



UNDP Structured Funding Dialogue

21 August 2023

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Outline

- I. ODA and UNDS financing context
- II. 2022 Financial Performance and Funding Highlights
- III. Progress on Funding Compact commitments
- IV. Factors contributing to the decline in core funding
- V. Consequences and way forward



ODA context

Legacy effects of COVID-19, conflicts, and climate change are impeding global economic recovery

With the war in Ukraine continuing, other ongoing crises could become peripheral, increasing the gap in financing humanitarian and development needs

Recent policy shifts on aid budgets, security, and national interest influence how ODA gets allocated, channeled, and prioritized

In 2022, ODA reached \$204 billion, 13.6% higher than the previous year (the increase was mainly due to \$29.3 billion (14.4% of total ODA) spent to cover in-donor refugee costs)

UN Development System Financing context



STRENGTHS

Adequately funded, the UNDS is an unparalleled multilateral platform to advance reform and the SDGs.

S

WEAKNESSES

Growing pressure on ODA and increased earmarked funding compound an already challenging operational landscape for UNDS.

W

Funding Compact 2.0 offers an opportunity for ambitious and measurable indicators for stronger accountability and commitment from Member States and the UNDS.

OPPORTUNITIES

O

Declining core, heavy reliance on project-based funding and a handful of donors risk fundamentally changing the organizational character of UNDS entities.

THREATS

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2022 Financial Performance



\$4.8 billion in programme delivery
- the highest in a decade

\$5.3 billion in total revenue,
including voluntary
contributions, a decrease of 6%
from 2021

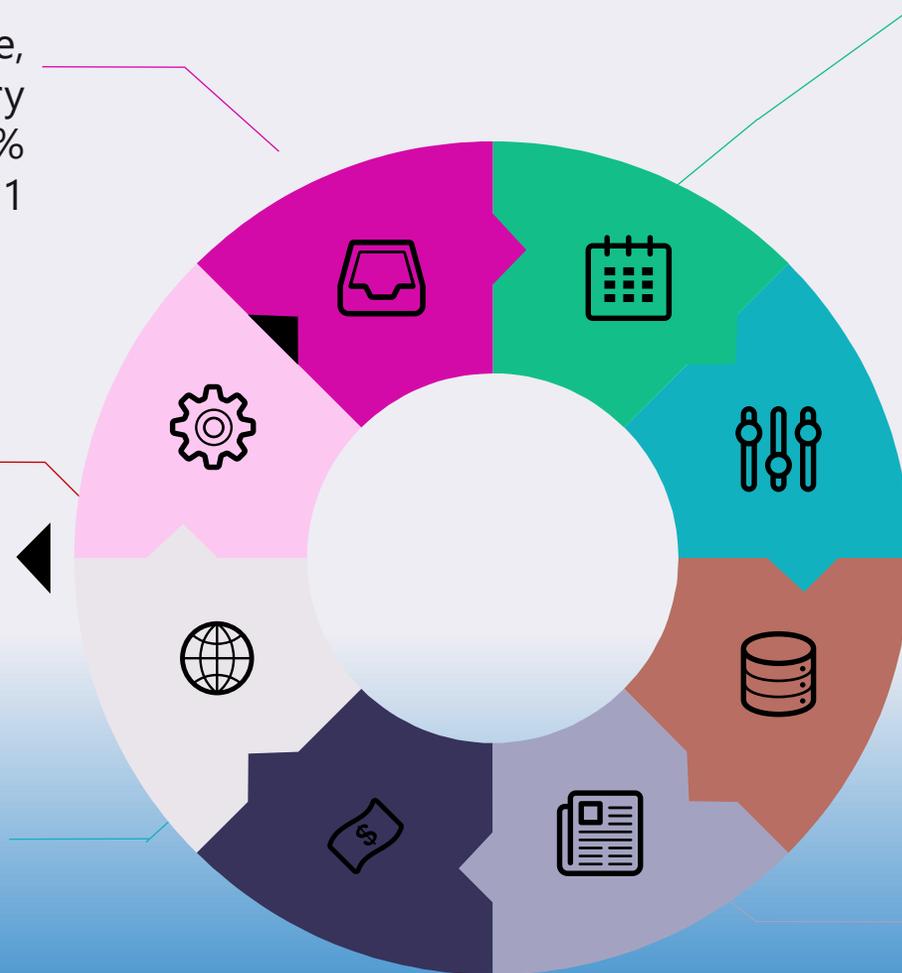
**Increased allocations
to programmes** to 69%
of regular resources
from 66% in 2021

Core contributions
decreased by 9% to **\$591
million** from \$648 million
in 2021

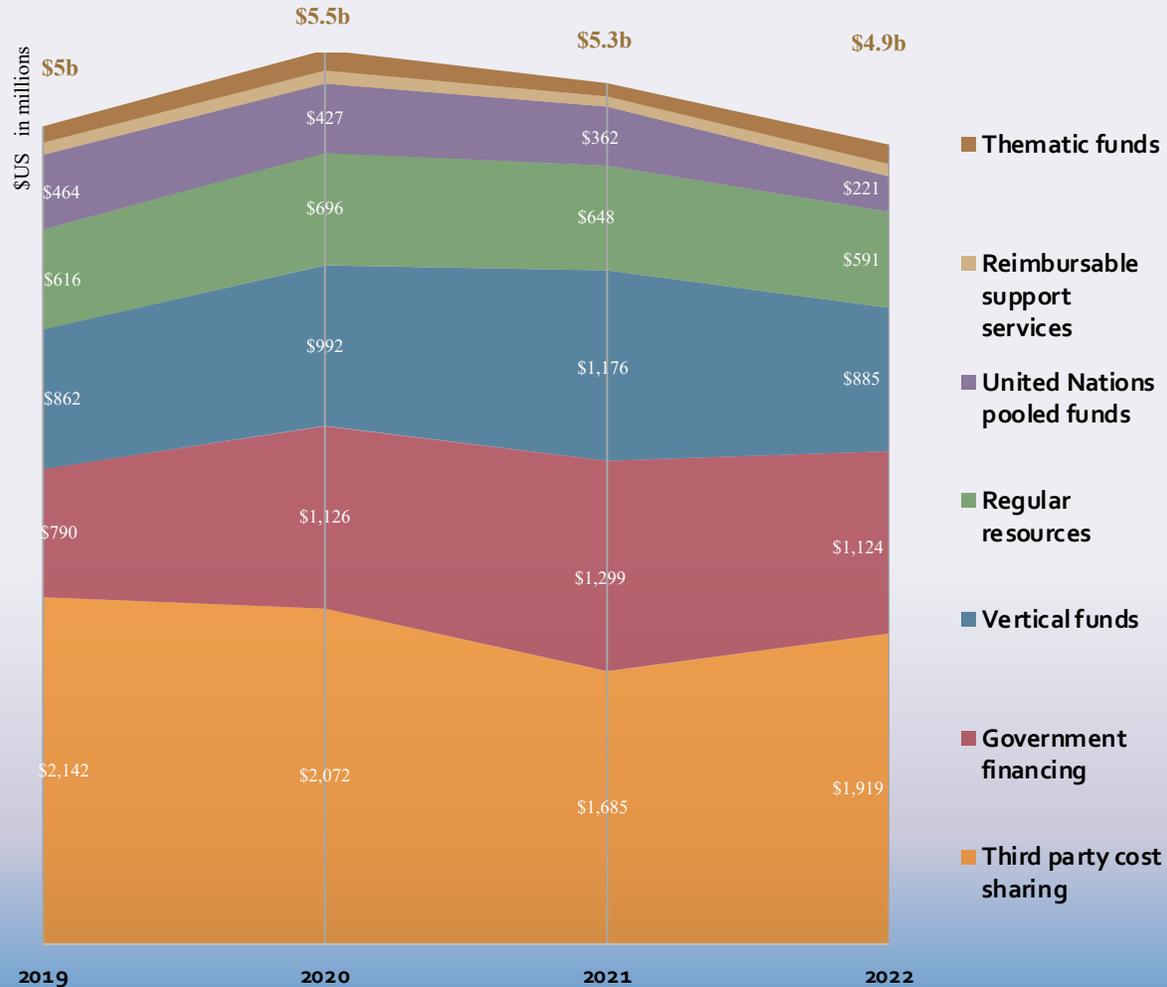
91 cents of every dollar
spent went to
programmes; every core
dollar spent on
programmes **leveraged
\$10** in other resources

\$24.4 million in efficiency
gains mostly from
implementation of UNSDG
business operations strategy

Received a **17th consecutive
unqualified audit opinion** and
**balanced the institutional
budget** for the 6th year in a row

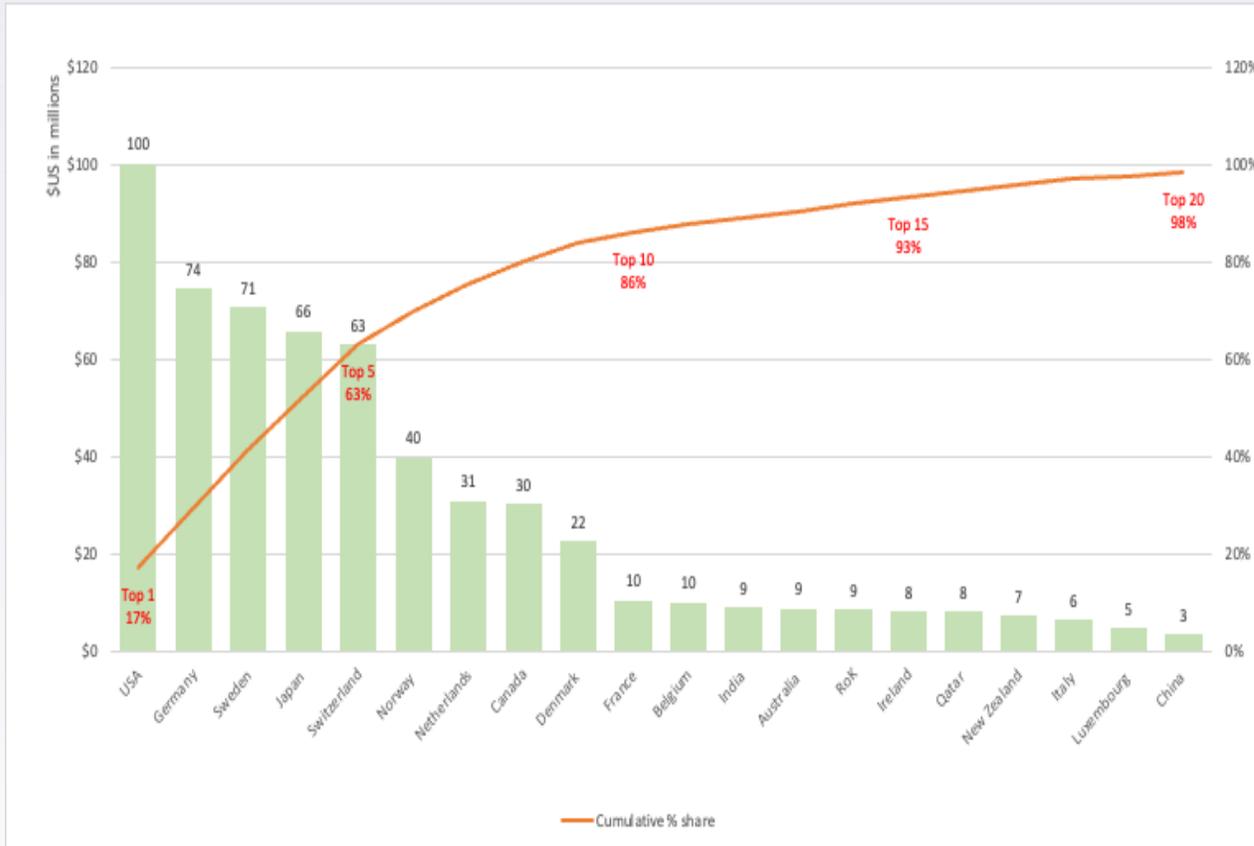


2022 Funding Highlights

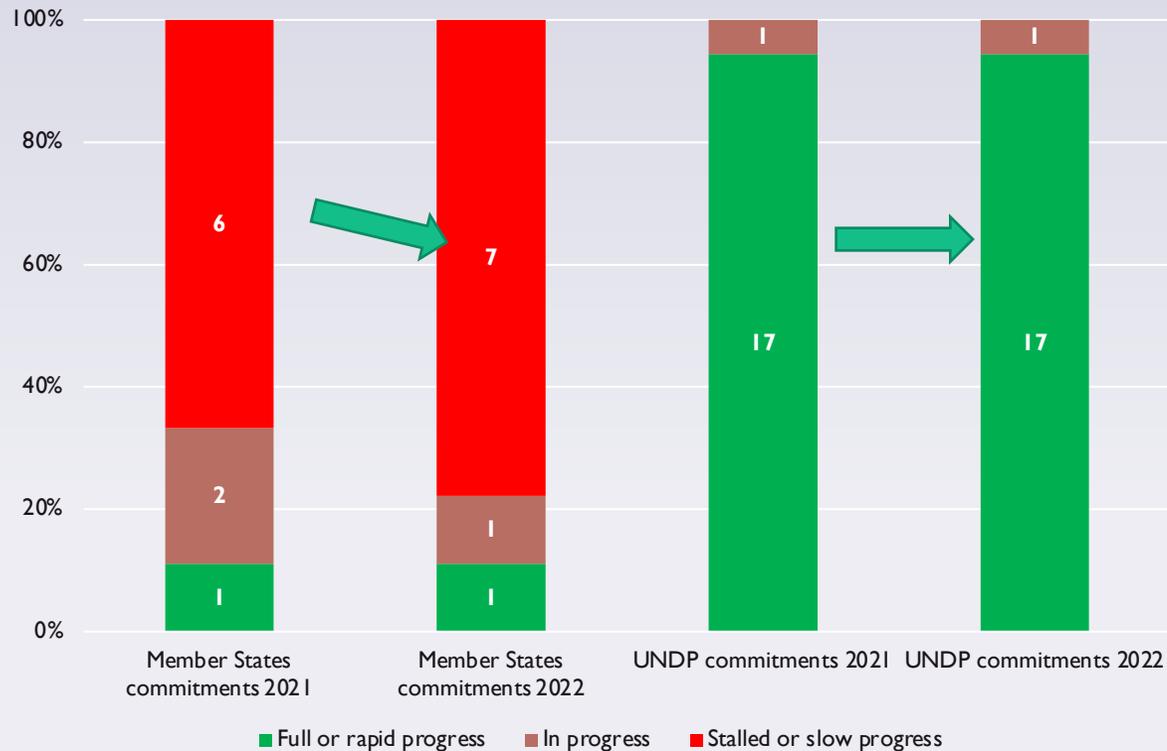


- Core contributions of \$591 million were 9% lower than in 2021.
- 10 partners increased their core contributions and 6 partners signed new multi-year agreements bringing the total to 9.
- Most funding streams were down in 2022 except for thematic funds and 3rd party cost sharing.
- Contributions to thematic funds (funding windows) increased by 42% to \$119 million.
- Third-party cost sharing increased by 14% and accounts for 39% of total contributions.
- Government financing amounted to \$1.1 billion, exceeding the planned contribution estimate for 2022.
- Contributions to local office costs (GLOC) amounted to \$29 million in 2022.

Core contributors



Progress on Funding Compact commitments



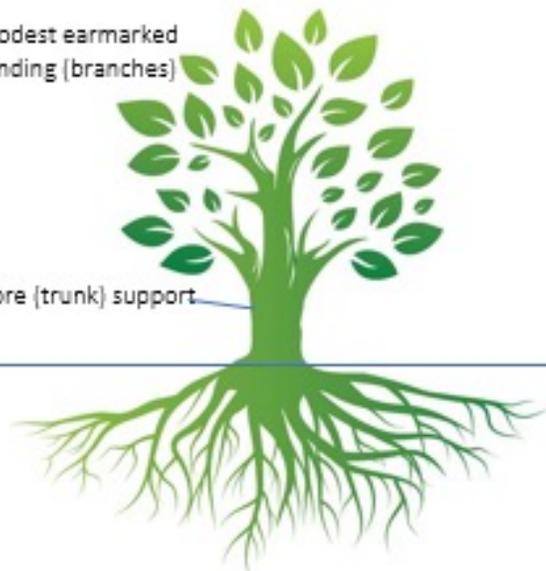
- **Progress on the MSs' commitment remains slow while UNDP continues to deliver on its commitments.**
- **The next iteration of the Funding Compact to have clearly measurable indicators, stronger ownership, and commitment across all MSs and translate into action from agencies and donors alike at both global, regional, and country levels.**

Evolution of UNDP's funding mix

Past

Modest earmarked funding (branches)

Strong core (trunk) support

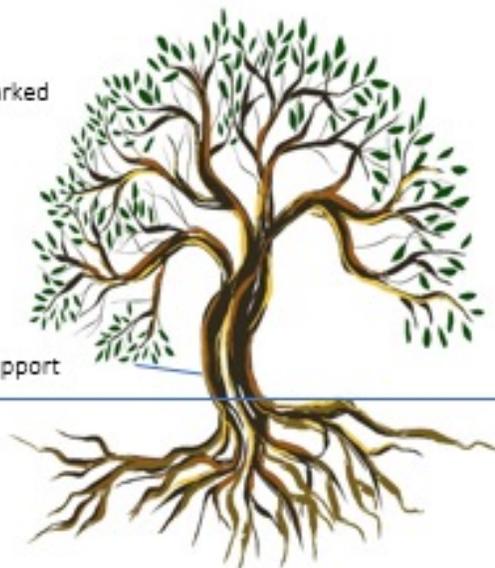


Considerable support base from donor and programme countries

Present

Increased earmarked funding

Weakening core support



Declining support base (particularly from traditional funding partners)

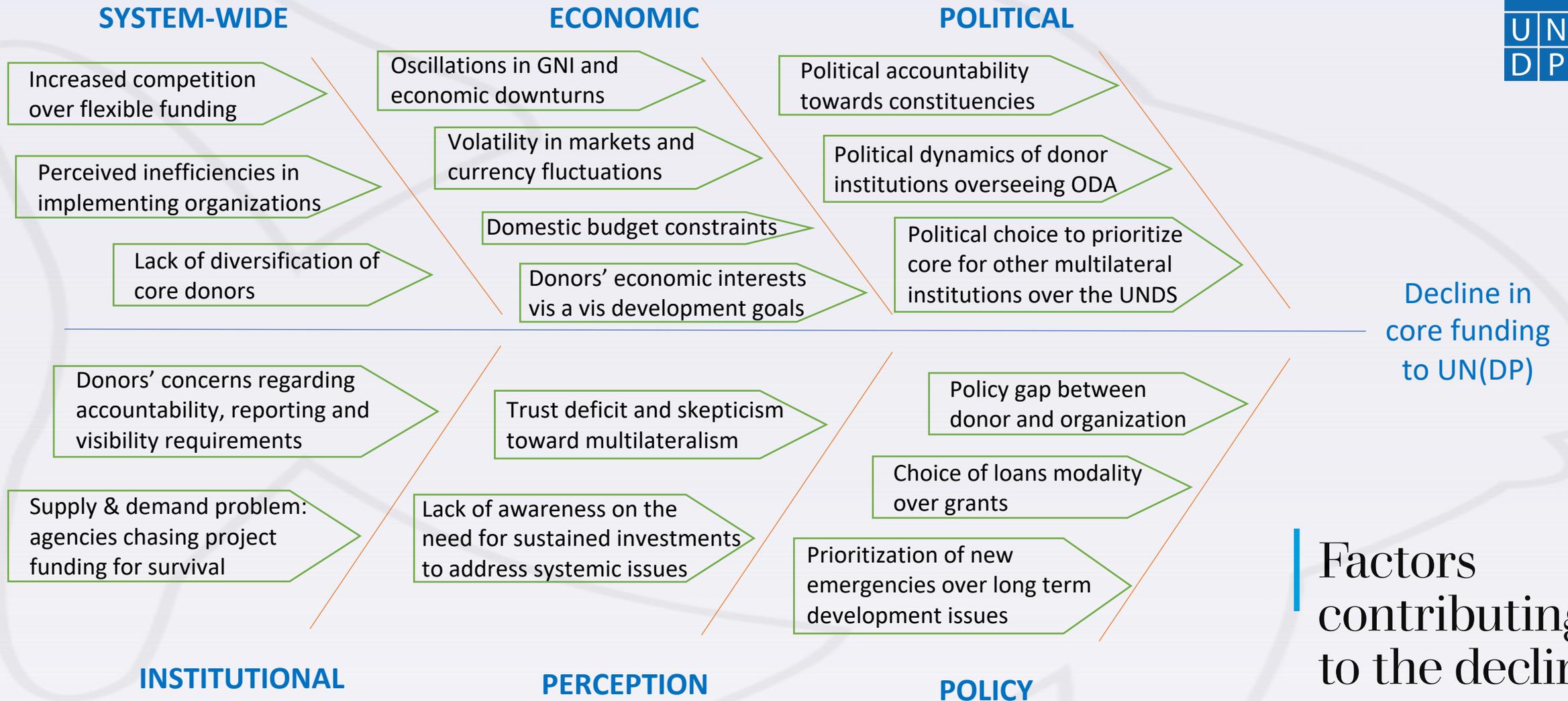
Future

Balanced levels of earmarked funding

Healthy and growing core support



Diversified and broadened support base from state and non-state partners



Factors contributing to the decline in core funding

Consequences of reduced core funding

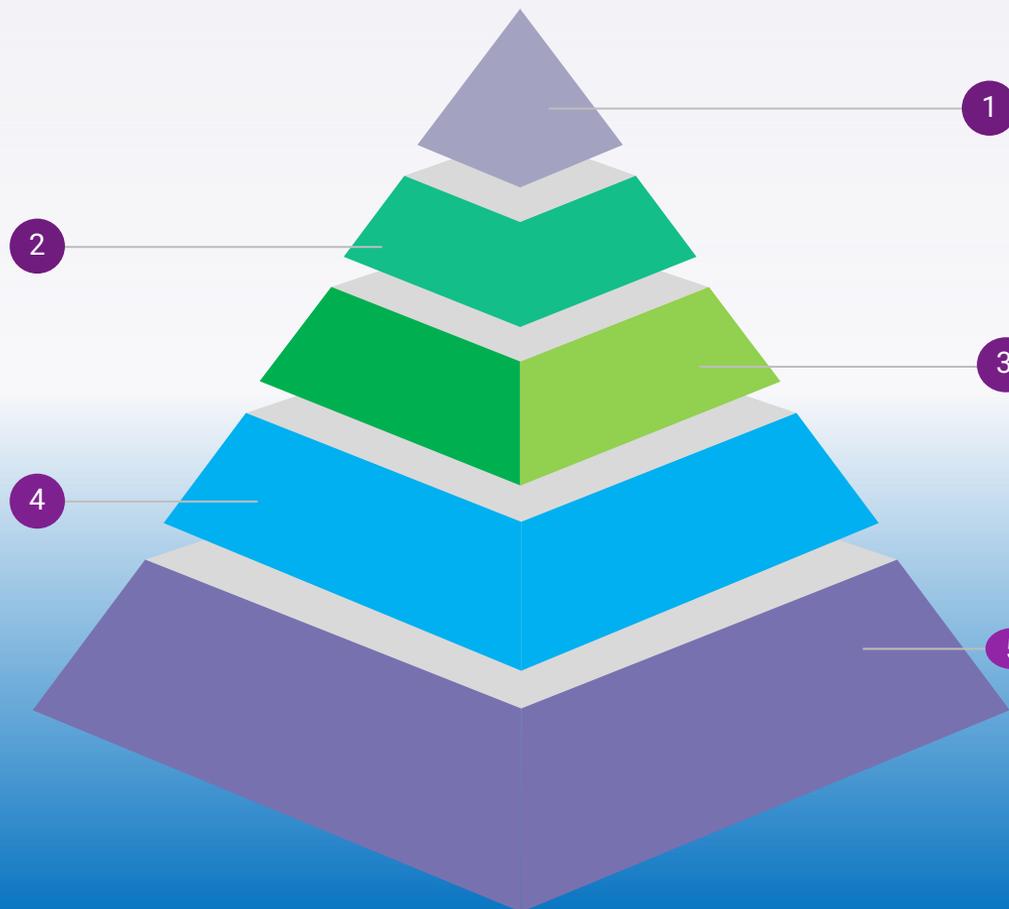


Increased competition, misalignment between funding and results

Earmarking encourages competition, where resource mobilization becomes driven not by mandate, but rather by funding opportunities (MOPAN 2020)

Less ability to leverage partnerships and resources

Core resources remain critical to design and pilot innovative programmes that can be scaled up and generate additional funding from donors, IFIs, private sector.



Undermining the drive to end extreme poverty

A cut in core funding will hit the most vulnerable hardest, making it difficult to implement programs and initiatives aimed at eradicating poverty, improving livelihoods, and achieving the SDGs

Slow and ineffective crisis response

Without adequate levels of core funding, the UN system will face challenges in being present on the ground before, during, and after emergencies.

Less funding to bolster oversight functions

Core funding helps UN agencies to meet the highest standards in transparency, oversight, evaluation, and accountability

Ways to address the decline in flexible funding

Action by UNDP and the UNDS



- Accelerated Core action
- Diversifying core
- Engaging New Strategic Partners
- Thematic Funding Windows
- Innovative Digital Partnerships

Action by Member States



- Renew and demonstrate political commitment through core support
- Provide multi-year funding commitments
- Support advocacy efforts
- Enhance policy coherence
- Engage in funding dialogue and seek solutions



Partners At Core campaign in Action



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UNDP in Viet Nam @UNDPVietNam

Switzerland Spain Australia & Ireland r @UNDP #PartnersAtCore, enhancing local governance & services via @PAPIVietnam since 2009

- 180k respondents
- 63/63 provinces analyze PAPI results & devise action plans
- 20 in-depth studies important issues to #LeaveNoOneBehind

Viet Nam Government Portal and 9 others

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Mohamed Yahya
Resident Representative, UNDP Nigeria

A partnership between YIAGA Africa - Local NGO, UNDP, and Channels Tele...

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Ahunna Eziakonwa @ahunnaeziakonwa

Through support from our key partners #Sweden & #Norway, communities in #Kenya have improved #climate initiatives, waste management & sustained livelihoods through employment in the waste management cycles.

#PartnersAtCore

7:15 PM · Nov 23, 2022

DAN JANNIK JØRGENSEN
Minister for Development Cooperation and Global Climate Policy
Government of Denmark

what the UNDP does 0:14 / 2:20

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UN Development @UNDP

We are living in a crisis-torn world – investing in development is the only long-lasting solution.

@UlrikaModeer & @MOFAkr_eng explain how partnerships can help to transform communities and meet our promise to leave no one behind. [#UNDPPEB #PartnersAtCore](https://go.undp.org/Q1TJ)

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WHO ARE WHAT WE DO OUR IMPACT GET INVOLVED

Core Resources

SEPTEMBER 7, 2022

All eyes are on Ukraine right now, where the flexibility of Core Resources is enabling us to work as swiftly and decisively as the situation demands. But the devastating consequences of the war in Ukraine have spread far beyond the region's borders. Coming on top of a world made ever more fragile by COVID-19, the conflict is one of the factors pushing hundreds of millions into poverty and creating this century's biggest cost-of-living crisis.

UNDP's support to those living in some of the hardest places, in the most difficult of times – whether in Ukraine, Pakistan, Afghanistan, Yemen, Haiti and beyond - is made possible thanks to flexible funding which allows us to work with those who need help the most from Day One.



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