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COUNCIL

Council

THE 2008 FINANCING RESOLUTION AND NEW MEMBERS

(Note by the Secretary-General)

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Purpose of the document

1. The 2008 MCM Resolution of the Council on the Financing of Part I of the Budget of the Organisation (hereinafter “**the Resolution**”) set the basis for the financing of the OECD from that moment onwards. The Resolution is intended to last indefinitely. However some of the measures agreed in 2008 have a 10 year phase-in period that ends in December 2018, which are:

- The base fee for Part I assessed contributions which is to reach its final share (30%) in 2018;
- For Members that joined the Organisation between 2009 and 2016 a fixed contribution to the Part I Budget was set. From 2019, these Members’ contributions will be determined in the same manner as that of other Members.

2. The purpose of this document is to provide an overview of:

- the Resolution and its impact on the evolution of the budget;
- the treatment of contributions of Members which joined during the 2009-2016 period;
- the treatment of contributions of new Members which may join the OECD in 2019 and beyond.

3. The Council is invited to request the Budget Committee to examine the possible level and treatment of contributions for new countries after 2018 and to provide recommendations to the Council no later than at its meeting of October 2017, in order for them to be factored in to the preparation process for the next PWB.

Executive Summary

- The Resolution has been decisive in the functioning of the Organisation. The Budget situation prior to the Resolution was unsustainable, as recognised by Members who decided to maintain the real level of resources of Part I of the Organisation in the long-term;
- Zero Real Growth (ZRG) is essential to secure the long-term financial sustainability of the Organisation;
- In 2008, the Council decided that Chile, Estonia, Israel and Slovenia, which joined the Organisation in 2010, would make a fixed contribution which was determined by a 2004 Members' Technical Task Force. In 2016, the Council decided to apply the same treatment to Latvia (which joined in 2016). From January 2019 these Members' contributions will be determined in the same manner as that of other Members;
- New countries joining in 2019 and beyond will be integrated to the Scale unless decided otherwise by Council. This implies that smaller countries joining the Organisation will not be covering the estimated cost of adding a new country to the Organisation as defined by the Members' Task Force;
- Members may wish to consider more largely the issue of new countries joining in 2019 and beyond and consider possible options, including the continuation of a fixed contribution for a determined period of time for those countries, as was the case for Members which joined in 2010 and 2016;
- The Council is invited to request that the Secretariat develops proposals for discussion in the Budget Committee, on the contributions of future new Members that cover the operating costs of integrating a new Member and preserve the capacity of the Organisation to deliver its work programme.

Background

4. Prior to the mid-1990s, the OECD Part I budget was adjusted on the basis of ‘Zero Volume Growth’ (ZVG). Essentially, this was a mathematical adjustment that reflected the increased costs of inputs (staff and non-staff) so that the Organisation could maintain the same volume of outputs. The evolution of the OECD’s Part I Budget since 1995 (in constant value – base 100 in 1995) shows three distinct phases as seen in the chart in Annex I.

5. The first phase, covering the period 1996 to 1999, was marked by a budget crisis, with a reduction of more than 20% in real terms, with the enlargement of the Organisation during this period from 25 to 29 Members but with related contributions added to the Budget for only three of them, in 1997 (Hungary, Korea, Poland).

6. The second phase, from 2000 to 2008, was a period of budget uncertainty during which budget adjustments were negotiated each biennium and settled somewhere between Zero Nominal Growth (ZNG) and Zero Real Growth (ZRG). The overall consequence was a continued slow but steady erosion of resources in real terms for the OECD. There was one accession (Slovak Republic) during this period, but the Part I Budget was not increased to reflect this.

7. The unsustainability of this budgetary situation was recognised by Members. The prospect of further new Members, and the appropriate budgetary treatment of these, was another important consideration. After lengthy negotiations Members agreed at the 2008 MCM to the general principle of maintaining the real level of resources of Part I of the Organisation in the long-term, as follows:

“1. Members undertake to provide a strong and sustainable financial foundation for the Organisation, both now and in the long term, that will allow it to maintain at least the quality and volume of outputs, while adapting to changing priorities. This will require strict prioritisation by Members, budget transparency, efficiency savings by the Organisation and maintenance of the real level of Part I Budget resources taking into account the rate of inflation.”

1) The Resolution and implementing Rules

Members’ contributions

8. The Resolution provides that the assessed contributions of Members to the Part I Budget be composed of two elements:

- a base fee of 30% of the Part I Budget to be shared equally among all Members,
- a principal contribution based on relative adjusted national income for the 70% remainder of that Budget.

9. The base fee is being phased in to reach 30% over a 10 year period, that is by December 2018.

10. In November 2008, the Council adopted the “Decision on the 2008 Principles and Rules for Determining the Assessed Contributions by Members to the Part I Budget of the Organisation”, (**hereafter**

“the 2008 Part I Rules”¹. This decision provides the detailed legal framework to determine the assessed contributions to the Part I Budget both over the longer term and for the phase-in period.

11. The compromise in the Resolution on the base fee and the principal contribution was the result of complex discussions and was achieved only by agreeing on several transition measures to smooth the effects of the reform for Members. The two main transition measures are the phasing in of the base fee and the requirement of a minimum year on year increase of 0.3% in the total assessed contributions of any Member. The latter measure has applied mainly to the United States (US)² contribution. As a result of these measures:

- a) the decision to phase in the base fee component over ten years has mitigated the impact on the smaller countries that were the most affected;
- b) another important smoothing effect for the smaller countries was the provision that the total assessed contribution of any pre-2008 Member is to increase by at least 0.3% compared with its previous year's total assessed contribution and that, if this is not the case, a complement corresponding to the gap is added to the assessed contribution of such Member for the year at stake. This minimum increase, can be abated where there is a decrease in a Member's share in the scale used to determine principal contributions due to a decline in its relative GNP;³

12. The minimum increase of 0.3% referred in b) above was an important compromise on the part of the larger Members, in particular the US. Since 2009, the US percentage share of Part I Budget has been decreasing steadily, but has been moderated by the 0.3% minimum increase, which has been applied every year to the US contribution. The minimal 0.3% increase in the US contribution will continue until it is phased out by Budget increases higher than 0.3%. It will take some years (7 years if the ZRG budget is adjusted for 2% inflation and proportionately longer for lower rates of inflation) for the annual adjustment to phase out, at which point the US will benefit from the full effect of the funding reform (with an estimated share of the **Part I budget at 17.8% in 2025 compared to 20.4% foreseen in 2018**⁴).

13. Other mitigation elements of the Resolution are:

- the provision that the total assessed contribution of any Member will not increase by more than 15% year on year; and
- the provision that total assessed contributions of any pre-2008 Member will not increase by more than 300% of its adjusted 2008 contribution.

14. As per the compromise reached in 2008, the 300% maximum increase of total assessed contributions of 2008 Members referred to above, this limit would likely not be reached until about 2021 for the three smallest 2008 Members. The 0.3% minimum increase also referred to above, **will continue to**

¹ [C\(2008\)144/REV1](#); [C/M\(2008\)19/PROV](#).

² The measure also applied to other countries during the phase-in period but will apply only to the US after the phase-in period.

³ This measure continues to apply after the ten-year phase-in period until the complement reaches zero for those countries subject to the minimum increase.

⁴ When voluntary contributions are taken into account the US share of overall Part I resources is expected to be 16% in 2018. This is expected to decrease to an estimated 14.75% in 2025.

apply to the US until about 2025 to 2030 depending on future increases in the Part I Budget due to inflation and/or new Member contributions.

15. Prior to the final proposed Resolution being agreed, a detailed simulation was provided to all Members illustrating its functioning (see Annex IV). **Each Member's share was shown starting with the 2008 approved Part I scale and projected for the years 2009 through 2019 (inclusive) to show the impact, including upon completion of the phase-in of the base fee period.** The simulation used national income data from the actual 2008 Part I scale held constant and a 2% inflation rate each year. The actual contributions differ from this simulation by the annual changes in national income data and the difference between expected and actual inflation rates. However, the simulation figures are very close to the actual figures, especially for the United States, which is concerned by the 0.3% minimum increase, and for the smallest countries, which are limited by a 15% annual increase in their total assessed contributions.

16. **Annex III** provides an overview of the history of the principles used to determine the assessed contributions of Members to the Part I Budget and the long process that led to the 2008 Part I Rules.

17. The Resolution and the 2008 Part I Rules apply only to the Part I Budget – General Expenditures. The “Decision on the Revised 2004 Principles and Rules for determining the assessed contributions by Members other than for the Part I Budget of the Organisation”⁵ (old Scale Rules), also adopted by Council in November 2018, apply to Part I Annex Budgets: Investment, Pension Scheme and Publications. This Decision basically provides that assessed contributions are determined in line with relative adjusted national income and does not feature any base fee.⁶ Many Part II programmes also apply the old Scale Rules.

18. The current Resolution is a result of many compromises taking into consideration the different sizes of Member economies and their different views on how the Organisation is to be financed. The methodology has built in elements of flexibility that allow it to address evolving circumstances without requiring any change in the 2008 Part I Rules, most importantly by adapting annually to the changing capacity of Members to pay. Every year, each country's contribution is impacted by its economic situation and by those of others.

Impact on the Budget

19. The provision for ZRG was the key element of the compromise in 2008 in order to ensure that the Organisation would be in a position *‘to maintain at least the quality and volume of outputs, while adapting to changing priorities’*.

20. The Resolution provides a clarity, certainty and basic stability that have brought tremendous benefits to Members, as well as reassurance to the Organisation and its staff. The process of establishing a budget and work programme each biennium since then has focussed on relative priorities rather than on issues around the overall envelope.

21. The Resolution thus establishes a **sound budgeting basis** for the OECD, while **maintaining pressures for efficiencies** by linking Budget increases to host country inflation (ZRG) and not to the cost of inputs. The Graph in **Annex I** shows that the Resolution stabilised the budget and allowed for further enlargement of the Organisation. Other benefits of the Resolution are shown in **Annex II**.

⁵ [C\(2008\)144/REV1](#); [C/M\(2008\)19/PROV](#).

⁶ The substance of the old Scale Rules was only marginally amended by Council in November 2008.

22. There are signs of emerging inflation across OECD Members. During much of the period of transition following the Resolution, inflation has been subdued. Thus the difference between ZNG and ZRG has been limited. During the phase-in period the Organisation has been able to maintain the volume and quality of outputs and has successfully reallocated funds responding to priorities. The provision for ZRG in a period where there is a clear risk of rising inflation **will continue to ensure that the Organisation can continue delivering on Members' priorities.**

2) Treatment of new Members

New Members that have joined since 2008

23. Prior to 2008, the cost of participation of new Members was discussed over several years. In late 2004, the Council established a Technical Task Force on Cost Implications of Enlargement. Its assessment, as set out in [C\(2005\)87](#), estimated the recurring cost of an anonymous generic country in the range of MEUR 2.4 to MEUR 5.7 based on country characteristics and institutional cost elements.

24. A summary of the basis for the Council decisions on new Members' assessed contributions and the cost of new Members were provided in November 2010 to the Budget Committee (EDG no. 81 set out in Annex VI).

25. The Resolution provides that the annual assessed contributions of Chile, Estonia, Israel and Slovenia (2010 Members) are fixed at 2.4 MEUR each upon their joining the Organisation and that the Part I Budget is increased accordingly. These amounts correspond to the **minimum** cost of a new Member, as estimated by the 2005 Technical Task Force. The Resolution establishes that the fixed contributions apply throughout the ten years and these contributions are adjusted annually to take into account nominal increases in the Part I Budget over the period. These adjustments have been applied in line with the above, thus bringing the assessed contributions for Chile, Estonia, Israel and Slovenia to 2.8 MEUR in 2017 and 2018.

26. In May 2016, Council decided to apply the same assessed contribution to Latvia (2016 Member) as that paid by the 2010 Members and to add this contribution to the Part I Budget, for 2016 to 2018 [[C\(2016\)77/REV1](#)].

Impact of recent new Members integrating the Part I Scale in 2019

27. The four 2010 and the 2016 Members pay these fixed assessed contributions up to 2018 inclusive, as agreed by the Council. The amount, fixed as part of the Resolution⁷, was based on the estimated recurring cost of anonymous generic country, defined in 2004 by the Council's Technical Task Force on Cost Implications of Enlargement (for details see Annex III). As per the Resolution, the fixed contributions of the 2010 Members were added to the Part I Budget and allocated to Part I Output Groups from the 2011-12 PWB. They were also added in the case of Latvia, for the 2017-18 PWB as per the May 2016 Council Decision.

28. The fixed assessed contributions will no longer be applicable to end of the phase-in period (i.e. end 2018), as provided for in the Resolution. As from 2019, all Members will be integrated into the base fee system to fund 30% of the Part I Budget and scale for determining the principal contributions to fund the remaining 70%. Given the relative size of the 2010 and 2016 Members, their projected 2019 assessed contributions are expected to be less, to varying degrees, than the fixed assessed contributions paid during

⁷ Confirmed for Latvia in the Council decision of May 2016.

the phase-in period. This reduction in their assessed contributions will be distributed among the membership in line with the 2008 Part I Rules.

29. Table 1 below updates the simulations provided in 2008 (reproduced in Annex IV) and shows a simulation of the contributions payable by the 2010 and 2016 Members as from 2019. As shown, for all five Members, the simulated contributions will be lower than the amounts currently paid by them. The difference is estimated at MEUR 3.5 or 1.9% of the total Part I Budget. To assess this adjustment in context, it should be recalled that variations in scale shares are a regular occurrence⁸, reflecting changes in the relative national income of Members. Over the last three years (2015 – 2017), impacts on Members' contributions due to 'normal' impacts of exchange rate changes and relative national incomes averaged MEUR 2.4 per year. Annex V sets out for 2017 the difference between the 2008 simulation and the actual percentage share.

Table 1

	Contributions with ZRG	Contributions with ZRG	Contributions with ZRG	2019 in 2018 Value	
<i>in KEUR</i>					
INCOME FOR FINANCIAL YEAR	2016	2017	2018	2019	Difference 2018-2019
PART I - Assessed Contributions					
. 2008 Members	182,416	183,362	185,025	188,523	3,498
. Chile (joined 2010)	2,778	2,794	2,821	2,528	-293
. Estonia (joined 2010)	2,778	2,794	2,821	1,781	-1,040
. Israel (joined 2010)	2,778	2,794	2,821	2,649	-172
. Latvia (joined 1 July 2016)	1,389	2,794	2,821	1,799	-1,022
. Slovenia (joined 2010)	2,778	2,794	2,821	1,851	-970
TOTAL Assessed Contributions	194,919	197,330	199,130	199,130	0

3) The level and budgetary treatment of the initial contributions of future new Members

30. Consistent with the precedents since 2010, if a new Member accedes before the end of 2018, it would be appropriate to treat that Member in the same way as Latvia (which followed the treatment of Chile, Estonia, Israel and Slovenia) for the remainder of the phase-in period.

31. More generally, in the interest of maintaining a sound and sustainable approach to the financing of the OECD, the assessed contribution of any new Member joining the Organisation should be added to the Budget. This should hold true for countries joining before the end of 2018 and any future Members joining as from 2019.

⁸ For example, in the 2017 Part I scale, three Members saw decreases in their shares compared with 2016, resulting in a total decrease of MEUR 2.73. This amount was redistributed as an increase in the shares of other Members except those already subject to a fixed increase or limit (see below).

32. There is a question, however, regarding the level of the contributions of new Members joining after 2018, since their contributions should be calculated as for any other Member. The assessed contribution (as calculated by the 2008 Part I Rules for the post phase-in period) of a new Member which has a large economy, will be near or above the average marginal costs of a new Member to the Organisation (e.g. the estimated assessed contribution for Colombia is MEUR 2.7 whereas the average marginal costs of a new Member is currently set at MEUR 2.8).

33. However, this would not be the case for a new Member with a smaller economy (e.g. Costa Rica and Lithuania, whose contributions as calculated by the 2008 Part I Rules for the post phase-in period are estimated around MEUR 2.0 a year). The question arises as to whether these new Members should be asked to provide an assessed contribution, during an integration period, closer to the estimated average marginal costs of a new Member as was done for new Members in 2010.

34. This (or another alternative) treatment for new Members acceding after 2018 would be justified to cover the higher marginal operating costs of integrating a new Member, those costs being even higher in the first years of integration and preserve the capacity of the Organisation to deliver its work programme. Members may consider a phase-in period before integrating new Members into the scale determined by the 2008 Part I Rules.

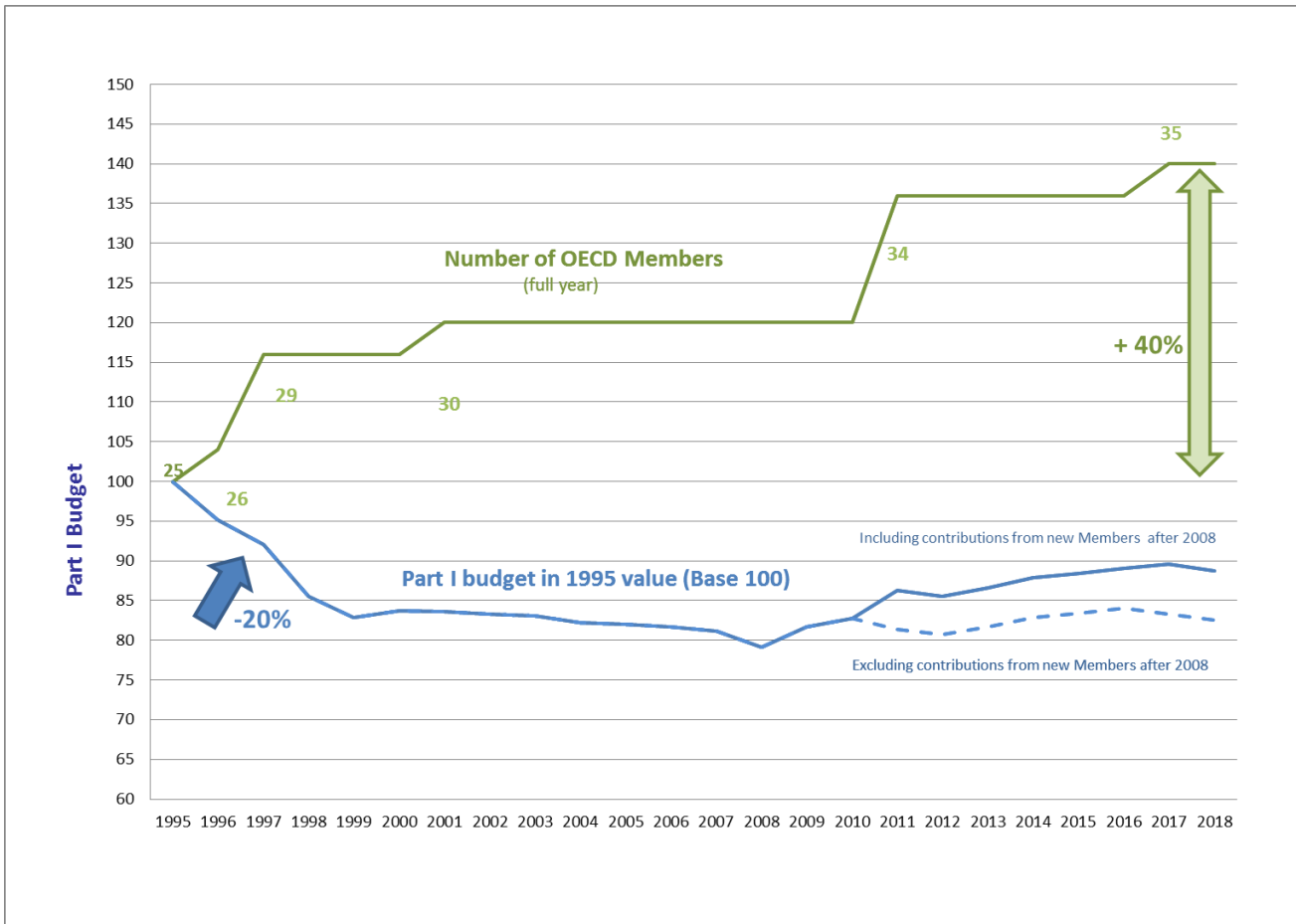
Proposed Action

35. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

- a) noted document [C\(2017\)73](#) presenting the 2008 Financing Resolution and treatment of New Members;
- b) invited the Secretariat to develop proposals for discussion in the Budget Committee, on the level and budgetary treatment of assessed contributions of new Members which may join the OECD after 2018, so as to cover the average marginal costs of integrating a new Member and preserve the capacity of the Organisation to deliver its work programme;
- c) invited the Budget Committee to provide recommendations to the Council on the matters referred to in paragraph b) no later than at its meeting of October 2017.

ANNEX I

Evolution of OECD Budget over time



ANNEX II

Benefits of the 2008 Resolution: Strict Prioritisation, Budget Transparency and Efficiencies

1. In addition to Zero Real Growth, other ‘elements’ of sustainability were identified in the 2008 Resolution. They have been met in full.

‘Strict Prioritisation’

2. Beginning with the Medium Term Orientations survey each two years, a clear, almost continuing, iterative process is in place to establish priorities. From the Secretary-General’s initial views, to the Heads of Delegation input (strengthened over time) and the SG’s Strategic Orientations, through the work of each individual Committee and the consolidation of these ‘top-down’ and ‘bottom-up’ elements into a proposal which is reviewed twice by Members, the prioritisation of resources is established and refined over a period of 18 months before the start of each biennium. In other words, all but the first six months of a given biennium (which are dedicated to conducting a monitoring and evaluation of the previous biennium’s results) are dedicated to preparing for the priorities the following biennium.

3. Long-Term Reallocations have totalled MEUR 10.9 since 2009 and the Central Priorities Fund has been increased from an annual level of MEUR 3.1 in 2009 to the current MEUR 5.7 each year. The Secretary-General’s Allocation Fund has remained stable at MEUR 0.8 a year over this period. Overall, the flexibility in the financial management of the Organisation to meet Members’ identified priorities has grown from 2.9% in 2009 to 7.8% in 2018.

‘Budget Transparency’

4. The above description of the PWB development process applies also to the issue of budget transparency. Each Output result is identified and costed in advance, whether it is financed by assessed or voluntary contributions, or by a mixture of both. No changes to the approved Work Programme can be made without Members’ approval. In addition, Progress Reports, by Output Area, are provided to each Committee on its Programme of Work implementation and on spending against estimated costs. The Budget Committee is provided with a range of reports on quarterly, biannual or annual basis.

‘Efficiency’

5. In addition to the measures set out in paragraph [22] above, major efficiency gains have been achieved each biennium and have been reflected in two “Efficiency Reports” in 2010 and 2012 ([BC\(2010\)32](#); [BC\(2012\)28](#)). In 2014, the Secretary-General launched the Value For Money (V4M) Project ([C\(2014\)84](#)) which was a major corporate undertaking and which developed over 70 items into an Action Plan for implementation over the period 2015-16. The commitment from staff to the project is high and V4M has become a part of the Organisation’s culture. **The final report of this important project will be presented in April 2017.** Many of the Action Plan items are of a recurring nature, that lock in continued efforts to improve value for money. For example, V4M Biennial Reports now provide summaries of efforts made across Directorates and Programmes to improve V4M in the current biennium, and plans to do more in the next one, as an integral part of the PWB preparations every two years.

6. Some examples of efficiency improvements include:

- Avoidance of cross-subsidisation, and savings for the Part I budget of MEUR 4.6, thanks to the implementation of cost-recovery mechanisms (recurring);
- Savings of MEUR 1.7, as the average staff costs have been reduced over time (recurring);
- Absorption of the 2017 salary increase: MEUR 1.2 (recurring);
- Limiting increases in non-staff budgets: MEUR 1.1 (recurring);
- Allocating annual efficiencies in corporate services to fund Class 2 assets in CIBRF: MEUR 1.2 a year since 2011 (recurring);
- Meeting major project costs without calling for additional budget contributions from Members: the office space project (MEUR 250 over 12 years); reinforcing security in 2017-18 (MEUR 3.0); and the move to accrual accounting for publications income (MEUR 4.0).

ANNEX III

Original Scale Rules

1. The principles and rules for the OECD scale of contributions date back to those adopted by the OEEC in 1953, and are based on the capacity of Member countries to contribute¹. While other bases existed in the practice of other international organisations, capacity to contribute was (and still is) used by the United Nations system and had been used by the League of Nations.
2. “Capacity to contribute” is calculated by the Statistics Directorate using the average of the last three years of the country’s GNP, reduced by 10% and adjusted by applying a *per capita* deduction to arrive at each Member country’s “taxable income”. This *per capita* deduction was 20 USD for the OEEC, increased to 100 USD at the inception of the OECD in 1963.
3. The OEEC scale principles prescribed that a country’s contribution could not be less than a fixed floor, set at 0.10% of the Organisation’s total budget. In addition, no Member country’s contribution as a percentage share of the Budget could be increased in one year by more than 10% (*supplemented in 1987 by an annual increase limit of 0.75 percentage points in absolute terms*).
4. When the OECD constituted its scale with the United States as a Member, it amended the OEEC principles in one important respect only: the introduction of a 25% ceiling on any Member’s contribution as a percentage of the total budget². At the time, Members also considered increasing the minimum contribution to at least 0.25%, but in the end the 0.10% OEEC rate was retained. While there was no change at that time in the minimum share in the scale, this issue remained one of the main topics of later reform discussions.
5. A single methodology was therefore applied to determine the scales of contributions for Part I and most Part II programmes. This methodology calculated each Member’s share based on the Member’s adjusted relative national income in a percentage scale adding to 100%, with the application of a ceiling and a floor. These basic principles are still relevant to a large extent to this day.

New Members Joining in the 1990s

6. Six new Members joined the OECD between 1994 and 2000. Annex A sets out a table summarising their contribution shares and treatment in the Budget. This enlargement of the Organisation had no recent precedent as the previous Member accession dated back to New Zealand in 1973.
7. When a new Member joins the OECD or one of its Part II programmes at some point in the year other than 1 January and has not been included in the scale of contributions for that year, the standard practice is that their contributions in the year of entry are determined by reference to their hypothetical

¹ See Volume 13 of the Acts of the OEEC, Act No. 1070, p. 61.

² The original rules for establishing the OECD scale of contributions are laid down in a Resolution adopted in 1963 [C(63)155(Final), OECD Acts, Vol. 3 p.398-403], amended four times: 1987 [C(87)63(Final), OECD Acts Vol. 27 p.412-415], 1991 [C/M(91)17/PROV, Item 161 c)], 1999 [C/M(99)9/PROV, Item 104] and 2004 [C(2003)263, C(2003)263/CORR1 and C/M(2004)1/PROV, Item 6 confirmed in C/MIN(2004)1 and C/M(2004)12/PART1/PROV, Item 164 e)]. These original principles were replaced by the 2008 Part I Rules [C(2008)144/REV1, Annex I] and by the Revised 2004 Principles and Rules for determining the assessed contributions by Members other than for the Part I Budget of the Organisation [C(2008)144/REV1, Annex II] and [C/M(2008)19/PROV, Items 261b) and c)].

share in the scale pro-rated for the remainder of the year in which they join. Normally these additional contributions are treated as a supplementary Budget without any impact on the contributions of the existing Members.

8. Mexico joined the OECD in May 1994 and the approach outlined above was applied. Its pro-rated contribution of 1.4 MEUR was added to the Budget in 1994 with no impact on the contributions of existing Members in that year. In 1995, Mexico was included in the scale and its full year contribution share of 1.65% (2.4 MEUR) was added to the Budget. This budget increase did not affect the contributions of Members, except for those impacted by the 25% ceiling or 0.1% floor. Although total contributions increased, the percentage shares of Members not impacted by the ceiling/floor were proportionately reduced by Mexico's percentage share added to the scale, thereby offsetting their nominal increases; the nominal contributions of those countries at the ceiling or floor increased in line with their fixed percentage share of the total budget.

9. The Czech Republic joined in December 1995 and there was no increase in the Budget in 1995 or in the following year. The 1996 scale integrated the Czech Republic's share of 0.15% with the result again that most Members' percentage shares and contributions were reduced, while the percentage shares and contributions of those at the ceiling or the floor remained the same. Budget resources were effectively reduced by 1.6 MEUR (1996 euros) to absorb the recurring activities devoted to integrating the Czech Republic into the Part I Programme of Work.

10. Three new Members joined in 1996 and their shares were calculated using the 1996 scale: Hungary (0.19%) joined in May; Poland (0.40%) joined in November; and South Korea (1.77%) joined in December. Pro-rated contributions were invoiced for a total of 0.4 MEUR for 1996 but the Secretary-General's proposal³ to add these contributions as a supplementary Part I Budget expenditure authorisation, as had been accepted in the case of Mexico, was not accepted. Instead, the contributions collected were returned to all Members as an income surplus.

11. In 1997, a total of 3.6 MEUR, representing the full year assessed contributions of these three new Members, was added to the Budget. To provide the resources to cover the additional work associated with these new Members, Directorates requested a total of 5.3 MEUR of recurrent funding: the difference of 1.7 MEUR represented an effective decrease in resources for the Programme of Work on top of the 4.5% Part I Budget cut that year.

12. Each new Member's accession incurred non-recurring costs for pre-accession studies and initial costs of integration into the Programme of Work. The Secretariat estimated these non-recurring costs in 1996 at an average of 1.6 MEUR for pre-accession and 1.7 MEUR for integration. For the new Members joining in the 1990s, these non-recurring costs were financed in various ways:

- Initial assessed contributions added to the Budget (in the case of Mexico);
- Voluntary contributions from the relevant new Member country;
- Year-end budget surpluses carried forward and earmarked for pre-accession financing;
- Costs absorbed by reallocation of existing budget resources.

³ [C\(96\)48/ADD1](#), Annex 2 and [C/M\(97\)2/PROV](#), Item 21.

13. This last source of financing was by far the largest and reduced the resources for the Programme of Work dedicated to the existing Members. This pressure added to the cuts that were made to the Organisation's Budget from 1996 to 1999.

14. As shown by the above cases, there was no consistent budgetary treatment of the assessed contributions made by new Members in the 1990s. These contributions generally did not cover the significant increase in costs in the Programme of Work that resulted from each accession. In addition, the new Members' contributions had a different impact on the contributions of existing Members depending on whether or not they were at the ceiling or floor.

Part I Scale of Contributions Discussions from 1996 to 1999

15. From 1996 to 1999, the issue of how the accession of new Members should affect the scale was discussed extensively. The United States proposed that it share in the benefits of integrating a new member by reducing the ceiling in the same proportion as the reduction in the shares of other existing Members. Those paying the minimum later proposed that the floor be reduced by the same proportion.

16. The Secretary-General prepared a proposal designed to increase the Organisation's Budget by the amount of a new Member's assessed contribution while avoiding an increase in the nominal amount of the contributions of those Member countries for which the contributions are a fixed percentage because they are at the ceiling or floor.⁴ He proposed that these fixed percentages be proportionately reduced so that the nominal amounts paid by existing Members remain unchanged rather than increasing when new Members join and their contributions are added to the Budget.

17. In the absence of a consensus on his proposal, the Secretary-General proposed an alternative method for handling new Members' contributions. Under this proposal, the contributions of Hungary, Korea and Poland to the Part I Budget were established on the basis of the 1996 scale data and isolated in a separate Budget income chapter. Other Members' contributions were calculated on the basis of the existing scale rules and the 1997 scale data, which had the effect of reducing the United States' share below 25% of the total. This proposal served as a basis for the 1997 budget decision taken in February of that year with the Part I Budget cut by 4.5%.⁵ However, this ad hoc solution could not be translated into a scale that could be revised annually according to changes in economic data.

18. In 1998, Council decided to open a new discussion on the scale of contributions. Unable to reach consensus on the ceiling in the scale, Council decided in September 1998 that Part I contributions for 1998 would be based on 1997 contributions with a 3.5% cut to the budget proportionately applied between all Members.⁶ The Part I scale of contributions was effectively frozen with no change in the percentage shares of Members from 1997 to 1998 for changes in economic data.

19. Finally, in April 1999, to bring a very difficult process to a close, Council agreed to the 1999 scales, with the ceiling and floor remaining unchanged at 25% and 0.1% respectively. Council also

⁴ A Proposal on how to Deal with the Budgetary Impact of the Accession of New Members (Note by the Secretary – General) [[C\(96\)227](#)], 12 November 1996.

⁵ [C\(97\)22/REV1](#) and [C/M\(97\)4/PROV](#), Item 44 f).

⁶ [C\(98\)171](#) and [C/M\(98\)19/PROV](#), Item 243.

agreed to reduce the ceiling and floor proportionately when future new Members acceded, but not to fall below 24.250% and 0.097% respectively.⁷

Accession of Slovak Republic in 2000

20. The Slovak Republic joined in December 2000. No increase was made in the Budget for its contributions that year or the following year. In 2001 its contribution was at the minimum share of 0.10% provided under the scale rules at that time. This additional contribution of 141 KEUR reduced the contributions of all other Members. The ceiling of 25% was proportionately reduced to 24.975% but there was no reduction in the floor of 0.100% due to rounding limits.

Minimum Share Adjustment Agreed in 2004

21. In 2003, Council again considered adjustments to the Scale Rules.⁸ Japan had previously raised concerns regarding what it considered to be its disproportionate share under the existing scale. In 2003, Japan's share of the Part I budget contributions was 23.128% while its national income was less than half as much as that of the United States, whose 2003 share was at the ceiling of 24.975%. Japan argued that it was "unhealthy" to have "two member countries shouldering almost half of the burden" and proposed that each Member contribute a minimum fee reflecting the marginal cost of membership.

22. In January 2004, after considering several proposals and simulations, Council agreed to amend the Part I scale rules. The main components of the change were as follows:

- A Minimum Share Adjustment (MSA) of 0.128% was added to the shares of Members whose share was below 1.5%. It was understood that the MSA would reduce but not eliminate the gap between what the smallest Members pay and what they cost;
- The MSA was used to reduce the shares of Members whose share was above 1.5% (other than the United States share which was subject to the ceiling);
- A redistribution cap was introduced to limit the shares reallocated as a result of the ceiling. This cap was used to redistribute the difference between the United States' theoretical share calculated by national income statistics and the ceiling of 24.975%;
- The *per capita* adjustment was revised upwards to 875 USD to account for changes in GNP and inflation since it had last been adjusted in 1991 (when it rose from 100 USD to 450 USD). This adjustment provided some relief to Members with large populations but relatively less prosperous.

23. These changes were phased in over two years starting in 2005. The modifications to the Part I scale were considered to be a partial step as the Council "agreed to return urgently to the questions of i) changes in the scale of contributions to help accommodate budgetary pressures from accession of new Members and ii) a contribution by new Members to the cost of integrating them into the Organisation and of the Organisation's accumulated intellectual and material capital, for decision at the Meeting of the Council at Ministerial Level in May 2004 in the context of consideration of enlargement strategy".⁹

⁷ [C\(99\)62/FINAL](#) and [C/M\(99\)9/PROV](#).

⁸ [C\(2003\)61](#), [C\(2003\)61/CORR1](#) and [C\(2003\)61/CORR2](#) and [C/M\(2003\)6/PROV](#), Item 98 c) and d).

⁹ [C\(2003\)263](#) and [C/M\(2004\)1/PROV](#), Item 6.

Enlargement Strategy and Evaluation of New Members' Assessed Contributions

24. From November 2002, discussions among Members about the OECD reform process had already made clear that if the Organisation was to play an increasing role in setting the international economic architecture and to enjoy greater visibility in capitals, an enlarged OECD membership was inevitable. Thus, a strategy to achieve that end was necessary. A "Working Group on the Enlargement Strategy and Outreach" was created to consider the nature and functioning of the Organisation arising from a possible enlargement and the implications of such an accession process.

25. Council then adopted in April 2004 the Report by the Chair of the Heads of Delegation Informal Group on a Strategy for Enlargement and Outreach¹⁰ that contained the following conclusions:

- agreed that the budget envelope could be increased to reflect the assessed contribution of each new Member, provided that a solution acceptable to all existing Members was found regarding the implications for their assessed contributions;
- requested the Executive Committee to look into the question of how to accommodate budgetary pressures from the accession of new Members, including changes in the scale of contributions;
- agreed that the non-recurring costs of accession should be covered by new Members and requested the Budget Committee to propose a start-up fee scheme;
- confirmed that new Members should contribute to the Organisation's Pension Budget and Reserve Fund, in accordance with the assessed scale of contributions used for the Fund.

26. In October 2004, Council established a Technical Task Force on cost implications of enlargement¹¹ with a mandate to provide an estimate of the potential gap between the envelope required to meet recurring costs in the Part I Programme of Work and Budget and the envelope from adding assessed contributions from new Members to the Part I Budget. The Task Force was composed of eight Member country experts working with cost data supplied by the Secretariat.

27. This Task Force prepared cost estimates for a group of anonymous and hypothetical countries using a statistical cost simulation based on then-current information, and integrated these parameters into the overall Budget.

28. The Report by the Technical Task Force on Cost Implications of Enlargement¹² estimated that the average recurring annual cost of an anonymous "generic" country would be 3.5 MEUR (ranging from 2.4 to 5.7 MEUR, based on country characteristics and institutional cost elements). Non-recurring costs were estimated at an average of 3.8 MEUR for a generic country (ranging from 2.6 to 6.0 MEUR).

29. The Council at Ministerial Level agreed in May 2007 that during the interim period until a new financing reform agreement could be reached, new Members would pay an annual amount to cover the

¹⁰ [C\(2004\)60 and C/M\(2004\)10/PROV](#), Item 143 section II.

¹¹ [C\(2004\)143/REV5](#) and [C/M\(2004\)23/PROV, Item 293](#).

¹² [C\(2005\)87](#) and [C/M\(2005\)22/PROV](#), Item 295.

costs of their participation in the Part I Budget, including transition costs. This amount would range from 2.4 to 5.7 MEUR, which would be paid annually¹³.

30. In October 2007, Council at Ministerial Level agreed on the interim assessed contributions for new Members: for Chile, Estonia, Israel and Slovenia, between 2.4 and 3.5 MEUR; for Russia between 4.6 and 5.7 MEUR, with the exact amounts that each candidate would pay upon becoming a Member to be determined later.¹⁴

¹³ [C/MIN\(2007\)4/FINAL](#), Section II.

¹⁴ [C/M\(2007\)14/PROV](#), Item 190 ii).

ANNEX IV

THE PROPOSAL FOR FINANCING REFORM (corr):
BASE FEE AT 30% - REVISED SCALE TO CAP PCA EXCLUDE MSA (MSA PHASED OUT OVER 5 YEARS)
MITIGATION AT 15%, MINIMUM INCREASE IN CONTRIBUTIONS 0.3%, INFLATION of + 2%

Council
2 June 2008
Room Document No. 2

SIMULATION (corr.) INCLUDING 4 AC at 2.4ME & 1AC at 4.6ME FIXED WITH INFLATION ADJUSTMENTS UNTIL END OF TRANSITION - BASE FEE 30% - REV SCALE FOR PRINCIPAL MITIGATION AT 15%
INCLUDING a budget increase of + 2%

All members increase 2008 contributions by at least

0.30%

Current scale of contributions

Year 2009 simulation

COUNTRY	2008 New rules %	2008 contributions KE	Scale for principal	Scale for principal	Scale for principal	Scale for principal	Scale for principal	Scale for principal	Scale for principal	Base fee KE	Principal KE	Complement /Mitigation KE	Total KE	Evolution YtoY KE	Evolution YtoY %	Cumulative Evolution %	Resulting share %
			2009	2010	2011	2012	2013	2014 -17	2018 0%/MSA 5AC								
UNITED STATES	24.975	39,535	100% MSA	80% MSA	60% MSA	40% MSA	20% MSA	0% MSA	24.975	161	39,017	476	39,654	119	0.3%	0.3%	24.558
JAPAN	16.006	25,337	24.975	24.975	24.975	24.975	24.975	24.975	24.975	161	24,982	270	25,414	76	0.3%	0.3%	15.739
GERMANY	9.135	14,461	15.991	15.990	15.994	15.997	16.000	16.004	15.693	161	14,273	70	14,504	43	0.3%	0.3%	8.983
UNITED KINGDOM	7.317	11,583	9.136	9.223	9.311	9.399	9.489	9.587	9.302	161	11,432	24	11,618	35	0.3%	0.3%	7.195
FRANCE	6.708	10,619	6.709	6.772	6.837	6.902	6.967	7.036	6.827	161	10,481	8	10,651	32	0.3%	0.3%	6.596
ITALY	5.508	8,719	5.508	5.560	5.613	5.667	5.720	5.764	5.592	161	8,605	-	8,766	47	0.5%	0.5%	5.429
CANADA	3.555	5,628	3.546	3.589	3.624	3.658	3.693	3.731	3.620	161	5,555	-	5,717	89	1.6%	1.6%	3.540
SPAIN	3.546	5,613	2.415	2.439	2.462	2.485	2.509	2.516	2.441	161	5,540	-	5,701	88	1.6%	1.6%	3.531
KOREA	2.415	3,823	2.140	2.161	2.181	2.202	2.223	2.244	2.177	161	3,774	-	3,936	113	3.0%	3.0%	2.438
AUSTRALIA	2.140	3,388	2.127	2.148	2.169	2.189	2.210	2.216	2.150	161	3,324	-	3,505	117	3.5%	3.5%	2.170
MEXICO	2.127	3,367	2.076	2.076	2.095	2.116	2.136	2.156	2.183	161	3,243	-	3,486	119	3.5%	3.5%	2.159
NETHERLANDS	2.076	3,286	1.500	1.500	1.500	1.500	1.500	1.510	1.466	161	2,343	-	3,405	118	3.6%	3.6%	2.109
SWITZERLAND	1.500	2,375	1.403	1.378	1.352	1.327	1.301	1.275	1.238	161	2,192	-	2,505	130	5.5%	5.5%	1.551
BELGIUM	1.403	2,221	1.325	1.300	1.274	1.249	1.223	1.197	1.162	161	2,070	-	2,353	132	6.0%	6.0%	1.457
SWEDEN	1.325	2,097	1.157	1.131	1.105	1.080	1.054	1.029	0.998	161	1,808	-	2,231	134	6.4%	6.4%	1.382
NORWAY	1.157	1,830	0.973	0.947	0.921	0.896	0.870	0.845	0.820	161	1,792	-	1,969	139	7.6%	7.6%	1.219
AUSTRIA	1.146	1,814	0.973	0.947	0.921	0.896	0.870	0.845	0.820	161	1,520	-	1,953	139	7.7%	7.7%	1.210
DENMARK	0.973	1,539	0.958	0.932	0.907	0.881	0.855	0.830	0.805	161	1,497	-	1,682	143	9.3%	9.3%	1.041
POLAND	0.957	1,515	0.921	0.896	0.870	0.845	0.819	0.794	0.769	161	1,440	-	1,658	143	9.5%	9.5%	1.027
TURKEY	0.921	1,458	0.913	0.887	0.862	0.836	0.811	0.785	0.774	161	1,428	-	1,602	144	9.9%	9.9%	0.982
GREECE	0.912	1,444	0.787	0.762	0.737	0.711	0.685	0.660	0.640	161	1,231	-	1,588	144	10.0%	10.0%	0.983
FINLAND	0.787	1,246	0.689	0.700	0.674	0.649	0.623	0.597	0.572	161	1,094	-	1,393	147	11.8%	11.8%	0.862
PORTUGAL	0.689	1,107	0.682	0.656	0.631	0.605	0.579	0.554	0.537	161	1,065	-	1,255	149	13.4%	13.4%	0.777
IRELAND	0.682	1,080	0.507	0.508	0.482	0.456	0.431	0.405	0.380	161	794	(82)	1,227	147	13.6%	13.6%	0.760
CZECH REPUBLIC	0.507	803	0.443	0.443	0.418	0.392	0.367	0.341	0.315	161	692	(47)	923	120	15.0%	15.0%	0.572
NEW ZEALAND	0.443	701	0.428	0.428	0.402	0.377	0.351	0.326	0.300	161	669	(51)	806	105	15.0%	15.0%	0.499
HUNGARY	0.428	678	0.265	0.265	0.240	0.214	0.188	0.163	0.137	161	669	(51)	779	102	15.0%	15.0%	0.483
SLOVAK REPUBLIC	0.265	419	0.216	0.216	0.208	0.182	0.157	0.131	0.106	161	414	(93)	482	63	15.0%	15.0%	0.299
LUXEMBOURG	0.216	342	0.173	0.173	0.148	0.122	0.097	0.071	0.045	161	337	(106)	393	51	15.0%	15.0%	0.244
ICELAND	0.173	274								161	270	(117)	315	41	15.0%	15.0%	0.195
CHILE (hypothesis: Member as from 2011)		158,300															
ESTONIA (hypothesis: Member as from 2011)																	
ISRAEL (hypothesis: Member as from 2011)																	
RUSSIA (hypothesis: Member as from 2018)																	
SLOVENIA (hypothesis: Member as from 2011)																	
Total	100.000	158,300	100.000	100.000	100.000	100.000	100.000	100.000	100.000	4,844	156,224	402	161,470		2.0%	2.0%	100.000

Year to Year Increase in budget, of which

Increase from 'new' members

Increase from 'old' members

3,170

3,170

**THE PROPOSAL FOR FINANCING REFORM (corr):
 BASE FEE AT 30% - REVISED SCALE TO CAP PCA EXCLUDE MSA (MSA PHASED OUT OVER 5 YEARS)
 MITIGATION AT 15%, MINIMUM INCREASE IN CONTRIBUTIONS 0.3%, INFLATION of + 2%**

**SIMULATION (cor
 INCLUDING a bud
 All members incr**

COUNTRY	Year 2010 simulation								Year 2011 simulation							
	Base fee	Principal	Complement/ Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share	Base fee	Principal	Complement/ Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share
	KE	KE	KE	KE	KE	%	%	%	KE	KE	KE	KE	KE	%	%	%
UNITED STATES	329	38,425	1,018	39,773	119	0.3%	0.6%	24.149	470	38,082	1,340	39,892	119	0.3%	0.9%	22.463
JAPAN	329	24,801	559	25,490	76	0.3%	0.6%	15.476	470	24,388	709	25,566	76	0.3%	0.9%	14.396
GERMANY	329	14,190	28	14,548	44	0.3%	0.6%	8.833	470	14,197	-	14,667	120	0.8%	1.4%	8.259
UNITED KINGDOM	329	11,365	-	11,695	77	0.7%	1.0%	7.101	470	11,372	-	11,842	147	1.3%	2.2%	6.668
FRANCE	329	10,419	-	10,748	98	0.9%	1.2%	6.526	470	10,425	-	10,895	147	1.4%	2.6%	6.135
ITALY	329	8,554	-	8,884	117	1.3%	1.9%	5.394	470	8,559	-	9,029	145	1.8%	3.6%	5.084
CANADA	329	5,522	-	5,851	134	2.4%	4.0%	3.553	470	5,526	-	5,996	145	2.5%	6.5%	3.376
SPAIN	329	5,508	-	5,836	135	2.4%	4.0%	3.543	470	5,509	-	5,979	143	2.5%	6.5%	3.367
KOREA	329	3,753	-	4,082	146	3.7%	6.8%	2.478	470	3,754	-	4,224	142	3.5%	10.5%	2.379
AUSTRALIA	329	3,325	-	3,654	150	4.3%	7.9%	2.219	470	3,326	-	3,796	141	3.9%	12.0%	2.137
MEXICO	329	3,305	-	3,634	148	4.3%	7.9%	2.207	470	3,307	-	3,777	143	3.9%	12.2%	2.127
NETHERLANDS	329	3,223	-	3,553	148	4.3%	8.1%	2.157	470	3,226	-	3,697	144	4.1%	12.5%	2.082
SWITZERLAND	329	2,308	-	2,637	132	5.3%	11.1%	1.801	470	2,287	-	2,757	120	4.6%	16.1%	1.553
BELGIUM	329	2,120	-	2,450	96	4.1%	10.3%	1.487	470	2,062	-	2,532	82	3.4%	14.0%	1.426
SWEDEN	329	2,000	-	2,330	98	4.4%	11.1%	1.414	470	1,943	-	2,413	83	3.6%	15.0%	1.359
NORWAY	329	1,740	-	2,070	101	5.1%	13.1%	1.257	470	1,685	-	2,155	85	4.1%	17.8%	1.213
AUSTRIA	329	1,725	-	2,054	101	5.2%	13.2%	1.247	470	1,671	-	2,141	87	4.2%	18.0%	1.208
DENMARK	329	1,457	-	1,786	105	6.2%	16.1%	1.085	470	1,404	-	1,874	88	4.9%	21.8%	1.055
POLAND	329	1,434	-	1,763	105	6.3%	16.4%	1.071	470	1,383	-	1,853	90	5.1%	22.3%	1.043
TURKEY	329	1,379	-	1,708	106	6.6%	17.1%	1.037	470	1,327	-	1,797	89	5.2%	23.2%	1.012
GREECE	329	1,365	-	1,694	106	6.7%	17.3%	1.029	470	1,314	-	1,784	90	5.3%	23.6%	1.005
FINLAND	329	1,172	-	1,502	109	7.8%	20.5%	0.912	470	1,124	-	1,594	92	6.1%	27.9%	0.897
PORTUGAL	329	1,037	-	1,366	111	8.9%	23.5%	0.830	470	990	-	1,460	93	6.8%	31.9%	0.822
IRELAND	329	1,009	-	1,339	112	9.1%	24.0%	0.813	470	982	-	1,432	94	7.0%	32.7%	0.808
CZECH REPUBLIC	329	742	(10)	1,061	138	15.0%	32.3%	0.644	470	695	-	1,165	104	9.8%	45.2%	0.656
NEW ZEALAND	329	643	(45)	927	121	15.0%	32.3%	0.563	470	598	(1)	1,067	139	15.0%	52.1%	0.601
HUNGARY	329	618	(52)	896	117	15.0%	32.3%	0.544	470	575	(15)	1,030	134	15.0%	52.1%	0.580
SLOVAK REPUBLIC	329	369	(144)	555	72	15.0%	32.3%	0.337	470	326	(158)	638	83	15.0%	52.1%	0.359
LUXEMBOURG	329	320	(197)	452	59	15.0%	32.3%	0.275	470	278	(228)	520	68	15.0%	52.1%	0.293
ICELAND	329	228	(195)	362	47	15.0%	32.3%	0.220	470	186	(240)	417	54	15.0%	52.1%	0.235
CHILE (hypothesis: Mer	-	-	-	-	-	-	-	-	2,400	-	-	2,400	-	-	-	1.351
ESTONIA (hypothesis: I	-	-	-	-	-	-	-	-	2,400	-	-	2,400	-	-	-	1.351
ISRAEL (hypothesis: M	-	-	-	-	-	-	-	-	2,400	-	-	2,400	-	-	-	1.351
RUSSIA (hypothesis: M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SLOVENIA (hypothesis	-	-	-	-	-	-	-	-	2,400	-	-	2,400	-	-	-	1.351
Total	9,882	153,855	983	164,700		2.0%	4.0%	100.000	23,703	152,480	1,408	177,590		7.8%	12.2%	100.000
Year to Year Incre				3,230								12,890				
<i>Increase from 'new</i>				-								<i>9,600</i>				
<i>Increase from 'old'</i>				<i>3,230</i>								<i>3,290</i>				

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SIMULATION (cor
INCLUDING a bud
All members incr
Current si

COUNTRY	Year 2012 simulation								Year 2013 simulation							
	Base fee	Principal	Complement/ Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share	Base fee	Principal	Complement /Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share
	KE	KE	KE	KE	KE	%	%	%	KE	KE	KE	KE	KE	%	%	%
UNITED STATES	639	37,471	1,901	40,012	120	0.3%	1.2%	22.089	815	36,811	2,608	40,132	120	0.3%	1.5%	21.721
JAPAN	639	24,001	1,003	25,643	77	0.3%	1.2%	14.156	815	23,583	1,322	25,720	77	0.3%	1.5%	13.921
GERMANY	639	14,102	-	14,741	74	0.5%	1.9%	8.138	815	13,985	-	14,800	59	0.4%	2.3%	8.010
UNITED KINGDOM	639	11,298	-	11,935	93	0.8%	3.0%	6.599	815	11,203	-	12,018	83	0.7%	3.8%	6.505
FRANCE	639	10,355	-	10,995	100	0.9%	3.5%	6.070	815	10,269	-	11,084	89	0.8%	4.4%	5.999
ITALY	639	8,502	-	9,142	113	1.3%	4.8%	5.047	815	8,431	-	9,246	104	1.1%	6.0%	5.004
CANADA	639	5,488	-	6,128	132	2.2%	8.9%	3.383	815	5,443	-	6,258	131	2.1%	11.2%	3.387
SPAIN	639	5,472	-	6,111	132	2.2%	8.9%	3.374	815	5,427	-	6,242	131	2.1%	11.2%	3.378
KOREA	639	3,728	-	4,368	144	3.4%	14.2%	2.411	815	3,698	-	4,513	145	3.3%	18.1%	2.443
AUSTRALIA	639	3,304	-	3,943	147	3.9%	16.4%	2.177	815	3,277	-	4,092	149	3.8%	20.8%	2.215
MEXICO	639	3,284	-	3,924	146	3.9%	16.5%	2.166	815	3,257	-	4,072	149	3.8%	21.0%	2.204
NETHERLANDS	639	3,205	-	3,844	148	4.0%	17.0%	2.122	815	3,178	-	3,993	149	3.9%	21.5%	2.161
SWITZERLAND	639	2,251	-	2,890	133	4.8%	21.7%	1.595	815	2,211	-	3,026	136	4.7%	27.4%	1.638
BELGIUM	639	1,991	-	2,630	99	3.9%	18.4%	1.452	815	1,918	-	2,733	102	3.9%	23.0%	1.479
SWEDEN	639	1,874	-	2,513	101	4.2%	19.8%	1.387	815	1,803	-	2,618	104	4.2%	24.8%	1.417
NORWAY	639	1,620	-	2,260	105	4.9%	23.5%	1.247	815	1,554	-	2,369	109	4.8%	29.4%	1.282
AUSTRIA	639	1,605	-	2,245	103	4.8%	23.7%	1.239	815	1,540	-	2,355	111	4.9%	29.8%	1.275
DENMARK	639	1,344	-	1,984	109	5.8%	28.9%	1.095	815	1,282	-	2,097	114	5.7%	36.3%	1.135
POLAND	639	1,322	-	1,961	108	5.8%	29.5%	1.083	815	1,260	-	2,075	114	5.8%	37.0%	1.123
TURKEY	639	1,268	-	1,907	110	6.1%	30.8%	1.053	815	1,207	-	2,022	115	6.0%	38.7%	1.095
GREECE	639	1,254	-	1,894	109	6.1%	31.2%	1.045	815	1,195	-	2,010	117	6.2%	39.3%	1.088
FINLAND	639	1,087	-	1,706	112	7.0%	36.9%	0.942	815	1,010	-	1,825	119	7.0%	46.5%	0.988
PORTUGAL	639	935	-	1,574	114	7.8%	42.3%	0.869	815	880	-	1,695	121	7.7%	53.2%	0.917
IRELAND	639	908	-	1,547	115	8.0%	43.3%	0.854	815	853	-	1,669	121	7.9%	54.5%	0.903
CZECH REPUBLIC	639	647	-	1,286	121	10.3%	60.2%	0.710	815	597	-	1,412	126	9.8%	75.9%	0.764
NEW ZEALAND	639	551	-	1,190	123	11.8%	69.7%	0.657	815	503	-	1,318	128	10.7%	87.9%	0.713
HUNGARY	639	527	-	1,166	136	13.2%	72.1%	0.644	815	480	-	1,296	130	11.1%	91.2%	0.701
SLOVAK REPUBLIC	639	282	(188)	734	96	15.0%	74.9%	0.405	815	240	(212)	844	110	15.0%	101.1%	0.457
LUXEMBOURG	639	236	(277)	598	78	15.0%	74.9%	0.330	815	193	(320)	688	90	15.0%	101.1%	0.372
ICELAND	639	146	(306)	479	62	15.0%	74.9%	0.264	815	105	(369)	551	72	15.0%	101.1%	0.298
CHILE (hypothesis: M	2,448	-	-	2,448	48	2.0%	2.0%	1.351	2,497	-	-	2,497	49	2.0%	4.0%	1.351
ESTONIA (hypothesis: I	2,448	-	-	2,448	48	2.0%	2.0%	1.351	2,497	-	-	2,497	49	2.0%	4.0%	1.351
ISRAEL (hypothesis: M	2,448	-	-	2,448	48	2.0%	2.0%	1.351	2,497	-	-	2,497	49	2.0%	4.0%	1.351
RUSSIA (hypothesis: M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SLOVENIA (hypothesis	2,448	-	-	2,448	48	2.0%	2.0%	1.351	2,497	-	-	2,497	49	2.0%	4.0%	1.351
Total	28,972	150,035	2,134	181,140		2.0%	14.4%	100.000	34,441	147,392	2,927	184,760		2.0%	16.7%	100.000
Year to Year Incre				3,550								3,620				
<i>Increase from 'new</i>				192								196				
<i>Increase from 'old'</i>				3,358								3,424				

**THE PROPOSAL FOR FINANCING REFORM (corr):
 BASE FEE AT 30% - REVISED SCALE TO CAP PCA EXCLUDE MSA (MSA PHASED OUT OVER 5 YEARS)
 MITIGATION AT 15%, MINIMUM INCREASE IN CONTRIBUTIONS 0.3%, INFLATION of + 2%**

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COUNTRY	Year 2014 simulation									Year 2015 simulation						
	Base fee	Principal	Complement /Mitigation	Total	Evolution YoY	Evolution YoY	Cumulative Evolution	Resulting share	Base fee	Principal	Complement /Mitigation	Total	Evolution YoY	Evolution YoY	Cumulative Evolution	Resulting share
	KE	KE	KE	KE	KE	%	%	%	KE	KE	KE	KE	KE	%	%	%
UNITED STATES	998	36,096	3,159	40,252	120	0.3%	1.8%	21.359	1,187	35,124	4,062	40,373	121	0.3%	2.1%	21.003
JAPAN	998	23,130	1,669	25,797	77	0.3%	1.8%	13.688	1,187	22,508	2,179	25,874	77	0.3%	2.1%	13.480
GERMANY	998	13,856	-	14,854	54	0.4%	2.7%	7.882	1,187	13,483	228	14,898	45	0.3%	3.0%	7.750
UNITED KINGDOM	998	11,117	-	12,115	96	0.8%	4.6%	6.428	1,187	10,818	146	12,151	36	0.3%	4.9%	6.321
FRANCE	998	10,169	-	11,167	83	0.7%	5.2%	5.925	1,187	9,895	118	11,200	33	0.3%	5.5%	5.826
ITALY	998	8,331	-	9,328	82	0.9%	7.0%	4.950	1,187	8,106	63	9,356	28	0.3%	7.3%	4.867
CANADA	998	5,392	-	6,390	132	2.1%	13.5%	3.391	1,187	5,247	-	6,434	44	0.7%	14.3%	3.347
SPAIN	998	5,346	-	6,344	102	1.6%	13.0%	3.366	1,187	5,202	-	6,389	46	0.7%	13.8%	3.324
KOREA	998	3,636	-	4,634	121	2.7%	21.2%	2.459	1,187	3,538	-	4,726	92	2.0%	23.6%	2.458
AUSTRALIA	998	3,243	-	4,241	149	3.6%	25.2%	2.250	1,187	3,156	-	4,343	102	2.4%	28.2%	2.259
MEXICO	998	3,203	-	4,200	128	3.1%	24.8%	2.229	1,187	3,117	-	4,304	103	2.5%	27.8%	2.239
NETHERLANDS	998	3,155	-	4,153	160	4.0%	26.4%	2.204	1,187	3,070	-	4,257	105	2.5%	29.6%	2.215
SWITZERLAND	998	2,182	-	3,180	154	5.1%	33.9%	1.697	1,187	2,124	-	3,311	131	4.1%	39.4%	1.722
BELGIUM	998	1,843	-	2,840	108	3.9%	27.9%	1.507	1,187	1,793	-	2,980	140	4.9%	34.2%	1.550
SWEDEN	998	1,730	-	2,728	110	4.2%	30.0%	1.447	1,187	1,683	-	2,871	143	5.2%	36.9%	1.493
NORWAY	998	1,487	-	2,485	116	4.9%	35.8%	1.319	1,187	1,447	-	2,634	150	6.0%	44.0%	1.370
AUSTRIA	998	1,473	-	2,470	115	4.9%	36.2%	1.311	1,187	1,433	-	2,620	150	6.1%	44.4%	1.363
DENMARK	998	1,221	-	2,219	122	5.8%	44.2%	1.177	1,187	1,188	-	2,376	157	7.1%	54.4%	1.236
POLAND	998	1,200	-	2,197	122	5.9%	45.0%	1.166	1,187	1,167	-	2,355	157	7.2%	55.4%	1.225
TURKEY	998	1,148	-	2,145	123	6.1%	47.1%	1.138	1,187	1,117	-	2,304	159	7.4%	58.0%	1.199
GREECE	998	1,135	-	2,132	122	6.1%	47.7%	1.131	1,187	1,104	-	2,291	159	7.5%	58.7%	1.192
FINLAND	998	954	-	1,952	127	7.0%	56.7%	1.036	1,187	928	-	2,116	164	8.4%	69.8%	1.101
PORTUGAL	998	827	-	1,824	129	7.6%	64.9%	0.968	1,187	804	-	1,992	167	9.2%	80.0%	1.036
IRELAND	998	801	-	1,798	130	7.8%	66.6%	0.954	1,187	779	-	1,966	168	9.3%	82.1%	1.023
CZECH REPUBLIC	998	549	-	1,547	135	9.6%	92.7%	0.821	1,187	534	-	1,722	175	11.3%	114.5%	0.896
NEW ZEALAND	998	455	-	1,453	135	10.3%	107.2%	0.771	1,187	443	-	1,630	177	12.2%	132.5%	0.848
HUNGARY	998	434	-	1,431	136	10.5%	111.3%	0.759	1,187	422	-	1,609	178	12.4%	137.5%	0.837
SLOVAK REPUBLIC	998	198	(225)	970	127	15.0%	131.3%	0.515	1,187	193	(264)	1,116	146	15.0%	166.0%	0.580
LUXEMBOURG	998	153	(360)	791	103	15.0%	131.3%	0.420	1,187	149	(427)	910	119	15.0%	166.0%	0.473
ICELAND	998	65	(429)	633	83	15.0%	131.3%	0.336	1,187	63	(522)	728	95	15.0%	166.0%	0.379
CHILE (hypothesis: Mer	2,547	-	-	2,547	50	2.0%	6.1%	1.351	2,598	-	-	2,598	51	2.0%	8.2%	1.351
ESTONIA (hypothesis: I	2,547	-	-	2,547	50	2.0%	6.1%	1.351	2,598	-	-	2,598	51	2.0%	8.2%	1.351
ISRAEL (hypothesis: M	2,547	-	-	2,547	50	2.0%	6.1%	1.351	2,598	-	-	2,598	51	2.0%	8.2%	1.351
RUSSIA (hypothesis: M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SLOVENIA (hypothesis	2,547	-	-	2,547	50	2.0%	6.1%	1.351	2,598	-	-	2,598	51	2.0%	8.2%	1.351
Total	40,119	144,527	3,813	188,460		2.0%	19.1%	100.000	46,010	140,637	5,582	192,230		2.0%	21.4%	100.000
Year to Year Incre				3,700								3,770				
<i>Increase from 'new</i>				<i>200</i>								<i>204</i>				
<i>Increase from 'old'</i>				<i>3,500</i>								<i>3,566</i>				

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 BASE FEE AT 30% - REVISED SCALE TO CAP PCA EXCLUDE MSA (MSA PHASED OUT OVER 5 YEARS)
 MITIGATION AT 15%, MINIMUM INCREASE IN CONTRIBUTIONS 0.3%, INFLATION of + 2%**

SIMULATION (cor
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COUNTRY	Year 2016 simulation									Year 2017 simulation						
	Base fee	Principal	Complement /Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share	Base fee	Principal	Complement /Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share
	KE	KE	KE	KE	KE	%	%	%	KE	KE	KE	KE	KE	%	%	%
UNITED STATES	1,384	34,032	5,079	40,494	121	0.3%	2.4%	20.653	1,588	32,814	6,213	40,616	121	0.3%	2.7%	20.309
JAPAN	1,384	21,807	2,761	25,952	78	0.3%	2.4%	13.236	1,588	21,028	3,414	26,030	78	0.3%	2.7%	13.016
GERMANY	1,384	13,083	495	14,943	45	0.3%	3.3%	7.621	1,588	12,566	803	14,988	45	0.3%	3.6%	7.494
UNITED KINGDOM	1,384	10,481	322	12,188	36	0.3%	5.2%	6.216	1,588	10,106	529	12,224	37	0.3%	5.5%	6.112
FRANCE	1,384	9,587	262	11,234	34	0.3%	5.8%	5.729	1,588	9,245	435	11,267	34	0.3%	6.1%	5.634
ITALY	1,384	7,854	146	9,384	28	0.3%	7.6%	4.786	1,588	7,573	251	9,412	28	0.3%	8.0%	4.706
CANADA	1,384	5,084	-	6,468	33	0.5%	14.6%	3.296	1,588	4,902	-	6,490	22	0.3%	15.3%	3.245
SPAIN	1,384	5,040	-	6,424	35	0.5%	14.4%	3.277	1,588	4,860	-	6,448	24	0.4%	14.9%	3.224
KOREA	1,384	3,428	-	4,812	87	1.8%	25.9%	2.454	1,588	3,308	-	4,894	82	1.7%	28.0%	2.447
AUSTRALIA	1,384	3,058	-	4,442	99	2.3%	31.1%	2.265	1,588	2,948	-	4,537	95	2.1%	33.6%	2.268
MEXICO	1,384	3,020	-	4,404	100	2.3%	30.8%	2.246	1,588	2,912	-	4,500	96	2.2%	33.6%	2.250
NETHERLANDS	1,384	2,975	-	4,359	101	2.4%	32.6%	2.223	1,588	2,868	-	4,456	98	2.2%	35.6%	2.228
SWITZERLAND	1,384	2,058	-	3,442	131	3.9%	44.9%	1.755	1,588	1,984	-	3,572	131	3.8%	50.4%	1.788
BELGIUM	1,384	1,737	-	3,121	141	4.7%	40.5%	1.592	1,588	1,675	-	3,263	142	4.5%	46.9%	1.632
SWEDEN	1,384	1,631	-	3,015	144	5.0%	43.7%	1.538	1,588	1,573	-	3,161	146	4.8%	50.7%	1.581
NORWAY	1,384	1,402	-	2,786	152	5.8%	52.3%	1.421	1,588	1,352	-	2,940	154	5.5%	60.7%	1.470
AUSTRIA	1,384	1,389	-	2,773	152	5.8%	52.8%	1.414	1,588	1,339	-	2,927	154	5.6%	61.3%	1.464
DENMARK	1,384	1,151	-	2,535	160	6.7%	64.8%	1.293	1,588	1,110	-	2,698	163	6.4%	75.4%	1.349
POLAND	1,384	1,131	-	2,515	160	6.8%	66.0%	1.283	1,588	1,091	-	2,679	164	6.5%	76.8%	1.339
TURKEY	1,384	1,082	-	2,466	162	7.0%	69.1%	1.258	1,588	1,043	-	2,631	165	6.7%	80.5%	1.316
GREECE	1,384	1,070	-	2,454	162	7.1%	70.0%	1.251	1,588	1,031	-	2,620	166	6.8%	81.4%	1.310
FINLAND	1,384	899	-	2,283	168	7.9%	83.3%	1.165	1,588	867	-	2,455	172	7.5%	97.1%	1.228
PORTUGAL	1,384	779	-	2,163	172	8.6%	95.5%	1.103	1,588	752	-	2,340	176	8.1%	111.4%	1.170
IRELAND	1,384	755	-	2,139	172	8.8%	98.1%	1.091	1,588	728	-	2,316	177	8.3%	114.5%	1.158
CZECH REPUBLIC	1,384	518	-	1,902	180	10.5%	137.0%	0.970	1,588	499	-	2,087	186	9.8%	160.1%	1.044
NEW ZEALAND	1,384	429	-	1,813	183	11.2%	158.6%	0.925	1,588	414	-	2,002	189	10.4%	185.5%	1.001
HUNGARY	1,384	409	-	1,793	184	11.4%	164.6%	0.914	1,588	394	-	1,982	190	10.6%	192.6%	0.991
SLOVAK REPUBLIC	1,384	187	(287)	1,283	167	15.0%	205.9%	0.854	1,588	180	(292)	1,476	192	15.0%	251.8%	0.738
LUXEMBOURG	1,384	144	(482)	1,046	136	15.0%	205.9%	0.533	1,588	139	(625)	1,203	157	15.0%	251.8%	0.601
ICELAND	1,384	61	(608)	838	109	15.0%	205.9%	0.427	1,588	59	(684)	963	126	15.0%	251.8%	0.482
CHILE (hypothesis: Mer	2,650	-	-	2,650	52	2.0%	10.4%	1.351	2,703	-	-	2,703	53	2.0%	12.6%	1.351
ESTONIA (hypothesis: I	2,650	-	-	2,650	52	2.0%	10.4%	1.351	2,703	-	-	2,703	53	2.0%	12.6%	1.351
ISRAEL (hypothesis: M	2,650	-	-	2,650	52	2.0%	10.4%	1.351	2,703	-	-	2,703	53	2.0%	12.6%	1.351
RUSSIA (hypothesis: M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SLOVENIA (hypothesis	2,650	-	-	2,650	52	2.0%	10.4%	1.351	2,703	-	-	2,703	53	2.0%	12.6%	1.351
Total	52,120	136,262	7,888	196,070		2.0%	23.9%	100.000	58,456	131,389	10,145	199,990		2.0%	26.3%	100.000
Year to Year Incre				3,840								3,920				
Increase from 'new				208								212				
Increase from 'old'				3,632								3,708				

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**SIMULATION (cor
 INCLUDING a bud
 All members incr**

COUNTRY	Year 2018 simulation											Year 2019 simulation						
	Base fee	Principal	Complement /Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Cumulative Evolution	Resulting share	Compound increase	Base fee	Principal	Complement /Mitigation	Total	Evolution YtoY	Evolution YtoY	Cumulative Evolution	Resulting share
	KE	KE	KE	KE	KE	%	KE	%	%	%	KE	KE	KE	KE	KE	%	%	%
	(2018/2008 ^(1/10)-1																	
UNITED STATES	1,788	31,680	7,269	40,738	122	0.3%	1,202	3.0%	19,530	0.3%	1,824	34,972	4,084	40,860	122	0.3%	3.3%	19,205
JAPAN	1,788	20,301	4,019	26,108	78	0.3%	770	3.0%	12,516	0.3%	1,824	22,629	1,734	26,186	78	0.3%	3.3%	12,308
GERMANY	1,788	12,161	1,084	15,033	45	0.3%	572	4.0%	7,207	0.4%	1,824	13,413	-	15,237	204	1.4%	5.4%	7,161
UNITED KINGDOM	1,788	9,757	710	12,261	37	0.3%	678	5.9%	5,878	0.6%	1,824	10,781	-	12,585	324	2.6%	8.7%	5,915
FRANCE	1,788	8,925	588	11,301	34	0.3%	682	6.4%	5,418	0.6%	1,824	9,844	-	11,668	367	3.2%	9.9%	5,484
ITALY	1,788	7,312	341	9,441	28	0.3%	722	8.3%	4,526	0.8%	1,824	8,063	-	9,887	446	4.7%	13.4%	4,647
CANADA	1,788	4,733	-	6,521	30	0.5%	893	15.9%	3,126	1.5%	1,824	5,220	-	7,044	523	8.0%	25.2%	3,311
SPAIN	1,788	4,692	-	6,480	32	0.5%	867	15.4%	3,107	1.4%	1,824	5,175	-	6,999	519	8.0%	24.7%	3,280
KOREA	1,788	3,192	-	4,979	86	1.7%	1,156	30.3%	2,387	2.7%	1,824	3,520	-	5,343	364	7.3%	39.8%	2,512
AUSTRALIA	1,788	2,846	-	4,634	98	2.2%	1,247	36.8%	2,222	3.2%	1,824	3,139	-	4,963	328	7.1%	46.5%	2,333
MEXICO	1,788	2,811	-	4,599	99	2.2%	1,232	36.6%	2,205	3.2%	1,824	3,100	-	4,924	325	7.1%	46.2%	2,314
NETHERLANDS	1,788	2,769	-	4,557	101	2.3%	1,271	38.7%	2,185	3.3%	1,824	3,056	-	4,879	322	7.1%	48.5%	2,293
SWITZERLAND	1,788	1,915	-	3,703	131	3.7%	1,329	56.0%	1,775	4.5%	1,824	2,114	-	3,938	234	6.3%	65.8%	1,851
BELGIUM	1,788	1,617	-	3,405	142	4.3%	1,184	53.3%	1,633	4.4%	1,824	1,785	-	3,609	204	6.0%	62.5%	1,696
SWEDEN	1,788	1,518	-	3,306	145	4.6%	1,209	57.6%	1,585	4.7%	1,824	1,676	-	3,499	193	5.8%	66.8%	1,645
NORWAY	1,788	1,305	-	3,093	153	5.2%	1,263	69.0%	1,483	5.4%	1,824	1,439	-	3,263	170	5.5%	78.3%	1,534
AUSTRIA	1,788	1,293	-	3,081	153	5.2%	1,266	69.8%	1,477	5.4%	1,824	1,428	-	3,250	169	5.5%	79.1%	1,527
DENMARK	1,788	1,072	-	2,860	161	6.0%	1,321	85.9%	1,371	6.4%	1,824	1,182	-	3,006	146	5.1%	95.4%	1,413
POLAND	1,788	1,053	-	2,841	162	6.1%	1,326	87.5%	1,362	6.5%	1,824	1,161	-	2,984	144	5.1%	97.0%	1,403
TURKEY	1,788	1,007	-	2,795	164	6.2%	1,337	91.7%	1,340	6.7%	1,824	1,143	-	2,967	172	6.2%	103.5%	1,395
GREECE	1,788	998	-	2,784	164	6.3%	1,340	92.8%	1,335	6.8%	1,824	1,116	-	2,940	156	5.6%	103.6%	1,382
FINLAND	1,788	837	-	2,625	170	6.9%	1,379	110.7%	1,259	7.7%	1,824	923	-	2,747	121	4.6%	120.5%	1,291
PORTUGAL	1,788	728	-	2,513	174	7.4%	1,407	127.2%	1,205	8.6%	1,824	800	-	2,624	110	4.4%	137.1%	1,233
IRELAND	1,788	703	-	2,491	175	7.5%	1,411	130.7%	1,194	8.7%	1,824	774	-	2,598	107	4.3%	140.6%	1,221
CZECH REPUBLIC	1,788	482	-	2,270	183	8.7%	1,467	182.8%	1,088	11.0%	1,824	531	-	2,354	84	3.7%	193.3%	1,107
NEW ZEALAND	1,788	400	-	2,187	185	9.3%	1,486	211.9%	1,049	12.0%	1,824	441	-	2,265	77	3.5%	223.0%	1,065
HUNGARY	1,788	381	-	2,168	186	9.4%	1,491	220.1%	1,040	12.3%	1,824	420	-	2,243	75	3.4%	231.1%	1,054
SLOVAK REPUBLIC	1,788	174	(265)	1,697	221	15.0%	1,278	304.6%	0,814	15.0%	1,824	198	(70)	1,952	255	15.0%	365.2%	0,917
LUXEMBOURG	1,788	134	(539)	1,383	180	15.0%	1,041	304.6%	0,663	15.0%	1,824	147	(380)	1,591	207	15.0%	365.2%	0,748
ICELAND	1,788	57	(737)	1,108	145	15.0%	834	304.6%	0,531	15.0%	1,824	83	(613)	1,274	166	15.0%	365.2%	0,569
				<u>192,963</u>				21.9%		2.0%								
CHILE (hypothesis: Mer	2,757	-	-	2,757	54	2.0%	357	14.9%	1,322		1,824	441	-	2,265	(492)	-17.6%	-5.6%	1,065
ESTONIA (hypothesis: I	2,757	-	-	2,757	54	2.0%	357	14.9%	1,322		1,824	58	-	1,881	(876)	-31.8%	-21.6%	0,884
ISRAEL (hypothesis: M	2,757	-	-	2,757	54	2.0%	357	14.9%	1,322		1,824	561	-	2,385	(372)	-13.5%	-0.6%	1,121
RUSSIA (hypothesis: M	4,600	-	-	4,600				2,205			1,824	2,750	-	4,573	(27)	-0.6%	-0.6%	2,150
SLOVENIA (hypothesis	2,757	-	-	2,757	54	2.0%	357	14.9%	1,322		1,824	154	-	1,978	(779)	-28.3%	-17.6%	0,930
Total	69,265	126,849	12,477	208,590		4.3%		31.8%	100,000		63,828	144,196	4,736	212,760		2.0%	34.4%	100,000
Year to Year Increase from 'new				8,600										4,170				
Increase from 'old'				4,816										(2,545)				
Increase from 'old'				3,784										6,715				

ANNEX V

Part I Budget Percentage Share - Comparison between 2008 Simulation and Actual Scale

For the Year 2017

Member	Year 2017 from 2008 Simulation (based on 2004 - 2006 national income data)	Year 2017 Actual (based on 2013 - 2015 national income data)	Percentage Variance Increase / (Decrease)
	Percentage Share	Percentage Share	
UNITED STATES	20.309	20.583	0.27
JAPAN	13.016	9.426	(3.59)
GERMANY	7.494	7.393	(0.10)
UNITED KINGDOM	6.112	5.457	(0.66)
FRANCE	5.634	5.400	(0.23)
ITALY	4.706	4.126	(0.58)
CANADA	3.245	3.645	0.40
SPAIN	3.224	2.966	(0.26)
KOREA	2.447	3.074	0.63
AUSTRALIA	2.268	3.093	0.82
MEXICO	2.250	2.757	0.51
NETHERLANDS	2.228	2.200	(0.03)
SWITZERLAND	1.786	2.075	0.29
BELGIUM	1.632	1.641	0.01
SWEDEN	1.581	1.627	0.05
NORWAY	1.470	1.613	0.14
AUSTRIA	1.464	1.452	(0.01)
DENMARK	1.349	1.336	(0.01)
POLAND	1.339	1.542	0.20
TURKEY	1.316	2.005	0.69
GREECE	1.310	1.124	(0.19)
FINLAND	1.228	1.200	(0.03)
PORTUGAL	1.170	1.111	(0.06)
IRELAND	1.158	1.129	(0.03)
CZECH REPUBLIC	1.044	1.077	0.03
NEW ZEALAND	1.001	1.067	0.07
HUNGARY	0.991	0.955	(0.04)
SLOVAK REPUBLIC	0.738	0.778	0.04
LUXEMBOURG	0.601	0.610	0.01
ICELAND	0.482	0.488	0.01
CHILE (Member from 2010)	1.351	1.416	0.06
ESTONIA (Member from 2010)	1.351	1.416	0.06
ISRAEL (Member from 2010)	1.351	1.416	0.06
SLOVENIA (Member from 2010)	1.351	1.416	0.06
LATVIA (was not included in simulation)	-	1.416	1.42
Total	100	100	0

Notes:

- Variations result primarily from the relative changes in national income compared to all other Members with currency variations being the main driver of the changes
- The simulation in 2008 has no changes in national income and varies each year only for the phase-in of the base fee subject to mitigation limits of 15% maximum and 0.3% minimum increases
- The actual scale for 2017 reflects economic data averaging the years 2013 - 2015
The 2008 simulation used data for averaging the years 2004 - 2006
- The actual contribution amounts of the US, Slovak Republic, Luxembourg and Iceland equal those in the 2008 simulation. This is because the United States has fixed 0.3% increases, and the other three countries are limited by a 15% annual increase in their assessed contributions. Their actual percentage shares in 2017 are higher than the shares in the simulation due to a lower rate of actual inflation applied than was used in the simulation. These increases are offset by other countries' actual shares being lower than their shares in simulation.

ANNEX VI

Budget Committee EDG No. 81

15 November 2010

This note is in response to a request from the Chair and shared with the membership in case of wider interest as to the background on how the cost of enlargement was discussed.

HISTORY OF THE ESTABLISHMENT OF NEW MEMBERS' ASSESSED CONTRIBUTIONS

1. At the November 2002 retreat of OECD Heads of Delegation, the discussion on the OECD reform process made clear that if the Organisation was to play an increasing role in setting the international economic architecture and to enjoy greater visibility in capitals, an enlarged OECD membership was inevitable and a strategy to that end necessary. In the wake of that meeting, a "Working Group on the Enlargement Strategy and Outreach" (HOD/IG4) was created with a mandate to review the questions related to the nature and functioning of the Organisation arising from a possible enlargement and the implications of the accession process.

2. The Report by the Chair of the Heads of Delegation Informal Group on a Strategy for Enlargement and Outreach [[C\(2004\)60](#)] was presented to Council and the draft conclusions were adopted whereby the Council:

- agreed that the budget envelope could be increased to reflect the assessed contribution of each new Member, provided that a solution acceptable to all existing Members is found regarding the implications for their assessed contributions;
- requested the Executive Committee to pursue its deliberations on the question of how to accommodate budgetary pressures from accession of new Members including changes in the scale of contributions, with a view to reaching a solution before a new accession process begins;
- agreed that the non-recurrent costs of accession should in principle be covered by the new Members and requested the Budget Committee to propose a start-up fee scheme to be agreed by the Council before a new accession process begins;
- confirmed that new Members should contribute to the Organisation's pension budget including the Pension Reserve Fund, in accordance with the assessed scale of contributions.

3. On 22 April 2004, Council "requested the Executive Committee to pursue its deliberations on the question of how to accommodate budgetary pressures from accession of new Members including changes in the scale of contributions, with a view to reaching a solution before a new accession begins" [[C/M\(2004\)10](#), Item 143, Section II h)]; and on 28 October Council established a Technical Task Force on cost implications of Enlargement [[C\(2004\)143/REV5](#)] with a mandate to provide an informed estimate of the potential gap between the envelope required to meet recurring costs of the present Part I *Programme of Work and Budget* and the envelope from adding assessed contributions to the Part I Budget resulting from an enlargement by a hypothetical and anonymous group of new Member countries.

4. In addition, the mandate requested an estimate, based on historical experience, of the non-recurring costs of a new Member as well as an estimate of the capital contribution which a new

Member might reasonably be asked to contribute to investments made by existing Members in the Site and other facilities of the Organisation.

5. The Technical Task Force elaborated cost estimations simulated for a group of anonymous and hypothetical countries based on a statistical cost simulation for anonymous countries based on then current information, and integrated parameters of uncertainty in the case of enlargement.

6. The Report by the Technical Task Force on Cost Implications of Enlargement [[C\(2005\)87](#)] estimated that the recurring cost of an anonymous generic country would be 3.5 MEUR with a range of variation from 2.4 to 5.7 MEUR, based on country characteristics and institutional cost elements. Non-recurring costs were estimated at an average of 3.8 MEUR for a generic country, with a range of variation from 2.6 to 6.0 MEUR.

7. Council never formally endorsed these amounts, but “noted that the report by the Technical Task Force is a valuable basic element for further consideration at the relevant time” [[C/M\(2005\)22/PROV](#)].

8. The Council Resolution on Enlargement and Enhanced Engagement adopted at ministerial level on 16 May 2007 agreed that “during this interim period, upon joining the OECD, new Members would pay an annual amount to cover their costs, including transition costs, arising from their participation in the activities covered by the Part I budget of the Organisation. This amount would range from 2.4 to 5.7 MEUR, which would be paid annually until a reform of financing of the Organisation for all Members has been fully implemented. This range only applies to new Members and is without prejudice to any future decisions on financing. The precise amounts to be paid by each new Member will be agreed before the adoption of the first “roadmap” for accession and will be adjusted in line with the level of adjustment of the Part I budget and in the light of the reform of financing to be agreed” [[C/MIN\(2007\)4/FINAL](#)]. This range was in line with the conclusions of the Technical Task Force.

9. On 15 October 2007, Council agreed the interim assessed contributions of new Members in the following range: Chile, Estonia, Israel and Slovenia between 2.4 and 3.5 MEUR and for Russia between 4.6 and 5.7 MEUR, and that “during the accession process further work will be undertaken to determine the exact amount within the respective ranges that each candidate will pay upon becoming a Member” [[C/M\(2007\)14/PROV](#)].

10. Finally on 5 June 2008, Council meeting at ministerial level (MCM) agreed the Resolution of the Council on the general principles for the financing of Part I of the Budget of the Organisation; that upon joining the Organisation and through-out the ten-year phase-in period the total Assessed Contributions of Chile, Estonia, Israel and Slovenia will be fixed at 2.4 MEUR each and that of the Russian Federation at 4.6 MEUR; that the Part I budget will be increased accordingly; and that these contributions will be adjusted to take into account nominal increases in the Part I Budget over this phase-in period. [[C/MIN\(2008\)6/FINAL](#)]. These changes agreed by the MCM have been integrated into the Decision on the 2008 Principles and rules for determining the assessed contributions by Members to the Part I Budget [[C\(2008\)144/REV1](#)].