

UNDP Proposal on Structured Funding Dialogues

I. Context

The most recent Quadrennial Comprehensive Policy Review (QCPR) highlighted the integrated nature of the 2030 Agenda for Sustainable Development along with the nature of funding and financing that will be required to achieve its ambitions. It called for a much more sustainable and rigorous approach to the funding of the UN Development System (UNDS) entities while also seeking further improvements in their functioning and effectiveness. 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 (SFD) 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 Executive Board (EB), in its decision 2017/20, requested UNDP to present a proposal to the EB, no later than the second regular session of 2018, on how it plans to use the SFD as a tool to improve the quality and transparency of funding. In decision 2018/2, the EB also encouraged UNDP to continue working jointly with UNFPA, UNICEF and UN Women to improve collaboration on the SFD.

UNDP embraces the opportunity to further strengthen its engagement with its EB on the nature of its funding structures and accountability systems. Given UNDP's track record as one of the leading organizations in transparency¹ and a top-rated development partner regarding "value for money"², UNDP will ensure the EB is provided with the information and insights necessary to guide the organization through a complex series of internal reforms to further strengthen the organization in the context of broader UNDS reforms.

In this context, UNDP has been actively following the Secretary-General's Funding Compact Dialogues, an essential instrument in the SG's vision for a UNDS that is more effective, efficient, accountable and trusted partner to Member States and peoples around the world.

This paper builds on the on-going dialogues and previous drafts presented to the EB at informal consultations in May and September 2018. It incorporates guidance, comments and suggestions received from Member States as well as key lessons from other United Nations agencies' use of such dialogues. It provides a timeline with an initial set of proposed topics for discussion and is aligned with UNDP's broader plan of engagement with the EB- ["Working Better Together."](#)

Since EB Decision 2014/24 was passed to organize the SFD, UNDP has held 12 formal and informal sessions with Member States, to monitor and follow-up on the predictability, flexibility and alignment of resources provided for the implementation of its Strategic Plan. These SFD serve as a very useful platform to discuss key issues and priorities, for UNDP and Member States, related to funding, development results and transparency.

¹ IATI, 2018

² AidData, March, 2018

II. Linkages with the Secretary General's Funding Compact

UNDP's SFD with Member States fits within the overall framework and on-going dialogues of the Secretary-General's Funding Compact (launched in July 2018), in line with Resolution 72/279. In return for a UNDS that is more effective, efficient and accountable partner, Member States would improve the quality and predictability of their funding, including doubling of contributions to pooled funding and bringing core funding to the system at 30% and increasing agency thematic funding.

The UNDP-specific SFD relate to this system-wide Funding Compact, serving as a key venue to discuss, monitor and report on the Compact, encompassing the mutual commitments between Member States and the UNDS. These dialogues will advance operationalization of the Funding Compact by discussing specific commitments with specific targets and indicators, and their implications.

As the UN's development organization, UNDP has been actively following the dialogues related to the Funding Compact. Through the various working groups, it continues to engage with other UN entities to ensure the realization of a successful UNDS Funding Compact through collective commitments. 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 UNDS.

III. Proposal for 2019 and beyond

Objective

The objective of the SFD 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 programmes with accelerated results for the SDG and continue to provide operational services for the UNDS; (see annex 1). The SFD will also serve as the vehicle through which UNDP and Member States will share progress on mutual commitments.

Specifically, through the SFD, UNDP aims to:

- Energize new political/financial commitment to a next generation UNDP, in a reforming UNDS
- Inform EB Members on progress made on diversification of the funding base, through strengthened partnerships with new government partners, IFIs and the private sector
- Seek guidance on key evolving issues through the active participation from all Member States
- Discuss improving visibility for core funding

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 40% of core resources)
- Double the amount of thematic funding to UNDP
- Ensure full financing of the budget and alignment of resources to results
- Improved efficiency including reduced transaction cost for fund raising

Draft for Discussion at the EB Informal Session, 4 December 2018

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

UNDP also recognizes the importance of visibility for donor contributions, especially as Member States consider increasing quality un-earmarked resources. UNDP is actively enhancing visibility of its funding partners who contribute to core and thematic funding. UNDP also advocates for the efficiencies and greater impact of common results through pooled funding.

Frequency/Content

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 (January/February) – 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 (May/June) – 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 (September) – 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 linked to the SG's report on the Funding Compact to ECOSOC.

Format

In line with the ambition to have a more interactive, meaningful and open approach, discussions will be informal and dynamic and also co-hosted by Member States representing different groups – based on demand. In addition to the regular items listed above, Member States will be invited to suggest topics for the agenda. Each session will include a brief and evidence-based presentation, which will be shared in advance, by UNDP on the topic followed by an open interactive discussion. These sessions are in addition to the regular reports and presentations to the EB on UNDP's funding situation.

To further increase interaction and idea generation, UNDP plans to also organize informal (breakfast/brownbag) meetings, based on demand, on relevant issues to engage different Member States' perspectives and ideas addressing funding opportunities and challenges. Member States are encouraged to use the informal session to identify specific areas of interest and focus to enable UNDP to address these fully in subsequent sessions.

Finally, in working towards a new political/financial commitment to a revitalized organization, UNDP looks forward to engage with MS as advocates and champions, to build support and secure broader commitment. UNDP will ascertain Member States' interest to take on such a champion role.

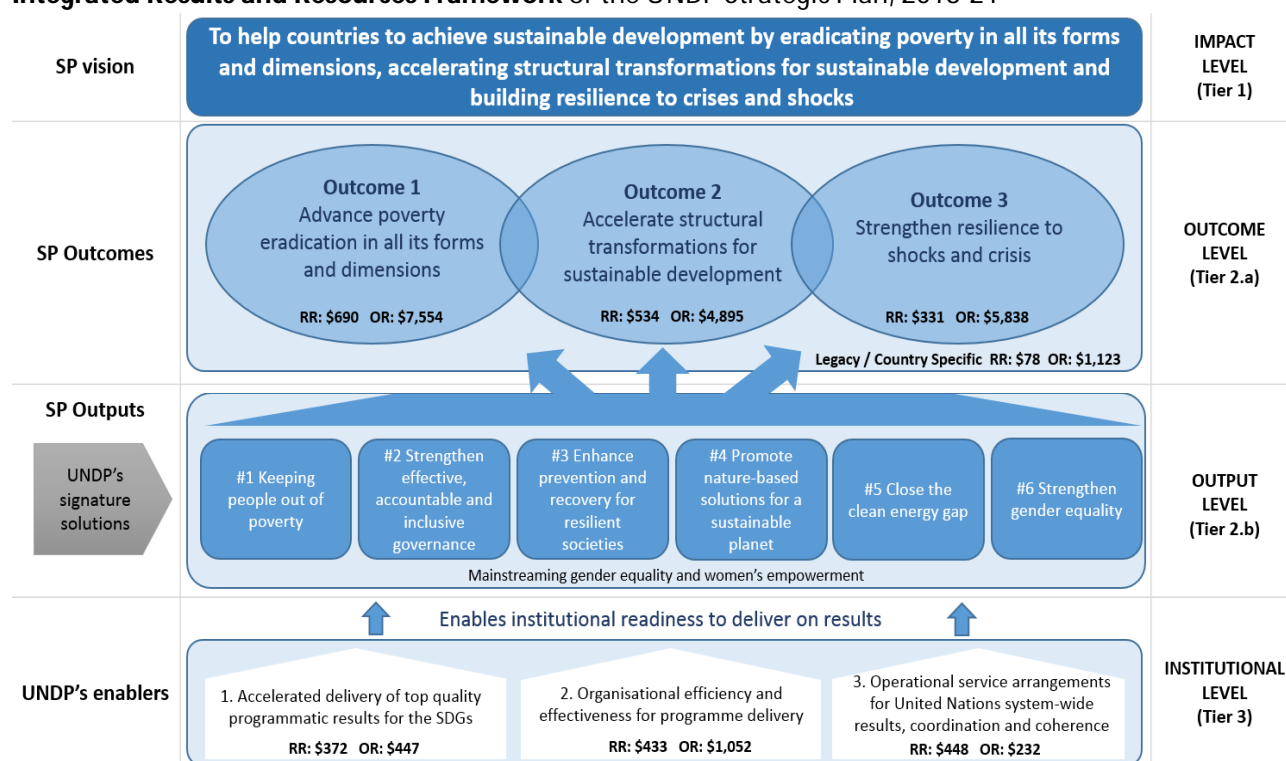
Conclusion

The UNDP Administrator and his 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 the proposals and ideas laid out in this paper and will submit a revised final version in early 2019 to the EB.

Annex I

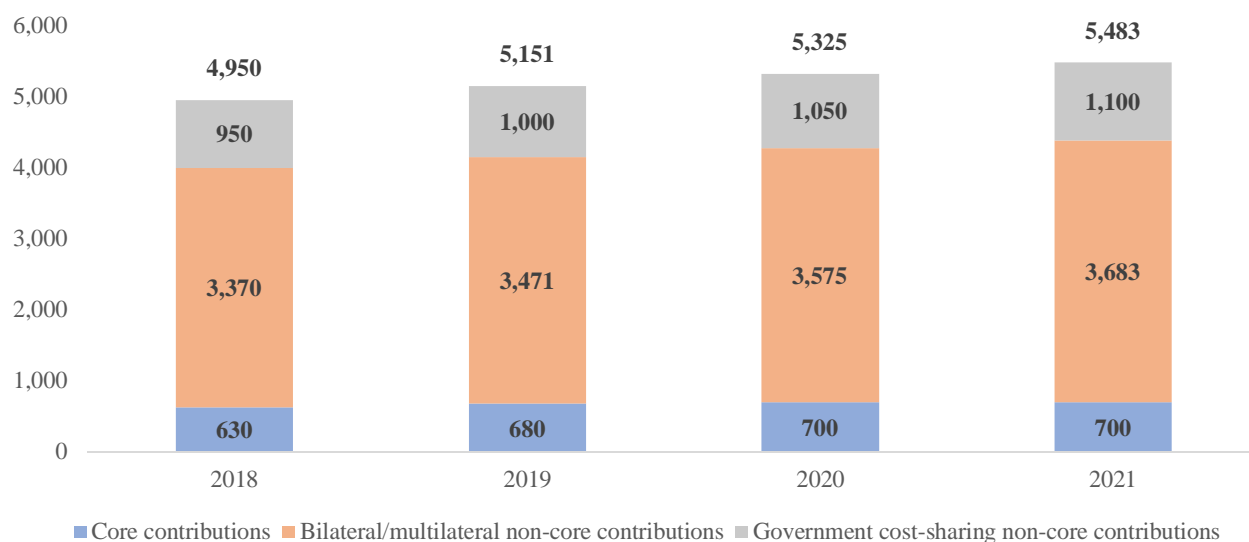
Integrated Results and Resources Framework of the UNDP Strategic Plan, 2018-21



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 source³ (in millions of dollars)

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



³ Reflects 5% annualized growth from the estimated level of \$4.5 billion in 2017 to \$5.5 billion in 2021