

HOW DEVELOPMENT IS FUNDED THROUGH UNDP

A simplified menu of funding channels



Empowered lives.
Resilient nations.

At approximately US\$5 billion annually, donor contributions to UNDP represent about one-fifth of all contributions to the United Nations development system. These contributions are provided as either core resources—also known as regular resources—or non-core resources.

1. CORE RESOURCES

Core funds are the pillar of UNDP's support to the world's poorest countries. In 2014, UNDP allocated 90% of core programme resources to Low Income Countries and 74% to Least Developed Countries. For every \$1 of core resources invested in Middle Income Countries, UNDP leverages \$25 in other resources.

Such funds enable us to respond quickly and flexibly to crises. In 2014, core funds supported our Ebola response in West Africa, helping pay response workers in affected countries. Core funds support the high standards of efficiency, quality assurance and transparency UNDP has attained. In 2014 UNDP was ranked the most transparent organization in the world on the international Aid Transparency Index.

Core resources also form the bedrock of the UN Resident Coordinator system, which UNDP leads, ensuring co-ordination of UN operations around the world. In 2014, 56 countries contributed a total of \$793 million in core resources.

Non-core resources

2. THEMATIC FUNDS

Thematic Funds are pooled funds that help UNDP achieve the targets outlined in its strategic plan. These funds contain monitoring and reporting mechanisms to support results-based management.

Thematic funds give UNDP flexibility to respond to country needs more effectively. They also facilitate longer term planning, sustainability and savings in transaction costs.

3. EARMARKED FUNDS

Designated to specific programmes and projects, earmarked funds can be assigned at the global, regional and—most commonly—country levels.

Main contributors



Governments

(National and sub-national authorities)
About 66% of total contributions



Multilateral and international institutions

(e.g. European Union, World Bank)
About 33% of total contributions



Private sector

(Individuals, foundations, NGOs, for-profit companies, etc.)
About 1% of total contributions

Governments can contribute to UNDP programmes or projects in their own countries; this arrangement is called **Government Cost-Sharing**. These domestic resources are used for development projects that are in line with both National Development Plans and UNDP's Strategic Plan.

4. UN POOLED FUNDS

Sometimes, donors will pool money to support a particular project or programme. UN pooled funds range from those managed by the UN Secretariat (such as OCHA's Central Emergency Response Fund) to UNDP-administered Multi-Donor Trust Funds (MDTFs) and Joint Programmes (JPs). UNDP plays a role in designing, administering and implementing pooled funds.

UNDP takes its ethical responsibilities seriously. To prevent any conflict of interest, UNDP has created mechanisms to separate its roles in administering and implementing pooled funds. The UNDP Multi-Partner Trust Fund Office (MPTF) is the specialized unit dealing with pooled fund design and administration.

On average UNDP receives, as implementer, around one-third of the funding disbursed by MDTFs and JPs administered by the MPTF Office.

5. VERTICAL FUNDS

Vertical funds are created in response to high-visibility, single-issue advocacy campaigns and to tackle specific development issues. They are frequently administered by the World Bank. Their Boards or Steering Committees decide on funding portfolios and allocation criteria and are assisted by independent Secretariats.

The main Vertical Funds UNDP works with are:

Global Fund

UNDP has partnered with the Global Fund to Fight AIDS, Tuberculosis and Malaria since 2003, supporting programmes in countries with limited ability to receive and manage this kind of fund.

Global Environmental Facility

The Global Environmental Facility (GEF) is a vertical fund focused on global environmental issues. As a GEF implementing agency since 1992, UNDP supports countries to secure GEF resources and to meet global environmental obligations. UNDP offers integrated technical services for countries, including assistance on eligibility assessment, programme formulation, mobilization of co-financing, implementation oversight, and knowledge and results management.

Multilateral Fund for the Implementation of the Montreal Protocol

The Multilateral Fund was established by the Second Meeting of the Parties to the Montreal Protocol and began operations in 1991. UNDP, as an implementing agency of the Fund, supports investment projects, demonstration projects that test approaches to development challenges, and provides technical assistance and feasibility studies.

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Share of UNDP's funding by type

