

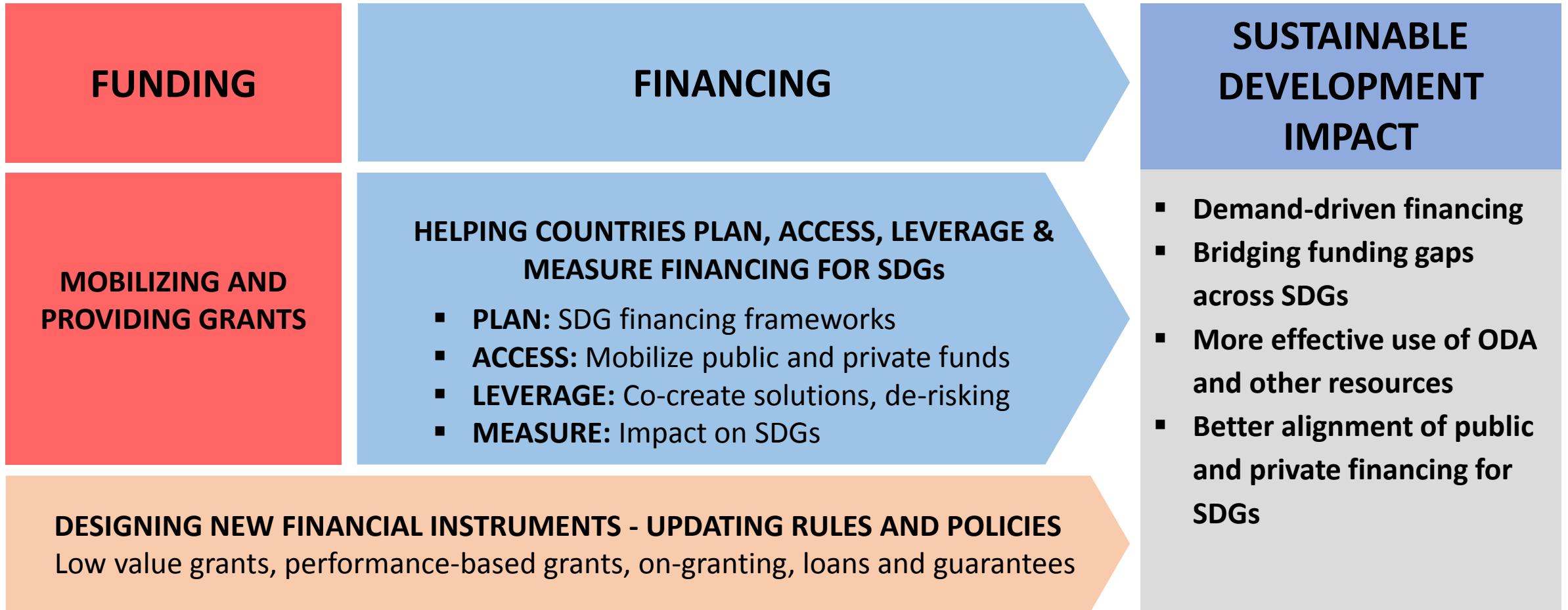


UNDP Structured Funding Dialogue and Integrated Budget

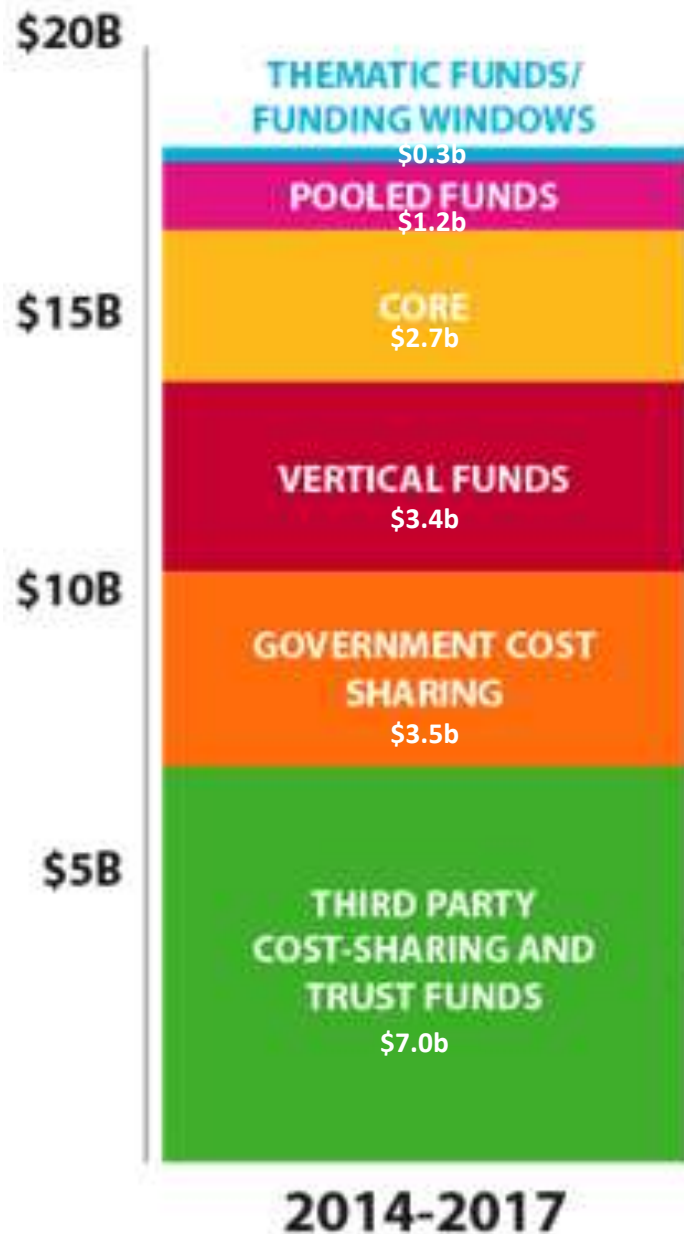


29 August 2017, New York

Strengthening our role: from funding to financing



UNDP Funding Architecture



- Total funding remained stable – approx. \$5B/year
- Growth in third-party, government cost-sharing and vertical funds
- Declining core, a pattern across UNDS
- Core/non-core ratio (15:85, 2014-16)

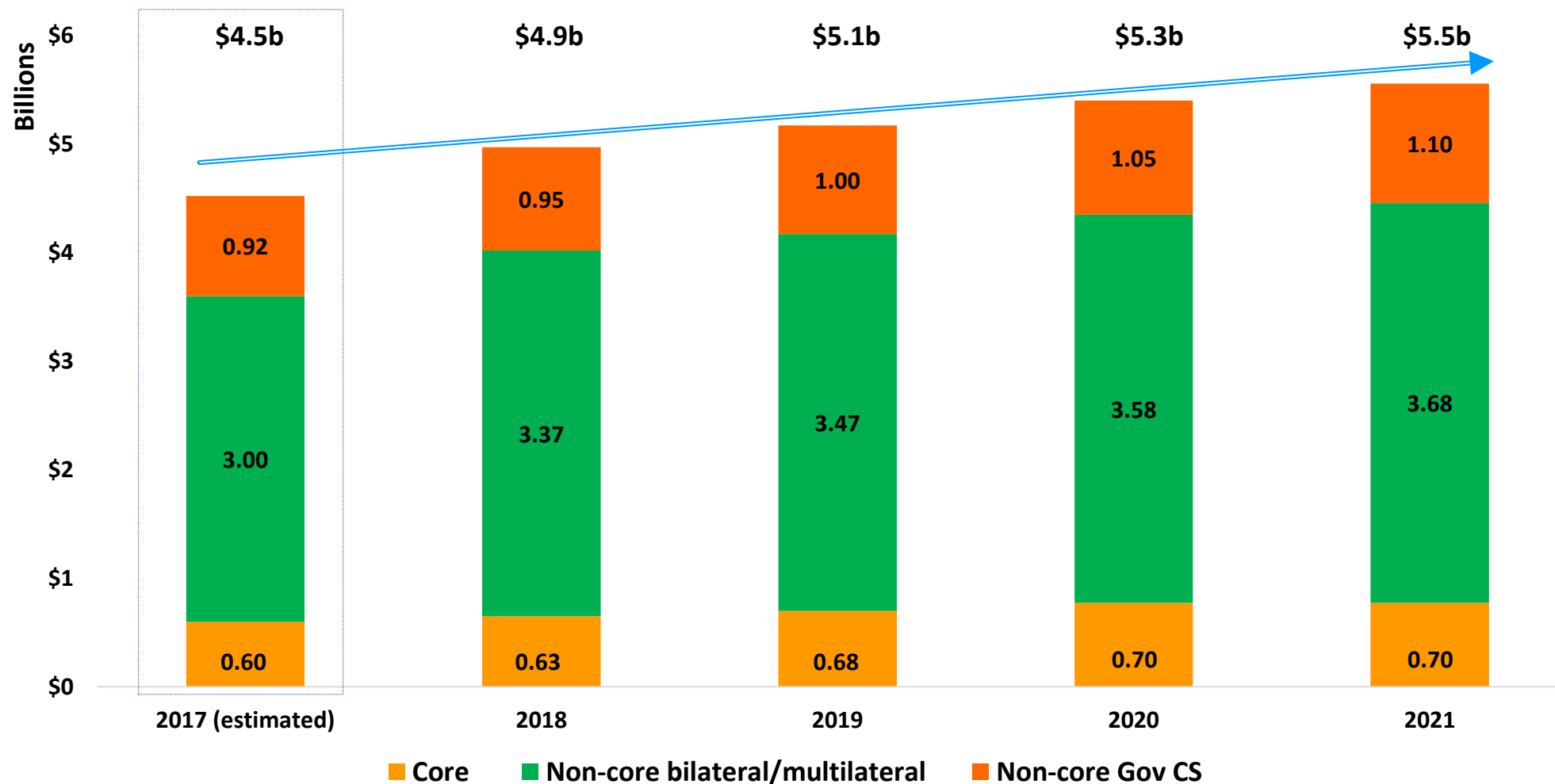
UNDP Funding Objectives



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Resilient nations.

- Stabilizing and reversing core in line with ambition of the 2030 agenda, QCPR and new SP
- Advocating for UN pooled funds in SDG implementation
- Increasing access to resources from vertical funds
- Increasing domestic resources for sustainable development
- Deepening and expanding partnerships with IFIs and private sector

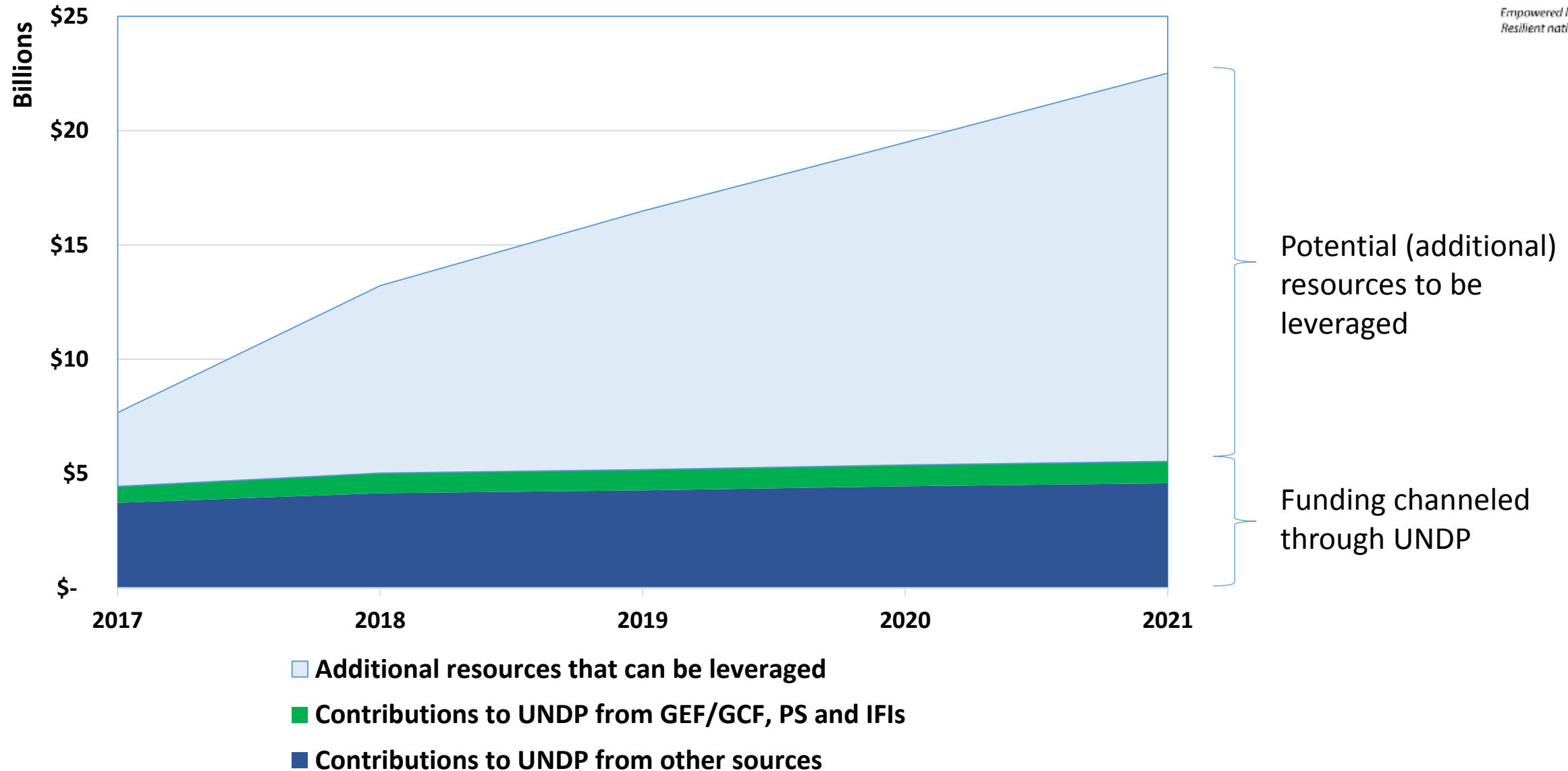
SP 2018-21 Funding Outlook



Leveraging Financing for Development



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Resilient nations.



Agenda for a Funding Dialogue

Unlocking Resources for country-led SDG results

ACCELERATION

Strategic partnerships with governments for SDG acceleration

DIVERSIFICATION & DIFFERENTIATION

Broadening the resource and partner base with customized offers

PREDICTABILITY

Multi-year funding commitments through strategic dialogues

ADDITIONALITY

Leveraging resources using new modalities (e.g. innovative/blended finance) and partnerships

CLARITY

In aligning resources to results

A transformed UNDP that delivers its Strategic Plan

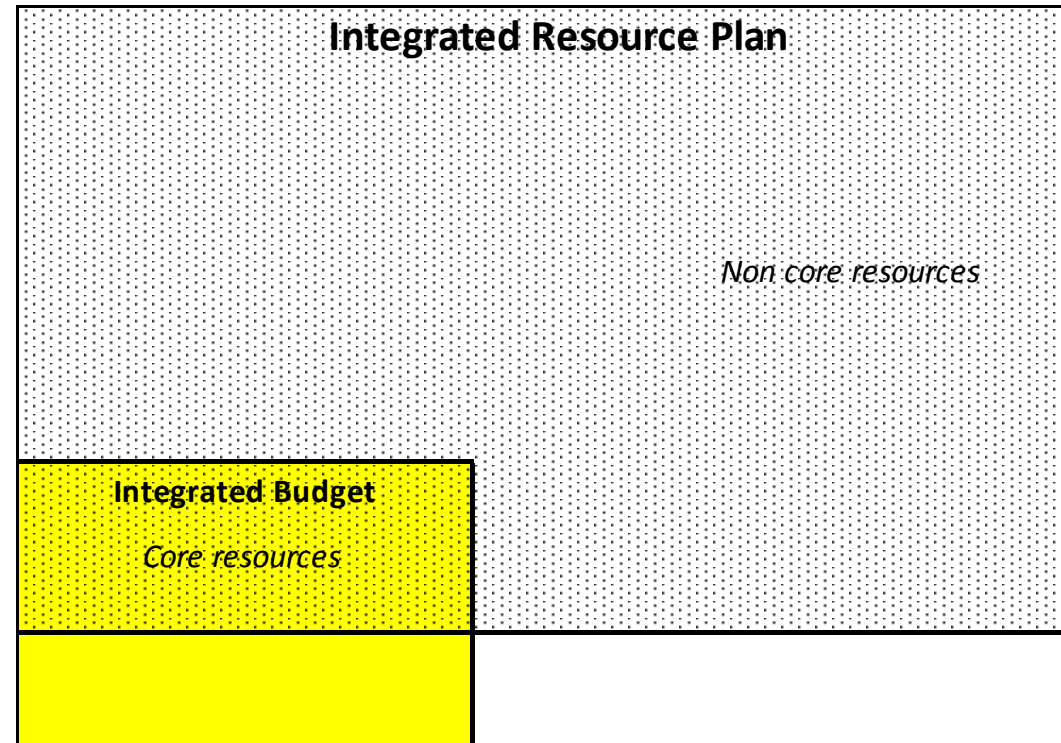
REGULAR STRUCTURED FUNDING DIALOGUES FOR GREATER:

- Strategic Policy engagement
- Alignment of funding with SP priorities
- Quality and predictability
- Effectiveness, transparency and mutual accountability

Key objectives of the Integrated Resources Plan and Integrated Budget

- Accelerate delivery of top quality development results
- Strengthen link between results and resources, also facilitate sensitivity analysis
- Leverage UNDP's strength of CO presence to support Partners including the UN system, by providing an integrator platform
- Articulate the role of core and reverse the downward trend
- Respond to crisis in a timely and effective manner, and integrate pathways towards recovery and sustainable development
- Strive for continued efficiency

Relationship between the Integrated Resources Plan and the Integrated Budget

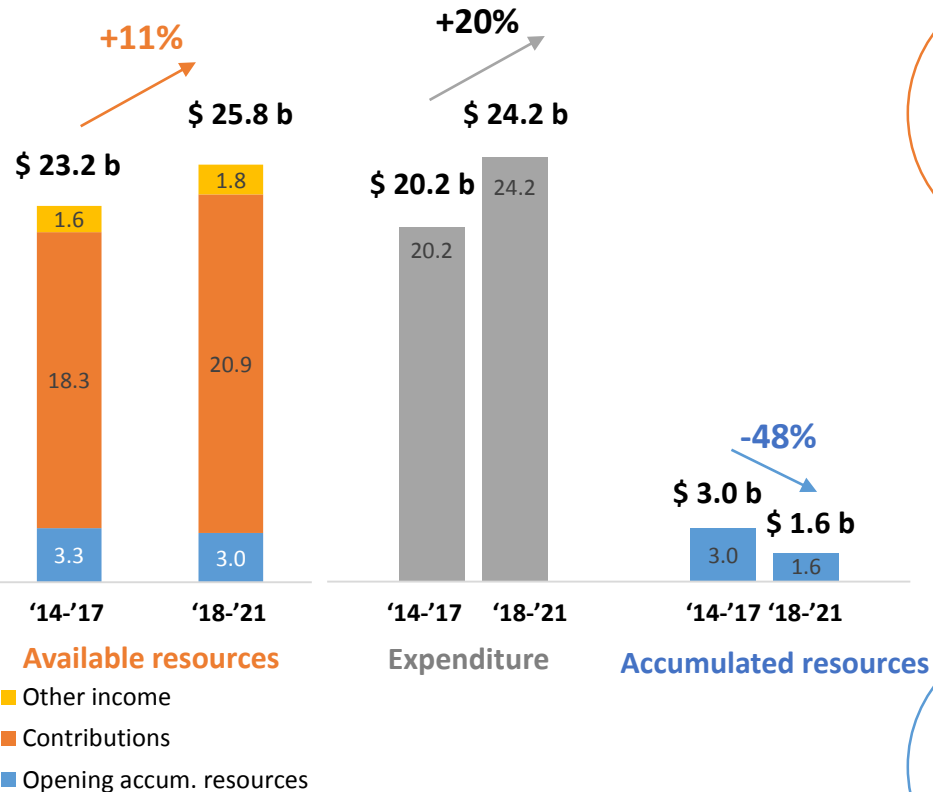


LEGEND:

Programmatic component

Institutional component

Key features of the 2018 – 21 Integrated Resources Plan estimates



Enhanced resource mobilization strategy for sustainable development, resulting in contributions increasing from \$18b to \$21b

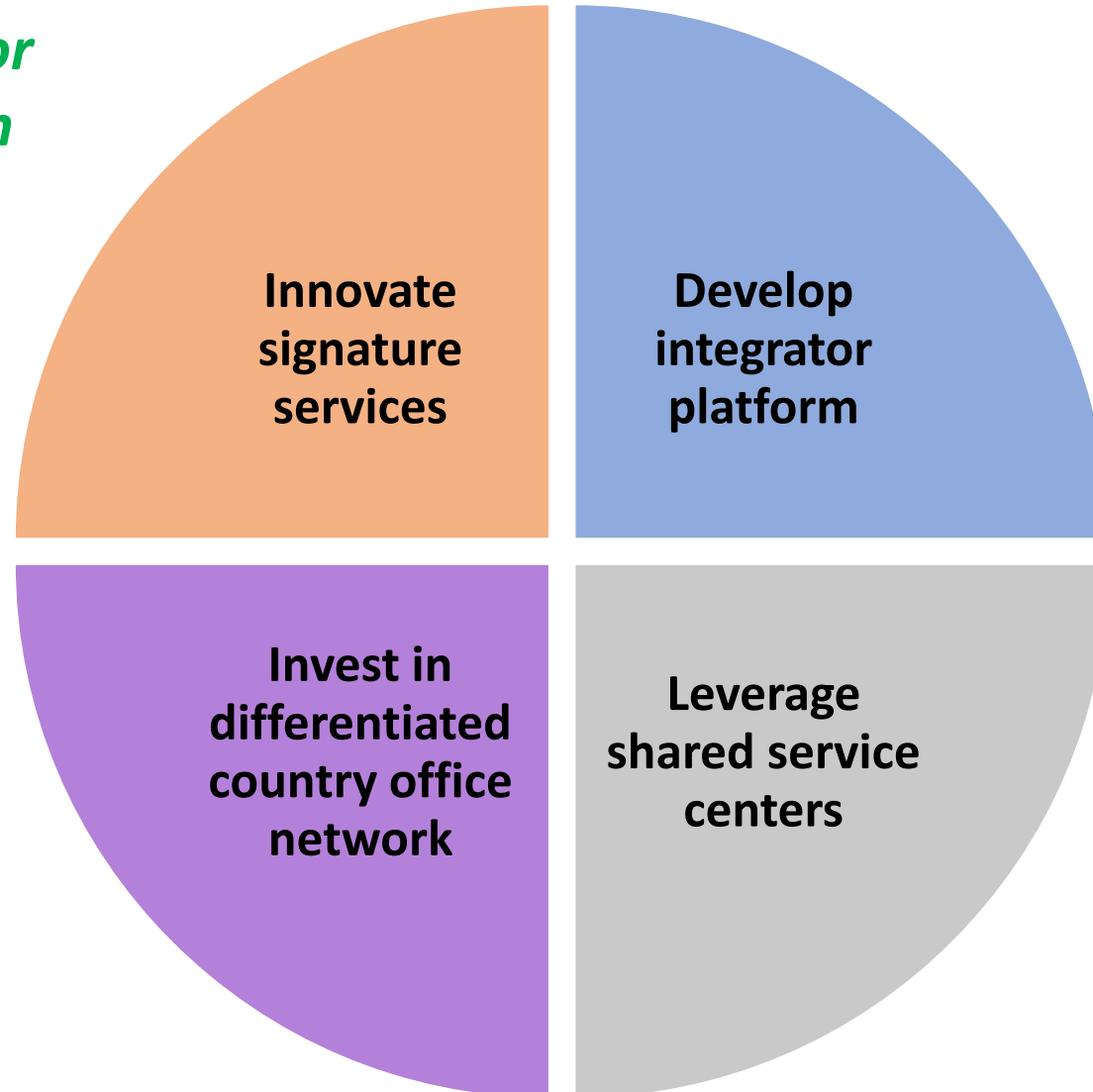
Increased expenditure from \$20b to \$24b, representing acceleration of development activities, improved costing of services, and higher level of institutional expenditure in the first biennium (i.e. 2018-19) as compared to the second biennium (i.e. 2020-21), to ensure organizational sustainability to enhance effectiveness and efficiency, and resources for implementation of strategic initiatives

Draw-down from accumulated resources provided for multi-year programmes from \$3.0b to \$1.6b

The 2018-21 Integrated Resources Plan and Integrated Budget estimates will be adjusted in line with any changes in the proposed Strategic Plan

Possible areas for strategic investments

*Estimated value of
strategic investments for
2018-2021: \$ 50 million*



The role of regular (core) resources

The core resources enable UNDP to leverage on its key strengths to deliver on its SP and to contribute to SDGs, and provide an integrator platform for partners including the UN system

Country office network

- Sustain long term trusted relationships
- Optimize country support and presence at national and sub-national levels
- Enable coordinated, flexible and rapid response to development and emergencies
- Serve as operational backbone to UN system

Integrator platform

- Provide institutional, operational and programme and policy capability for multi-sectoral responses – based on country ownership and priorities - for Partners including the UN system

Thought leadership, innovation and quality assurance

- Enhance thought leadership, expertise and technologies, innovation, quality assurance, M&E
- Develop top line knowledge management practices and systems, enabling access to specialized expertise

Leveraging financing for SDGs

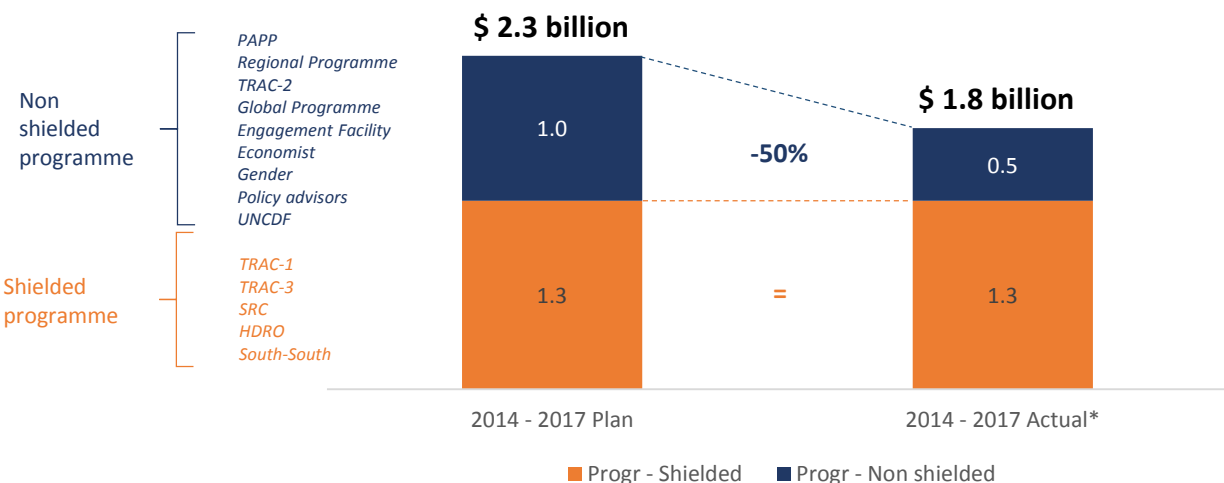
- Support programme countries to plan, access, leverage and measure financing for SDGs, with focused support to LICs and LDCs

Consequence of drop in core for LICs

- **Planned** 2014-2017 Allocation for LICs of TRAC-1/TRAC-2 was: \$1.48 billion
- **Actual** 2014-2017 allocation for LICs was: \$1.16 billion
- **Reduction:** \$0.32 billion (22% reduction)

- **Reason** for reduction of allocation for LICs:
 - Reduction of \$0.32 billion in TRAC-1/TRAC-2 (22% of planned level of \$1.48 billion)
 - Whilst TRAC-1 was shielded, and hence the LICs received the same proportion of the TRAC-1
 - TRAC-2 was not shielded, and hence the LICs received a reduced level of TRAC-2
 - LICs received \$0.92 billion of TRAC-1 (as originally planned, as TRAC-1 is shielded per EB decision) and \$0.24 billion of TRAC-2 (compared to \$0.57 billion planned, as TRAC-2 was not shielded)

Core programmatic resources - implication of shielding

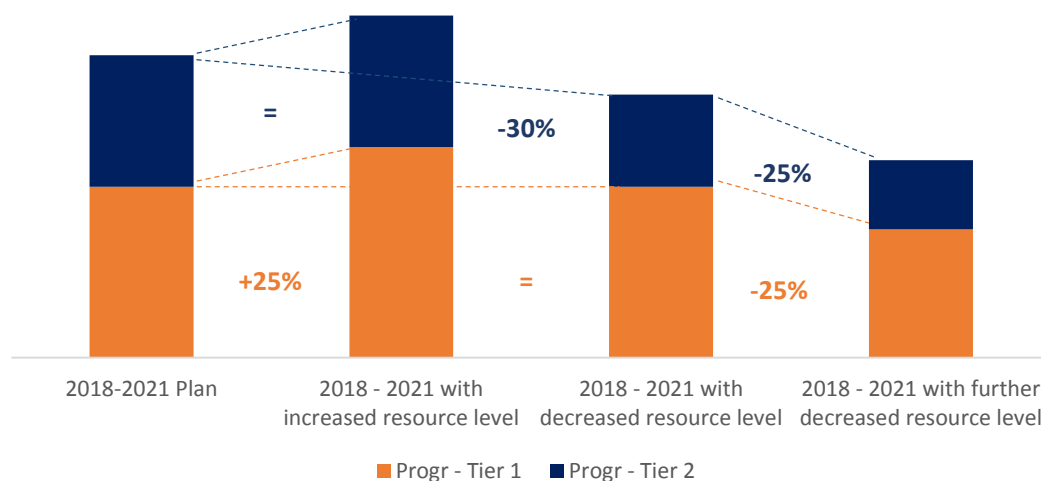


Re-cap of 2014-17 shielding:

1. Focus on LICs (85-91%) and LDCs (at least 60%)
2. Shielding of TRAC-1, TRAC-3, SRC, HDRO, South-South resulted in reduction of core resources available for non-shielded lines, e.g., regional programmes, TRAC-2, programmatic support to UNCDF and lines for DE related activities

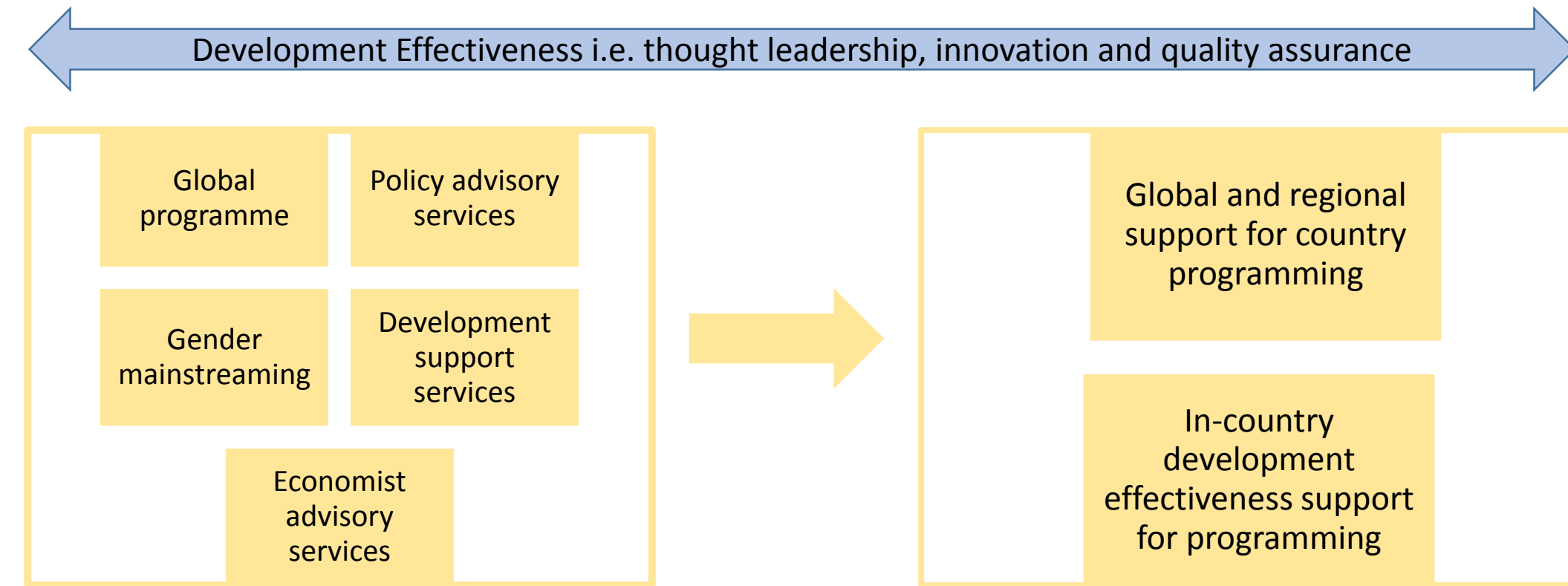
Proposals for 2018-21 (drawing on above):

1. Continued focus on LICs (85-91%) and LDCs (at least 60%)
2. Proposals will be presented to revise the current shielding methodology:
 - a) A threshold of core resources will be established
 - b) In the event that resources exceed the threshold, the shielded lines will increase and the non-shielded lines will not increase
 - c) In the event that resources fall below the threshold, the shielded lines will not be reduced, but non-shielded lines will be reduced
 - d) In the event that resources fall further, both the shielded and the non-shielded lines will be proportionally reduced
 - e) This will prevent the heavy reduction in the non-shielded lines that are important in delivering a top quality programme, recognizing that development effectiveness (DE) plays a complementary role to programme



* Sum of 2014-2016 Actuals and 2017 Forecast

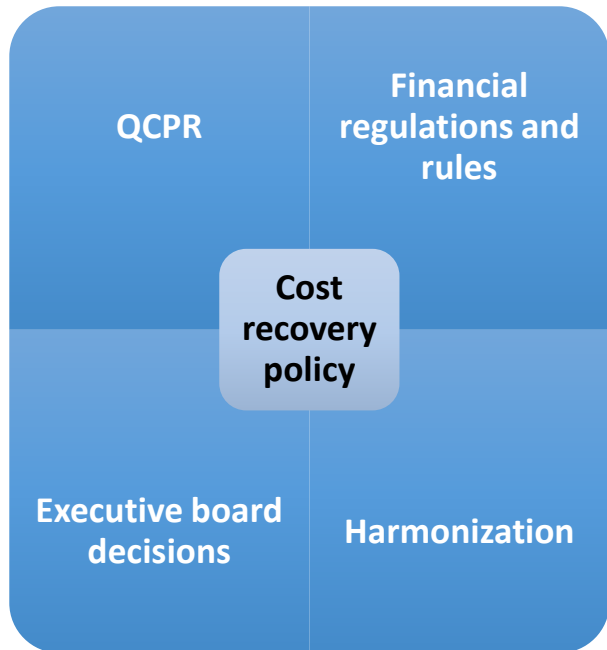
Core programmatic resources – Development Effectiveness (DE) budget lines



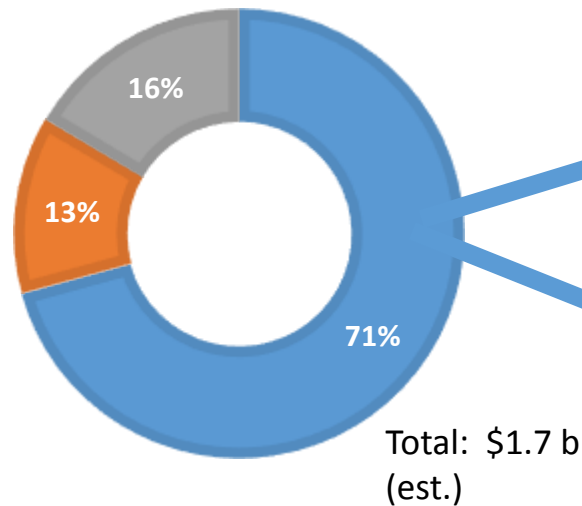
POINTS TO NOTE:

1. Above DE related activities support the integration of professional standards, norms and quality assurance through specialized technical expertise to help countries access financing, by enhanced knowledge management practices and systems
2. Consider possible consolidation of these core programmatic lines with 'DE' related activities
3. These 'DE' lines were not shielded in 2014 - 2017
4. Consolidation would enhance focus and reduce fragmentation of core resources in the integrated budget framework

Role of cost recovery in financing UNDP institutional activities

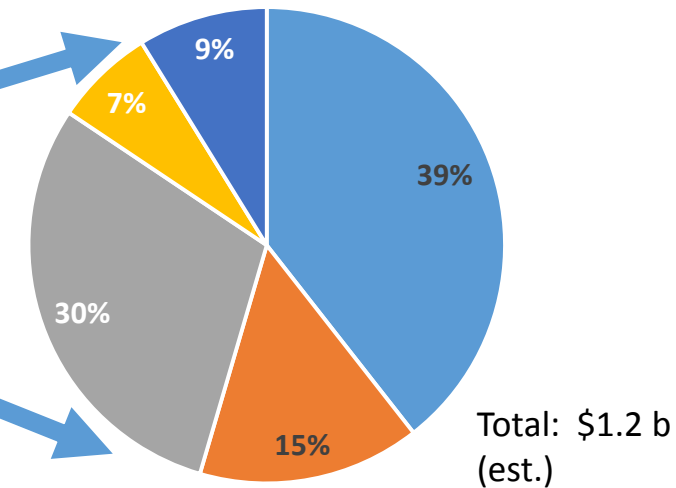


MAJOR SOURCES OF COST RECOVERY INCOME



- GMS cost recovery
- Agency services fees
- Other cost recovery income

GMS COST RECOVERY BY FUNDING STREAM



- 3rd party cost sharing
- Programme country cost sharing
- Vertical funds
- EU
- Other Trust Funds

Key messages:

1. IRP and IB, 2018-2021, are based on the present cost recovery methodology and rates approved by the joint Executive Boards of UNDP, UNICEF, UNFPA and UN WOMEN in their January 2013 joint session
2. UNDP will continue to improve cost alignment through improved costing of services and implementation of the cost-recovery policy with the support of UNDP funding partners

Way forward

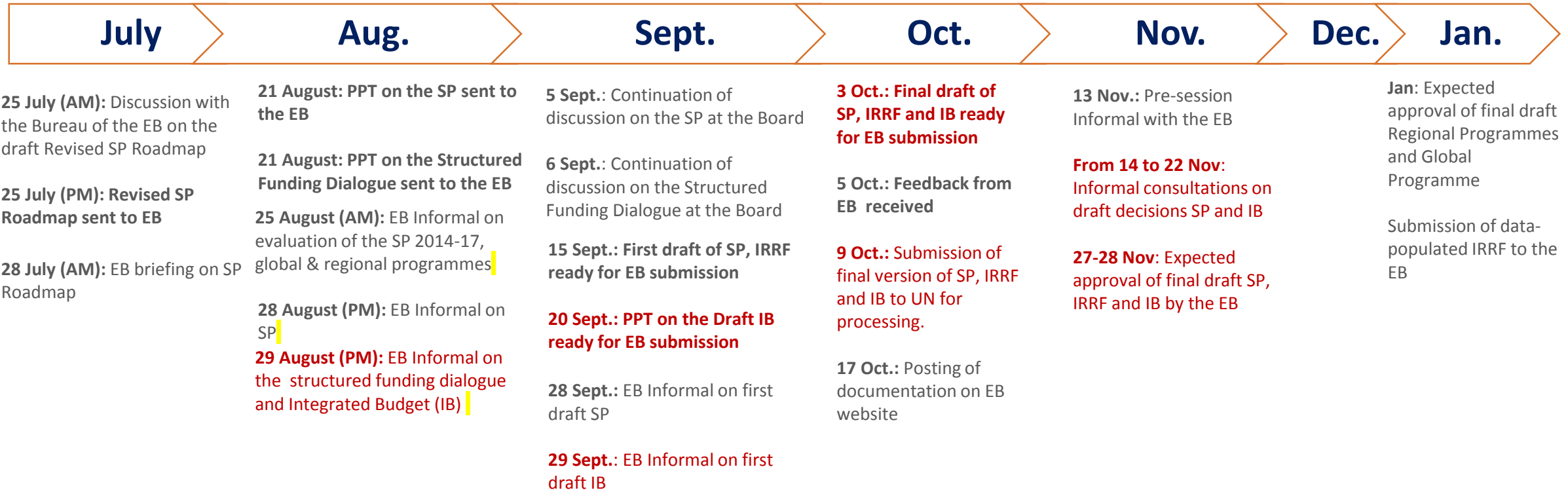


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SECOND REGULAR SESSION OF EXECUTIVE BOARD (EB, 5-11 SEP.)

SPECIAL SESSION OF EB (27-28 NOV.)

FIRST REGULAR SESSION OF EB





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Questions - Comments - Guidance