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**The flow of financial resources for assisting in the implementation
of the Programme of Action of the International Conference
on Population and Development****Report of the Secretary-General**

The present report responds to a request made at the twenty-eighth session of the Commission on Population and Development for an annual report on the flow of financial resources for assisting in the implementation of the Programme of Action of the International Conference on Population and Development (ICPD). It also complies with General Assembly resolutions 49/128 and 50/124 in which the Assembly called for the preparation of periodic reports on the financial resource flows to assist in the implementation of the Programme of Action.

The report examines levels of donor and domestic expenditures for population activities in developing countries for 2003 and provides estimates for population expenditures in 2004 and projections for 2005.

Although the ICPD financial targets for 2000 had not been met, it is encouraging to note that both international donor assistance and domestic expenditures for population activities have increased since then. Donor assistance for population, which stood at \$2.6 billion in 2000, was estimated at \$4.2 billion in 2003, up from \$3.2 billion in 2002. Domestic expenditures, which hovered between \$7 and \$9 billion during 2000-2002, were estimated at almost \$11 billion in 2003. Together, donor assistance and domestic expenditures for population activities yielded a global estimate of just over \$15 billion in 2003.

To reach the 2005 target of \$18.5 billion, the international community would have to continue to increase levels of assistance and developing countries would have to continue mobilizing additional domestic resources. Estimates for 2004 and projections for 2005 are encouraging. Donor assistance is estimated to have increased to \$4.5 billion in 2004 and projected to increase to almost \$6.4 billion in 2005. A rough estimate of resources mobilized by developing countries, as a group, including China, yielded a figure of \$12.5 billion for 2004. This number is projected to increase to \$12.7 billion in 2005.

The largest share of funding is currently going to AIDS related activities. However, the increased resources are still not adequately addressing the growing AIDS pandemic. In addition, funding for family planning and reproductive health, which has been lagging behind, also needs to increase proportionately with current needs in these areas. The substantial increase in funding for AIDS clearly demonstrates that further resources can still be mustered and that, given the political will to do so, they can be made available for the other equally critical components of the ICPD costed population package, especially family planning and reproductive health.

The challenge before the international community is to remain on track to reach the target for 2005. Without a firm commitment to population, reproductive health and gender issues, and adequate allocation of financial resources in all areas, it is unlikely that any of the goals and targets of the Cairo Conference and the Millennium Summit will be effectively met.

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I. Introduction

1. The present report has been prepared by the United Nations Population Fund (UNFPA) in response to a request at the twenty-eighth session of the Commission on Population and Development¹ for an annual report on the flow of financial resources for assisting in the implementation of the Programme of Action of the International Conference on Population and Development (ICPD) held in Cairo in 1994.² The report is part of the work programme of the Commission on Population and Development and is submitted in accordance with General Assembly resolutions 49/128 and 50/124, which called for the preparation of periodic reports on the flow of financial resources for assisting in the implementation of the Programme of Action.

2. The report examines the flow of funds from donor countries for population assistance in developing countries³ and provides estimates of government and non-governmental expenditures for population activities in developing countries for 2003. It also includes donor and developing country estimates for 2004 and projections for 2005. Data collection activities for both donor and domestic resource flows were undertaken by the Netherlands Interdisciplinary Demographic Institute (NIDI) under a contract with UNFPA and the Joint United Nations Programme on HIV/AIDS (UNAIDS). Evaluation and analysis of data were carried out jointly by NIDI and UNFPA.

Methodology

3. Data on donor assistance for population activities presented in this report were gathered with the use of a detailed questionnaire mailed to 77 key actors in the field of population and AIDS including Organization of Economic Cooperation and Development (OECD)/Development Assistance Committee (DAC) donor countries, major multilateral organizations and agencies, large private foundations and other non-governmental organizations that provide substantial amounts of population assistance. Data for fiscal year 2003 are based on responses received by 10 January 2005. Thus, the figures should be treated as provisional, since they are subject to change as more responses are received. Increasingly, information from donor countries is obtained from the OECD/DAC database.

4. Information on domestic resource flows is based on data from responses to questionnaires sent to a core sample of 61 developing countries throughout the world, case studies⁴ conducted in selected countries as part of the UNFPA/UNAIDS/NIDI Resource Flows Project, secondary sources, and estimation and projection techniques.

5. The external and domestic financial resource flows for population activities analyzed in this report are part of the "costed population package" as specified in paragraph 13.14 of the Programme of Action of the International Conference on Population and Development. The package comprises family planning services; basic reproductive health services; sexually transmitted diseases (STDs)/human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS) prevention activities;⁵ and basic research, data and population and development policy analysis. The Programme of Action estimated that the implementation of this population and reproductive health package in the developing

countries and countries with economies in transition would cost US \$18.5 billion⁶ annually by the year 2005. Approximately two thirds of the projected costs would come from the countries themselves and one third, or \$6.1 billion, would come from the international donor community.

II. Donor Assistance to Population Activities

21. Population assistance increased slowly, but steadily since the ICPD. Although assistance peaked at \$2.6 billion in 2000, the financial goal of the Cairo Conference of \$5.7 billion by the year 2000 was not met; the resources mobilized were roughly 46 per cent of the target agreed upon as the international community's share in financing the Programme of Action. By 2002, donor assistance was \$3.2 billion. The 2003 figure shows an increase to \$4.2 billion (see Table 1). It is estimated that population assistance increased further to \$4.5 billion in 2004.

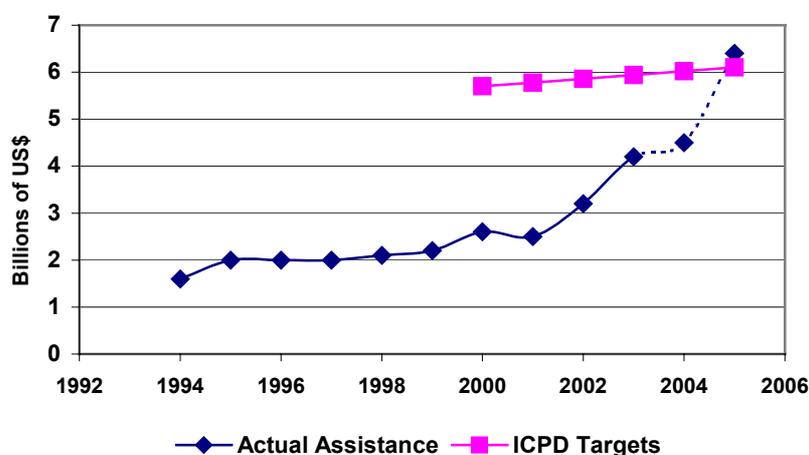
22. If donors live up to their commitments and continue to increase funding levels as promised, it is projected that the international donor community will have contributed almost \$6.4 billion to population assistance by the end of 2005. This means that donors will not only have reached, but even slightly surpassed, the ICPD target for 2005 (see Figure 1).

**Table 1. International Population Assistance, by Major Donor Category, 2002 –2005
(Millions of US \$)**

Donor category	2002	2003	Estimated 2004	Projected 2005
Developed countries	2,314	3,334	3,383	5,221
United Nations system	31	41	34	35
Foundations/NGOs	530	324	574	597
Development Bank grants	2	28	29	30
Total US \$	<i>2,878</i>	<i>3,727</i>	<i>4,019</i>	<i>5,883</i>
Development Bank loans	328	501	501*	501*
Grand Total US \$	3,205	4,228	4,520	6,384

Source: UNFPA, 2004. *Financial Resource Flows for Population Activities in 2002* and UNFPA/UNAIDS/NIDI Resource Flows Project database. *Note:* Totals may not add up due to rounding. Data for 2003 are provisional; data for 2004 are estimates; data for 2005 are projections. *The 2004 and 2005 figures for development bank loans are estimated at the 2003 level.

Figure 1. Population Assistance as Compared to ICPD Targets



Note: Estimated 2004 and projected 2005 assistance is shown by broken line (- -).

Source: UNFPA, 2004. *Financial Resource Flows for Population Activities in 2002* and UNFPA/UNAIDS/NIDI Resource Flows Project database. Note: Data on actual assistance for 2003 are provisional; data for 2004 are estimates; data for 2005 are projections.

A. Bilateral Assistance to Population Activities

23. Donor countries provide the largest share of population assistance. Bilateral assistance stood at \$3.3 billion in 2003, up from \$2.3 billion in 2002. Most countries increased funding levels over the past year. The United States of America, which increased funding by almost 88 per cent from 2002, continued to be the largest donor, contributing \$1.8 billion in population assistance, or 54 per cent of the resources of donor countries. Other major donors in 2003 included: the Netherlands, the United Kingdom, the European Union, Germany, Norway and Japan, all of which contributed over \$100 million each in population assistance. According to preliminary estimates, donor countries provided \$3.4 billion for population activities in 2004. Projections for 2005 place this number at \$5.2 billion. The projected increase includes two important sources of additional funding: the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the United States President's Emergency Plan for AIDS Relief (PEPFAR).

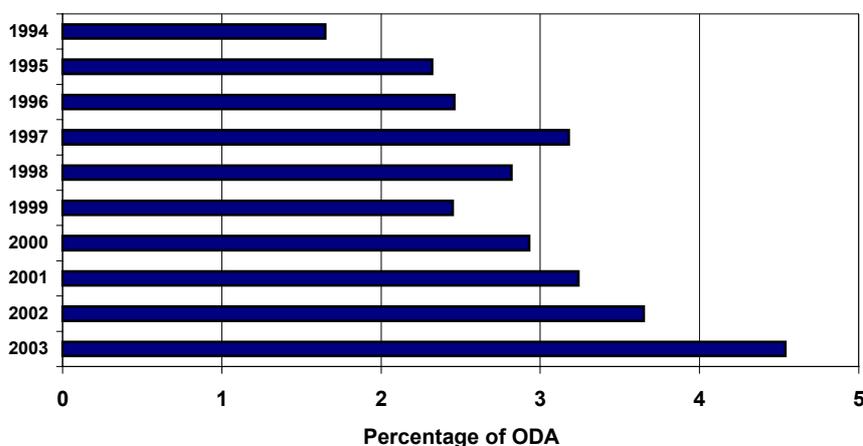
24. Seventeen donor countries and the European Union increased their contributions in 2003.⁷ Of the countries that registered increases in funding levels, 3 countries had actually decreased their contributions in terms of their local currency, but showed an increase in terms of the United States dollar.

Population assistance as a percentage of official development assistance

25. Donor countries contributed 4.54 per cent of their total official development assistance (ODA) to population assistance in 2003, up from 3.65 per cent in 2002. This marked the first time that donor countries, as a group, crossed the 4 per cent of ODA to population activities threshold. However, it should be pointed out that only a handful of countries contribute the suggested 4 per cent or more of their total ODA for population assistance; in 2003, only 5 countries did so, compared to 8 countries in 2002. Donor countries vary greatly in the proportion of ODA contributed to population assistance: percentages ranged from 0.04 to 11.45 per cent. The United States led the donor countries, earmarking 11.45 per cent of its total ODA to population assistance in 2003. This increase reflects the large increase in funding for HIV/AIDS. Other countries contributing more than 4 per cent of ODA to population were the Netherlands, Norway, Finland and Luxembourg.

26. The International Conference on Financing for Development in 2002 reinvigorated international cooperation for development and served to halt the downward trend in aid. The immediate result was a 5 per cent increase in ODA in 2002. Total ODA further increased to 68.6 billion in 2003. But most countries do not earmark 4 per cent of their total ODA for population. Least developed countries are especially in need of larger flows of aid.

Figure 2. Population Assistance of Donor Countries as a Percentage of ODA, 1994-2003



Source: UNFPA, 2004. *Financial Resource Flows for Population Activities in 2002* and UNFPA/UNAIDS/NIDI Resource Flows Project database. Note: Data for 2003 are provisional.

Population assistance in relation to gross national product

27. In 2003, donor countries contributed, on average, \$112 per million dollars of gross national product for population assistance, up from \$86 per million dollars in 2002. The average dollar amount conceals the large variation between countries, ranging from \$1 to \$538 per million dollars. Norway led the donor countries, contributing \$538 per million

dollars of GNP for population assistance. The Netherlands, Luxembourg, Denmark and Sweden each contributed over \$200 per million dollars of GNP for population assistance.

B. Multilateral Assistance to Population Activities

Grants

28. Multilateral assistance to population activities is provided by the organizations and agencies of the United Nations system, mainly from UNAIDS, UNICEF, UNFPA and WHO. Whatever the United Nations agencies receive for population assistance from OECD/DAC donor countries is considered to be bilateral assistance. Agencies' general funds not earmarked for population activities, interest earned on funds and money received from income-generating activities that are spent on population programmes are considered as multilateral assistance for population. Funds received from developing countries that agencies spend on population activities are a small portion of an agency's regular budget and are also included as multilateral assistance. Multilateral assistance stood at \$41 million in 2003, up from \$31 million in 2002. Funding levels are not expected to change significantly in 2004 and 2005.

29. UNFPA is the leading provider of United Nations assistance in the population field, providing support to 136 developing countries in 2003. UNFPA, which relies on voluntary contributions, uses the multi-year funding framework initiative that emphasizes management for results, tying programme support to policy development and linking ICPD and the Millennium Development Goals in the context of poverty reduction to stimulate resource mobilization.

30. The World Bank reported an expenditure of \$27 million as compared to \$2 million in 2002 due to increased funding for HIV/AIDS. The Inter-American Development Bank reported just under \$1 million to intermediate donors for special grant programmes in the area of population in 2003.

Loans

31. Development banks, which provide loans to developing countries, are an important source of multilateral population assistance. Their contributions are treated separately from grants because their assistance is in the form of loans that must be repaid. The banks' projects reflect multi-year commitments recorded in the year in which they are approved but disbursed over several years. Most loans for population assistance come from the World Bank, which supports reproductive health and family planning service delivery, population policy development, HIV/AIDS prevention, and fertility and health survey and census work. The World Bank reported lending \$501 million for population activities in 2003, up from \$328 million in 2002. Of this amount, just over \$239 million comprised International Development Association loans, made at highly concessional rates, and \$261 million was for International Bank for Reconstruction and Development loans, made at rates closer to those prevailing in the market.

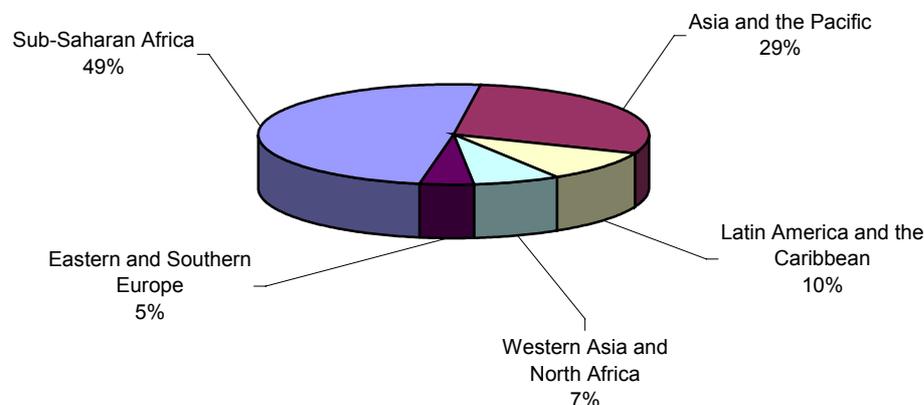
C. Private Assistance to Population Activities

32. Foundations, non-governmental organizations and other private organizations are also important sources of population assistance. In 2003, foundations and NGOs contributed \$324 million to population activities, down from \$530 million in 2002. This figure is expected to increase as more foundations report their 2003 contributions. Major contributors reporting by the publication deadline included the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation, the OPEC Fund for International Development and the Henry J. Kaiser Family Foundation. Major NGO contributors included Marie Stopes International, Population Services International, International Planned Parenthood Federation and the Japanese Organisation for International Cooperation in Family Planning. Private assistance to population activities is expected to move closer to the 2002 level in 2004 and 2005.

D. Expenditures for Population Activities by Geographic Region

33. A total of 158 countries and territories benefited from population assistance in 2003, up from 151 countries in 2002. Sub-Saharan Africa, which includes the majority of the least developed countries, continues to be the largest recipient of assistance, receiving almost half of all assistance going to the five geographic regions. The next largest recipients of population assistance are: Asia and the Pacific, Latin America and the Caribbean, Western Asia and North Africa, and Eastern and Southern Europe. Global and interregional population activities have been receiving an increasingly larger share of total population assistance over the years. In 2003, 40 per cent of assistance went to global and interregional activities, just as it did in 2002. Assistance went to such activities as advocacy; research; reproductive health; support to the Global Fund to Fight AIDS, Tuberculosis and Malaria; HIV/AIDS prevention, care and support; and safe motherhood.

Figure 3. Expenditures for Population Activities by Geographic Region, in percentages, 2003



Source: UNFPA/UNAIDS/NIDI Resource Flows Project database.

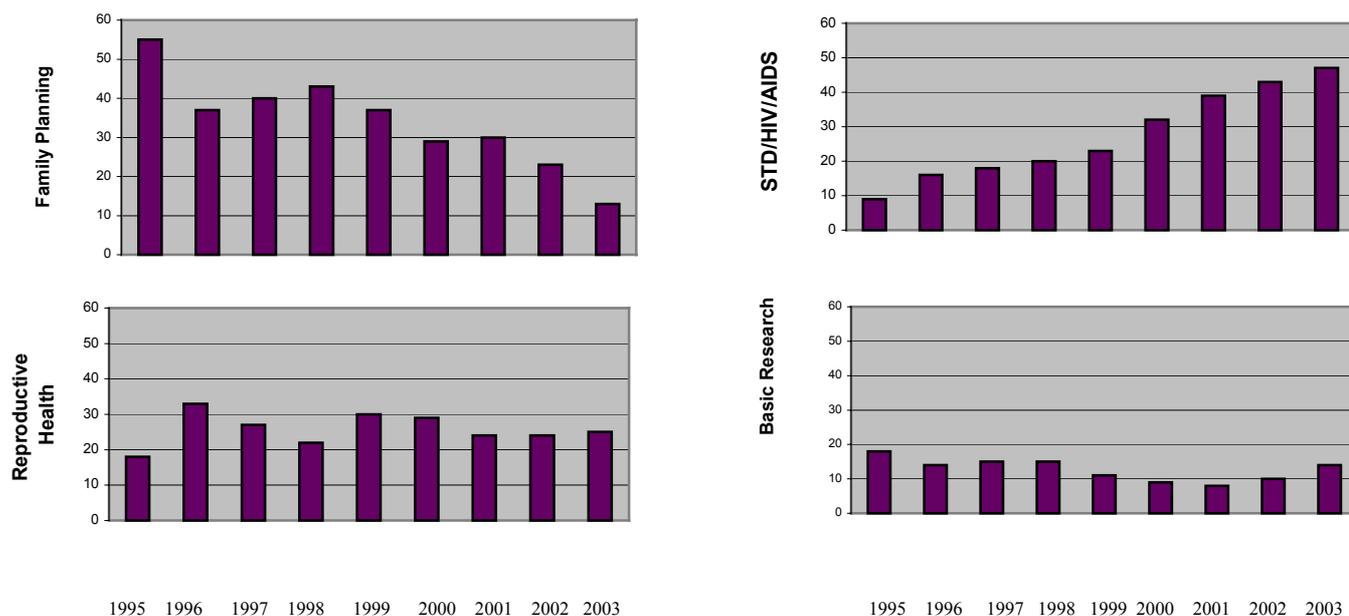
E. Expenditures for Population Activities by Category of Activity

34. UNFPA monitors expenditures for population activities by the following four ICPD costed population categories: 1) family planning services, 2) basic reproductive health services, 3) STD/HIV/AIDS activities and 4) basic research, data and population and development policy analysis. The largest and increasing proportion of total population assistance goes to fund HIV/AIDS activities. In fact, 83 per cent of the increase in donor funding for population activities from 2002 to 2003 was due to AIDS related funding. Consistent with the ICPD call for integration of services, funding for basic reproductive health services increased, with fluctuations, from 18 per cent in 1995 to 25 per cent in 2003 up from 24 per cent in 2002, while explicit funding for family planning services decreased, with fluctuations, from 55 per cent to 13 per cent during the same period, down from 23 per cent in 2002. Consistent with the rapid spread of the HIV/AIDS pandemic, funding for HIV/AIDS activities increased sharply since 1995, from 9 per cent of total population assistance to 47 per cent in 2003, up from 43 per cent in 2002. Funding for basic research activities decreased with fluctuations since 1995, from 18 per cent to 14 per cent in 2003, up from 10 per cent in 2002 (Figure 4).

35. Funding for family planning services decreased in absolute dollar amounts from \$723 million in 1995 to \$461 million in 2003, a decrease of 36 per cent. Although funding for reproductive health and basic research activities increased 275 per cent and 110 per cent, respectively between 1995 and 2003, HIV/AIDS activities received the largest proportion of assistance, increasing 13 fold in absolute dollar amounts from 1995 to 2003. Given the increased emphasis on addressing the global AIDS pandemic, including the Millennium Development Goal of combating HIV/AIDS, malaria and other diseases and the creation of

the Global Fund to Fight AIDS, Tuberculosis and Malaria and the United States President's Emergency Plan for AIDS Relief, estimates for 2004 and projections for 2005 point to a continuation of this trend. In fact, donor countries are expected to spend almost 60 per cent of their population assistance on STD/HIV/AIDS activities in 2004; this figure is projected to increase to 66 per cent in 2005.

Figure 4. Expenditures for Population Activities as a Percentage of Total Population Assistance, 1995-2003



Source: UNFPA, 2004. *Financial Resource Flows for Population Activities in 2002* and UNFPA/UNAIDS/NIDI Resource Flows Project database.

36. The growing trend towards integration of services and the increasing use of sector-wide approaches in development assistance is making it increasingly difficult for countries to readily distinguish between expenditures for population and other health-related activities and, within population, funding that goes to family planning, reproductive health and STD/HIV/AIDS activities.

F. Expenditures for Population Activities by Channel of Distribution

37. Assistance for population activities flows through a diverse network, moving from the donor to the recipient country through one of the following channels: 1) bilateral – directly from the donor to the recipient country government; 2) multilateral – through United Nations organizations and agencies; and 3) non-governmental. In 2003, 50 per cent of all population assistance went through the non-governmental channel, while 28 per cent went to bilateral programmes and 22 per cent went through multilateral organizations. Although the percentage of population assistance channeled by NGOs decreased since 2002, the NGO channel

continues to predominate throughout all the world regions. Population assistance is expected to continue to be channeled in large part by NGOs in 2004 and 2005.

III. Domestic Expenditures for Population Activities

A. Methodology

38. The ICPD pointed out that domestic resources of developing countries provide the largest portion of funds for attaining population and development objectives. The mobilization of adequate domestic financial resources is essential to facilitate full implementation of the Cairo agenda. UNFPA has been monitoring domestic expenditures for population activities since 1997 through the use of a survey questionnaire sent to UNFPA Country Offices throughout the world for further distribution to Government ministries and large national NGOs. In many countries, local consultants were recruited to work with government authorities and non-governmental organizations in completing the questionnaires. UNAIDS Country Offices assisted in the selection of government departments and NGOs that provided data on HIV/AIDS expenditures. Respondents were requested to focus on the ICPD costed population package and to report only domestic financial resources, not to include international donor assistance.

39. Surveys of domestic expenditures were initially conducted on an annual basis but, since 1999, to reduce the burden on financial and human resources, countries were surveyed on a two-yearly basis. Country case studies were conducted as part of the Resource Flows Project to supplement the mail inquiry. Despite intensive follow-up, it was becoming increasingly difficult to track progress of developing countries towards achieving the ICPD financial targets. Each year, fewer countries provided information on domestic expenditures for population activities. Many Governments, including several of the most populous countries, were unable to supply the requested data because of funding, staffing and time constraints. In addition, countries that did not have well-developed systems for monitoring resource flows were unable to provide the requested information, especially when funding was pooled in integrated social and health projects and sector-wide approaches. Furthermore, countries with decentralized accounting systems could only supply data on national expenditures, and were unable to provide information on expenditures for population at sub-national (lower administrative) levels.

40. To address these challenges and to further reduce the burden of reporting, for fiscal year 2003, the UNFPA/UNAIDS/NIDI Resource Flows Project focused on a core group of 61 countries selected on the basis of population size, amount of population and AIDS expenditures, HIV/AIDS prevalence and regional representation. The sample covered 88 per cent of the population in developing countries and countries with economies in transition. Total global domestic expenditures for population activities were subsequently estimated for 2003 and 2004 and projected for 2005 using a methodology that incorporated the responses of this core group, together with prior reporting on actual and intended expenditures, secondary sources on national spending and, in the absence of such information, estimates and projections were based on national income as measured by the level of gross domestic product

(GDP) which proved the most influential variable explaining the growth of spending by governments.⁸

B. Estimates and Projections of Domestic Expenditures

41. Table 2 presents estimates and projections of global domestic expenditures for population activities for 2003-2005. It shows a steady increase in domestic funding for population activities for almost all regions. The increase appears to be stronger between 2003 and 2004 than it is between 2004 and 2005. It is estimated that developing countries spent \$11 billion for population activities in 2003. The largest amount was mobilized in Asia (\$8.1 billion), followed by Latin America and the Caribbean (\$1.7 billion), sub-Saharan Africa (\$503 million), Western Asia and North Africa (\$411 million) and Eastern and Southern Europe (\$212 million).

42. Domestic expenditures are estimated to have increased to \$12.5 billion in 2004 from \$11 billion in 2003 and they are projected to increase again to \$12.7 billion in 2005. Increases are expected in every region, except in sub-Saharan Africa, which is expected to increase expenditures in 2004, but slightly decrease funding levels in 2005. Asia is expected to continue to mobilize the largest amount of financial resources in both 2004 and 2005. The pattern remains unchanged from 2003-2005: Latin America and the Caribbean is expected to mobilize the second largest amount of funds, followed by sub-Saharan Africa, Western Asia and North Africa, and Eastern and Southern Europe.

43. Roughly one fourth of all domestic expenditures for population are spent on STD/HIV/AIDS, with Latin America and sub-Saharan Africa spending around three quarters and just over one half of their funds, respectively, on AIDS. These figures are expected to remain virtually unchanged during 2003-2005.

**Table 2. Projection of Global Domestic Expenditures for Population Activities, 2003-2005
(Thousands of US \$)**

Year	Source of Funds				Percentage spent on STD/HIV/AIDS
	Government	NGO	Consumers*	Total	
2003					
Africa (sub-Saharan)	229,411	73,116	200,735	503,262	56.1
Asia and the Pacific	2,935,656	69,811	5,128,592	8,134,059	10.3
Latin America and the Caribbean	879,161	100,916	701,570	1,681,647	79.8
Western Asia and North Africa	235,416	31,179	144,546	411,141	17.4
Eastern and Southern Europe	149,679	8,235	54,184	212,098	44.5
Total	4,429,324	283,256	6,229,626	10,942,206	24.0
2004					
Africa (sub-Saharan)	277,663	133,476	242,955	654,093	57.8
Asia and the Pacific	3,268,048	131,262	5,709,281	9,108,591	12.3
Latin America and the Caribbean	957,181	137,580	763,830	1,858,591	73.7
Western Asia and North Africa	305,676	49,212	187,685	542,573	18.3
Eastern and Southern Europe	205,211	14,562	74,286	294,059	45.6
Total	5,013,779	466,091	6,978,037	12,457,907	24.9
2005					
Africa (sub-Saharan)	261,097	136,128	228,460	625,685	55.2
Asia and the Pacific	3,336,461	134,496	5,828,797	9,299,753	13.0
Latin America and the Caribbean	963,946	138,957	769,229	1,872,132	73.4
Western Asia and North Africa	314,030	50,178	192,815	557,023	18.3
Eastern and Southern Europe	212,881	15,054	77,063	304,997	45.7
Total	5,088,414	474,813	7,096,363	12,659,590	25.1

*Consumer spending on population activities covers only out-of-pocket expenditures and is based on the average amount per region as measured by the WHO (2004) for health care spending in general. For each region, the ratio of private out-of-pocket versus per capita government expenditures was used to derive consumer expenditures in the case of population activities.

Source: Hendrik van Dalen and Mieke Reuser, "Assessing Size and Structure of Worldwide Funds for Population and AIDS Activities", The Hague, 2004.

C. Components of Domestic Funding for Population Activities

44. Governments play a major role in financing population programmes. They are considered to be responsible for most domestic expenditures for population activities. However, since the level of government funding usually depends on the level of national income, governments in least developed countries are least likely to afford large outlays for population activities. Poor countries faced with many competing development priorities simply cannot afford to make the necessary investments in population. As a result, population issues are often excluded from social and health sector programmes because there is not enough funding to go around, or because new priorities are surfacing without safeguards to ensure sustainability and expansion of existing programmes. National NGOs also contribute to the funding pool for population, but the majority of them are highly dependent on

international resources. Their main role lies in advocacy work and in reaching people at the grass-roots level.

45. National governments and NGOs are not the only sources of domestic expenditures for population activities. In fact, it is the consumers who actually spend the most. Private consumer expenditures account for a large percentage of total funding for health care. Although exact amounts of worldwide health-care spending for population activities are not known, it stands to reason that a significant proportion of expenditures for family planning, reproductive health and STD/HIV/AIDS services are borne by consumers. The few available sources of information on private spending reveal great variations between regions and countries and, in some cases, changes over time in the share of private spending within countries themselves. In constructing an expenditure estimate for the private sector, the UNFPA/UNAIDS/NIDI Resource Flows Project used out-of-pocket health expenditures of households from the national health account figures as collected by the World Health Organization. The out-of-pocket health expenditures were assumed to be completely in line with out-of-pocket expenditures for population goods and services. Analysis shows that consumer spending, as measured by out-of-pocket expenditures, represents the largest part of resources spent on population activities.

46. It should be pointed out that figures for 2004 and 2005 are dependent on whether governments follow the expected patterns of spending given past reported expenditures and levels of national income and whether they indeed live up to their commitments. Unforeseen factors, including the recent tsunami that devastated countries in Asia, will no doubt have a significant impact on domestic spending for population. On the other hand, the tragedy is expected to increase international assistance. It therefore remains to be seen whether total expenditures for population, including both donor and domestic funding, will be affected to any significant degree.

47. Although the global figure of domestic resource flows is a rough estimate, it is the most plausible estimate, given the fact that data are often incomplete and not entirely comparable. The information is useful in that it provides some idea of the progress made by developing countries, as a group, in achieving the financial resource targets of the ICPD Programme of Action. While the global total shows real commitment on the part of developing countries, it conceals the great variation that exists among countries in their ability to mobilize resources for population activities. Most domestic resource flows originate in a few large countries. Many countries, especially those in sub-Saharan Africa and the least developed countries, are not able to generate sufficient resources to finance their own population programmes and rely heavily on donor assistance.

IV. Resources for Other Population-Related Activities

48. Both donor and developing countries indicate that a significant amount of resource flows goes to other population-related activities that address the broader population and development objectives of the ICPD agenda, but that have not been costed and are not part of the agreed target of \$18.5 billion for 2005. Among the population-related activities that countries support include: poverty alleviation, primary health-care delivery systems, child

health and survival, basic education, including girls' and women's education, empowerment of women, rural development and income generation. Since they are not part of the costed population package, funding for such activities is not included in the calculations of international population assistance and domestic resources for population. If the amount of resources spent on these activities were added to expenditures for the costed population package, the overall level of support to the ICPD Programme of Action would be considerably higher.

V. Developments in the Mobilization of Resources for Population Activities

49. Systematic monitoring of the financial resources mobilized for population activities in developing countries points to a number of interesting developments: 1) a pronounced shift towards funding for STD/HIV/AIDS at the expense of other population activities; 2) the major funding role of a relatively small number of donors; 3) the mobilization of the majority of global domestic resources by a small number of developing countries; 4) the important role of consumer spending in domestic expenditures; 5) escalating current needs and costs as compared to original 1993 cost estimates; and 6) the challenge of funding for family planning and reproductive health services in the context of the Millennium Development Goals.

50. Funding for STD/HIV/AIDS has increased steadily since 1995, when UNFPA first began to monitor expenditures by the four ICPD population categories, from 9 per cent to 47 per cent in 2003. It is projected to reach well over half of total population assistance by 2005. It seems that the other three elements of the ICPD costed population package are not getting the attention that they deserve because of the drive to fight AIDS. This is especially evident in the case of funding for family planning, where absolute dollar amounts are lower than they were in 1995. The percentage of total population assistance for family planning services declined from 55 per cent in 1995 to 13 per cent in 2003 and is not expected to increase in 2004 and 2005. If not reversed, the trend towards less funding for family planning will have serious implications for countries' ability to address unmet need for such services and could undermine efforts to prevent unintended pregnancies and reduce maternal and infant mortality. The shift towards funding for STD/HIV/AIDS is expected to be especially prominent among donor countries. With the United States making firm commitments to finance HIV/AIDS projects through the United States President's Emergency Plan for AIDS Relief initiative, it is expected that 66 per cent of donor funds will be allocated to STD/HIV/AIDS activities in 2005. It is interesting to note that the adopted ICPD targets in 2005 were 8 per cent of total population assistance for STD/HIV/AIDS, 62 per cent for family planning services, 29 per cent for basic reproductive health services and 1 per cent for basic research, data and population and development policy analysis. At that time, no one had foreseen the escalation of the AIDS pandemic. In 1994, 14 million people were said to be living with HIV/AIDS; in 2004, according to the latest UNAIDS AIDS epidemic update for December 2004, this number increased 186 per cent to almost 40 million.

51. The attainment of the ICPD financial goals is driven to a large extent by the funding behavior of a few major players since most resources originate with a few large donors. For example, the United States is projected to provide \$3.2 billion or more than half of total donor contributions in 2005.

52. Most domestic resources for population originate in a few large developing countries. For example, China is expected to spend \$1.7 billion for family planning in 2005, accounting for one third of all domestic government spending. Most developing countries are not in a position to generate adequate resources to fund much-needed population and AIDS programmes in their countries.

53. Although not easy to track, the role played by consumers in mobilizing resources is much larger than usually assumed, in many cases, surpassing by far government and NGO expenditures for population. Although variations exist between regions and countries, if spending on population and AIDS activities is completely in line with spending on health in general, then it is safe to assume that consumers in developing countries pay more than half of the burden of population expenditures. Out-of-pocket spending by consumers, especially the poor, has important implications for policy initiatives aimed at reducing poverty and income inequality in the developing world.

54. The ICPD financial targets were fixed over 10 years ago, with cost estimates based on experiences as of 1993. Since that time, the population and health situation in the world has changed dramatically. The HIV/AIDS crisis is far worse than anticipated and infant, child and maternal mortality remain unacceptably high in many parts of the world. In addition, since that time, health-care costs have skyrocketed. Furthermore, the value of the dollar in 2005 is far lower than it was in 1993. The ICPD Programme of Action stated that the estimates should be reviewed and updated on the basis of a comprehensive approach as outlined in the Cairo agenda. The question is: will the ICPD target of \$18.5 billion in 2005 be sufficient to meet developing countries' increased demands in the area of family planning, reproductive health, STD/HIV/AIDS and basic research, data and population and development policy analysis in order to "promote and accelerate social and economic development, improve the quality of life for all, foster equity and full respect for individual rights and, by so doing, contribute to sustainable development" (ICPD Programme of Action, para. 13.21).

55. Reproductive health is not explicitly included in the Millennium Development Goals. Yet "The Millennium Development Goals, particularly the eradication of extreme poverty and hunger, cannot be achieved if questions of population and reproductive health are not squarely addressed. And that means stronger efforts to promote women's rights, and greater investment in education and health, including reproductive health and family planning." (Secretary-General Kofi Annan, Bangkok, December 2002). The international community's commitment to achieving the Millennium Development Goals needs to incorporate the ICPD universal reproductive health services target so that funding for family planning and reproductive health services is secured along with increased funding for HIV/AIDS.

56. In the June 2004 *New York Call to Commitment: Linking HIV/AIDS and Sexual and Reproductive Health*, the high-level global consultation convened by UNFPA and UNAIDS in collaboration with Family Care International called for, *inter alia*, reaffirming the linkages between HIV/AIDS and sexual and reproductive health and their interrelationships with broader issues of public health, development and human rights as agreed by the international community in a series of commitments including the ICPD, the Millennium Declaration and the Declaration of Commitment on HIV/AIDS; ensuring that these linkages are addressed

within existing national development plans and budgets, including health sector reforms, poverty reduction strategies papers, sector-wide approaches and United Nations instruments such as the Common Country Assessment and the Development Assistance Framework; and mobilizing the necessary resources to support increasing linkages between HIV/AIDS and sexual and reproductive health programmes and services.

57. It is worth noting that in October 2004 at the special meeting of the General Assembly to mark the tenth anniversary of the ICPD, the member states of the European Union and the European Commission pledged \$75 million for reproductive health commodity security for 2005.

VI. Conclusion

A. Progress in Resource Mobilization

58. **The ICPD goal of mobilizing \$17 billion by the year 2000 was not met. Resources directed to the implementation of the ICPD Programme of Action increased since 1994 but not at the level required to implement the Cairo objectives. Both donors and developing countries fell short of the agreed targets. By 2003, donor funding stood at \$4.2 billion and domestic resources were estimated at \$11 billion. Although the increase is seen as an encouraging sign indeed, for many less developed countries which cannot generate sufficient resources, the lack of adequate funding remains the chief constraint to the full implementation of the ICPD Programme of Action and to attaining the goals of the Cairo agenda.**

59. **The increase in ODA to developing countries following the Monterrey Consensus shows that it is possible to substantially increase resources to meet required targets. A number of countries are already providing 4 per cent of ODA to population, demonstrating that, given the will to do so, this is feasible for all donors.**

60. **If donors live up to their stated future commitments, projections for 2005 show that, thanks in large part to the increase in funding for HIV/AIDS of major donors and consumer spending in developing countries, the target of \$18.5 billion will be achieved. Indeed, if projections are correct, donors will have contributed \$6.4 billion of the targeted \$6.1 billion and developing countries will have mobilized \$12.7 billion, more than the target of \$12.4 billion. Thus, both donors and developing countries will have surpassed the ICPD financial goals for 2005. The real concern is whether these amounts will be sufficient to meet the family planning and reproductive health needs, given that most of the increase is due to increases in HIV/AIDS funding.**

B. Key Areas Requiring Further Attention

61. **Continued resource mobilization advocacy efforts on the part of both donors and developing countries are essential to fully implement the ICPD agenda. The population and health situation has changed dramatically since the ICPD, especially poverty and reproductive health, and the magnitude of the spread of the HIV/AIDS pandemic. To**

accelerate the implementation of the Cairo agenda, especially its financial resource targets, and to achieve the Millennium Development Goals, the international community should re-new efforts to:

- **Strengthen political will and commitment to implement the Cairo financial targets to achieve the ICPD goals as an integral part of the implementation of the Millennium Development Goals**
- **Continue to mobilize sufficient resources to fully implement the ICPD Programme of Action and ensure that the percentage increase for family planning and reproductive health is in line with agreed percentages**
- **Ensure that population and reproductive health are seen as an integral part of the achievement of the Millennium Development Goals and that they figure prominently in national development plans and poverty reduction strategies**
- **Ensure that family planning and reproductive health issues receive the attention they deserve at a time when the increased focus is on combating HIV/AIDS**
- **Establish an effective partnership of donor and recipient countries based on mutual trust, accountability and donor coordination in support of country goals**
- **Increase attention to cost-effectiveness and programme efficiency so that resources reach all segments of the population, especially those that are most in need**
- **Enhance the role of the private sector in the mobilization of resources for population and development, in monitoring population expenditures and ensuring that financial targets and equity objectives are met**

62. The Cairo population and reproductive health agenda is a means to both influence macro-demographic change and reduce poverty at the household level. The challenge before the international community is to remain on track for reaching the ICPD 2005 financial targets for donors and developing countries. It is particularly important to reach the ODA target of 0.7 per cent of GNP and to ensure that appropriate resources are allocated to population and reproductive health in the new funding and programming mechanisms such as sector-wide approaches and poverty reduction strategies. It is also important that adequate resources be allocated to all areas of the ICPD costed population package: family planning services, reproductive health services, STD/HIV/AIDS and basic research, data and population and development policy analysis.

Notes:

¹ See *Official Records of the Economic and Social Council, 1995, Supplement No. 7 (E/1995/27), annex I, sect. III.*

² *Report of the International Conference on Population and Development, Cairo, 5-13 September 1994* (United Nations publication, Sales No. E.95.XIII.18), chap. I, resolution 1, annex.

³ All references to developing countries in this report also include countries with economies in transition.

⁴ Case studies have been conducted in the following countries: Brazil, China, Egypt, Ethiopia, India, Indonesia, Islamic Republic of Iran, Nigeria, Pakistan, Peru, Poland, Senegal, South Africa, Thailand and the United Republic of Tanzania.

⁵ Beginning with the 1999 round of questionnaires, the UNFPA/UNAIDS/NIDI Resource Flows Project began to include data on HIV/AIDS treatment and care to address the growing reporting needs of UNAIDS and because it was becoming increasingly impossible for respondents to provide information on HIV/AIDS prevention activities only.

⁶ All references to dollars are to United States dollars.

⁷ Note should be made of the currency fluctuations in the course of 2003 that may have a part in the increase in terms of the United States dollar. The exchange rate explains part, but not all, of the increase since 13 countries actually increased contributions in local currency. One country began reporting in euros for the first time in 2003.

⁸ See Hendrik van Dalen and Mieke Reuser, "Assessing Size and Structure of Worldwide Funds for Population and AIDS Activities", The Hague, 2004.