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27th
Interamerican
Scout Conference
Conferencia
Scout Interamericana
Panama
2018

**REPORT OF THE
REGIONAL FEES
WORKING GROUP TO
THE INTERAMERICAN
SCOUT COMMITTEE**



SCOUTS
Creating a Better World



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REPORT OF THE REGIONAL FEES WORKING GROUP TO THE INTERAMERICAN SCOUT COMMITTEE

1. Introduction

The 26th Interamerican Scout Conference, held in Houston city, United States, on October 2016, adopted the following:

Resolution 5/16 Analysis of Regional Annual Fees

The Conference, considering:

That the Regional Constitution establishes the responsibility of the NSOs of the Region to contributing economically to provide the means for the development of the activities and for the compliance with the agreements of the Interamerican Scout Conference;

The importance of the governance principles, the benefits of transparency, and the need for an equitable organization;

Agrees:

Request from the Interamerican Scout Committee, through whichever means the World Scout Bureau - Interamerica Support Centre may consider appropriate, the analysis of the calculations of the Regional Annual Fees, as well as the publishing of the results.

In order to comply with Resolution 5/16 of the 26th Interamerican Scout Conference, the Interamerican Scout Committee created, through Agreement 14/2017, the Working Group on Regional Fees and Finances, which has prepared this report.

2. Working Group

The working group was composed of the following members:

Interamerican Scout Committee (ISC):

Enzo Defilippi, ISC Member, Chairperson of the Working Group

Armando Aguirre, 2nd. ISC Vice-chairperson

Zaida Joaquin, ISC Member

Volunteers:

Wilmar Valencia, Member of Scouts of Venezuela

Marcos Michelini, Member of Scout Movement of Uruguay

Juan Pablo Diaz, Member of Scouts of Venezuela

WSB-IASC: Jose Gabriel Criollo, Director, Institutional Development

Anibal Goti, Office Manager

3. Analysis of the current scheme of regional quotas

Table 1 shows the evolution of the budget of the Interamerican Region, the contribution of WOSM and the percentage represented by regional fees during the last six fiscal years.

Table 1: Budget of the Interamerican Region, contribution of WOSM and regional fee during the last six fiscal years (US\$)

Fiscal year/Año fiscal	Budget/ Presupuesto		WOSM allocation Aporte de OMMS		Regional fees/ Cuotas regionales	% of Budget/ % del presupuesto
FY 2012-13	779,931		689,431		17,625	2.26%
FY 2013-14	776,500	-0.44%	670,000	-2.82%	17,625	2.27%
FY 2014-15	778,542	0.26%	680,444	1.56%	17,625	2.26%
FY 2015-16	762,025	-2.12%	665,400	-2.21%	17,625	2.31%
FY 2016-17	728,625	-4.38%	632,000	-5.02%	18,275	2.51%
FY 2017-18	708,425	-2.80%	594,000	-6.01%	18,275	2.60%

Source: WSB-IASC

Table 2 shows the membership as of December 2015, the Gross National Income per capita adjusted by the purchasing power parity of each country and the regional fee of each NSO.

Table 2: Membership, Gross National Income and regional fee of each NSO (US\$)

NSO	WOSM Category	Membership Dec 31, 2015	GNI per capita, PPP	Regional fee 2016-17
Argentina	C	70,174	29,051	500
Aruba	D	506	536	250
Bahamas	D	1,551	1,043	400
Barbados	C	2,419	2,356	150
Belize	C	830	1,891	125
Bolivia	B	7,355	2,673	125
Brazil	B	90,102	31,559	1,000
Canada	D	98,193	115,419	2,000
Chile	C	20,801	13,752	1,000
Colombia	B	14,153	4,849	400
Costa Rica	C	11,423	3,728	500
Curaçao	D	1,462	1,484	400
Dominica	C	1,100	719	125
Dominican Republic	B	1,524	649	400
Ecuador	B	6,032	1,500	400
El Salvador	B	3,320	1,513	400
Grenada	C	1,378	921	125
Guatemala	B	5,152	2,890	1,000

Guyana	B	424	315	125
Haiti	A	43,618	3,605	125
Honduras	B	2,701	978	400
Jamaica	B	1,727	1,412	250
Mexico	C	43,030	26,810	1,000
Nicaragua	A	1,496	449	125
Panama	C	2,615	1,215	525
Paraguay	B	1,086	315	250
Peru	B	8,290	2,318	500
St. Lucia	C	393	315	125
SVG	C	230	345	125
Suriname	B	787	1,386	125
Trinidad & Tobago	C	9,139	4,326	400
Uruguay	C	1,976	1,048	400
USA	D	3,969,321	1,498,280	4,000
Venezuela (GNI data 2013)	C	14,148	9,797	500
Total		4,438,456		18,275

Source: WSB-IASC

From the analysis of tables 1 and 2, the following conclusions are drawn:

- The budget of the Interamerican Region has been reduced 9.7% since fiscal year 2012-13, from US \$ 779,931 to US \$ 708,425 in 2017-18 (a difference of US \$ 71,506).
- WOSM contribution has been reduced by 13.8% during the same period, from US \$ 689,431 in 2012-13 to 594,000 in 2017-18 (a difference of US \$ 95,431).
- During fiscal year 2017-18, regional fees only covered 2.6% of the budget of the Interamerican Region.
- It is very difficult to uphold that regional fees reflect the real payment of the NSOs, either in terms of membership or living standards within the country.
- Some NSOs only pay US \$ 125 per year, which is not much more than the cost of the bank transfer.

Therefore, the Working Group concludes that the current scheme of regional fees is not reasonable nor does comply with providing the means for the development of activities and for compliance with the agreements of the Interamerican Scout Conference.

It is important to note that the current scheme of regional fees was established more than 15 years ago without having been determined according to a technical nature or a readjustment formula. Also, the WSB-IARSC has been carrying out actions to reduce expenses in an important way (tax exemption for its operations in Panama and commercial agreements with recurrent service providers to access better rates, among others) and thus be able to dedicate more resources to the technical assistance provided to NSOs and other similar activities. However, greater income is required to strengthen its operational capacity, which generates the formulation of a proposal for a new regional fees scheme now based on technical criteria.

4. Proposal for a new scheme of regional fees

We have to take into account the considerable reduction in revenues of the Interamerican Region, the small percentage represented by regional fees and the current scheme was established without taking into account technical criteria, the Working Group has prepared a proposal for a new regional fee system. The principles guiding this proposal are two:

1. NSOs should contribute to the regional budget according to their possibilities.

2. Regional fees should be estimated taking into account technical criteria.

The technical criteria used to formulate this proposal are the membership of the NSOs and the standard of living of each country. The Working Group recognizes the results could be different if the fees are estimated according to alternative technical criteria. However, it considers that both the criteria used and the results obtained are reasonable, as shown by the analysis presented in Section 5 of this document.

4.1 Methodology

Considering the enormous differences in membership and living standards among NSOs in the region, it is impossible to formulate a perfectly equitable rule to determine regional fees. Even more so, if it is taken into account the current fees were established without following technical criteria, which implies that any increase of these, even if it adequately reflects the true payment capacity of a NSO, can be considered as inequitable when compared with the current level.

The Working Group, facing with this impossibility, used a methodology based on the criterion of reasonableness. First, it sought to establish what would be the minimum reasonable fee that an average NSO in the region should pay (in order to determine the minimum and maximum fees). Second, the group sought to establish a fee per member that allows differentiating between NSOs, according to the number of members and living standards of each country. Then, we compared the result with the impact it would have on the budget of the Interamerican Region. Finally, we analyzed the reasonableness of the result in terms of a tradable good (Coca-Cola can of 330ml) consumed throughout the region (which is an application of the economic principle of purchasing power parity).

Step 1: Reasonable fee for an average NSO

To establish what would be the minimum reasonable fee that an average NSO in the region should pay, the Working Group asked two questions:

1. What is the minimum reasonable fee that an average NSO in the region should pay? The Working Group determined, according to its collective criteria, that an average NSO should not pay as a regional fee less than US \$ 100 per month (which implies US \$ 1,200 per year).
2. Who should reasonably pay less? The Working Group determined that the only NSOs that would aspire to pay a lower fee are those countries who have a lower income and those countries with a membership fewer than 5,000.

Table 3 shows the NSOs in the region by WOSM category and membership level.

Table 3: NSO by WOSM category and membership level

Category A	Category B	Category C	Category D
Haiti	Brazil	Argentina	USA
Nicaragua	Colombia	Mexico	Canada
	Peru	Chile	Bahamas
	Bolivia	Venezuela	Curaçao
	Ecuador	Costa Rica	Aruba
	Guatemala	Trinidad & Tobago	
	El Salvador	Panama	
	Honduras	Barbados	
	Jamaica	Uruguay	
	Dominican Republic	Grenada	
	Paraguay	Dominica	
	Suriname	Belize	
	Guyana	St. Lucia	
		SVG	
NSO with membership between 1,000 and 5,000 to 31/Dec/2015			

Source: WSB-IASC

Step 2: Fee per member

To establish a reasonable fee per member that allows differentiating between NSO according to the number of members and living standards of each country, the Working Group determined, according to its collective criteria, the following:

1. An average NSO should not pay less than US \$ 0.03 (3 cents) per member.
2. The minimum quota per member should increase according to the standard of living of the country.

To apply these criteria, a starting point of US \$ 0.03 was used and was estimated how much would be the equivalent in each WOSM category. For this purpose, the median GNI per capita adjusted for the purchasing power parity of the countries of the region was calculated according to their WOSM category. The results of the application of these criteria are shown in Table 4.

Table 4: Fee per member by WOSM category (US\$)

WOSM Category	Median GNI per capita (PPP) by category of NSO	Ratio between medians	Fee per member (US\$ Cents)
D	43,420	D to C: 2.57	14.4 ← 2.57 times
C	16,885	C to B: 1.86	5.6 ← 1.86 times
B	9,060		3.0
A	3,590		

Source: Banco Mundial / World Bank

Proposed regional fees scheme

NSO belonging to category A:

- A flat fee of US \$ 600 per year, regardless of membership.

NSO belonging to category B:

- A fixed fee of US \$ 600 per year for NSO with less than 1,000 members.
- A fixed fee of US \$ 900 per year for NSO with more than 1,000 but less than 5,000 members.
- One member fee of US \$ 0.03 (3 cents) per year for NSO with more than 5,000 members.

NSO belonging to category C:

- A fixed fee of US \$ 600 per year for NSO with less than 1,000 members.
- One fee per member of US \$ 0.056 (5.6 cents) per year, with a minimum of US \$ 1,200, for NSO with more than 1,000 members.

NSO belonging to category D:

- A fixed fee of US \$ 600 per year for NSO with less than 1,000 members.
- One fee per member of US \$ 0.144 (14.4 cents) per year, with a minimum of US \$ 1,200, for NSO with more than 1,000 members.

Likewise, a maximum fee of US \$ 24,000 per year (20 times US \$ 1,200) is proposed for any NSO regardless of the size of its membership.

4.2

Proposed scheme

With the criteria described above, the proposal for a regional fee scheme would be as follows:

The table 5 shows a summary of the proposal.

Table 5: Proposal of regional fees according to the WOSM membership and category

Category	Less than 1,000 members	Between 1,001 and 5,000 members	Between 5,001 and 50,000 members	More than 50,000 members
D	600	14.4 cents per member; minimum US\$ 1,200		
C	600	5.6 cents per member; minimum US\$ 1,200		
B	600	900	3 cents per member; minimum US\$ 1,200	
A	600	600	600	600

4.3 Results

Table 6 shows the proposed regional fees applied to each NSO.

Table 6: Proposed regional fees

Country	Type	Membership Dec 31, 2015	GNI per capita, PPP (2016)	Regional Fee 2016-17 (US \$)	Fee Proposal (US \$)
USA	D	3,969,321	58,030	4,000	24,000
Canada	D	98,193	43,420	2,000	14,140
Bahamas	D	1,551	22,090	400	1,200
Curaçao	D	1,462	N.A.	400	1,200
Aruba	D	506	N.A.	250	600
Argentina	C	70,174	19,480	500	3,930
Mexico	C	43,030	17,740	1,000	2,410
Chile	C	20,801	23,270	1,000	1,200
Venezuela	C	14,148	17,700 (2013)	500	1,200
Costa Rica	C	11,423	15,750	500	1,200
Trinidad & Tobago	C	9,139	30,810	400	1,200
Panama	C	2,615	20,990	525	1,200
Barbados	C	2,419	16,070	150	1,200
Uruguay	C	1,976	21,090	400	1,200
Grenada	C	1,378	13,440	125	1,200
Dominica	C	1,100	10,610	125	1,200

Belize	C	830	8,000	125	600
St. Lucia	C	393	11,370	125	600
SVG	C	230	11,530	125	600
Brazil	B	90,102	14,810	1,000	2,703
Colombia	B	14,153	13,910	400	1,200
Peru	B	8,290	12,480	500	1,200
Bolivia	B	7,355	7,090	125	1,200
Ecuador	B	6,032	11,070	400	1,200
Guatemala	B	5,152	7,750	1,000	1,200
El Salvador	B	3,320	8,220	400	900
Honduras	B	2,701	4,410	400	900
Jamaica	B	1,727	8,500	250	900
Dominican Republic	B	1,524	14,480	400	900
Paraguay	B	1,086	9,060	250	900
Suriname	B	787	13,720	125	600
Guyana	B	424	7,860	125	600
Haiti	A	43,618	1,790	125	600
Nicaragua	A	1,496	5,390	125	600
Totals		4,438,686		18,275	75,682

It is important to note the following:

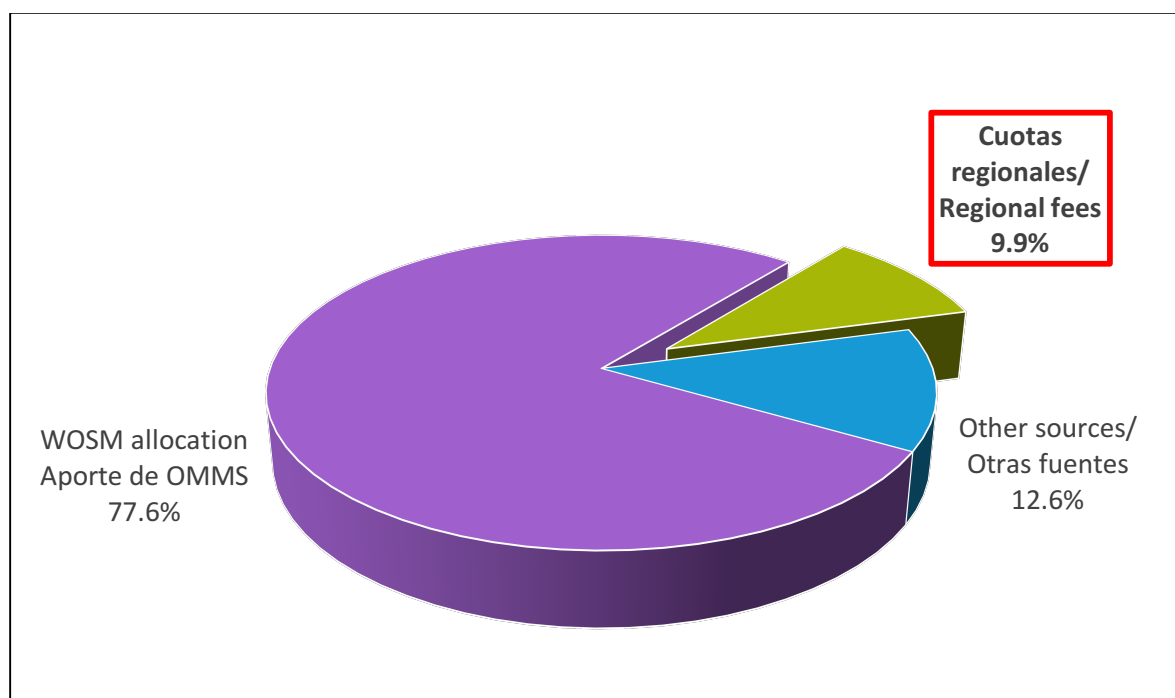
- This proposal would quadruple revenues of regional fees, from US \$ 18,275 to US \$ 75,682 per year.
- The more affluent NSOs would make a greater contribution, and the less affluent and/or low-membership NSOs would make a smaller contribution.
- Category B NSOs would only pay a fee greater than US \$ 1,200 if their membership exceeds 40,000. Those in category C would only do so if their membership exceeds 21,429 and those in category D if their membership exceeds 8,333. This represents an incentive for the growth of the membership, since a larger number of members implies a lower per capita fee.

4.4 Impact on the budget of the Interamerican Region

As shown in Table 6, the application of the proposed fee scheme would quadruple the contribution of the NSOs to the Interamerican Region, raising the current amount from US \$ 18,275 to US \$ 75,982 (figure that can vary according to the membership of the NSO and GNI per capita of the countries).

In percentage, the regional fee would represent 9.9% of the annual budget of the Interamerican Region (figure estimated according to the budget of the fiscal year 2017-18). This can be seen in Figure 1.

Figure 1: Percentage contribution of income scheme proposed in the budget of the Interamerican Region (fiscal year 2017-18)



4.5 Adjustment formula

The Working Group recommends adjusting regional fees every three years. To do so, the latest available membership figures of NSO, inflation and Gross National Income per capita adjusted for purchasing power parity of each country must be taken into account.

5. Reasonableness analysis

To determine the reasonableness of the proposal, the impact of the proposed regional fee scheme was analyzed in terms of Coca-Cola cans of 330ml. As indicated above, it is a tradable good consumed throughout the region, so the analysis is an application of the economic principle of purchasing power parity.

Table 7 shows the price of a Coca-Cola can of 330ml in US dollars in all the countries of the region, where the information could be obtained.

Table 7: Price of a Coca-Cola 330ml can (US\$)¹

Country/País	Price/Precio (US\$)
Argentina	0.53
Brazil	0.66

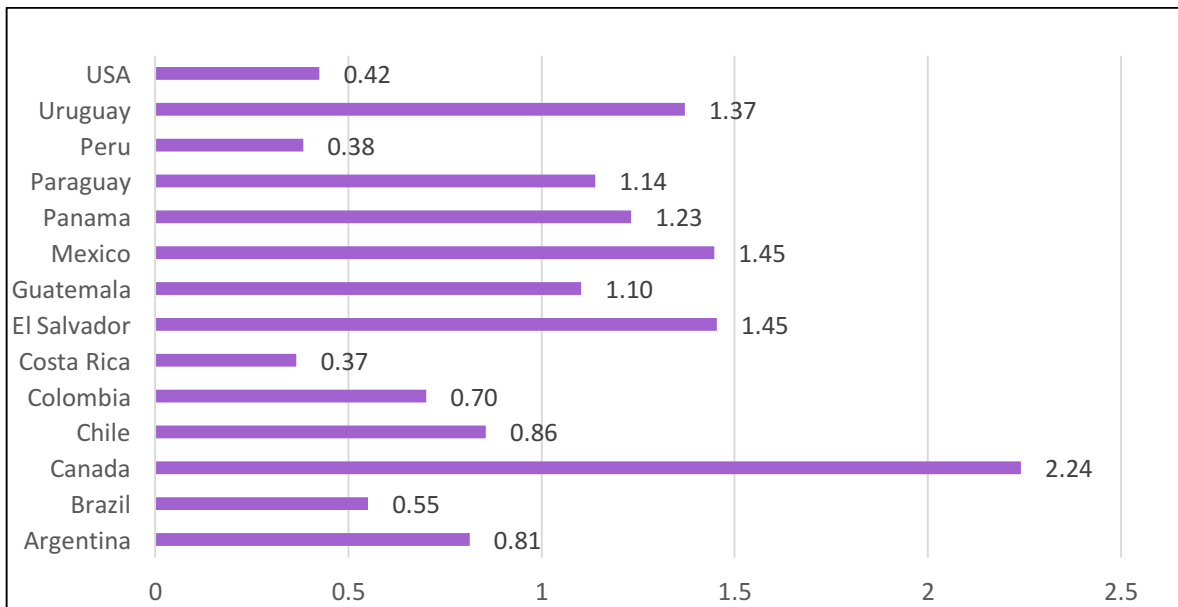
¹ Prices in December 2015. These were obtained by the source of a major wholesale seller using a consistent methodology between countries.

Canada	0.53
Chile	0.84
Colombia	0.61
Costa Rica	1.18
El Salvador	0.50
Guatemala	0.72
Mexico	0.45
Panama	0.75
Paraguay	0.74
Peru	1.11
Uruguay	0.83
USA	0.89

Source: GlobalBrandPrices.com.

Table 8 shows how many Coca-Cola cans of 330ml a member per year represents the addition of the global quota and the proposed new regional quota.

Table 8: World fee plus regional proposed fee in terms of cans of Coca-Cola of 330ml per member per year



As can be seen, the country in which the addition both fees has the greatest impact is Canada, with 2.24 cans of Coca-Cola a member per year. In the rest of the countries in the sample, it does not reach 1.5 cans a member per year. Not even in those corresponding to category B like Guatemala, Paraguay and Peru. There, the addition of the world and regional fees represents 1.1, 1.14 and 0.38 cans of Coca-Cola, respectively.

The Working Group considers this result as an indicator that the proposed regional fee scheme is reasonable in terms of institutional effort.

6. Partial and/or temporary exceptions

Considering the majority of the economies of the region depend to a greater or lesser extent on the prices of raw materials, it is reasonable to assume that countries in the region will go through economic crises from time to time. When crises are severe, demanding payments in hard currency can be counterproductive and affect the growth goal of the membership of a NSO.

Therefore, it is proposed that the NSOs of countries that are going through a severe economic crisis have the option of requesting partial and/or temporary exemption from their financial obligations to the Region. For this, they will have to make a technical request supported to the Interamerican Scout Committee, which would have the power to determine a partial or total of the fee for a period.

The following minimum criteria are recommended to analyze in an exception application for the regional quota:

- Magnitude and nature of the crisis (exchange rate, fiscal, natural disasters, social commotion).
- Opinions of multilateral organizations on the impact of the crisis on the economy of the country and/or availability of foreign currency.
- Impact of the crisis on the membership and/or finances of the NSO.
- Other data or facts that are considered relevant.

7. Recommendations

The following are recommendations of the Working Group on the regional fee scheme for Interamerican Region:

1. Adopt the proposed regional fee scheme.
2. To stablish an exceptional period of three years in which the adjustments corresponding to fees of each NSO are applied progressively: 33% in the first year; 66% in the second and 100% in the third.