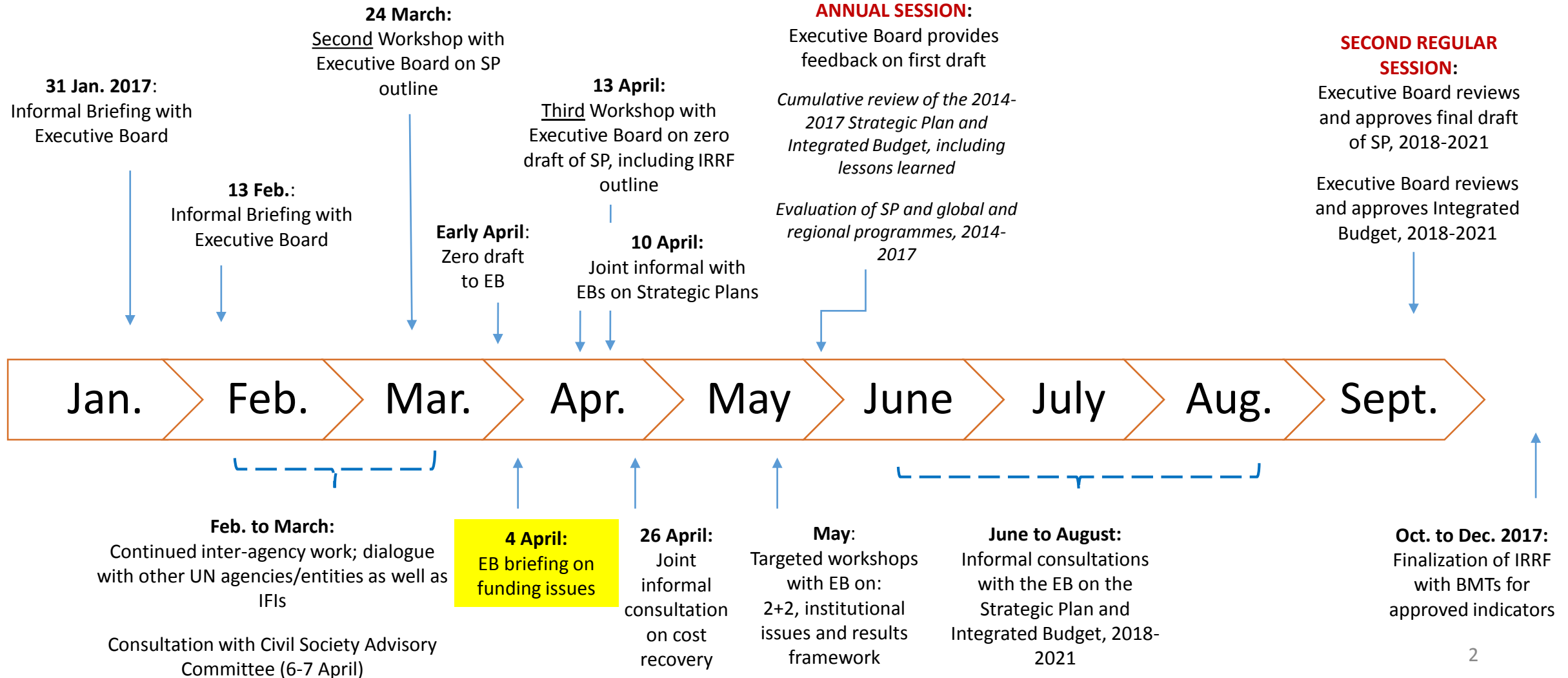


UNDP
Funding Issues Briefing
4 April

2017 Timeline: SP Preparatory Process



Agenda

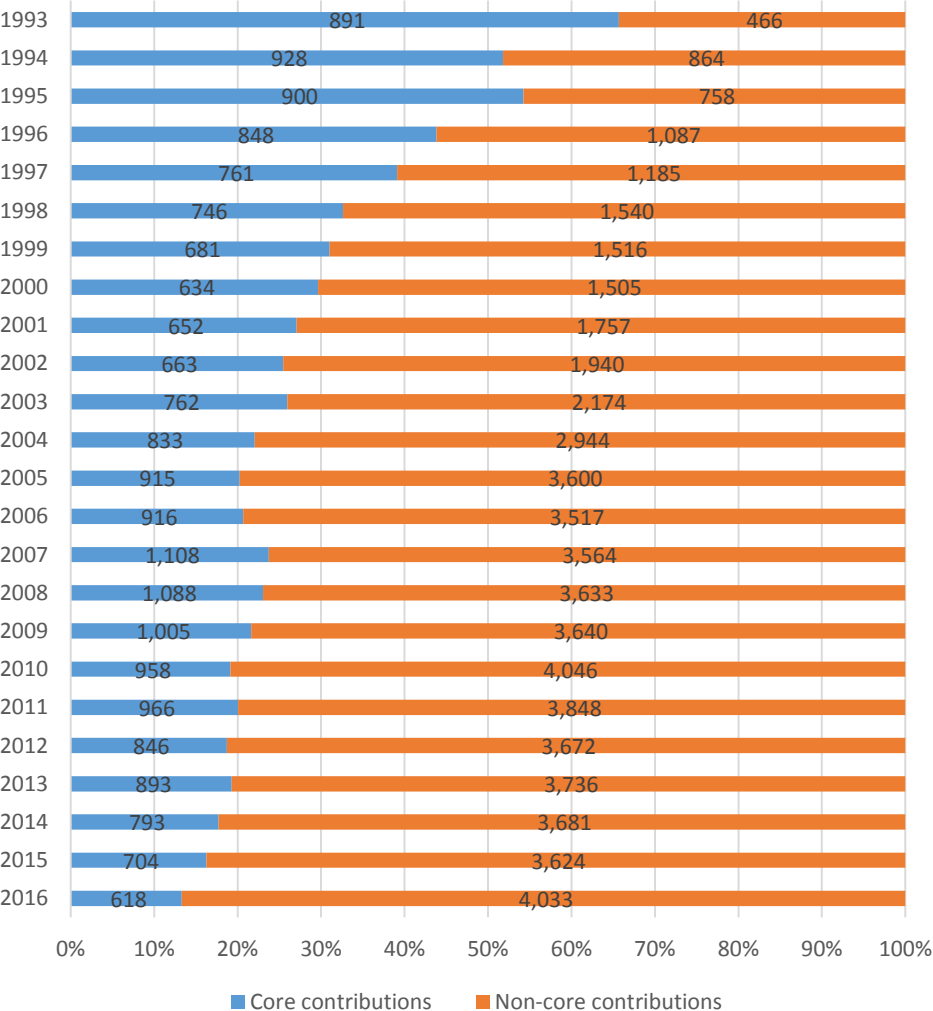


1. New Strategic Plan: funding evolution and future
2. UNDP Institutional Funding

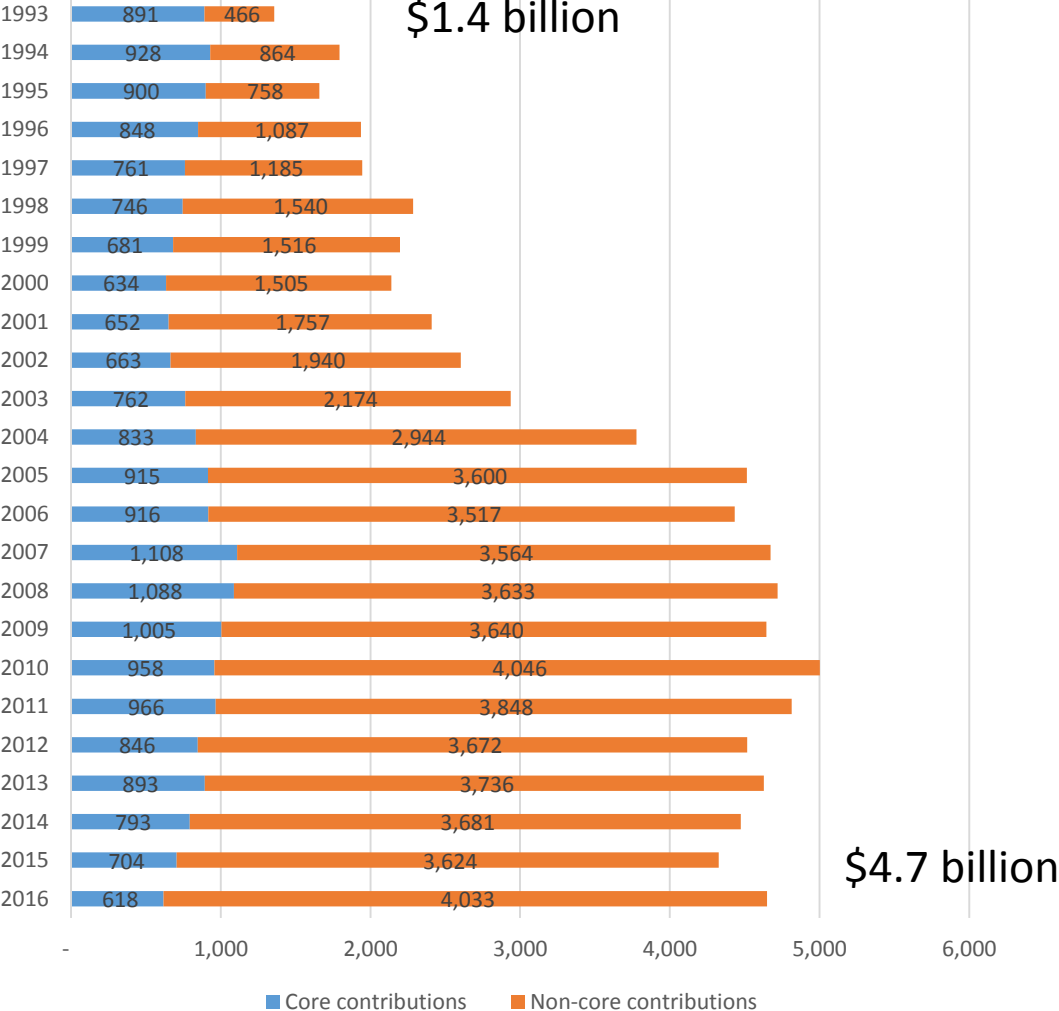
Evolution of Funding: Core and non-core



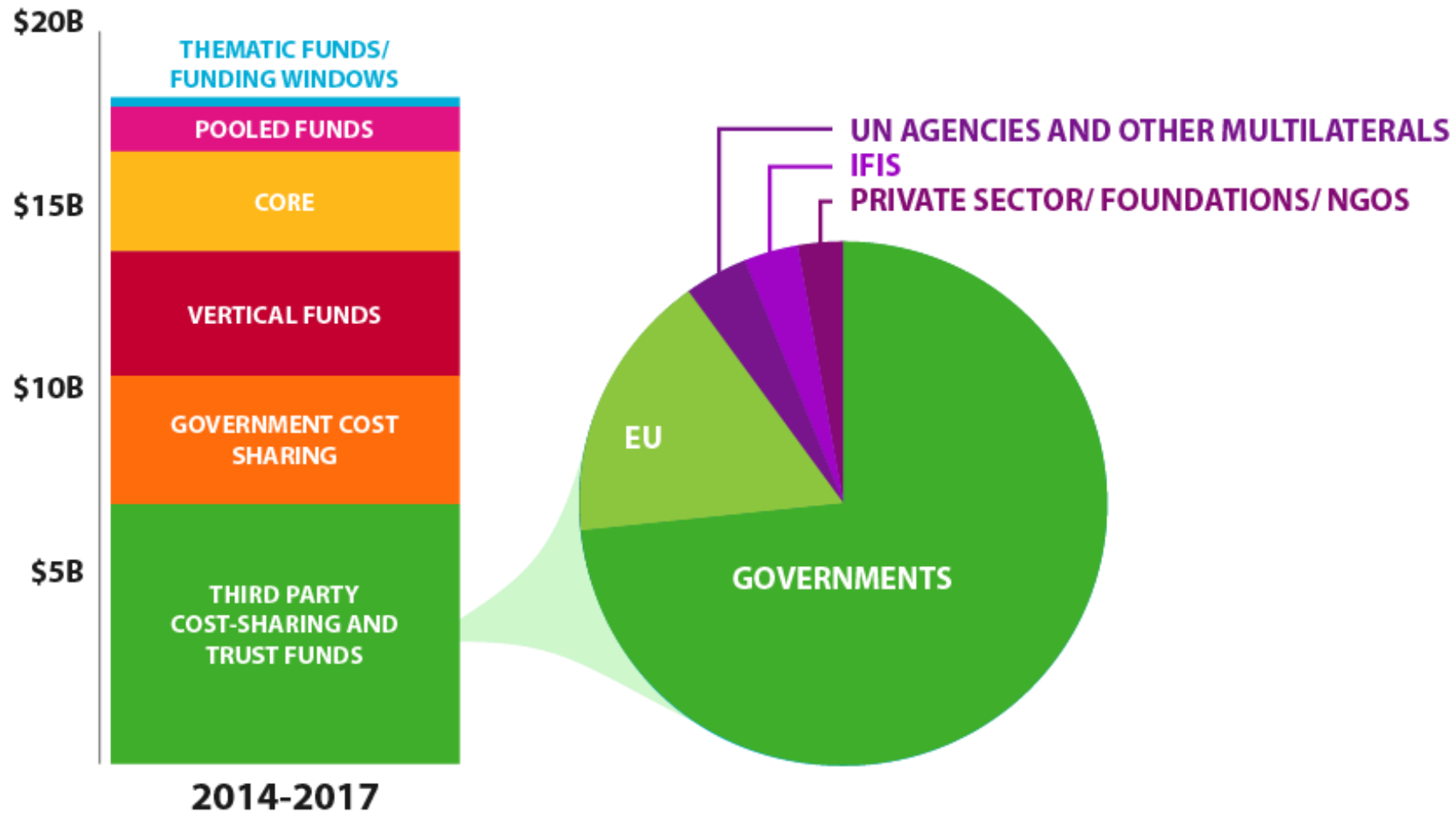
Historical change in mix of Core / Non-core contributions to UNDP



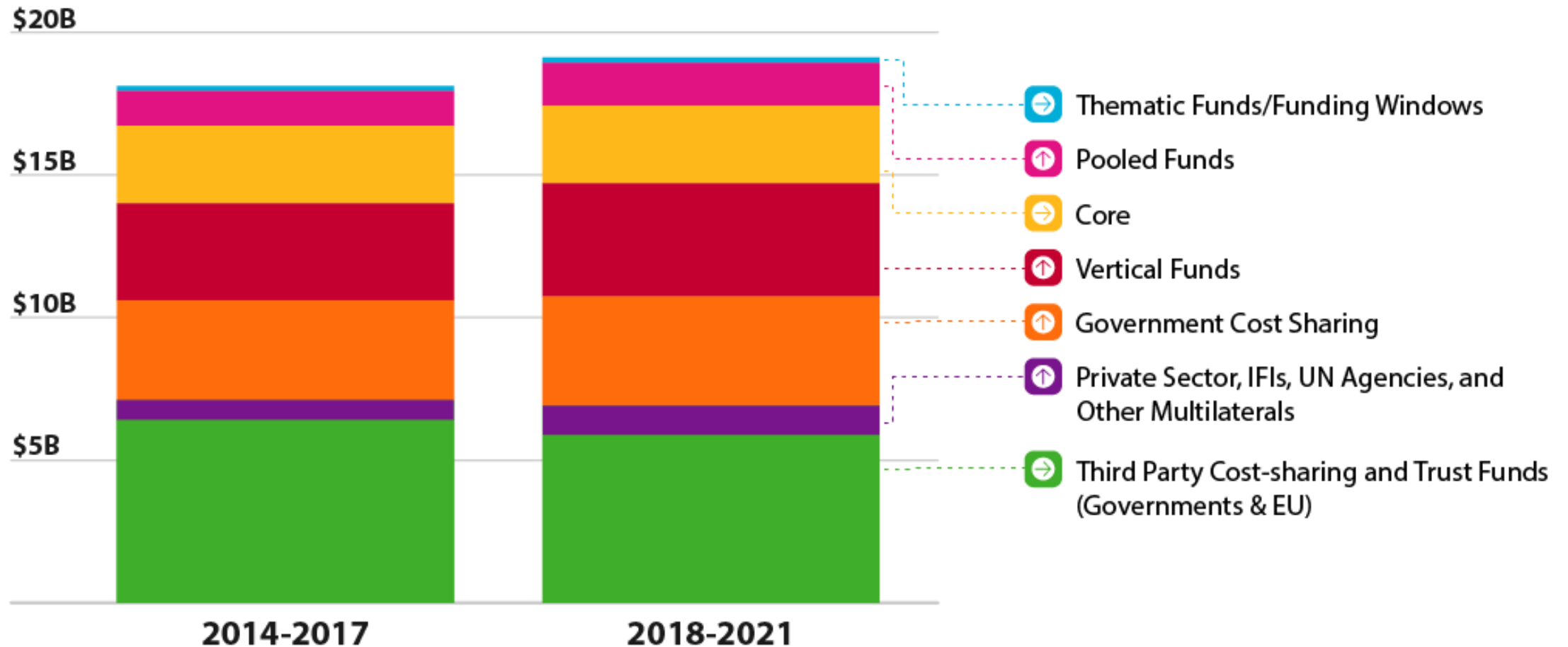
Historical change in volume



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 Programme 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

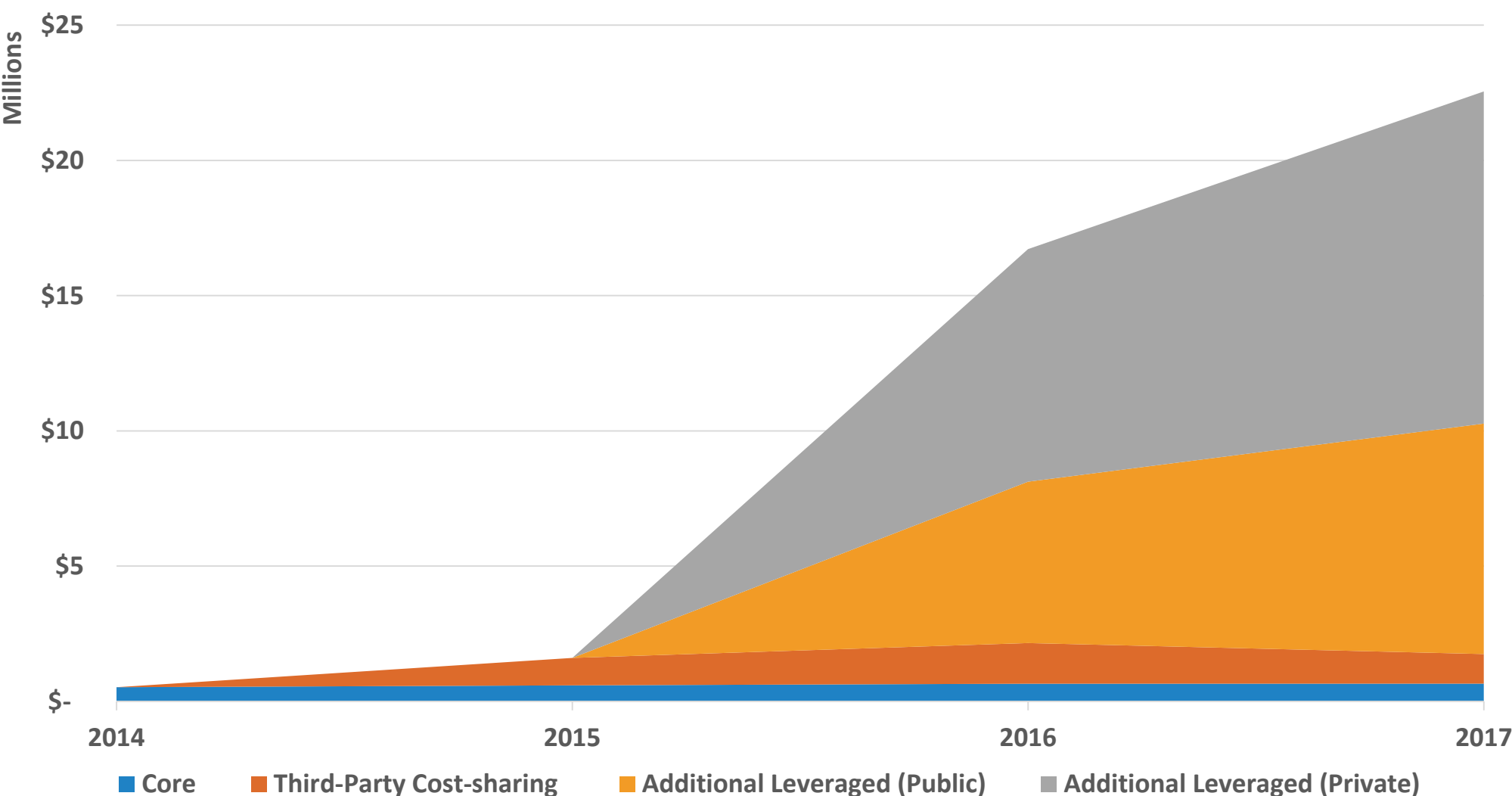
Partners: Programme Partner Governments; UNCTs; UN Agencies; IFIs

Cost recovery: Fees based on agreed price lists; negotiated rate for provision of services

New Strategic Plan: From Funding to Financing



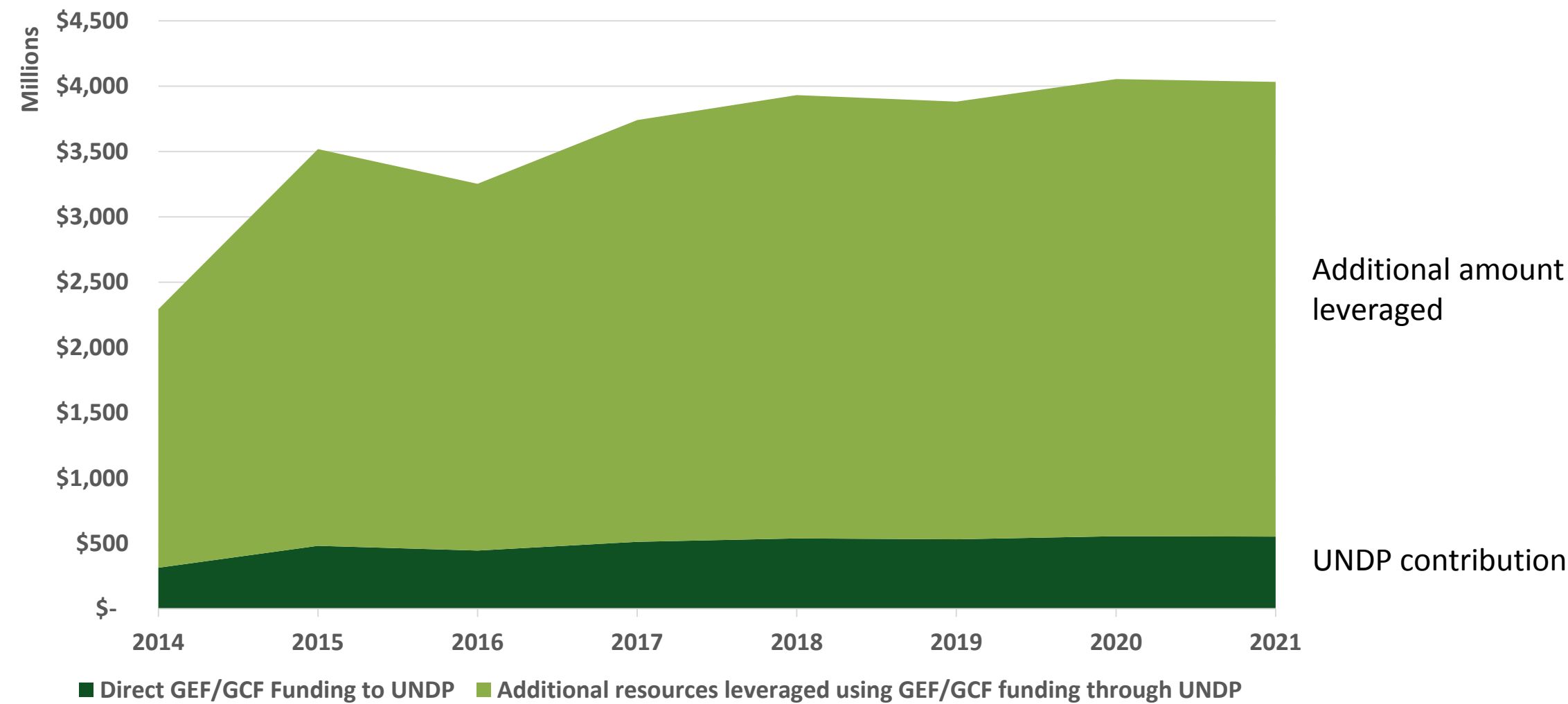
Leveraging effect of Core - Malawi Innovation Challenge Fund



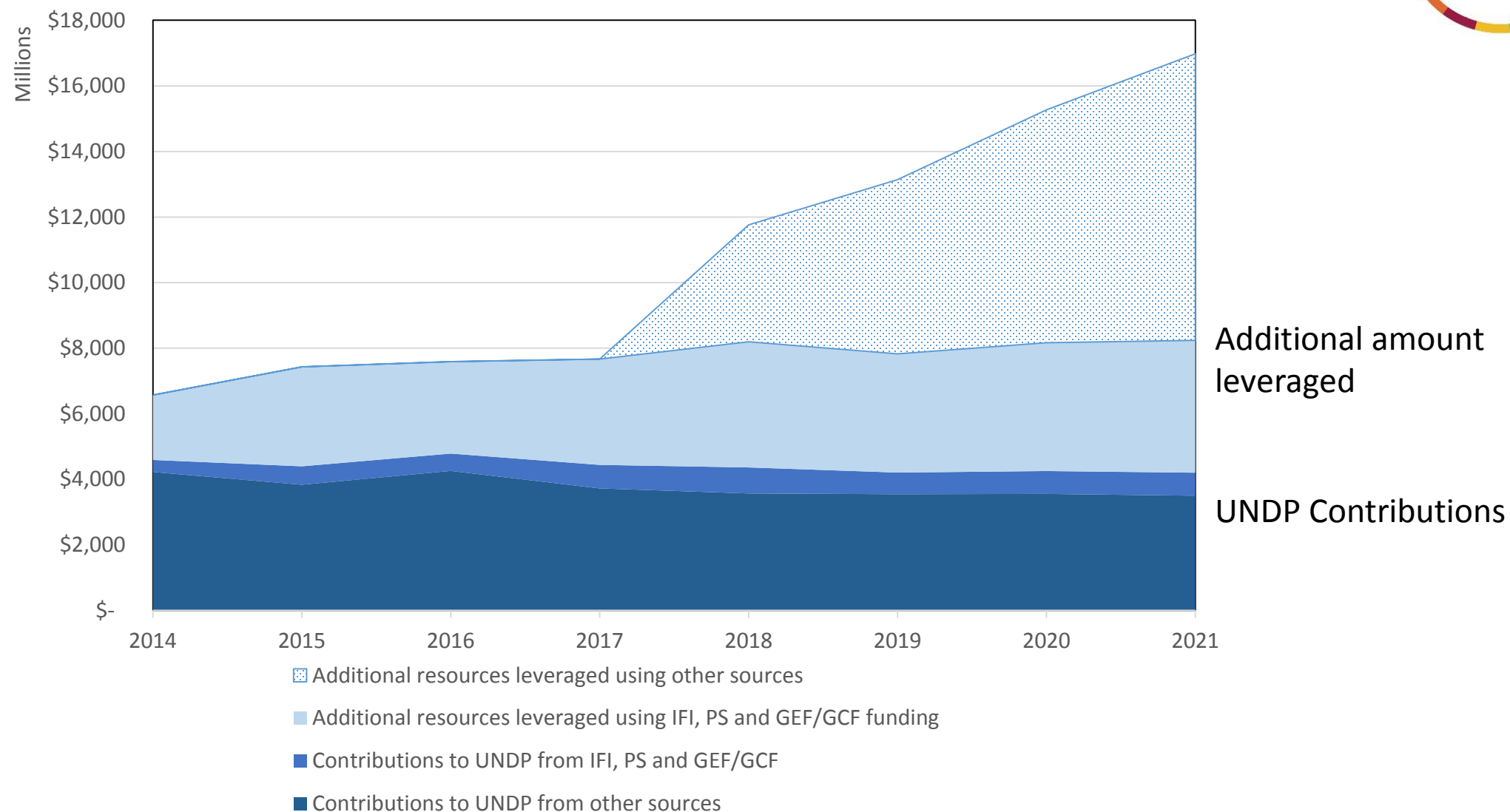
New Strategic Plan: From Funding to Financing



Leveraging additional resources through GEF/GCF



New Strategic Plan: From Funding to Financing





2. UNDP Institutional Funding

Comparison of 2014-2015 approved budget with actuals



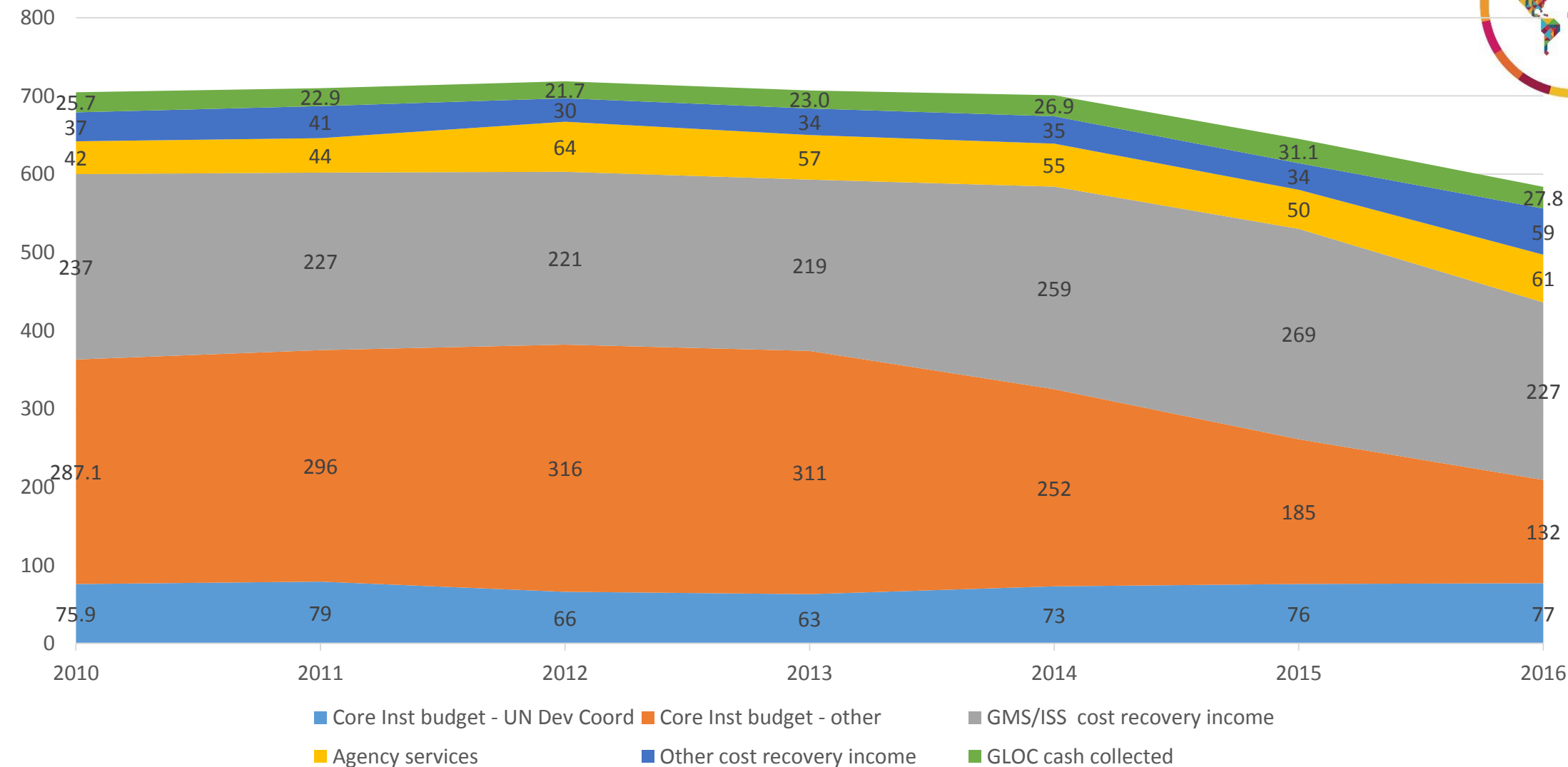
	Approved Budget 2014-2015 (*)	2014-2015 Actual	Variance - Budget vs. Actual	%
Programmatic component of the integrated budget:				
o Programmes:				
§ Country window				
· TRAC-1&2	783.8	703	80.8	10%
· PAPP	4.8	4	0.8	17%
· TRAC-3	71	67	4	6%
§ Regional window				
· Regional Programme	88.8	75	13.8	16%
§ Global window				
· HDRO	10.2	10	0.2	2%
· Global Programme	30.4	24	6.4	21%
Subtotal Programmes	989	883	106	11%
o Development Effectiveness				
§ Special Resources to South-South	7	7	0	0%
§ Development Support Services (DSS)	10.6	9	2	15%
§ Economists	12	9	3	25%
§ Gender Mainstreaming	4.8	3	2	38%
§ Policy Advisors	21.6	14	8	35%
§ UNCDF	3	2	1	33%
Subtotal Development Effectiveness	59	44	15	25%
o UN Development Coordination				
§ Support to RC	32	32	0	0%
· Total Programmatic component	1080	959	121	11%

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



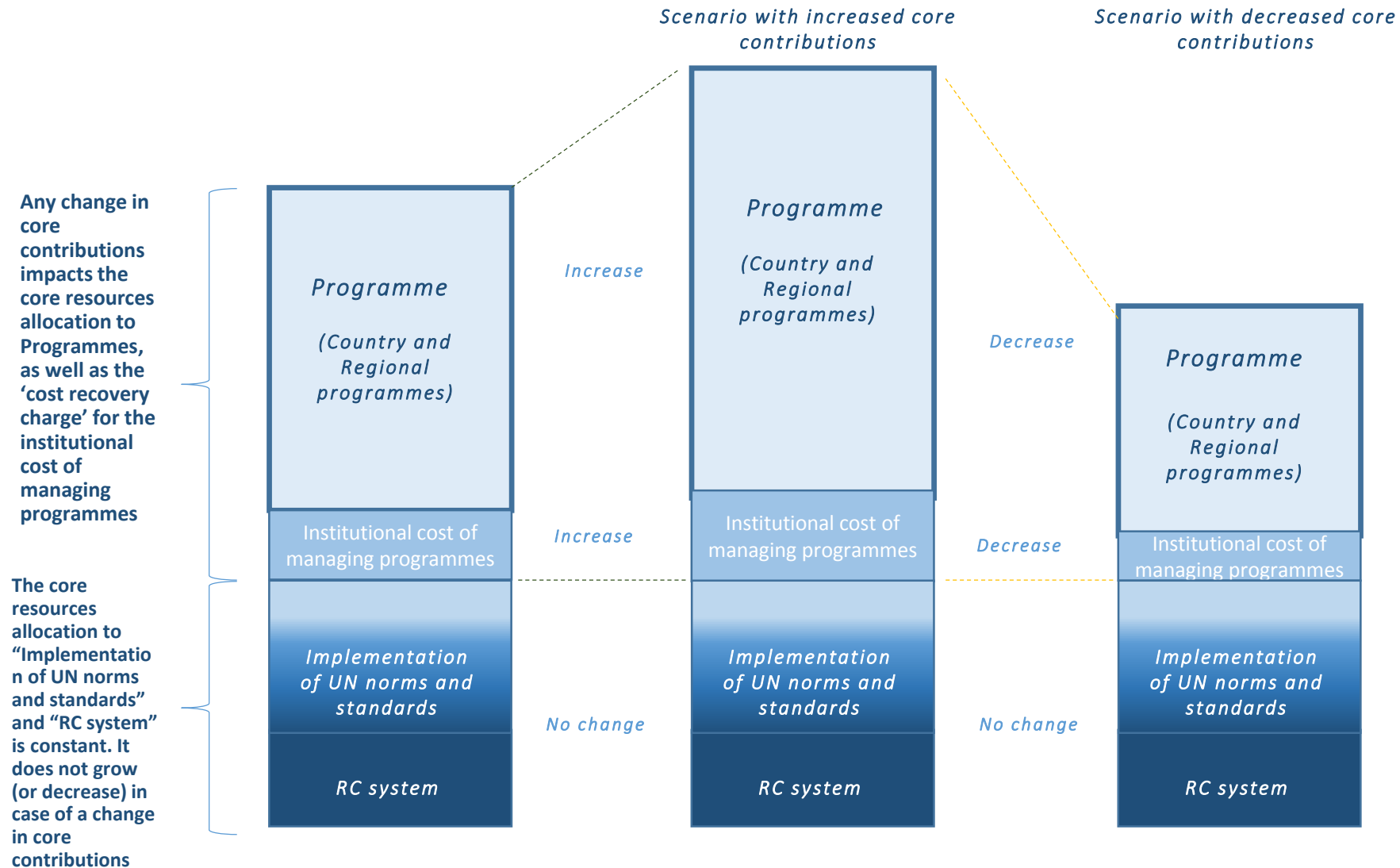
‘UN-ness’: activities related to integrating UN norms and standards across all areas of UNDP work.

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



Differentiated service lines and funding



S1 Coordination services

Partners: UNDS at global, regional and country levels

Support for the RC function, contribution to regional UNDGs, support to UNDG, incl. DOCO

Core funded - no cost recovery

S2 Programme Implementation Support and technical advisory services

Partners: Programme partner governments; Donor partner governments; EU

Core provides seed funding for financing from partner governments, donor governments and EU.

UNDP provides technical advisory and implementation support

Largest service line

Cost recovery - agreed GMS rates for: government cost sharing; third party cost sharing; EU cost sharing

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

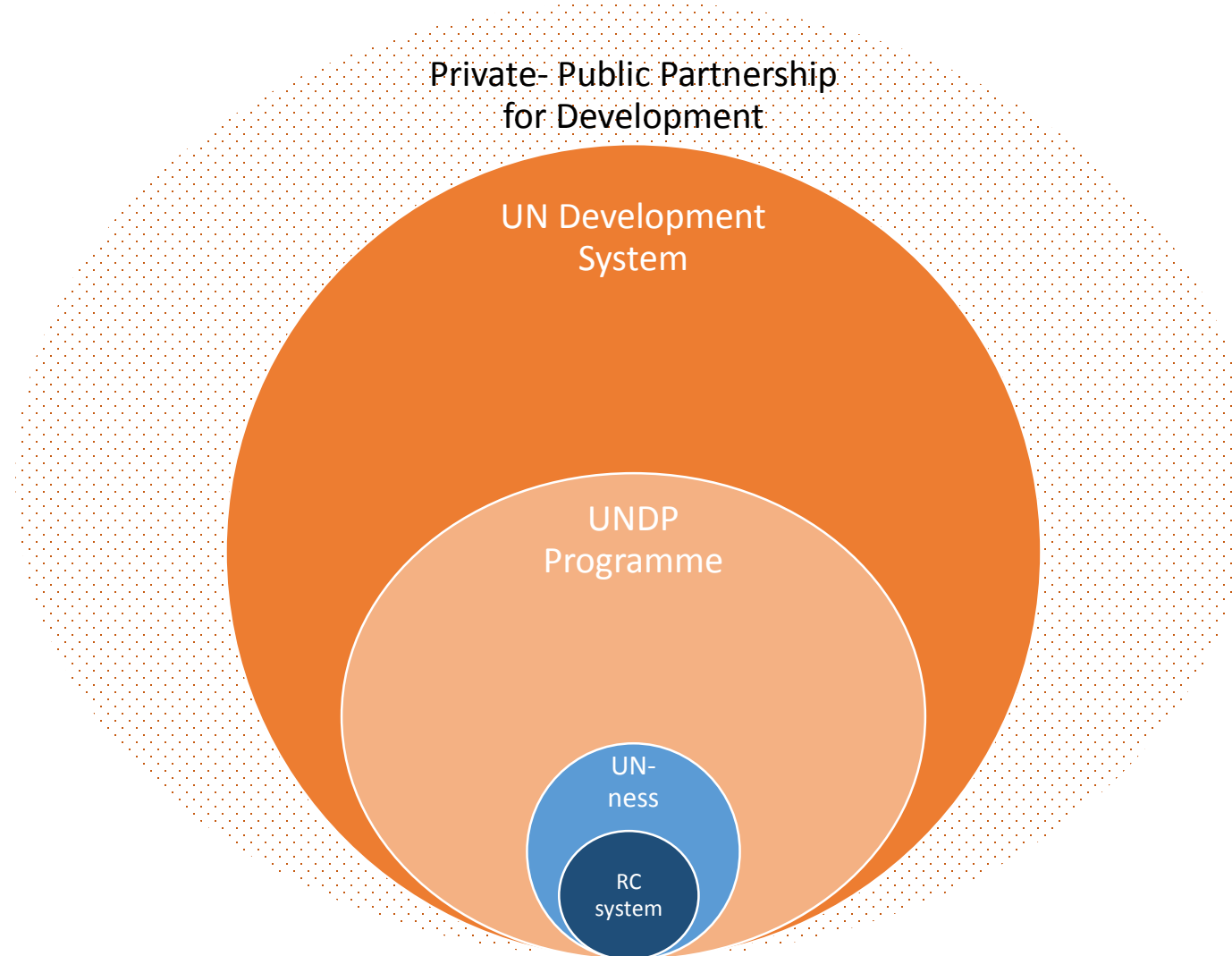
Partners: Programme Partner Governments; UNCTs; UN Agencies; IFIs

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?