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UNFPA

UNITED NATIONS POPULATION FUND

REPORT ON VOLUNTARY CONTRIBUTIONS TO UNFPA GENERAL RESOURCES FOR 2000-2003

INTRODUCTION *

1. To promote growth and enhance the predictability and stability of UNFPA's core resources, and in line with General Assembly resolution 50/227, the UNDP/UNFPA Executive Board approved decision 99/5 on 16 April 1999. This decision requested UNFPA to embark upon a multi-year funding framework (MYFF) that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources. In this context, the Board has designated the second regular session as the time when all member countries should announce their voluntary contributions to UNFPA as follows: a firm funding commitment for the current year; and for those in a position to do so, a firm commitment or indication of the contribution for the following year and the third year. Payment schedules for the current year should also be indicated.

2. The Executive Board also recognized that over dependence on a limited number of donors carries risks for the long-term sustainability of UNFPA and therefore urged all countries in a position to do so to increase their core contributions. Through decision 99/5, the Executive Board has put in place legislation to develop a new funding system designated to generate a more dynamic and transparent dialogue on UNFPA's core funding and to facilitate greater volume and increased predictability through multi-year pledges.

3. The Executive Board may wish to address the following important elements regarding UNFPA's core base:

- volume of core resources; trends and targets;
- predictability;
- reducing dependence on a limited number of donors.

* Please note that Tables 1 and 2 and Figure 3 can be found in file: **CRP4 Tables.xls** (microsoft excel) that is under the Executive Board second regular session menu.

I. VOLUME OF CORE RESOURCES, TRENDS AND TARGETS

4. To prepare for the first UNFPA session on multi-year funding, the Executive Board agreed that all member countries of UNFPA should communicate in writing to UNFPA their core contributions for years 2000 and onwards. In early February, UNFPA sent letters to 187 Permanent Missions of the United Nations on Funding Commitments to UNFPA for 2000-2003, enclosing a multi-year funding commitment form with a schedule of payments. While many members have communicated their firm commitment for 2000 and, in some cases, their indicative contributions for 2001, 2002 and 2003, by the time of the preparation of this conference room paper, a number of member countries were not yet in a position to make a pledge. Consequently, in some cases, best estimates of 2000 contributions have been provided.

5. Table 1 presents the total commitments and/or estimates for core contributions for the year 2000 and onwards. These commitments also include the firm pledges received in the United Nations Pledging Conference for Development Activities for 2000, which was held on 2-3 November 1999. The financial figures presented in 1998 and 1999 are based on actual income received. The 1999 figure in the amount of approximately \$250 million for core contributions is provisional until the closing of the 1999 transactions. This also includes an estimated interest income of \$3 million. UNFPA's funding target for core resources for 2000 is \$275 million. Pledges received for 2001 to 2003 are as follows: (a) 2001 -- 112 million; (b) 2002 -- 86.5 million; and (c) 2003 -- 54.9 million. The operational United Nations exchange rate as of 31 March 2000 was used for the total estimated volume of core resources for the year 2000 as expressed in US dollar terms. Table 2 presents the schedule of confirmed payments of some donors to UNFPA's core resources for the four-year period, 2000 to 2003.

6. Table 3 presents the breakdown of UNFPA's resource requirements for the period 2000-2003 in two scenarios. Scenario 1 is a total amount of resource requirements from core resources covering the four-year period in the amount of \$1,294 million, and Scenario 2 is a total amount of resource requirements covering the four-year period in the amount of \$1,460 million. Table 4 presents historical trends in income data for UNFPA, aggregated over successive four-year periods to serve as a context for projected resource requirements during the MYFF period 2000-2003. In order to be able to reach these targets, UNFPA wants to underline the importance of a joint partnership, responsibility and commitment between UNFPA and OECD/DAC countries as well as between UNFPA and programme countries whether developing countries or countries with economies in transition.

7. With regard to the first objective of reversing the decline in core resources that has occurred over the last three years (1997-1999), the current amount of core resources for 2000 is higher than that for 1999. It seems likely that the downward trend will be reversed this year. Early encouraging indications affirmed that 10 OECD/DAC donors and 8 programme countries will most likely increase their pledge to UNFPA's core

resources for 2000. The United States, as a returning donor, has already paid in full its contribution for 2000 in the amount of \$21.5 million. Projected resources in the two scenarios given in Table 3 are based upon a prudent principle of expecting resources to grow more slowly during 2000 and 2001 and much more rapidly during the final two years of the MYFF period. This approach would provide UNFPA with some time to start reporting on results achieved while at the same time allowing the international community a longer time frame for a marked reversal of pledges and contributions to UNFPA. This is in line with indications from some donors to substantially increase their contributions to UNFPA in 2002 and onwards.

8. Another encouraging development is the fact that a few donors have indicated that they wish to move closer to the agreed target of 0.7 per cent of GNP to be spent on overall official development assistance (ODA). A positive example is Luxembourg, which has announced that it will reach the 0.7 per cent target this year. Furthermore, many industrialized countries are witnessing a period of considerable economic growth which should be taken into account when core contributions to UNFPA and ODA levels are being discussed. The economic growth of some donor countries will affect positively the trend of their contributions. However, the increase in GNP in other countries so far has not had the desired effect on their core commitments to UNFPA.

II. PREDICTABILITY

9. As UNFPA moves towards implementing its multi-year funding framework, the support and commitment of donors are getting stronger. It is very encouraging that in this first multi-year funding event, about 45 countries have pledged support to UNFPA's core resources. A number of countries have pledged in the multi-year funding framework format, indicating their respective schedule of payments. These include the Netherlands, United States, United Kingdom, Sweden, Switzerland, Belgium, New Zealand, Czech Republic, Luxembourg, Russian Federation, and the Democratic People's Republic of Korea. Although many member countries were unable to provide a multi-year pledge this year, some have indicated that they would try to do so next year.

10. In its wisdom, the Executive Board also decided that the predictability of core resources would also be improved by having member countries indicate specific payment schedules during the funding meeting, bearing in mind that early payment schedules are extremely helpful for financial management by the Fund. UNFPA already received a few early payments for the year 2000 from New Zealand, Norway, Sweden and the United States, for which the Fund is very grateful.

III. REDUCING OVERDEPENDENCE ON A LIMITED NUMBER OF DONORS

11. The Executive Board has recognized that overdependence on a limited number of donors carries risks for the long-term sustainability of UNFPA and thus has urged all member countries in a position to do so to increase their contributions to core resources.

12. As indicated above, a promising number of countries have announced that they will increase their core contributions in local currency terms. There are certain risks when a multilateral institution such as UNFPA is overdependent on a very limited number of donors. In 1999, the 14 top donors of UNFPA accounted for about 98 per cent of the Fund's total core resources; three of these donors -- namely, Japan, the Netherlands and Denmark -- accounted for 50 per cent. In this context, UNFPA is trying hard to broaden its donor base, and the goal for 2000 is to reach 100 donors. UNFPA plans to intensify its efforts in mobilizing support from developing countries, countries with economies in transition and private foundations. Figure 1 presents the percentage breakdown of 1999 contributions of major donors (US\$1 million+) to UNFPA's core resources. Figure 2 presents the percentage breakdown of estimated 2000 contributions to UNFPA's core resources. Figure 3 presents the number of donors of UNFPA for the period 1967 – 2000.

13. The first UNFPA funding meeting constitutes an important step towards a new funding system in line with Executive Board decision 99/5. It is expected that by the end of 2000, the downward trend should have been reversed. Even though the current period of economic growth of the world economy does not automatically lead to increased pledges to UNFPA's core resources, it is expected that the combined effect of the positive appreciation of the Fund's activities and the positive outcome of the ICPD+5 process could lead to increased contributions in the very near future.

14. For information, Annex 1 presents UNFPA's income trend (1994–2000) for core resources. Annex 2 presents UNFPA's income trend (1994–2000) for supplementary resources. Annex 3 presents UNFPA's total income trend for combined core and supplementary resources (1994–2000).

15. UNFPA is very much encouraged by the strong growth in its supplementary resources as Annex 2 clearly indicates. UNFPA expects to reach the US\$ 40 million target this year.

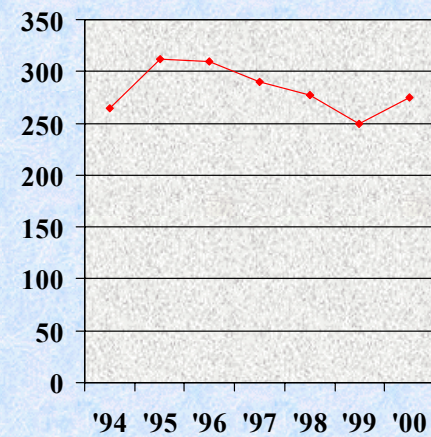
16. Finally, UNFPA would like to reiterate that core contributions are the bedrock of its programme operations and invaluable in helping to meet the global challenges we all face in the area of population and reproductive health. This includes meeting the unmet need in family planning; improving maternal health including assisted child birth; preventing HIV/AIDS; reducing maternal mortality; meeting adolescent reproductive health needs and providing reproductive health services for women and girls in emergency situations, among others. For UNFPA, it is hoped that the MYFF process will be a beginning of a long period of financial stability for UNFPA. With the partnership of the international community, this can become a reality.

Annex 1 UNFPA Income Trend 1994 - 2000 (in millions)

General Resources (in millions)

- 1994: 265
- 1995: 312
- 1996: 309
- 1997: 290
- 1998: 277
- 1999: 250 (Provisional)
- 2000: 275 (Estimated)

> For 1999: final figures are provisional until the closing of 1999 transactions.



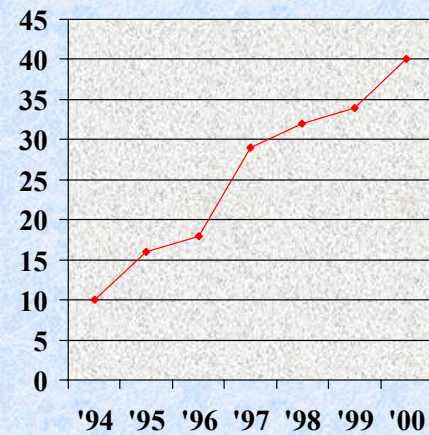
Annex 2 UNFPA Income Trend 1994 - 2000 (in millions)

SUPPLEMENTARY

RESOURCES (in millions)

- 1994: 10
- 1995: 16
- 1996: 18
- 1997: 29
- 1998: 32
- 1999: 34 (provisional)
- 2000: 40 (estimated)

> For 1999: final figures are provisional until the closing of the 1999 transactions.

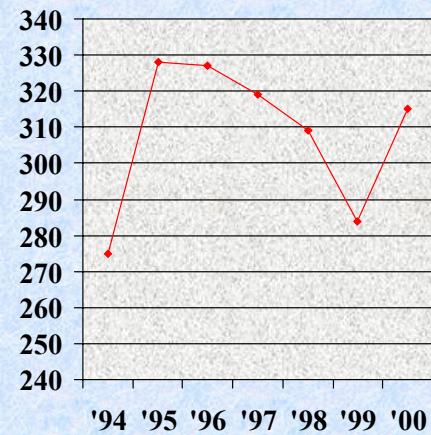


Annex 3 UNFPA Income Trend 1994 - 2000 (in millions)

TOTAL INCOME (in millions)

- 1994: 275
- 1995: 328
- 1996: 327
- 1997: 319
- 1998: 309
- 1999: 284 (provisional)
- 2000: 315 (estimated)

> For 1999: final figures are provisional until the closing of 1999 transactions.



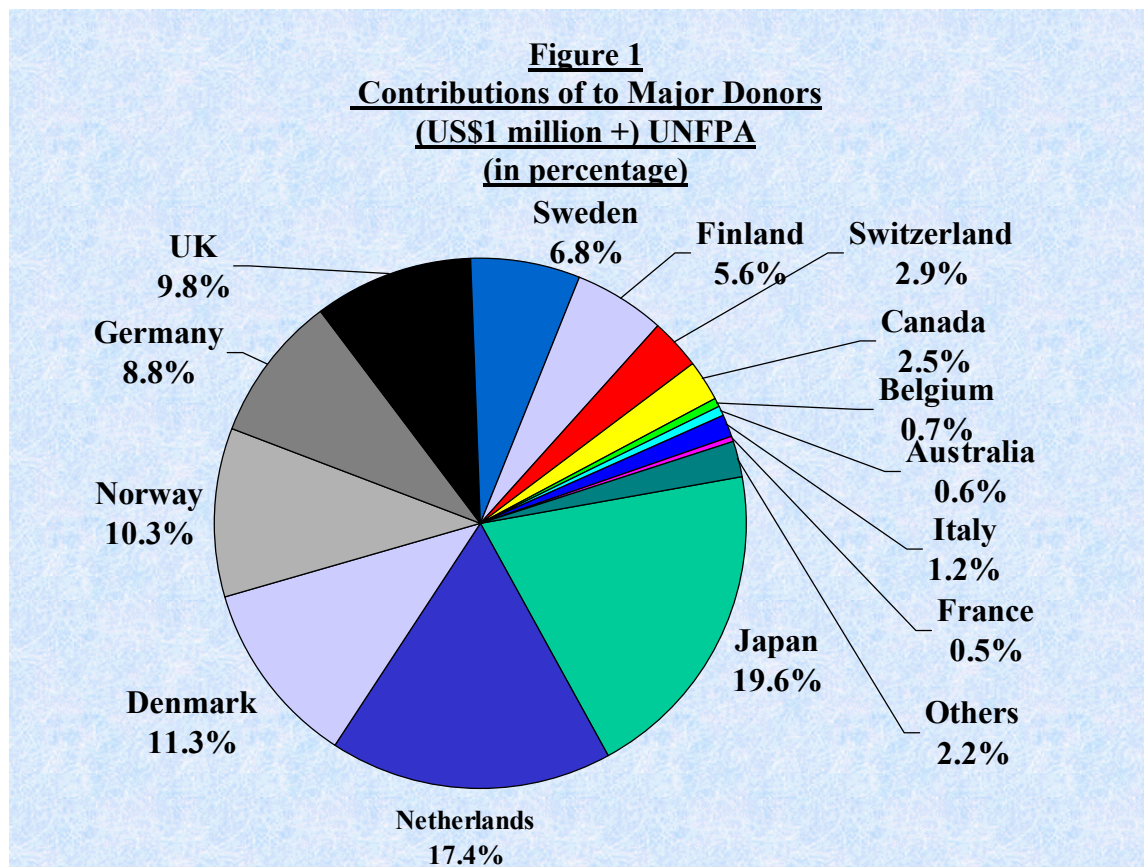


Figure 2
Estimated 2000 Contributions of Major Donors
(US\$1 million +) to UNFPA
(in percentage)

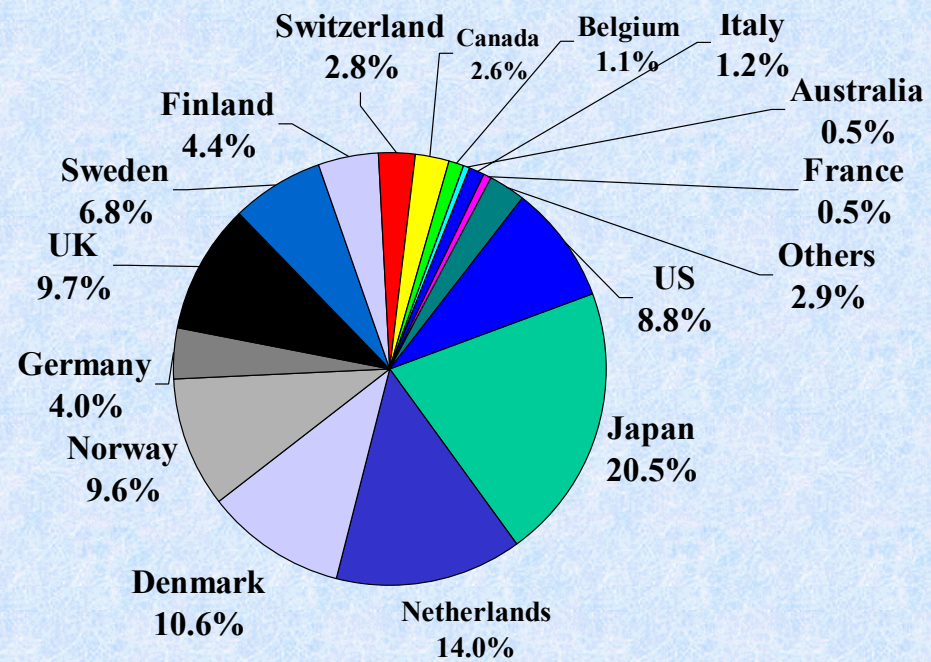


Table 3
UNFPA Regular Resource Requirements
2000-2003 (in millions)

TOTAL INCOME

(in millions)

Scenario 1

Scenario 2

2000: 275 275

2001: 293 315

2002: 331 375

2003: 395 495

Total: 1,294 1,460

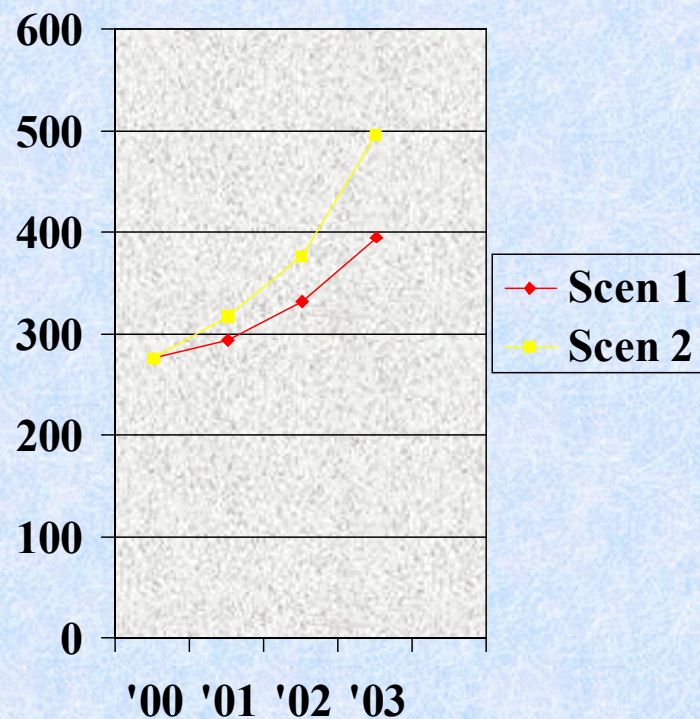


Table 4
Trends in General Resources
by 4-year Period

Year	Absolute Amount (in US\$ mil.)	Percent Increase Between successive periods
1984 -87	577.50	Not applicable
1988-91	799.60	38.5
1992-95	1,036.00	29.6
1996-99	1,125.00	8.6
<u>Projected:</u>		
2000-03	1,460.00	29.8