



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/1984/31
18 April 1984

ORIGINAL: English

Thirty-first session
June 1984, Geneva
Agenda item 6
UNFPA

P O L I C Y

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Update of the review and reassessment
and
Work Plan for 1985-1988 and request for approval authority

Summary

This report of the Executive Director is prepared in response to decision 82/20, I, paragraph 2 of the Governing Council at its twenty-ninth session. This document updates the "Review and reassessment" submitted to the twenty-ninth session of the Council (DP/1982/28), on the resource situation, the over-all resource utilization, the distribution of new programmable resources between country and intercountry activities and the allocations to country activities. It contains information on the implementation of the plans in the "Review and reassessment" in 1983 and the revisions required for 1984-1985. It further includes the Work Plan for the years 1985-1988 and the request for approval authority. This document is submitted to the Council for its approval in accordance with Article VII of the Financial Regulations of the Fund, as approved by the Governing Council in its decision 83/17, III, paragraph 3, at its thirtieth session.

CONTENTS

	<u>Page</u>
INTRODUCTION	3
I. UPDATE OF THE REVIEW AND REASSESSMENT	3
A. The resource situation	3
B. Overall resource utilization	4
C. Allocations in 1983 and intended allocations in 1984	7
D. Distribution of allocations between country and intercountry activities	9
E. Allocations to country activities	12
F. New submissions of country programmes and projects to the thirty-first session of the Council	14
II. WORK PLAN FOR 1985-1988 AND REQUEST FOR APPROVAL AUTHORITY	15
A. The Work Plan 1985-1988	15
B. Request for approval authority	23
III. RECOMMENDATION	24

INTRODUCTION

1. At its twenty-eighth session in June 1981, in view of the resource situation confronting the UNFPA, the Governing Council requested the Executive Director, in decision 81/7, I, paragraph 2, to undertake a review and reassessment of the total UNFPA programme for the period 1982-1985. The Executive Director submitted the document "Report of the Executive Director on the review and reassessment of the UNFPA programme for the period 1982-1985" (DP/1982/28), hereinafter referred to as "Review and reassessment", to the twenty-ninth session of the Council. The Council, in decision 82/20, I, paragraph 2, requested the Executive Director to report to future sessions of the Council on the implementation of the plans outlined in the "Review and reassessment", in connexion with the annual submission of the Work Plan and the request for approval authority.
2. The Executive Director, thus, submitted a report to the thirtieth session of the Council, "Update of the review and reassessment and Work Plan for 1984-1987 and request for approval authority" (DP/1983/20), hereinafter referred to as the "1983 Update of the review and reassessment."
3. The present document describes in Part I the implementation in 1983 of the plans outlined in the "Review and reassessment" and in the "1983 Update of the review and reassessment", as well as the revisions required for the years 1984 and 1985. It includes in Part II the Work Plan for the years 1985-1988 and the request for approval authority. The presentation of the Work Plan has been changed in view of Article VII of UNFPA's new financial regulations, adopted by the Council at its thirtieth session in decision 83/17, III, paragraph 3. The new regulation 7.2 requires information on the objectives, programmes and projected financial requirements of UNFPA, together with full information as to the main directions of policy which UNFPA intends to pursue throughout the planning period, as well as a multi-year estimate of resources, programme costs and programme activities sub-divided into appropriate functional and geographical categories. This document should be read in conjunction with the "Report of the Executive Director on programme planning" (DP/1984/34) and the "Report of the Executive Director on the status of financial implementation of Governing Council-approved UNFPA country programmes and projects" (DP/1984/32), also being submitted to the Governing Council at its thirty-first session.

I. UPDATE OF THE REVIEW AND REASSESSMENT

A. The Resource Situation

4. In decision 81/7, I, paragraph 2, the Council authorized UNFPA to assume a constant annual increase in income of 10 per cent for the period 1982-1985, taking an expected income in 1981 of \$131 million as the basis. However, the Executive Director, in the "Review and reassessment", chose a more conservative approach and calculated the projected income on a lower basis, starting with an expected income in 1982 of \$136 million instead of \$144 million, as follows:

/...

(millions of US dollars)

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total 1982-1985</u>
\$136	\$149	\$164	\$180	\$629

These figures became the basis for the determination of both the new programmable resources and the intended allocations for the period 1982-1985, as outlined in detail in the "Review and reassessment".

5. However, since UNFPA's income in 1982 amounted to only \$130.9 million, the income assumptions for the years 1983-1985 were reduced in the "1983 Update of the review and reassessment" as follows:

(millions of US dollars)

<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>Total 1982-1985</u>
\$130.9	\$131	\$138.2	\$149	\$549.1

6. These assumptions now appear to be too pessimistic: the income in 1983 amounted to \$134.4 million and present pledges as well as indications of major donors make it seem that the income in 1984 will very likely amount to \$142 million, an increase of about 5.7 per cent over 1983. Assuming an increase of 7 per cent from 1984 to 1985 instead of the 7.8 per cent estimated last year in paragraph 6 of the "1983 Update of the review and reassessment", the income in 1985 would amount to \$152 million.

B. Overall Resource Utilization

7. By decision 82/20, I, paragraph 2, the Council endorsed the methodology for determining the amount of new programmable resources as set forth in the "Review and reassessment" document. Given the reduced resource assumptions, as described in the two preceding paragraphs, the Executive Director presents in Table A a revision of the estimates of new programmable resources for the years 1982-1985, using actual income in 1982 and 1983 as the base. For ease of comparison, the figures presented in 1982 are given in parentheses.

8. Table A shows reduced income assumptions and, correspondingly, reduced operational costs. Similarly, for 1984 and 1985, the intended additions to the operational reserve have had to be reduced, although these reductions do not jeopardize attainment of the goal set by the Council in decision 81/7, III, paragraph 5, that by 1989 the operational reserve should amount to 25 per cent of contributions. Nevertheless, the table also shows a reduction of new programmable resources for the full four-year period of \$58.1 million (\$511.5 million less \$453.4 million). However, in 1983 UNFPA had estimated that this reduction would amount to as much as \$69.6 million (Table A of the "1983 Update of the review and reassessment").

/...

Table A

New programmable resources for 1982-1985 as presently estimated,
compared to those estimated for 1982-1985 in 1982 a/
(millions of US dollars)

	1982 <u>b/</u>	1983 <u>b/</u>	1984	1985	Total 1982-1985	Reduction for period 1982-1985 compared to 1982 estimate
(1) Income	130.9 (136)	134.4 (149)	142 (164)	152 (180)	559.3 (629)	69.7
(2) Operational costs <u>c/</u>	22 (24)	22.4 (25)	25 (27)	26.5 (29.5)	95.9 (105.5)	9.6
(3) Addition to operational reserve	1 (1)	2 (2)	3 (4)	4 (5)	10 (12)	2
(4) Subtotal (2 plus 3)	23 (25)	24.4 (27)	28 (31)	30.5 (34.5)	105.9 (117.5)	11.6
(5) Available as new programmable resources (1 minus 4)	107.9 (111)	110 (122)	114 (133)	121.5 (145.5)	453.4 (511.5)	58.1
<u>a/</u> Presented in Table E of DP/1982/28. <u>b/</u> Figures for 1982 and 1983 are actual; figures in parentheses are those estimated in 1982. <u>c/</u> See paragraph 37 below.						

9. In paragraph 27 and Table E of the "Review and reassessment", the Executive Director indicated that he would not allocate funds at the then-expected level of programmable resources for 1982-1985 of \$511.5 million until they were actually available, but rather at the expected 1982 level of \$111 million plus the additional 5 per cent overprogramming, and the Council in decision 82/20, I, paragraph 2 endorsed this intention. At the time, this would have meant annual allocations of \$116.5 million (\$111 million plus 5 per cent of \$111 or \$5.5 million) or, for the full four years 1982-1985, of \$466 million, i.e., \$45 million less than the expected total sum of new programmable resources for 1982-1985 of \$511.5 million.

10. As a result of the shortfall in resources in 1982 and 1983, new programmable resources for these two years amounted to only \$217.9 million, i.e., \$15 million less than was expected. However, since expenditures against project allocations have recently been very low (for details see paragraphs 13 and 14 below), UNFPA intends to allocate in 1984 and 1985 at the full level of the estimated new programmable resources of \$114 million and \$121.5 million respectively (Table A, line (5)) with an additional 5 per cent overprogramming.

11. The difference between estimated new programmable resources for the period 1982-1985 and the programming intention for the same period, as presented in the "Review and reassessment" in 1982 and as estimated in 1984 is shown in Table B.

Table B

New programmable resources 1982-1985 and programming intention,
as submitted in 1982 and as revised in 1984
(millions of US dollars)

	(1) Estimated new programmable resources 1982-1985	(2) Programming Intention 1982-1985
(1) Review and reassessment		
Total 1982-1985	511.5	466
(a) of which 1982-1983	233	233
(b) of which 1984-1985	278.5	233
(2) Revision 1984		
Total 1982-1985	453.4	453.4
(a) of which 1982-1983	217.9 ^{a/}	217.9 ^{a/}
(b) of which 1984-1985	235.5	235.5 ^{b/}
^{a/} Actual		
^{b/} 5 per cent overprogramming in addition on a year-by-year basis.		

/...

C. Allocations in 1983 and Intended Allocations in 1984

12. Project allocations in 1983 totalled \$117.4 million. Table C compares the ceiling for 1983 project allocations set in the "1983 Update of the review and reassessment" and the level allowable given actual income in that year.

Table C

Ceiling for 1983 project allocations as set in 1983 and as
allowable given actual 1983 income
(millions of US dollars)

	as set in 1983	as allowable
(1) New programmable resources 1983	\$105.3	\$110.0 ^{a/}
(2) 5 per cent overprogramming	\$ 5.3	\$ 5.5
(3) Subtotal (1 plus 2)	\$110.5	\$115.5
(4) Carry forwards from 1982	\$ 9.1	\$ 9.1
(5) Total intended project allocations	\$119.7	\$124.6
<u>a/</u> Table A, line (5)		

13. Table C shows that the project allocations at year-end of \$117.4 million were considerably below the total of allowable allocations of \$124.6 million (in 1982 the comparable figures were \$115.2 million and \$116.2 million), and that the permitted overprogramming of 5 per cent above new programmable resources has not been used at all. There are several reasons for this fact:

(a) New programmable resources are determined as actual income minus operational costs and additions to the reserve. Payments of pledges in whole or in part take place in the course of the year and the dollar value realized from pledges in national currencies thus depends upon the exchange rate at time of payment. Final payments of pledges in any given year are received close to the end of the year, when the allocations for the year have already been made. In 1983, UNFPA's income, and, thus, the new programmable resources, were higher than had been estimated one year ago.

(b) Once a project allocation has been made, the Fund has limited influence over the rate at which implementation takes place. When it becomes apparent that resources allocated for a year will not be used in the given year, they are rephased into future years. In the middle of any year, the total allocations for the year are, thus, at a peak level, while the year-end allocation figure is largely a result of rephasings. In 1983 the amount of rephasing was particularly high, leading to the 1983 year-end allocations of \$117.4 million. In this context it should be noted that these year-end project allocation of \$117.4 million led to

/...

project expenditures of \$100.9 million, leaving a balance of allocations carried forward with resources of \$16.5 million for 1984 (country activities: \$12.4 million; intercountry activities: \$4.1 million). Had fewer resources been rephased into future years during 1983, the year-end allocation figure of 1983 would have been higher, but the amount of unspent allocations carried forward into 1984 would have been higher by the same amount.

(c) Given past experience of increases in income which were expected, but did not come forth, UNFPA was instructed by the Council to be cautious, when making allocations. However, it appears that UNFPA has been over cautious.

(d) In sum, the problem is based upon the facts that UNFPA has only limited knowledge about its income until the end of the year, and that UNFPA - by the process of making allocations - sets upper limits of expenditures, but has only very limited control over the amount of money which will actually be spent in the given year.

14. In view of this situation several courses of action will be taken or should be considered:

(a) During the course of 1984 UNFPA will make allocations for 1984 at a considerably higher level ("peak level") than the level of permitted year-end allocations. As a result, after the rephasings from 1984 into 1985 which will occur during the third and fourth quarter of 1984, the year-end allocations of 1984 should be closer to the permitted level.

(b) For the years 1984 and 1985 UNFPA will abolish its present policy of not counting on increases of income until they have actually become reality (paragraph 9 above) and, instead, allocate on the assumption of obtaining the expected increases (paragraph 10 above). Depending upon the results achieved, this may become a permanent feature. However, UNFPA will count on such increases only for the current and the immediately following year and not for the total period of the Work Plan.

(c) In addition to the two steps outlined above, or alternatively, the Governing Council could raise the level of overprogramming of each current year from the present 5 per cent to 10 per cent. Such a consideration was already mentioned in paragraph 14 of the "1983 Update of the review and reassessment". This overprogramming would not constitute any risk, as it would be limited strictly to the current year. As long as the allocations to intercountry activities remain above the 25 per cent limit of new programmable resources (see paragraphs 21 and 22 below), the overprogramming would be limited strictly to country activities.

(d) All these alternatives lead to the same result: they increase the chances of optimum use of resources, but at the price of a somewhat less conservative funding policy. The desired result of these efforts will be that revenues match more closely year-end expenditures.

/...

15. Project allocations for 1984 are intended as follows:

Table D
Ceiling for project allocations for 1984
(millions of US dollars)

(1)	New programmable resources 1984	:	\$114.0 million	<u>a/</u>
(2)	5 per cent overprogramming	:	\$ 5.7 million	
(3)	Subtotal (1 plus 2)	:	\$119.7 million	
(4)	Carry-forwards from 1983	:	\$ 16.5 million	
(5)	Total intended project allocations	:	\$136.2 million	
<u>a/</u> Table A, line (5)				

If the level of overprogramming were raised from 5 per cent to 10 per cent, the overprogramming (line (2)) would increase by another \$5.7 million, and the total intended year-end project allocations (line (5)) would amount to \$141.9 million, of which \$130.5 million (\$114 million new programmable resources and \$16.5 million carry-forwards) are available in resources at hand.

16. The intended project allocations for 1984 are based upon new programmable resources in 1984 of \$114 million, which in turn are based upon an income assumption of \$142 million in 1984 (see paragraph 6 above). However, UNFPA's approval authority for 1984, as requested in Table J and paragraphs 38 and 42 of the "1983 Update of the review and reassessment" and as authorized by the Council in decision 83/17, I, paragraph 9, at its thirtieth session, amounts to only \$138.2 million. The Executive Director, thus, is requesting at the thirty-first session of the Council an increase of the 1984 approval authority by \$3.8 million from the previously authorized level of \$138.2 million to \$142 million.

D. Distribution of Allocations between Country and Inter-country Activities

17. According to the "Review and reassessment" (Table G.2 and paragraphs 30 and 31), UNFPA foresaw for 1983 a distribution of allocations between country and intercountry activities as follows:

Country activities	:\$ 86.0 million (73.8%)
Inter-country activities	:\$ 30.5 million (26.2%)
Total project allocations:	\$116.5 million (100%)

/...

In the "1983 Update of the review and reassessment" (Table F.2) these estimates were revised as follows:

Country activities	:	\$ 71.7 million (68.1%)
Intercountry activities	:	\$ 33.6 million (31.9%)
<hr/>		
Total project allocations:		\$105.3 million (100%)
(excluding overprogramming and carry-forwards)		

The actual year-end allocations for 1983 stand at

Country activities	:	\$ 81.6 million (69.6%)
Intercountry activities	:	\$ 35.8 million (30.4%)
<hr/>		
Total project allocations:		\$117.4 million (100%)
(including carry-forwards, but without over-programming; see Table C and paragraph 13 above.)		

18. The \$35.8 million for intercountry activities account for 30.4 per cent of all project allocations in 1983 (1982: 30.9 per cent). Against the level of new programmable resources for 1983 of \$110 million, which - according to paragraph 28 of the "Review and reassessment" - is the bench mark for calculating the 25 per cent limit mandated by the Council in its decision 82/20, I, paragraph 3 (i.e., net of the overprogramming and the carry-forward of Table C), intercountry activities amounted to 32.5 per cent (1982: 33 per cent).

19. Clearly, UNFPA has not yet been able to meet the target set by the Council of allocating no more than 25 per cent of new programmable resources to inter-country activities. While considerable decreases in expenditures for these activities have occurred (1980: \$47.3 million; 1981: \$42.8 million; 1982: \$33.5 million; 1983 (provisional): \$31.7 million), the allocations for 1983 were not lower than those for 1982. The slight decrease in percentage points from 1982 to 1983 is exclusively due to the fact that new programmable resources and overall project allocations in 1983 were somewhat higher than in 1982.

20. It would, however, be an error to assume that UNFPA has not made efforts to reduce intercountry allocations, as the following breakdown by functional category shows. Table E shows that allocations in the functional category of information exchange have been reduced from 1982 to 1983 by 30 per cent, and those in the category research by 25 per cent (or - if one deducts the \$2 million which UNFPA provides to the WHO/HRP based upon a decision of the Council and thus not subject to decision by UNFPA - by as much as 31.6 per cent). These reductions made by UNFPA were, however, more than offset by increases in the functional category of technical assistance and backstopping. Reference is made to the explanations given by UNFPA at previous sessions of the Council on the function of regional technical advisers as multi-country experts and on the overall importance of technical backstopping at the intercountry level to support country activities. Had there not been the increase of \$4.2 million for technical assistance and backstopping, total intercountry allocations would have been reduced from \$35.7 million in 1982 to \$31.6 million in 1983, i.e., to only 26.9 per cent of all project allocations (\$117.4 million) or 28 per cent of new programmable resources (\$110 million).

Table E

Allocations to intercountry activities 1982 and 1983, by
functional category
 (millions of US dollars)

	1982	1983	Change 1982 to 1983	
			in \$	in %
Technical assistance and backstopping	14.7	18.9	+4.4	+28.6%
Training	6.8	6.5	-0.3	- 4.0%
Research <u>a/</u>	9.6	7.2	-2.4	-25.0%
Information exchange	4.6	3.2	-1.4	-30.0%
Total	35.7	35.8	+0.1	+ 0.3%
<u>a/</u> Research excluding UNFPA support to WHO/HRP	7.6	5.2	-2.4	-31.6%

21. It does not appear that intercountry allocations in 1984 can be reduced by more than \$1.8 million from the 1983 level of \$35.8 million to \$34 million (or 29.8 per cent of \$114 million in new programmable resources in 1984) and in 1985 they will probably stay at the same level (or 28 per cent of \$121.5 million in new programmable resources).

22. UNFPA therefore estimates the distribution of new programmable resources between country and intercountry activities for 1984 and 1985 as follows:

Table F

Distribution of new programmable resources between
country and intercountry activities 1984 and 1985
 (millions of US dollars)

	1984	1985
Country activities	80.0 (70.2%)	87.5 (72%)
Intercountry activities	34.0 (29.8%)	34.0 (28%)
Total	114.0 ^{a/} (100%)	121.5 ^{a/} (100%)
<u>a/</u> Table A, line (5)		

In view of carry-forwards of resources (mostly in country activities) and of the intended overprogramming the year-end allocations for 1984 for country activities will be higher; the final figure will depend upon the amounts rephased during 1984 into 1985.

23. As no major reductions in intercountry activities are likely in the near or medium-term future, the limit of 25 per cent of new programmable resources for intercountry activities will probably be reached only in the year in which the new

programmable resources amount to \$135 - 140 million. According to present estimates this will be the case in 1987 only (see Table I below).

E. Allocations to Country Activities

24. According to Table G.2 and H of the "Review and reassessment", project allocations to country activities in 1983 were intended to amount to \$86 million, of which \$78.95 million were for country activities under Governing Council approvals. As mentioned in paragraph 17 above, project allocations to country activities in 1983 amounted to only \$81.6 million, broken down by Governing Council approvals and other country projects as follows:

Table G

Intended and actual project allocations to country activities for 1983
(millions of US dollars)

	(1) Intended ^{a/}	(2) Actual	(3) Diff. in amounts	(4) Diff. in %
(1) Council approvals up to June 1981	78.95 ^{b/}	70.6	n/a	n/a
(2) Council approvals June 1983	-	2.5 ^{c/}	n/a	n/a
(3) Subtotal: All Council approvals	78.95 (91.8%)	73.1 (89.6%)	-5.85	-7.4%
(4) Other Country activities	7.05 (8.2%)	8.5 (10.4%)	+1.45	+20.3%
(5) Total Country activities	86.0 (100%)	81.6 (100%)	-4.4	- 5.1%
^{a/} Tables G.2 and H of DP/1982/28. ^{b/} Includes \$1.5 million for Thailand under Council approval of 1979. ^{c/} Includes \$1.5 million for Thailand under Council approval of 1983, in lieu of Council approval of 1979.				

Of the total year-end allocations to country activities of \$81.6 million, \$69.2 million were spent, leading to a balance of allocations carried forward with resources of \$12.4 million.

25. Table G line (5) shows that in 1983 allocations for country activities from UNFPA's regular resources were \$4.4 million lower (in 1982: \$4.5 million lower) than was intended according to the allocation plan of the "Review and reassessment". However, paragraph 13 above describes in detail that in view of the considerable rephasings from 1983 into 1984, such an observation is potentially misleading: the amounts made available by UNFPA during the course of 1983 were considerably higher,

/...

but they were reduced by rephasings. Had fewer rephasings taken place, the 1983 year-end allocations would be higher, but the carry-forwards with resources from 1983 into 1984 of \$12.4 million would be higher by the same amount.

26. Similarly, Table G, Line (3) shows that allocations to Council-approved country activities from UNFPA's regular resources were \$5.85 million lower (in 1982: \$2.8 million) than was intended according to the allocation plan of the "Review and reassessment". However, this amount was largely offset by \$4 million in allocations from multi-bi resources. Recipient countries, therefore, were not denied their due. Furthermore, if one considers the rephasings mentioned in paragraphs 13 and 25 above, the country activities under Council approval received in full the resources as planned in accordance with the "Review and reassessment". Details on the financial implementation of Council-approved country activities are contained in the "Report of the Executive Director on the status of financial implementation of Governing Council-approved UNFPA country programmes and projects" (DP/1984/32).

27. While 70 per cent of all country allocations in 1983 were made to priority countries, the percentage is considerably higher in allocations made under Governing Council approvals, namely 76.1 per cent.

28. On the basis of Table A, line (5) and Table F, new programmable resources for country activities are expected to be \$80 million for 1984 and \$87.5 million for 1985. Their distribution between Council-approved country activities and other country activities is intended as follows:

Table H

Intended distribution of new programmable resources for country activities in 1984 and 1985
(millions of US dollars)

	1984	1985
(1) Council approvals up to June 1981	68.0	64.0
(2) Council approvals in June 1983 and June 1984	3.5	15.5
(3) Other country activities	8.5	8.0
(4) Total country activities	80.0	87.5

In view of carry-forward of \$12.4 million in country activities from 1983 to 1984, the actual year-end allocations to country activities in 1984 will be higher; the final figure will depend upon the amounts rephased during 1984 into 1985.

F. New Submissions of Country Programmes and Projects
to the Thirty-First Session of the Council

29. The Executive Director is submitting to the thirty-first session of the Council six comprehensive country programmes and one large-scale country project --in the Central African Republic, China, the Dominican Republic, Peru, Togo, Vietnam and Zambia--, totalling \$75 million. Six such programmes and projects were submitted to the thirtieth session. On that occasion the Executive Director had raised two questions ("1983 Update of the review and reassessment", paragraphs 29-31), namely (a) whether it was reasonable to submit new country programmes to the Council, when previously approved programmes are being allocated with delay and (b) how the new submission - if approved by the Council - will affect allocations still to be made under previous Council approvals. He had argued - and the Council had agreed - as follows:

30. Country activities supported by UNFPA are not limited to those under Governing Council approvals, and the Executive Director has been given the general authority by the Council to approve allocations up to \$1 million per project. Allocations to country activities not under Governing Council approval would, therefore, be made in any case. The reason for submitting programmes to the Council is that UNFPA prefers that the country activities supported by the Fund be part of a comprehensive country programme.

31. With respect to the second question, the following needs to be noted: The "Review and reassessment", as approved by the Council in decision 82/20, foresaw allocations between 1982 and 1985 to Council-approved country programmes of \$285 million out of a total commitment of \$460 million. In paragraph 50 of the "Review and reassessment" the Executive Director stated that he would re-submit some of the programmes approved by the Council up to June 1981, if they were not allocated in full by the end of 1985. These re-submissions will subsume the outstanding balance in new country programmes with new programme content, since previous plans have frequently become outdated. One such re-submission took place already before the end of 1985: the new programme for Thailand, approved by the Council at its thirtieth session. Two country programmes with outstanding balances (Peru and Vietnam) are submitted to the present session of the Council. Four other submissions to the present session of the Council (Central African Republic, Dominican Republic, Togo and Zambia) total \$7.5 million for a period of five years until 1989; in the average they will require \$0.375 million per country per year, with smaller allocations during the earlier part and larger allocations during the later part of the five-year period. Finally, the first country programme for China, amounting to \$50 million, had originally been foreseen for the period 1980-1983, but was extended in accordance with the "Review and reassessment" by one year. The second country programme for China, submitted to this session of the Council, will amount to \$50 million covering the period 1985-1989, i.e., well beyond the period of the "Review and reassessment".

/...

II. WORK PLAN FOR 1985-1988 AND REQUEST FOR APPROVAL AUTHORITY

A. The Work Plan 1985-1988

32. The UNFPA Work Plan is a projected programme of assistance based upon income projections, prior commitments and foreseeable needs over the next four years. Until 1983 it was presented by major population sectors in accordance with the Standard Classification of Population Activities, adopted by the ACC Sub-Committee on Population in June 1977. In view of Article VII of UNFPA's new financial regulations, adopted by the Council at its thirtieth session in decision 83/17, III, paragraph 3, the presentation of the Work Plan has been changed.

33. In its new format the Work Plan contains information on the following subjects:

- (a) Estimate of new programmable resources 1985-1988 by year (paragraphs 35-38);
- (b) General considerations in resource allocations (paragraphs 39 and 40);
- (c) Distribution of new programmable resources 1985-1988 between country and intercountry activities (paragraph 41);
- (d) Average annual distribution of intercountry activities by region for the years 1985-1988 (paragraph 42);
- (e) Trends in distribution of intercountry activities by functional category, for the period 1985-1988 (paragraph 43);
- (f) Average annual distribution of country activities by region for the years 1985-1988 (paragraphs 44-46);
- (g) Distribution of country activities between Council-approved programmes and other projects 1985-1988, by year (paragraphs 47-49);
- (h) Balance of Council-approved country programmes by region, to be allocated between 1984 and 1989 (paragraphs 50 and 51);
- (i) Trends in allocations to priority countries for the years 1985-1988 (paragraphs 52 and 53); and
- (j) Trends in allocations by Work Plan categories for the years 1985-1988 (paragraph 54).

34. It should be noted that UNFPA's Work Plan is a rolling plan which means that for each new Work Plan the most recent year is deleted and one year into the future is added. Since most programmes and projects last for several years, and since allocations are rephased in accordance with the rate of implementation, the calculation of percentage shares to each major sector, geographic region, country etc., on the basis of the actual allocations at year-end of any given year, is

/...

potentially misleading. More important are the new decisions made by UNFPA, even though they are implemented over a period of years. Thus, the actual performance of UNFPA is best measured in examining trends. The text below shows therefore in some areas the trends, rather than precise data on a year-by-year basis.

35. The Work Plan is based upon the income assumptions for the period 1985-1988 which - after deduction of operational costs and of the additions to the operational reserve - determine the estimate of new programmable resources. They are contained in Table I. The income assumptions of this table are the basis for the requested approval authority (see Table P).

Table I

New programmable resources for 1985-1988
(millions of US dollars)

	1985	1986	1987	1988	Total 1985-1988
(1) Income	152.0	165.0	179.0	194.5	690.5
(2) Operational costs	26.5	28.8	31.0	34.0	120.3
(3) Addition to operational reserve	4.0	5.0	6.0	8.0	23.0
(4) Subtotal (2 plus 3)	30.5	33.8	37.0	42.0	143.3
(5) Available as new programmable resources (1 minus 4)	121.5	131.2	142.0	152.5	547.2

36. Table A and paragraph 6 above show the expected income for 1984 as \$142 million, an increase of 5.7 per cent over 1983, and for 1985 as \$152 million, an increase of 7 per cent over 1984. For the following three years, 1986, 1987 and 1988, UNFPA assumes a constant annual increase of 8.5 per cent instead of 10 per cent as authorized by the Council in its decision 81/7, I, paragraph 2, and as estimated in paragraph 6 of the "1983 Update of the review and reassessment". The Fund estimates that its income will at least keep up with the overall level of inflation, although inflation rates cannot be forecast with accuracy. In addition, currency fluctuations also add a great deal of uncertainty; however, it is assumed that the considerable increases in the value of the US dollar in the past will not continue to take place.

37. The operational costs of UNFPA consist of its administrative budget, UNFPA's field staff and agency support cost. The administrative budget for 1984-1985 was approved by the Council at its thirtieth session in decision 83/17, III, paragraph 1, and no request for additional appropriations for the biennial budget 1984/1985 is expected at this moment. The operational costs for 1984 and 1985 will be maintained as previously indicated to the Council in Table C of the "1983 Update of the review and reassessment". For the period 1986-1988, operational costs are expected to remain the same proportion of income as in the biennium 1984/1985.

38. Additions to the operational reserve have been made since 1982 in the following amounts: 1982: \$1 million; 1983: \$2 million. It is proposed that in 1984 and 1985 they will amount to \$3 million and \$4 million respectively in accordance with the "1983 Update of the review and reassessment". For 1986, 1987 and 1988 UNFPA plans to add to the operational reserve the amounts of \$5 million, \$6 million and \$8 million respectively. The operational reserve which stood at \$20 million in 1981 will, according to this time-table, reach \$49 million in 1988 or 25.1 per cent of the presently estimated income in 1988 of \$194.5 million. UNFPA, thus, expects to reach the target of 25 per cent of the estimated contributions of that year one year earlier, than mandated by the Council in its decision 81/7, III, paragraph 5. Should contributions to UNFPA in 1985-1988 be lower than expected, the additions to the operational reserve will also be smaller. However, the target set by the Council will be achieved by 1988 or 1989.

39. Table I, line (5) shows the expected new programmable resources for 1985-1988 at \$547.2 million. They will be used in accordance with the following instructions by the Council, all of which will be met except the one on intercountry activities:

- . support to intercountry activities at a level of 25 per cent of new programmable resources;
- . support to programmes in priority countries at a level of two thirds of new programmable resources for allocations to country projects and programmes;
- . allocations to programmes and projects approved by the Council in accordance with the "Review and reassessment" and its annual updates;
- . increased shares to family planning and population communication; and
- . the eight specific criteria to be taken into account by the Executive Director in making project allocations, as requested by the Governing Council at its twenty-eighth session in decision 81/7, I, paragraph 8.

40. Since the Work Plan 1985-1988 is presented in a new format and with more details than previously, the following caveat needs to be expressed. By their very nature, all figures in the tables below are tentative, notably for the following reasons:

(a) New programmable resources are estimated at \$547.2 million. However, the increases in income upon which they are based have not yet become reality. For this reason, the Executive Director does not intend to programme at the full level of new programmable resources. At the same time, he does not intend to be over-cautious and programme for the full 1985-1988 period only at the 1983 level either (see paragraph 13 above). For practical purposes and in order to achieve consistency in presentation, the tables below refer to the full amount of new programmable resources, with the understanding that in a situation of shortfall

/...

of resources, the Executive Director will make the required downward adjustments. All tables are net of overprogramming, since at the end of each year the amount allocated beyond available resources becomes a charge against the immediately following year.

(b) The Council has given UNFPA instructions for the allocation of resources by geographical criteria (country versus intercountry activities, priority countries, etc.) as well as by substantive criteria (work plan categories; family planning, communication and education, etc.). In practice, these two aspects need to be balanced against each other, since neither one is or should be the overriding concern. Thus, adjustments in one area for the benefit of the other and vice-versa will occur by necessity.

(c) It is expected that during the next four years, countries which have not yet done so previously will request assistance from UNFPA, notably in the area of family planning. Such requests - if of major size - will affect allocations to other countries.

(d) While UNFPA intends to allocate the major share of its resources for country activities to country programmes approved by the Council, the formulation as well as implementation of projects in these programmes are sometimes considerably delayed. In such cases, resources reserved for a specific country programme, are made available for other country activities.

41. Table J shows the intended distribution of new programmable resources between country and intercountry activities. As explained in paragraphs 21 and 22 above, the 25 per cent limit set by the Council will be reached in full only in 1987. Should the new programmable resources be lower than estimated in Table I, the 25 per cent will be reached only after 1987.

42. Table K shows the intended average annual distribution of intercountry activities by region for the years 1985-1988. The table shows decreases from 1983 to 1984 in all regions, to be followed by increases after 1984 to Africa, Asia and the Pacific, Latin America and the Caribbean, and Middle East and Mediterranean. No increases are foreseen for Europe and further decreases are foreseen for interregional/global projects.

43. By functional category, the emphasis on technical assistance and backstopping (1983: 53 per cent) will continue; allocations in this category may increase up to the level of 60 per cent. Training will remain at its present level of 15-20 per cent. Research activities at the intercountry level are likely to decrease from the present level of 20 per cent, since UNFPA intends to emphasize research at the country level. The proportion of intercountry allocations to information exchange activities will remain at its present level of 9 per cent or decrease slightly.

/...

Table J

Distribution of new programmable resources between country
and intercountry activities 1985-1988
(millions of US dollars)

	1985	1986	1987	1988	Total 1985-1988
Country activities	87.5 (72%)	97.2 (74.1%)	106.5 (75%)	114.5 (75%)	405.7 (74.1%)
Intercountry activities	34.0 (28%)	34.0 (25.9%)	35.5 (25%)	38.0 (25%)	141.5 (25%)
Total	121.5 (100%)	131.2 (100%)	142.0 (100%)	152.5 (100%)	547.2 (100%)

Table K

Intercountry activities by region, 1985-1988
(millions of US dollars)

	1983 allocations ^{a/}	1984 allocations ^{b/}	Average annual allocations 1985-1988
Africa	5.1 (14.2%)	5.0 (14.7%)	6.1 (17.2%)
Asia and the Pacific	5.5 (15.4%)	5.3 (15.6%)	5.7 (16.0%)
Latin America and the Caribbean	3.5 (9.8%)	3.4 (10.0%)	3.8 (10.7%)
Middle East and Mediterranean	1.7 (4.7%)	1.6 (4.7%)	2.2 (6.2%)
Europe	0.3 (0.8%)	0.2 (0.6%)	0.2 (0.6%)
Interregional and Global	19.7 (55.1%)	18.5 (54.4%)	17.5 (49.3%)
Total	35.8 (100%)	34.0 (100%)	35.5 (100%)
^{a/} Actual ^{b/} Intended			

44. The distribution of country activities among regions will vary from year to year and no precise figures can be given, since the amount of rephasings (paragraph 13 above) will largely determine the year-end allocations. However, the intended direction can be shown:

Table L
Country activities by region, 1985-1988
(millions of US dollars)

	1983 allocations ^{a/}	1984 allocations ^{b/}	Average annual allocations 1985-1988
Africa	15.8 (19.4%)	18.5 (20%)	24 (24%)
Asia and the Pacific	44.8 (54.9%)	50.0 (54%)	50 (50%)
Latin America and the Caribbean	11.4 (14%)	12.7 (13.7%)	14 (14%)
Middle East and Mediterranean	9.1 (11.1%)	10.5 (11.4%)	11.5 (11.5%)
Europe	0.5 (0.6%)	0.8 (0.9%)	0.5 (0.5%)
Total	81.6 ^{c/} (100%)	92.5 ^{d/} (100%)	100 (100%)
^{a/} Actual ^{b/} Intended ^{c/} Including carry-forwards from 1982 ^{d/} Including carry-forwards from 1983			

45. Table L is based upon the following assumptions:

(a) Total new programmable resources for country activities 1985-1988 will amount to \$407.5 million, or, in the average, to \$100 million per year.

(b) The average of allocations by year and region will be close to the totals of annual estimated assistance levels which were developed in line with Council decision 81/7, I, paragraph 8.

(c) Allocations to Council-approved country programmes and projects will be made in line with the revised allocation plans, but modified on the basis of actual implementation.

46. Table L, thus, shows that all regions except Europe will receive increased allocations over the planning period, but in different proportions. The highest increase, in absolute amounts and in per cent, will occur in allocations to Africa. Allocations to countries in the Asia and Pacific region will increase in absolute amounts, but the percentage share will decrease somewhat. Allocations to Latin America and the Caribbean will increase in absolute amounts, maintaining the percentage share. UNFPA is negotiating a major family planning programme in Brazil which will possibly absorb the full increase in absolute amounts. Without this intended programme in Brazil, which is the sixth most populous country in the

/...

world and the fourth most populous developing country and which has received very little assistance from UNFPA up to now, the share of resources to Latin America would decrease. Countries in the Middle East and Mediterranean will receive increased amounts, but only a very small increase in the share of resources.

47. The new programmable resources expected to be available for country activities in 1985-1988 of \$405.7 million (see Table J) are intended for distribution between Council-approved activities and those approved under the authority of the Executive Director as follows:

Table M

Distribution of new programmable resources for country activities
among Council-approved programmes and other projects
(millions of US dollars)

	1985	1986	1987	1988	Total 1985-1988
(1) Council approvals ^{a/}	79.5 ^{b/}	80.5	81.0	82.0	323.0
(2) Other country activities	8.0	16.7	25.5	32.5	82.7
(3) Total	87.5	97.2	106.5	114.5	405.7
a/ including submissions to the present session of the Council					
b/ See Table H, lines (1) and (2)					

48. As shown in paragraph 16 of the "Report of the Executive Director on the status of financial implementation of Governing Council approved UNFPA country programmes and projects" (DP/1982/32), present Council approvals of country activities still have an outstanding balance of \$332.4 million. If the submissions to the thirty-first session of the Council are approved, the balance will amount to \$407.4 million (paragraph 19, *ibid*). In 1984, allocations to Council-approved country programmes are intended at the level of \$71.5 million (Table H above), leaving a balance for 1985 and beyond of \$336 million. According to Table M line (1) above, this amount will be allocated almost in full by the end of 1988. However, realistically, the submissions to the thirty-first session of the Council are scheduled to last until the end of 1989, since there is no certainty that the required new programmable resources will be available in full.

49. Some of the Council approvals up to June 1981 (i.e. those analyzed in the "Review and reassessment") which have not received final allocations by the end of 1985 will be re-submitted to the Council. These re-submissions will subsume the outstanding balance under new country submissions with new programme content, since previous plans may have become obsolete. These re-submissions will affect the amounts in line (1) of Table M. Country activities to be allocated under the authority of the Executive Director (Table M, line (2)) are shown to increase from 1985 to 1988. However, it is very likely that the Executive Director will present new comprehensive country programmes to the Council for approval at future sessions.

50. After approval of the submissions to the thirty-first session of the Council, the total balance of such approvals as of 1 January 1984 will amount to \$407.4 million. Table N shows the distribution of this balance by region.

51. A comparison of the percentage shares in Table N with those in Table L shows that Council-approved country programmes are proportionately lower in Latin America than in any other region. After submission of the intended large-scale programme in Brazil, these proportions will be more closely related to each other.

/...

Table N

Distribution of balance of Council approvals by region
to be allocated between 1984 and 1989
(millions of US dollars)

Africa	100,089	(24.6%)
Asia and the Pacific	229,500	(56.3%)
Latin America and Caribbean	28,910	(7.1%)
Middle East and Mediterranean	48,900	(12%)
Total	407,399	(100%)

52. Since 1982 UNFPA has reached and even surpassed the goal to allocate about two thirds of its resources for country activities to priority countries. For the period of the Work Plan 1985-1988 it is expected that this situation will continue. While detailed figures for all country activities cannot be given, those under Council approval confirm this expectation.

Table O

Share of Council-approved programmes in priority countries
among all Governing Council approvals
(millions of US dollars)

Balance of <u>a/</u>	(1) Total	(2) of which for priority countries	(3) (2) in % of (1)
Council approvals up to June 1981	319,06	204,41	63.8%
Council approvals June 1983	13,35	8,95	67.0%
Council submissions June 1984	74,989	68,029	90.7%
Total	407,399	280,389	68.8%
<u>a/</u> Paragraph 19 of the "Report of the Executive Director on the status of Financial implementation of Governing Council-approved UNFPA country programmes and projects" (DP/1984/32).			

53. Table O shows that the share of priority countries continuously increases among all country programmes submitted to the Council. Since about 90 per cent of all UNFPA allocations to country activities are for country activities approved by the Council (see Table G, columns (1) and (2)), the share of allocations to priority countries as part of all country activities (Council-approved or not) is not likely to be much different. UNFPA thus does not expect that in any year between 1985 and 1988 allocations to priority countries will be less than two thirds of all country allocations.

/...

54. No precise information can be given yet as to allocations from 1985 to 1988 by Work Plan category. This is due to the fact that many allocations at the country level, notably for 1985, will be based upon Council approvals up to June 1981. These approvals are allocated according to the estimated rate of implementation, and at this moment it cannot be forecast with any degree of certainty which Council-approved projects will receive their major allocation in 1984 and which ones beyond that date, thus falling into the Work Plan period 1985-1988. However, the general direction of intended UNFPA funding can be seen by examining the submissions to the Council last year (\$17.3 million) and this year (\$75 million). Out of the combined total of \$92.3 million, \$52.3 million (or 57 per cent) are for activities in the substantive area of family planning and \$16.9 million (or 18 per cent) are for communication and education activities. Thus, 75 per cent of all resources committed by UNFPA on the basis of Council approvals in 1983 and 1984 will be made to the two substantive areas which the Council regards as particularly important. UNFPA expects that the submissions to future sessions of the Council will show the same emphasis on these two substantive areas. In sum, family planning is expected to amount to between 50 and 60 per cent of all allocations in 1985-1988, and related communication and education to close to another 20 per cent.

B. Request for Approval Authority

55. As mentioned in Table A and paragraph 6 above, the income in 1984 will amount to \$142 million, rather than to \$138.2 million as estimated in the previous year (Table A of the "1983 Update of the review and reassessment"). As a consequence, new programmable resources will amount to \$114 million (Table A, line (5)), instead of \$110.2 million estimated previously. In order to allocate at the level set in Table D, the Executive Director requests that the approval authority for 1984 which was set at \$138.2 million by Council decision 83/17, I, paragraph 9, be raised by \$3.8 million to \$142 million.

56. Table P sets out the approval authority which is required to implement the Work Plan for the period 1985-1988. As in past years, full approval authority has been set at the level of anticipated income.

57. Forward approval, as established by Governing Council decision 82/20, I, paragraph 7, comes to 100 per cent of the 1985 level, 75 per cent of the 1985 level for 1986, 50 per cent of the 1985 level for 1987 and 25 per cent of the 1985 level for 1988. The total requested for this period 1985-1988 comes to \$380.0 million.

58. Table P also shows the authority granted earlier by Governing Council decision 83/17 in the amounts of \$103.6 million for 1985, \$69.1 million for 1986 and \$34.5 million for 1987 or a total of \$207.2 million for the period 1985-1988.

59. The total net additional approval authority requested is \$172.8 million, or 25 per cent of the full amount.

Table P
Request for approval authority
(millions of US dollars)

	1985	1986	1987	1988	1985-1988
Full authority	152.0	165.0	179.0	194.5	690.5
Authority requested	152.0	114.0	76.0	38.0	380.0
Previously granted	103.6	69.1	34.5	-	207.2
Net additional approval authority requested	48.4	44.9	41.5	38.0	172.8

/...

III. RECOMMENDATION

60. The Executive Director recommends that the Governing Council:

(a) Approve the update of the review and reassessment as contained in this document;

(b) Approve the Work Plan for 1985-1988;

(c) Authorize the net additional approval authority in the amount of \$3.8 million for 1984, to bring the total for 1984 to \$142 million; and

(d) Authorize the net additional approval authority in accordance with the Work Plan in the amounts of:

(i) \$48.4 million for 1985, to bring the total for 1985 to 100 per cent of the 1985 level or \$152.0 million;

(ii) \$44.9 million for 1986, to bring the total for 1986 to 75 per cent of the 1985 level or \$114.0 million;

(iii) \$41.5 million for 1987, to bring the total for 1987 to 50 per cent of the 1985 level or \$76.0 million, and

(iv) 25 per cent of the 1985 level or \$38.0 million for 1988.

- - - - -