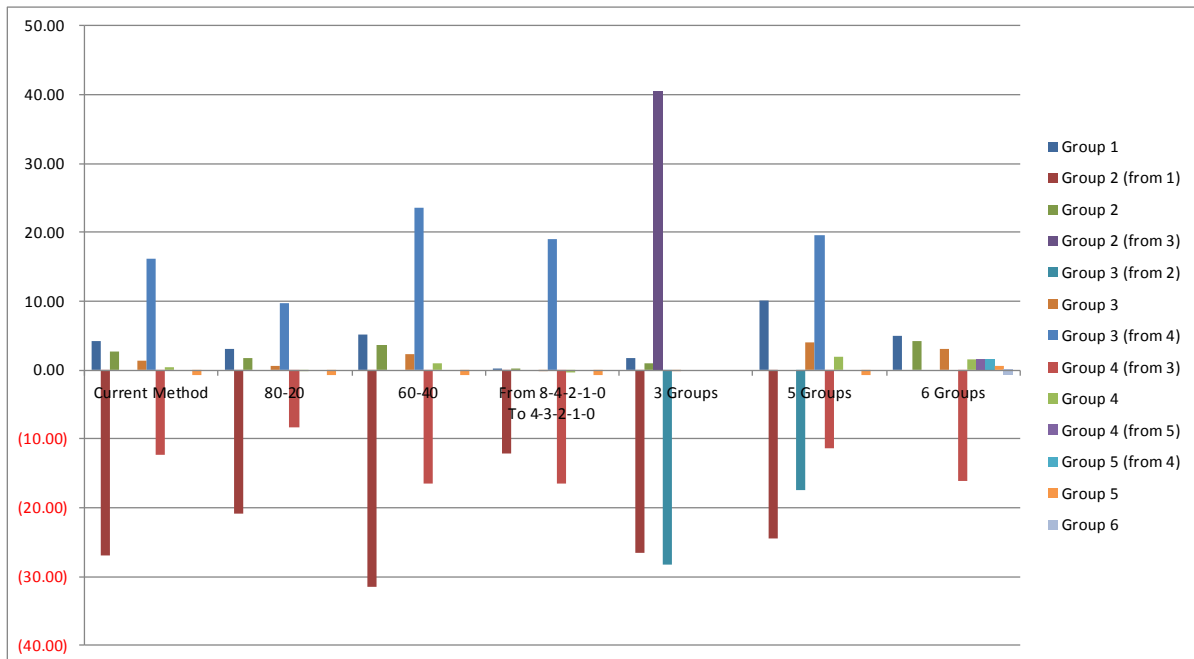
**Annex 1-C: Potential options for IARC method of assessment of contributions**

Potential Options	Pros	Cons
Scale 1 – Status Quo	Well established with good balance between the equal portion of contribution and the portion applied unit system. Has been no issue until the revised scale for 2014–2015.	Potential fluctuation.
Scale 2 – 80/20: Increase an equal portion of contribution to 80%	Less impact when Participating States changing group as the portion applied unit system decreases.	For the first time adoption, assessment will be increased for most as the equal portion increases.
Scale 3 – 60/40: Decrease an equal portion of contribution to 60%		Higher impact when Participating States changing group as the portion applied unit system increases.
Scale 4 – Reduce differences of number of unit(s) assigned to groups i.e. from 8-4-2-1-0 to 4-3-2-1-0 for Group 1, 2, 3, 4, and 5, respectively.	Less impact when Participating States changing from Group 1 and 2 to another group, and vice-versa.	For the first time adoption, assessment will be increased for most as total number of units will be reduced, and hence the assessment per unit will be increased.
Scale 5 – Revise group classification by reducing to 3 groups	Reduce fluctuation in group classification as the threshold for each group is larger, hence reduce fluctuation in assessment.	
Scale 6 – Revise group classification by revising thresholds of 5 groups	Reduce fluctuation between Group 1 and 2 due to broader threshold of Group 2, hence reduce fluctuation in assessment.	
Scale 7 – Revise group classification by increasing to 6 groups	Reduce impact when Participating States changing group as another layer is added between the current Group 1 and 2.	

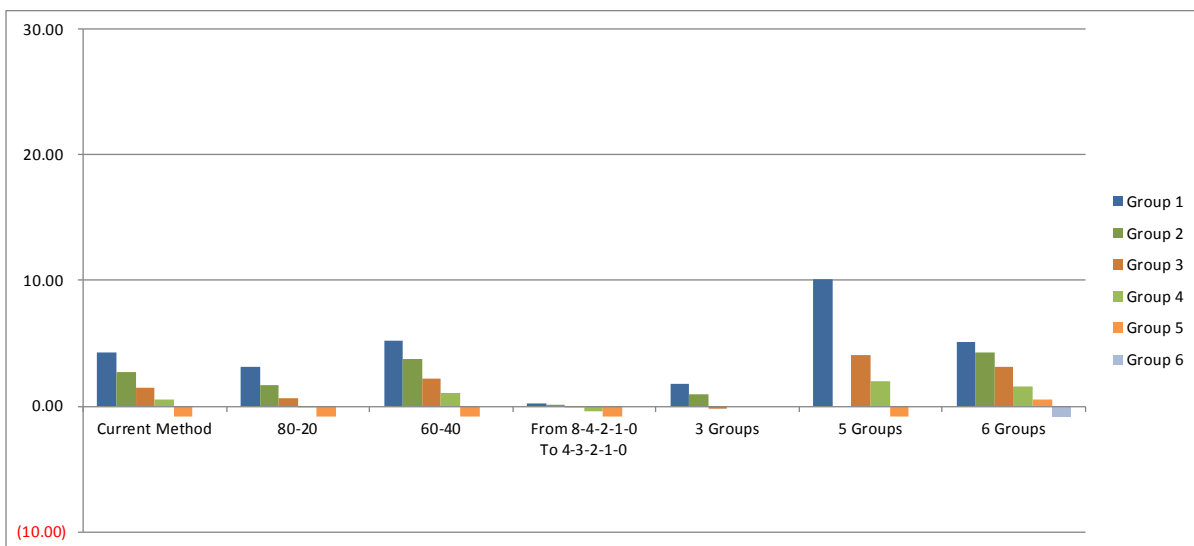




**Graphical Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013 by Group including PS whose AC changed Group**



**Graphical Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013 by Group excluding PS whose AC changed Group**





**Annex 1-D: Governing Council Resolutions of relevance**

<b>GC Resolution</b>	<b>Text</b>
GC/1/R10	<p>The Governing Council,</p> <p>Considering that the Statute entered into force on 15 September 1965, Considering the provisions of paragraph 4 of Article VIII of the Statute and of Article 4.2 of the Financial Regulations, DECIDES that for the year 1965 the payment of each Participating State shall be US\$ 75 000.</p> <p style="text-align: right;"><i>September 1965</i></p>
GC/7/R5	<p>The Governing Council,</p> <p>Reiterating the importance of preserving the criteria established by Article XII of the Statute;</p> <p>Desiring that as many WHO Member States as possible which fulfill the criteria should participate in the work of the Agency;</p> <p>Considering that the expansion of the scientific activities of the Agency will be closely related to the entry of new Participating States;</p> <p>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;</p> <p>Considering that the system of equal contributions which operated for the first five-year period should be reviewed,</p> <p>RESOLVES</p> <p>(1) that part of the budget will be funded by equal contributions of US\$ 150 000 from each Participating State;</p> <p>(2) that the balance of the budget will be funded by a system which takes account of national resources;</p> <p>(3) that for this purpose, Participating States will be classed in four groups according to the WHO scale of assessment, as follows:</p> <p>(a) Group 1 comprises the Participating States which contribute more than 8% in the WHO scale of assessment,</p> <p>(b) Group 2 comprises the Participating States which contribute between 4% and 8% in the WHO scale of assessment,</p> <p>(c) Group 3 comprises the Participating States which contribute between 2% and 4% in the WHO scale of assessment,</p> <p>(d) Group 4 comprises the Participating States which contribute less than 2% in the WHO scale of assessment;</p> <p>(4) that the balance of the budget referred to in (2) above will be divided into units which will be paid by Participating States as follows:</p> <p>(a) Group 1 will pay 8 units,</p> <p>(b) Group 2 will pay 4 units,</p> <p>(c) Group 3 will pay 2 units,</p> <p>(d) Group 4 will pay 1 unit;</p>

GC Resolution	Text								
	<p>(5) that the new system will take effect in the financial year 1971;</p> <p>(6) that amendments to the Statute of the International Agency for Research on Cancer be made in accordance with the revised text of the right hand column below.</p> <table border="1" data-bbox="379 483 1366 1218"> <thead> <tr> <th data-bbox="379 483 874 524">Statute Ref. Original text</th> <th data-bbox="874 483 1366 524">Approved amended text</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 524 874 725">Article VIII.1 "The administrative services and permanent activities of the Agency shall be financed by equal annual contributions by each Participating State."</td> <td data-bbox="874 524 1366 725">"The administrative services and permanent activities of the Agency shall be financed by annual contributions by each Participating State."</td> </tr> <tr> <td data-bbox="379 725 874 837">Article VIII.3 "These annual contributions shall be US\$ 150 000."</td> <td data-bbox="874 725 1366 837">"The level or levels of annual contributions shall be determined by the Governing Council."</td> </tr> <tr> <td data-bbox="379 837 874 1218">Article VIII.4 "The amount of these contributions shall not be changed for five years except by unanimous decision of the Governing Council. After that period, any decision to change the amount shall require a two thirds majority of the members of the Governing Council who are representatives of Participating States."</td> <td data-bbox="874 837 1366 1218">"Any decision to change the level or levels of annual contributions shall require a two-thirds majority of the members of the Governing Council who are representatives of Participating States."</td> </tr> </tbody> </table> <p style="text-align: right;"><i>October 1969</i></p>	Statute Ref. Original text	Approved amended text	Article VIII.1 "The administrative services and permanent activities of the Agency shall be financed by equal annual contributions by each Participating State."	"The administrative services and permanent activities of the Agency shall be financed by annual contributions by each Participating State."	Article VIII.3 "These annual contributions shall be US\$ 150 000."	"The level or levels of annual contributions shall be determined by the Governing Council."	Article VIII.4 "The amount of these contributions shall not be changed for five years except by unanimous decision of the Governing Council. After that period, any decision to change the amount shall require a two thirds majority of the members of the Governing Council who are representatives of Participating States."	"Any decision to change the level or levels of annual contributions shall require a two-thirds majority of the members of the Governing Council who are representatives of Participating States."
Statute Ref. Original text	Approved amended text								
Article VIII.1 "The administrative services and permanent activities of the Agency shall be financed by equal annual contributions by each Participating State."	"The administrative services and permanent activities of the Agency shall be financed by annual contributions by each Participating State."								
Article VIII.3 "These annual contributions shall be US\$ 150 000."	"The level or levels of annual contributions shall be determined by the Governing Council."								
Article VIII.4 "The amount of these contributions shall not be changed for five years except by unanimous decision of the Governing Council. After that period, any decision to change the amount shall require a two thirds majority of the members of the Governing Council who are representatives of Participating States."	"Any decision to change the level or levels of annual contributions shall require a two-thirds majority of the members of the Governing Council who are representatives of Participating States."								
GC/9/R3	<p>The Governing Council,</p> <p>Considering the proposal to review the method of assessment of the Participating States which had been circulated to Participating States pursuant to Rule 48 of the Rules of Procedure of the Governing Council,</p> <p>RESOLVES</p> <p>(1) that the method of assessment of Participating States set out in operative paragraphs 1 and 2 of Resolution GC/7/R5 shall be revised as follows:</p> <p style="margin-left: 40px;">(a) the first 70% of the budget will be borne equally by all Participating States;</p> <p style="margin-left: 40px;">(b) the remaining 30% of the budget will be assessed in accordance with the unit system developed and accepted by the Governing Council at its Seventh Session; and</p> <p>(2) that this method of assessment, effective in the calendar year 1973 shall be reviewed at the latest in 1980.</p> <p style="text-align: right;"><i>October 1971</i></p>								

GC Resolution	Text
GC/15/R9	<p>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 fulfill 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</p> <p>(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;</p> <p>(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;</p> <p>(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.</p> <p style="text-align: right;"><i>April 1976</i></p>



<b>GC Resolution</b>	<b>Text</b>
GC/51/R7	<p>The Governing Council, Recalling its Resolution GC/50/R17, Having examined Document GC/51/9 on the financial implications of the acceptance of new Participating States,</p> <ol style="list-style-type: none"> <li>1. THANKS the Secretariat and the Subcommittee on the Admission of new Participating States for their analysis of the financial implications of accepting new Participating States on the contributions of existing Participating States of IARC to future programme budgets;</li> <li>2. DECIDES to maintain the method by which contributions to the budget are assessed, as described in Resolution GC/15/R9;</li> <li>3. DECIDES to maintain the gradual increase of contributions for new Participating States, as described in Resolution GC/37/R9; and</li> <li>4. Further DECIDES that no Participating State shall have an increase in its contribution as a consequence of the admission of a new Participating State.</li> </ol> <p style="text-align: right;"><i>May 2009</i></p>
GC/54/R18	<p>The Governing Council, Having reviewed Document GC/54/15 "Report from the Subcommittee on the Admission of New Participating States regarding the criteria for and implications of admitting new Participating States", Recalling its Resolution GC/37/R9 on the gradual increase of contributions for new Participating States and paragraph 4.3 of IARC Financial Regulations, Considering that the entry of new Participating States should be facilitated,</p> <ol style="list-style-type: none"> <li>1. RESOLVES that as from the close of the 56th session of the Governing Council each new Participating State will pay: <ul style="list-style-type: none"> <li>One third of its assessment in the first year of membership;</li> <li>Two thirds of its assessment in the second year of membership;</li> <li>100% of its assessment in the third and following years of membership;</li> </ul> </li> <li>2. DECIDES that after the graduated contributions described in paragraph one come into effect, any Participating State that withdraws from the Agency, or that has previously withdrawn from the Agency, and is admitted anew will not benefit from graduated contributions and will be required to pay its full assessment in the first and following years of membership;</li> <li>3. DECIDES to amend the Financial Regulations accordingly; and</li> <li>4. AUTHORIZES the Director to use the unbudgeted assessments of new Participating States towards the activities of the Agency.</li> </ol> <p style="text-align: right;"><i>May 2012</i></p>

<b>GC Resolution</b>	<b>Text</b>
GC/55/R26	<p>The Governing Council,</p> <p>Having noted the issue of potential fluctuations in impact on individual Participating States from changes to the WHO scale of assessments due to the current IARC method of assessment of contributions,</p> <ol style="list-style-type: none"><li>1. DECIDES to set up a Working Group to review the method of assessment of contributions and the principles as set out in Resolution GC/15/R9;</li><li>2. REQUESTS the Working Group to review options that minimize potential fluctuations to Participating States' contributions due to changes in the WHO scale of assessments, taking into account Governing Council deliberations on the subject as outlined in Resolution GC/51/R7;</li><li>3. DECIDES that the Working Group shall be composed of Australia, Austria, Canada, Germany, Norway and the USA; and</li><li>4. REQUESTS the Working Group to report back to the Governing Council on its findings and recommendations at the 56<sup>th</sup> session of the Governing Council.</li></ol> <p style="text-align: right;"><i>May 2013</i></p>

## **Annex 2**

### **Potential options reviewed by the Working Group during the second meeting on 2 December 2013**

This document provides a summary of shortlisted options for further discussion by the Working Group for reviewing method of Assessment Contribution (WG) in the 2<sup>nd</sup> meeting. These options are:

- A. Current method
- B. Revised number of units from 8-4-2-1-0 to 4-3-2-1-0
- C. Revised threshold with 5 groups
- D. Revised threshold with 6 groups
- E. Limit percentage increase/decrease to 10%
- F. Limit percentage increase/decrease to 15%

Option B, C, and D were selected by the WG during the 1<sup>st</sup> meeting for further deliberation based on two prioritized criteria i.e.:

- i. minimizing fluctuations to Participating States assessment; and
- ii. maintaining the attractiveness for the low- and middle-Income countries (LMICs) to become new Participating States.

Option E and F were suggested by the Chair of the WG, Mary Blanca Rios during the 1<sup>st</sup> meeting with further input on 26 November 2013 to help the Secretariat in calculating scenarios. Both Option E and F maintain the 70-30 ratio of equal portion of the budget and portion applied unit system (same as the current method). The maximum increase/decrease to 10% for Option E and 15% for Option F are then applied with the difference distributed proportionally between the other Participating States within the biennium.

### **Annexes**

- Annex 2-A Summary of elements/criteria of each options
- Annex 2-B Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013
- Annex 2-C Summary of € increase/decrease of assessments from the approved budget 2014-2015

**Annex 2-A: Summary of elements/criteria of each potential option**

Elements/Criteria	A.	B.	C.	D.	E.	F.
	Current Method	Revised # units From 8-4-2-1-0 To 4-3-2-1-0	Revised thresholds		Max. increase/decrease	
			5 Groups	6 Groups	+/- 10%	+/- 15%
Equal portion of the budget vs portion applied unit system	70-30	70-30	70-30	70-30	70-30	70-30
Number of units assigned to each group	8-4-2-1-0	4-3-2-1-0	8-4-2-1-0	8-6-4-2-1-0	8-4-2-1-0	8-4-2-1-0
Number of groups	5	5	5	6	5	5
Thresholds for group classification:						
Group 1	8% and above	8% and above	8% and above	7% and above	8% and above	8% and above
Group 2	4% and above; below 8%	4% and above; below 8%	6% and above; below 8%	5% and above; below 7%	4% and above; below 8%	4% and above; below 8%
Group 3	2% and above; below 4%	2% and above; below 4%	2% and above; below 6%	3% and above; below 5%	2% and above; below 4%	2% and above; below 4%
Group 4	0.5% and above; below 2%	0.5% and above; below 2%	0.5% and above; below 2%	1% and above; below 3%	0.5% and above; below 2%	0.5% and above; below 2%
Group 5	less than 0.5%	less than 0.5%	less than 0.5%	0.5% and above; below 1%	less than 0.5%	less than 0.5%
Group 6	n/a	n/a	n/a	less than 0.5%	n/a	n/a
Maximum increase/decrease	none	none	none	none	+/- 10%	+/- 15%

Options	Fluctuation	Attractiveness to new PS
A. Current Method	Potential fluctuation.	Yes
B. Revised number of unit(s) assigned to groups from 8-4-2-1-0 to 4-3-2-1-0 for Group 1, 2, 3, 4, and 5, respectively.	Less impact when Participating States changing from Group 1 and 2 to another group, and vice-versa.	no
C. Revise group classification by revising thresholds of 5 groups	Reduce possibility of Participating States changing between Group 1 and 2 due to broader threshold of Group 2. However, the impact when change happens remain the same.	Yes
D. Revise group classification by increasing to 6 groups	Higher possibility for each Participating States to change Groups. However the impact when Participating States change between Group 1 and 2 to is reduced as a result of an additional layer added.	Yes

## Annex 2-B: Summary of percentage increase/decrease of assessments for approved budget 2014–2015 from 2012–2013

### Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013

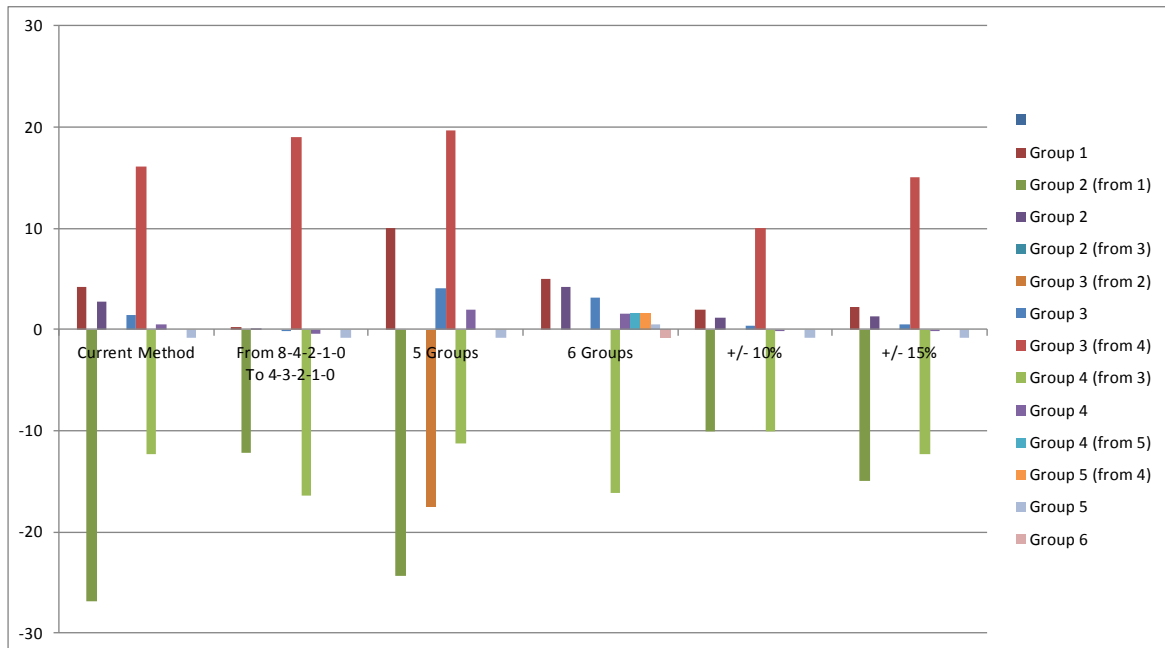
**\*\*Same basis applied to 2012-2013 and 2014-2015\*\***

Participating States	Current Method	Revised # units	Revised thresholds		Max. increase/decrease	
		From 8-4-2-1-0 To 4-3-2-1-0	5 Groups	6 Groups	+/- 10%	+/- 15%
Australia	16.15	18.98	19.65	1.59	10.00	15.00
Austria	0.47	(0.41)	1.98	0.54	(0.11)	(0.04)
Belgium	0.47	(0.41)	1.98	(10.11)	(0.11)	(0.04)
Canada	1.43	(0.14)	4.04	(16.16)	0.42	0.53
Denmark	0.47	(0.41)	1.98	0.54	(0.11)	(0.04)
Finland	0.47	(0.41)	1.98	0.54	(0.11)	(0.04)
France	2.75	0.05	(17.48)	4.25	1.14	1.32
Germany	(26.84)	(12.12)	(24.40)	5.06	(10.00)	(15.00)
India	0.47	(0.41)	1.98	0.54	(0.11)	(0.04)
Ireland	(0.81)	(0.81)	(0.81)	(0.81)	(0.81)	(0.81)
Italy	2.75	0.05	4.04	3.15	1.14	1.32
Japan	4.26	0.20	10.07	5.06	1.97	2.22
Netherlands	0.47	(0.41)	1.98	1.59	(0.11)	(0.04)
Norway	0.47	(0.41)	1.98	0.54	(0.11)	(0.04)
Republic of Korea	(12.26)	(16.42)	(11.32)	1.59	(10.00)	(12.26)
Russian Federation	16.15	18.98	19.65	1.59	10.00	15.00
Spain	1.43	(0.14)	4.04	(16.16)	0.42	0.53
Sweden	0.47	(0.41)	1.98	(10.11)	(0.11)	(0.04)
Switzerland	0.47	(0.41)	1.98	1.59	(0.11)	(0.04)
Turkey	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	2.75	0.05	(17.48)	4.25	1.14	1.32
United States of America	4.26	0.20	10.07	5.06	1.97	2.22

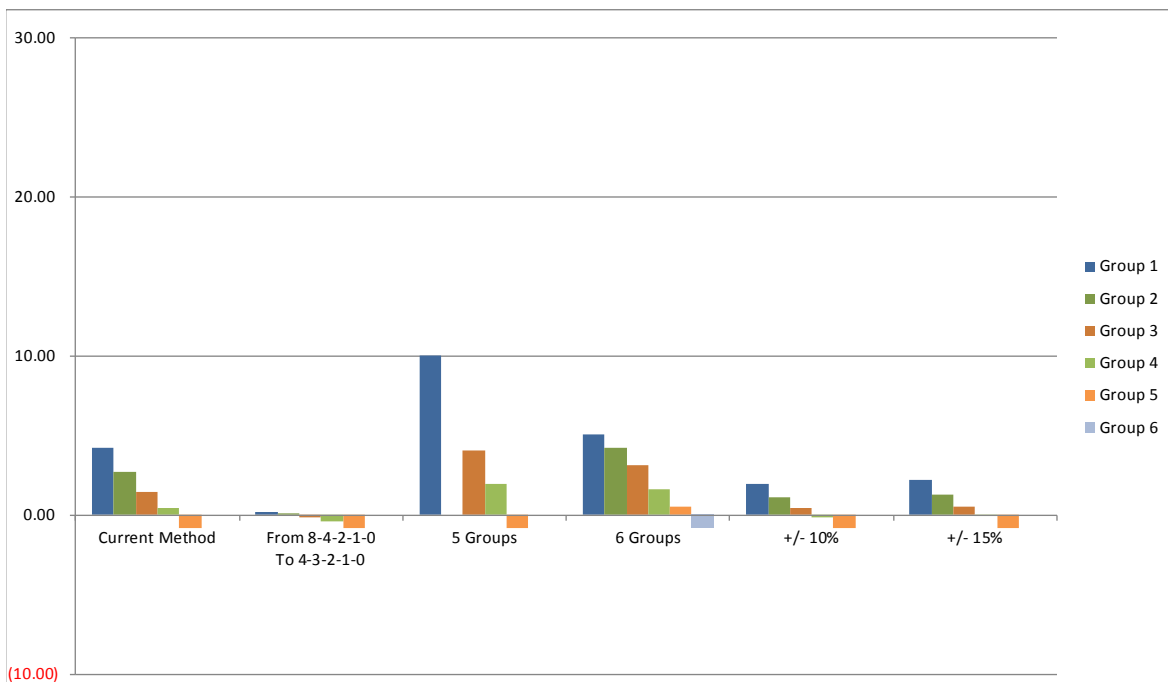
### Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013 by Group

Groups	Current Method	Revised # units	Revised thresholds		Max. increase/decrease	
		From 8-4-2-1-0 To 4-3-2-1-0	5 Groups	6 Groups	+/- 10%	+/- 15%
Group 1	4.26	0.20	10.07	5.06	1.97	2.22
Group 2 (from 1)	(26.84)	(12.12)	(24.40)		(10.00)	(15.00)
Group 2	2.75	0.05		4.25	1.14	1.32
Group 2 (from 3)						
Group 3 (from 2)			(17.48)			
Group 3	1.43	(0.14)	4.04	3.15	0.42	0.53
Group 3 (from 4)	16.15	18.98	19.65		10.00	15.00
Group 4 (from 3)	(12.26)	(16.42)	(11.32)	(16.16)	(10.00)	(12.26)
Group 4	0.47	(0.41)	1.98	1.59	(0.11)	(0.04)
Group 4 (from 5)				1.59		
Group 5 (from 4)				1.59		
Group 5	(0.81)	(0.81)	(0.81)	0.54	(0.81)	(0.81)
Group 6				(0.81)		

**Graphical Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013 by Group including PS whose AC changed Group**



**Graphical Summary of % increase/decrease of assessments for 2014-2015 from 2012-2013 by Group excluding PS whose AC changed Group**



## Annex 2-C: Summary of increase/decrease of assessments in euros from the approved budget 2014–2015 from 2012-2013

### Summary of € increase/decrease of assessments from the approved budget 2014-2015

Participating States	Approved budget 2014-2015  Current Method	Revised # units	Revised thresholds		Max. increase/decrease	
		From 8-4-2-1-0	5 Groups	6 Groups	+/- 10%	+/- 15%
		To 4-3-2-1-0				
Australia	1,740,025	58,681	54,099	(216,052)	(92,101)	(17,195)
Austria	1,505,174	(13,580)	22,787	711	(8,649)	(7,695)
Belgium	1,505,174	(13,580)	22,787	(171,317)	(8,649)	(7,695)
Canada	1,740,025	(27,166)	45,565	(342,643)	(17,298)	(15,391)
Denmark	1,505,174	(13,580)	22,787	711	(8,649)	(7,695)
Finland	1,505,174	(13,580)	22,787	711	(8,649)	(7,695)
France	2,209,726	(58,124)	(441,187)	39,008	(34,597)	(30,782)
Germany	2,209,726	508,435	57,026	945,059	508,621	357,602
India	1,505,174	(13,580)	22,787	711	(8,649)	(7,695)
Ireland	1,270,325	0	0	0	0	0
Italy	2,209,726	(58,124)	10,804	2,829	(34,597)	(30,782)
Japan	3,149,124	(123,854)	182,283	5,661	(69,193)	(61,564)
Netherlands	1,505,174	(13,580)	22,787	18,799	(8,649)	(7,695)
Norway	1,505,174	(13,580)	22,787	711	(8,649)	(7,695)
Republic of Korea	1,505,174	(99,427)	14,253	236,261	38,844	0
Russian Federation	1,740,025	58,681	54,099	(216,052)	(92,101)	(17,195)
Spain	1,740,025	(27,166)	45,565	(342,643)	(17,298)	(15,391)
Sweden	1,505,174	(13,580)	22,787	(171,317)	(8,649)	(7,695)
Switzerland	1,505,174	(13,580)	22,787	18,799	(8,649)	(7,695)
Turkey	1,505,174	72,262	31,314	145,384	(8,649)	(7,695)
United Kingdom	2,209,726	(58,124)	(441,187)	39,008	(34,597)	(30,782)
United States of America	3,149,124	(123,854)	182,283	5,661	(69,193)	(61,564)

### Summary of € increase/decrease of assessments from the approved budget 2014-2015 by group

Groups	Approved budget 2014-2015  Current Method	Revised # units	Revised thresholds		Max. increase/decrease	
		From 8-4-2-1-0	5 Groups	6 Groups	+/- 10%	+/- 15%
		To 4-3-2-1-0				
Group 1	3,149,124.00	(123,854.00)	182,283.00	5,661.00	(69,193.07)	(61,564.21)
Group 2 (from 1)	2,209,726.00	508,435.00	57,026.00		508,621.40	357,602.10
Group 2	2,209,726.00	(58,124.00)		39,008.00	(34,596.59)	(30,782.16)
Group 2 (from 3)						
Group 3 (from 2)			(441,187.00)			
Group 3	1,740,025.00	(27,166.00)	45,565.00	2,829.00	(17,298.28)	(15,391.06)
Group 3 (from 4)	1,740,025.00	58,681.00	54,099.00		(92,100.70)	(17,195.05)
Group 4 (from 3)	1,505,174.00	(99,427.00)	14,253.00	(342,643.00)	38,843.50	0.00
Group 4	1,505,174.00	(13,580.00)	22,787.00	(216,052.00)	(8,649.10)	(7,695.50)
Group 4 (from 5)				18,799.00		
Group 5 (from 4)				18,799.00		
Group 5	1,270,325.00	0.00	0.00	711.00	0.00	0.00
Group 6				0.00		