



Executive Board of the United Nations Development Programme and of the United Nations Population Fund

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Financial resources

Status of regular funding commitments to UNDP and its associated funds and programmes for 2001 and onward

I. UPDATE

1. The present paper and annexes provide an update to the information contained in document DP/2001/18. Current estimates for the gross contributions to UNDP regular resources for 2001, using the United Nations official exchange rate of 1 June 2001, amount to \$660 million, a projected increase of 2.3 per cent over the level of regular resources in 2000.
2. The fact that this level represents a significant shortfall in relation to agreed targets should not obscure the positive increase in commitments to UNDP regular resources made by some 25 countries in 2001. According to current projections for 2001, it is expected that as many as 14 members of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) donors will increase their contributions to UNDP regular resources in local currency terms in 2001 and that only one DAC donor will reduce its local currency contribution during the year. Within this group of donors, eight are expected to increase their contributions by 10 per cent or more, with two donors increasing their contributions by over 36 per cent and 42 per cent respectively. Particularly notable is the sustained effort on the part of the majority of OECD/DAC donors to provide annual increases in local currency terms consistently since the introduction of the MYFF and the core-funding strategy.
3. That same political commitment to an enhanced regular resource base for UNDP is also reflected by the fact that some 42 programme countries have pledged contributions to the regular resource base of the organization, often despite considerable internal constraints. While contributions to UNDP regular resources for 2001 by several programme countries are not yet confirmed, it is anticipated that a number will seek to increase their contributions demonstrating their commitment to their partnership with UNDP. For 2000, payments related to government local office contributions (GLOC) amounted to \$18.8 million against a 28.5 million obligation. While the performance of GLOC payments has improved for the second year in a row, it is important that all programme countries take the necessary steps towards meeting their GLOC obligations in full.
4. As a clear sign of partnership and the commitment of Member States to a new and sustainable funding strategy for UNDP, in 2000 a total of 16 countries made indicative pledges for 2001 and four countries did so for 2002. At the time of writing, 17 countries had made indicative pledges for 2002 and nine countries had done so for

2003. Countries that have made multi-year pledges include eight programme countries and nine OECD/DAC donors.

5. That same spirit of partnership is demonstrated in the case of the UNDP-associated funds and programmes, the United Nations Capital Development Fund (UNCDF), the United Nations Fund for Women (UNIFEM) and the United Nations Volunteers Programme (UNV).

6. For UNCDF, according to current projections for 2001, it is expected that at least 11 OECD/DAC donors will make contributions to regular resources in 2001, and that 7 countries will increase their contributions. Two more OECD/DAC countries are also considering making a contribution in 2001 to UNCDF core resources. This would mean that in 2001, UNCDF would have five more OECD/DAC countries contributing to its resources than in 1999. Equally important is the fact that the number of programme countries expected to make a contribution to UNCDF in 2001 is expected to increase from 9 in 2000 to 15 in 2001. It is expected that as of 2001, UNCDF's downward trend in core resources will be reversed.

7. For UNIFEM, current projections indicate that at least eight OECD/DAC donors will increase their contributions to the UNIFEM regular resource base in 2001. Within this group of donors, six are expected to increase by 20 per cent or more, with two donors increasing their contributions by over 10 per cent. One donor has also announced an increased pledge for 2002.

8. For UNV, while only a small proportion of UNV programme activities are financed from the Special Voluntary Fund (SVF), this fund is nevertheless crucial in enabling UNV to initiate creative and pioneering activities in the field. UNV continues to seek to attain a total of \$10 million annually and to secure a one-time extra contribution since 2001 is the International Year for Volunteers and the thirtieth anniversary of UNV. In this regard, UNV is pleased that the SVF seems to be on firmer footing with some OECD/DAC donors resuming their contributions in 2001 and others pledging either to maintain or increase their contributions substantially.

9. Exchange rate factors, in particular the relative strength of the US dollar in relation to other currencies, continued to influence the overall resource situation of UNDP and its associated funds and programmes.

10. Given the above, and in view of the importance of improving predictability of income flows, countries were encouraged to provide fixed payment schedules in order to facilitate financial-management actions. The Administrator notes the very positive developments in terms of clear efforts made on the part of 17 OECD/DAC donors and three programme countries to announce payment schedules for their deposit of regular resource contributions and the efforts being made to bring forward the timing of payments to deposit contributions earlier in the year. Overall, compliance with payment schedules has improved during the first part of 2001. Contributions in April 2001 improved compared with the low level achieved in the same month in 2000. Five of the seven donors that paid their contributions in April 2001 either paid in full or paid more than 50 per cent of their of total commitments for this year. As a result, contributions rose to \$164 million in April, 2001, compared with \$49.9 million in April, 2000. Adherence to previously-announced payment schedules throughout the year is essential if the objective of the funding strategy in terms of greater predictability of income is to be met and liquidity problems are to be avoided. Member States that have not already done so are strongly encouraged to inform the Administrator of their intended payment schedules, including, where possible, early payment. All Member States are encouraged to adhere to the same schedule in terms of currency and timing of payments. The timeliness of payment of contributions continues to be essential to avoid liquidity constraints and is a key factor for the achievement of the goal of greater predictability of income.

11. As indicated above, UNDP estimates that as many as 14 OECD/DAC countries will increase their contributions to UNDP regular resources in local currency terms in 2001, including increases of over 20 per cent in local currency terms by at least four countries. That being said, while progress is being made to address the continued over-dependence of UNDP on a limited number of donors, it is currently estimated that the top 10 donors to UNDP will provide 82 per cent of the total 2001 regular resources of UNDP. The top five contributors to UNDP in absolute terms and in descending order, are: Japan, United States, Norway, Netherlands, and Sweden. The top contributors to UNDP in per capita terms (at least \$1 per capita), are: Norway, Denmark, Sweden, Netherlands, Switzerland, Finland, Luxembourg and Ireland.

CONCLUSIONS

12. Current projections for contributions to regular resources to UNDP in 2001 indicate that the seven-year downward trend in UNDP regular (core) resources should be halted this year and that 2001 will mark the return to a path of growth in the regular resource base. The widespread endorsement at the Ministerial Meeting that the UNDP reform process is on the right track, and the subsequent efforts of strengthening communication with political leaders have provided an important impetus to the process of rebuilding political will for the organization. Progress is being made through the MYFF/ROAR process to demonstrate clear results. At the same time the implementation of the Business Plans 2000-2003 is strengthening the organization and its performance. All these factors account for an important stimulus to resource mobilization in donor capitals, which is manifested in the large number of countries that have announced increases in contributions this year.

13. Notwithstanding the very positive signs of increased political support, the regular resource situation remains critical. The Executive Board may wish to request all countries that have not yet done so, to provide contributions to regular resources for 2001, and for those that have already made their contributions, to consider, if they are in a position to do so, supplementing their 2001 contributions, so as to accelerate the rebuilding of the regular resource base of UNDP. The Board may further wish to pursue discussion on joint actions that can be taken to increase the regular resource base to levels that guarantee the sustainability of the organization as the key global platform for the development activities of the United Nations.