This report has been prepared in response to decision 96/10, paragraph 3, which noted the report of the Executive Director (DP/FPA/1996/1) and requested the Executive Director to submit to the Board at its second regular session 1996 a revised document reflecting the comments made by the members of the Board on the new approach for the allocation of UNFPA resources during the Board’s first regular session 1996.

This report calls for a decision by the Executive Board to approve the revised proposed approach for the allocation of UNFPA resources to country programmes.
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I. INTRODUCTION

1. Following the 1994 International Conference on Population and Development (ICPD), UNFPA undertook a thorough review of the implications of the Programme of Action for the activities of the Fund and submitted a report to the Executive Board at its annual session in June 1995 on programme priorities and future directions of UNFPA in light of the ICPD (document DP/1995/25 and Corr.1). After debating the report, the Executive Board endorsed the new programme priorities and took note of the proposed new UNFPA system for resource allocation (decision 95/15). It also invited the Executive Director to refine the approach for resource allocation to countries, as contained in document DP/1995/25, and to report thereon to the Executive Board at its first regular session in January 1996. Accordingly, the Executive Director presented document DP/FPA/1996/1 on “A new approach for allocation of UNFPA resources to country programmes”. After noting the report, the Executive Board decided to continue the consideration of the topic at the second regular session 1996, on the basis of a new report, based on the comments made by the Executive Board on DP/FPA/1996/1 (decision 96/10).

2. This report is being submitted in response to that request. The report briefly reviews the evolution of the present system whereby UNFPA has been designating priority and non-priority (other) countries for resource allocation; presents a new approach for allocating resources to country programmes; and analyses the implications of the new approach. The report concludes with a recommendation and a set of elements for a decision for consideration by the Executive Board.

II. BACKGROUND

3. UNFPA is expected to provide assistance to all countries that request it. While maintaining this principle, the former Governing Council requested the Fund to develop a system of resource allocation that would focus resources on the countries most in need of UNFPA assistance. This system began to function in 1977 utilizing various socio-economic and demographic criteria and thresholds to designate priority countries for UNFPA assistance. The criteria and thresholds used were periodically reviewed, revised (if necessary) and approved by the Governing Council to reflect changes in demographic and socio-economic conditions in developing countries.

4. There has been a continuing discussion between UNFPA and the former Governing Council and the present Executive Board on the system used to allocate resources to priority countries. The most recent report, submitted to the Governing Council at its fortieth session (1993), was the “Report of the Executive Director reviewing the Fund’s experience in implementing the priority-country system” (document DP/1993/33). Previous reports of the Executive Director to the various sessions of the Council on UNFPA’s experience with the system of priority countries are provided in the notes. Additionally, the Executive Director includes information regularly on priority countries in the programme highlights section of the Fund’s annual report.
5. To determine which countries had the greatest need for external financial assistance, the Fund selected, under the priority-country system, one economic indicator [per-capita gross national product (GNP)] and various demographic and socio-economic indicators. The indicators selected were considered indicative of major population problems and the level of development of a country. The priority status of countries was determined by applying certain threshold levels for the demographic and socio-economic indicators and by an upper limit for the level of GNP per capita income. Under the present system, for a country to be given priority status, it must have a GNP per capita of $750 or less and satisfy any two of the following five criteria and threshold levels: (a) annual increment of 100,000 or more to total population; (b) gross reproduction rate of 2.0 or more; (c) infant mortality rate of 120 per 1,000 live births or more; (d) density of agricultural population on arable land of 2.0 persons or more per hectare; and (e) female literacy rate of 40 per cent or less.

III. UNFPA'S EXPERIENCE WITH THE SYSTEM OF PRIORITY COUNTRIES

6. A brief analysis of UNFPA’s experience with the system of priority countries is presented below. Table 1 shows the number of priority countries by region in 1983, 1988 and 1994. Table 2 presents the distribution of expenditures in priority countries for selected years, expressed as a percentage of total expenditures for country programmes. In the implementation of the priority-country system special attention was always paid to the needs of low-income countries, the least developed countries (LDCs) and Africa.

Table 1. Distribution of countries by priority status and region (number of countries)

<table>
<thead>
<tr>
<th>Region</th>
<th>1983</th>
<th>1988</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td>30</td>
<td>31</td>
<td>32</td>
</tr>
<tr>
<td>Asia and the Pacific</td>
<td>16</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Arab States and Europe</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>55</td>
<td>58</td>
</tr>
</tbody>
</table>
Table 2. Number of priority countries and distribution of UNFPA expenditure by priority status

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of priority countries</td>
<td>53</td>
<td>55</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Percentage of expenditure</td>
<td>70%</td>
<td>72%</td>
<td>76%</td>
<td>71%</td>
</tr>
<tr>
<td>Number of non-priority countries</td>
<td>98</td>
<td>98</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Percentage of expenditure</td>
<td>30%</td>
<td>28%</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>Total countries</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The target set for allocations to priority countries was successively increased by the Governing Council from 66.6 per cent of country programme resources in 1977 to 75.0 per cent in 1988 and to 80.0 per cent in 1990. The Fund has utilized these targets to concentrate its programming resources in the countries identified as priority countries. The 80 per cent target set for priority countries as a group has not been achieved due to a number of reasons. These are, most importantly: (a) priority countries with large populations were subjected to ceilings for resource allocations; (b) large allocations to LDCs could not always be expended in those countries because of their low absorptive capacities; and (c) civil strife and internal disturbances in several other priority countries did not permit rapid and/or full implementation of programmes.

The remainder of this report will present and analyse a revised approach to resource allocation to country programmes taking into account the relevant provisions of the ICPD Programme of Action and the views expressed by delegates during the discussion of this item at the Board’s annual session in 1995 and the subsequent discussion of this topic at the first regular session in 1996 as well as informal discussions of the Executive Board.

IV. TOWARDS A REVISED APPROACH FOR RESOURCE ALLOCATION

As endorsed by the Executive Board in decision 95/15, UNFPA will concentrate its funding in three core areas: (a) reproductive health, including family planning and sexual health; (b) population and development strategies; and (c) advocacy. The selection of these three core areas will enable UNFPA to sharpen the strategic focus of its programming and to capitalize on its comparative advantage and experience in the field of population and development. It will also allow the Fund to pursue a holistic approach in addressing the specific population needs of individual countries.
10. Following the ICPD in 1994 and the new directions that it recommended for activities in the area of population and development, the Fund recognized that its strategy for resource allocation to developing countries needed to be revised. This was further reinforced by the discussion, and subsequent adoption of decision 95/15, on this issue at the annual session of the Board in 1995. Experience with country programmes across the developing world showed that differential progress had been achieved in individual countries in the area of population and development, that there were different levels of need of countries for multilateral assistance, and that there was an urgent need to enhance the effectiveness and impact of population programmes. International development cooperation has to take these varied situations into account while respecting the needs, priorities and policies of developing countries.

11. Accordingly, in document DP/1995/25 (paras. 71 to 74), the Fund outlined a new approach to resource allocation based on the principles and goals recommended in the ICPD Programme of Action as follows:

(a) All countries seeking UNFPA assistance should adhere to the basic principles of the ICPD Programme of Action;

(b) Technical assistance will be provided to all developing countries requesting it;

(c) Financial assistance will be focused on countries with the lowest level of achievement with regard to ICPD goals related to access to reproductive health and family planning services; access to education by girls and women; and levels of infant and maternal mortality;

(d) Financial assistance to countries that are close to or have already surpassed ICPD goals will be phased out or limited in scope and amount;

(e) Temporary assistance will be provided to countries with economies in transition, particularly for family planning and reproductive health;

(f) South-South cooperation will be promoted.

12. The Executive Board reviewed this approach at its annual session in June 1995 and, in decision 95/15, invited the Executive Director "to refine the proposed approach, based on the relevant provisions of the Programme of Action of the International Conference on Population and Development, including paragraphs 14.14, 14.15 and 14.16, as well as on other relevant qualitative and quantitative indicators". It also noted that special attention should be paid to the needs of LDCs and Africa. The critical situation in Africa is of priority concern. Africa is the only region where poverty is expected to increase. Lack of infrastructure and institutions, of human resource
development and of food security, and unemployment and underemployment characterize the continent.

13. The Programme of Action in paragraphs 14.14, 14.15 and 14.16 recommends that criteria for allocation of external resources should include the coherence of national programmes and plans on population and development and the need for external resources to complement national financial efforts. These paragraphs also recommend that resource-allocation decisions should take account of the recognized priority to the LDCs and problems of significant social sectors and regions not reflected in national averages. Furthermore, the Programme of Action states that countries with economies in transition should receive temporary assistance for population and development activities in light of the difficult economic and social problems these countries face at present. The Programme of Action also urges that more attention should be given to South-South cooperation and to the new ways of mobilizing private contributions, particularly in partnership with non-governmental organizations (NGOs).

14. On the basis of the directions suggested by the Executive Board, the Fund has further refined the approach for allocating resources to country programmes. Although the revised approach builds upon the current priority-country system, it is substantially different. First, the revised approach is based on a country's level of achievement of ICPD goals. Secondly, the revised approach recognizes that there is a continuum of needs, from countries that have made little progress towards achieving the ICPD goals to countries that have already reached or surpassed all of these goals. Thirdly, the revised approach pays special attention to low-income countries, LDCs and sub-Saharan Africa. Fourthly, the revised approach recognizes the urgent need for providing temporary assistance to countries with economies in transition. Finally, it recognizes the importance of promoting South-South cooperation.

V. ELEMENTS OF A REVISED APPROACH FOR RESOURCE ALLOCATION

15. The revised approach for allocating UNFPA resources to country programmes will function at two levels. First, indicators of ICPD goals (described below) will be used together with an indicator of income to group countries according to the level of their needs for external assistance in the area of population and development. Second, further criteria, including those mentioned in the Programme of Action in paragraph 14.14, will then be employed to distribute resources to individual countries within each group. In the first stage, countries will be grouped according to quantified indicators, whereas the second stage, as in the past, will rely on technical and qualitative country-specific assessments including the evaluations made by UNFPA’s programme review and strategy development (PRSD) missions (see paragraph 42 below). This two-stage approach allows greater flexibility in allocation decisions and thus is better suited for responding to temporary or ad hoc situations that may alter the capacity of certain countries to use external assistance.
16. In developing this approach, UNFPA undertook an extensive analysis of the present situations in developing countries with respect to the major ICPD goals and, in particular, the current levels the countries had reached on a range of indicators. On the basis of this analysis, and in consultation with a group of experts from outside UNFPA, the Fund selected seven indicators, described below, for measuring progress towards the achievement of these ICPD goals. Threshold values for each of the seven indicators for the year 2005 were also formulated, again in consultation with the same group of external experts.

A. Selection of ICPD-goal indicators

17. As discussed, the revised approach for resource allocation will make use of the quantitative goals recommended by the ICPD Programme of Action. The ICPD document lays out specific longer-term goals in three major areas to be met over the next two decades, as well as intermediate goals to be achieved within one decade (by the year 2005). These areas are:

(a) Access to reproductive health. All countries should strive to make reproductive health services accessible to all individuals of appropriate ages through the primary health-care system, as soon as possible and no later than the year 2015. The ICPD Programme of Action also states that all countries should, over the next several years, assess the extent of national unmet need for good-quality family-planning services and address that need within the context of a reproductive health framework. All countries should take steps to meet the family-planning needs of their populations as soon as possible and should, in all cases by the year 2015, seek to provide universal access to a full range of safe and reliable family-planning methods and to related reproductive-health services that are not against the law;

(b) Mortality reduction. The ICPD Programme of Action makes specific recommendations concerning infant mortality, stating that, by the year 2005, countries with intermediate mortality levels should aim to achieve an infant mortality rate below 50 deaths per 1,000 live births. It also states that countries that achieve this level earlier than 2005 should strive to lower the level further. With regard to maternal mortality, the ICPD recommends that countries with intermediate levels of mortality should aim to achieve, by the year 2005, a maternal mortality rate below 100 per 100,000 live births. Countries with the highest levels of mortality should aim to achieve by 2005 a maternal mortality rate below 125 per 100,000 live births;

(c) Universal education, especially of girls. The eradication of illiteracy is one of the prerequisites of human development. All countries should consolidate the progress made in the 1990s towards providing universal access to primary education, as agreed upon at the World Conference on Education for All, held at Jomtien, Thailand, in 1990, notably in ensuring universal access to primary education. The Programme of Action states that beyond the achievement of the goal of universal primary education in all countries before the year 2015, all countries are urged to ensure
the widest and earliest possible access by girls and women to secondary and higher levels of education.

18. The UNFPA approach for resource allocation will explicitly take into account the situation in each country with respect to the progress it has achieved towards attaining these goals, as will be described in the later sections of the report.

19. In selecting a set of indicators to measure these goals, the following important considerations were taken into account: (a) each indicator should objectively measure an important dimension of the goal; (b) each indicator should have a uniform meaning and definition; (c) data should generally be available for all developing countries from internationally recognized sources; and (d) data should be recent and available for the same period. The indicators selected in the following three sub-sections were chosen by taking these fundamental criteria into account.

1. Indicators related to access to reproductive-health services

20. Ideally, to measure the reproductive-health goals set out in the Programme of Action, indicators on the ease of access to a full set of reproductive-health services, including family planning and sexual-health services, would be required. They should be complemented by other indicators that would gauge the quality of the services provided. However, such indicators are not widely available, and much methodological work needs to be done to develop such indicators and to obtain them through national data systems -- work that the Fund is actively supporting, along with the World Health Organization (WHO) and other concerned agencies.

21. There are, nonetheless, indicators available from international sources on some key aspects of reproductive health. The degree to which deliveries are attended by trained health personnel is an important aspect of reproductive health services. Furthermore, the fact that such attention is available at the time of delivery indicates the probable existence of a health system that is responsive to other reproductive-health elements such as ante-natal care. WHO compiles national data on the proportion of all deliveries that are attended by trained health personnel.² Data for this indicator are available in most developing countries for a recent period. This indicator is therefore proposed for inclusion in the revised approach for resource allocation until such time that more appropriate indicators of reproductive health become available.

22. Another important element of reproductive health that is highlighted in the ICPD Programme of Action is access to quality family-planning services. Ideally, measurement of this element would include the range of contraceptive methods available, the cultural acceptability of the services provided, the waiting period of clients, the amount of counselling provided during client-provider interactions, as well as other indicators of quality of service. Although such indicators sometimes exist within individual family-planning programmes, they are not widely available internationally; nor,
in general, do such indicators always conform to internationally agreed definitions. Quality-of-care indicators in particular are often subjective in nature and, while useful for improving services within individual programmes, are not suitable for international comparative purposes.

23. A measure of access and utilization of family-planning services is the prevalence of contraceptive use. Although it gives only an approximate indication of the full range of a quality programme, and only partially reflects the extent of access, the contraceptive prevalence rate (for all methods) is a statistical measure that is widely available and generally of good quality. While it is evident that an index including several facets of access to quality services would be preferable, until such an indicator becomes widely available, the contraceptive prevalence rate (CPR) may be used as a proxy measure. This indicator is well measured through such data-collection schemes as demographic and health surveys. Moreover, in cases where it is not directly available, indirect procedures exist to obtain usable estimates. UNFPA, therefore, proposes to use the contraceptive prevalence rate in the revised approach for resource allocation.

24. Another important element of reproductive health is the degree of access the population has to services. Access should be defined not just in terms of physical proximity to service points but should also reflect the infrastructure, resources and supplies available at the points of service as well as indications of quality of care. As mentioned, for many of these aspects, internationally standardized measures are not yet available. Data are widely available, however, on access to basic health services, which thus may be used as a proxy indicator. Given that the reproductive-health elements that UNFPA will support through its country programmes will be centred in primary health care systems, the proportion of the population that has access to basic health services will be included as an indicator of the achievement of the ICPD reproductive-health goals.

2. Indicators related to mortality reduction

25. As indicated above, the Programme of Action specifies goals for mortality reduction as well as the indicators to be used to measure such reductions. The infant mortality rate is widely available, accurately measures the phenomenon and has an internationally standardized approach to its measurement. For these reasons, this indicator has been part of the Fund's resource-allocation system since its inception and is proposed for continuation in the new approach as well.

26. Maternal mortality is an important measure for mortality reduction, especially as it has implications for the acceptability, quality and level of reproductive-health services. The maternal mortality ratio (MMR) is now widely available as an indicator of maternal mortality. While the reliability of the MMR is not as high as it is in the case of the infant mortality rate and is subject to random errors in countries with small populations, this indicator is being subjected to methodological scrutiny by interested international organizations (e.g., WHO, UNICEF, UNFPA), and the acceptability of national estimates is growing. In view of its importance to achieving ICPD goals...
in both reproductive health and mortality areas, the MMR will be included as an indicator in the proposed approach.

3. **Indicators related to education, especially of women and girls**

27. Ideally, information on the proportion of children, and in particular of girls, who complete primary education (and secondary education in cases where primary education goals have been largely met) would be desirable for measuring the education goals set out in the Programme of Action. Such data, however, have to come from special surveys and for this reason are not widely available. There are several indicators that could be used. The best known indicators are the gross enrolment and net enrolment rates. Of the two, data on gross enrolment are more widely available and give a fair approximation of current attendance levels of children at schools. Thus, the Fund proposes to include gross female enrolment rate at the primary level in the revised approach for allocating resources.6

28. For assessment of level of achievement of the educational goals of the ICPD Programme of Action, data on the educational level of adult females are also needed. Information on attainment of different educational levels in a standardized form is not widely available and, moreover, would change only slowly over time as older cohorts are replaced by younger ones. Literacy campaigns for adults, on the other hand, may quickly change the ability of adults to address their personal needs and concerns. UNESCO collates country-specific reports on literacy and provides international estimates of levels of literacy. These data, although subject to a number of conceptual and measurement problems, allow an indication of progress made towards improving the literacy of women, not just of girls. For these reasons, UNFPA proposes to use, as it has been doing in the past, the adult female literacy rate in the new approach for resource allocation.7

B. **Thresholds: Levels for the year 2005**

29. Threshold levels for the year 2005 were developed for each of the seven indicators based on goals set out in the ICPD Programme of Action. Medium-term goals for the year 2005 are suitable for programming purposes since they present a practical time horizon for formulating plans and strategies and for measuring progress towards achieving the longer-term goals for the year 2015.

30. In the case of the mortality indicators, specific mortality-reduction targets are suggested in the Programme of Action itself and thus have been used here. For the other five indicators -- that is, those related to access to reproductive-health services and to education -- thresholds were established by considering both the current (1995) situation of developing countries, and in particular the levels reached by the least developed countries, as well as the ICPD goals for the year 2015. In general, mid-points between these two levels were chosen as thresholds for the year 2005. The thresholds thus represent medium-term goals that could feasibly be attained by the year 2005, particularly if
sufficient resources — along the lines set out in the ICPD Programme of Action in paragraphs 13.15 and 14.11 — are made available.8

31. The seven indicators thus selected for inclusion in the revised approach for resource allocation and their recommended thresholds are given below in table 3. It should be noted that, by including three indicators related to the goal of attaining full access to reproductive-health services, including family planning and sexual health (as opposed to two indicators each for the goals related to mortality reduction and education), extra weight is being given to the reproductive-health dimension, in line with the programming priorities endorsed by the Executive Board in decision 95/15. The indicators selected also reflect the cross-sectoral ICPD goal pertaining to the empowerment of women.

Table 3. Indicators and threshold levels

<table>
<thead>
<tr>
<th>Goal / Indicator</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal: Access to reproductive health</td>
<td></td>
</tr>
<tr>
<td>1. Proportion of deliveries attended by trained health personnel</td>
<td>≥ 60 per cent</td>
</tr>
<tr>
<td>2. Contraceptive prevalence rate</td>
<td>≥ 55 per cent</td>
</tr>
<tr>
<td>3. Proportion of population having access to basic health services</td>
<td>≥ 60 per cent9</td>
</tr>
<tr>
<td>Goal: Mortality reduction</td>
<td></td>
</tr>
<tr>
<td>4. Infant mortality rate</td>
<td>≤ 50 infant deaths per 1,000 live births</td>
</tr>
<tr>
<td>5. Maternal mortality ratio</td>
<td>≤ 100 maternal deaths per 100,000 live births</td>
</tr>
<tr>
<td>Goal: Universal primary education</td>
<td></td>
</tr>
<tr>
<td>6. Gross female enrollment rate at the primary level</td>
<td>≥ 75 per 100 eligible population</td>
</tr>
<tr>
<td>7. Adult female literacy rate</td>
<td>≥ 50 per cent</td>
</tr>
</tbody>
</table>

C. Categorization of countries using the revised approach

32. One of the guiding principles in developing the revised approach to resource allocation is the recognition of a continuum of needs in developing countries for external assistance for population and development activities. Using the most recent data available and period rates for the indicators where
appropriate, the Executive Director proposes a system for categorizing countries into three groups according to their needs for specific types of assistance and their circumstances with regard to the progress they have made in different facets of the Programme of Action.  

33. **Group A.** The first group of countries, Group A, will include developing countries in which both of the following conditions are met: (a) greatest distance from achieving ICPD goals, and (b) low levels of development. Countries where the first condition obtains are those which have met the threshold levels of only 0-3 indicators. Countries with low levels of development, the second condition, include all LDCs and/or all countries with a GNP per capita of less than $750. This formulation specifically takes into account decision 1995/51 of the Economic and Social Council which calls on United Nations funds and programmes to continue to give high priority in their budget allocations to the LDCs, low-income countries and Africa.

34. Countries in Group A have the greatest needs for external assistance and, at the same time, the lowest capabilities for mustering domestic resources. It is proposed to concentrate the Fund's resources on Group A countries in a flexible manner by allocating 65 to 69 per cent of country-programme resources to this group as a whole. These countries, in particular, would be eligible for UNFPA support for comprehensive population and development programmes. In particular, national capacity-building activities will be given high priority for countries in Group A, including support to local costs, institutional development and human resources development.

35. **Group B.** Countries to be included in Group B are those that have made considerable progress towards achieving the ICPD goals or which have higher levels of development. In operational terms, developing countries that have met the threshold levels for 4-6 indicators or whose GNP per capita is $750 or more will be placed in Group B. It is proposed to allocate 22 to 24 per cent of UNFPA programme resources to the countries in Group B as a whole, again in a flexible manner.

36. As the countries included in Group B in most cases will have made substantial progress in achieving the ICPD goals, UNFPA assistance will often focus on specific needs and thematic areas as identified through strategic assessments, especially the PRSD exercise. In some cases, countries in Group B will still need comprehensive support in some low-income and underdeveloped regions within national territories.

37. **Group C.** The third group (Group C) includes developing countries that have met the thresholds for all seven ICPD-goal indicators. As part of the new approach to allocation, it is proposed that, as a group, they receive 5 to 7 per cent of programme resources, again in a flexible manner.
38. Countries in Group C have demonstrated significant progress in terms of achieving all ICPD goals. It will be important that UNFPA assistance to these countries be focused in such a way as to ensure that the gains already made are not compromised by adverse economic situations and/or other developments. As specified in the Programme of Action, assistance for South-South cooperation would be focused on Group C countries -- while still providing some assistance for South-South cooperation to countries in the other groups -- to help them share their successful experiences with other countries in all the groups.

39. **Countries with economies in transition.** In addition to the three groups of developing countries described above, the countries with economies in transition -- as noted in the ICPD Programme of Action (paragraph 14.15) -- will have specific needs for external assistance on a temporary basis. It is proposed that 3 to 4 per cent of country-programme resources be allocated for countries with economies in transition, using flexibility in the application of this proportion. It is expected that the need for assistance to these countries will diminish in the future and that the bulk of resources allocated to this group will be concentrated in the Central Asian Republics and Kazakstan (CARK) subregion.

D. **Distribution of resources to individual countries**

40. At the outset, it should be clear that to receive UNFPA assistance a country must adhere to the principles set out in the ICPD Programme of Action.

41. Following the discussions of the Executive Board in January 1996, the distribution of resources to individual countries within each broad group would be approached with a great deal of flexibility. The amount and type of resources allocated to each country, as in the past, would be largely determined by a comprehensive assessment of the country's actual needs and capacities. Since many of the criteria upon which the level of external assistance to a particular country would depend are qualitative in nature, flexibility in assigning resources at this level should be maintained.

42. In this connection, the PRSD methodology has been developed by the Fund for assessing the needs of a country for assistance from external sources. The government concerned is fully involved in the exercise, the findings of which have become the principal tool for programming UNFPA resources at the country level. It should also be mentioned here that, in undertaking a PRSD exercise, all other relevant assessments of development needs for the country including the Country Strategy Note as well as plans from other agencies and organizations, both within the United Nations system and outside, are integrated into the overall assessment concerning population and development needs.

43. The strategy developed through the PRSD mechanism provides a basis for deciding on the type of activities as well as the level of support for country programmes. There are, however, other considerations that would be taken into account in determining the level of assistance to a given
country. The importance of its level of development vis-à-vis other countries in the same group would also be considered as a factor.

44. Moreover, the commitment of a country to cope with its population problems and to assign domestic resources to population-development programmes will be taken into account. As a result of the ICPD, a global commitment has emerged for an integrated approach to population and development issues, encompassing universal access to basic education and health services, including reproductive-health services, and gender equity and equality. Countries lacking such commitment will need assistance, especially for activities in the core programme area of advocacy.

45. Other factors that would have a bearing on the level of assistance to individual countries include the size and growth rate of the population and the availability, if any, of external assistance from other donors to complement national financial efforts for activities in the areas of population and reproductive health. These are all factors that, taken together, may often be difficult to measure in quantitative terms but that require careful assessment in order to ensure the effectiveness and impact of the activities the Fund supports. The Fund has developed, over the years, an in-depth and flexible approach in this regard and will build on it in the implementation of the revised approach in the future.

VI. IMPLICATIONS OF THE REVISED APPROACH

46. The proposed approach was applied to 111 developing countries with populations of 150,000 or more. Table 4 contains an analysis of the implications of the revised approach for resource allocation.

Table 4. Grouping of countries and selected features

<table>
<thead>
<tr>
<th>Groups</th>
<th>No. of Countries</th>
<th>Share of Total Population (1995)</th>
<th>Share of resources</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Current</td>
<td>Proposed</td>
</tr>
<tr>
<td>Group A</td>
<td>60</td>
<td>45 %</td>
<td>51 %</td>
<td>65-69 %</td>
</tr>
<tr>
<td>Group B</td>
<td>39</td>
<td>24 %</td>
<td>35 %</td>
<td>22-24 %</td>
</tr>
<tr>
<td>Group C</td>
<td>12</td>
<td>31 %</td>
<td>11 %</td>
<td>5-7 %</td>
</tr>
<tr>
<td>All Groups</td>
<td>111</td>
<td>100 %</td>
<td>100 %*</td>
<td>100 %**</td>
</tr>
</tbody>
</table>

* Includes about 3 per cent for countries with economies in transition, as well as other countries not included in this table.

** Includes 3 to 4 per cent for countries with economies in transition and 0.5 per cent to other countries not included in this table.
47. As can be seen in the table, 60 countries are classified in Group A, including all 48 LDCs. In all, these 60 countries comprise 45 per cent of the developing world's total population in 1995. Currently, they receive 51 per cent of the Fund's total resources for countries.

48. Group B contains 39 of the 111 countries, comprising 24 per cent of the total 1995 population of developing countries. Group B countries currently receive 35 per cent of country-programme resources.

49. Twelve of the 111 countries have met the thresholds for all seven indicators and thus comprise Group C. In 1995, these countries accounted for 31 per cent of the total population of developing countries. Group C countries currently receive 11 per cent of UNFPA country-programme resources.

50. Of the 60 countries in Group A, 37 are from the sub-Saharan African region (accounting for 84 per cent of all sub-Saharan African countries); 16 countries are from Asia and the Pacific; 2 countries are from Latin America and the Caribbean; and 5 countries are from the Arab States. For Group B, the distribution is as follows: 6 countries are from the sub-Saharan African region; 7 countries are from Asia and the Pacific; 18 countries are from Latin America and the Caribbean; and 8 countries are from the Arab States. Finally, in Group C, there is one country from the sub-Saharan African region; 5 countries from Asia and the Pacific; and 6 countries from Latin America and the Caribbean.

51. A periodic review, once every five years, of the revised system for allocating UNFPA resources would be undertaken to adjust the system to reflect the progress achieved in individual countries towards attaining the ICPD goals. The review would also be used to reassess the threshold values of the indicators used as well as to recommend alternative indicators as they become available.

52. The revised approach for resource allocation would be introduced in a phased manner and with care so as not to disrupt ongoing programmes abruptly. The revised approach, therefore, would be applied on a case-by-case basis, taking into account both the stage of the current cycle of assistance and level of programme implementation. For the most part, the revised approach would be applied to individual countries as they begin their next programme cycles. Hence, the new proportions proposed for allocations to Groups A, B and C would be achieved gradually, as more and more new country programmes are approved.
VII. ELEMENTS FOR A DECISION

53. The Executive Board may wish to:

   1. **Take note** of the report on a revised approach for the allocation of UNFPA resources to country programmes (document DP/FPA/1996/15) and of the comments made thereon by the Executive Board;

   2. **Endorse** the approach for resource allocation contained in the report, including the indicators and threshold levels towards meeting the goals of the International Conference on Population and Development (ICPD) for the year 2005;

   3. **Reaffirm** the need to give special attention to the least developed countries, to low-income countries and to the sub-Saharan African region;

   4. **Endorse** the procedure for categorization of countries into Groups A, B and C as outlined in the report and **approve** the relative shares of resources as described in table 4 of the report;

   5. **Endorse** the proposal that 3 to 4 per cent of country programme resources be allocated, on a temporary basis, for countries with economies in transition;

   6. **Recommend** that the distribution of resources to individual countries be made in a flexible manner in line with the section of the report titled “Distribution of resources to individual countries”;

   7. **Recognize** that some countries may still continue to require programme support in selected thematic areas to assure that the gains already made are not compromised by adverse economic situations;

   8. **Recommend** that the revised approach for resource allocation be introduced in a phased manner, taking into account both the stage of the current cycle of assistance and status of programme implementation in individual countries;

   9. **Request** the Executive Director to undertake a quinquennial review of the system for resource allocation, including an assessment of the indicators and their threshold levels, and to report thereon to the Executive Board starting in the year 2000;

   10. **Also request** the Executive Director to provide in her annual report information on the level of allocations to the categories of countries in line with the revised approach.

   /...
Notes

1. The reports, listed in order of submission, are: "Allocations of UNFPA resources and proposed alternate funding arrangements" (document DP/118); "Priorities for future allocations of UNFPA resources" (DP/186); "Application of criteria for establishing priorities" (DP/232); "Application of criteria for establishing priorities" (DP/263); "The future role of UNFPA: UNFPA in the 1980s" (DP/530); "The UNFPA experience with the system of priority countries" (DP/1982/30/Add.1); "The experience gained by the Fund in using the present set of criteria for selecting priority countries" (DP/1986/38); "The programming experience of the Fund in using the existing set of criteria and suggestions for modification of the criteria in the designation of priority countries" (DP/1988/38); and "Report of the Executive Director reviewing the Fund's experience in implementing the priority-country system" (DP/1993/33).

2. This indicator is defined as the proportion of births attended by a doctor, a registered midwife or a trained traditional birth attendant. See WHO, Coverage of Maternal Care, 3rd ed., 1993. Data cover the period 1983-1993.

3. This indicator is defined as the proportion of women of reproductive ages (generally aged 15-49) who are currently using any method of contraception. See United Nations Population Division, World Contraceptive Use 1994, ST/ESA/SER.A/143. Data cover the period 1986-1993.

4. This indicator is defined as the proportion of the population who can reach local health services within one hour by the usual means of transportation. See UNICEF, The State of the World's Children, 1995. Data cover the period 1985-1993.

5. The infant mortality rate is defined as the annual number of deaths to infants aged under one year divided by the annual number of live births, usually expressed per 1,000. See United Nations Population Division, World Population Prospects Database 1950-2050, 1994 Revision. Data are for 1992. The maternal mortality ratio is defined as the annual number of maternal deaths divided by the annual number of live births, usually expressed per 100,000. See UNICEF, The State of the World's Children 1995, which is based on data compiled by WHO. Data cover the period 1980-1992.

6. The gross female enrollment rate at the primary level is defined as the number of girls enrolled in primary-level grades divided by the sub-population of the age group appropriate to the primary level, usually expressed per 100. See United Nations Statistical Division, Women's Indicators and Statistics Database, Version 3 (CD-ROM), 1994, which is based on data compiled by UNESCO. Data are for 1990.
7. The adult female literacy rate is defined as the proportion of women aged 15 or more who are literate. (Three widely accepted definitions of "literate" are in use: UNESCO collates information but does not try to standardize it.)

8. Paragraph 13.15 of the ICPD Programme of Action estimates the global quantum of financial resources needed to successfully implement the Programme. Paragraph 14.11 gives equivalent estimates for the amount of external financial assistance required.

9. It is noted that this indicator, proportion of population with access to basic health services, suffers from reporting biases that tend to over-estimate true access, partially because distance from a service point alone does not measure what resources and services are actually provided at the service point. The threshold of 60 per cent is viewed as giving a realistic picture of the average levels of access that currently obtain and those that can reasonably be aimed for in the next decade. It should be noted that setting a higher threshold, e.g., of 65 per cent, would not alter the basic distribution.

10. The distribution of countries by number of thresholds met for 2005 for each group of countries is presented below.

<table>
<thead>
<tr>
<th>Number of thresholds met</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group A</td>
<td>24</td>
<td>17</td>
<td>7</td>
<td>6</td>
<td>2*</td>
<td>4*</td>
<td>0</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Group B</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>18</td>
<td>9</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>Group C</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>
* Least developed countries

11. There are currently 48 least developed countries. All 48 will be placed in Group A, taking into account recommendations of the ICPD Programme of Action (paragraph 14.14). Of the 48 least developed countries, 42 have met three or fewer of the seven indicators.

12. The same statistical series for GNP per capita will be used as the one being used by UNDP, namely the GNP per capita for the year 1994.

13. Based on the discussions of the Executive Board in January 1996, at both formal and informal sessions, the percentages given for Groups A, B and C will be treated with flexibility in order to take into account the realities and practical possibilities involved in formulating and implementing UNFPA country programmes. These percentages, therefore, will be treated as a range within which allocations will be made in any given year.

14. In view of the foregoing discussion and based on the latest data on the selected indicators, the revised approach for allocation of country-programme resources was applied to the UNDP list of 174
IPF (indicative planning figures) countries plus South Africa. Of these, 27 are countries with economies in transition and 21 are net contributor countries. Of the remaining 127 countries in the database, 16 are countries with populations under 150,000 for which most data, save GNP per capita, are unavailable. The revised approach has therefore been applied to the remaining 111 developing countries with populations of 150,000 inhabitants or more. It is proposed that, for the group of small-population countries and the group of net contributor countries, the same order of resource allocation be maintained under the revised approach as has been allocated in the recent past, that is, around 0.5 per cent of country-programme resources.