

UNDP's Structured Funding Dialogue with Member States

I. Recap

In the fast-moving and changing world of development financing with less than 12 years to 2030, it is critical that the Member States and UN funds and programmes have a common understanding on the nature of investments being made. In this context, the Structured Funding Dialogues seek to engage Member States and reassure that their taxpayer funds are invested strategically and with maximum impact on results, leveraging limited ODA funding for broader public and private financing in pursuit of Agenda 2030 and the SDGs.

The main objective of the Structured Funding Dialogues is ultimately to create the conditions necessary for Member States to provide, and for UNDS entities to receive, improved quality of resources better matched to Strategic Plan outcomes. UNDP commits to continue to strengthen its effectiveness and efficiency in delivering on its Strategic Plan. The Structured Funding Dialogues will also serve as the vehicle through which UNDP and Member States will share progress on mutual commitments.

Specifically, through the Structured Funding Dialogues, UNDP aims to:

- Secure a renewed political/financial commitment for a next generation UNDP, in a reforming UNDS
- Ensure greater alignment of funding with the Strategic Plan 2018-2021 priorities
- Advocate for quality and predictable funding practice
- Demonstrate effectiveness, transparency and mutual accountability for results

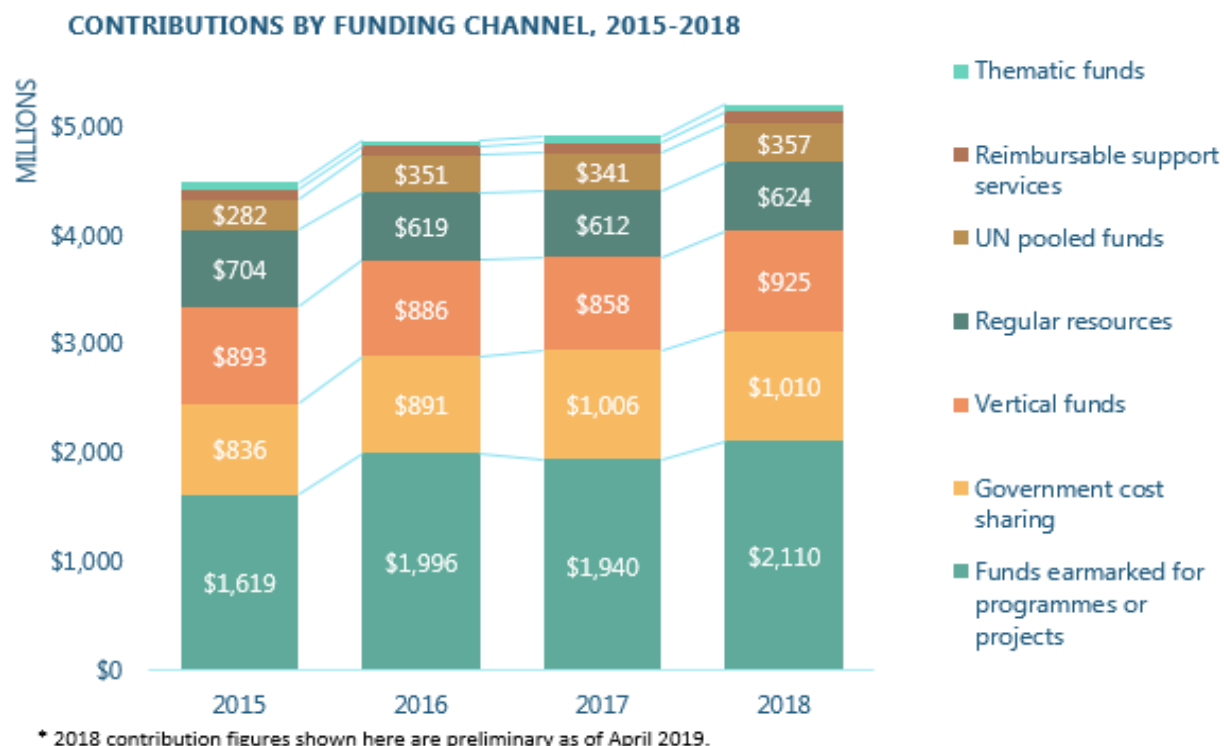
Specific benchmarks for successful dialogues:

- Reverse the decline of core contributions and meet the annual target of US\$ 700 million by the end of the Strategic Plan, 2018-2021 (see Annex 1)
- Enhance funding predictability by increasing number of partners providing multi-year funding (from current 27% to 50% of core resources)
- Double the amount of thematic and pooled funding
- Ensure full financing of the budget and alignment of resources to results
- Improved efficiency including reduced transaction cost for fund raising

Since EB Decision 2014/24 was passed to organize the Structured Funding Dialogues, UNDP has held thirteen formal and informal sessions with Member States, providing updates on the status of funding, information on the predictability, flexibility and alignment of resources provided for the implementation of its Strategic Plan, and several funding related issues. UNDP is developing a dedicated webpage to make past and current documentations related to Structured Funding Dialogues more accessible.

II. Update on funding and results

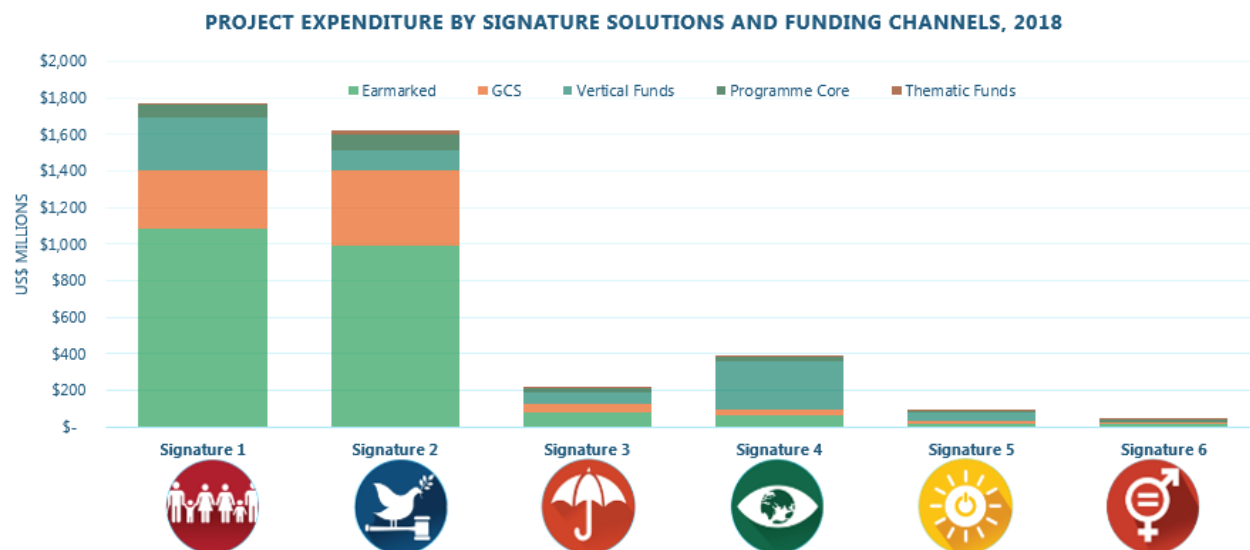
In 2018, overall contributions to UNDP reached \$5.23bn, representing increases to core (+2%, from US\$ 612 million in 2017 to US\$ 624 million in 2018) and non-core (+7%). In 2018, 43 % of core contributions came from multi-year commitments, up from 29% in 2017. Broadly across funding streams, contributions grew from 2017 to 2018. This growth was most pronounced in cost-sharing and trust funds.



In spite of reversing the negative trend in core contribution, the core to non-core ratio remained worryingly skewed reaching 12/88. This underscores the work ahead to push for a more balanced funding composition including through the newly revealed Funding Compact between Member States and the UNDS entities.

2018 also saw the highest delivery in five years, based the latest figures, reaching to \$4.6 billion in programme resources. Overall, progress was on track. For 22 of 27 development outputs, UNDP reached over 90 per cent of the targeted milestones and 19 of those achieved or exceeded the 2018 milestone. Looking at the first year of implementation of the Strategic Plan, the bulk of earmarked donor funding and government cost sharing supported Poverty Eradication (Signature Solution 1) and Governance (Signature Solution 2) – see graph below. More detailed results will be presented in the Report of the Administrator on results for 2018 and progress on the Strategic Plan 2018-2021 during the Annual Session.

UNDP is committed to continue to improve transparency and remain the most transparent UN agency. In this context, UNDP's [Transparency Portal](#) and [Funding Windows Portal](#) provide information in real time how funding received from partners is spent, where and for which results, aiming to better link resources to results.



III. The Secretary General's Funding Compact Implications and follow up

Following the Secretary General's proposal for a revitalized funding architecture for the development system and in line with Resolution 72/279, Member States and the UN development system have developed a Funding Compact with mutual commitments. The Compact is scheduled to be presented at ECOSOC operational activities for development segment will take place from 21 – 23 May 2019 at UN Headquarters in New York.

UNDP sees a successful Funding Compact as a means to create a virtuous cycle, where quality funding leading to efficient systems and impactful results, which in turn energizes MS to back the system and its work, creating a self-reinforcing practices and processes.

With only 12% of resources in 2018 being core and only 1.5% of resources flowing through UNDPs thematic windows, the Compact offers a useful platform for UNDP to advocate and make a stronger case for rebalancing core contributions and increased capitalization of thematic funding windows.

UNDP is well on track to meet its Funding Compact commitments. UNDP already meets all commitments related to transparency and disaggregated data reporting. As part of our Strategic Funding Dialogue UNDP reports to the Board on efficiency gains and reports annually on the implementation of our cost-recovery policies. UNDP audits are already publicly available and the Country Programme Documents are fully aligned to the UNDAF. Efforts will however need to be placed in operationalizing the levy.

UNDP, individually as well as collectively, will follow up and monitor progress on commitments and engage Member States, including through the Structured Funding Dialogues throughout the year. UNDP also looks to its EB for a commitment to protect its core resources and maintain a robust and predictable financial base while the organization takes all the necessary measures and adjustments for an effective and reformed UN Development System.

IV. Proposal for 2019 and beyond

UNDP proposes to organize (two informal and one formal) three meetings per year, in the margin of or close to the EB's formal sessions, as follows:

(a) After the first regular session (Q1) – informal meeting

Main highlights of past year, funding situation at the beginning of year, funding gaps and funding perspectives, latest development on thematic/non-core funding, and innovative financing.

(b) Before the annual session (Q2) – informal meeting

Funding situation at mid-year, projections for the rest of the year, including priority funding gaps, alignment of resources to results, and progress on effectiveness and efficiency, including reducing transaction costs for raising resources, and emerging issues.

(c) At the second regular session (Q3) – formal agenda item of the session

Annual report on funding contributions (by Member States and others to UNDP and revenue projections for current and future years), progress achieved, main challenges per funding instrument, funding gaps, focus on additional pledges needed, and perspectives for upcoming year.

In addition, a Joint informal session with UNFPA/UNICEF/UN Women, on common commitments in relation to the SG's Funding Compact and other funding issues is planned, which could be organized following the SG's report on the Funding Compact to ECOSOC.

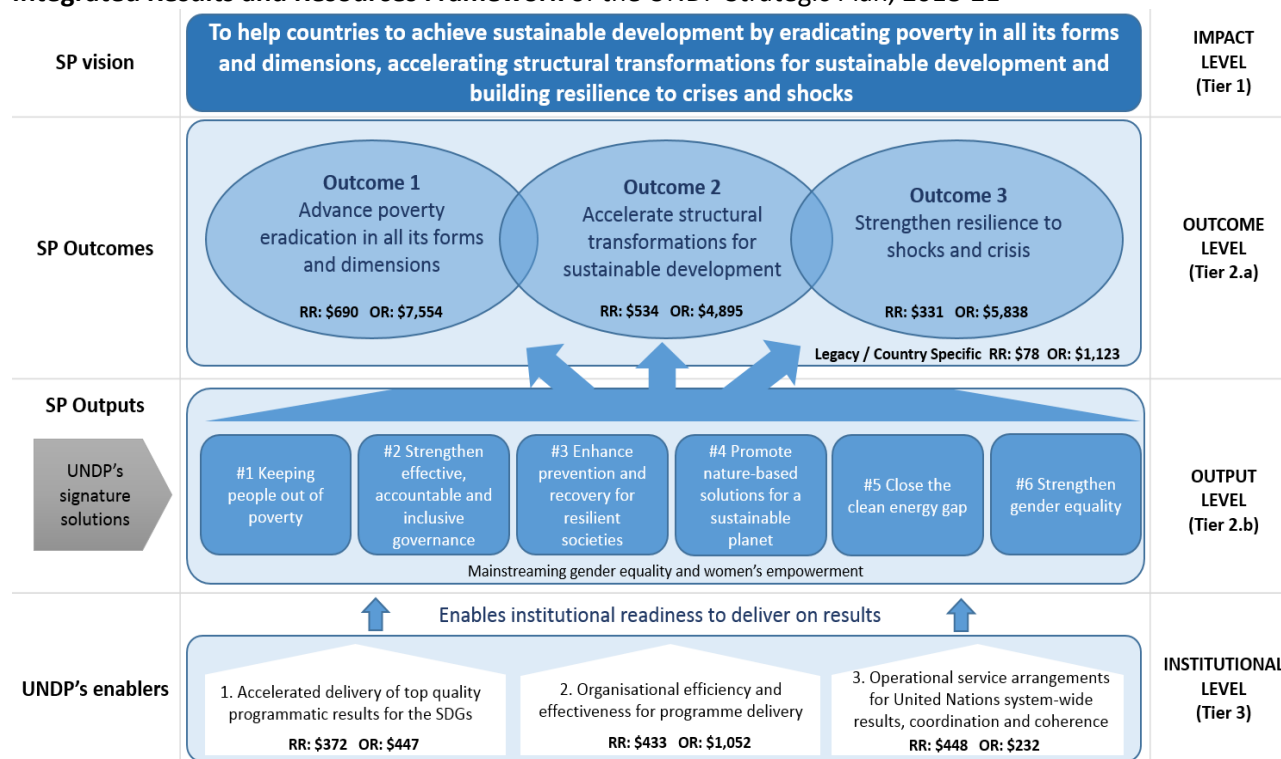
V. Conclusion

The UNDP senior management team remain committed to a transparent, substantive and sustained UNDP engagement with, and accountability to the EB. In 2019 and beyond, as UNDP further evolves its next generation offer in the system to support countries accelerate SDG achievement as well as implement its UNDS reform commitments, UNDP counts on an even stronger engagement and support from its EB.

UNDP looks forward to feedback on making the structured funding dialogues more interactive, meaningful and open and solicit additional topics of interest for future funding dialogues.

Annex I

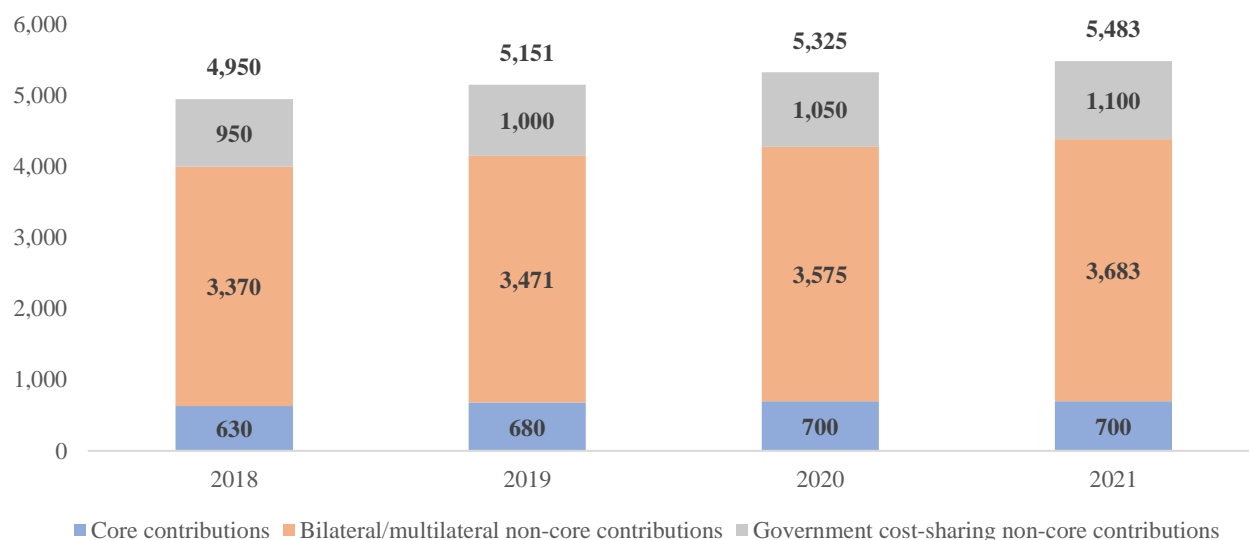
Integrated Results and Resources Framework of the UNDP Strategic Plan, 2018-21



Note: Resources are in millions of US Dollars, RR-Regular Resources and OR-Other Resources.

B) Estimated contributions for 2018-2021 by year and major funding source¹ (in millions of dollars)

Source: [DP/2017/39 Annex A](#), (published November 2017)



¹ Reflects 5% annualized growth from the estimated level of \$4.5 billion in 2017 to \$5.5 billion in 2021