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Population Fund**

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**UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS**

**ANNUAL REVIEW OF THE FINANCIAL SITUATION, 1999**

**Report of the Administrator**

**SUMMARY**

The present report reviews the financial situation of the United Nations Development Programme for 1999. It presents the financial analysis of all activities administered by UNDP. Detailed financial statistical information is contained in document DP/2000/29/Add.1.

The Executive Board may wish to note that: (a) the continuing decline in voluntary contributions to UNDP regular resources (i.e. core resources) resulted in the reduction of available balance of resources to \$107 million, the lowest it has been since 1984; (b) as a consequence, UNDP has had to draw against its operational reserve during the first half of the current year (2000). At the time of the preparation of the present document in June 2000, UNDP has drawn against its operational reserve up to an amount of about \$90 million, or 50 per cent of the total; (c) successive reductions in voluntary contributions since 1992 have led to continuous erosion of the amount of financial resources that programme countries receive from UNDP through the target for resource assignment from the core (TRAC) system; (d) in accordance with Executive Board decision 98/2, the reports on the amount, origin and destination of other resources (i.e. non-core resources) are detailed in tables 7 to 9 and 17 of document DP/2000/29/Add 1.

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UNDP Overview: Statement of income and expenditure for the year ended 31 December 1999 with comparative figures for 1998

UNDP Overview: Assets, liabilities and reserves and fund balances as of 31 December 1999 with comparative figures for 1998

## ABBREVIATIONS

CARERE	Cambodian Resettlement and Reintegration Programme
DESA	Department of Economic and Social Affairs of the United Nations Secretariat
FAO	Food and Agriculture Organization of the United Nations
GCCC	Government cash counterpart contributions
GEF	Global Environment Facility
IAPSO	Inter-Agency Procurement Services Office
ILO	International Labour Organization
JPO	Junior Professional Officer
LDC	Least developed country
MSA	Management services agreement
MYFF	Multi-year funding framework
NGO	Non-governmental organization
OHADA	Organization for the Harmonization of Business Law in Africa
PAPP	Programme of Assistance to the Palestinian People
RFA	Reserve for Field Accommodation
SMF/LDC	Special Measures Fund for the Least Developed Countries
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFSTD	United Nations Fund for Science and Technology for Development
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNRFRNRE	United Nations Revolving Fund for Natural Resources Exploration
UNSECOORD	Office of the United Nations Security Coordinator
UNSO	Office to Combat Desertification and Drought
UNV	United Nations Volunteers

## DEFINITIONS

Regular resources activities: activities financed from voluntary contributions and related interest earnings and miscellaneous income. This category comprises core activities and those of SMF/LDC;

Other resources activities: activities financed from sources other than regular resources - as defined above - that are earmarked for specific programmes. Under this category fall cost-sharing, government cash counterpart contributions, and trust funds established by the Administrator. For presentation purposes, MSAs, the reimbursable support services and other activities (the JPO programme and the RFA, among others) are included in other resources grouping;

Funds administered by UNDP: the funds established by the General Assembly and administered by UNDP.

Programme support: expenditure incurred by organizational units (country offices and headquarters) whose primary function is the development, formulation, delivery and evaluation of the programmes of the organization;

Management and administration: expenditure incurred by organizational units whose primary function is the maintenance of the identity, discretion and well-being of the organization;

Support to operational activities of the United Nations: this consists of four elements that pertain essentially to the regular resources activities, namely, country offices support, the United Nations Development Group, UNV and IAPSO.

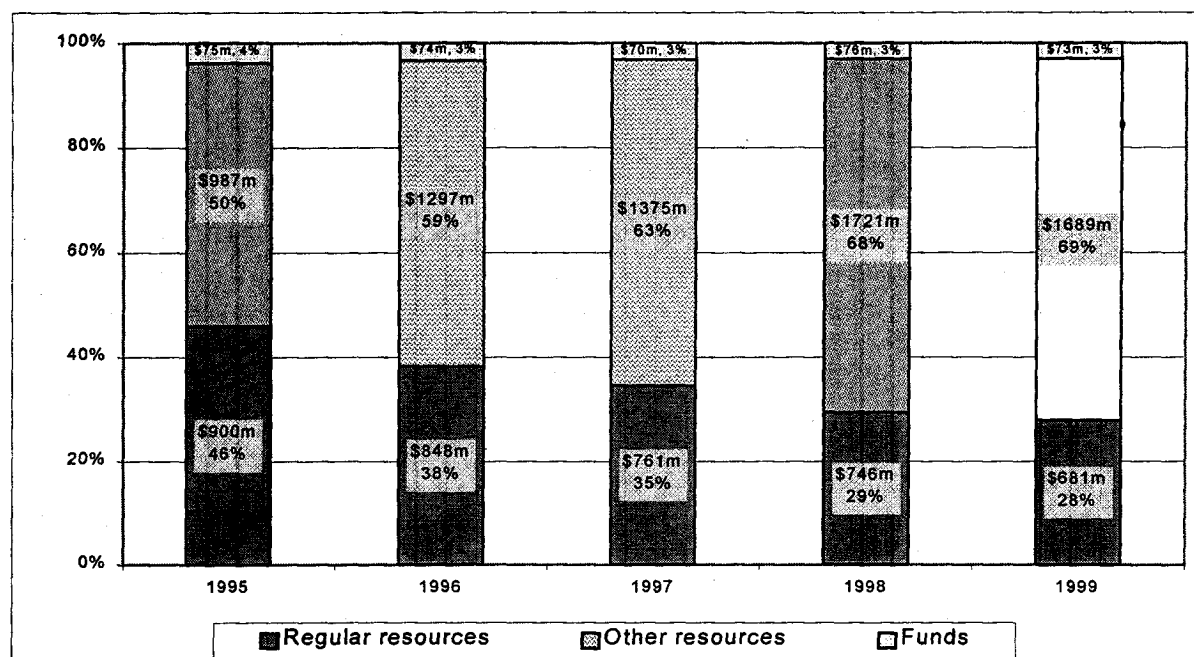
## I. INTRODUCTION

1. The present report provides an overview of the financial condition of UNDP at the end of the year 1999 as well as the comparative figures for the year ended 31 December 1998. While UNDP continues to be successful in attracting other resources, the organization is greatly affected by the decline in voluntary contributions, a decline that has been brought to the attention of the Executive Board on several occasions. The situation has caused UNDP to use its operational reserve during the first half of 2000. The contributions to UNDP regular resources (i.e. core resources) in 1999 represent 28 per cent of the aggregate contributions received during the year compared to 46 per cent in 1995.
2. The report contains analyses of the activities of UNDP at the aggregate level, followed by the analyses of the financial situation of the regular resources, then by other resources (i.e. non-core resources) and by the funds established by the General Assembly. An overview of the overall aggregates is shown in the annex to the present paper. All tables in the narrative represent summary information of detailed data that can be found in the statistical addendum (DP/2000/29/Add.1) to the present document.
3. In accordance with Executive Board decision 98/2, the reports on the amount, origin and destination of other resources are detailed in tables 7 to 9 and 17 of document DP/2000/29/Add. 1.

## II. UNDP OVERALL

4. The present section focuses - at the aggregate level - on UNDP operational activities and the resultant unexpended balances. In addition, table 1 of the addendum presents a summary of all activities undertaken by UNDP. Although the data is broken down by type of activity, the figures have been aggregated to facilitate an overview of the overall financial situation of UNDP.
5. The aggregate figures mask the serious financial crisis that UNDP is facing in its regular resource base, to which the Executive Board was alerted by the Administrator in his annual report (DP/2000/23). In its decision 2000/1, the Board expressed serious concern at the decline in the level of regular resources, thus reaffirming earlier decisions (e.g. 98/2, 98/23 and 99/1) that regular resources constitute the bedrock of UNDP and ensure its universality, predictability, neutrality and multilateralism, as well as the ability to respond in a flexible way to the needs of programme countries, in particular those of least developed countries and low-income countries. Figure 1 presents the five year trend of contributions to regular resources, other resources and funds administered by UNDP.
6. Other resources cannot substitute for a sufficient, predictable and sound base in regular funding, in line with the targets set by the Executive Board in its decisions 98/23 and 99/1 and outlined in the multi-year funding framework. Voluntarily provided regular resources are at the heart of the country-specific, country-owned programmes of UNDP; they guarantee the in-country infrastructure through which UNDP programmes are delivered and on which the worldwide country presence of the United Nations rests.
7. UNDP capacity to raise other resources depends on its having an adequate and secure multilateral base from which to finance its proven development infrastructure and the country presence of the United Nations.

Figure 1: Contributions: Five-year trend  
(millions of United States dollars)



8. The high dependency on a limited number of non-programme donor countries is still evident. The total value of the contributions received in 1999 from the top 15 non-programme country donors amounts to \$1.0 billion or 96 per cent of total contributions received from non-programme countries, the same level received in the past two years.

Table 1. Top 15 non-programme country donors in contributions for selected UNDP activities, 1999<sup>a/</sup>  
(millions of United States dollars)

Donor	Regular resources	Trust funds, third-party cost-sharing and MSAs	Funds	Total
United States <sup>b/</sup>	95	16	1	112
Japan	80	122	7	209
Netherlands	75	42	12	129
Norway	71	32	6	109
Sweden	60	32	6	98
Denmark	58	15	8	81
United Kingdom	57	15	1	73
Germany	46	3	3	52
Switzerland	34	7	1	42
Canada	27	6	1	34
France	16	4	2	22
Italy	12	12	4	28
Finland	11	10	1	22
Austria	8	-	-	8
Spain	5	3	-	8
Total	655	319	53	1 027

Reference: Table 7, DP/2000/29/Add.1

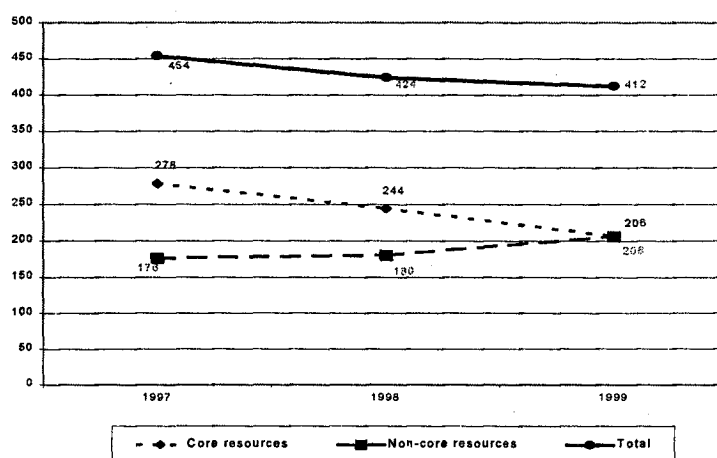
<sup>a/</sup> Ranked on the basis of regular resources income received in 1999

<sup>b/</sup> Contributions to regular resources of \$95 million include the portion used for the reimbursement of income taxes levied on UNDP staff (\$5.8 million).

9. The aggregate expenditure for all programme activities remained stable at \$2.3 billion in 1999. Of this total, \$1.7 billion pertains to other resources, more than double the level of expenditure financed from regular resources. Successive reductions in voluntary contributions since 1992 have led to continuous erosion of the amount of financial assistance that programme countries receive from UNDP through the target for resource assignment from the core (TRAC) system. Tight spending controls in the interests of financial discipline are now being introduced to prevent problems of liquidity. The unpredictability in voluntary contributions give rise to stop-go programming of the kind that the MYFF, as a mechanism for more predictable contributions, was designed to avoid.

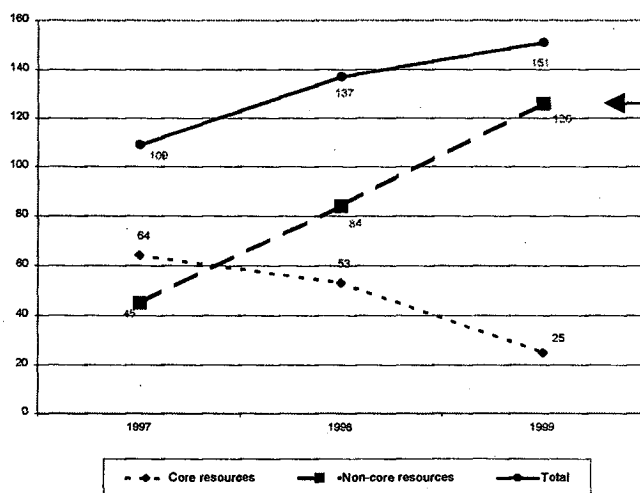
Figure 2. Regional distribution of programme expenditure, 1999  
(millions of United States dollars)

A. Africa



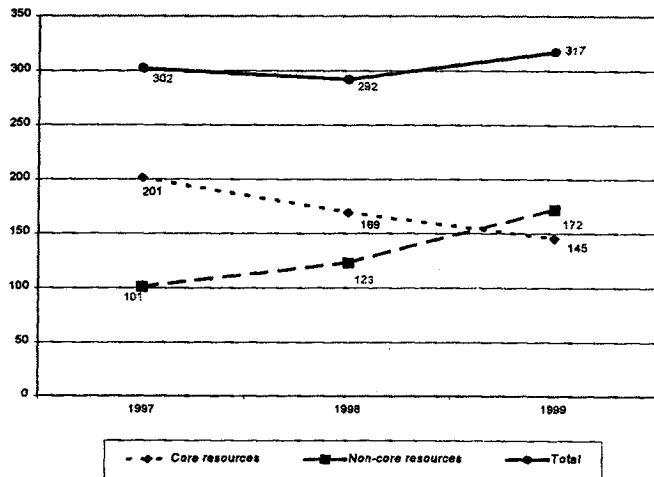
The financial crisis in regular resources has driven down UNDP programme spending in Africa, the main region of focus. The increase in trust fund activities in countries in conflict and post conflict and other emergency situations did not compensate for the overall downward trend.

B. Arab States



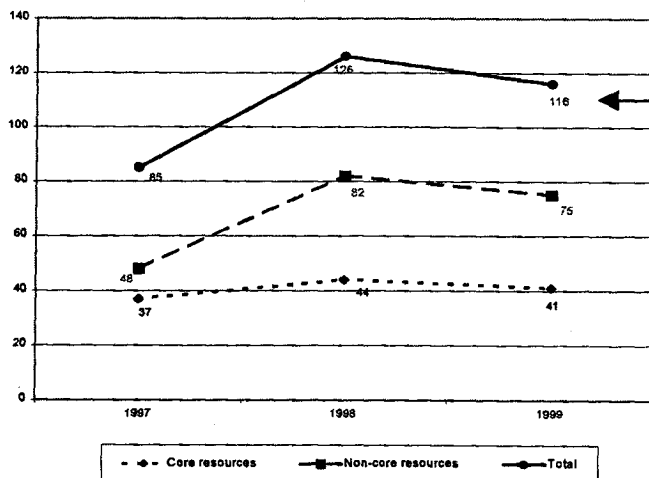
Includes expenditure  
for  
the Iraq Programme  
for Humanitarian  
Assistance of  
\$83 million.

C. Asia and the Pacific



Overall increase in programme spending in Asia and the Pacific emanates from the elections in Indonesia (\$49 million).

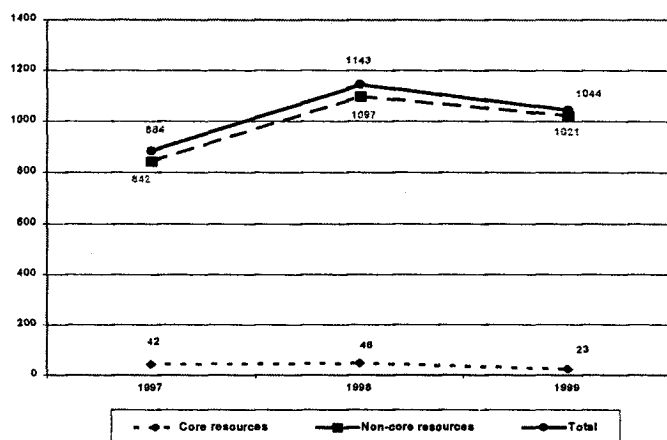
D. Europe and the Commonwealth of Independent States



Includes expenditures of \$24 million in Bosnia and Herzegovina.



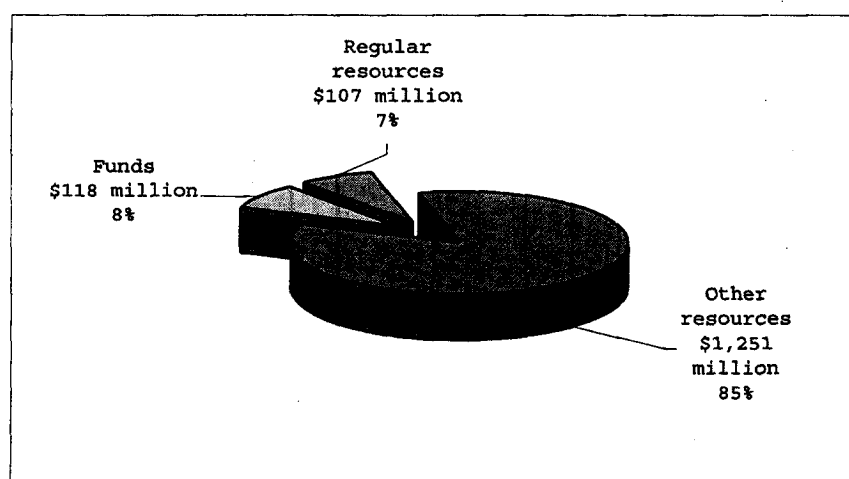
### E. Latin America and the Caribbean



**Activities  
still are financed  
mainly from  
non-core  
resources.**

10. The increase in the other resources activities offsets the declining balance in unexpended regular resources. There was decrease of 9 per cent in the aggregate unexpended resources from all activities to \$1.5 billion in 1999 from \$1.6 billion the previous year. There was however an almost 50 per cent decrease in the balance of unexpended regular resources. The balance, excluding the SMF/LDC (\$11 million), at the end of 1999 was \$96 million (see figure 3). This balance is \$20 million lower than the 1984 balance of \$116 million. On the other hand, the other resources balance increased to 85 per cent (\$1.3 billion) of the aggregate total resources from all sources compared to 79 per cent in 1998.

Figure 3. Resource balances, 1999



### III. REGULAR RESOURCES

11. Regular resources activities shown in table 2 and in figure 4, 5 and 6 comprise the core activities and those of the SMF/LDC. The present section first examines income, then expenditure, and lastly focuses on the balance of unexpended resources. Compared to 1998, the total income decreased by 8.4 per cent to \$719 million and the total expenditure went down by 8.0 per cent to \$811 million in 1999. Overall, there was a 49.6 per cent decline in the available resource balance. This implies programme activities in future years will depend on actual contributions received yearly.

#### A. Income

12. As indicated in table 2 and depicted in figure 4, voluntary contributions to the regular resources (inclusive of SMF/LDC) fell by 8.6 per cent (\$64 million) to \$681 million in 1999. The decrease was mainly due to the unexpected reduction in the contribution level of two major donors, delayed or partial payment of 1999 contributions of some donors and the continued strength of the US dollar over other currencies.

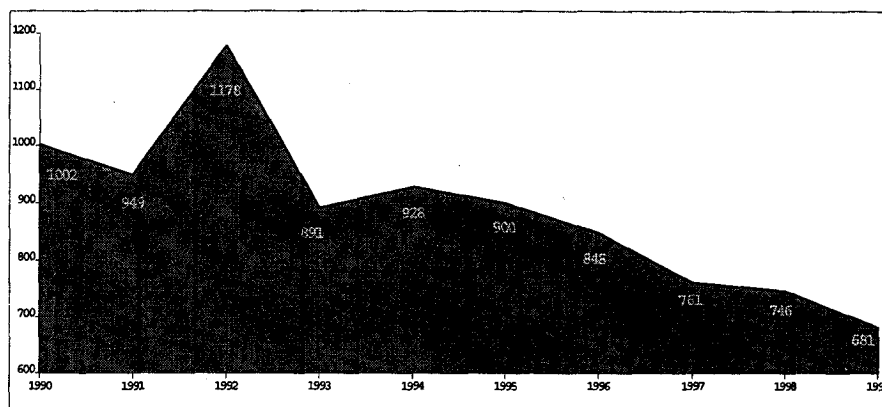
Table 2. Income and expenditure for the years ended 31 December 1999 and 1998  
(millions of United States dollars)

	Regular resources		Change between 1999 and 1998 (percentage)
	1999	1998	%
<u>Income</u>			
Net contributions	681.4	745.7	(8.6)
Interest and other income	37.6	39.6	(5.1)
<b>TOTAL INCOME</b>	<b>719.0</b>	<b>785.3</b>	<b>(8.4)</b>
<u>Expenditure</u>			
Programme	490.2	587.6	(16.6)
Programme support:			
Implementing agents	51.0	38.9	31.1
Biennial support budget: net	258.9	234.2	10.5
Support to resident coordinator	10.1	11.0	(8.2)
UNDP sectoral support	0.0	0.5	(100.0)
Other expenditure and write-offs	0.6	9.3	(93.5)
<b>TOTAL EXPENDITURE</b>	<b>810.8</b>	<b>881.5</b>	<b>(8.0)</b>
Shortfall of income over total expenditure	(91.8)	(96.2)	(4.6)
Transfer from (to) reserves	(12.3)	20.0	-
Savings, refunds and other transfers	(1.0)	3.3	-
Balance of unexpended resources, 1 January	212.1	285.0	(25.6)
Balance of unexpended resources, 31 December	107.0	212.1	(49.6)
Operational reserve	180.0	180.0	-
Total months of expenditure <sup>a/</sup>	4	5	

Reference: Table 1(a), DP/2000/29/Add.1

<sup>a/</sup> This calculation totals the operational reserve and balance of unexpended resources and is based on average monthly expenditure of \$67 million in 1999 and \$73 million in 1998.

Figure 4. Regular resources contributions, 1990-1999  
(millions of United States dollars)



13. Approximately \$38 million in pledges remained unpaid as of 31 December 1999. As of 16 June 2000, a total of \$246 million has been received, of which \$13.7 million pertain to pledges for 1999 and prior years and \$232.3 million relate to 2000 pledges.

#### B. Expenditure

14. As a consequence of the financial crisis, the total 1999 expenditure under regular resources declined to \$811 million from \$882 million in 1998, reflecting an adjustment to the lower level of contributions.

15. Programme expenditure in 1999 decreased by 16.6 per cent to \$490 million against \$588 million in 1998. Should the contributions to the regular resources in US dollars for the year 2000 remain at the 1999 level, UNDP plans to decrease its programme expenditure further by about 13 per cent.

16. Percentage share of programme expenditure among the regions remained stable. Africa and Asia and the Pacific, the largest regions, are severely impacted by the decrease in core resources. Compared to 1998, delivery dropped in the Africa region from \$244 million to \$206 million, and in the Asia and the Pacific region from \$169 million to \$145 million.

Table 3. Distribution of programme expenditure by execution modality for UNDP regular resources, 1997-1999  
(millions of United States dollars)

Executing agency	Regular resources		
	1999	1998	1997
National execution	260	315	363
UNOPS	165	174	162
"Big five" agencies a/	15	58	76
Other agencies	39	30	45
Direct execution (UNDP)	9	9	8
NGOs	2	2	-
Total b/	490	588	654

Reference: Table 14, DP/2000/29/Add.1

a/ DESA, FAO, ILO, UNESCO and UNIDO

b/ Expenditure spent in LDCs are: \$249 million in 1999; \$302 million in 1998; \$339 million in 1997.

17. The trend of using the national execution modality continued, accounting for 53 per cent of core programme expenditure (see figure 5). In 1998, national execution accounted for 54 per cent of total programme expenditure compared to 55 per cent in 1997; 51 per cent in 1996 and 41 per cent in 1995. UNOPS execution has continued to increase - from 22 per cent in 1995 to 34 per cent in 1999 (25 per cent in 1996 and 1997 and 30 per cent in 1998). The delivery of programme activities by the five largest United Nations specialized agencies amounted to \$15 million (net of \$38 million in expenditure of prior years transferred to trust funds). Programme expenditure under the direct and NGO execution remained unchanged (\$11 million).

Figure 5. Expenditure by execution modality: regular resources, 1995-1999  
(millions of United States dollars)

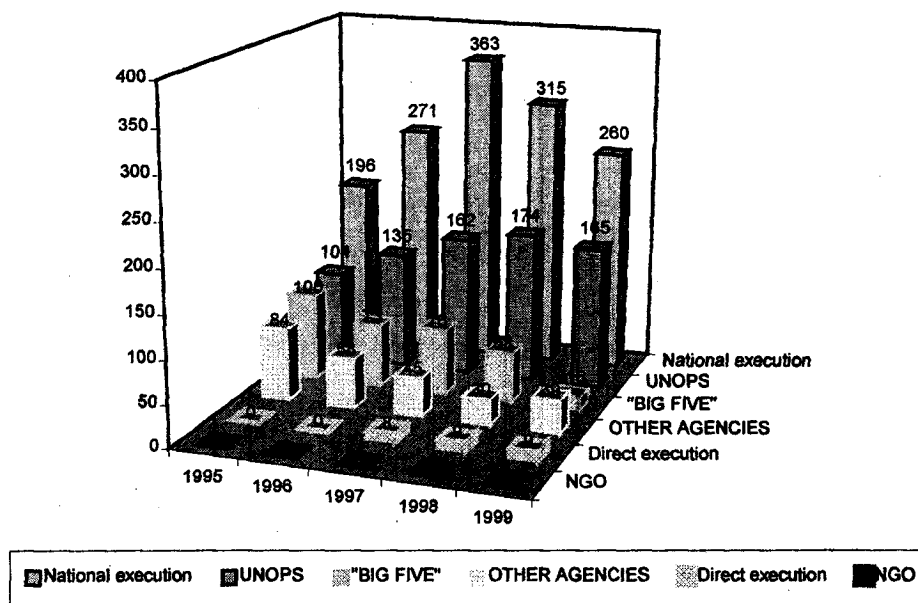
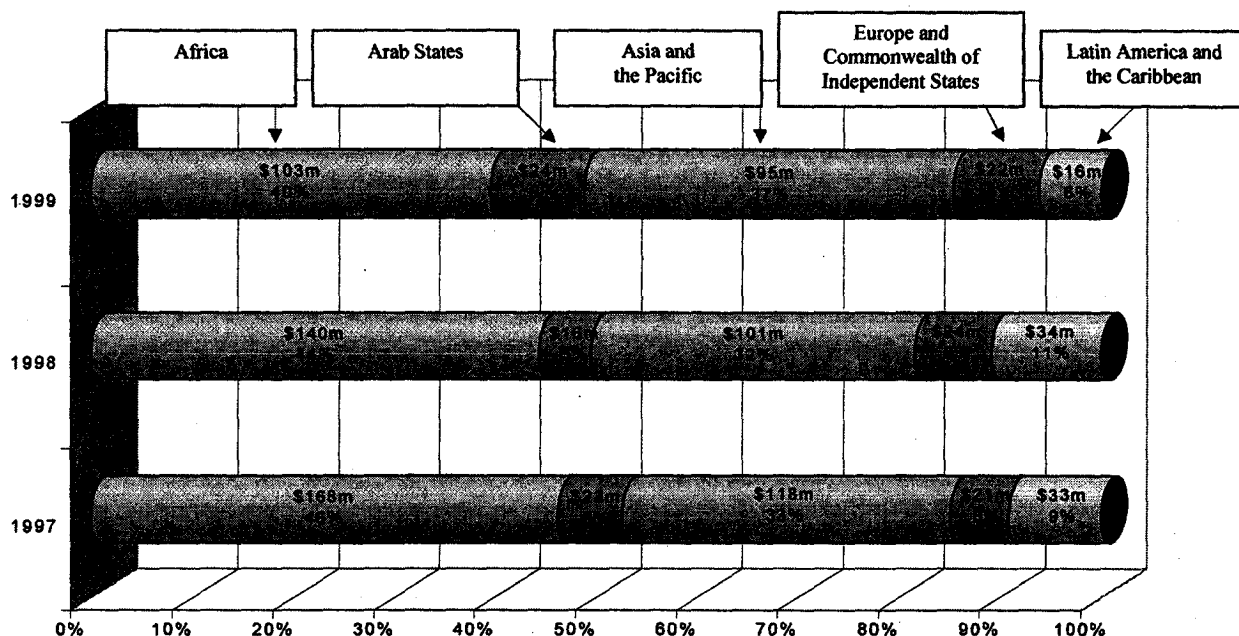


Figure 6. National execution programme expenditure by region  
(millions of United States dollars)



18. Programme support paid to implementing agents increased to \$51 million, compared with \$38.9 million in 1998 (\$53.7 million in 1997), essentially owing to claims of prior year for implementing projects under national execution.

19. Biennial support budget. The support budget expenditures for 1999 were higher than those for 1998, representing to a great extent the normal trend of higher expenditures in the second year of the biennium. In reviewing the 1998-1999 biennium, the gross support budget expenditure of \$544.5 million in 1998-1999 represented a marginal 2.8 per cent increase over that of 1996-1997 expenditure of \$529.8 million. The net 1998-1999 biennial budget expenditure was \$493.1 million, \$25 million below the approved 1998-1999 net budget, which represents an overall savings of 5 per cent. By appropriation group, 55 per cent (57 per cent in 1996-1997) was spent on programme support activities, 23 per cent on management and administration (21 per cent in 1996-1997) and 22 per cent on support to operational activities of the United Nations system (22 per cent in 1996-1997). In total, 66 per cent of expenditures were related to country offices with the remaining 34 per cent attributed to headquarters locations, including UNV and IAPSO.

20. Write-offs. As in 1998, the review of various accounts receivable determined that the sum of \$492,000 was long outstanding and unrecoverable, consisting mainly of \$341,000 in advances to Governments under national execution projects. The said amount was written off and charged against regular resources; it is included in "other expenditure" of \$632,000 shown in table 1(a) of the addendum. In accordance with the Financial Regulations and Rules, notice the amount written off was submitted to the Board of Auditors with the accounts.

### C. Balance of unexpended resources

21. The balance of unexpended resources shown in table 4 is the pool of resources available to finance UNDP regular resource activities. Table 4 shows the balance available for UNDP activities financed from regular resources. At \$107 million, it is the lowest since 1984 and has declined some 50 per cent since 31 December 1998 (\$212 million).

22. Furthermore, the availability of this balance depends on the degree of liquidity of the assets held. Cash and investments are the main liquid assets of UNDP. Other assets, net of liabilities, supplement investments to form the balance of unexpended resources. Other assets include advances to country offices and to other United Nations organizations. On the liability side, unliquidated obligations and other payables represent expenditure that has been incurred but not yet disbursed.

Table 4. Movement in the balance of unexpended resources, 1999 and 1998  
(millions of United States dollars)

	1999	1998
Balance as at 1 January	212.1	285.0
Total income	719.0	785.3
Total expenditure (including support costs and other expenditure)	(810.8)	(881.5)
Savings on obligations of prior biennium	-	3.8
Transfer from(to) reserves and other transfers	(13.3)	19.5
Balance as at 31 December	107.0	212.1

Reference: Table 1(a), DP/2000/29/Add.1

23. The balance of unexpended resources as at 31 December 1999 is comprised of the elements shown in table 5.

Table 5. Composition of the balance of unexpended resources, 1999 and 1998  
(millions of United States dollars)

	1999	1998
Cash and investments	45.5	197.3
Net balance of advances made to programme countries for national execution projects	43.7	33.4
Net balance of advances to executing agents and payments on behalf of other United Nations specialized agencies	86.3	35.0
Other advances, deferred charges and accrued interest	40.9	22.0
Expenditure incurred but not yet disbursed (Unliquidated obligations, accounts payable, etc.) <sup>a/</sup>	(109.4)	(75.6)
Balance of unexpended resources	107.0	212.1

Reference: Table 1(b), DP/2000/29/Add.1

<sup>a/</sup> Includes the balance of the medical insurance plan of \$13.2 million in 1999 and \$14.5 million in 1998.

24. There was a 77 per cent decrease (\$152 million) in the level of investments held for regular resources. The decrease was due mainly to the drop in unexpended resources by \$105.1 million. The remainder is attributable to the movement in other assets, net of liabilities, as analysed in table 6.

25. At the end of 1999, UNDP held cash and investments for regular resources totaling \$226 million, inclusive of the operational reserve of \$180 million. Based on total expenditure of \$811 million, the liquidity position of UNDP at the end of 1999 represented slightly more than the equivalent of expenditure for three months.

26. As reported to the Executive Board at its third regular session 1999 (DP/1999/32), the liquidity position of UNDP at the end of 1998 was even then below its normal range of the equivalent of expenditure for between 6 and 12 months. As noted at that time, the liquidity level of UNDP generally drops further during the first several months of the

calendar year because of the uneven pattern of the receipt of voluntary contributions normally experienced by UNDP. The liquidity position at the end of 1999 has been reduced even further, placing the organization in the position of having to draw against its operational reserve during the first half of 2000. In fact, at the time of the preparation of the present document in June 2000, UNDP has had to draw against the resources of its operational reserve up to an amount of some \$90 million to compensate for uneven cash flows. It is anticipated that the operational reserve will be replenished in large part by contributions expected to be paid in June and July, but the operational reserve will have to be utilized to varying degrees throughout the remainder of the year for the same reason as before. This again underscores the need for early payment of contributions by donors. The Administrator hereby reports the said drawdown from the operational reserve in accordance with Financial Regulation 25.6 (iv).

27. Movement in the liquid assets can be broken down as shown in table 6.

Table 6. Movement of liquid resources, 1999/1998  
(millions of United States dollars)

	1999	1998
Opening balance, 1 January		
Cash and investments	197.3	257.5
Income	719.0	785.3
Expenditure	(810.8)	(881.5)
Savings on obligations of prior biennium	-	3.8
Transfer from(to) reserves and other transfers	(13.3)	19.5
Subtotal	(105.1)	(72.9)
Net change in advances made to Governments, executing agents, expenditure incurred but not yet disbursed, etc.	(46.7)	12.7
Closing balance, 31 December <sup>a/</sup>		
Cash and investments	45.5	197.3

Reference: Table I(a,b), DP/2000/29/Add.1

a/ This balance of liquid assets is in addition to the investments held for the operational reserve (\$180 million in 1999 and 1998).

28. In accordance with Executive Board decision 99/9, the formula for the calculation of the level of the UNDP regular resource operational reserve was amended on the basis of documents DP/1999/5/Rev.1 and DP/1999/CRP.9/Rev.1. Based on the final income and expenditure data for the year 1999, the operational reserve will be adjusted to a new level of \$165 million for the year 2000.

#### IV. OTHER RESOURCES

29. The other resources activities comprise mainly government cost-sharing, third-party cost-sharing, government cash counterpart contributions, trust funds, management services agreements and the Junior Professional Officer programme. The overall income and expenditure in 1999 remained stable and the resource balance at the end of 1999 comprises 85 per cent of the aggregate resources of UNDP from all sources (see figure 3). Figure 7 shows the five year trend of overall income, expenditure and unexpended other resources. The five year trend of contributions to other resources is shown in figure 8. The overall contributions received in 1999 totalled \$1.69 billion, of which 58 per cent account for government cost-sharing (see figure 9). The following analysis looks separately at each of the main components: cost-sharing; MSAs; trust funds; the JPO programme; and the Reserve for Field Accommodation.

Figure 7. Other resources activities, 1995-1999  
(millions of United States dollars)

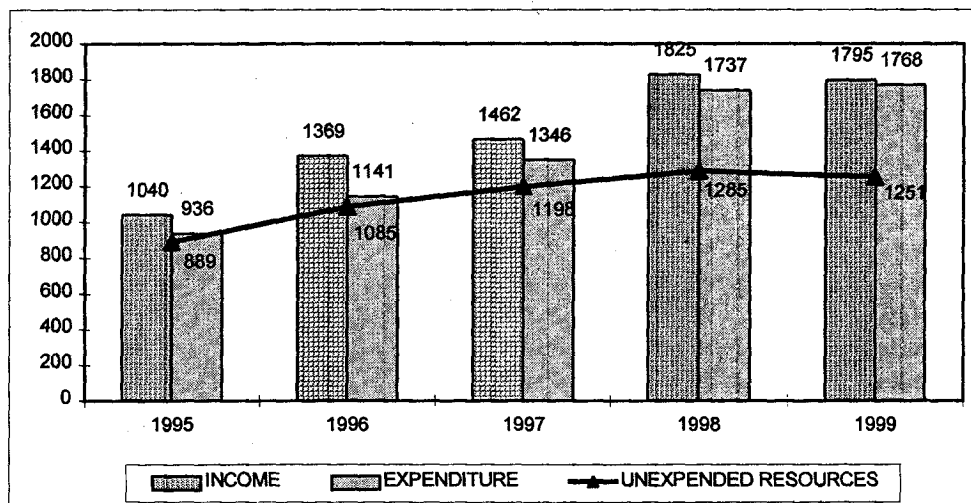


Figure 8. Earmarked contributions, 1995-1999  
(millions of United States dollars)

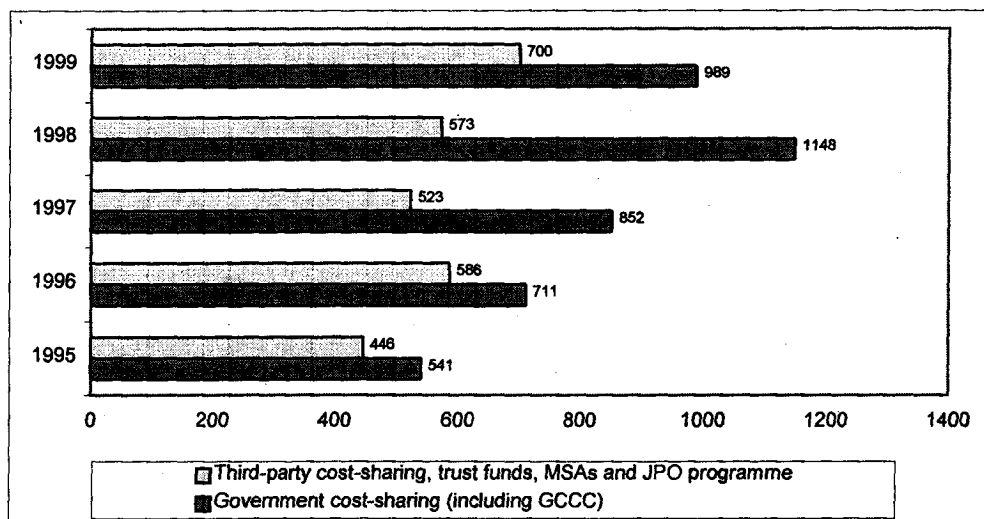
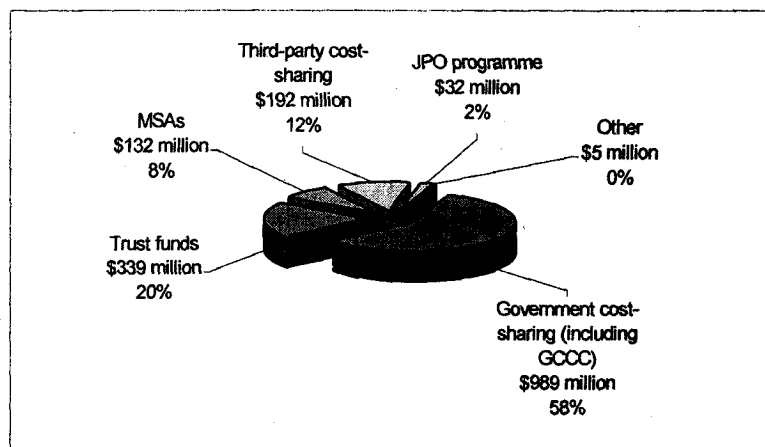




Figure 9. Contributions: 1999 other resources



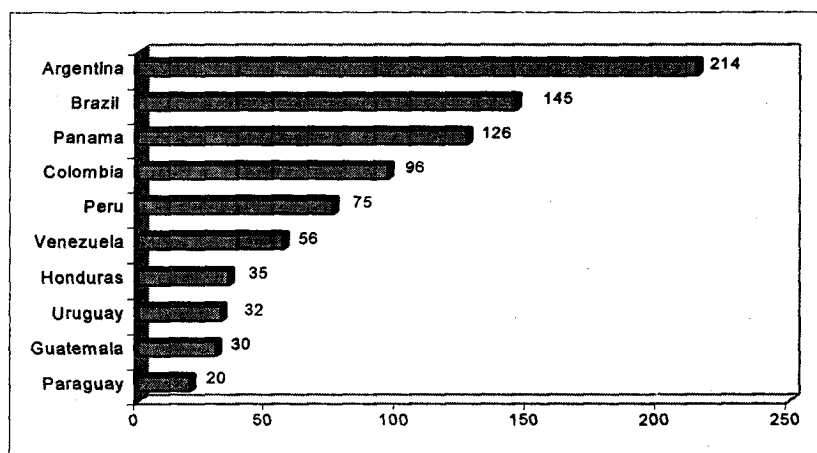
#### A. Cost-sharing

##### 1. Income

30. Cost-sharing is still in a sense unchanged although, for the first time in at least five years, contributions decreased by almost 8 per cent to \$1.2 billion in 1999 compared to \$1.3 billion in 1998.

31. The ten programme country Governments from Latin America and the Caribbean that contributed \$20 million or more accounted for 85 per cent of the total government cost-sharing contributions (87 per cent in 1998 and 86 per cent in 1997) (see figure 10). Third-party contributions received in 1999 from the European Commission totalled \$10.3 million, more than double the amount received in 1998 of \$176,000.

Figure 10. 1999 Government cost-sharing: top ten donors  
(millions of United States dollars)



## 2. Expenditure

32. Total cost-sharing expenditure decreased in line with the decrease in cost-sharing contributions, from \$1.2 billion in 1998 to \$1.1 billion in 1999. Government cost-sharing expenditure decreased by 9.8 per cent in 1999 (\$939 million compared to \$1.0 billion in 1998) and third-party cost-sharing increased by 57.3 per cent to \$177 million from \$113 million in 1998. On average, the support costs paid to the implementing agents are more or less stable (1.0 per cent of 1999 programme expenditure compared to 1.5 per cent in 1998 and 1.4 per cent in 1997).

33. The biennial support budget expenditure, which represents the support services paid by cost-sharing activities to UNDP remained relatively unchanged at \$36.1 million or 3 per cent of the total cost-sharing programme expenditure in 1999.

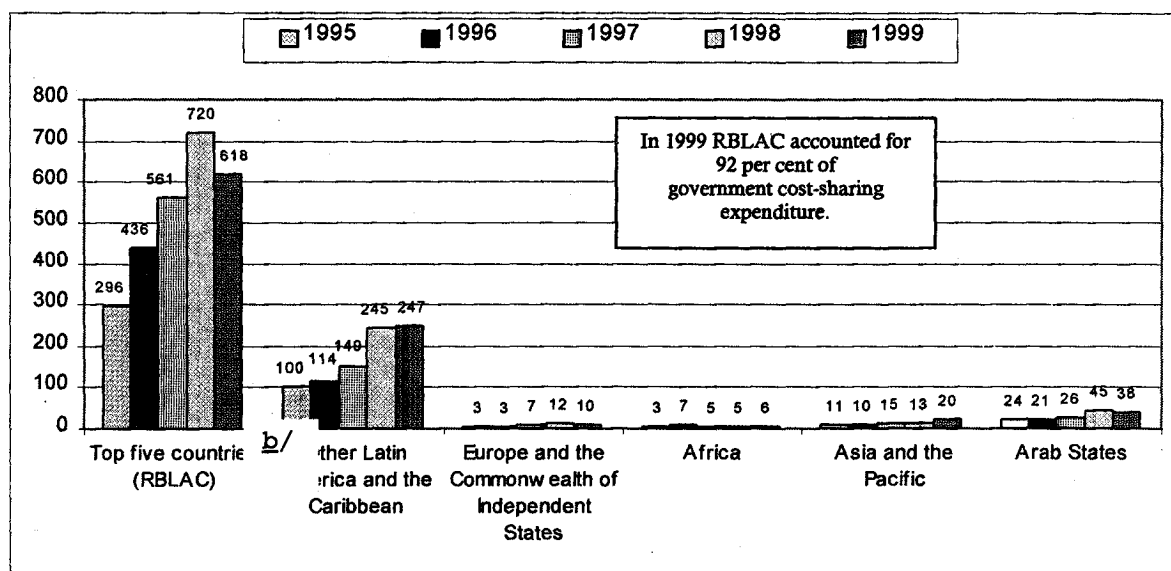
Table 7. Income and expenditure for the years ended 31 December 1999 and 1998  
(millions of United States dollars)

	Cost-sharing		Change between 1999 and 1998 (percentage)
	1999	1998	
<u>Income</u>			
Government cost-sharing contributions	984.3	1 141.1	(13.8)
Third-party cost-sharing contributions	192.2	134.1	43.3
Interest income	26.5	23.0	15.2
<b>TOTAL INCOME</b>	<b>1 203.0</b>	<b>1 298.2</b>	<b>(7.3)</b>
<u>Expenditure</u>			
Programme: Government cost-sharing	939.0	1 041.0	(9.8)
Third-party cost-sharing	177.1	112.6	57.3
Programme support: implementing agents	10.7	17.3	(38.2)
Biennial support budget: net	36.1	40.6	(11.1)
<b>TOTAL EXPENDITURE</b>	<b>1 162.9</b>	<b>1 211.5</b>	<b>(4.0)</b>
Net excess of income over expenditure	40.1	86.7	(53.7)
Refunds and other transfers	-	0.1	-
Balance of unexpended resources, 1 January	659.6	572.8	15.2
<b>Balance of unexpended resources, 31 December</b>	<b>699.7</b>	<b>659.6</b>	<b>6.1</b>
Balance in months of expenditure	7	7	

Reference: Table 3(a), DP/2000/29/Add.1

34. The distribution of expenditure incurred under cost-sharing activities by type and region is illustrated in table 8. Figures 11 (government cost-sharing) and 12 (third-party cost-sharing) show the regional distribution of expenditure, excluding global and interregional expenditure and GCCC.

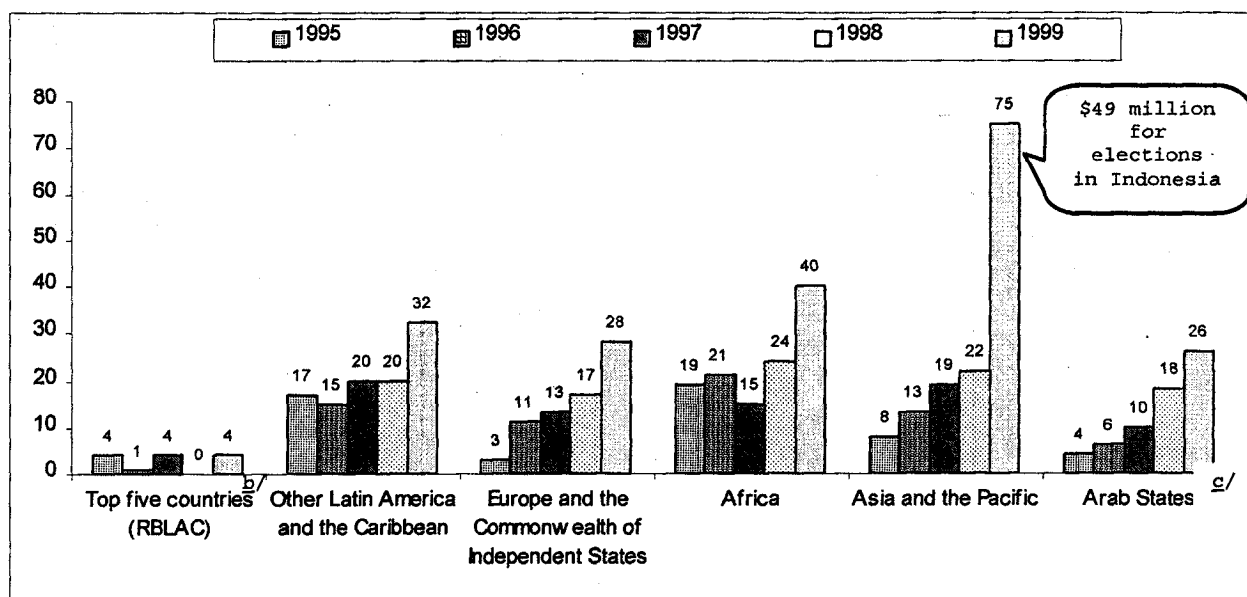
Figure 11. Government cost-sharing expenditure by region, 1995-1999 <sup>a/</sup>  
(millions of United States dollars)



<sup>a/</sup> Excludes expenditures for global, interregional and GCCC.

<sup>b/</sup> Argentina, Brazil, Colombia, Panama and Peru.

Figure 12. Third-party cost-sharing expenditure by region, 1995-1999 <sup>a/</sup>  
(millions of United States dollars)



<sup>a/</sup> Excludes expenditures for global, interregional and GCCC.

<sup>b/</sup> Argentina, Brazil, Colombia, Panama and Peru.

<sup>c/</sup> Expenditure in the Arab States region for 1999 excludes \$38 million transferred to trust fund modality.

35. The top five countries (Argentina, Brazil, Colombia, Panama and Peru) collectively accounted for the highest delivery of government cost-sharing. These top five countries mobilized 66 per cent or \$618 million in 1999 compared to 69 per cent or \$720 million in 1998 and 73 per cent or \$561 million in 1997 (see figure 11). Third-party cost-sharing expenditure increased by 3 per cent, mainly in the Asia and the Pacific region. The sum of approximately \$49 million was spent towards the elections in Indonesia, which accounts for the sharp increase in expenditure to \$75 million in 1999 (see table 8 and figure 12).

Table 8. Regional distribution of programme expenditure for UNDP cost-sharing, 1997-1999  
(millions of United States dollars)

	Third party			Programme governments		
	1999	1998	1997	1999	1998	1997
Top five countries <sup>a/</sup>	4	-	4	618	720	561
Latin America and the Caribbean (without top five countries)	32	20	20	247	245	149
Europe and the Commonwealth of Independent States	28	17	13	10	12	7
Africa	40	24	15	6	5	5
Asia and the Pacific	75	22	19	20	13	15
Arab States <sup>b/</sup>	26	18	10	38	45	26
Other expenditure <sup>c/</sup>	10	12	6	0	1	1
	215	113	87	939	1 041	764

Reference: Table 13, DP/2000/29/Add.1

<sup>a/</sup> Argentina, Brazil, Colombia, Panama, Peru

<sup>b/</sup> Includes cost-sharing expenditure for occupied Palestinian territory; 1999 third-party cost-sharing expenditure of \$26 million excludes \$38 million transferred from cost-sharing to trust fund modality.

<sup>c/</sup> Includes global and interregional programme and GCCC

### 3. Balance of unexpended resources

36. The balance of unexpended cost-sharing resources continues to account for more than 50 per cent of the total other resources balance. It now stands at \$700 million, which reflects the requirement for advance funding for this type of modality.

#### B. Management services agreements

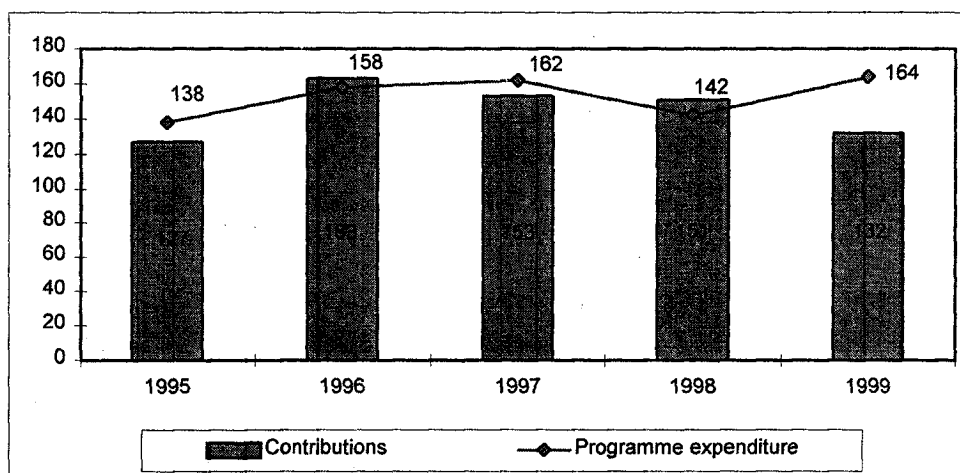
37. MSAs, signed by UNDP with various donors, were all executed by UNOPS. Their financial status is shown in table 9.

Table 9. Income and expenditure for the years ended 31 December 1999 and 1998  
(millions of United States dollars)

	MSAs		Change between 1999 and 1998 (percentage)
	1999	1998	
<u>Income</u>			
Contributions	131.6	151.3	(13.1)
Interest income	8.6	8.1	6.2
<b>TOTAL INCOME</b>	<b>140.2</b>	<b>159.4</b>	<b>(12.1)</b>
<u>Expenditure</u>			
Programme	164.2	141.8	15.8
<b>TOTAL EXPENDITURE</b>	<b>164.2</b>	<b>141.8</b>	<b>15.8</b>
Excess (shortfall) of income over expenditure	(24.0)	17.6	-
Refunds and other transfers	(4.2)	1.0	-
Balance of unexpended resources, 1 January	100.2	81.6	22.8
Balance of unexpended resources, 31 December	72.0	100.2	(28.2)
Balance in months of expenditure	5	9	

Reference: Table 4(a), DP/2000/29/Add.1

Figure 13. MSA contributions and programme expenditure, 1995-1999  
(millions of United States dollars)



38. In 1999, contributions totalled \$132 million towards MSA activities, down by \$19 million from \$151 million in 1998 (see figure 13). Total income, which includes interest income, available for programme activity under MSAs in 1999 amounted to \$140 million (\$159 million in 1998).

39. As of 31 December 1999, there were 89 active MSAs on which \$164 million was spent, 15.8 per cent higher than in 1998 (see figure 13). During the year under review, 12 new MSAs were implemented and 1 was financially completed; in addition, 13 were operationally completed.

40. The 1999 MSA expenditure was distributed as follows:

Table 10. Distribution of expenditure by region for the years ended 31 December 1998 and 1999  
(millions of United States dollars)

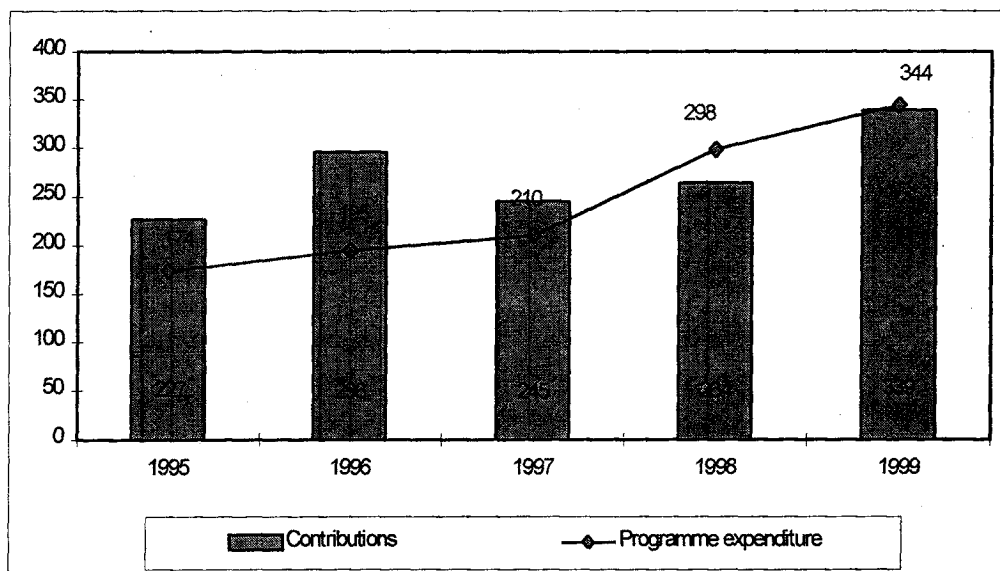
	1999	1998
<u>Region</u>		
Latin America and the Caribbean	90.5	64.6
Africa	62.6	44.4
Europe and the Commonwealth of Independent States	4.3	18.0
Arab States	0.6	6.9
Asia and the Pacific	0.8	2.9
Global and interregional	5.4	5.0
TOTAL	164.2	141.8

Source: UNOPS

### C. Trust funds

41. As of 31 December 1999, UNDP was administering 440 trust funds and sub-trust funds. In the past five years, an average of 60 new trust funds and sub-trust funds have been established each year. In 1999, 36 new trust funds and 12 new sub-trust funds were established. Figure 14 shows the five year trend in contributions and programme expenditure.

Figure 14. Trust funds: contributions and programme expenditure, 1995-1999  
(millions of United States dollars)



# I. Income

42. The contributions mobilized for the trust fund modality in 1999 amounted to \$339 million, an increase of \$75 million or 28.4 per cent over the \$264 million received in 1998 as shown in table 11. Total income in 1999 which includes interest income was \$362 million an increase of 24.1 per cent or \$70 million from \$292 million in 1998.

Table 11. Income and expenditure for the years ended 31 December 1999 and 1998  
(millions of United States dollars)

	Trust funds (combined)		Change between 1999 and 1998 (percentage)
	1999	1998	
<u>Income</u>			
Contributions	339.5	264.4	28.4
Interest income	22.3	27.4	(18.6)
Other income-net	0.2	-	-
<b>TOTAL INCOME</b>	<b>362.0</b>	<b>291.8</b>	<b>24.1</b>
<u>Expenditure</u>			
Programme	344.0	297.5	15.6
Programme support:			
Implementing agents	10.6	12.8	(17.2)
Biennial support budget	16.2	16.5	(1.8)
Other expenditure and write-offs	1.8	1.2	50.0
<b>TOTAL EXPENDITURE</b>	<b>372.6</b>	<b>328.0</b>	<b>13.6</b>
Excess of income over expenditure	(10.6)	(36.2)	-
Refunds and other transfers	(1.9)	(3.5)	-
Balance of unexpended resources, 1 January	404.1	443.8	(39.7)
Balance of unexpended resources, 31 December	391.6	404.1	(3.1)
Balance in months of expenditure	13	15	

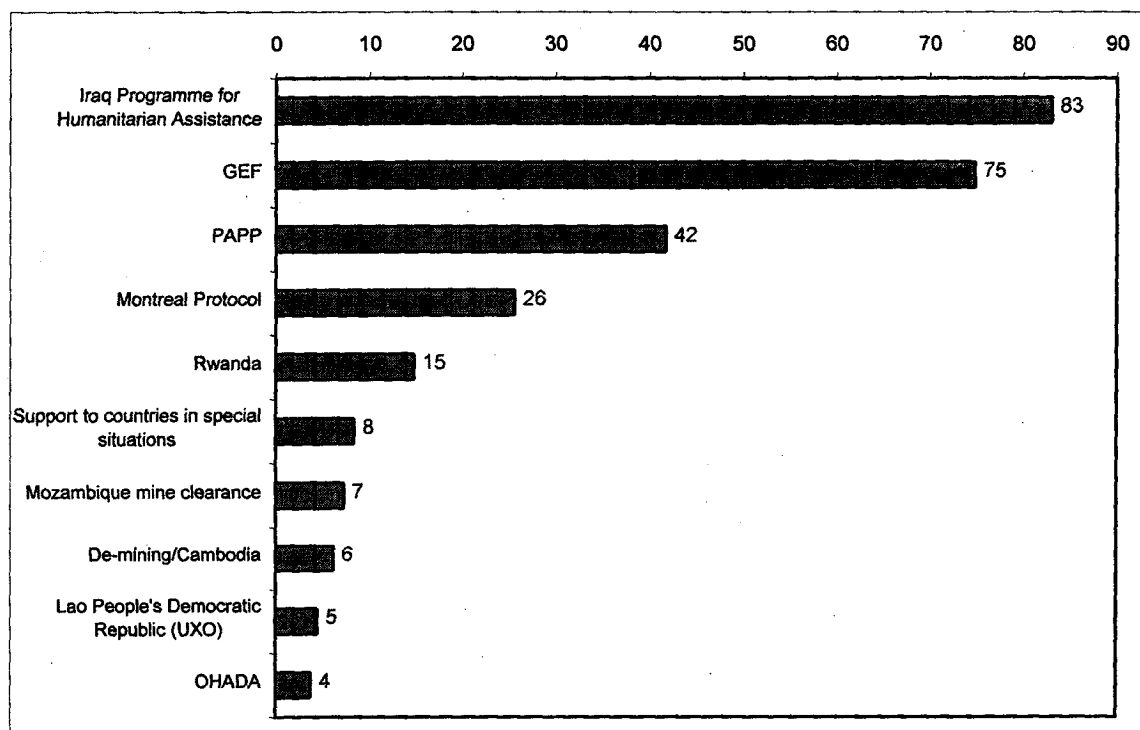
Reference: Table 3(a), DP/2000/29/Add.1

Table 12. Number of trust funds to which the major donors contributed in 1999

<u>Donor</u>	<u>Number of trust funds</u>
Australia	6
Austria	2
Belgium	9
Canada	12
Denmark	13
Finland	7
France	2
Germany	7
Ireland	3
Italy	11
Japan	13
Luxembourg	3
Netherlands	21
Norway	7
New Zealand	21
Spain	3
Sweden	49
Switzerland	6
United Kingdom	8
United States	9

Source: UNDP Financial Statements

Figure 15. 1999 top ten recipients of trust fund contributions  
(millions of United States dollars)



43. Continuing the trend of the past five years, the countries in special development situations and environment-related trust funds (GEF and Montreal Protocol) continue to receive most of the trust funds contributions. The top ten trust fund recipients in 1999 are shown in table 13 and figure 15.

Table 13. Top 10 recipients of trust fund contributions in 1999 compared to 1998  
(millions of United States dollars)

Trust fund	1999	1998
Iraq Programme for Humanitarian Assistance <sup>a/</sup>	83.1	-
GEF	74.9	64.9
PAPP	41.8	26.9
Montreal Protocol	25.7	51.8
Rwanda	14.9	17.3
Support to countries in special situations	8.4	1.2
Mozambique Mine-Clearance Programme	7.3	4.5
De-mining operations in Cambodia	6.2	6.4
Lao People's Democratic Republic (UXO)	4.5	2.5
OHADA	3.8	6.2
Total	270.6	181.7
Percentage of the total trust fund contribution	79.7	68.7

Reference: Table 17, DP/2000/29/Add.1

<sup>a/</sup> Includes prior year contributions of \$19 million transferred from cost-sharing.



44. The increase in trust fund contributions were derived mainly from contributions towards the following trust funds: Iraq Programme for Humanitarian Assistance (+\$64 million); PAPP (+\$15 million) and GEF(+ \$10 million). The contributions received from the European Commission in 1999 totalled \$16.9 million, an increase of more than 100 per cent compared to \$8.0 million received in the previous year.

## 2. Expenditure

45. Trust fund expenditure totalled \$373 million in 1999 compared to \$328 million in 1998. Of this amount, 93 per cent or \$344 million pertains to programme expenditure; 3 per cent was paid to implementing agents and 4 per cent pertains to administrative costs.

46. Programme expenditure in 1999 increased by \$46 million or 15.6 per cent to \$344 million from \$298 million in 1998. The increase was mainly due to the \$83 million expended on the newly established trust fund for the Iraq Programme for Humanitarian Assistance.

47. As was undertaken in the previous year, a review of advances to governments for the implementation of national execution projects in 1999 resulted in write-offs for a total of \$537,000, covering advances that have been long outstanding and considered unrecoverable. The amount written-off was charged against trust funds resources. In accordance with the Financial Regulations and Rules, notice of the amount written off was submitted to the Board of Auditors with the accounts.

## 3. Balance of unexpended resources

48. The balance of unexpended resources of the trust funds decreased by \$12 million to \$392 million in 1999 from \$404 million in 1998. The majority of the large trust funds such as GEF, Capacity "21" and UNSO had expenditure levels greater than current-year income, leading to a decrease in their balance of unexpended resources over that of 1998. The balance of unexpended resources of GEF as at 31 December 1999 decreased by \$3.4 million to \$27.6 million. The resource balance for the Capacity "21" trust fund decreased by \$4.2 million to \$43 million at the end of 1999. The resource balance for UNSO declined by \$3.2 million to \$14.5 million in 1999 from \$17.7 million in 1998. The balance of unexpended resources of the Montreal Protocol (\$96.6 million at 31 December 1999 and \$98.8 million at 31 December 1998) continue to represent about 25 per cent of the total balance of unexpended resources of all trust funds.

### A. Junior Professional Officer programme

49. A total of 19 governments are participating in the JPO programme. At the end of 1999, UNDP had 337 JPOs in the programme: 287 in the country offices and 50 at New York and other headquarters.

50. UNDP received a total of \$31.5 million in contributions for 1999, a 47 per cent increase over the \$21.4 million received in 1998. The increase was to a great extent due to the late receipt of payments from some governments.

51. The amount expended in 1999 totalled \$29 million or 5.8 per cent higher than the \$27.4 million recorded in 1998. The resource balance available at the end of 1999 was \$4.9 million.

C. Reserve for Field AccommodationTable 14. Income and expenditure for the years ended 31 December 1999 and 1998  
(millions of United States dollars)

	<u>1999</u>	<u>1998</u>	Change between 1999 and 1998 (percentage)
<u>Income</u>			
Rental income	2.1	3.0	(30.0)
Other income-net	0.2	0.2	-
TOTAL INCOME	2.3	3.2	(30.0)
<u>Expenditure</u>			
Repairs and maintenance	1.3	1.5	(13.3)
Other	0.1	0.1	-
TOTAL EXPENDITURE	1.4	1.6	(12.5)
<u>Operating surplus</u>	0.9	1.6	(43.8)
Transfer to capitalized rehabilitation costs	-	(2.0)	-
<u>Cumulative surplus (deficit), 1 January</u>	(6.5)	(6.1)	6.6
<u>Cumulative deficit, 31 December</u>	(5.6)	(6.5)	(13.8)

Reference: Table 19, DP/2000/29/Add.1

52. The aggregate summary of the RFA accounts is shown in table 14 above. Table 19 of the addendum shows separate statements of income and expenditure and assets and liabilities for the RFA. Separate figures are set out for the office premises operations, for the housing operations and for the reimbursable support services. The total office premises assets as at 31 December 1999 amount to \$20.9 million while the total housing and related assets amount to \$16.7 million.

53. In 1999, the housing operations reported a surplus of income over expenditure totalling \$0.4 million while the office premises operations reported a surplus of \$0.3 million.

54. Claims from building contractors totalling \$0.2 million were settled in 1999. Claims totalling \$1.9 million remain outstanding as at 31 December 1999. UNDP does not, however, recognize the validity of some of these claims.

55. Accumulated rental income of \$0.2 million was applied towards reducing the capitalized rehabilitation costs for housing in 1999.

## V. FUNDS ADMINISTERED BY UNDP

56. Table 5(a) in the addendum provides detailed data for the five funds administered by UNDP. The results of activities undertaken in 1999 are outlined in the present chapter.

57. Contributions overall received in 1999 totalled \$73 million, a 4 per cent decrease compared to the \$76 million received in 1998. The decrease was due mainly to decline in contributions to UNCDF (\$4 million) and UNRPNRE

(\$2 million). In contrast, contributions to UNV increased by \$4 million while contributions to UNIFEM remained stable at \$22 million. Expenditure overall increased by 6.9 per cent, mainly from UNV and UNIFEM.

### 1. United Nations Capital Development Fund

58. Contributions to the UNCDF regular resources in 1999 amounted to \$27.4 million, a 10 per cent decrease from 1998 contributions of \$30.5 million mainly due to exchange rate conversions as a result of the strong US dollar. Contributions received for trust funds activities totalled \$2.1 million.

59. A total of 13 new projects were approved in 1999 with budgets totalling \$56.3 million. Four of the new projects with budgets totalling \$14.4 million were formulated for micro-finance activities while the remaining nine totalling \$41.9 million will provide governance assistance.

60. Programme expenditure (including support costs paid to implementing agents) totalled \$44.1 million. Total expenditure in 1999 represents an overall project delivery of 84 per cent. In comparison, the 1998 expenditure of \$43.7 million accounted for 78 per cent delivery. The UNCDF unexpended resources as at 31 December 1999 was \$89.7 million, including \$45 million in operational reserves, which remained unchanged from the previous year.

### 2. United Nations Development Fund for Women

61. The year 1999 marked the last year of implementation of the UNIFEM Strategy and Business Plan, 1997–1999. The Fund continued to focus its work on its three thematic areas and adopted the principles of results-based management.

62. Total contributions for UNIFEM decreased by \$0.9 million or 4 per cent to \$21.8 million in 1999 from \$22.7 million in 1998. Although the overall contributions decreased, contributions to UNIFEM regular resources increased by \$1.0 million from \$15.8 million in 1998 to \$16.8 million in 1999. In contrast, there was a net decrease in cost-sharing and trust fund contributions of \$1.9 million from \$6.9 million in 1998 to \$5.0 million in 1999. This was primarily due to the non-receipt of funds previously committed by donors.

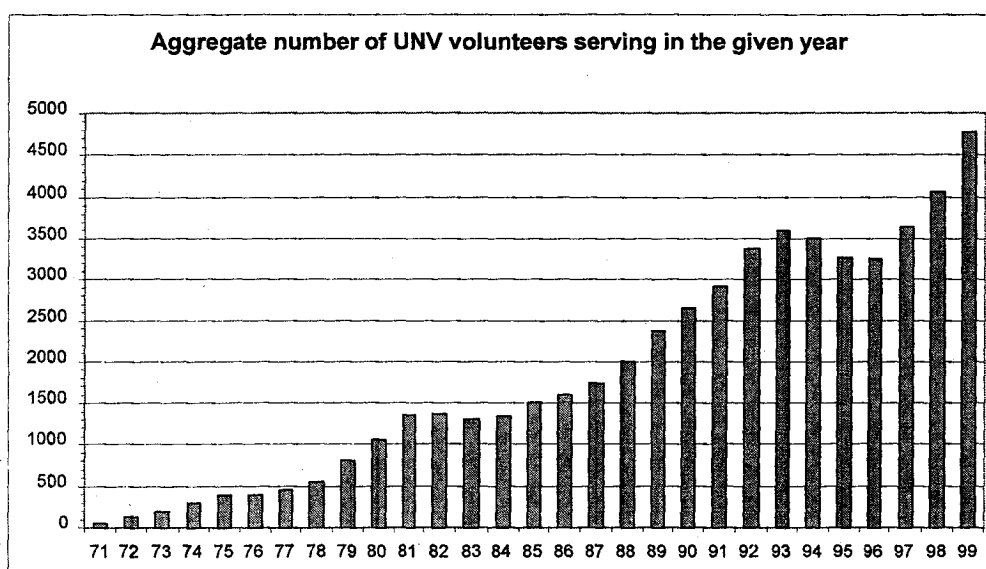
63. The overall programme expenditure including support costs paid to implementing agents remained relatively unchanged from \$14.5 million in 1998 to \$14.9 million in 1999. Programme expenditure for regular resources remained relatively stable at \$10.2 million from \$10.1 million in 1998. Expenditures for cost-sharing and sub-trust funds increased by \$0.4 million or 10 per cent from \$4.3 million in 1998 to \$4.7 million in 1999.

64. Unexpended resources at 31 December 1999 totaled \$19.1 million, an increase of \$2.1 million over the 1998 total of \$17.0 million. These resources, together with contributions receivable of \$2.7 million, cover the unspent project budget allocations of \$19.5 million for 1999 and future years. The level of the operational reserve was reviewed in accordance with Executive Board decision 97/4 of January 1997, and the reserve was increased to \$6.7 million at the end of 1999.

### 3. United Nations Volunteers

65. UNV continued to grow in 1999. During the year a total of 4,755 UNV volunteers (an increase of 17 per cent from 1998) served in 139 countries and came from 149 countries. The sharp increase is due to the number of volunteers serving in United Nations peace operations in East Timor, Guatemala and Kosovo.

Figure 16. Growth in number of UNV volunteers, 1971-1999



66. Direct contributions increased slightly in 1999 compared to 1998. Contributions to the Special Voluntary Fund, cost-sharing, full funding and United Nations joint ventures for peace-keeping increased while contributions to sub-trust funds decreased. The earlier focus on sub-trust funds has shifted to partnerships with United Nations specialized agencies, funds and programmes.

Table 14. Contributions for 1999 and 1998  
(millions of United States dollars)

<u>Modality</u>	<u>1999</u>	<u>1998</u>	<u>Change between 1999 and 1998 (percentage)</u>
Special Voluntary Fund	3.4	3.0	13.3
Cost-sharing	1.1	0.1	-
Trust funds	5.9	7.5	(21.3)
Fully funded arrangements	6.6	6.3	4.8
UN/UNV joint ventures	4.3	0.7	-
Total	21.3	17.6	21.0

Source: UNV

67. Programme expenditure increased significantly in 1999 as UNV continued its conscious effort to programme available resources. The decrease in sub-trust fund delivery results from certain projects being in their final phase and others that are now operationally complete.

Table 15. Programme expenditure for 1999 and 1998<sup>a/</sup>  
(millions of United States dollars)

<u>Modality</u>	<u>1999</u>	<u>1998</u>	<u>Change between 1999 and 1998 (percentage)</u>
Special Voluntary Fund	6.7	5.3	26.4
Cost-sharing	0.3	0.2	50.0
Sub-trust fund	7.3	7.5	(2.7)
Fully funded arrangements	7.5	6.2	21.0
UN/UNV Joint Ventures	2.1	0.6	-
<b>Total</b>	<b>23.9</b>	<b>19.8</b>	<b>20.7</b>

Source: UNV

<sup>a/</sup> Exclusive of activities carried out by UNV on behalf of UNDP and other United Nations specialized agencies, funds and programmes.

68. Over the past eight years, the difference between proforma insurance premiums and actual costs incurred has accumulated to \$2.8 million. The Administrator proposes to dispose of the balance of \$2.8 million in the following manner:

(a) Reimburse \$1.5 million to UNV-executed projects financed by UNDP, United Nations specialized agencies, funds and programmes and UNV by offsetting this amount against current year actual costs. Consequently, UNV will charge its partners for only a portion of the actual costs incurred for the financial year 2000;

(b) UNV is facing increasing security costs in respect of field and inter-agency security measures. In 1998, the Executive Board approved the creation of a reserve with initial funding of \$0.9 million to cover medical evacuation and security-related costs. During the biennium 1998-1999, replenishments to the reserve from the volunteer pro forma were \$1.0 million and disbursements were \$0.5 million, including \$0.2 million for security costs. As at 31 December 1999, the reserve balance is \$1.4 million, from which additional security costs of \$0.5 million will be disbursed in respect of the Office of the United Nations Security Coordinator (UNSECORD). Since almost 50 per cent of duty stations are now designated as hazardous and the number is increasing, it is planned to recruit additional field security officers for field duty stations and to strengthen the Office of the United Nations Security Coordinator (UNSECORD). The total cost of the strengthened security operation will be apportioned among the United Nations specialized agencies, funds and programmes. Since the UNV volunteers and their dependents account for large numbers of United Nations personnel in the field, the UNV share of the costs of strengthening security will be significant and the current funding levels of the reserve may not be adequate to meet future commitments. Therefore, in order to finance the additional security costs, the Administrator proposes to use \$1.0 million of the insurance surplus balance as a contribution to the reserve instead of immediately increasing the volunteer pro forma;

(c) Use \$0.3 million as a one-time expenditure for the development of an insurance module in the UNV volunteer management system. The system will support an insurance database that will accurately maintain and report on all insured volunteers and their dependents and monitor proforma and actual insurance costs.

#### 4. United Nations Revolving Fund for Natural Resources Exploration

69. For 1999, \$0.3 million was received towards regular resources contributions and interest income. Total expenditure for 1999 was \$1.3 million and as at 31 December 1999, the balance of unexpended resources was

\$3.1 million.

70. As noted at its third regular session 1999 (DP/1999/42), the Executive Board endorsed the plans to phase out the activities of UNRFRNRE by the end of 2000. These plans will ensure that all existing projects and contractual commitments are accomplished in a responsible manner.

#### 5. United Nations Fund for Science and Technology for Development

71. As of 31 December 1999, the total unexpended resources was \$742,000, of which \$671,000 has been allocated to projects. UNDP has appointed an interim fund manager to oversee the closure of the Fund.

72. Should there be any residual funds, UNDP will inform the donors accordingly and obtain their agreements to transfer the remaining balance to fund activities in the information technology for development programme.

### VI. OTHER ISSUES

73. Staff entitlements such as after-service health insurance costs or liabilities for other types of end-of-service benefits, which will be owed by UNDP when staff members leave the organization, are recorded as expenditures of UNDP only in the year they are disbursed.

74. In order to gain a better understanding of the financial dimensions of the organization's liabilities for after-service health insurance, a consulting actuary firm was engaged, in cooperation with the United Nations and UNICEF, to carry out an actuarial valuation of post-retirement health insurance benefits as at 1 January 1999. On the basis of that study, the cost to UNDP of after-service health insurance benefits is estimated at \$313 million as at 31 December 1999. This aggregate total includes staff members of UNOPS, UNFPA and WFP holding UNDP letters of appointment.

75. UNDP plans to expand the actuarial study in order for the consulting firm to propose options on how each of the concerned organizations can finance these unfunded liabilities.

### VII. EXECUTIVE BOARD ACTION

76. The Executive Board may wish to:

1. Note with concern that the continuing decline in voluntary contributions has resulted in the lowest level of regular resources since 1984;
2. Also note with concern that the further reduction in the liquidity of UNDP regular resources at the end of 1999 has placed the organization in the position of having to draw varying amounts against its operational reserve during the first half of 2000, and that the dependency on the operational reserves will continue throughout the rest of 2000;
3. Note: (a) The inclusion of the reports on the amount, origin and destination of other resources in tables 7 to 9 and 17 of document DP/2000/29 Add. 1;  
(b) The proposal to dispose the balance of accumulated pro forma insurance premiums of the United Nations Volunteers;  
(c) The unfunded contingent liabilities for after-service health insurance of \$313 million as at 31 December 1999.

## Annex

**UNDP OVERVIEW**  
**I. STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER**  
(thousands of United States dollars)

	Regular resources			Other resources			Funds			Total		
	1999	1998	+/-	1999	1998	+/-	1999	1998	+/-	1999	1998	+/-
<b>INCOME</b>												
Net contributions	681 361	745 757	(9%)	1 689 207	1 720 767	(2%)	72 701	75 769	(4%)	2 443 269	2 542 293	(4%)
Interest income	30 498	37 790	(19%)	63 450	63 631	-	10 905	9 933	10%	104 853	111 354	(6%)
Other income: net	7 160	1 814	-	42 266	40 981	6%	9 569	7 750	23%	59 995	50 545	19%
<b>TOTAL INCOME</b>	<b>719 019</b>	<b>785 361</b>	<b>(8%)</b>	<b>1 795 923</b>	<b>1 825 379</b>	<b>(2%)</b>	<b>93 175</b>	<b>93 452</b>	<b>-</b>	<b>2 608 117</b>	<b>2 704 192</b>	<b>(4%)</b>
<b>EXPENDITURE</b>												
Programme	490 212	587 555	(17%)	1 653 636	1 621 517	2%	82 492	77 275	7%	2 226 340	2 286 347	(3%)
Programmes support - implementing agents	51 000	38 871	31%	24 483	32 994	-	3 478	2 748	27%	78 961	74 613	6%
Programmes support to resident coordinator	10 049	10 984	(9%)	-	690	-	-	-	-	10 049	11 674	(14%)
UNDP sectoral support	-	527	-	-	-	-	-	-	-	-	527	-
Biennial support budget: net	258 909	234 224	11%	89 281	80 329	11%	14 717	13 981	5%	362 907	328 534	10%
Other expenditure	632	9 373	(93%)	1 939	1 317	47%	22	552	(96%)	2 593	11 242	(77%)
<b>TOTAL EXPENDITURE</b>	<b>810 802</b>	<b>881 534</b>	<b>(8%)</b>	<b>1 769 339</b>	<b>1 736 847</b>	<b>2%</b>	<b>100 709</b>	<b>94 556</b>	<b>7%</b>	<b>2 680 850</b>	<b>2 712 937</b>	<b>(1%)</b>
<b>EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE</b>	<b>(91 783)</b>	<b>(96 173)</b>	<b>(5%)</b>	<b>26 584</b>	<b>88 532</b>	<b>(70%)</b>	<b>(7 534)</b>	<b>(1 104)</b>	<b>-</b>	<b>(72 733)</b>	<b>(8 745)</b>	<b>-</b>
Savings on obligations of prior biennium	-	3 846	-	18	1 069	(98%)	-	-	-	18	4 915	-
Transfers from (to) reserves	(12 300)	20 000	-	(54 000)	(16)	-	(1 700)	(2 400)	(29%)	(68 000)	17 600	-
Refunds to donors and transfers from (to) from other funds	(1 036)	(513)	-	(6 330)	(4 035)	56%	(300)	(12)	-	(7 666)	(4 576)	68%
Balance of unexpended resources, 1 January	212 135	284 975	(26%)	1 284 616	1 199 066	7%	127 262	130 778	(3%)	1 624 013	1 614 819	1%
<b>BALANCE OF UNEXPENDED RESOURCES, 31 DECEMBER</b>	<b>107 016</b>	<b>212 135</b>	<b>(50%)</b>	<b>1 250 888</b>	<b>1 284 616</b>	<b>(3%)</b>	<b>117 728</b>	<b>127 262</b>	<b>(7%)</b>	<b>1 495 632</b>	<b>1 624 013</b>	<b>(9%)</b>

Reference: Table 1(a), DP/2000/29/Add.1

## Annex (continued)

**II. ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES**  
**AS OF 31 DECEMBER**  
(thousands of United States dollars)

	Regular resources			Other resources			Funds			Total		
	1999	1998	+/-	1999	1998	+/-	1999	1998	+/-	1999	1998	+/-
<b>ASSETS</b>												
Cash	13 626	-	-	3 655	4 075	(10%)	494	519	(5%)	17 775	4 594	-
Government letters of credit	-	-	-	35 756	41 048	(13%)	-	-	-	35 756	41 048	(13%)
Investments held for												
Operational reserve	180 000	180 000	-	-	-	-	-	45 000	-	180 000	225 000	(20%)
Regular resources	31 912	197 212	(84%)	227 451	332 115	(32%)	190 680	117 113	63%	450 043	646 440	(30%)
Other	560 968	974 649	(42%)	447 836	12 310	-	-	-	-	1 008 804	986 959	2%
Subtotal investments	772 880	1 351 861	(43%)	675 287	344 425	96%	190 680	162 113	18%	1 638 847	1 858 399	(12%)
Total cash, letters of credit and investments	786 506	1 351 861	(42%)	714 698	389 548	83%	191 174	162 632	18%	1 692 378	1 904 041	(11%)
Advances from Governments and executing agencies	136 746	104 104	31%	244 168	174 336	40%	995	1 288	(23%)	381 909	279 728	37%
Accounts receivable and deferred charges	155 648	124 878	25%	699 802	1 074 269	(35%)	12 321	27 059	(54%)	867 771	1 226 206	(29%)
Accrued interest	7 889	6 056	30%	21 880	13 136	67%	4 408	1 742	153%	34 177	20 934	63%
Long-term accounts receivable	-	-	-	953	1 040	(8%)	-	-	-	953	1 040	(8%)
Special capitalized assets	1 570	1 570	-	35 329	35 469	-	-	-	-	36 899	37 039	-
Loans to Governments	-	-	-	1 225	1 387	(12%)	2 667	3 787	(30%)	3 892	5 174	(25%)
<b>TOTAL ASSETS</b>	<b>1 088 359</b>	<b>1 588 469</b>	<b>(31%)</b>	<b>1 718 055</b>	<b>1 689 185</b>	<b>2%</b>	<b>211 565</b>	<b>196 508</b>	<b>8%</b>	<b>3 017 979</b>	<b>3 474 162</b>	<b>(13%)</b>
<b>LIABILITIES</b>												
Advances to Governments and executing agencies	27 278	10 290	165%	62 610	28 216	122%	6 358	3 646	74%	96 246	42 152	128%
Unliquidated obligations	64 434	52 201	23%	182 748	183 226	-	5 235	8 985	(42%)	252 417	244 412	3%
Accounts payable	45 902	37 843	21%	74 720	53 175	41%	4 489	4 915	(9%)	125 111	95 933	30%
Due to other resources	633 904	1 069 117	(41%)	61 417	107 952	(43%)	24 678	973	-	719 999	1 178 042	(39%)
Other liabilities	28 255	25 313	12%	3 672	4 000	(8%)	1 377	727	89%	33 304	30 040	11%
<b>TOTAL LIABILITIES</b>	<b>799 773</b>	<b>1 194 764</b>	<b>(33%)</b>	<b>385 167</b>	<b>376 569</b>	<b>2%</b>	<b>42 137</b>	<b>19 246</b>	<b>119%</b>	<b>1 227 077</b>	<b>1 590 579</b>	<b>(23%)</b>
<b>RESERVES AND FUND BALANCES</b>												
Operational reserve	180 000	180 000	-	54 000	-	-	51 700	50 000	3%	285 700	230 000	24%
Endowment Fund	-	-	-	3 000	3 000	-	-	-	-	3 000	3 000	-
RFA authorized level	-	-	-	25 000	25 000	-	-	-	-	25 000	25 000	-
Special capital resources	1 570	1 570	-	-	-	-	-	-	-	1 570	1 570	-
Balance of unexpended resources	107 016	212 135	(50%)	1 250 888	1 284 616	(3%)	117 728	127 262	(7%)	1 475 632	1 624 013	(9%)
Balance of unexpended resources and special capital resources	108 586	213 705	(49%)	1 250 888	1 284 616	(3%)	117 728	127 262	(7%)	1 477 202	1 625 583	(9%)
<b>TOTAL RESERVES AND BALANCE OF UNEXPENDED RESOURCES</b>	<b>288 586</b>	<b>393 705</b>	<b>(27%)</b>	<b>1 332 888</b>	<b>1 312 616</b>	<b>2%</b>	<b>169 428</b>	<b>177 262</b>	<b>(4%)</b>	<b>1 790 902</b>	<b>1 883 583</b>	<b>(5%)</b>