



*Empowered lives.  
Resilient nations.*



# Funding Windows 2016 Annual Report







# Introduction



Photo: PNUD Haiti

2016 marked the official launch of the Funding Windows, the establishment of its business processes and the start-up of activities in countries.

Building on the legacy of the Thematic Trust Funds, the Funding Windows assist countries to enhance resilience, prevent conflict, promote inclusive governance, build peace, prevent disasters, implement the Sustainable Development Goals (SDGs), and provide emergency recovery support. Active in over 170 countries, UNDP holds a unique position that allows it to support countries before and after a crisis, building on its relationship with governments to impart lessons learned from elsewhere.

In late November 2016, once a minimal threshold of \$10 million had been received across the Funding Windows, the Organisational Performance Group (OPG) of UNDP approved initial allocations to 38 projects for that envelope. In addition, two emergency allocations were made from the Emergency Development Response to

Crisis and Recovery (EDRCR) Funding Window, each for \$500,000: Haiti in October 2016 for recovery efforts to respond to Hurricane Matthew; and Nigeria in December 2016 to support early recovery and social cohesion efforts in the North-East. Approximately \$11 million was allocated to a total of 40 countries in late 2016. Thus, the majority of the related expenditures will be reflected in next year's annual report.

UNDP regularly engaged with partners throughout 2016 on the Funding Windows, including updates on the status of contributions, priorities for allocation, and formation of the Advisory Group. In December 2016, the United Kingdom hosted an informal, expert-level meeting for UNDP to update partners on the status of funding and allocations, showcase 2016 priorities, and inform on the 2017 planning process and resource mobilization objectives. This provided an opportunity to gather feedback from donors and potential partners on the progress made and way forward.



The Funding Windows are designed to be a pooled, flexible mechanism through which partners can support countries to simultaneously achieve the eradication of poverty and the significant reduction in exclusion and inequalities. The Funding Windows allow the alignment of resources with UNDP Strategic Plan 2014-2017 outcomes and provides enhanced transparency and visibility for donors.

The Funding Windows also respond to Member State requests in the United Nations General Assembly and the UNDP Executive Board for more predictable, flexible and adequate funding for development. The 2016 QCPR decision also emphasized the need for well-designed pooled funding

mechanisms to support common, cross-cutting approaches at the country level. Pooling funds gives UNDP greater flexibility to respond to country needs more effectively and in an integrated manner. Pooling funds also can amplify delivery and results for donors to see greater impact for their contributions with reduced transaction costs.

The Funding Windows allow UNDP and partners to align around common goals. Partners can contribute directly to supporting country-level efforts to achieve the SDGs, especially those related to poverty, inequality, sustainability, peace and justice, and strong institutions. The Funding Windows are organized around four themes, as detailed below.

## Integrated Development Planning UNDP Funding Windows and Sub-windows

### Sustainable Development and Poverty Eradication



Development Planning and Inclusive Sustainable Growth  
Livelihoods and Jobs  
Environment and Natural Capital

### Climate Change and Disaster Risk Reduction



Climate Change  
Disaster Risk Reduction

### Governance for Inclusive and Peaceful Societies



Democratic Governance for Peace and Development  
Conflict Prevention  
HIV, Health and Development

### Emergency Development Response to Crisis and Recovery



Across all four Funding Windows, and in accordance with UNDP's standard requirement, a minimum of 15% of resources is dedicated to gender-specific activities and as such contribute to a mainstreamed and integrated approach to empower women and promote gender equality.

## Transparency in reporting

Based on UNDP's experience in managing the Multi Partner Trust Fund and its on-line reporting through the Gateway platform, the *UNDP Funding Windows Portal* became operational in 2016. The portal is available to the public at [www.undp.org](http://www.undp.org), and provides donors with enhanced visibility, transparency and access to information on the Funding Window activities, allocations, expenditures and results.

UNDP will draw from results reported at country, regional, and global levels, as well as from projects and programmes around the world to provide a comprehensive picture of how

funding contributes to the achievement of development results. Donors will receive an Annual Report such as this one, covering the four Funding Windows, including an overview of donors, programmatic results, lessons learned and challenges, and a financial breakdown of contributions, allocations and expenditures. UNDP will issue an annual certified financial statement per donor each June covering the previous year. The report will provide the consolidated amount received per donor for each window, and the total expenditure per window.



## 2016 Round of Allocations



Photo: Guillaume Joachin, UNDP Haiti

### Setting the priorities

To demonstrate impact and visibility, UNDP initially had an internal target of \$5 million per window as a minimum level of capitalization before beginning allocations. However, this was revised and initial allocations were made once \$10 million was received across the Funding Windows. This allowed UNDP to channel funds to priority countries that were in dire need and test the new internal processes and make adjustments. More importantly, it allowed UNDP to begin to demonstrate to partners the effective use of their contributions in 2016.

UNDP's Executive Group (EG) provided the overall strategic guidance and priorities for the use of the funds in line with the objectives of the UNDP Strategic Plan. This direction guided the identification of projects with the greatest expected impact, informed by country-level needs, demands and gaps.

In line with the design of the Funding Windows, the EG endorsed the following criteria for projects to:

- Target populations and communities that are most vulnerable;
- Demonstrate strong national ownership;
- Require catalytic support to deliver the Strategic Plan and can leverage additional resources;
- Ensure allocation of 15% gender-specific interventions (defined as use of GEN 3 as the gender marker)<sup>1</sup>; and
- Provide strategic and sizeable allocations to ensure impact and avoid spreading resources too thinly (i.e. allocations in the range of \$200,000 - \$500,000 per project).

<sup>1</sup> The GEN 3 gender marker in Atlas is defined as the achievement of gender equality and/or women's empowerment as explicit objectives of the project. GEN 2 projects have gender equality and/or women's empowerment as a significant objective. GEN 1 projects have limited contributions to gender equality and women's empowerment. GEN 0 projects have no contributions to gender equality or women's empowerment.





Separate allocation criteria and procedures were in place for the EDRCR Funding Window, allowing a 'fast track' approval procedure for releasing funds to sudden onset crises based on recommendations during UNDP Crisis Board deliberations.

For the other three Funding Windows – Sustainable Development and Poverty Eradication (SDPE); Governance for Inclusive and Peaceful Societies (GIPS); and Climate Change and Disaster Risk Reduction (CCDRR) – the EG provided direction for the initial allocations from these in

late September 2016. The EG considered that funding could be provided for both existing projects and mature new projects, as long as they could demonstrate quick results. Wherever appropriate, the preferred initiatives would also consider piloting of innovative approaches and promotion and utilization of South-South and Triangular cooperation as a complementary modality for delivering results across countries and achieving impact at scale.

In addition, the EG endorsed seven priority outputs from the UNDP Strategic Plan detailed below.



### **Sustainable Development and Poverty Eradication**

**1.3:** Solutions developed at national and subnational levels for sustainable management of natural resources, ecosystem services, chemicals and waste.

**7.3:** National development plans to address poverty and inequality are sustainable and risk resilient.



### **Governance for Inclusive and Peaceful Societies**

**2.1:** Parliaments, constitution making bodies and electoral institutions enabled to perform core functions for improved accountability, participation, and representation, including for peaceful transitions.

**2.2:** Institutions and systems enabled to address awareness, prevention and enforcement of anti-corruption measures across sectors and stakeholders.

**5.5:** Policy frameworks and institutional mechanisms enabled at the national and sub-national levels for the peaceful management of emerging and recurring conflicts and tensions.



### **Climate Change and Disaster Risk Reduction**

**1.4:** Scaled up action on climate change adaptation and mitigation across sectors which is funded and implemented.

**5.2:** Effective institutional, legislative and policy frameworks in place to enhance the implementation of disaster and climate risk management measures at national and subnational levels.



## 2016 Allocations

Once the EG had set the strategic guidance, the Fund Manager and the Regional Bureaux engaged in a series of consultations to identify priority submissions in line with the strategic outputs and criteria taking into consideration the level of funding for each Window. Country Offices completed a short project summary that articulated how the proposed initiative met the set criteria and provided additional details used for analysis. When the consultations concluded, the Fund Manager proposed a set of projects to the OPG for consideration.

The OPG approved allocations totalling approximately \$10 million to 38 projects in late November 2016. In addition, two emergency allocations were made from the EDRCR Funding Window for an overall total of 40 projects totalling \$11 million.

In early 2017, UNDP issued the Funding Windows Investment Report that provides details about each of the approved projects from this process. Additional project detail is also available on the *Funding Window portal*.

The average project size was \$277,000. In this first round of allocations, seven projects below the \$200,000 threshold were included because they were commensurate with the absorptive capacity of the Country Office and would be used as seed funding to leverage additional resources.

Approximately 32% were existing projects and the remaining 68% were mature initiatives in the pipeline. The implementation period for the allocated funds is expected to be 12 months, with a provision for extension when exceptional and warranted rationale is provided.

The 2016 allocations achieved the minimum objective for 15% of resources to be dedicated to projects that have gender equality as a principle objective (GEN 3). Indeed, GEN 3 projects totalled \$1.84 million out of the \$11 million envelope, reaching 17%. An important lesson from the initial round has been the need to help mainstream gender into projects during the design phase to allow more gender-focused projects to be submitted for funding.

Table 1. Gender Marker across the 2016 FW projects

Gender Marker	# of projects	% of projects	% of Overall FW Resources
GEN 3	6	15%	17%
GEN 2	27	68%	65%
GEN 1	7	18%	18%
<b>Total</b>	<b>40</b>	<b>100%</b>	<b>100%</b>



## Responding to the Hurricane Matthew in Haiti



Photo: Ruvens Boyer, UNDP Haiti

The first allocation from the Funding Windows came in October 2016 from the EDRCR Window to support the response to Hurricane Matthew in Haiti. This project is highlighted since it generated the majority of the expenditures in this first year of the Funding Windows.

On 4 October 2016, Hurricane Matthew, a Category 4 storm with sustained winds of 235 km/h, devastated Haiti's coastal areas of Grande Anse, Sud, Nippes and Nord-Ouest. Altogether, 2.1 million people were affected, plunging the country into its worst humanitarian crisis since the 2010 earthquake. The impact of Hurricane Matthew was particularly severe, especially considering the pre-existing vulnerabilities of Haiti, including strong exposure to natural hazards, socio-economic fragility and political instability. Hurricane Matthew resulted in massive loss of crops, livestock and equipment in rural areas, destroying the livelihoods of thousands of people, forcing them to turn to aid to survive. As of December 2016, close to 1.4 million people were in urgent need of assistance.

While focusing on immediate livelihoods restoration, UNDP believed that the humanitarian response in the country should also lay the foundations for long-term recovery, promoting resilience to future climate and disaster risks. An allocation of \$500,000 was released on 11 October following the UNDP Crisis Board recommendation for emergency funding.

Five days after the hurricane, UNDP was able to start cash-for-work activities in Grand Goave, which strengthened the relationship with local authorities as UNDP remained the most important actor in the affected areas for several months with cash-for-work activities. From Grand Goave, the project scaled up to include another 18 of the most affected

municipalities in the departments of Grand Anse and Sud. With additional funding leveraged from other donors, UNDP created short-term jobs for 48,000 beneficiaries (40% were women). This injected approximately \$2,354,900 in these communities. The cash-for-work projects initially focused on debris removal, rehabilitation of community infrastructure, and clearing of irrigation canals and agricultural land.

UNDP also provided financial and technical support to the leadership of the local authorities to supervise recovery activities. Prior to the hurricane, a multi-risk mapping project had been conducted (as well as six municipal risk prevention plans) which were a useful tool for the local authorities to help guide the evacuations of the most at risk populations. It also allowed them to quickly elaborate recovery plans to guide interventions according to the priorities identified by the local authorities and the residents themselves.

With the allocation from the Funding Window, UNDP together with UN Women piloted a project in Abricots that reached 654 women who took part in the decision-making about the most urgent needs in their community. This project was later replicated in other municipalities, including with additional funds from the Inter-American Development Bank. The EDRCR funds also helped pool funds from other donors to support a wood recycling project that supported 245 enterprises to start green activities and helped address waste management issues. Finally the Funding Windows allocation initiated economic recovery activities supporting the productive sector and local commerce, such as technical assistance to small and micro enterprises and associations in agriculture and fishing sectors.





# Financial Report



2016 marked the launch of the UNDP Funding Windows. With the support of the first set of contributors, the Funding Windows helped to provide strategic funding to respond quickly and flexibly to needs. Table 2 demonstrates the overall amounts of contributions and expenditures during 2016.

Total contributions to the Funding Windows amounted to \$36.8 million, received from eight donors and distributed in the four windows as illustrated in Figure 1 below. The United

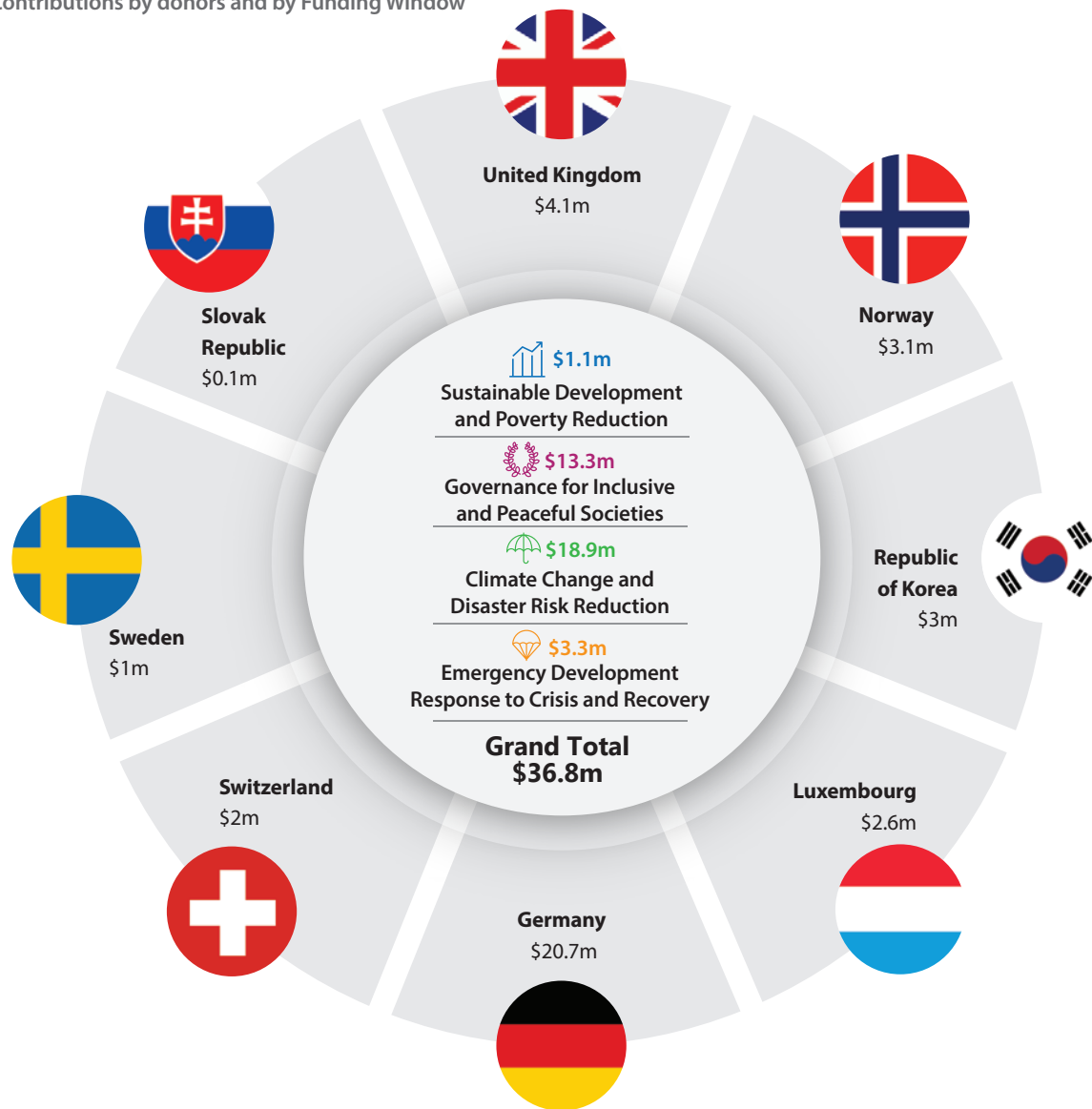
Kingdom, Norway, the Republic of Korea, Luxembourg, Switzerland, Sweden and Slovakia, contributed a total of \$16.2 million of unearmarked funds for allocation by the Funding Windows. Germany exceptionally earmarked \$20.7 million to two projects (in GIPS and CCDRR Funding Windows) as a continuation of their support to initiatives that were previously supported through the Thematic Trust Funds.

Table 2. Summary of Funding Windows Contributions and Expenditures

Description	Sum of Amount
Contributions	\$36,850,790.55
Expenditures	\$505,417.31



Figure 1. Contributions by donors and by Funding Window

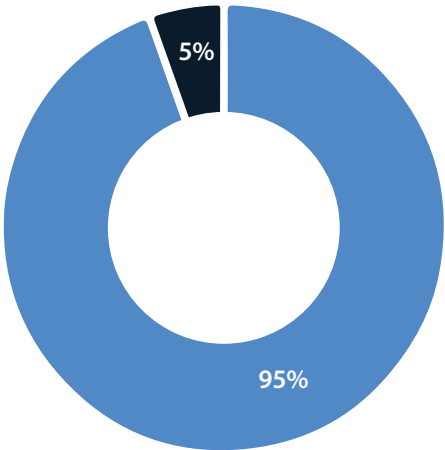


Since decisions on project allocations occurred in late November, most expenditures were recorded in 2017 and will therefore appear in next year’s annual report. The bulk of 2016 expenditures came from the emergency allocation to Haiti

following Hurricane Matthew (a total of \$477,688.89), and initial expenditures reflected from a CCDRR Funding Window project in Kosovo\* (\$27,728), as illustrated in Figure 2.

Figure 2. Expenditures by Funding Window

Country	Funding Window	Expenditure
Haiti	EDRCR	\$477,688.89
Kosovo	CCDRR	\$27,728



\*References to Kosovo shall be understood to be in the context of Security Council Resolution 1244 (1999)



## ACRONYMS

CCDRR	Climate Change and Disaster Risk Reduction
EDRCR	Emergency Development Response for Crises and Recovery
EG	Executive Group
FWs	Funding Windows
GIPS	Governance for Inclusive and Peaceful Societies
OPG	Organizational Performance Group
SDGs	Sustainable Development Goals
SDPE	Sustainable Development and Poverty Eradication





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