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UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Note by the Executive Director  
on the establishment of an endowment fund

1. This note will serve to inform the Members of the Governing Council of the intention of the Executive Director to establish an endowment fund. The intention of the Executive Director was reported to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on 30 April 1986 when UNFPA representatives appeared before that body.
2. The Executive Director has been advised by the Office of Legal Affairs of the United Nations on the procedures to be followed in establishing the endowment fund, as well as on applicable financial regulations and rules. The establishment of the endowment fund as described in this information document is in conformity with the financial regulations and rules of UNFPA. The endowment fund, which will be a trust fund under regulation 5.1 of UNFPA's financial regulations, will not involve directly or indirectly any additional financial liability for UNFPA.
3. In line with comments made by ACABQ, the creation and administration of the endowment fund will not lead to additional costs to the regular administrative budget. Any additional administrative costs would be charged to the income from the endowment fund.
4. All donations to the endowment fund would be in conformity with UNFPA's established financial regulations, specifically regulation 4.11 which requires that "Individual donations of a value in excess of \$25,000 shall be accepted only with the prior approval of the Governing Council".
5. In recent months, the Executive Director has been investigating the possibility of obtaining contributions to UNFPA from private sources, such as individuals, foundations and companies. Fund-raising efforts in this regard have thus far been concentrated mainly in Japan.

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6. While it appears that there are possibilities for obtaining contributions from these private sources, such contributions are likely to be given on a one-time only basis, unlike the regular contributions which UNFPA receives on an annual basis from Governments. The Executive Director believes, therefore, that it would be preferable not to use these private contributions immediately, but to place them in an endowment fund and to utilize the interest income accruing from such a fund for the mandated purposes of UNFPA.

7. The Executive Director wishes to stimulate the interest of private donors in making contributions to the endowment fund by enabling them to identify more closely with the activities financed from the income of the endowment fund. Therefore, the income from the endowment fund would be used to finance regular activities within the Fund's mandate. It would not be the intention of the Executive Director to accept contributions to the endowment fund which carry with them any specific conditions, although general suggestions on the use of the interest income thus generated would be acceptable.

8. Reporting requirements on activities financed from income of the endowment fund would be as stringent as those for activities financed from UNFPA's regular resources. UNFPA would report on these activities to the Governing Council on an annual basis, as is done with all of its activities. In addition, reports on activities financed from income of the endowment fund would be submitted to the Council through ACABQ as required by regulation 5.1 of UNFPA's financial regulations. The Council, thus, would benefit from additional advice.

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