Agenda Item 5.8 SEACEN Funding Model

Concept Paper on Review of the SEACEN Funding Model and Governance Practices Project

A. Objective of Concept Paper

The objective of this concept paper is to document the proposal of the designated SEACEN Executive Committee (EXCO) Task Force (the Task Force) on the most appropriate funding model for the SEACEN Centre and address any implications on the governance practices of SEACEN, as directed by the SEACEN Board of Governors (BOG) at the 34th BOG meeting in November 2014. The concept paper will be submitted to the EXCO for consideration and deliberation at the EXCO meeting in October 2015 before a recommendation is made to the BOG for approval at the BOG meeting in November 2015.

B. Background

1. In line with the approved Strategic Business Plan for 2015 – 2017, it was agreed at the 34th SEACEN Board of Governors (BOG) meeting in November 2014 that an EXCO Task Force, chaired by Deputy Governor Benny Popoitai of Bank of Papua New Guinea (BPNG), be established to review the current funding model and identify an appropriate model and its implications on SEACEN’s governance practices, if any, as a project. The extract of the 34th SEACEN BOG meeting minutes is as follows:

The BOG approved the establishment of an eight-member EXCO Task Force (the Task Force) to review the SEACEN funding model, and identify the most appropriate model and its implications on the governance practices of SEACEN. The Task Force, which will be chaired by the EXCO member from BPNG, is comprised of EXCO members from Autoriti Monetari Brunei Darussalam (AMBD); People’s Bank of China (PBOC); Bank Indonesia (BI); Bank of Korea (BOK); Bank Negara Malaysia (BNM); Nepal Rastra Bank (NRB); Bangko Sentral ng Pilipinas (BSP); and Monetary Authority of Singapore (MAS). SEACEN will perform the secretariat role for the Task Force. The BOG noted that SEACEN has conducted a preliminary study in identifying five possible funding models, which could be a good starting point for the Task Force’s review. The BOG noted that while SEACEN had presented some options in a preliminary paper without making any specific recommendations, the Task Force’s review need not be restricted to the options laid out in this paper. The Task Force is expected to propose the most appropriate model by June 2015 and submit to the full EXCO for consideration at the EXCO meeting. The EXCO will recommend to the BOG at the BOG meeting in 2015 for final decision. It was suggested that the use of e-mail exchanges and web-conferencing be maximized to avoid frequent travels, as well as leverage on having back-to-back meetings for necessary face-to-face engagement. The BSP, as the next Chair of BOG and EXCO, offered to host the final meeting of the Task Force, subject to approval from the Bank’s management.
2. In a survey that was conducted in 2013 among member banks, 75% were of the view that the current equal sharing funding model was satisfactory. Nevertheless, there were comments on grounds for a review to be done. These included:

   a. Member banks in smaller economies seem to be at a disadvantage with the equal sharing funding model;

   b. Cost sharing could be based on the levels of development of the member bank economies (high-income, middle-income and low-income);

   c. Adequacy of funding to support SEACEN’s potential growth and expansion should be considered; and,

   d. Well-resourced member banks could be encouraged to contribute to SEACEN’s developmental initiatives.

C. Terms of Reference of the Task Force

3. The Task Force comprises EXCO members from nine member central banks, including BPNG (as the chairing member bank).

   Chair: Mr. Benny Popoitoi, Deputy Governor, BPNG

   Members: YM Awang Hj Adi Marhain Hj Leman, Assistant Managing Director, AMBD
             Dr. Yi Gang, Deputy Governor, PBOC
             Dr. Perry Warjiyo, Deputy Governor, BI
             Dr. CHUNG Kyuil, Director General, BOK (Acting)
             Dr. Sukhdave Singh; Deputy Governor, BNM
             Mr. Gopal Prasad Kaphle, Deputy Governor, NRB
             Mr. Diwa C. Guiniquindo, Deputy Governor, BSP
             Ms. Jacqueline Loh, Deputy Managing Director, MAS

   In attendance: Dr. Hans Genberg, Executive Director, SEACEN

   Objective: Review the SEACEN funding model, and recommend the most appropriate model and its implications on the governance practices of SEACEN, to effectively support SEACEN in achieving its vision1.

   Expected Outcome: Recommend an appropriate funding model, along with governance practices, if necessary, to support the effective implementation of the Strategic Business Plan to achieve SEACEN’s vision.

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1 “To be the Regional Learning Hub for Central Banks in the Asia Pacific Region.”
Key Deliverables:

a. Determine the most appropriate funding model for SEACEN from possible funding models, identified through SEACEN research study\(^2\); proposals from members; benchmark study with learning organizations of similar nature, if any;

b. Identify impact of the proposed funding model on governance practices of SEACEN, if any; and

c. Formulate guidelines and procedures to operationalize the proposed funding model, if appropriate.

Reporting Structure:
The TF is accountable to the EXCO and will independently present its assessment and proposal on the funding model to the EXCO.

Frequency of Meetings and Attendance

a. Meetings will be held at such times as deemed appropriate.

b. In the event a TF member is unable to attend a TF meeting, a designated official of the TF member bank will represent the TF member.

c. The Executive Director of SEACEN will be in attendance during the TF meetings.

d. Minutes of the TF meetings will be circulated within seven (7) working days after the meeting to all TF members.

Key Activities:

a. Assess current funding model:
   - Assess its structure, implications on SEACEN’s programs, and relevance to governance practices.
   - Identify elements needed in determining the appropriate funding model.

b. Establish possible funding models:
   - Review SEACEN study on funding model options;
   - Review proposals from members; benchmark study with learning organizations of similar nature, if any;
   - Propose other funding models, if any.

c. Identify implications of the various funding models on SEACEN’s:
   - long-term strategic plans (implementation of learning programs, research activities, and high-level forums);
   - decision-making processes, if any; and
   - staff learning and growth, and financial management.

\(^2\) The study on possible funding models by SEACEN can be used as a reference/starting point in this study.
d. establish and propose appropriate funding models, from which one or more funding models considered to be most appropriate will be identified and presented to EXCO.

e. Develop guidelines and operational procedures, if appropriate.

D. Guiding Principles

4. The Taskforce is guided by the following principles in reviewing and recommending the new funding model for SEACEN:

a. Should a differentiated funding model be recommended, it will be fair and will preserve the aspirations of the SEACEN members;

b. Recommended funding model will facilitate effective decision-making among member central banks;

c. Recommended funding model will be sustainable in supporting SEACEN under the new expertise-based structure agreed by the BOG in November 2014 for the next five years; and

d. Recommended funding model should encourage all member central banks to stay engaged with SEACEN and act in the common interest of all members.

E. Set-up of a Technical Working Group (TWG)

5. To facilitate the effective work requirements in the review of the funding model and governance practices, the Chair of the Task Force decided on the creation of a TWG to assist the Task Force in undertaking all the groundwork in the review of the current funding model, recommending the most appropriate funding model, and identifying the implications of the model on governance practices.

a. The TWG is comprised of technical staff from the Task Force member central banks and SEACEN to provide input to the Task Force members prior to the formal meetings.

b. The TWG conducted its meetings via web-conferences (chaired by Dr. Gae Kauzi, Assistant Governor of BPNG), to discuss the proposals, inputs and issues. The TWG worked on a collective basis at every stage of the review process3.

c. The TWG tabled the proposed funding models to the Task Force for consideration and guidance.

3 The TWG had three meetings via web-conference on 8 April, 29 April and 10 June 2015.
6. The Task Force deliberated on these proposed funding models to come up with the most appropriate funding model/s for SEACEN, together with the implications on the governance practices, and propose changes on the same, if necessary.

7. The TWG of the Funding Model Project comprised the following members.

Chair: Dr. Gae Kauzi, Assistant Governor, BPNG
Mrs. Elizabeth Genia, Assistant Governor (Alternate Chair)

Members:
Mr. Patrick Kwiwa, Manager, BPNG
Mr. Boniface Aipi, Manager, BPNG
Ms. Sufinah Sahat, Executive Director, AMBD
Ms. Arina Liew, Manager, AMBD
Ms. Hu Xiaofan, Official, PBOC
Mr. Liu Jing, Official, PBOC
Ms. Siti Astiyah, Director, BI
Ms. Ika Mustika Sari, Assistant Director, BI
Ms. Floury Handayani, Manager, BI
Mr. Baek Seung Ho, Team Head, BOK
Ms. Kim Jinhee, Economist, BOK
Mr. Nazrul Hysam Mohd Noh, Director, BNM
Mr. Mohamad Faeez Mohamad Ali, Deputy Director, BNM
Dr. Nephil M. Maksay, Director, NRB
Mr. Shubash Chandra Ghimire, Deputy Director, NRB
Ms. Maria Teresa S. Dueñas, Director, BSP
Ms. Mari-Len R. Macasaquit, Bank Officer V, BSP
Mr. Lee Ser-Jin, Deputy Director, MAS
Mr. Foo Suan Yong, Deputy Director, MAS
Mr Li Guobin, Assistant Director, MAS

In attendance:
Mr. Brian Nunis, Deputy Director, SEACEN
Ms. Vivien Ong, Manager, SEACEN
Mr. Mohd Ashref, Manager, SEACEN

F. Work Done by the TWG

8. The TWG performed the following activities as part of the review and proposal process.

- Assessed the current funding model and current governance practices in supporting the SEACEN’s vision and strategic direction.
- Reviewed the suitability of the five (5) SEACEN proposed funding models to support SEACEN’s vision and strategic direction.
- Applied actual expenditure for Financial Year 2013 to the five (5) SEACEN proposed funding models to gauge the possible financial impact on the variations in individual members’ contributions under the various models compared to the current funding model.

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4 The Task Force had two meetings, via web conference on 17 August and face-to-face on 28 August 2015.
• Applied actual expenditure for Financial Year 2013 to the three (3) proposed funding models (one each by BI, BNM and BSP respectively) to gauge the possible financial impact on individual members - differentials of members’ contributions of the various models compared to the current funding model.

• Assessed all eight (8) proposed funding model against the four (4) guiding principles to determine the three (3) most appropriate funding models to be proposed to the Task Force.

• Identified implications of the various funding model options on the governance practices of SEACEN. There was more or less a consensus that the current governance practice of “1 member, 1 vote” should remain to maintain the oneness in the SEACEN family.

• Conducted a benchmark study with learning organizations of similar nature – an attempt to conduct a benchmark study with CEMLA was futile as it was unable to disclose its funding model.

• Agreed to present to the Task Force the three (3) funding models proposed by BI, BNM and BSP, and recommended to retain the current governance practice of “1 member, 1 vote.” It was agreed that the current model (equal sharing of cost across all members) should also be included as one of the proposed models (Attachment A).

G. Proposal of the Task Force

9. In its deliberations, the Task Force reached a consensus on the following.

   a. To maintain the spirit of cooperation among the SEACEN members, the ‘one member one vote’ should prevail and the differentiated shares of contribution among members should not be significant.

   b. In computing members’ shares of contribution, equal sharing among members should still be maintained as a component. The differentiated members’ shares of contribution based on their respective “ability to pay” should be the other component in the computation.

   c. Members’ ability to pay is based on the International Monetary Fund’s (IMF) classification of economies, modified by the Task Force based on its appreciation of the members’ economic situation. As such, Fiji and Sri Lanka will be placed in the Low Income Developing Economies (LIDE) category.

   d. While the level of members’ participation in SEACEN learning programs was considered as another possible component in the computation, it was decided that it

5 “The difference or variation in differentiated contributions is fair and is not wide to give rise to a drastic change in governance practice with respect to voting rights to maintain the oneness in SEACEN family.” – Dr. Gae Kauzi, Chair of the TWG.

6 IMF classification of economies of Advanced Economies (AE); Emerging and Developing Economies (E&DE); and LIDE. The classification of economies are as follows:

AE: Hong Kong, Korea, Singapore and Chinese Taipei.
E&DE: Brunei Darussalam, China, Fiji, India, Indonesia, Malaysia, Philippines, Sri Lanka and Thailand.
should be omitted since it may have adverse implications on members’ participation in the programs.

10. The Task Force agreed to propose for the EXCO members’ consideration three possible options on the most appropriate funding model drawn from all the proposed funding models presented by the Technical Working Group (TWG). One of the options is the current funding model where there is 100 percent equal sharing among all members. The other two options are based on a two-tier grouping, aligned with the Task Force-modified IMF classification of SEACEN member economies, where:

a. Tier-1 comprises 11 members in the AE and E&DE categories
b. Tier-2 comprises a total of nine (9) members

11. The two-tier funding model options have two components in the computation namely, equal sharing and ability to pay, of two different proportions:

a. Model 1: 80% of the total net expenditure will be equally shared by all members; while the remaining 20% is based on members’ ability to pay, of which 80% will be equally shared among the eleven members in the AE and E&DE categories and the remaining 20% is equally shared among the nine members in the LIDE category.

b. Model 2: 90% of the total net expenditure will be equally shared by all members; while the remaining 10% is based on members’ ability to pay, of which 80% will be equally shared among the eleven members in the AE and E&DE categories and the remaining 20% is equally shared among the nine members in the LIDE category.

12. Based on the estimated expenditure of approximately RM14.8 million for 2016, as presented by the Remuneration Committee at the BOG meeting in 2014, members’ shares of contribution from the simulated computation of the three funding model options is as follows:

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7 To review the IMF classification every 3 to 5 years.
8 Tier 1 comprises Hong Kong, Korea, Singapore, Chinese Taipei, Brunei Darussalam, China, India, Indonesia, Malaysia, Philippines, and Thailand
9 Tier 2 comprises Fiji, Sri Lanka, Cambodia, Lao PDR, Mongolia, Myanmar, Nepal, Papua New Guinea, and Vietnam
10 At the time of the Task Force meeting on 26 August 2015.
Comparison among the three preferred funding models, based on the estimated budget for 2016

<table>
<thead>
<tr>
<th></th>
<th>Model 1 Equal Sharing = 80%; Ability to Pay = 20%</th>
<th>Model 2 Equal Sharing = 90%; Ability to Pay = 10%</th>
<th>Current Model Equal Sharing = 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Estimated Expenditure for 2016</td>
<td>RM14,800,000</td>
<td>RM14,800,000</td>
<td>RM14,800,000</td>
</tr>
<tr>
<td>(i) Equal Sharing:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of Members</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Amount</td>
<td>RM11,840,000</td>
<td>RM13,320,000</td>
<td>RM14,800,000</td>
</tr>
<tr>
<td>Member’s Contribution (a)</td>
<td>RM592,000</td>
<td>RM666,000</td>
<td>RM740,000</td>
</tr>
<tr>
<td>(ii) Ability to Pay (2-Tier):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount</td>
<td>RM2,960,000</td>
<td>RM1,480,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Tier-1 with 11 members:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>80%</td>
<td>80%</td>
<td>N/A</td>
</tr>
<tr>
<td>Amount</td>
<td>RM2,368,000</td>
<td>RM1,184,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Member’s Contribution (b)</td>
<td>RM215,273</td>
<td>RM107,636</td>
<td>N/A</td>
</tr>
<tr>
<td>Tier-2 with 9 members:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>20%</td>
<td>20%</td>
<td>N/A</td>
</tr>
<tr>
<td>Amount</td>
<td>RM592,000</td>
<td>RM296,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Member’s Contribution (c)</td>
<td>RM65,778</td>
<td>RM32,889</td>
<td>N/A</td>
</tr>
<tr>
<td>Member’s Total Contribution:</td>
<td></td>
<td></td>
<td>RM740,000</td>
</tr>
<tr>
<td>Tier-1 with 11 members (a) + (b)</td>
<td>RM807,273</td>
<td>RM773,636</td>
<td>5.00%</td>
</tr>
<tr>
<td>Tier-2 with 9 members (a) + (c)</td>
<td>RM657,778</td>
<td>RM698,889</td>
<td>4.72%</td>
</tr>
<tr>
<td>Difference (Tier-1 – Tier-2)</td>
<td>RM149,495</td>
<td>RM74,474</td>
<td>N/A</td>
</tr>
</tbody>
</table>

13. In the case of Model 1, where equal sharing comprises 80% of the total expenditure and ability to pay constitutes 20%, each of the 11 members in the Tier-1 category would be required to contribute RM 807,273 (or 5.45% of the expected expenditure for 2016), while the 9 members in Tier-2 would contribute RM657,778 (or 4.44%). In comparison, for the current model of 100% equal sharing, each member’s contribution would be RM740,000 which constitutes a 5% share.
14. The 11 members in Tier-1 would be expected to contribute RM67,273 more than member’s contribution in the current model of RM740,000, and the 9 members in Tier-2 would be expected to contribute RM82,222 less than the contribution in the current model. Overall, a member in Tier-1 would be contributing RM149,495 more than a member in Tier-2.

For Model 2, where equal sharing comprises 90% of the total expenditure and ability to pay constitutes 10%, each of the 11 members in the Tier-1 category would be required to contribute RM 773,636 (or 5.23% of the expected expenditure for 2016), while the 9 members in Tier-2 would contribute RM698,889 (or 4.72%).

15. The 11 members in Tier-1 would be expected to contribute RM33,636 more than member’s contribution in the current model of RM740,000, and the 9 members in Tier-2 would be expected to contribute RM41,111 less than the contribution in the current model. Overall, a member in Tier-1 would be contributing RM74,474 more than a member in Tier-2.

Resolution of the Task Force

16. The Task Force discussed the outcomes from the calculations of the three (3) funding model options based on the expected expenditure for 2016 and agreed to propose either Model 1 or Model 2 to the EXCO as the most appropriate funding model for SEACEN from 2016 onwards. In addition, the current funding model will also be presented as a third option. In the event the Task Force is required to choose between the two models, it was agreed that the most appropriate funding model is Model 1 for the following reasons:

a. The 80:20 basis in Model 1 provides a better emphasis on differentiating the ability to pay between members in Tier-1 and Tier-2 as compared with the 90:10 basis in Model 2.

b. Members in Tier-1 would only be expected to contribute RM67,273 more than their expected contribution in the current funding model, while those members in Tier-2 would be contributing RM82,222 less than that in the current model.

H. Project Work Plan

17. The project work plan highlights the following activities, parties involved and time:

<table>
<thead>
<tr>
<th>Activities</th>
<th>Persons Responsible</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st TWG Meeting (web conference)</td>
<td>TWG Members</td>
<td>Conducted on 8 April</td>
</tr>
<tr>
<td>• Draft terms of reference of Task Force.</td>
<td></td>
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<tr>
<td>• Roles and responsibilities of TWG.</td>
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</tr>
<tr>
<td>• Proposed timelines: complete study (Jun’15) &amp; submit Task Force’s proposal to EXCO.</td>
<td></td>
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</tr>
<tr>
<td>2nd TWG Meeting (web conference):</td>
<td>TWG Members</td>
<td>Conducted on 29 April</td>
</tr>
<tr>
<td>• Assessment of 5 SEACEN-proposed models.</td>
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<td></td>
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<tr>
<td>• Proposed funding models by BI, BNM and BSP.</td>
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<td></td>
</tr>
<tr>
<td>Activities</td>
<td>Persons Responsible</td>
<td>Remarks</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>3rd TWG Meeting (web conference): Proposed funding models by BI, BNM and BSP, together with current model as 4 most appropriate models for presentation to Task Force.</td>
<td>TWG Members</td>
<td>Conducted on 10 June</td>
</tr>
<tr>
<td>1st Task Force Meeting (web conference):</td>
<td>Task Force Members</td>
<td>Conducted on 17 August</td>
</tr>
<tr>
<td>- Objective, Expected Outcome, Key Deliverables.</td>
<td></td>
<td></td>
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<tr>
<td>- Guiding Principles.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Proposed Funding Models (BI, BNM, BSP) for consideration.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Outcome of Analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd Task Force Meeting (face-to-face): Proposed hybrid funding model with 2 scenarios.</td>
<td>Task Force Members</td>
<td>Conducted on 28 August</td>
</tr>
<tr>
<td>Submit to EXCO for consideration prior to the EXCO meeting.</td>
<td>Task Force Chair</td>
<td>Week of 14 September</td>
</tr>
<tr>
<td>Present at EXCO meeting: EXCO's recommendation.</td>
<td>Task Force Chair</td>
<td>3 October</td>
</tr>
<tr>
<td>Submit EXCO's recommendation to BOG consideration prior to the EXCO meeting.</td>
<td>Task Force Members</td>
<td>Week of 19 October</td>
</tr>
<tr>
<td>Present at BOG meeting for BOG approval.</td>
<td>BOG Chair</td>
<td>27 November</td>
</tr>
<tr>
<td>Incorporate BOG’s final comments and feedback, if any.</td>
<td>SEACEN/ TWG Chair</td>
<td>After BOG Meeting</td>
</tr>
<tr>
<td>Implement recommended funding model and related governance practices.</td>
<td>SEACEN</td>
<td>January 2016</td>
</tr>
</tbody>
</table>
Brief Description of Proposed Funding Models under Consideration

Besides the current funding model and 5 SEACEN-proposed models, BI, BNM and BSP had proposed funding models with various scenarios. For consistency, the audited next expenditure for the financial year 2013 was used as the base to apply to 7 of the funding models, namely 4 of SEACEN proposed models and the models proposed by BI, BNM and BSP. The 5th SEACEN model was not considered since it had significant financial implications on member’s contribution due to Endowment Trust Fund factor. All models consist of equal sharing of the annual budgets by its twenty members. This model has been in operation since the existence of SEACEN.

In funding the annual budget of an organization by its members, several alternative models are available. These models can range from sharing the budget equally among its members to dividing the budget based on the ability to pay or utilization rate or a hybrid model consisting of a combination of the above.
<table>
<thead>
<tr>
<th>No</th>
<th>Model</th>
<th>Fixed Portion</th>
<th>Sharing Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current Model - entirely equal sharing</td>
<td>Equal sharing 5% of total expenditure</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Entirely proportional sharing</td>
<td>N/A</td>
<td>Sharing according to per capita Gross National Income (GNI) - ability to pay</td>
</tr>
<tr>
<td>3</td>
<td>Fixed and proportional sharing</td>
<td>Equal sharing (pre-determined percentage)</td>
<td>Sharing according to per capita GNI - ability to pay (pre-determined percentage)</td>
</tr>
<tr>
<td>4</td>
<td>Fixed and proportional Sharing based on utilization rate</td>
<td>Equal sharing (pre-determined percentage)</td>
<td>“User-pay” concept, based on</td>
</tr>
<tr>
<td>5</td>
<td>Fixed and Proportional Sharing based on Project Financing</td>
<td>Equal sharing (pre-determined percentage)</td>
<td>Sharing according to per capita GNI - ability to pay for projects (pre-determined percentage)</td>
</tr>
<tr>
<td>6</td>
<td>Mixture of Equal Sharing, Special Reserve Account and Endowment Trust Fund</td>
<td>Equal Sharing (Fixed Annual Fees)</td>
<td>Endowment (Voluntary Contribution)</td>
</tr>
<tr>
<td>7</td>
<td>Model proposed by BI</td>
<td>Equal Sharing; Ability to Pay (GNI per capita); and Utilization Rate (level of participation)</td>
<td>Equal sharing of fixed expenditure (salary and operations)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Level of participation in learning, research and meeting programs (variable expenditure)</td>
</tr>
<tr>
<td>8</td>
<td>Model proposed by BNM</td>
<td>Two-Tier, based on IMF classification of member economies</td>
<td>Equal sharing by 13 members in “Advanced” and “Emerging” economies based on 70% or net expenditure; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Equal sharing among 7 members in “Other” economies based on 30% or net expenditure.</td>
</tr>
<tr>
<td>9</td>
<td>Model proposed by BSP</td>
<td>Equal Sharing; Ability to Pay (GNI per capita or GDP per capita) and Utilization Rate (level of participation)</td>
<td>Equal share by all members - preserve the principle of equality (60-80 %)</td>
</tr>
<tr>
<td></td>
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<td>Ability to pay – proxy variables are GNI per capita or GDP per capita (10-20%)</td>
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<tr>
<td></td>
<td></td>
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<td>Benefit - actual use of resources or participation in SEACEN programs (10-20%)</td>
</tr>
</tbody>
</table>

30 September 2015