



IMO

E

COUNCIL
89th session
Agenda item 21

C 89/21/Add.1
5 November 2002
Original: ENGLISH

**REVIEW OF THE ORGANIZATION'S FINANCIAL FRAMEWORK IN
ACCORDANCE WITH ASSEMBLY RESOLUTION A.906(22)**

Note by the Secretary-General

SUMMARY

Executive summary: This document provides an up-date of statistical material found in C 88/20/Add.1 and background material on the operation of the Incentive Scheme and experience in other United Nations organizations.

Action to be taken: Paragraph 4

Related documents: C 88/20/Add.1 and C 89/21

1 This document provides the Council in Annex 1 with an up-date of the statistical material found in C 88/20/Add.1. The Secretary-General also provides in Annex 2 background information on the practices and experience of other United Nations organizations, which have in place a Contributions Incentive Scheme. The information has been kindly provided by the Secretariat of the Chief Executives Board (CEB) for Co-ordination of the United Nations system. It summarizes the main features of the Incentive Schemes which are in operation and provides an assessment of the impact of the various Schemes on collection performance.

2 The Council will note that a number of the Incentive Schemes were first introduced at the same time as that of IMO, notably in 1988-1989, and that the Schemes have similar features. The experience of the organizations appears to be similar to that of IMO, namely that there is no positive evidence to show that the Schemes have had much impact on the rate of receipts of contributions.

3 In the light of the Council's further consideration of this matter at its 89th session, the Secretary-General will prepare a draft Council report to the Assembly for the Council's consideration at its 90th session in June 2003.

4 Action requested of the Council

4.1 The Council is invited to take note of the information provided in this document and to decide as appropriate.

ANNEX 1

1 Analyses

1.1 Table 1 shows the quarterly rate of contribution receipts for the period 1992 to the third quarter of 2002; Tables 2 and 3 provide analyses of the age of arrears; Tables 4 to 7 analyse the contributions by reference to the different elements of the assessment formula namely the minimum, the basic and the tonnage assessments. Table 8 aggregates the three elements.

2 Collection of contribution receipts

2.1 Table 1 below sets out the quarterly pattern of contribution payments for the period from 1992 to 2001.

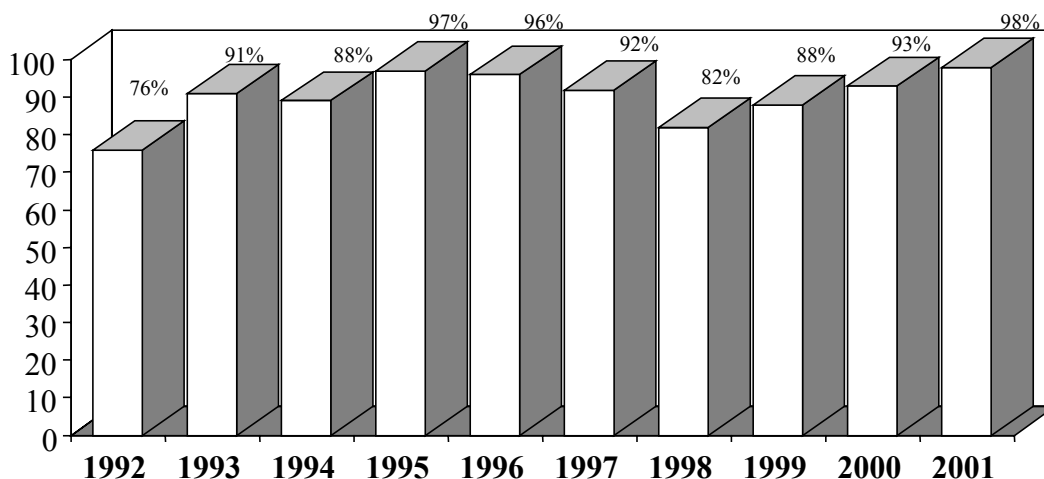
Table 1
Quarterly rate of contribution receipts - 1992-2001

Period	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Q1	27.85	38.83	34.16	37.06	32.03	38.80	30.01	37.18	31.31	35.71	46.36
Q2	59.21	68.10	65.12	67.41	65.99	75.80	71.07	72.17	58.82	72.95	80.99
Q3	74.31	76.95	79.93	84.73	80.58	83.86	76.07	83.13	81.04	87.51	91.60
Q4	76.04	90.76	88.84	97.15	96.05	92.14	82.04	87.69	93.32	98.29	

2.2 As Table 1 above displays, the rate of annual contribution receipts steadily increased from 1992 and shows significant improvements in contribution receipts during 1995 and 1996. The position was reversed during 1997 to 2000 and was a trend of concern to the Council and the Assembly. But as Table 1 shows, a more positive pattern appears to be emerging in the biennium 2000-2001. The chart below displays the year-end positions for the period 1992 to 2001.

Figure 1

Rate of collection of contributions
Percentage collected as at 31 December
1992 to 2001



2.3 The position on accumulated arrears for the period 1/1/1992 to 1/1/2002 is shown in Table 2 below.

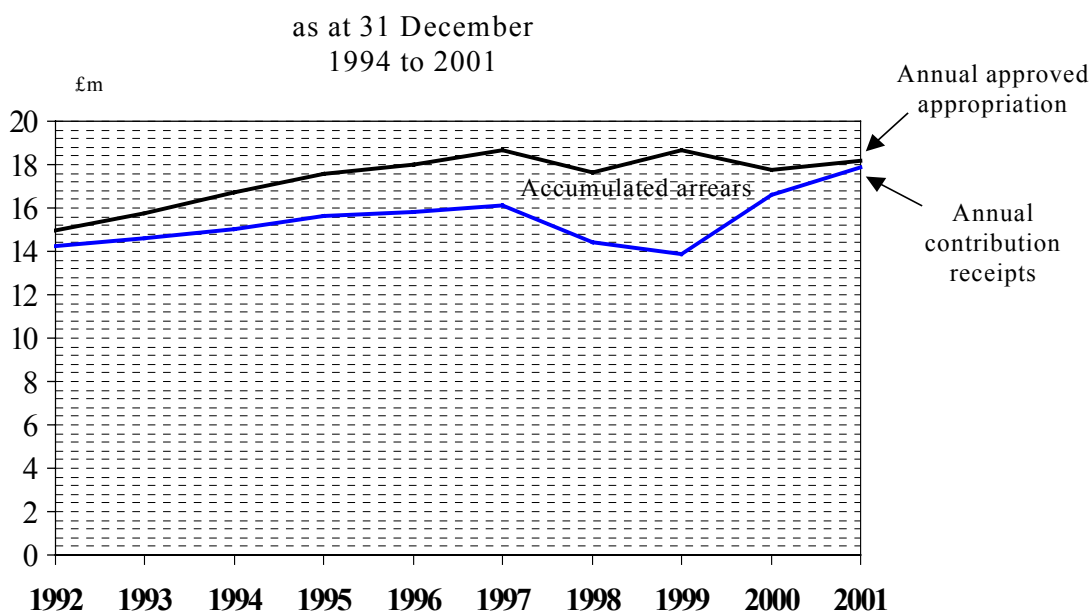
Table 2
Members' contributions in arrears
 (expressed in pounds sterling)

Year	Approved appropriation	Accumulated arrears	As at	% of appropriation
1992	14,729,200	753,938	1 Jan 1992	5.12
1993	15,522,500	1,141,947	1 Jan 1993	7.36
1994	16,724,200	1,656,837	1 Jan 1994	9.91
1995	17,604,600	1,950,165	1 Jan 1995	11.08
1996	17,975,100	2,136,850	1 Jan 1996	11.89
1997	18,637,100	2,523,751	1 Jan 1997	13.54
1998	17,606,100	3,158,435	1 Jan 1998	17.94
1999	18,666,100	4,812,236	1 Jan 1999	26.26
2000	17,764,700	4,093,597	1 Jan 2000	23.04
2001	18,167,500	3,061,797	1 Jan 2001	16.85
2002	18,902,500	2,147,540	1 Jan 2002	11.36

2.4 This Table and Figure 2 show a progressive increase in accumulated arrears in the period 1998-2000. However the improved contribution position over the biennium 2000-2001 resulted in some improvement in the level of accumulated arrears although these still stand at some £2 million representing some 11.4% of the 2002 appropriation.

Figure 2

Annual appropriation against the contribution receipts



2.5 Table 3 provides an analysis of the age of arrears as at 1 January for 2000, 2001 and 2002 respectively.

Table 3
Analysis of the age of arrears at 1/1/00, 1/1/01 and 1/1/02

Accumulated debt	Members	Members	Members	£	£	£	%	%	%
	1/1/00	1/1/01	1/1/02	1/1/00	1/1/01	1/1/02	1/1/00	1/1/01	1/1/02
Over 5 years	22	20	18	1,815,240	1,881,823	1,838,192	44.3	61.5	85.6
5 years	2	0	2	20,588	-	25,388	0.5	-	1.2
4 years	0	6	2	-	82,877	26,746	-	2.7	1.2
3 years	6	4	5	165,135	38,550	72,148	4.0	1.3	3.4
2 years	4	6	2	61,801	65,605	13,171	1.5	2.1	0.6
1 year	23	11	21	2,030,833	992,942	171,895	49.6	32.4	8.0
Total	57	47	50	4,093,597	3,061,797	2,147,540	100.0	100.0	100.0

2.6 Table 3 shows that the level of short-term accumulated debt, i.e. arrears of less than 1 year, has decreased substantially and that the major part of the Organization's accumulated arrears represents debts of over 5 years. The table at Appendix lists the Member States with arrears as at 1 January 2002.

2.7 It will be recalled that Article 5.4 of the Financial Regulations of the Organization requires all Member States to pay their contributions by 1 January of the year in which they are due. Of the 2001 assessment on 160 Member States and 2 Associate Members, 113 had made full payment of their 2001 assessment and 16 had made partial payment as at 31 December 2001. However, 31 Members had made no payment towards their annual contributions one year after the contributions were legally due for payment. Comparative figures for the past three years are given below:

	Full payment	Partial payment	None	Total
2001	113	16	31	160
2000	103	20	36	159
1999	101	22	35	158
1998	91	30	36	157

3 Distribution formula

3.1 A brief description of the historical development of the assessment formula is provided at Annex 1 to C 88/20. That Annex also explains the methodology which has been applied over the years to determine the latest evidence of the gross registered tonnage attributable to a Member State for assessment purposes.

3.2 The broad aim of the revision which took effect from 1 January 1992 was to put more emphasis on that part of the formula which reflects the 'ability to pay' of Member States. The Council will recall that the Organization's basis of apportioning its costs is determined by two

principal factors - the registered tonnage of the Flag State and the UN basis of apportionment. Until 1992, the relative weights of tonnage and ability to pay were in the proportion of 90:10 respectively. This distribution was set in 1983 after a number of years of discussion and debate.

3.3 The change in 1992 comprised the following three elements:

- (a) **a minimum assessment** payable by all Member States, calculated as **2.94%** of the total budget assessment divided equally amongst the Members (50% for Associate Members);
- (b) **a basic assessment** representing **12.5%** of the total assessment (less (a) above). A Member State's UN contribution determines the allocation of a specified number of basic units whose distribution is shown below:

Table 4

Category	UN Contribution %			No. of basic units
1	0.01	-	0.05*	0
2	0.01	-	0.05	1
3	0.06	-	0.25	10
4	0.26	-	1.00	25
5	1.01	-	1.50	48
6	1.51	-	2.00	87
7	2.01	-	4.00	140
8	4.01	-	7.00	201
9	7.01	-	10.00	275
10	More than 10.00			625
Associate Members				0

* and having less than 50,000 GRT

- (c) **a tonnage assessment**, covering **87.5%** of the total assessment (less (a) above), determined by the gross register tonnage attributable to Member States, according to Lloyd's Register of Shipping. This tonnage figure for each Member State is reduced by 50,000 tons to help countries with small registers.

3.4 The following tables provide analyses of the distribution of the three elements between the different categories of Member States, by reference to their relative UN contributions. (It should be noted that each table is displayed in two parts to accommodate the data from 1994 to 2001).

4 Minimum assessment

4.1 Table 5 below shows the relative proportions of the minimum assessment paid in each of the categories. Since this is a flat sum for each Member State, arrived at by dividing 2.94% of the total assessment by the number of Member States, the effect of the increase in membership over the period 1993-2001 of some 23 Members (an increase over 1993 of 17%) is to reduce the 'price' of the minimum assessment.

Table 5
Minimum Assessments 1993-2002

CATEG ORY	UN CONTRIBUTION %	1993 MEMBERS %	1994 MEMBERS %	1995 MEMBERS %	1996 MEMBERS %	1997 MEMBERS %
1	0.01 - 0.05*	43 0.92	47 0.93	49 0.95	53 1.02	52 0.98
2	0.01 - 0.05	35 0.75	36 0.72	37 0.72	34 0.65	36 0.68
3	0.06 - 0.25	27 0.60	33 0.66	30 0.58	30 0.58	32 0.60
4	0.26 - 1.00	17 0.34	16 0.32	19 0.37	19 0.37	18 0.34
5	1.01 - 1.50	3 0.09	4 0.08	4 0.08	5 0.10	5 0.10
6	1.51 - 2.00	4 0.06	3 0.06	2 0.04	2 0.04	2 0.04
7	2.01 - 4.00	1 0.02	1 0.02	2 0.04	2 0.04	2 0.04
8	4.01 - 7.00	4 0.09	4 0.08	4 0.08	4 0.08	4 0.08
9	7.01 - 10.00	1 0.02	1 0.02	1 0.02	1 0.02	1 0.02
10	More than 10.00	2 0.04	2 0.04	2 0.04	2 0.04	2 0.04
Associate Members		2 0.02	2 0.02	2 0.02	2 0.02	2 0.02
Total		139 2.94	149 2.94	152 2.94	154 2.94	156 2.94

CATEG ORY	UN CONTRIBUTION %	1998 MEMBERS %	1999 MEMBERS %	2000 MEMBERS %	2001 MEMBERS %	2002 MEMBERS %
1	0.01 - 0.05*	53 0.99	54 1.01	55 1.02	56 1.04	56 1.02
2	0.01 - 0.05	36 0.68	45 0.84	46 0.86	46 0.85	45 0.82
3	0.06 - 0.25	32 0.60	26 0.49	26 0.48	26 0.48	26 0.47
4	0.26 - 1.00	18 0.34	15 0.28	13 0.24	13 0.24	14 0.26
5	1.01 - 1.50	5 0.09	7 0.13	8 0.15	8 0.15	6 0.11
6	1.51 - 2.00	2 0.04	1 0.02	1 0.02	1 0.02	4 0.07
7	2.01 - 4.00	2 0.04	2 0.04	2 0.04	2 0.04	3 0.05
8	4.01 - 7.00	4 0.08	3 0.06	3 0.06	3 0.06	3 0.05
9	7.01 - 10.00	1 0.02	1 0.02	1 0.02	1 0.02	1 0.02
10	More than 10.00	2 0.04	2 0.04	2 0.04	2 0.04	2 0.04
Associate Members		2 0.02	2 0.02	2 0.02	2 0.02	2 0.02
Total		157 2.94	158 2.94	159 2.94	160 2.94	162 2.94

* and having less than 50,000 GRT.

Basic assessment

4.2 The Council will recall that the second element is the 'basic assessment' which is based on a weighting of each Member State's UN contribution (by reference to "basic units"). Table 6 provides an analysis of the distribution of the basic element. The table shows some small changes since 1992 which reflect:

- (a) the increase in the membership of the Organization;

- (b) decisions of the Committee on Contributions of the UN concerning UN contributions which, in consequence, can change the particular category of a Member State.

Table 6
Basic Assessments 1993-2002

CATEG ORY	UN CONTRIBUTION %	1993 MEMBERS %	1994 MEMBERS %	1995 MEMBERS %	1996 MEMBERS %	1997 MEMBERS %
1	0.01 - 0.05*	43 -	47 -	49 -	53 -	52 -
2	0.01 - 0.05	35 0.12	36 0.12	37 0.12	34 0.11	36 0.11
3	0.06 - 0.25	27 0.93	33 1.09	30 0.96	30 0.95	32 1.01
4	0.26 - 1.00	17 1.33	16 1.32	19 1.52	19 1.50	18 1.43
5	1.01 - 1.50	3 0.64	4 0.63	4 0.62	5 0.76	5 0.76
6	1.51 - 2.00	4 0.87	3 0.86	2 0.56	2 0.55	2 0.55
7	2.01 - 4.00	1 0.47	1 0.46	2 0.90	2 0.89	2 0.89
8	4.01 - 7.00	4 2.68	4 2.64	4 2.58	4 2.55	4 2.55
9	7.01 - 10.00	1 0.92	1 0.90	1 0.88	1 0.87	1 0.87
10	More than 10.00	2 4.17	2 4.11	2 4.00	2 3.96	2 3.96
Associate Members		2 -	2 -	2 -	2 -	2 -
Total		139 12.13	149 12.13	152 12.13	154 12.13	156 12.13

CATEG ORY	UN CONTRIBUTION %	1998 MEMBERS %	1999 MEMBERS %	2000 MEMBERS %	2001 MEMBERS %	2002 MEMBERS %
1	0.01 - 0.05*	53 -	54 -	55 -	56 -	56 -
2	0.01 - 0.05	36 0.11	45 0.16	46 0.16	46 0.16	45 0.14
3	0.06 - 0.25	32 1.01	26 0.90	26 0.90	26 0.90	26 0.82
4	0.26 - 1.00	18 1.43	15 1.30	13 1.12	13 1.12	14 1.11
5	1.01 - 1.50	5 0.76	7 1.16	8 1.33	8 1.33	6 0.91
6	1.51 - 2.00	2 0.55	1 0.30	1 0.30	1 0.30	4 1.10
7	2.01 - 4.00	2 0.89	2 0.97	2 0.97	2 0.97	3 1.33
8	4.01 - 7.00	4 2.55	3 2.08	3 2.08	3 2.08	3 1.91
9	7.01 - 10.00	1 0.87	1 0.95	1 0.95	1 0.95	1 0.87
10	More than 10.00	2 3.96	2 4.32	2 4.32	2 4.32	2 3.95
Associate Members		2 -	2 -	2 -	2 -	2 -
Total		157 12.13	158 12.13	159 12.13	160 12.13	162 12.13

* and having less than 50,000 GRT.

4.3 The increase in membership means that the 'price' of the basic units is lower than it would otherwise be, although the total share of the budget distributed in this way remains at 12.5% (less the minimum assessment, namely, 12.13%).

Gross registered tonnage assessment

4.4 Table 7 below provides a breakdown of the tonnage component of the assessment formula paid by Member States in comparison with the scale of UN contributions for the years 1993 to 2002.

**Table 7
Tonnage Assessments 1993-2002**

CATEGORY	UN CONTRIBUTION %	1993 MEMBERS %	1994 MEMBERS %	1995 MEMBERS %	1996 MEMBERS %	1997 MEMBERS %
1	0.01 - 0.05*	43 -	47 -	49 -	53 -	52 -
2	0.01 - 0.05	35 34.23	36 35.79	37 36.41	34 38.05	36 39.53
3	0.06 - 0.25	27 8.13	33 8.44	30 8.26	30 8.17	32 8.40
4	0.26 - 1.00	17 19.84	16 19.89	19 19.74	19 19.33	18 18.90
5	1.01 - 1.50	3 1.57	4 1.45	4 2.01	5 2.10	5 1.89
6	1.51 - 2.00	4 2.31	3 1.98	2 1.81	2 1.79	2 1.70
7	2.01 - 4.00	1 0.53	1 0.50	2 0.74	2 0.72	2 0.69
8	4.01 - 7.00	4 7.64	4 7.37	4 7.20	4 6.84	4 6.51
9	7.01 - 10.00	1 1.12	1 0.97	1 1.00	1 1.00	1 0.97
10	More than 10.00	2 8.86	2 7.80	2 7.02	2 6.15	2 5.58
Associate Members		2 0.69	2 0.74	2 0.74	2 0.77	2 0.76
Total		139 84.93	149 84.93	152 84.93	154 84.93	156 84.93

CATEGORY	UN CONTRIBUTION %	1998 MEMBERS %	1999 MEMBERS %	2000 MEMBERS %	2001 MEMBERS %	2002 MEMBERS %
1	0.01 - 0.05*	53 -	54 -	55 -	56 -	56 -
2	0.01 - 0.05	36 41.06	45 43.39	46 44.48	46 44.48	45 45.59
3	0.06 - 0.25	32 8.82	26 9.10	26 9.36	26 9.08	26 4.87
4	0.26 - 1.00	18 17.95	15 16.31	13 14.44	13 14.22	14 14.91
5	1.01 - 1.50	5 1.60	7 3.65	8 4.22	8 4.16	6 2.28
6	1.51 - 2.00	2 1.62	1 0.83	1 0.91	1 1.00	4 4.81
7	2.01 - 4.00	2 0.70	2 0.69	2 0.69	2 0.70	3 1.30
8	4.01 - 7.00	4 6.31	3 4.19	3 4.35	3 4.96	3 5.27
9	7.01 - 10.00	1 1.03	1 1.27	1 1.18	1 1.07	1 1.01
10	More than 10.00	2 5.28	2 4.99	2 4.78	2 4.45	2 3.95
Associate Members		2 -	2 0.55	2 0.49	2 0.51	2 0.93
Total		157 84.93	158 84.93	159 84.93	160 84.93	162 84.93

* and having less than 50,000 GRT.

Overview

4.5 Table 8 below summarizes the three elements of the minimum assessment, the basic assessment, and the tonnage assessment for the period 1993-2002.

Table 8
Total Assessments 1993-2002

CATEG ORY	UN CONTRIBUTION %	1993 MEMBERS %	1994 MEMBERS %	1995 MEMBERS %	1996 MEMBERS %	1997 MEMBERS %
1	0.01 - 0.05*	43 0.92	47 0.93	49 0.95	53 1.02	52 0.99
2	0.01 - 0.05	35 35.10	36 36.62	37 37.25	34 38.81	36 40.32
3	0.06 - 0.25	27 9.66	33 10.18	30 9.80	30 9.70	32 10.03
4	0.26 - 1.00	17 21.52	16 21.52	19 21.64	19 21.20	18 20.66
5	1.01 - 1.50	3 2.30	4 2.16	4 2.71	5 2.95	5 2.75
6	1.51 - 2.00	4 3.24	3 2.90	2 2.40	2 2.38	2 2.29
7	2.01 - 4.00	1 1.02	1 0.98	2 1.68	2 1.65	2 1.61
8	4.01 - 7.00	4 10.40	4 10.10	4 9.85	4 9.47	4 9.13
9	7.01 - 10.00	1 2.06	1 1.89	1 1.90	1 1.89	1 1.86
10	More than 10.00	2 13.07	2 11.95	2 11.06	2 10.15	2 9.58
Associate Members		2 0.72	2 0.74	2 0.76	2 0.76	2 0.79
Total		139 100.00	149 100.00	152 100.00	154 100.00	156 100.00

CATEG ORY	UN CONTRIBUTION %	1998 MEMBERS %	1999 MEMBERS %	2000 MEMBERS %	2001 MEMBERS %	2002 MEMBERS %
1	0.01 - 0.05*	53 1.00	54 1.01	55 1.02	56 1.04	56 1.02
2	0.01 - 0.05	36 41.85	45 44.38	46 45.50	46 45.56	45 46.55
3	0.06 - 0.25	32 10.44	26 10.49	26 10.74	26 10.46	26 6.17
4	0.26 - 1.00	18 19.72	15 17.89	13 15.80	13 15.58	14 16.27
5	1.01 - 1.50	5 2.45	7 4.94	8 5.70	8 5.63	6 3.30
6	1.51 - 2.00	2 2.21	1 1.15	1 1.23	1 1.32	4 5.99
7	2.01 - 4.00	2 1.63	2 1.70	2 1.70	2 1.70	3 2.69
8	4.01 - 7.00	4 8.94	3 6.33	3 6.49	3 7.10	3 7.23
9	7.01 - 10.00	1 1.92	1 2.24	1 2.15	1 2.04	1 1.89
10	More than 10.00	2 9.27	2 9.35	2 9.14	2 8.81	2 7.94
Associate Members		2 -	2 0.57	2 0.53	2 0.75	2 0.95
Total		156 100.00	158 100.00	159 100.00	160 100.00	162 100.00

* and having less than 50,000 GRT.

4.6 It will be noted from Table 8 that the total contributions of Member States under categories 1, 2 and 3 has increased from 46% of the total assessment in 1993 to 54% of the total assessment in 2002.

4.7 Correspondingly, Table 8 indicates that the total contributions of Member States under categories 8, 9 and 10 has declined from 26% of the total assessment in 1993 to 17% of the total assessment in 2002.

Detailed analysis of arrears as at 1 January 2002							
Member States	Age of debt - £						Total
	2001	2000-2001	1999-2001	1998-2001	1997-2001	Prior to 1996 -2001	
	1 year	2 years	3 years	4 years	5 years	over 5 years	
BENIN		6,579	-	-	-	-	6,579
BOSNIA & HERZEGOVINA						28,876	28,876
CAPE VERDE					13,572	-	13,572
COMOROS	1,120	-	-	-	-	-	1,120
COSTA RICA					11,816	-	11,816
COTE D'IVOIRE	3,359	-	-	-	-	-	3,359
CUBA	6,010	-	-	-	-	-	6,010
DEMOCRATIC REPUBLIC OF THE CONGO						43,922	43,922
DJIBOUTI						33,347	33,347
DOMINICA	2,802	-	-	-	-	-	2,802
DOMINICAN REPUBLIC						65,000	65,000
EL SALVADOR						16,667	16,667
EQUATORIAL GUINEA						65,160	65,160
GABON						20,476	20,476
GAMBIA	3,226	-	-	-	-	-	3,226
GEORGIA	4,800	-	-	-	-	-	4,800
GUATEMALA			7,173	-	-	-	7,173
GUINEA						33,477	33,477
GUINEA-BISSAU						52,890	52,890
HAITI						47,371	47,371
IRAN, ISLAMIC REPUBLIC OF	119,039	-	-	-	-	-	119,039
IRAQ						497,392	497,392
KAZAKHSTAN						58,460	58,460
LIBYAN ARAB JAMAHIRIYA						368,247	368,247
MALAWI			10,097	-	-	-	10,097
MAURITANIA						20,301	20,301
MONGOLIA	3,359	-	-	-	-	-	3,359
NICARAGUA	1,847	-	-	-	-	-	1,847
PAKISTAN			40,454	-	-	-	40,454
PARAGUAY	1,008	-	-	-	-	-	1,008
SAO TOME & PRINCIPE						39,336	39,336
SENEGAL			7,622	-	-	-	7,622
SEYCHELLES				13,331	-	-	13,331
SOLOMON ISLANDS				13,415	-	-	13,415
SOMALIA						39,205	39,205
The former YUGOSLAV REPUBLIC OF MACEDONIA			6,803	-	-	-	6,803
TOGO						52,758	52,758
TURKMENISTAN		6,592	-	-	-	-	6,592
URUGUAY	4,306	-	-	-	-	-	4,306
VENEZUELA	19,406	-	-	-	-	-	19,406
YUGOSLAVIA	-	-	-	-	-	355,306	355,306
	170,282	13,171	72,148	26,746	25,388	1,838,192	2,145,927
Excluding arrear in contribution of less than £1,000							

ANNEX 2

INCENTIVE SCHEMES

Orgs.	Nature of scheme	Conditions of introduction	Main characteristics ¹	Experience												
ILO	Distribution to contributors of a proportion of interest and of currency forward-purchase premium earnings.	Introduced effective 1 January 1989 for experimental period of two years and continued on a permanent basis as from 1 January 1991.	<p>(i) (a) 60 per cent of interest earned on temporarily surplus regular budget funds; plus (b) 50 per cent of net premium earned on forward purchase of US dollar requirements;</p> <p>(ii) Eligibility depends on Member State's being fully paid up at end of each year;</p> <p>(iii) Credits to eligible Member States' assessed contributions have been as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>1991 - SFR 1,692,226</td> <td>1992 - SFR 1,823,866</td> </tr> <tr> <td>1993 - SFR 8,460,546²</td> <td>1994 - SFR 818,781</td> </tr> <tr> <td>1995 - SFR 1,988,136³</td> <td>1996 - SFR 453,419</td> </tr> <tr> <td>1997 - SFR 3,397,676⁴</td> <td>1998 - SFR 211,016</td> </tr> <tr> <td>1999 - SFR 1,633,418</td> <td>2000 - SFR 798,028</td> </tr> <tr> <td>2001 - SFR 12,464,856</td> <td>2002 - SFR 858,278</td> </tr> </table> <p>(iv) <i>S-curve</i>.</p>	1991 - SFR 1,692,226	1992 - SFR 1,823,866	1993 - SFR 8,460,546 ²	1994 - SFR 818,781	1995 - SFR 1,988,136 ³	1996 - SFR 453,419	1997 - SFR 3,397,676 ⁴	1998 - SFR 211,016	1999 - SFR 1,633,418	2000 - SFR 798,028	2001 - SFR 12,464,856	2002 - SFR 858,278	Experience to date does not show any perceptible difference in collection performance.
1991 - SFR 1,692,226	1992 - SFR 1,823,866															
1993 - SFR 8,460,546 ²	1994 - SFR 818,781															
1995 - SFR 1,988,136 ³	1996 - SFR 453,419															
1997 - SFR 3,397,676 ⁴	1998 - SFR 211,016															
1999 - SFR 1,633,418	2000 - SFR 798,028															
2001 - SFR 12,464,856	2002 - SFR 858,278															
FAO	<p>(1) Allocation among Member Nations of the interest income element of any cash surplus, on a weighted basis, in accordance with the amount and the timing of payment of contributions during the financial period.</p> <p>(2) Discount to be credited to Member Nations for payment by 31 March of assessed contributions.</p>	<p>Introduced effective with the 1988-1989 biennium, beginning 1 January 1988, without time limit on applicability.</p> <p>Experimental test introduced effective 1 January 1993. Modified methodology introduced with effect 1 January 1998 to apply discount pro rata to date of payment, i.e. payment in full on 1 January gets 100% of discount, payment on last day of March obtains only 1/90th.</p>	<p>Applies to all interest earnings forming a part of a cash surplus (does not apply if no cash surplus arises, or to interest income estimated in advance and applied against budgetary appropriations to determine assessed contributions). All Member Nations paying a contribution during the financial period are eligible to share in the allocation, regardless of whether the contribution paid is against arrears or current assessments, and irrespective of the status of outstanding assessments of the Member Nations at the end of the financial period. Detailed measures for the calculation of allocations have not yet been formalized.</p> <p>To be applied to assessed contribution of Member Nations which meet the following criteria:</p> <ul style="list-style-type: none"> - Payment of full assessment to 31 March; - No arrears outstanding. <p>The discount earned is to be credited to Member Nations in the year after payment, and the discount total is not to exceed the interest earned on regular programme investments during that year. The discount rate (per cent) is to be determined by the Director-General in consultation with the FAO Finance Committee. Proposed rate for 2002 is 0.45% on estimated qualifying assessments of \$42 million.</p>	<p>In the absence of cash surpluses, Member Nations have had no real incentive under the scheme so far.</p> <p>Experience to date has shown little impact on the rate of receipt of contributions. Payments reached a peak of \$2,030,678 in 1997 and have decreased each year since to an estimated figure of \$96,327 in respect of 2002. (actual figure for 2001 was \$ 107,121)</p> <p>See document FC 100.10 dated July 2002</p>												

Orgs.	Nature of scheme	Conditions of introduction	Main characteristics ¹	Experience
UNESCO	Distribution to Member States in accordance with timing and amounts of contributions paid of budget surpluses and all miscellaneous income except UNDP support costs	<p>After an initial period from 1988 to 1995 during which resources consisted solely of interest earned on Regular Programme funds, the scheme was prolonged for a further six years from 1 January 1996 with additional resources to make it more attractive. . (see document 31/C 31 of 18 September 2001 for details of resources for scheme).</p> <p><i>Reviewed in 2001 by Executive Board at its 162nd session and prolonged.</i></p> <p><i>“While overall arrears have improved since 1994-95, it is not certain to what extent this improvement is due to the positive incentive scheme, since other factors, notably the changes in the scale of contributions towards Member States’ capacity to pay, could be of greater importance.</i>”</p>	Resources consist of budget surpluses, miscellaneous income except UNDP support costs, interest on investments of Working Capital Fund, contributions assessed on new Member States, etc. (see document 31/C 31 of 18 September 2001 for details of resources for scheme). These are distributed in accordance with weighted scale (see Annex VI of document 126 EX/35) to Member States that have paid their contributions in full for each year of the financial period concerned. The appropriate share of each eligible Member State is deducted from the contribution assessed on it for the second year of the subsequent financial period.	After the introduction of the scheme in 1988-1989, arrears of contributions at the end of each biennium increased, both in dollar terms and in terms of percentages of amounts assessed. Due to the deterioration in the cash position, less than \$1 million became available for distribution under the scheme for 1990-1991 and nothing at all became available during 1992-1993. Thus there was little or no real incentive under the scheme in these years. It is for this reason that the General Conference in 1995 decided to add new resources to make the scheme more attractive. For 1996-97, incentives totalling \$9,987,000 were distributed in 1999. For 1998-99 incentives of \$675,000 were paid in 2001. No surplus is available for 2000-2001.
ICAO	Distribution of interest earnings.	Introduced effective 1 January 1987 for an indefinite period. First distribution 1 January 1990.	<p>(i) Bank interest earned on regular programme funds is distributed:</p> <ul style="list-style-type: none"> (a) according to points earned through the <i>S-curve</i> formula, to Member States that have paid all or part of their contributions for the three years preceding the Assembly; as well as (b) according to shares of undistributed surpluses accrued from previous years’ budgets, to Member States that have paid their contributions in full in the years in which the surpluses were determined. Such distribution is to be made to the extent that the cash surplus available for distribution is greater than or equal to the bank interest earned. 	Based on the percentage of contributions received by the end of each month for the years following the introduction of the scheme, the incentive scheme has not influenced a large number of States to pay their assessed contributions in full and on time. There has been no significant change in the receipt of timely contributions.

Orgs.	Nature of scheme	Conditions of introduction	Main characteristics ¹	Experience
WHO	Payment of interest to Member States paying all or part of their assessed contributions before 30 April	New scheme coming into operation in 2002	<p>Old scheme had points attributed to each Member based on the date of payment. At end of year, points totalled for all Members then a percentage calculated for each Member based on the Member's number of points as a proportion of total points. The percentage then applied to total amount approved by World Health Assembly available for distribution under the Financial Incentive Scheme. Amounts credited to the next biennium's assessed contribution.</p> <p>New Financial Incentive Scheme gives credit calculated as follows: amount paid times interest rate times number of days from payment date to 30 April divided by 360.</p>	<p>Old scheme: though there was a discernible improvement in the timing of payment of contributions by Members in 1990 and 1991 as compared with 1989, a subsequent deterioration due primarily to developments in Eastern Europe makes an assessment difficult.</p> <p>New scheme intended to be more transparent and simpler to calculate than the old scheme; also designed to encourage prompt payment.</p>
UPU	Charges of interest on late payments.	Introduced by the Eighth Universal Postal Congress, Stockholm, 1924.	<p>(i) and (ii) The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. Interest of 5 per cent from the seventh month after the date of shipment on invoices for publications and other supplies.</p> <p>(iii) Interest transferred to the Reserve Fund.</p> <p>(iv) No influence on voting rights.</p>	High collection rate at the beginning of the financ year.
WMO	Distribution of interest to contributors.	Introduced effective 1 January 1988 and extended by Twelfth Congress in May 1995 for a further period of four years from 1996-1999. Further extended.	<p>Incentive scheme applies to that part of the cash surplus for the financial period (four years) which represents interest credited to the General Fund, other than interest earned on the Working Capital Fund.</p> <p>Points are calculated by <i>S-curve</i> formula taking account of any current year's contribution paid, and the date of payment. Note: Full payment for current year is not a condition for earning points.</p> <p>(See document WMO Resolution 31 (Cg-X))</p>	There is no positive evidence that scheme has had any effect on the promptness of payment of contributions.
UNIDO	To encourage timely payment of assessed contributions, the Industrial Development Board in its May 1998 session endorsed the introduction of "S" curve formula, which distributes incentive points to eligible Member States depending on the timing and amount of payments made during a given year.			
ITU	Charges of interest on late payments. Loss of the right to vote.	Since the inception of the ITU; included in the International Telecommunication Convention since 1973.	The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. A member which is in arrears in its payments loses its right to vote for as long as the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding two years.	During the past 10 years the percentage of total current years' contributions received by the end of the first six months has been 85 to 93 per cent and over 91 per cent in most years.