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56th CIML Meeting – Agenda Item 7.4
16th Conference – Agenda Item 10.1

Member State and Corresponding Member contributory classes and fees

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Member State and Corresponding Member contributory classes and fees

1 Introduction

This Addendum provides background to and information on the proposed Member State and Corresponding Member classes, base contributory share and fees for the 2022–2025 financial period.

2 Background

Since the 14th Conference on Legal Metrology ("the Conference") in 2012 OIML Members have benefitted from:

- a reduced base contributory share in absolute terms (from €14 500 to €14 000), and
- a flat-rate and non-indexed base contributory share of €14 000 since 2013.

This will result in a real-terms reduction in contributions of 12.5 % from 2012 to December 2021[1].

This reduced and then flat-rate membership contribution from 2013 must be viewed in the context of increasing operating costs in some areas, reduced operating costs in other areas, indexed and forecast cost increases throughout 2022–2025 and the need to provide a growing number of services to Members.

It must be noted that annual increases of 4 % or higher have been approved by the CIML and the Conference at five previous Conferences. This equals a period of 20 years where an annual increase of 4 % or higher has been applied to the base contributory share, and therefore Member contributions. There have been annual increases as high as 13 % approved by the CIML and the Conference and applied throughout the respective financial period.

As the 2022–2025 financial period will see a number of increased operating costs incurred by the Organisation, not pursuing a modest increase to income will result in a significant and unsustainable deficit over the 2022–2025 period and risk the financial stability of the Organisation.

In this context, it should be recognised that following a peak in 2018, various operating costs of the Organisation have been reduced by the implementation of new and innovative cost-saving and austerity

[1] Forecast

measures which include a review of capital expenditure, new procurement procedures, implementing digital communication initiatives and enhanced debt management practices[2].

These initiatives have resulted in a reduction in operating costs in a number of areas which have significantly improved the budget outcome for the Organisation. When these initiatives are combined with the impact of the COVID-19 pandemic, including reduced travel and CIML meeting costs, non-salary expenditure (excluding depreciation and uncollected funds) reduced by €222 274 (49.5 %) in 2020 compared to 2019 and by €497 883 (68.7 %) compared to 2018 and total non-salary expenditure reduced by €277 981 (40.7 %) in 2020 compared to 2019 and by €633 422 (61.0 %) compared to 2018.

It should be noted that a number of the cost reductions due to the COVID-19 pandemic are extraordinary by definition and temporary in nature and therefore cannot be included as ongoing savings and cost reductions.

However, despite these cost-savings, austerity measures and reforms, the Organisation has recorded a deficit of €34 730 over-and-above the voted deficit of €245 561 for the 2017–2020 budget period.

3 Current operating context

The Organisation is approaching the point of diminishing returns on any remaining cost-saving and austerity measures that can be taken. This is combined with the need to provide a continued high level of service to Members and other stakeholders in conjunction with a growing list of additional activities.

These additional demands and requests which have been placed on the Organisation to deliver services to its Members are most notably in the following areas: Countries and Economies with Emerging Metrology Systems (CEEMS), the OIML Certification System (OIML-CS), e-Learning initiatives, advancing the role of international legal metrology in Quality Infrastructure, technical projects and requests made through the Regional Legal Metrology Organisation (RLMO) Round Table.

To enable the provision of both new and existing services to Members and other stakeholders, it is essential for the Organisation to change the approach to the base contributory share, and hence Member contributions which have been in place since 2013.

Furthermore, the proposed increase to income will aid the preservation of the OIML Operating Reserve Fund and reduce the need to call on Members for additional emergency funds as described in the draft policy (see Addendum 7.6 to the Working Document for the 56th CIML Meeting and Addendum 10.3 to the Working Document for the 16th Conference). Over time, this increase in income will reduce the long-lasting impact and effects on the Organisation of the reduced and then the flat and non-indexed base contributory share since 2013.

[2] Details on the cost saving and austerity measures implemented by the BIML are available in Addendum 7 to the Working Document for the 16th Conference.

4 Budget principles

In order to commence the process to explore future international legal metrology initiatives (for example, e-Learning initiatives and the associated tools and the digital transformation and interoperability of OIML technical publications) towards the end of the 2022–2025 budget period, and to place the Organisation in a better position to consolidate these initiatives in the 2026–2029 budget period the CIML President, in consultation with the Presidential Council, endorsed sustainable budget principles. Sustainable budget principles include indexing Member contributions to be received by the Organisation in a responsible and future-focussed manner to account for known cost increases, including the progression of secretariat staff in accordance with existing regulations (note that there is no provision for increasing the number of paid secretariat staff under the endorsed sustainable budget principles) and to account for the risk associated with membership changes.

The sustainable principles will enable the Organisation to gradually address and reduce the impacts and effects of the flat and non-indexed base contributory share in place since 2013 by progressing OIML services and new initiatives in a sustainable way, while maintaining existing levels of service to Members and pursuing the new demands placed on the Organisation. The sustainable principles will allow for future known cost increases, which will progress in accordance with existing OIML regulations, to be partially and incrementally addressed.

The budget sustainability principles endorsed by the CIML President and the Presidential Council will require annual deficit budgets for the entire 2022–2025 financial period. This will result in an overall deficit budget for the 2022–2025 financial period. Without the Member contribution increases, the proposed budget for the 2022–2025 financial period (and the subsequent impact on future budgets) would not be in conformance with these endorsed budget sustainability principles.

The budget modelling, and therefore the proposed adjustments to Member contributions that are needed for the Organisation, are done in such a way as to lessen the impact on OIML Members. Furthermore, the 2022–2025 draft budget has been prepared using conservative principles to forecast both income and expenditure but does not speculate on any positive financial situation to be potentially realised as a consequence of negative events, such as the COVID-19 pandemic.

In preparing the 2022–2025 draft budget, modelling was done over two financial periods through to the end of 2029. In accordance with the sustainable budget principles it is planned to recover the 2022–2025 budget deficit by moving to an overall budget surplus in the 2026–2029 budget period. The budget for the 2026–2029 financial period will be reviewed by the 17th Conference to reflect the actual situation regarding membership, income and other known costs.

5 Budget policy and strategy

The CIML President, in consultation with the Presidential Council, endorsed the 2022–2025 budget policy and strategy which included the application of an annual indexation factor of 1.5 % to the base contributory share of Member States. This will see it increased by €200 per year, which equals an average indexation of 1.4 % per year over the budget period.

The 2022–2025 budget policy and strategy does not apply an entry fee for Member States.

Over a sustained period of time there has been an increased level of Corresponding Member participation in OIML activities. Some of the reasons for this increased level of participation are because Corresponding Members can benefit from and contribute to the majority of the work of the OIML. Consequently, the benefits received by Corresponding Members and Member States have become more equal since the category was originally created in the Convention.

Today, the benefits that Corresponding Members receive are very similar to those of Member States. For example, Corresponding Members can participate in the technical work of Project Groups and also become Associates under the OIML-CS. Corresponding Members also benefit from CEEMS activities, OIML training, as well as OIML e-Learning initiatives.

However, the Corresponding Member fee is currently €1 400 (10 % of the base contributory share of a Class 1 Member State) regardless of the population or size of the economy of the Corresponding Member.

This situation required a review of the financial contribution framework for the different categories of Members and the classes within these categories. An objective of the review was to achieve greater levels of fairness and equity between the different categories of membership.

Following the review, a proposal was sent to the CIML for Corresponding Members to be allocated to a membership class in the same way as Member States in accordance with Article XXVI of the OIML Convention, and for the annual Corresponding Member fee to progressively increase until it becomes 50 % of the annual Member State contribution for their applicable class in 2028. The allocation to a membership class will occur in 2023 and the progression will commence in 2024.

The proposal also included that no entry fee for Corresponding Members will be applied in the next financial period and that the annual Corresponding Member fee will be adjusted in a progressive way to reduce the impact of the initial increase. The proposal was supported by a majority of CIML Members.

Therefore, in accordance with the OIML Convention, the CIML President, in consultation with the Presidential Council, decided to endorse the overwhelming support received from the CIML Members to classify OIML Corresponding Members in the same way as OIML Member States and, after this classification, to progressively increase the annual Corresponding Member fee until it becomes 50 % of the annual contribution of an OIML Member State of the same Class over a five-year period. This decision was communicated to all OIML Members in February 2020.

The 2022–2025 draft budget has been prepared in accordance with these decisions.

6 Base contributory share

The number of base contributory shares paid by Member States according to their class is:

- 1 for Class 1,
- 2 for Class 2,
- 4 for Class 3, and
- 8 for Class 4.

7 Classification procedure

Article XXVI (1) of the Convention classifies Member States according to the size of their population.

To determine the respective shares of the Member States, the latter are divided into four categories, according to the total population of the home country and territories represented.

- Class 1: population of 10 million inhabitants or less;
- Class 2: population between 10 million exclusive and 40 million inclusive;
- Class 3: population between 40 million exclusive and 100 million inclusive;
- Class 4: population of over 100 million;

however, Member States may be placed in a lower class when the use of measuring instruments is clearly below the average.

In 2012, the Conference decided (Resolution no. 2012/8) on a procedure to implement this provision of the Convention as follows:

The classification is reviewed in the final year of every financial period on the basis of World Bank data for the population, adjusted for the size of the economy according to their Gross National Income (GNI) per capita:

- by one class for lower middle income countries whose GNI per capita is greater than twice that of low income countries, (2 072 USD to 4 045 USD);
- by two classes for lower middle income countries whose GNI per capita is lower than twice that of low income countries, and (1 036 USD to 2 071 USD);
- by three classes for low income countries (1 035 USD or less);

the resulting class being at least Class 1. [3]

Any change in the classification of a Member State as a result of this review takes effect from the second year of the following financial period.

8 Classification review

Based on a review of the most recently published World Bank data, the following Member States are being reclassified in 2023:

[3] The values published by the World Bank for 2020 (last available data) are:

Classification	GNI per capita
Low-income economies	1 035 USD or less
Lower-middle income economies	1 036 USD to 4 045 USD
Upper-middle-income economies	4 046 USD to 12 535 USD
High-income economies	12 536 USD or more

- Egypt, Arab Rep. from Class 2 to Class 3;
- Iran, Islamic Rep. from Class 3 to Class 2;
- Vietnam from Class 1 to Class 2.

The full information concerning this classification review is contained in Annex A.

In accordance with Conference Resolution 2012/8, any change in the classification of a Member State shall take effect from the second year of the following financial period.

Therefore, the number of base contributory shares is 147 in 2022 and 148 for the period 2023–2025.

This is exclusive of any changes due to admissions or resignation of Member States.

9 Member State base contributory share

The base contributory share (annual contribution for a Member State in Class 1, as defined in Article XXVI (1), of the Convention) for 2021 is €14 000. The base contributory share will be increased by €200 per year, which equals an average indexation of 1.4 % per year over the budget period

The proposed progression for the 2022–2025 financial period is as follows:

– 2022: €14 200;[4]
– 2023: €14 400;
– 2024: €14 600;
– 2025: €14 800.

It is proposed to maintain the entry fee for new Member States mentioned in Article XXVIII of the Convention at €0 for the 2022–2025 financial period.

10 Corresponding Member fees

In accordance with Conference Resolution 2008/15, the current annual Corresponding Member fee is equal to 10 % of the base contributory share for a Member State.

Corresponding Members will be allocated to their classes in 2023 using the same criteria specified above for Member States – see Annex B.

The increase in the annual Corresponding Member contributory fee will start in 2024 and progressively continue with the aim of becoming 50 % of the annual Member State contribution for their applicable class in 2028 (subject to confirmation at the 17th Conference).

The proposed progression of the base contributory fee for Corresponding Members for the 2022–2025 financial period is as follows:

[4] A Member State may apply to the CIML President to pay its 2022 base contributory share increase (that is, the difference between 2022 and 2021) in 2023.

- 2022: €1 420;[5]
- 2023: €1 440;
- 2024: €2 010;
- 2025: €2 820.

The number of base contributory fees paid by Corresponding Members according to their class starting in 2023 will be:

- 1 for Class 1;
- 2 for Class 2;
- 4 for Class 3; and
- 8 for Class 4.

There is no entry fee for Corresponding Members.

11 Contributions for the 2022–2025 period

Member States

Class	2022	2023	2024	2025	MS in 2022	MS in 2023[6]
1	€14 200	€14 400	€14 600	€14 800	31	30
2	€28 400	€28 800	€29 200	€29 600	14	15
3	€56 800	€57 600	€58 400	€59 200	12	12
4	€113 600	€115 200	€116 800	€118 400	5	5

Corresponding Members

Class	2022	2023	2024	2025	CMs in 2022	CMs in 2023[7]
1	€1 420	€1 440	€2 010	€2 820	64	54
2	€1 420	€2 880	€4 020	€5 640	0	8
3	€1 420	€5 760	€8 040	€11 280	0	4
4	€1 420	€11 520	€16 080	€22 560	0	1

[5] A Corresponding Member may apply to the CIML President to pay its 2022 base contributory share increase (that is, the difference between 2022 and 2021) in 2023.
[6] Based on the Member States at 1 July 2021.
[7] Based on the Corresponding Members at 1 July 2021.

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ANNEX A – Member States classification according to World Bank data 2020

Member States are classified according to:

Classification	GNI per capita	Class correction
Low-income economies	1 035 USD or less	-3
Lower-middle income economies 1	1 036 USD to 2 071 USD	-2
Lower-middle income economies 2	2 072 USD to 4 045 USD	-1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Categories according to invoice 2021	Class in 2023 (Not taking into account correction by GNI)	Class correction (to account for GNI per capita)	Class in 2023 (GNI corrected)
Albania	2.8	5 210	Upper middle income	1	1	0	1
Algeria	43.9	3 550	Lower middle income 1	2	3	-1	2
Australia	25.7	53 730	High income	2	2	0	2
Austria	8.9	51 440	High income	1	1	0	1
Belarus	9.4	6 330	Upper middle income	1	1	0	1
Belgium	11.6	47 950	High income	2	2	0	2
Brazil	212.6	7 850	Upper middle income	4	4	0	4

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Categories according to invoice 2021	Class in 2023 (Not taking into account correction by GNI)	Class correction (to account for GNI per capita)	Class in 2023 (GNI corrected)
Bulgaria	6.9	9 540	Upper middle income	1	1	0	1
Cambodia	16.7	1 490	Lower middle income 2	1	2	-2	1
Canada	38.0	43 440	High income	2	2	0	2
China	1402.1	10 610	Upper middle income	4	4	0	4
Colombia	50.9	5 780	Upper middle income	3	3	0	3
Croatia	4.0	14 190	High income	1	1	0	1
Cuba	11.3	7 480	Upper middle income	2	2	0	2
Cyprus	1.2	26 110	High income	1	1	0	1
Czech Republic	10.7	21 930	High income	1	1	0	1
Denmark	5.8	62 720	High income	1	1	0	1
Egypt Arab Rep.	102.3	3 000	Lower middle income 1	2	4	-1	3
Finland	5.5	49 620	High income	1	1	0	1
France	67.4	42 460	High income	3	3	0	3
Germany	83.2	46 990	High income	3	3	0	3
Greece	10.7	19 750	High income	1	1	0	1
Hungary	9.7	16 500	High income	1	1	0	1
India	1380.0	1 900	Lower middle income 2	2	4	-2	2

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Categories according to invoice 2021	Class in 2023 (Not taking into account correction by GNI)	Class correction (to account for GNI per capita)	Class in 2023 (GNI corrected)
Indonesia	273.5	3 870	Lower middle income 1	3	4	-1	3
Iran Islamic Rep.	84.0	2 870	Lower middle income 1	3	3	-1	2
Ireland	5.0	64 100	High income	1	1	0	1
Israel	9.2	43 100	High income	1	1	0	1
Italy	59.6	32 200	High income	3	3	0	3
Japan	125.8	41 710	High income	4	4	0	4
Kazakhstan	18.8	8 680	Upper middle income	2	2	0	2
Kenya	53.8	1 760	Lower middle income 2	1	3	-2	1
Korea Rep.	51.8	32 860	High income	3	3	0	3
Monaco	0.0	Unavailable	High income	1	1	0	1
Morocco	36.9	2 980	Lower middle income 1	1	2	-1	1
Netherlands	17.4	53 060	High income	2	2	0	2
New Zealand	5.1	42 220	High income	1	1	0	1
North Macedonia	2.1	5 720	Upper middle income	1	1	0	1
Norway	5.4	78 250	High income	1	1	0	1
Pakistan	220.9	1 280	Lower middle income 2	2	4	-2	2
Poland	38.0	15 270	High income	2	2	0	2

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Country	Population (million)	GNI per capita (USD)	World Bank Classification	Categories according to invoice 2021	Class in 2023 (Not taking into account correction by GNI)	Class correction (to account for GNI per capita)	Class in 2023 (GNI corrected)
Portugal	10.3	22 000	High income	1	1	0	1
Romania	19.3	12 570	High income	2	2	0	2
Russian Federation	144.1	10 690	Upper middle income	4	4	0	4
Saudi Arabia	34.8	21 930	High income	2	2	0	2
Serbia	6.9	7 400	Upper middle income	1	1	0	1
Slovak Republic	5.5	18 700	High income	1	1	0	1
Slovenia	2.1	25 940	High income	1	1	0	1
South Africa	59.3	5 410	Upper middle income	3	3	0	3
Spain	47.4	30 360	High income	3	3	0	3
Sri Lanka	21.9	3 720	Lower middle income 1	1	2	-1	1
Sweden	10.4	53 800	High income	1	1	0	1
Switzerland	8.6	85 490	High income	1	1	0	1
Tanzania	59.7	1 080	Lower middle income 2	1	3	-2	1
Thailand	69.8	7 050	Upper middle income	3	3	0	3
Tunisia	11.8	3 100	Lower middle income 1	1	2	-1	1
Turkey	84.3	9 050	Upper middle income	3	3	0	3
Ukraine	44.1	3 540	Lower middle income 1	2	3	-1	2

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Categories according to invoice 2021	Class in 2023 (Not taking into account correction by GNI)	Class correction (to account for GNI per capita)	Class in 2023 (GNI corrected)
United Kingdom	67.2	42 220	High income	3	3	0	3
United States	329.5	65 850	High income	4	4	0	4
Vietnam	97.3	2 660	Lower middle income 1	1	3	-1	2
Zambia	18.4	1 190	Lower middle income 2	1	2	-2	1

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ANNEX B – Corresponding Member classification according to World Bank data 2020

Corresponding Members are classified according to:

Classification	GNI per capita	Class correction
Low-income economies	1 035 USD or less	-3
Lower-middle income economies 1	1 036 USD to 2 072 USD	-2
Lower-middle income economies 2	2 073 USD to 4 045 USD	-1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Class in 2022	Class in 2023 (Not corrected to account for GNI per capita)	Class in 2023 (GNI per capita corrected)
Angola	32.9	2 230	Lower middle income 1	1	2	1
Argentina	45.4	8 930	Upper middle income	1	3	3
Azerbaijan	10.1	4 450	Upper middle income	1	1	1
Bahrain	1.7	22 110	High income	1	1	1
Bangladesh	164.7	2 010	Lower middle income 2	1	4	2
Barbados	0.3	14 460	High income	1	1	1
Benin	12.1	1 280	Lower middle income 2	1	2	1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Class in 2022	Class in 2023 (Not corrected to account for GNI per capita)	Class in 2023 (GNI per capita corrected)
Bolivia	11.7	3 200	Lower middle income 1	1	2	1
Bosnia and Herzegovina	3.3	6 090	Upper middle income	1	1	1
Botswana	2.4	6 640	Upper middle income	1	1	1
Costa Rica	5.1	11 460	Upper middle income	1	1	1
Dominican Republic	10.8	7 260	Upper middle income	1	1	1
United Arab Emirates	9.9	43 470	High income	1	1	1
Ecuador	17.6	5 530	Upper middle income	1	2	2
Estonia	1.3	23 250	High income	1	1	1
Fiji	0.9	4 720	Upper middle income	1	1	1
Gabon	2.2	6 970	Upper middle income	1	1	1
Georgia	3.7	4 290	Upper middle income	1	1	1
Ghana	31.1	2 230	Lower middle income 1	1	2	1
Guatemala	16.9	4 490	Upper middle income	1	2	2
Guinea	13.1	1 020	Low income	1	2	1
Guyana	0.8	6 600	Upper middle income	1	1	1
Hong Kong SAR China	7.5	48 630	High income	1	1	1
Iceland	0.4	73 000	High income	1	1	1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Class in 2022	Class in 2023 (Not corrected to account for GNI per capita)	Class in 2023 (GNI per capita corrected)
Iraq	40.2	4 660	Upper middle income	1	2	2
Jordan	10.2	4 310	Upper middle income	1	1	1
Kiribati	0.1	3 010	Lower middle income 1	1	1	1
Kyrgyz Republic	6.6	1 160	Lower middle income 2	1	1	1
Kuwait	4.3	36 290	High income	1	1	1
Latvia	1.9	17 730	High income	1	1	1
Lithuania	2.8	19 030	High income	1	1	1
Luxembourg	0.6	73 900	High income	1	1	1
Madagascar	27.7	480	Low income	1	2	1
Malawi	19.1	580	Low income	1	2	1
Malaysia	32.4	10 580	Upper middle income	1	2	2
Mali	20.3	830	Low income	1	2	1
Malta	0.5	25 370	High income	1	1	1
Mauritius	1.3	10 230	Upper middle income	1	1	1
Mexico	128.9	8 480	Upper middle income	1	4	4
Moldova	2.6	4 570	Upper middle income	1	1	1
Mongolia	3.3	3 670	Lower middle income 1	1	1	1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Class in 2022	Class in 2023 (Not corrected to account for GNI per capita)	Class in 2023 (GNI per capita corrected)
Montenegro	0.6	7 900	Upper middle income	1	1	1
Mozambique	31.3	460	Low income	1	2	1
Namibia	2.5	4 520	Upper middle income	1	1	1
Nepal	29.1	1 190	Lower middle income 2	1	2	1
Nigeria	206.1	2 000	Lower middle income 2	1	4	2
Oman	5.1	14 110	High income	1	1	1
Panama	4.3	11 880	Upper middle income	1	1	1
Papua New Guinea	8.9	2 660	Lower middle income 1	1	1	1
Paraguay	7.1	5 140	Upper middle income	1	1	1
Peru	33.0	6 010	Upper middle income	1	2	2
Philippines	109.6	3 430	Lower middle income 1	1	4	3
Qatar	2.9	56 210	High income	1	1	1
Rwanda	13.0	780	Low income	1	2	1
Seychelles	0.1	12 720	High income	1	1	1
Sierra Leone	8.0	490	Low income	1	1	1
Singapore	5.7	54 920	High income	1	1	1
Sudan	43.8	650	Low income	1	3	1

Country	Population (million)	GNI per capita (USD)	World Bank Classification	Class in 2022	Class in 2023 (Not corrected to account for GNI per capita)	Class in 2023 (GNI per capita corrected)
Taipei[8]	23.5	32 120	High income	1	2	2
Trinidad and Tobago	1.4	15 410	High income	1	1	1
Uganda	45.7	800	Low income	1	3	1
Uruguay	3.5	15 830	High income	1	1	1
Uzbekistan	34.2	1 670	Lower middle income 2	2	2	1
Zimbabwe	14.9	1 090	Lower middle income 2	2	2	1

[8] International Monetary Fund, World Economic Outlook (April 2021) GDP per capita, current prices.