2017 Timeline: SP Preparatory Process

**31 Jan. 2017:**
Informal Briefing with Executive Board

**13 Feb.:**
Informal Briefing with Executive Board

**24 March:**
Second Workshop with Executive Board on SP outline

**13 April:**
Third Workshop with Executive Board on zero draft of SP, including IRRF outline

ANNUAL SESSION:
Executive Board provides feedback on first draft
Cumulative review of the 2014-2017 Strategic Plan and Integrated Budget, including lessons learned
Evaluation of SP and global and regional programmes, 2014-2017

**4 April:**
EB briefing on funding issues

**26 April:**
Joint informal consultation on cost recovery

May:
Targeted workshops with EB on: 2+2, institutional issues and results framework

June to August:
Informal consultations with the EB on the Strategic Plan and Integrated Budget, 2018-2021

**10 April:**
Joint informal with EBs on Strategic Plans

**14 April:**
Second informal consultation on cost recovery

**15 April:**
Joint informal with EBs on Strategic Plans

**16 April:**
Executive Board reviews and approves Integrated Budget, 2018-2021

**26 April:**
Joint informal with EBs on Strategic Plans

**Oct. to Dec. 2017:**
Finalization of IRRF with BMTs for approved indicators

SECOND REGULAR SESSION:
Executive Board reviews and approves final draft of SP, 2018-2021
Executive Board reviews and approves Integrated Budget, 2018-2021

Feb. to March:
Continued inter-agency work; dialogue with other UN agencies/entities as well as IFIs
Consultation with Civil Society Advisory Committee (6-7 April)

4 April:
Joint informal consultation on cost recovery
Agenda

1. New Strategic Plan: funding evolution and future

2. UNDP Institutional Funding
Evolution of Funding: Core and non-core

Historical change in mix of Core / Non-core contributions to UNDP

Historical change in volume

1993: $891 Core, $466 Non-core
1994: $928 Core, $864 Non-core
1995: $900 Core, $758 Non-core
1996: $848 Core, $1,087 Non-core
1997: $761 Core, $1,185 Non-core
1998: $746 Core, $1,540 Non-core
1999: $681 Core, $1,516 Non-core
2000: $634 Core, $1,509 Non-core
2001: $652 Core, $1,757 Non-core
2002: $663 Core, $1,940 Non-core
2003: $762 Core, $2,174 Non-core
2004: $833 Core, $2,944 Non-core
2005: $915 Core, $3,600 Non-core
2006: $916 Core, $3,517 Non-core
2007: $1,108 Core, $3,054 Non-core
2008: $1,088 Core, $3,033 Non-core
2009: $1,005 Core, $3,540 Non-core
2010: $958 Core, $4,046 Non-core
2011: $966 Core, $3,848 Non-core
2012: $846 Core, $3,672 Non-core
2013: $893 Core, $3,736 Non-core
2014: $793 Core, $3,681 Non-core
2015: $704 Core, $3,624 Non-core
2016: $618 Core, $4,033 Non-core

Historical change in volume

1993: $1.4 billion
1994: $4.7 billion
1995: $4.7 billion
1996: $4.7 billion
1997: $4.7 billion
1998: $4.7 billion
1999: $4.7 billion
2000: $4.7 billion
2001: $4.7 billion
2002: $4.7 billion
2003: $4.7 billion
2004: $4.7 billion
2005: $4.7 billion
2006: $4.7 billion
2007: $4.7 billion
2008: $4.7 billion
2009: $4.7 billion
2010: $4.7 billion
2011: $4.7 billion
2012: $4.7 billion
2013: $4.7 billion
2014: $4.7 billion
2015: $4.7 billion
2016: $4.7 billion
Funding composition
1. New Strategic Plan: Funding direction
Differentiated service lines and funding

**S1** Coordination services for the UNDS at country, regional and global levels

- Partners: UNDS
- Core funded

**S2** Program Implementation Support and technical advisory services

- Partners: Programme partner governments; Donor partner governments; EU
- Cost recovery: bilateral government cost sharing; EU cost sharing

**S3** Technical advisory services for country access to funding from non-government providers, and implementation support

- Partners: Vertical Funds; IFIs; Private Sector; other
- Cost Recovery: other third party cost sharing; partner-specific implementation agreements

**S4** Operational Support Services

- Partners: Programme Partner Governments; UNCTs; UN Agencies; IFIs
- Cost recovery: Fees based on agreed price lists; negotiated rate for provision of services
New Strategic Plan: From Funding to Financing

Leveraging effect of Core - Malawi Innovation Challenge Fund
Leveraging additional resources through GEF/GCF

Additional amount leveraged

UNDP contribution

New Strategic Plan: From Funding to Financing
New Strategic Plan: From Funding to Financing

![Graph showing contributions and leveraged amounts from 2014 to 2021.]

- **Additional amount leveraged**
- **UNDP Contributions**

Legend:
- Additional resources leveraged using other sources
- Additional resources leveraged using IFI, PS and GEF/GCF funding
- Contributions to UNDP from IFI, PS and GEF/GCF
- Contributions to UNDP from other sources
2. UNDP Institutional Funding
Comparison of 2014-2015 approved budget with actuals

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Programmes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>§ Country window:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· TRAC-1&amp;2</td>
<td>783.8</td>
<td>703</td>
<td>80.8</td>
<td>10%</td>
</tr>
<tr>
<td>· PAPP</td>
<td>4.8</td>
<td>4</td>
<td>0.8</td>
<td>17%</td>
</tr>
<tr>
<td>· TRAC-3</td>
<td>71</td>
<td>67</td>
<td>4</td>
<td>6%</td>
</tr>
<tr>
<td>§ Regional window:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· Regional Programme</td>
<td>88.8</td>
<td>75</td>
<td>13.8</td>
<td>16%</td>
</tr>
<tr>
<td>§ Global window:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· HDRO</td>
<td>10.2</td>
<td>10</td>
<td>0.2</td>
<td>2%</td>
</tr>
<tr>
<td>· Global Programme</td>
<td>30.4</td>
<td>24</td>
<td>6.4</td>
<td>21%</td>
</tr>
<tr>
<td>Subtotal Programmes</td>
<td>989</td>
<td>883</td>
<td>106</td>
<td>11%</td>
</tr>
<tr>
<td>o Development Effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>§ Special Resources to South-South</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>§ Development Support Services (DSS)</td>
<td>10.6</td>
<td>9</td>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>§ Economists</td>
<td>12</td>
<td>9</td>
<td>3</td>
<td>25%</td>
</tr>
<tr>
<td>§ Gender Mainstreaming</td>
<td>4.8</td>
<td>3</td>
<td>2</td>
<td>38%</td>
</tr>
<tr>
<td>§ Policy Advisors</td>
<td>21.6</td>
<td>14</td>
<td>8</td>
<td>35%</td>
</tr>
<tr>
<td>§ UNCDF</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>33%</td>
</tr>
<tr>
<td>Subtotal Development Effectiveness</td>
<td>59</td>
<td>44</td>
<td>15</td>
<td>25%</td>
</tr>
<tr>
<td>o UN Development Coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>§ Support to RC</td>
<td>32</td>
<td>32</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total Programmatic component</td>
<td>1080</td>
<td>959</td>
<td>121</td>
<td>11%</td>
</tr>
</tbody>
</table>

| Institutional component of the integrated budget: |                             |                  |                             |   |
| o Development Effectiveness                      | 166                         | 118              | 48                          | 29%|
| o UN Development Coordination                    | 153                         | 149              | 4                           | 3% |
| o Management activities                          | 354                         | 289              | 65                          | 18%|
| o Special purpose                                | 40                          | 29               | 11                          | 27%|
| Total institutional component - Net              | 713                         | 585              | 128                         | 18%|
| Total Integrated Budget                          | 1,793                       | 1,544            | 249                         | 14%|

(*) Programmatic component reflects Executive Board approved $540 million annual programming base.
Funding of UNDP institutional costs from 2010 through 2016 ($US m)

Source: audited financial statements for 2010-2015. Unaudited draft financial information for 2016. From 2014 onwards, the UNDG cost-sharing agreement of UN RC costs went into effect.
Proposed future use of core resources

Core resources to be used:

- To provide **seed programme funding** from which other bilateral cost sharing resources are leveraged, either partner government cost sharing or donor government cost sharing, and including EU

- To support the **coordination function and management of the RC system** (S1)

- To support the **infrastructure** (institutional and programmatic) which enables UNDP to deliver all other service lines (S2- S4) appropriately – “UN-ness”
Future use of core resources

'UN-ness': activities related to integrating UN norms and standards across all areas of UNDP work.

These activities, which form an essential and predictable platform for UNDP, cut across programmatic and institutional areas, and foster leveraging of UNDP’s overall programmatic investment to enable UNDP to become a credible ‘financer’ of development.

Areas include:

- Professional standards;
- Quality assurance;
- Gender Mainstreaming;
- South-South cooperation;
- Human Development report;
- Thought leadership;
- Advocacy;
- Corporate leadership & direction;
- Stewardship at country, regional and global levels;
- UN-wide system coherence; and
- Oversight and assurance to ensure the implementation of UN Standards and Norms
Future use of core Resources

Any change in core contributions impacts the core resources allocation to Programmes, as well as the ‘cost recovery charge’ for the institutional cost of managing programmes.

The core resources allocation to “Implementation of UN norms and standards” and “RC system” is constant. It does not grow (or decrease) in case of a change in core contributions.

Programme
(Country and Regional programmes)

Institutional cost of managing programmes

Implementation of UN norms and standards

RC system

Increase

Programme
(Country and Regional programmes)

Institutional cost of managing programmes

Implementation of UN norms and standards

RC system

Scenario with increased core contributions

Increase

Scenario with decreased core contributions

Decrease
### Differentiated service lines and funding

<table>
<thead>
<tr>
<th>S1</th>
<th>Coordination services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners: UNDS at global, regional and country levels</td>
<td></td>
</tr>
<tr>
<td>Support for the RC function, contribution to regional UNDGs, support to UNDG, incl. DOCO</td>
<td></td>
</tr>
<tr>
<td>Core funded - no cost recovery</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S2</th>
<th>Programme Implementation Support and technical advisory services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners: Programme partner governments; Donor partner governments; EU</td>
<td></td>
</tr>
<tr>
<td>Core provides seed funding for financing from partner governments, donor governments and EU.</td>
<td></td>
</tr>
<tr>
<td>UNDP provides technical advisory and implementation support</td>
<td></td>
</tr>
<tr>
<td>Largest service line</td>
<td></td>
</tr>
<tr>
<td>Cost recovery - agreed GMS rates for: government cost sharing; third party cost sharing; EU cost sharing</td>
<td></td>
</tr>
</tbody>
</table>
Differentiated service lines and funding

**S3** Country access to financing from alternative providers

- Partners: Vertical Funds; IFIs; Private Sector; other
- Differentiated from S2 by: (i) focus on non-government partners; (ii) role of UNDP in helping access alternative financing for countries.
- Accompanied by technical advisory and implementation support
- Growth anticipated in this service line
- Cost recovery: partner specific implementation agreements

**S4** Operational Support Services

- Partners: Programme Partner Governments; UNCTs; UN Agencies; IFIs
- Fee for service line, not linked to any funding source
- Back office functions for UNCTs; HQ services for agencies (e.g. payroll); procurement services for partners
- Cost recovery: fees based on agreed price lists; negotiated rate for provision of services
New Strategic Plan: From Funding to Financing
Implications for Cost Recovery

Principles

• No subsidization between core and non-core

Issues

• Harmonised EB GMS rates applied only for service line 2
• Should there be different cost recovery rates by volume?