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P O L I C Y

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Report of the Executive Director clarifying the  
definition of intercountry activities and  
reviewing the possibility of a revision  
of the definition and the target

Summary

This report of the Executive Director has been prepared in response to decision 84/21 I, paragraph 8, adopted by the Governing Council at its thirty-first session, which requested the Executive Director to provide a report clarifying the definition of intercountry activities and reviewing the possibility of a revision of the definition and the target. The report gives a short background on the subject and briefly reviews the history of UNFPA's intercountry activities and the reactions of the Council. It describes the target set by the Council and UNFPA's constraints in achieving the target. The report does not suggest a new definition of intercountry activities, but proposes a new target of 20 per cent of programmable resources, but no less than \$25 million. Regional and interregional advisory services would be exempt from this target in view of the fact that these advisers have the nature of multi-country experts. The report calls for action on the part of the Council in regard to the proposed target for intercountry activities from which the technical advisory services would be exempt.

## INTRODUCTION

1. This report of the Executive Director has been prepared in response to decision 84/21 I, paragraph 8, adopted by the Governing Council at its thirty-first session, which requested the Executive Director to provide a report clarifying the definition of intercountry activities and reviewing the possibility of a revision of the definition and the target. This request was reiterated in decision 85/19 IV, adopted by the Council at its thirty-second session, in which the Council, inter alia, also reaffirmed the existing target of up to 25 per cent of programmable resources for intercountry activities.

2. Regulation 2.2 I (i) of the financial regulations of the United Nations Fund for Population Activities (UNFPA), which was adopted by the Governing Council in decision 83/17 at its thirtieth session, and which came into effect on 1 January 1984, states that "intercountry", when used with reference to a programme activity or project, shall mean regional, interregional or global, as the case may be. The terms regional, interregional or global are not further defined in UNFPA's financial regulations or in any other decision of the Council.

3. In practice a project is a country project if it benefits one country; it is a regional project if it benefits two or more countries in one and the same region; it is an interregional project if it benefits two or more countries in more than one, but not in all regions; and it is a global project if it benefits several countries in all regions of the developing world. The latter notably applies when the nature of the project is research, the beneficiaries of which are still largely undetermined at the time of funding.

4. The amounts which UNFPA intends to allocate for intercountry activities are clearly stated in UNFPA's work plan and as such are approved annually by the Council. By and large, UNFPA has been trying to follow these instructions of the Council but has always fallen somewhat short. As table 1 shows, expenditures for intercountry activities in 1984 amounted to 27.5 per cent of all programme expenditures. Keeping the intercountry activities at their current level and using all or most of the increases in programmable resources for country activities would under normal circumstances resolve the issue. In 1985, therefore, UNFPA proposed to the Council that the issue of intercountry activities be brought to rest. However, at the time of the Council's request in June 1984, to which this report responds, final expenditure data were available only for 1982 (showing intercountry activities with 33 per cent of the total), and the preliminary expenditure data for 1983 showed no change from this level; ultimately the expenditures for intercountry activities amounted to 31.7 per cent of all programme expenditures. Given the possibility of considerably reduced resources in the period 1987-1990 as described in document DP/1986/35, also before the Council at its thirty-third session, the problem may, however, emerge again, since intercountry activities may rise considerably above the 25 per cent target.

I. HISTORY OF UNFPA'S INTERCOUNTRY ACTIVITIES  
AND REACTIONS OF THE COUNCIL

5. UNFPA became operational in 1969, with only a small amount of resources. As its resources grew (expenditures 1973: \$28.6 million; 1974: \$50.2 million; 1975: \$62.7 million), the Council decided to establish priorities, not only for country activities, but also for intercountry activities, since for the period 1969-1973 intercountry activities had amounted to an average of 60 per cent of all programme expenditures, and since in 1974 the ratio between the two types of projects was about 1:1. The subject was discussed by the Council at several sessions, notably at its twenty-fifth session in June 1978, based upon a detailed report of the Executive Director on intercountry activities (DP/332). This and subsequent reports of the Executive Director and the discussions in the Council dealt with the subject in a repetitive fashion. UNFPA noted that intercountry activities were very important and that the amounts for these activities could not or should not be reduced. While some members of the Council agreed, other members of the Council agreed only in principle on the importance of intercountry activities, but, judging from their statements, had some doubts as to the usefulness of the intercountry activities actually funded by UNFPA. Doubts seemed to exist regarding the usefulness of research at the intercountry level, particularly if conducted by agencies of the United Nations system at their respective headquarters. These members were less critical vis-à-vis the intercountry activities at the regional level, particularly those in technical assistance and backstopping and in training. Eventually, the Council decided in decision 79/28 I, paragraph 4, adopted at its twenty-sixth session, that intercountry activities should amount to about 25 per cent of all programme activities, a target which UNFPA, in spite of its efforts, has not yet reached.

6. On the other hand, table 1 indicates the following: as a percentage of total programme expenditures, intercountry activities peaked at 67 per cent in 1972. Intercountry activities decreased from 1972 to 1975 from 67 per cent to 46 per cent, while at the same time the absolute amounts almost tripled, since the overall growth of UNFPA's resources and expenditures was even greater (overall programme expenditures grew from \$16 million in 1972 to \$63 million in 1975). Between 1976 and 1980 the expenditures for intercountry activities doubled from \$23.5 million to over \$47 million, but since overall programme expenditures increased by the same proportion, intercountry activities varied within narrow limits, between 34 and 36 per cent of all programme expenditures. In view of the instructions of the Council, but with the unavoidable delay resulting from transforming programming decisions into actual expenditures, the expenditures for intercountry activities were reduced in absolute terms from \$47 million in 1980 to \$33 million in 1982, a level at which they have since remained. Despite this reduction in absolute terms, the proportion of intercountry activities was not reduced, since it was accompanied by a similar reduction in overall programme expenditures (from \$132 million in 1980 to \$101 million in 1982 and 1983). In 1984, for the first time, the proportion of intercountry activities fell below 30 per cent, amounting to 27.5 per cent; it is estimated that the proportion will amount to 27.8 per cent in 1985.

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Table 1. Expenditures for intercountry activities 1969-1985  
and percentage of total programme expenditures  
 (millions of US dollars)

	1969-71	1972	1973	1974	1975	1976	1977	1978
(1) Intercountry activities	6.2	10.9	17.3	25.0	28.9	23.5	25.2	32.4
(2) Total programme expenditures	9.5	16.3	28.6	50.2	62.7	66.9	70.5	88.8
(3) (1) as a percentage of (2)	65.3%	66.9%	60.5%	49.8%	46.1%	35.1%	36.2%	36.5%
		1979	1980	1981	1982	1983	1984	1985
(1) Intercountry activities		41.1	47.4	42.8	33.6	32.0	31.7	34.4 <sup>a/</sup>
(2) Total programme expenditures		120.3	132.2	118.4	101.8	101.1	115.3	123.9
(3) (1) as a percentage of (2)		34.2%	35.9%	36.1%	33.0%	31.7%	27.5%	27.8 <sup>a/</sup>

<sup>a/</sup> Estimate, assuming an implementation rate of 92 per cent.

7. The figures above might be interpreted as a lack of responsiveness on the part of UNFPA to the decisions of the Council which, since establishing the 25 per cent target in 1979, has reaffirmed the target at every session since 1981 and which, in decision 81/7 I, paragraph 5, had even set 1982 as the deadline by which the target was to have been reached. However, the high amounts in the years 1978-1981 are due to two factors: prior to the decision of the Council in 1979, UNFPA had approved large-scale four-year programmes with each of UNFPA's major executing agencies, while these were also the years of peak expenditures for the World Fertility Survey project. In addition, UNFPA had counted on considerable increases in its income for these years which eventually did not become a reality. Otherwise, the proportion of intercountry activities would have been reduced to the level as determined by the Council.

8. Given the difficulties in meeting the target of the Council, in the early 1980s UNFPA began reconsidering the definition of intercountry activities. It was concluded that an activity which is of a regional nature, but requested specifically by one country, could legitimately be regarded as country activity. In other cases, the formalities were not as strictly adhered to, but the result and the justification are the same. For example, UNFPA has financed regional training activities, such as workshops, in which many countries were participating. On the basis of the number of participants from each country and keeping in mind that travel costs vary from country to country, UNFPA calculated the actual cost per country and "countrified" this previously regional project. No formal agreement was obtained from Governments to regard this as a country activity for each of the participating countries, since the nomination of a candidate to participate in the course was regarded as sufficient. This process appears justified, since the cost of this training would probably have been included in the country programmes of each of these countries, had the fact that such a training course would be organized been known several years ahead of time. At the same time, the administrative arrangements for such, essentially bookkeeping exercises, are much too labour-intensive to be justified in times when the highest degree of economy and efficiency in administrative costs and action is warranted. Hardly any "countrification" of interregional or global projects took place, with the result that expenditures for interregional and global projects appeared to be proportionately higher than they actually were.

## II. TYPES OF INTERCOUNTRY ACTIVITIES

9. Intercountry activities conducted by UNFPA can be categorized according to the following criteria:

(a) Regional, interregional and global activities. UNFPA regularly reports on the breakdown by geographical criterion, including regional activities by region. Over time, the distinction between interregional and global activities has become blurred and the reporting by UNFPA sometimes includes both these types in one category;

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(b) Programme areas (work plan categories). UNFPA regularly reports on the breakdown of intercountry activities by programme area;

(c) Functional categories, i.e., technical assistance and backstopping, training, research, information exchange. At the request of the Council, UNFPA has reported on past intercountry activities according to functional category since 1984. However, it should be noted that project activities normally do not fall neatly into just one of these categories. Technical assistance and backstopping (amounting to 50 per cent of all intercountry activities), because of the nature of technical assistance, include training, even though not in a formalized manner, and may include training in research, thus combining possibly even three functional categories. Training and research are frequently combined, e.g., in the demographic training and research centres of the United Nations. Research becomes more valuable when research results are widely disseminated, thus combining some research with information exchange. Statistics on functional categories should therefore be read with circumspection;

Table 2. Support to United Nations institutions through intercountry activities 1982-1984 by recipient agency  
(Millions of US dollars)

		\$	%
	UNOFS	7.7	
	UNDTCD	<u>5.6</u>	
(1)	Subtotal UN	13.3	19.5
	ECA	8.4	
	ECE	0.7	
	ECLAC	5.6	
	ESCAP	3.0	
	ESCWA	<u>0.9</u>	
(2)	Subtotal regional commissions	<u>18.6</u>	<u>27.2</u>
(3)	Subtotal UN and regional commissions (1) + (2)	<u>31.9</u>	<u>46.7</u>
	ILO	8.8	
	FAO	3.1	
	UNESCO	6.5	
	WHO	<u>18.0</u>	
(4)	Subtotal agencies	<u>36.4</u>	<u>53.3</u>
(5)	Total (3) + (4)	<u>68.3</u>	<u>100.0</u>

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(d) Executing agencies. The importance of UNFPA's support to the executing agencies through intercountry activities becomes evident, if one realizes that intercountry resources from UNFPA constitute about 80 per cent of all resources available to the regional commissions of the United Nations for their population activities and between 40 and 50 per cent of those of the Population Division of the United Nations. Table 2 shows the support given to these bodies for the three-year period 1982-1984. In earlier years, this support has even been higher. Efforts of these bodies to absorb such activities into their regular budgets have been partially successful, e.g. to some extent in the regional commissions of the United Nations, but were constrained by the general call for zero growth in the budgets of all organizations. Given the large role these organizations have to play in the field of population, UNFPA was unable to reduce its support to them through intercountry activities to the extent, as would have been required to reach the 25 per cent target.

### III. RATIONALE FOR INTERCOUNTRY ACTIVITIES

10. Philosophical and political issues aside, the rationale for all development activities is to benefit developing countries and the people living in them. Development activities, therefore, normally take place in developing countries and the assistance from donor countries or organizations is channelled to such countries and their people. Major exceptions to this rule can be found with regard to training and research, both of which may be conducted in the developing country concerned, in other developing countries or in developed countries. Intercountry activities are no different in this regard, as they are essentially a modality of funding which is used (a) if close co-operation of several countries is required to achieve the project objectives (e.g. in development activities concerning the environment); (b) if close co-operation helps more than one country (introducing a TCDC component); (c) if the project objective can be achieved in a more cost-effective manner; (d) if the activity is not divisible (e.g., regional or global research); (e) for administrative convenience.

### IV. A POSSIBLE TARGET FOR INTERCOUNTRY ACTIVITIES

11. During the discussions on intercountry activities the Council considered several targets: 20 per cent, 25 per cent or 30 per cent of programmable resources. Eventually a target of 25 per cent was adopted by the Council, but in spite of UNFPA's efforts it was never reached in full. In considering a new target, it is useful to examine to what extent the existing target has actually hindered UNFPA in financing important activities. The breakdown by functional category is most useful in this regard. Over the last four years (1982-1985) the average distribution of intercountry activities among these categories was as follows:

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	%
Technical assistance and backstopping	52
Training	18
Research	20
Information exchange	10

Total expenditures for intercountry activities during the period 1982-1985 amounted to \$131.7 million (DP/1986/35, table C) or an average of \$32.9 million annually. Technical assistance and backstopping amounted to 52 per cent or \$17 million annually. This amount includes \$10 million annually for projects which provide regional and interregional advisory services. Given the high cost of experts, such regional and interregional advisers actually have the nature of multi-country experts, in addition to their other tasks of project formulation, project monitoring and the like. These advisers are directly supporting identifiable country activities and should therefore be treated as such. UNFPA had at times considered "countrifying" these projects, but this would have increased considerably the administrative work not only of UNFPA, but also of all the agencies concerned, a demand which UNFPA thus felt it should not make. In accordance with UNFPA's financial regulations, such "countrification" would have required the writing of project documents for each adviser on a country-by-country and on a year-by-year basis, since the specifics of the task vary from country to country. In view of the difficulty of such "countrification" and in view of the fact that UNFPA has not been able to reach the target set by the Council, UNFPA has not been able to finance as many such posts as needed, notably in Africa. At the same time, technical assistance and backstopping, and within this functional category the regional and interregional advisory services, are probably the most important of all intercountry activities.

12. If the Council wishes to avoid the negative implications of the existing target on the availability of these regional or interregional advisory services, it has theoretically several alternatives. Firstly, the Council can set a target for each functional category and set the target for technical assistance at a high level. However, in this case, the planning and subsequent reporting requirements of UNFPA would increase considerably. Secondly, the Council can raise the overall target for intercountry activities to about 30 per cent, as contemplated at earlier sessions of the Council. However, the Executive Director feels that a third alternative would meet the needs of countries and the concerns of the Council in an optimal fashion, namely to exempt the regional and interregional advisory services from the target altogether. Thus, these advisory services would be excluded from the classification of intercountry activities, and the intercountry activities, excluding these advisory services, would be given a new target. Such a target could be established on the basis of figures of the past four years as follows: in the average of the years 1982-1985, the total programme expenditures of UNFPA amounted to about \$110 million, of which \$33 million

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were for intercountry activities. Deducting from the \$33 million intercountry activities \$10 million for regional and interregional advisory services, a figure of \$23 million (or about 20 per cent of programme expenditures) is reached. Given the intended long-term nature of many intercountry activities, resulting in a reduced possibility of immediate adaptation to changing income levels, intercountry activities, excluding those for regional and interregional advisory services, could thus be set at 20 per cent of programmable resources, but no less than \$25 million. UNFPA's work plan for 1987-1990 foresees for the average of the higher and the lower-income levels an amount of \$32.6 million for intercountry activities, or between 25 and 29 per cent of new programmable resources, but including the amounts required for regional and interregional advisory services. The proposal in the work plan is thus in substance essentially the same as the proposal made here. Nevertheless, the considerations expressed in this document are not reflected in the work plan for 1987-1990, so as not to prejudge the deliberations of the Council on this subject. The formal recommendation below, if accepted by the Council, would therefore be reflected for the first time in the work plan for 1988-1991, to be submitted to the Council at its thirty-fourth session.

#### V. ACTION TO BE TAKEN BY THE COUNCIL

In its consideration and discussion of intercountry activities financed by UNFPA, the Council may wish to:

- (a) Note the present report by the Executive Director;
- (b) Welcome the reductions in the level of intercountry activities effected since 1981;
- (c) Acknowledge the importance of activities at the intercountry level, notably those in technical assistance and backstopping, in support of activities at the country level;
- (d) Decide that the level of intercountry activities, excluding those for technical advisory services, should be around 20 per cent of programmable resources with a permitted minimum of \$25 million per annum, and request the Executive Director to reflect this decision in the work plan, submitted annually to the Council, starting with the work plan submitted to the thirty-fourth session of the Council;
- (e) Request the Executive Director to report annually, in connection with the submission of the work plan, starting with the work plan submitted to the thirty-fourth session of the Council, on support to technical advisory services.

