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Report of the Executive Director

**FUNDING COMMITMENTS TO UNFPA:
REPORT ON VOLUNTARY CONTRIBUTIONS BY MEMBER STATES TO
REGULAR AND OTHER RESOURCES FOR 2002 AND FUTURE YEARS***

1. This report is prepared in response to Executive Board decisions 99/5 and 2000/9, which requested the Executive Director to provide annually updated estimates of regular and other resources, including trust funds and cost-sharing programme arrangements, in the multi-year funding framework (MYFF). It follows on the report on voluntary contributions to UNFPA resources for 2001-2004 (DP/FPA/2001/5) that was submitted to the Executive Board at its annual session in 2001 and subsequently updated for the second regular session in September 2001.

2. With the introduction of the multi-year funding format and the multi-year funding framework in 1999, UNFPA has been actively campaigning for, and receiving, pledges on a continuous basis, not only for the current year, but for future years as well. To be able to meet the schedule for submission of the report to the Executive Board for the 2002 annual session, the data in this document are based on information received and pledges recorded as of 15 March

* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

2002 from donor governments. Consequently, the Executive Director will submit an updated income scenario to the Executive Board at its second regular session in September 2002.

3. The purpose of this report is to promote dialogue between UNFPA and its Executive Board on the Fund's resource situation and to continue to address the common and important goal of increasing regular resources and achieving a stable and predictable resource base. In this context, this report contains a number of tables and charts on UNFPA regular and other resources including trust funds and cost-sharing programme arrangements. More detailed data are provided in the annexes of this report. The donor income figures are stated on a cash basis and therefore are inclusive of exchange gains and losses. The data used in this report do not include funds received for procurement services provided on behalf of other organizations.

A. Income overview

TABLE 1: UNFPA's Income, 1995 and 2000 to 2002
As of 15 March 2002
(in millions of US\$)

	1995	2000	2001	2002 *	TOTAL 2000 -2002
Regular	312.6	264.0	268.7	230.2	762.9
Other**	15.9	103.4	127.8	75.0	306.2
Total	328.5	367.4	396.5	305.2	1,069.1

* Projected

** Other income for trust funds and cost-sharing programme arrangements.

4. The year 1995 is highlighted in table 1 because it shows the highest level of UNFPA income for regular resources of \$312.6 million, which was achieved immediately following the 1994 International Conference on Population and Development (ICPD). Regular resources started to decline in 1996 and continued through 1999. However, due to the support of the Fund's donors, the downward trend was reversed in 2000 and 2001 as small increases in regular resources were recorded. The number of donor countries also increased significantly during 2000 and 2001, from 69 in 1999 to 120 in 2001. In addition, the Mars Trust has made a substantial contribution to UNFPA's regular resources for 2001. Thus, the total number of donors in 2001 was 121.

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5. The income trend for other resources, including trust funds and cost-sharing programme arrangements, for 2000-2001 increased dramatically since 1995, reaching an all-time high of \$127.8 million in 2001.

6. The income overview provided in table 1 is supplemented by annex 1, which provides detailed information on income and actual pledges as of 15 March 2002 and the best estimates of contributions to UNFPA regular resources for the years 2002-2005. These commitments include the following: (a) pledges received from Governments at the first UNFPA session on multi-year funding, which took place during the second regular session of the Executive Board in 2000; (b) multi-year pledges received in 2001 and pledges received for 2002 as of 15 March 2002; (c) pledges received during the United Nations pledging conference for development activities for 2002, held on 6 November 2001; and (d) letters received and verbal indications from Governments pledging support to UNFPA for 2002-2004. As of 15 March 2002, a total of 62 countries have submitted written pledges to UNFPA for the year 2002; 22 countries for 2003; 7 countries for 2004, and 5 countries for 2005.

7. Last year, UNFPA exceeded its pledging target of 110 countries, reaching an all-time high of 120 donor countries at year's end. In addition, a substantial amount of \$1.3 million was received from the interest of the Mars Trust representing its contribution to UNFPA for 2001. A total of 27 countries from Africa, 34 from Asia and the Pacific, 17 from Latin America and the Caribbean, 11 from the Arab States, 29 from Europe and 2 from North America pledged contributions to UNFPA regular resources. The increase in the number of countries contributing to UNFPA is a very positive sign as it clearly shows the growing political support of all countries for the work of the Fund. For 2002, UNFPA has increased its overall pledging target to 125 donor countries.

8. The total income for regular resources in 2001 is \$268.7 million. Pledges received for 2002-2005 as of 15 March 2002 are as follows: (a) 2002 – \$230.2 million, which includes a projected interest receivable amount of \$5 million; (b) 2003 – \$95.6 million; (c) 2004 – \$50.7 million; and (d) 2005 - \$50.7 million.

B. Multi-year pledges

Table 2: Number of Donors that Submitted Multi-Year Pledges
to UNFPA's Regular Resources
2000 - 2005, by Region
As of 15 March 2002
(in millions of US\$)

	2000	2001	2002	2003	2004	2005
Africa	6	12	12	10	3	1
Arab States	1	1	1	1	1	1
Asia and Pacific	2	3	3	2	0	0
Europe	9	10	7	7	2	2
Latin America and the Caribbean	2	2	2	2	1	1

9. As of 15 March 2002, of the total of 62 written pledges received for regular resources in 2002, 25 were multi-year pledges covering the period of 2002 to 2005. These include: 5 multi-year pledges from major donors – Belgium, Ireland, the Netherlands, Sweden and the United Kingdom; 3 from other donors – Cyprus, New Zealand and Tuvalu; 16 from programme countries – Antigua and Barbuda, Benin, Burkina Faso, Burundi, Democratic People's Republic of Korea, Egypt, Ghana, Mali, Mauritania, Mauritius, Niger, Nigeria, Panama, Rwanda, South Africa and Zimbabwe; and 1 country from countries with economies in transition – Bulgaria. In 2001, only 27 out of the 120 donor countries made multi-year pledges. Details are presented in annex 2 of this report.

10. Based on the pledges that were received as of 15 March 2002, and what is known about the funding intentions of some major donors, the projected total income for 2002, including the projected interest receivable, is \$305.2 million. This is approximately \$91.8 million, or 29.9 per cent, less than the total income recorded in 2001. The 2002 income figure includes projected regular resources of \$230.2 million and other resources on trust funds and cost-sharing programme arrangements of approximately \$75 million. This will result in a decrease of approximately \$38.5 million, or 16.7 per cent, in regular resources income and a decrease of approximately \$52.8 million, or 41 per cent, in other income compared to the 2001 levels. Details are presented in annex 3 of this report.

C. Factors affecting UNFPA income situation in 2002

11. The decline in the 2002 regular resources is a result of the following factors: (a) the projected decrease of approximately 19 per cent in US dollars in the contribution of Japan compared to the 2001 level; (b) the projected decrease of about 15 per cent in the contribution of Denmark in national currency terms, resulting in a projected 16 per cent decrease in US dollar terms compared to the 2001 level; (c) the uncertainty of the United States contribution of \$34 million for 2002; (d) the decision of the United Kingdom Government not to proceed with the 20 per cent increase for 2002 that was part of its multi-year pledge for 2002-2003; and (e) the anticipated loss on collection of actual pledges from the time of pledge to the time of payment due to the impact of the strong US dollar against most major donor currencies. A related factor is the limited success that UNFPA is having in diversifying sources of regular resources income. Despite vigorous efforts to attract larger contributions from some major countries of the Organization for Economic Cooperation and Development (OECD), considerably more advocacy work is required before more financial support from these donors can be secured. Currently, three countries account for about half of UNFPA's regular resources. In order for UNFPA to achieve financial stability, the Fund needs to broaden its donor base and secure a more equitable balance in contributions among its major donors.

D. Organization for Economic Cooperation and Development donors

Table 3: OECD/DAC Donors that may Increase, Maintain and Reduce Respective Contributions to UNFPA's Regular Resources for 2002, in US Dollar Terms

		
Finland, France, Ireland Italy, Luxembourg The Netherlands, Norway Sweden, US (?)	AS OF 15 MARCH 2002 Australia, Austria, Belgium Canada, Germany New Zealand, Spain Switzerland, United Kingdom	Denmark Japan United States (?)

12. Table 3 shows the following with regard to OECD contributions to UNFPA regular resources for 2002:

(a) Finland, France, Ireland, Italy, Luxembourg, the Netherlands, Norway and Switzerland have increased their contributions in national currency terms, resulting in increases in US dollar terms;

(b) Australia, Belgium, Canada, Germany and the United Kingdom have maintained their contributions at the 2001 level in national currency terms but show decreases in US dollar terms;

(c) Sweden has increased its contribution in national currency terms but results in a decrease of 3 per cent in US dollar terms;

(d) Denmark has decreased its contribution in national currency terms, resulting in a decrease in US dollar terms;

(e) Japan will decrease its contribution by 19 per cent in US dollar terms, and the United States may withhold some or all of its 2002 contribution of \$34 million, or increase it from \$21.5 million (2001) up to \$34 million.

13. The Netherlands has increased its 2002 contribution by 4 per cent and has already paid in full the amount of Euros 58.5 million, equivalent of about US\$50.4 million. It has also indicated that, because of the Fund's difficult financial situation, UNFPA will receive an additional contribution to regular resources of Euros 2 million, an equivalent of US\$1.7 million. The Netherlands is again expected to be the number one donor of UNFPA in 2002, and the Fund is very grateful for the confidence the Netherlands has placed in UNFPA and its work. Details are presented in annex 4.

E. UNFPA resources and projections

TABLE 4: UNFPA Income for 2001 and UNFPA Projections for 2002, 2003 and 2004
(in millions of US\$)
As of 15 March 2002

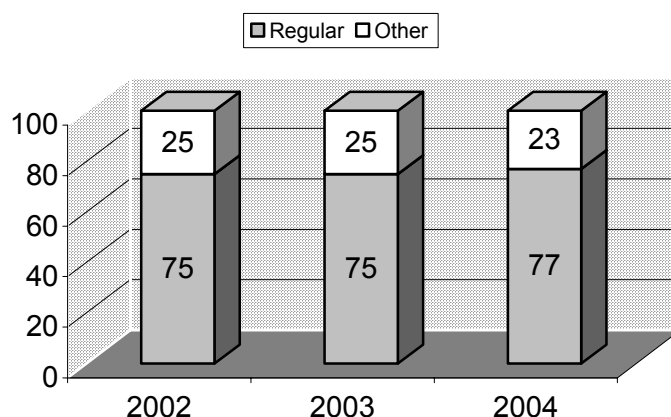
Resources	2000	2001	2002	2003	2004	% Change Inc/(Dec) 2000-2001	% Change Inc/(Dec) 2001-2002	% Change Inc/(Dec) 2002-2003	% Change Inc/Dec 2003-2004
Regular	264	269	230	240	270	1.9	(14)	4	13
Other*	103	128	75	80	80	24.0	(41)	7	0
Total	367	397	305	320	350	25.9	(23)	5	9

* Other resources for cost-sharing and trust fund programme arrangements only.

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14. Table 4 summarizes the resource data for the period 2001 to 2004 and shows an increase for 2001 in contributions in regular resources and a larger increase in other resources. For regular resources, contributions to UNFPA in 2001 increased by 1.9 per cent over contributions in 2000. As of 15 March 2002, estimated contributions for 2002 are 14 per cent less than those in 2001. UNFPA anticipates that regular resources in 2003 will increase to approximately \$240 million or higher, depending on the level of major donor support, and reach \$270 million by 2004. For other resources including trust funds and cost-sharing programme arrangements, contributions in 2001 increased by 24.0 per cent over the 2000 level. As of 15 March 2002, other contributions for 2002 are estimated to decrease by 41 per cent compared to 2001 contributions. UNFPA estimates that the total other contributions for 2002 will amount to approximately \$75 million and to \$80 million for both 2003 and 2004. Uncertain or unfavourable economic conditions in donor countries could adversely affect these projections, whereas, conversely, an economic turnaround could have a positive effect. Increases in the percentage of official development assistance (ODA) allocated for population assistance could also greatly improve UNFPA's income situation. Details are provided in annex 3 of this report.

Table 5: Projected Percentage Distribution of Regular and Other Resources, 2002 – 2004*



* Other resources include trust fund and cost-sharing programme arrangements only.

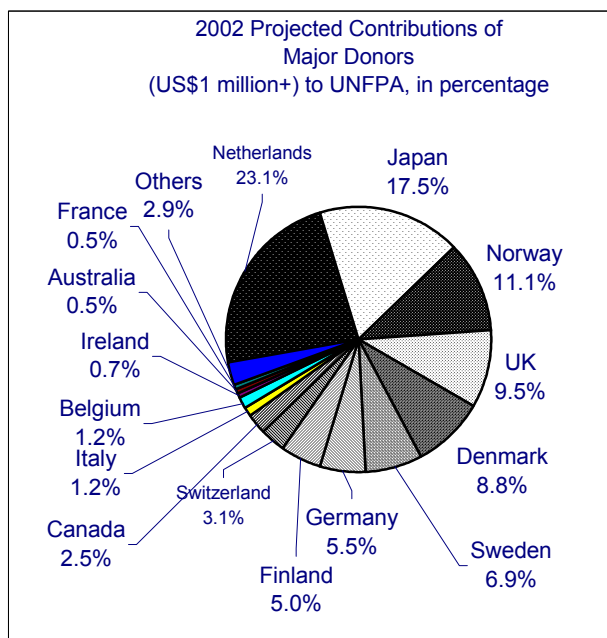
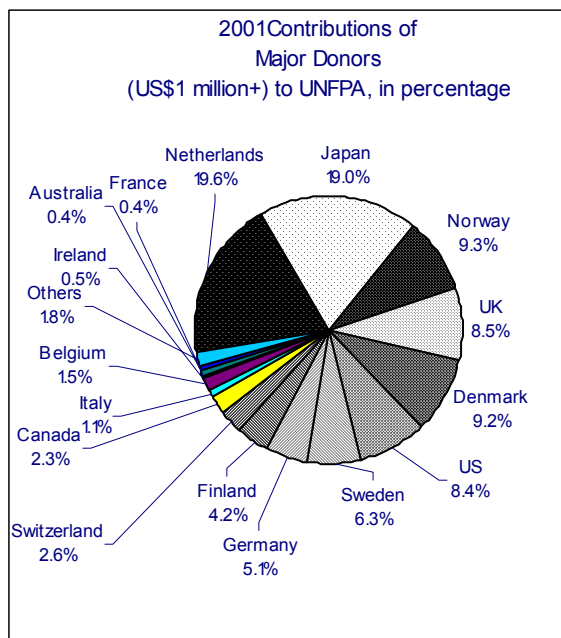
15. Table 5 shows the projected percentage distribution of regular and other resources for trust funds and cost-sharing programme arrangements. As of 15 March 2002, regular resources for 2002 and 2003 are projected to make up 75 per cent of the total contributions, while other resources for trust funds and cost-sharing programme arrangements will make up 25 per cent for the same period. The gradual trend of certain donors to increase contributions to trust funds and cost-sharing programme arrangements is expected to continue. In 2004, it is estimated that /...

regular resources will make up 77 per cent of total contributions and other resources on trust funds and cost-sharing programme arrangements will constitute 23 per cent. However, UNFPA will continue to stress the importance of increasing regular resources and maintaining a high percentage of regular resources as part of the Fund's total contributions income. Increasing and maintaining a stable regular income base are, and will remain, high UNFPA priorities.

Percentage Share of Contributions by UNFPA's Major Donors (those contributing \$1 million and over) for 2001 and 2002 as of 15 March 2002

Chart 1

Chart 2



16. Chart 1 indicates that as of 31 December 2001, 16 major donors provided about 98 per cent of the total regular resources contributions to UNFPA. The percentage breakdown in US dollar terms is: Netherlands (19.6 per cent), Japan (19 per cent), Norway (9.3 per cent), Denmark (9.2 per cent), United States (8.4 per cent), Sweden (6.3 per cent), Finland (4.2 per cent), Switzerland (2.6 per cent), Canada (2.3 per cent), Italy (1.1 per cent), Belgium (1.5 per cent) /...

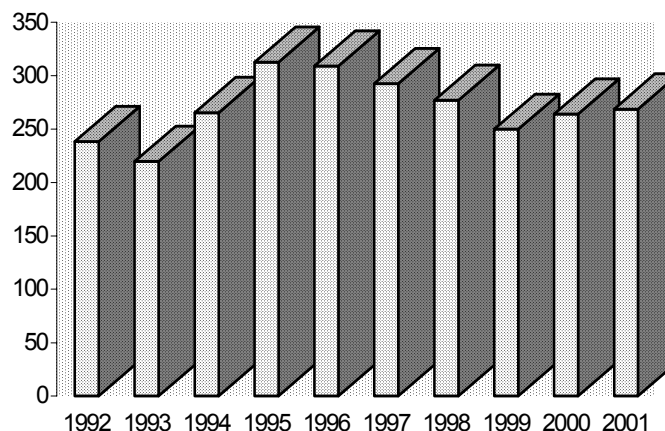
cent), Ireland (0.5 per cent), Australia (0.4 per cent) and France (0.4 per cent). The remaining 104 donors accounted for approximately 1.8 per cent of the total. Chart 2 indicates that as of 15 March 2002, it is estimated that 15 major donors will comprise a similar percentage of 98 per cent of the total contributions to UNFPA for 2002. It is a UNFPA goal to broaden the base of support to the Fund's regular resources, and discussions are ongoing with many major donor countries to increase their regular contributions.

F. Income trends from 1992 to 2001

Table 6: UNFPA Income Trends
1992-2001 - Regular Resources
As of 15 March 2002
(in millions of US\$)

Years	Regular Income	% inc/(dec)
1992	238.2	
1993	219.6	(7.8)
1994	265.3	20.8
1995	312.6	17.8
1996	308.8	(1.2)
1997	292.5	(5.3)
1998	277.0	(5.3)
1999	249.8	(9.8)
2000	264.0	5.7
2001	268.7	1.8
Total	2,696.5	

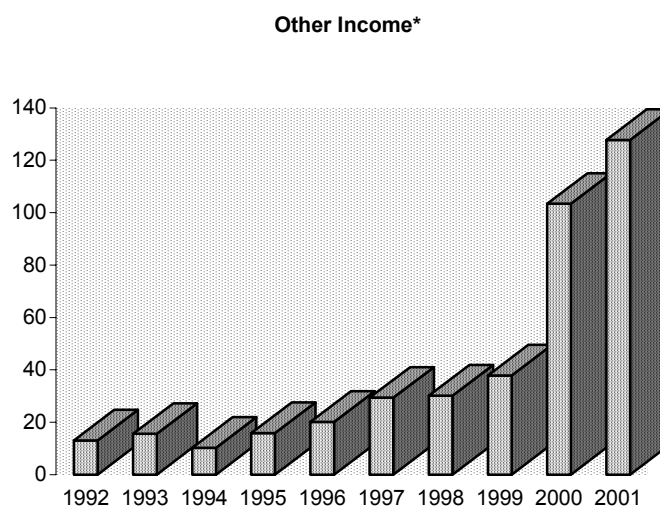
Regular Income



17. Table 6 shows that regular resources income reached its highest levels in the years 1995 and 1996, with both years exceeding \$300 million. This was followed by three years of declining resources – 5.3 per cent in 1997 and 1998 and 9.8 per cent in 1999. The downward trend was exacerbated by a strong United States dollar vis-à-vis most other currencies. In 2000 and 2001, the downward trend was reversed, producing increases of 5.7 per cent and 1.8 per cent, respectively.

Table 7: UNFPA Income Trends
 1992 - 2001 - Other Resources
 As of 15 March 2002
 (in millions of \$US\$)

Years	Other Income*	% inc/(dec)
1992	13.1	
1993	15.6	19.1
1994	10.3	(34.0)
1995	15.9	54.4
1996	20.2	27.0
1997	29.4	45.5
1998	30.2	2.7
1999	37.9	25.5
2000	103.4	172.8
2001	127.8	23.6
Total	403.8	

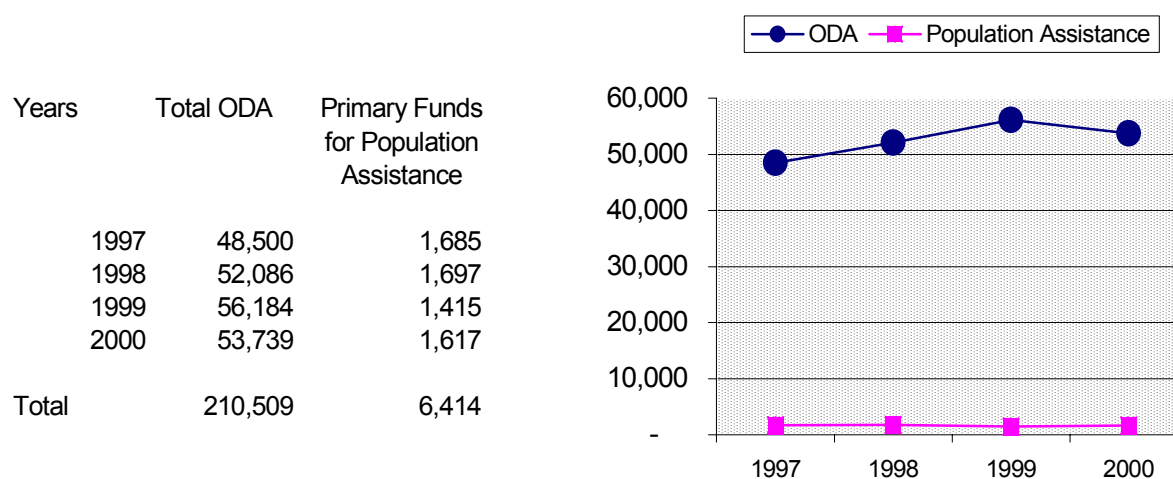


* Other income includes trust funds and cost-sharing programme arrangements only.

18. Table 7 shows that for other income for trust funds and cost-sharing programme arrangements, there were significant increases in 2000 and 2001 at 172.8 per cent and 23.6 per cent, respectively. The sharp increase in contributions to other resources in 2001, which amounted to \$127.8 million, included \$37 million from the United Kingdom, \$15.7 million from the Netherlands and \$.06 million from Canada for contraceptive commodities. The Netherlands also contributed \$40.8 million for reproductive health commodities in 2000. In addition, a number of countries such as Luxembourg, Italy, Norway, the Netherlands and the United States provided significant support to the Afghan Relief Initiative.

G. Official development assistance

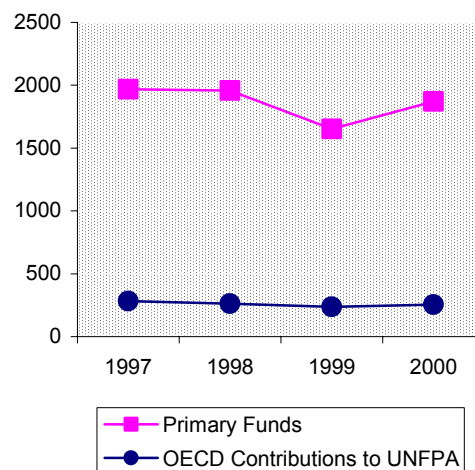
TABLE 8: Official Development Assistance of OECD Countries
 (Primary Funds for Population Assistance)
 (in millions of \$US)



19. Table 8 shows the primary funds from ODA allocated for population assistance from the major donor countries, namely: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States. These OECD countries contributed approximately \$210,509 million of ODA for the four-year period 1997-2000. Out of this total ODA, \$6,414 million was allocated for population assistance, accounting for approximately 3 per cent of the total. This low percentage of ODA for population assistance is one of the main reasons why the international donor community was not able to achieve the ICPD resource target of providing \$5.7 billion annually for population.

TABLE 9: (Continued) UNFPA's Share of ODA's Primary Funds
 for Population Assistance
 (in millions of \$US)

Years	Primary Funds for Population Assistance	Contributions of OECD Countries to UNFPA's Regular Resources
1997	1,685.0	282.0
1998	1,697.0	261.0
1999	1,415.0	238.0
2000	1,617.0	254.3
Total	6,414.0	1,035.3



20. Table 9 shows that contributions from these OECD countries to UNFPA regular resources amounted to \$1,035.3 million for the period 1997-2000, or roughly 17.0 per cent of the \$6,414 million allocated for population assistance and 0.5 per cent of total ODA for the period. This low percentage of resources adversely affects the Fund's ability to help countries achieve the ICPD goals. An analysis of donor contributions to UNFPA as a percentage of gross national product (GNP) between 1990 and 2000 shows that although GNP has increased for most major donors, the percentage of their respective GNPs allocated to UNFPA has declined.

H. Per capita contribution to UNFPA's regular resources for 2002 of the top 15 donors

21. The per capita contribution to UNFPA's regular resources of the Fund's top 15 donors – that is, those contributing US\$1 million or more for 2002 – is summarized in annex 5 of this report. It shows that Norway, with a population of about 5 million, has the highest per capita share of contribution to UNFPA regular resources at \$4.98, followed by Denmark, with a population of about 5 million, at \$3.96 and the Netherlands, with a population of about 16 million, at \$3.26.

I. Conclusion

22. In decisions 98/24 and 99/5, the Executive Board decided that UNFPA should “develop a multi-year funding framework that integrates programme objectives, resources, budget and outcomes, with the objective of increasing core resources” (paras. 11(a) and 1, respectively). 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 regular funding situation for the near future remains alarmingly stagnant as well as uncertain. This situation is difficult to understand in view of the economic growth in most industrialized countries and the critical need for population assistance in the least developed countries.

23. UNFPA is closely involved in helping to achieve the targets of the Millennium Development Goals, particularly with regard to improving maternal health (goal 5) and combatting HIV/AIDS (goal 6). These are tangible, critical targets that the global community must work together to attain. Since the HIV/AIDS epidemic began, more than 60 million people have been infected. It is the world's fourth largest killer. UNFPA is a key partner in efforts to prevent the spread of HIV/AIDS, but it could play a far more active and meaningful role if more support were provided.

24. The decline in regular resources in 1997, 1998 and 1999 was reversed somewhat in 2000 and 2001. But the overall low level of contributions to regular resources and the inability to secure early and timely commitments and early payments of pledges remain significant obstacles to UNFPA's ability to contribute to the implementation of the ICPD Programme of Action and to the relevant Millennium Development Goals. As of this date, many donors have yet to indicate their schedule of payments. Nonetheless, UNFPA is very appreciative of those donors who have made early 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 income base.

25. A total of 62 countries have provided written pledges to UNFPA for 2002 as of 15 March 2002. However, only a total of 25 countries have submitted multi-year pledges and only a few have submitted a schedule of payments as of 15 March 2002. Out of UNFPA's 15 major donors (those contributing \$1 million and over), which together provide an estimated 98 per cent of the total contributions to regular resources, only 5 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 regular resources. For 2002, UNFPA acknowledges, and is very grateful for, the early and timely payments of France, Germany, Ireland, the Netherlands and New Zealand, as well as the installment payments made during the first quarter of the year by Norway, Sweden and the United Kingdom. The Fund is particularly grateful to Ireland and Luxembourg, which have increased their contributions significantly over the past three years. And UNFPA is most grateful for the 2001 contributions it has received from 120 donor Governments and the Mars Trust, especially for the large pledges provided by the Fund's top five donors: the Netherlands, Japan, Denmark, Norway and the United Kingdom.

26. 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 annex 6 of this report on the highest levels of contributions to the Fund's regular resources by OECD members. Based on an assessment of the contribution histories of the top donors, this table represents in some sense "the power of positive thinking". Obviously, 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.

27. As UNFPA approaches the second quarter of 2002, it is reviewing its financial situation for programme planning purposes and analysing the Fund's cash flow for the year 2002. In this connection, UNFPA appeals to all donor Governments, particularly its major donors, for early payment of contributions. Early payments are extremely helpful in the management of the Fund's tight cash-flow situation.

28. 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 2002 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, the members of the Executive Board and its entire donor family in order to ensure the Fund's ability to implement its programmes and help countries attain the goals of the ICPD. During difficult periods of scarce resources such as the Fund is now experiencing, it is tempting to concentrate UNFPA's resource mobilization efforts on obtaining increases in other resources for trust funds and cost-sharing programme arrangements. However, UNFPA is steadfast in its belief that the Fund's resource mobilization philosophy and long-term strategy should be built on a strong and secure regular resources base. This is critical to UNFPA country programmes and is essential in maintaining the multilateral nature of the Fund's work.

29. UNFPA welcomes the Monterrey consensus, as adopted during the International Conference on Financing for Development (18-22 March 2002), and expresses its hope that the announced gradual increases of ODA of many OECD/Development Assistance Committee (DAC) countries will also lead to increasing contributions to UNFPA. UNFPA is strongly geared towards achieving the targets of the Millennium Development Goals 5 and 6 (improving maternal health and combatting HIV/AIDS, respectively). It is also the lead United Nations organization in implementing the ICPD Programme of Action. If UNFPA is to succeed in both of these endeavours, its regular resources should be restored to the \$300 million level as soon as possible. All countries are therefore urged to translate their commitment to achieving the ICPD and Millennium Development Goals into increasing contributions to UNFPA.

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Annexes

- Annex 1 Table on Commitments/Estimates of Contributions to UNFPA Regular Resources
- Annex 2 Donors that Submitted Multi-Year Pledges, 2002 – 2005
- Annex 3 UNFPA Contributions for 2001 and Projected Contributions for 2002
- Annex 4 Pledge Estimates and Contributions of Major Donors to UNFPA Regular Resources, 2001 and 2002 Percentage Differences
- Annex 5 Per Capita Contribution of UNFPA Regular Resources for 2002 of the Top 15 Donors
- Annex 6 Highest Levels of Contributions of OECD Members to UNFPA Regular Resources