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Report of the Executive Director

**MULTI-YEAR FUNDING COMMITMENTS TO UNFPA:
REPORT ON VOLUNTARY CONTRIBUTIONS BY MEMBER STATES TO
GENERAL AND SUPPLEMENTARY RESOURCES FOR 2001 AND FUTURE YEARS**

INTRODUCTION

1. This report is prepared in response to Executive Board decisions 99/5 and 2000/9, which ask the Executive Director to provide updated estimates of regular and supplementary resources in the multi-year funding framework. It follows on the report on voluntary contributions to UNFPA resources for 2000-2003 that was made at the Board's second regular session 2000 and updated at the third regular session. In this context, UNFPA presents 13 tables of updated estimates on general and supplementary resources for 2001-2003 to the Executive Board in order to promote further dialogue on the importance of securing steady growth, predictability and stability of UNFPA's general resources.

2. Table 1 presents the total actual pledges as of 31 March 2001 and best estimates for future years of contributions to UNFPA's general resources for the years 2001-2003. These commitments include the following: (a) pledges received from Governments at the first UNFPA session on multi-year funding during the second regular session 2000 of the UNDP/UNFPA Executive Board; (b) pledges received during the United Nations pledging conference for

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development activities for 2001, held on 1-2 November 2000; and (c) letters received and verbal indications from Governments pledging support to UNFPA for 2001-2003. As of 31 March 2001, a total of 53 countries have submitted written pledges to UNFPA for the year 2001; 20 countries for 2002; and 17 countries for 2003. Last year, UNFPA achieved its pledging target of 100 donor countries: 22 from Africa, 25 from Asia and the Pacific, 15 from Latin America and the Caribbean, 8 from the Arab States, 29 from Europe and 2 from North America. In 2001, UNFPA has increased this overall target to 110 donors.

3. The total contributions received from donor Governments as well as interest from the Mars Trust for UNFPA's general resources in 2000 was \$258.3 million (provisional figure). Pledges received for 2001-2003 as of 31 March 2001 were: (a) 2001 – \$268.5 million, which includes a projected additional amount of \$6.5 million to be raised; (b) 2002 – \$100.2 million; and (c) 2003 – \$100.6 million. Total payments received from donor Governments for general resources in 2001 amounted to approximately \$40.8 million as of 31 March 2001.

4. As of 31 March 2001, out of UNFPA's 16 major donors (those contributing \$1 million and over), seven donors, namely, Japan, Belgium, Germany, Ireland, Norway, Sweden and Switzerland, have increased support to UNFPA in national currency and United States dollar terms over their 2000 levels while three donors, namely, Canada, Italy and the United Kingdom, have maintained their contributions in national currency terms based on the 2000 level. Denmark and the Netherlands maintained their pledges based on the 2000 level, and currency conversion resulted in slight increases in the United States dollar equivalent. The balance of unpaid pledges has been calculated by using exchange rates effective 31 March 2001. (The calculation of the contribution of Germany is based on a verbal pledge. Since 31 March 2001, France has submitted its written pledge of 1.22 million euros. Written pledges from Australia and Finland are expected shortly.)

5. Table 2 presents the multi-year pledges received for general resources for 2001-2003. Out of the 53 written pledges to UNFPA's general resources that have been received for the period 2001- 2003, 20 were multi-year pledges. These include: (a) five from major donors -- Belgium, Ireland, the Netherlands, Sweden and the United Kingdom; (b) two from other donors -- New Zealand and Cyprus; (c) ten from programme countries -- Antigua and Barbuda, Burkina Faso, Burundi, Democratic People's Republic of Korea, Egypt, Ghana, Mali, Mauritius, Rwanda and Panama; and (d) three from countries with economies in transition -- the Czech Republic, Romania and the Russian Federation. Last year, out of 100 donors only fifteen countries made multi-year pledges.

6. Table 3 provides a detailed breakdown of UNFPA contributions for both general and supplementary resources for the years 1999-2001, categorized by donors of \$50,000 and over. The table indicates the following: (a) total contributions for both general and supplementary resources; (b) countries with contributions of \$50,000 and over by descending order of

magnitude; and (c) the percentage increases/decreases of the contributions compared with prior years.

7. As of 31 March 2001, the total income from contributions for both general and supplementary resources are as follows:

<u>General resources:</u>	<u>Supplementary resources</u>
1999: \$245.1 million	\$37.9 million
2000: \$258.3 million	\$103.5 million
2001: \$268.5 million	\$60.0 million

With regard to the major donor Governments (those contributing \$1 million and over), the Netherlands is the highest-ranking donor of UNFPA for 2001, followed by Japan, Denmark, Norway, the United Kingdom, the United States, Sweden, Germany, Switzerland, Canada, Italy, Belgium and Ireland. (This listing does not include pledges from Australia, Finland and France, which had not been received by 31 March.) A more detailed table on the 2000 pledges for both general and supplementary resources for the year 2001 is attached as table 4. In this table, one can also note the relatively large contributions from such programme countries as China and Egypt, as well as contributions from two countries with economies in transition, the Czech Republic and the Russian Federation.

8. Table 5 summarizes the resource data for the period 1999 to 2001 and shows a slight increase for 2002 in contributions for general resources and a much larger increase for supplementary resources. The three pie charts give the breakdown of contributions by category. For general resources, the percentage increase of UNFPA contributions for 2000 was 5.4 per cent over the 1999 contribution figure. As of 31 March 2001, the estimated percentage increase of the contributions for 2001 is 3.9 per cent over the 2000 contribution figure. UNFPA anticipates that the 2001 level will increase to approximately \$270 million by the end of the year. For supplementary resources, the percentage increase for 2000 contributions was 173 per cent over the 1999 level. As of 31 March, the percentage decrease in supplementary contributions for 2001 is estimated to be 42.1 per cent compared to the 2000 contributions. UNFPA estimates that the total supplementary contributions for 2001 will amount to approximately \$60 million. The sharp increase in the supplementary resources for 2000 included a \$41 million contribution from the Netherlands for funding contraceptive shortfalls. This amount accounted for about 40 per cent of the total co-financing contributions of \$103.6 million. The United Kingdom also made a very substantial contribution of \$38 million in order to bridge the contraceptive commodity gap. This contribution was received in January 2001 and is thus recorded as 2001 income. For 2001, the projected co-financing figure has been adjusted to what is felt to be a realistic target of \$60 million.

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9. The pie charts in table 5 for the years 1999-2001 show the percentage distribution of general and supplementary resources. In 1999, general resources comprised 87 per cent of the total contributions and supplementary (multi-bilateral) resources made up 11 per cent. In 2000, general resources made up 71 per cent and supplementary (multi-bilateral) resources were 29 per cent of the total. As of 31 March, general resources for 2001 are forecast to constitute 82 per cent and supplementary (multi-bilateral) resources to represent 18 per cent of the total contributions income. Thus, there is a gradually increasing trend by certain donors to provide more supplementary (multi-bilateral) contributions. However, it remains UNFPA policy to stress the importance of increasing general resources and maintaining a high percentage of general resources as part of the Fund's total contributions income.

10. Tables 6a and 6b provide the percentage share of contributions by UNFPA's major donors (those contributing \$1 million and over) for 2000 and 2001. As of 31 December 2000, 15 major donors were responsible for about 97 per cent of the total general resources contributions to UNFPA. The percentage breakdown in dollar terms is: Netherlands (19.6 per cent), Japan (18.7 per cent), Denmark (9.2 per cent), Norway (8.9 per cent), the United Kingdom (8.6 per cent), United States (8.3 per cent), Sweden (7.1 per cent), Finland (4.8 per cent), Germany (3.7 per cent), Switzerland (2.7 per cent), Canada (2.4 per cent), Italy (1.2 per cent), Belgium (1.0 per cent), Australia (0.5 per cent) and France (0.5 per cent). The other 85 donors made up the remaining share of approximately 2.9 per cent. As of 31 March 2001, it is estimated that 16 major donors will comprise a similar percentage of 97 per cent of the total contributions to UNFPA for 2001.

11. Table 7 presents the contribution income projections to UNFPA's general and supplementary resources for 2000-2003.

<u>Projections for general resources</u>	<u>Projections for supplementary resources</u>
2001: \$270 million	\$60 million
2002: \$270 million	\$70 million
2003: \$270 million	\$70 million

For 2002, UNFPA has set a fundraising goal of \$283.5 million, a 5 per cent increase over the 2001 income projection of \$270 million. Similarly, for 2003 the fundraising goal is \$297.7 million, also a 5 percent increase over the 2002 projection of \$283.5 million. These data are shown in table 8.

12. Tables 9a and 9b present the UNFPA contribution income trends for the 10-year period 1991-2000. For general resources, the highest level of donor contributions was in the years 1995 and 1996, with both years exceeding \$300 million. This was followed by three years of significant declines. The 1997 total was 5.1 per cent below the 1996 figure followed by a

decline of 6.3 per cent in 1998 from the 1997 figure and a sharp decline of 9 per cent in 1999 from the 1998 total. This downward trend was exacerbated by the strong position of the United States dollar vis-à-vis most other currencies. In 2000, the downward trend was reversed, producing a 5.4 per cent increase over 1999 with regular resources reaching a total of \$258.3 million, including the \$2 million contribution from the Mars Trust. For supplementary resources, there was a significant increase of 173 per cent over the 1999 figure of \$37.9 million, to \$103.6 million.

13. Table 9b shows the contribution trend of the combined general and supplementary resources. The highest levels for donor contributions are in the years 1995, 1996 and 1997. Substantial decreases were experienced in 1998 and 1999. For 2000, total contributions were \$258.3 million (provisional) for general resources and \$103.6 million (provisional) for supplementary resources for a combined total of \$361.9 million. Due to a significant increase of about 28 per cent in total donor contributions in 2000, the \$300 million level was exceeded for the first time since 1996. However, as mentioned above, this was primarily the result of a \$41 million contribution from the Netherlands to fund contraceptive shortfalls.

14. Table 10 presents UNFPA's share of official development assistance (ODA) from the major donor countries providing population assistance that are members of the Organization for Economic Cooperation and Development (OECD), namely, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. These OECD donor countries contributed approximately \$156,964 million of ODA for the three-year period 1997-1999. Out of that total, an amount of \$4,449 million for the period 1997-1999 was for population assistance, 2.8 per cent of the total. Contributions from these OECD countries to UNFPA's general resources amounted to \$781 million for the period 1997-1999. UNFPA's percentage share of the population assistance proportion of ODA therefore amounted to 17.6 per cent. To extrapolate further, UNFPA's percentage share of total ODA was only 0.5 per cent for the period 1997-1999. It is encouraging that the developing countries continue to commit domestic resources for population programmes. In 1999, approximately \$8.9 billion was allocated for population-related programmes, an increase of around \$300 million over the 1998 level of \$8.6 billion.

15. Table 11 provides data on the decline in pledge amounts from the time of pledge to the time of payment due to the unfavourable exchange rates of the United States dollar against most European currencies, including the euro. Over the past three years, the strength of the United States dollar compared to most national currencies has eroded any gains to general resources produced by increases in national currency contributions. For the three-year period 1998-2000, table 10 shows that the total approximate loss from time of pledge to time of payment was approximately \$15.9 million.

16. Table 12 shows the per capita contribution to UNFPA's general resources for 2001 of the major donors (those contributing \$1 million and over) as of 31 March 2001.

Conclusion

17. In decisions 98/24 and 99/5, the Executive Board requested that "UNFPA develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources". In decision 2000/9, the Executive Board noted with appreciation the report of the Executive Director on the MYFF, 2000-2003, and welcomed the strategic direction of the MYFF and looked forward to its continued implementation. However, despite these positive, forward-looking developments, UNFPA's core funding situation for the near future remains relatively stagnant. This situation is difficult to understand in view of the robust economic growth in most industrialized countries and the critical need for population assistance to the least developed countries.

18. The declining trend in contributions to general resources over the past three years, i.e., 1997 (\$287.3 million), 1998 (\$269.2 million) and 1999 (\$245.1 million), was reversed somewhat in 2000 with an increase of 5.4 percent over the 1999 level to \$258.3. This increase was primarily due to the generous additional contributions from several major donors, namely, the Netherlands, Sweden, Finland, Belgium and Ireland. However, the overall low level of contributions to general resources and the inability to secure early and timely commitments and early payments of pledges remain significant obstacles to UNFPA's ability to implement its mandate. As of this date, a majority of the donors have yet to indicate their respective schedule of payments. It is clear that only through the active support and shared responsibility of the Executive Board will the Fund be able to ensure a more predictable cash flow and stable donor base.

19. A total of 53 countries have provided written pledges to UNFPA for 2001 as of 31 March 2001. UNFPA is most grateful for the pledges it has received and especially for the large pledges provided by the top five donors: the Netherlands, Japan, Denmark, Norway and the United Kingdom. However, only a total of 20 countries have submitted multi-year pledges and only a few have submitted a schedule of payments as of 31 March 2001. Out of UNFPA's 16 major donors (those contributing \$1 million and over), which together provide an estimated 97 per cent of the total contributions to general resources, only five countries were in a position to make multi-year pledges. More donors are encouraged to commit to a multi-year pledging format to promote the growth and enhance the predictability and stability of UNFPA's general resources. UNFPA acknowledges and is very grateful for the early and timely payments of the United States, Ireland and New Zealand and the instalment payments of Germany, Norway, Sweden and the United Kingdom during the first quarter of the year.

20. In view of the increasing needs among developing countries for population and reproductive health assistance and the urgent need to accelerate the fight against HIV/AIDS, UNFPA presents data in table 13 on the historically highest levels of contributions to the Fund's general resources by OECD members. Based on an assessment of the contribution histories of the top donors, this table is in some sense "wishful thinking". Needless to say, however, the financial future of the Fund would be much healthier if the major donor countries could find themselves in a position to repeat their earlier efforts as illustrated in this table.

21. As UNFPA approaches the second quarter of 2001, it is reviewing its financial situation for programme planning purposes and analysing the Fund's cash flow for the year 2001. In this connection, UNFPA appeals to all donor Governments, particularly its major donors, for early payment of contributions. Early payments from donor Governments will be extremely helpful in the management of the Fund's tight cash-flow situation.

22. The Executive Board is fully aware that general resources are the bedrock of the Fund's programme operations and are essential in maintaining the multilateral nature of UNFPA's work. General resources are invaluable to UNFPA's country programmes, which are designed to help developing countries and countries with economies in transition meet the challenges they all face in the areas of population, reproductive health, HIV/AIDS, gender inequalities and sustainable development. UNFPA truly values its continuous, close collaboration with all donor Governments and very much appreciates their generous commitment, continued cooperation and unwavering support. UNFPA strongly calls on the Members of the Executive Board and the Fund's donor family to consider increasing their contributions for 2001 and future years to the highest level their circumstances will permit and to ensure the early and timely payment of these pledges. Commitment to the multi-year funding process is a shared responsibility of UNFPA, its donor family and the Members of the Executive Board in order to ensure the Fund's ability to implement its programmes and to attain the goals of the ICPD.