

**PROPOSAL ON THE APPLICATION OF THE CONTRIBUTIONS FORMULA
(INTERIM MEASURE)**

Presented by Spain

The annual financial contribution payable by Contracting Governments is calculated according to a formula (the Interim Measure) introduced in 2002 by the IWC. It takes into account, among other factors, the “capacity to pay” of countries, placing countries in one of 4 groups according to Gross National Income (GNI) and GNI per capita of each country using World Bank data.

1. - Updating of the cut offs between group categories of countries according to their capacity to pay

The cut offs between groups have not been revised / updated since their introduction in 2002 to reflect real growth and inflation. In the end, with time, this would mean that a majority of countries will be placed in the top categories, which was not the aim of the Interim Measure.

Having considered that, the F&A Committee has asked the Secretariat to prepare and update of the cut offs between groups for the next annual meeting.

It is proposed that **the updating is made periodically from then on.**

2. - Provision of time for adjusting budget allocation by Contracting Governments

The latest data by the World Bank have been released in May 2007, after the Secretariat had prepared and sent to the Contracting Governments the provisional financial contributions for 2007-08, so Contracting Governments have only known about their new allocations into group categories and contributions at the time of the Annual Meeting.

In order to allow governments to make proper budgetary provisions sufficiently in advance without last-hour changes, it is proposed that:

The application of the contributions formula is made according to the World Bank data on GNI and GNI per capita available on 31 December of the previous year.

Note: This would be in line with the practice in many International Conventions, which use the latest UN scale of assessment of contributions, as updated by the United Nations General Assembly in the previous years.

Spain proposes that this proposal, if adopted, takes effect for the calculation of financial contributions for 2007-2008.