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Financing the UN Development System

Opening Doors

Executive Summary

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Table 1: The spectrum of UN financing instruments

	Assessed contributions	Voluntary core contributions	Negotiated pledges	Earmarked contributions	Fees
Definition	Fixed amounts, calculated based on agreed formula that Member States undertake to pay when signing a treaty	Voluntary untied contributions	Legally binding contribution agreements made by Member States	Voluntary contributions that are designated for a specific purpose	Payments for services
What is the central characteristic of financing	A price of a membership	Voluntary, usually annual contributions (no earmarking)	Member States negotiate and agree on the contribution each will make	Funding is earmarked to theme, country or project	Collection of separate knowledge, management and product fees from both state and non-state actors
How is burden shared?	Price is based on an agreed formula	Contributions are purely voluntary	The amount to be paid is negotiated and legally binding	No institutionalised formula, contributions are purely voluntary	Flat or negotiated fees
How are resources allocated?	Established in recipient's budget	Established in recipient's budget	Established in recipient's budget	Agreed, case-by-case, between contributor and UN recipient	Various
Who takes allocation decision?	UN membership	UN Member States	Recipient UN entity and UN Member States	Specific parties concerned	Various

Financing the UN Development System
Opening Doors

Executive summary

Three years have passed since the adoption of the 2030 Agenda for Sustainable Development[1] and financing has become a key element in the discussion on how to achieve its goals. The importance of financing was already clear at the time of the Addis Ababa Action Agenda[2], but there is now perhaps a better understanding of what is at stake.

At the beginning of this report, we refer to the appearance of simplicity of the United Nations development system (UNDS) financing model: the UNDS receives grants which are spent on the purposes identified and agreed. The process and the measurement of the results used to be relatively straightforward. However, the financing of the 2030 Agenda requires a radical transformation of both process and measurement. The UNDS by and large remains in the grant business, but the context requires grant resources to impact other much larger financial flows. A critical indicator is not what disbursing grants achieve on their own but how these grant resources can have an impact that goes to scale. Measuring this impact raises complex issues. Today's world of grant financing is much more challenging than one dominated by a disbursement culture. It is the impact of global grant disbursements on others' spending patterns that is critical today. The positioning of Official Development Assistance (ODA) in the architecture of international financial flows requires new ways of thinking and measuring.

The need for new thinking and radical reform is reflected in the important dialogue that has been led by UN Member States and the Secretary-General on the repositioning of the UNDS. The adoption of the repositioning of the UNDS resolution[3] will undoubtedly have a significant impact on the relevance and effectiveness of the system as a whole. While it is premature to draw any assessments of the full impact of the reforms, the box on 'UN reform and the financing of the UNDS' on page 12 provides a summary of the financing-related provisions of the reform proposals.

Scope of the report

The new reality we face provides the background to this fourth edition of *Financing the UN Development System*. As in previous years, the report is divided into two parts. The first part relates to updating the data on the financing of the UNDS. This Part One consists of three chapters: revenue; expenditures; and a deep dive into challenges relating to the consistency and accuracy of UN financial data. Part Two explores different dimensions of the rapidly changing universe of development finance against the backdrop of the 2030 Agenda with guest contributions from outside and inside the UN system. With these contributions, organised into four chapters, the report seeks to stimulate fresh thinking around financing reform in the UN.

Key findings Part One: Overview of United Nations resource flows

Chapter One: Revenue

The first chapter of Part One provides different perspectives on revenue sources. The UN system total revenue for 2016 was just under US$ 50 billion. This represents an increase of over US$ 1 billion compared to the year before and of US$ 7 billion compared to 2012. Table 2 provides an overview of total revenue by UN entity and financing instrument.

Supplementary tables in the full report provide more detailed information on trends with respect to assessed as well as earmarked contributions. Growth in earmarked funding continues to outpace that of core funding. In 2016, more than half of the total revenue was earmarked contributions (54%), while the more flexible assessed and voluntary core contributions represented 28% and 10% respectively. The character of the functions performed by different entities goes a long way toward explaining the balance in type of financing that characterises their revenue source. For example, UN standard setting entities, such as the World Meteorological Organization (WMO), that perform highly specialised and demarked functions are greatly dependent on assessed contributions. Meanwhile, the largest UN operational entities: the United Nations Development Programme (UNDP), United Nations High

Table 2: Total revenue of the UN system by entity and by financing instrument, 2016 (in million US$)

Entity	Assessed	Voluntary core	Earmarked	Other revenue/ fees	Total 2016
UN Secretariat	2,549	0	2,063	535	5,147
DPKO	8,282	0	392	52	8,726
FAO	487	0	770	39	1,296
IAEA	371	0	252	9	632
ICAO	78	0	101	19	198
IFAD	0	418	109	0	527
ILO	399	0	252	19	670
IMO	37	0	5	17	59
IOM	46	3	1,462	105	1,616
ITC	37	9	18	3	67
ITU	120	0	5	47	172
PAHO	102	0	600	683	1,385
UNAIDS	0	178	44	7	229
UNDP	0	664	4,122	317	5,103
UN Environment	190	0	499	32	721
UNESCO	323	0	246	46	615
UNFPA	0	353	486	57	895
UN-Habitat	14	2	208	2	227
UNHCR	37	714	3,208	15	3,974
UNICEF	0	1,186	3,571	126	4,884
UNIDO	71	0	228	5	305
UNITAR	0	0	23	0	24
UNODC	30	4	297	11	342
UNOPS	0	0	0	790	790
UNRWA	0	609	601	65	1,275
UNU	0	0	50	17	66
UN Women	8	140	180	7	335
UNWTO	14	0	5	4	24
UPU	35	0	20	24	79
WFP	0	663	5,108	138	5,909
WHO	468	113	1,726	57	2,364
WIPO	17	0	10	351	378
WMO	67	4	5	5	80
WTO	191	0	19	11	222
Total	13,972	5,061	26,684	3,616	49,333

Source: Chief Executives Board (CEB) data, 2016.
For notes - see page 13.

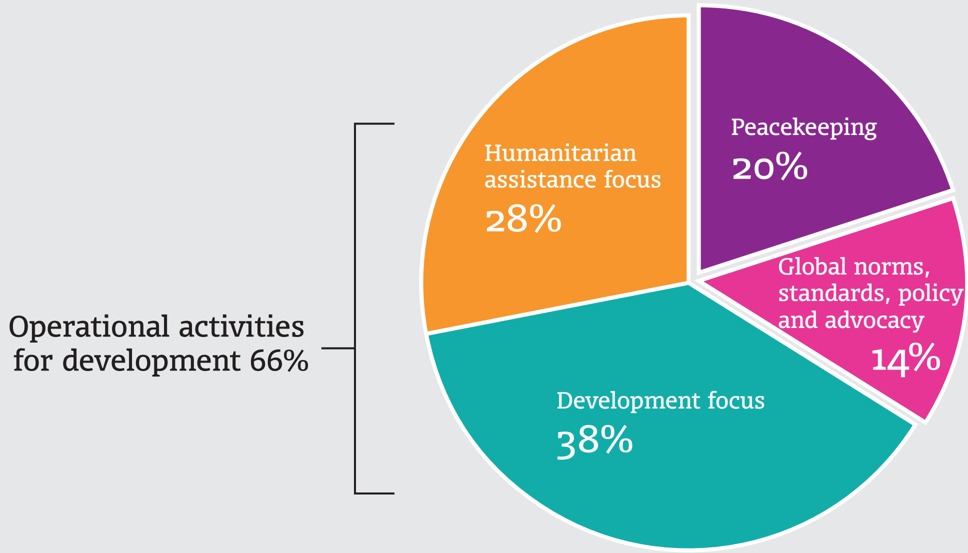
Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Food Programme (WFP) and World Health Organization (WHO) are highly dependent on earmarked funding with each receiving between 73 and 86% of their total revenue through earmarked contributions in 2016.

It is also the case that the growth in humanitarian financing flows has outpaced the growth in development financing flows, which is again linked to the strong performance of earmarked funding.

If we then look at the funding of the UN system by function (Figure 1), we see that operational activities for development (OAD) represent 66%, while 14% is allocated to global norms, standards, policy and advocacy.

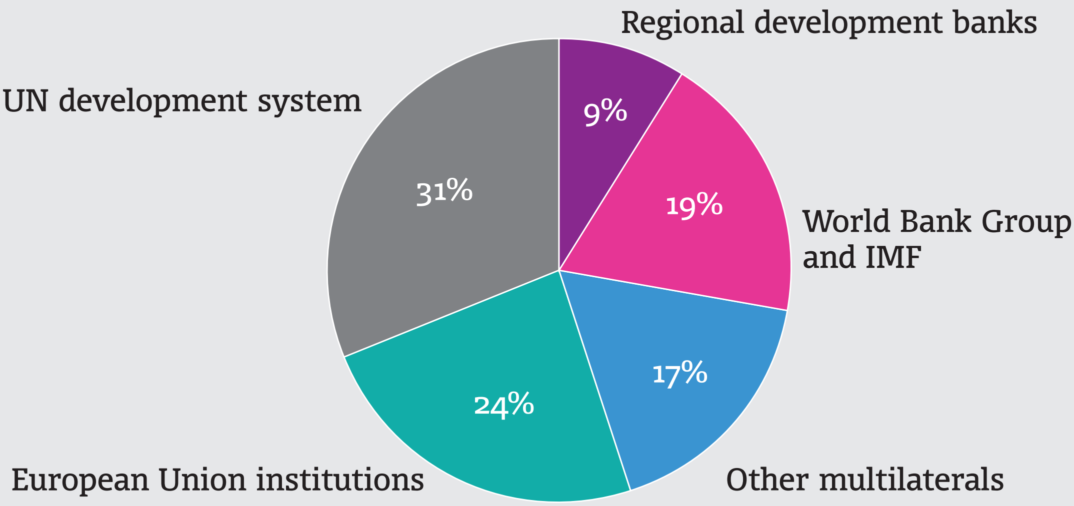
The background to why data relating to operational activities has been given priority attention is most probably related to the link between operational activities and the definition of Official Development Assistance (ODA). The definition of ODA has by and large excluded global normative and standard setting activities. It is clear that

Figure 1: Funding of the UN system-wide activities, 2016



Source: Report of the Secretary-General (A/73/63 - E/2018/8).
In the full report this is Figure 3 (Part One, Chapter One). For notes - see page 13.

Figure 2: Channels of total multilateral aid from OECD-DAC countries in %, 2016



Source: OECD Statistics Database, 2018.
In the full report this is Figure 7 (Part One, Chapter One). For notes - see page 13.

the 2030 Agenda cannot afford to make the measurement of norms a second-class business, indeed, quite the contrary. This deficiency has spawned the development of a new concept – Total Official Support for Sustainable Development (TOSSD). This is intended to capture the totality of financial flows supporting the 2030 Agenda and to go beyond the definition encompassed by ODA. A box clarifying this concept has been included in the full report (page 31), provided by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC) secretariat.

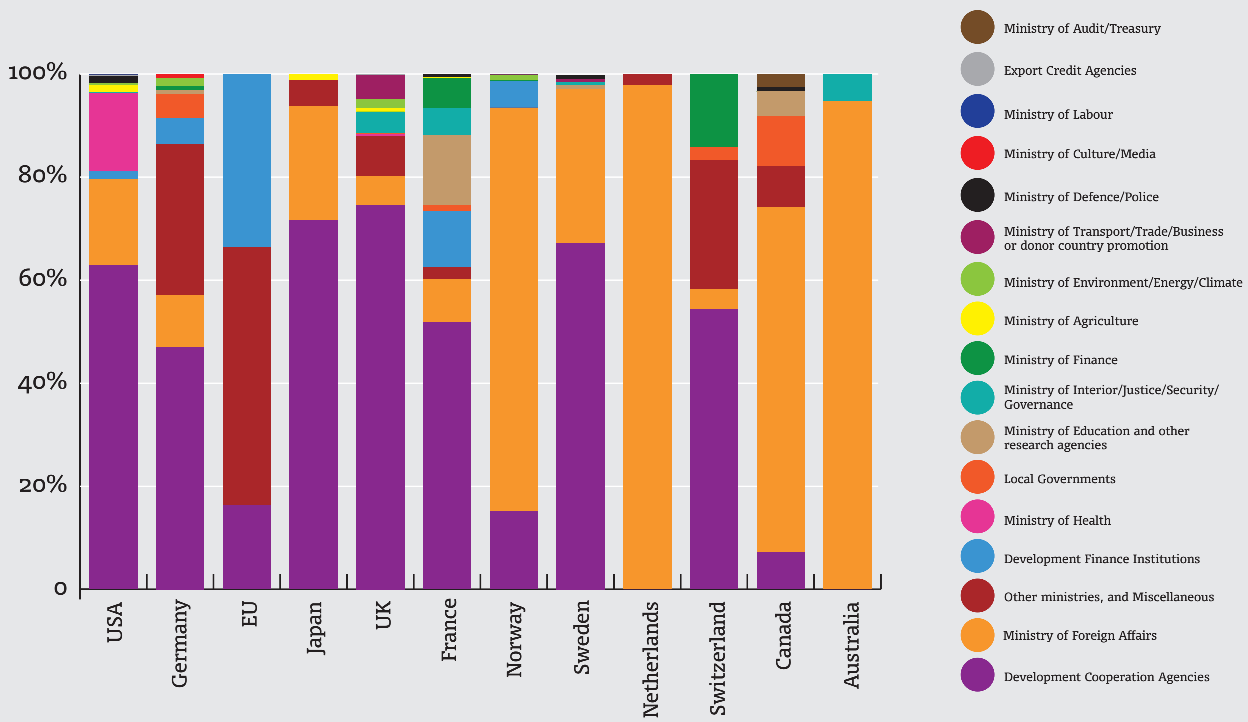
If we examine the positioning of the UNDS among the main multilateral actors, we see it retains a significant presence, accounting for 31% of total multilateral aid (Figure 2). However, what is also made clear in the report is that the UNDS is the only one of the major players whose resource base is dominated by earmarked resources.

Another interesting presentation is Figure 3 which provides data on the sources of ODA within the 12 largest OECD-DAC donors to the UN. This table is based on data provided by OECD-DAC and will likely grow in importance as the 'whole of government approach' embraced by the 2030 Agenda places more burden sharing on governments. Global public goods (GPG) increasingly can not only be seen as in the domain of foreign affairs ministries. Within governments the responsibility for reaching the targets of the Sustainable Development Goals (SDGs) will involve more ministries.

Finally, Figure 4 focuses attention on core, pooled and earmarked contributions of the top 12 countries to UN operational activities in 2016. It shows the different funding mixes adopted by different donors. It points to the need, within the UN system, for entity-level approaches to devise successful resource-mobilisation strategies.

Chapter Two: Expenditure
The second chapter of Part One provides an overview of UN expenditures. In particular, it provides historical data by entity, as well as expenditures by region and by income status. It shows that among UN entities the growth in overall expenditures over the past 11 years has been heavily concentrated within the UN Secretariat that is, for example, hosting the UN Office for the Coordination of Humanitarian Affairs (UNOCHA), and the main UN humanitarian entities such as the International Organization for Migration (IOM), UNHCR, UNICEF, UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and WFP.[4]

Figure 3: Sources of ODA within 12 largest OECD-DAC countries as proportion of total, 2016



Source: OECD Statistics Database, 2018.
In the full report this is Figure 10 (Part One, Chapter One). Note: See detailed numbers in Annex 2 in full report pages 140-141. For notes on page 13.

Meanwhile, in 2016 Africa continued to be the region with the proportionally highest UN expenditures (34%), followed by Western Asia (22%), Asia and the Pacific (13%), Latin America (10%) and Europe (3%).

With regards to UN expenditure by income status, we see highest expenditures in low-income countries, while the largest increase, on average US$ 25 million per country, was in lower middle-income countries, compared to the previous year. UN spending in upper middle-income countries has instead dropped slightly.

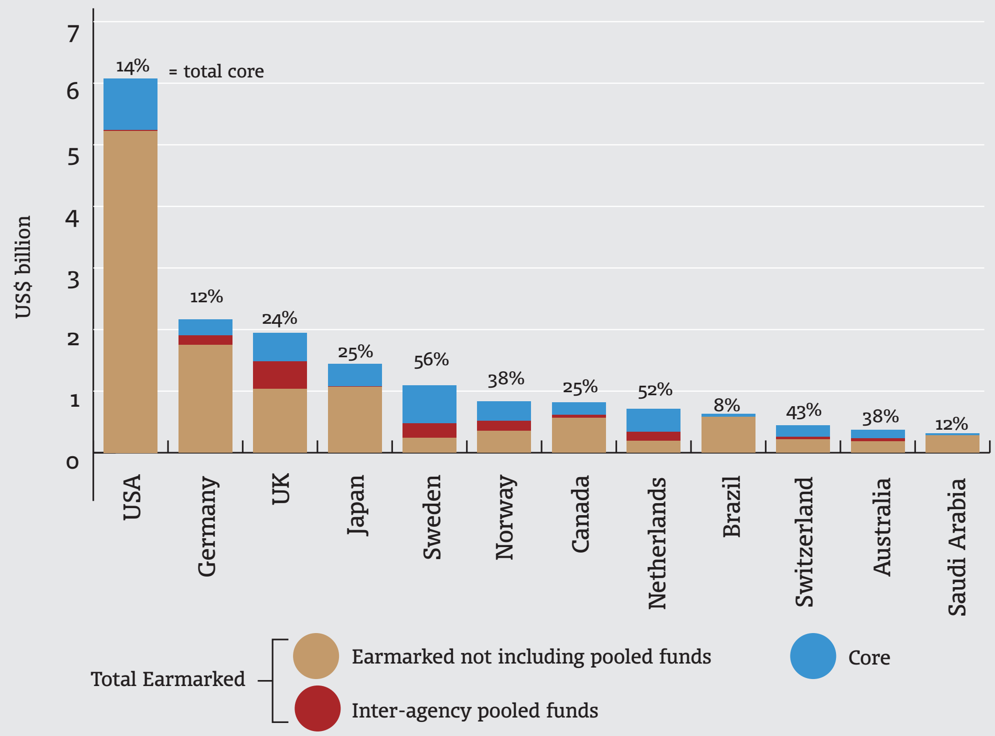
Figure 5 provides an interesting comparison between expenditures on development, humanitarian and peace- and security-related operations in 36 crisis-affected countries. Concentrating on the first ten countries, which represent close to 60% of the total expenditure, only 16% goes towards development activities, compared to 37% towards humanitarian and 47% towards peace- and security-related activities.

Chapter Three: Exploring data quality

The third chapter of Part One provides a deep dive into the world of data. The new finance architecture requires a far stronger level of commitment to fact-based policy making. In the words of the famous physician and public-educator Hans Rosling, we must fully embrace a new culture of 'factfulness'[4]. Factfulness could be interpreted as the guiding spirit of the Paris Climate Declaration with its emphasis on self-reporting, and is equally the lode star of this report. The commitment to flood the first half of the report with data is a conscious effort to make policymakers more aware of the basic numbers. This report, as it has done in previous editions, points to the inconsistencies in the data being used, which has an important impact on policy-making. There is notably a serious credibility gap in reporting on normative activities, a centrepiece of the 2030 Agenda.

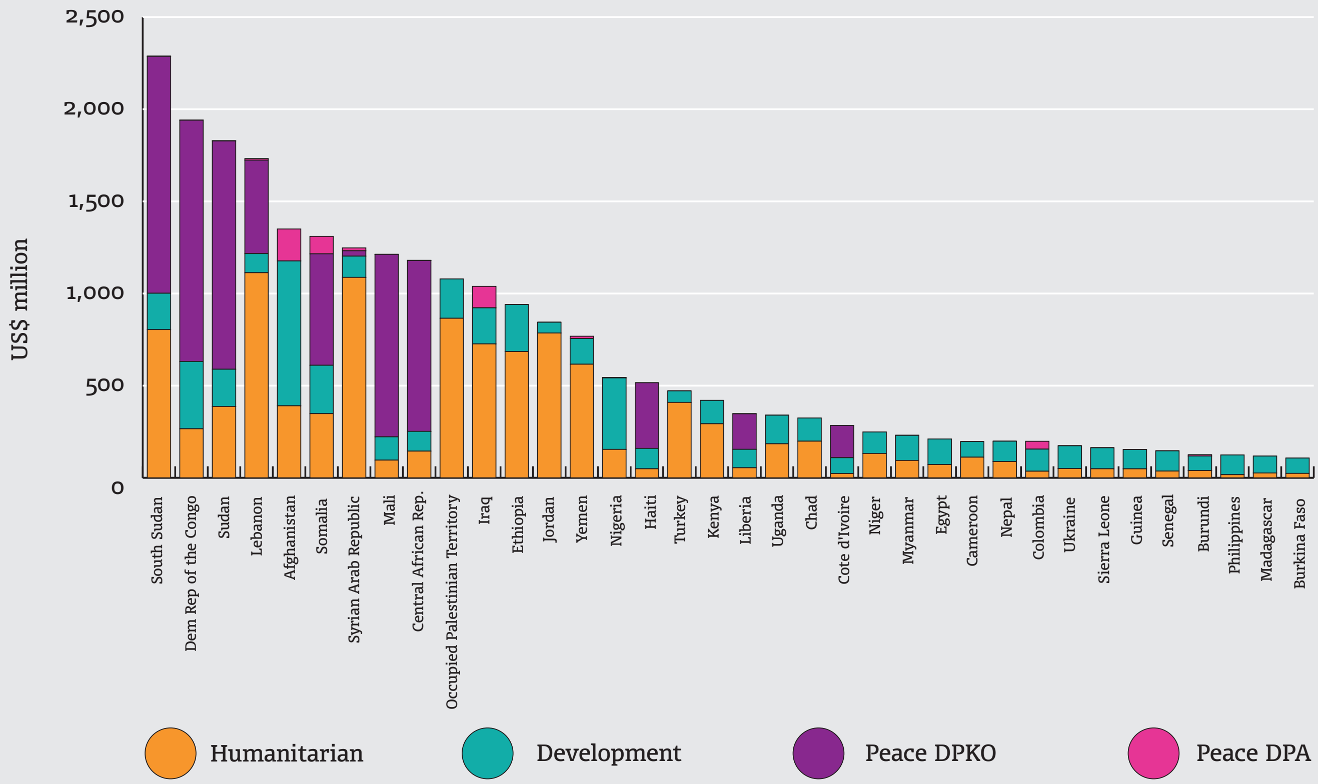
Each chapter of Part Two of the report also raises data related issues. Chapter One addresses the issue of estimating the current allocation of global finance to the Sustainable Development Goals. Chapter Two raises issues, among many others, of how to calculate China's development finance. The voice of civil society in promoting transparency and accountability is also raised in a number of papers. Estimating the net impact of different instruments such as blended finance is a constant theme of Chapter Three. Chapter Four, finally, includes a number of data challenges directly relevant to the UN. In short, factfulness represents a core dimension of financing for the 2030 Agenda.

Figure 4: Core, pooled funds and other earmarked contributions of top 12 countries to UN operational activities, 2016



Source: Report of the Secretary-General (A/73/63 - E/2018/8) and UN Pooled Fund database 2016.
In the full report this is Figure 11 (Part One, Chapter One). For notes - see page 13.

Figure 5: Expenditure by country on UN operational and peace- and security-related activities, 2016



Sources: Report of the Secretary-General (A/73/63 - E/2018/8); UN pooled funds database 2016;
Budget in Report of the Secretary-General (A/72/371), 2017; General Assembly financial report (A/72/5 Vol.II), 2017.
In the full report this is Figure 19 (Part One, Chapter Two). For notes - see page 13.

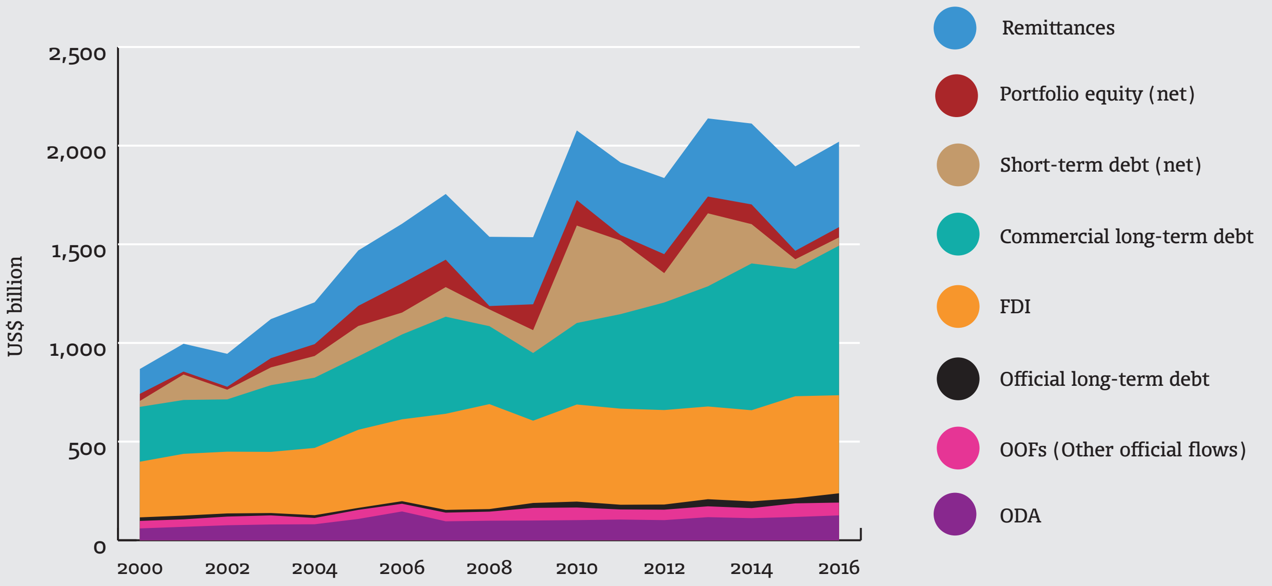
Key findings Part Two: Financing flows impacting the Sustainable Development Goals

The second part of the report explores different dimensions of the rapidly changing universe of development finance against the backdrop of the 2030 Agenda. Contributions have been organised into four chapters.

Chapter One: Big picture
Graphs provided by Development Initiatives give an overview of total international financial flows to developing countries. A global snapshot is provided in Figure 6 on the next page, with disaggregated graphs provided in the full report. While commercial long-term debt and Foreign Direct Investment (FDI) are dominant overall for all 'developing countries', ODA remains a major source for the Least Developed Countries (LDCs) as well as fragile states. Homi Kharas focuses on the challenge of identifying the volume and types of finance that could be reasonably ascribed to supporting the SDGs. Figure 7 on the following page shows, under a broad classification, where international development contributions totalling US$ 576 billion (cross-border financial flows to emerging market and developing economies) stem from. Kharas argues that five key issues will define the direction of development finance over the next decade.

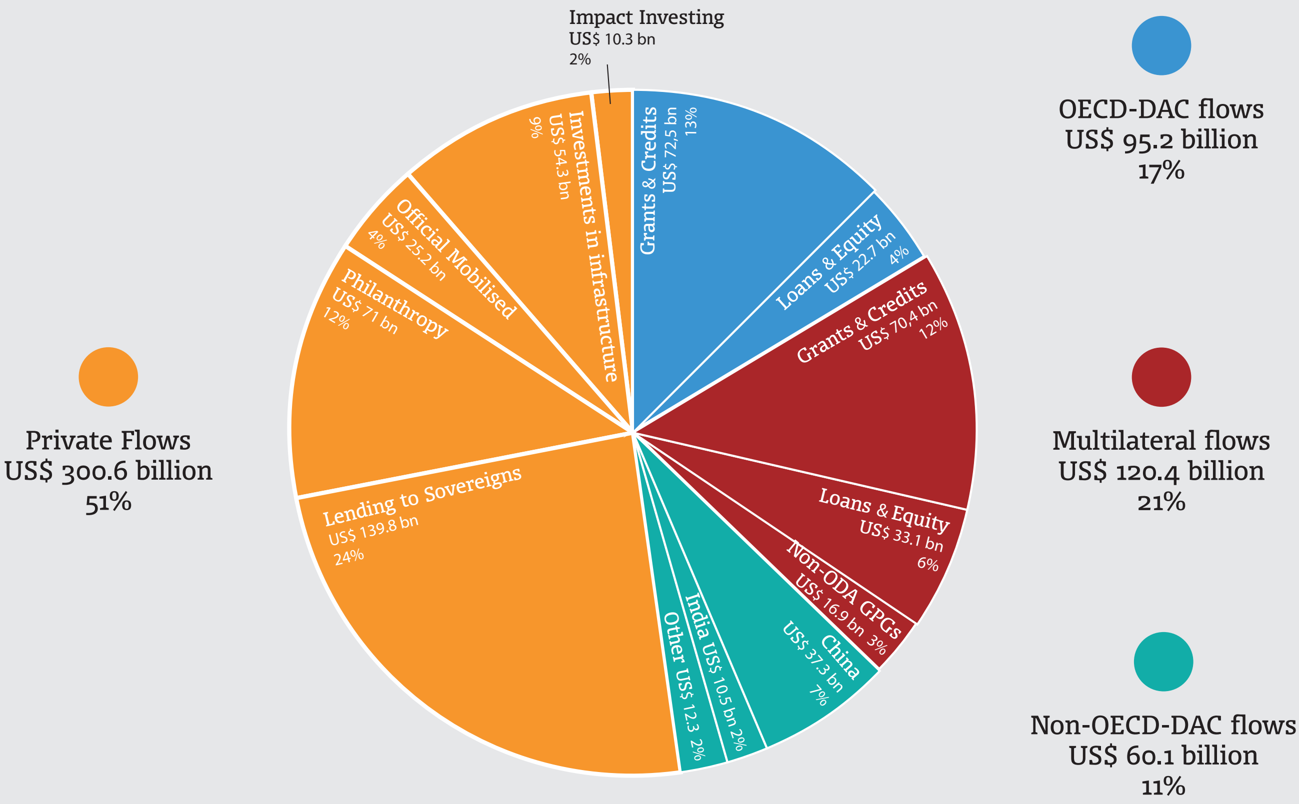
Meanwhile, Canadian Ambassador to the UN, Marc-André Blanchard, maintains that private capital, particularly institutional capital, is the one source both large enough and with the potential to reach the scale of financing required by the 2030 Agenda. To this end, in 2016, he launched the Group of Friends of SDG financing in New York where he seeks to contribute to a broader paradigm shift where sustainability

Figure 6: Resource inflows for all developing countries, 2000-2016



Source: Development Initiatives.
In the full report this is Figure 1 (Part Two, Chapter One, Development Initiatives). For notes - see page 14.

Figure 7 : Broadly-defined international development contributions (2016 Current US$) US$ 576.3 billion



Source: Homi Kharas, for all sources and notes see page 14.
In the full report this is Figure 1 (Part Two, Chapter One, Homi Kharas).

considerations are brought to the centre of how the private sector operates. Finally, Johannes F. Linn outlines recent experience with multilateral resource mobilisation and points to some of the key challenges ahead.

Chapter Two: Broadening perspectives
This chapter gives voice to a number of actors that undoubtedly have significant roles to play in the emerging financial architecture. David Dollar and Sachin Chaturvedi provide overviews, respectively, of China's and India's expanding development cooperation. In particular China has already become a major source of development finance for the developing world, currently providing for example one third of the external financing for infrastructure in Africa. Debapriya Bhattacharya provides important insights from a southern perspective and observes a serious mismatch between the global discourse on financing for development and the realities on the ground, as well as a serious lack of political energy. Lindsay Coates identifies two specific areas receiving increased attention from civil society: the need for greater domestic resource mobilisation to support equitable and inclusive development, and the need to lead on innovative financing for development. Meanwhile, Jorge Chediek underlines the importance of South-South cooperation and reports on the preparation underway for the high-level UN conference on South-South cooperation to take place in March 2019.

Chapter Three: Game changers
There are a number of important instruments, 'game changers' if you will, that will be essential if we are to attain the vision of the 2030 Agenda. Pedro Conceição contends that development cooperation has been too focused on the transfer of financial resources and that it is only by leveraging science and technology that there will be any chance of engaging in the transformative changes that are required. He makes the case for a deeper and more systematic engagement between policy makers and scientific communities around the world. Heike Reichelt and Colleen Keenan tackle the challenge of building sustainable capital markets. Green bond issuance nearly doubled from US$ 90 billion in 2016 to US$ 160 billion a year later, and they underscore that the market for labelled green, social and sustainable bonds needs to grow and play a vital role in building sustainable capital markets. Simon Zadek shares the experience of UN Environment's Inquiry initiative which has made a significant contribution to a better understanding of the underlying workings of the global financial system if the trillions of dollars needed are to be unlocked. Careen Abb's paper on UN Environment's finance initiative and positive impact finance builds on last year's paper and makes the case for positive impact ecosystems. Finally, Jeremy Oppenheim and Katherine Stodulka's paper focuses on one of the most discussed financing instruments; blended finance. They recommend using the broader framing of mobilisation of private capital for the SDGs as the ultimate end, to better address barriers across the entire investment system which hinder the flow of investment to the SDGs.

The transformation required by the 2030 Agenda needs almost a new language to capture what is at stake. Leveraging (which we explored in last year's report), blended finance, sustainable capital markets, positive impact eco-systems – these are just some of the constructs that are evolving to describe a new type of financial architecture. It is of utmost urgency that those involved in the disbursement of grants understand and embrace the instruments that are being developed to finance the 2030 Agenda. This is the spirit that underlies the papers in this chapter.

Chapter Four:
Innovations in multilateral instruments for the 2030 Agenda
Significant innovations in multilateral financial instruments are required for the 2030 Agenda to succeed. The need for a strengthened country-level capacity to push forward the innovative finance agenda is particularly important. Yannick Glemarec builds on the recommendation in the Secretary-General's December 2017 report and calls for an innovative financing platform at the UN that could build the knowledge, capacities and resource base of the UNDS for innovative finance. Björn Gillsäter and Veronica Piatkov report on the World Bank Group SDG Partnership Fund, which aims to nimbly support catalytic initiatives at the global or regional level for the achievement of the SDGs through the lens of Goal 17, which is about strengthening the 'Means of Implementation'.

Exploring the role of the UN in financing at country level, Richard Bailey and Lisa Orrenius share the findings of a recent study which captures best practice and identifies key issues that need to be addressed if the UN is to be of support to countries striving to unlock new sources of financing. Establishing tailored financing capacity as well as more flexible regulations are two key issues. John Morris also reflects on the challenges faced by the UNDS in this sphere of innovative finance and recommends that the UN transitions its many strengths into investor opportunities. Magdi M. Amin and Martin C. Spicer showcase early but encouraging results, where the Private Sector Window allows the International Finance Cooperation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to pursue risk-prohibitive, yet impactful projects that would otherwise not be viable. Complementary to this, Samuel Choritz looks at the challenges and ongoing efforts of making blended finance work in risky contexts from a United Nations Capital Development Fund (UNCDF) perspective. Simon Zadek and Fiona Bayat-Renoux argue that the digitalisation of finance includes the core transition pathways towards sustainable development and look at the UN's increasingly active role here. Finally, Stephan Klingebiel and Silke Weinlich complete this chapter with reflections on how the 2030 Agenda is impacting development cooperation, in particular bearing in mind difficult geopolitical conditions.

Conclusion: facts and impact

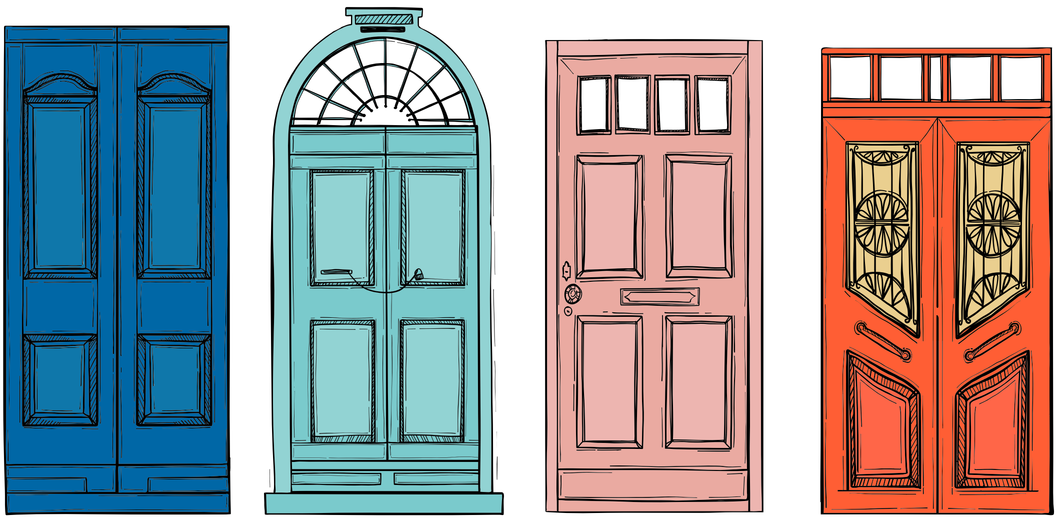
The subtitle of this report, *Opening Doors*, aims to provide an image of the opportunities ahead. There are lots of different doors into new financing for the SDGs. Some are already ajar, while others require a push. They all need to be opened and explored. This report attempts to provide fresh insights into the funding of the UN development system and into its positioning within the larger 2030 Agenda financing dynamics. On one level, we describe a relatively simple-looking system, dominated by grants. A deeper analytical dive shows an increasingly complex and diverse financing context, requiring the UNDS grant resources to be positioned evermore strategically to impact much greater and more diverse financing flows.

A number of headline messages and themes emerge from the report. Getting to more funding and financing arrangements and moving away from the dominant 'disbursement culture' presents several real challenges. It will require a significantly different approach to defining, monitoring and measuring the impact of SDG investments. A successful new approach will need to be underpinned by a robust capacity, skill-set, expertise, language as well as more data.

In addition, the new finance architecture and approach will require a strong commitment to fact-based policy-making. The strong focus on data of the first half of the report being a conscious effort to make policymakers more aware of the basic numbers, and not least, where we have found the data lacking.

Important work remains to be done in advancing new thinking and new approaches to partnerships for financing the 2030 Agenda. The landscape of influential actors and partnerships is radically different from that which dominated the Millennium Development Goals era. The key issue is not about new public and private actors per se, but about their positioning and the role they expect to, and can, play. In addition, there is a clear evolution in the positioning of different elements of civil society. Overall there is need for a fundamental rethinking of the future relationship between public and private actors, and financial flows.

The Secretary-General's reform agenda (summarised on page 12) adopted by Member States in 2018 is designed with intent – to clear a path ahead that will reposition the UNDS for relevant and impactful support to countries in their achievement of the SDGs. The new and complex financing elements of this transformational reform vision will be essential, not optional, drivers of overall success. It is high time to push open some doors.



UN reform and the financing of the UNDS – an update

The need for new thinking and radical reform is reflected in the important dialogue that has been led by member states and the Secretary General on the repositioning of UNDS. The adoption on 31 May 2018 of resolution A/RES/72/279[5] will undoubtedly have a significant impact on the relevance and effectiveness of the system as a whole. This resolution approves a broad reform programme relating to the UNDS.
Of particular interest to readers of this report are the provisions approved regarding the financing of the UNDS.

Below is a brief summary of the five clusters of proposals:

1. The resolution recognises that the commitment to wide ranging reform is an essential component of a Funding Compact and in this spirit requests the UNDS to follow up and implement a number of agreed actions (see paragraph 28).

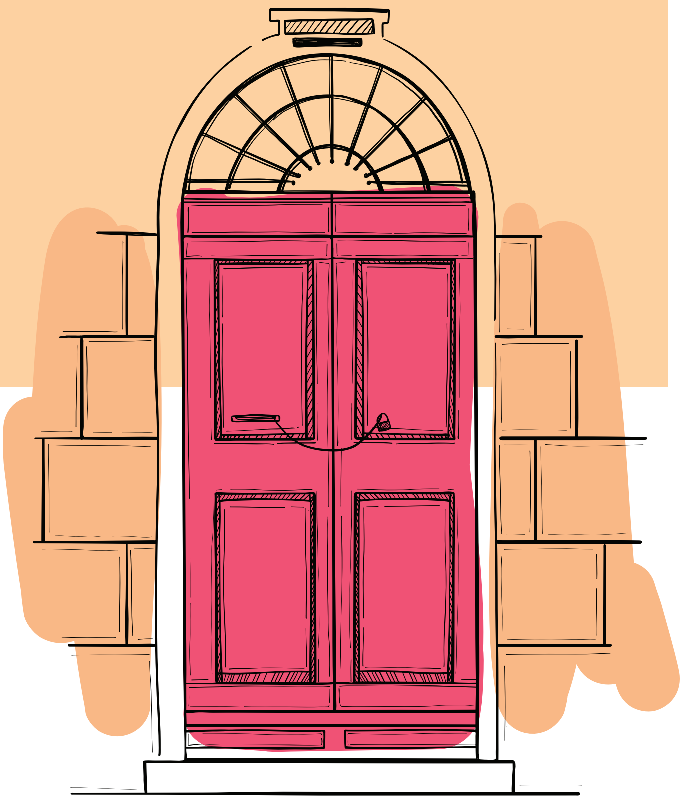
2. The resolution welcomes the Secretary-General's proposal to launch a Funding Dialogue in 2018 with the view to finalising a Funding Compact in the form of a commitment between the UNDS and member states (see paragraph 29).

3. The resolution recognises the need to address the imbalance between core and non-core resources and takes note of the Secretary-General's proposals to bring core resources to at least a 30% level in the next five years, double both inter-agency pooled funds to a total of US$ 3.4 billion and entity-specific thematic funds to a total of US$ 800 million by 2023 (see paragraph 25).

4. The resolution invites member states to provide voluntary contributions in the amount of US$ 35 million to the Resident Coordinator system,
in support of system-wide activities on the ground associated with the implementation of the United Nations Development Assistance Framework; and further invites member states to contribute on a voluntary basis to the capitalisation of the United Nations Joint Fund for the 2030 Agenda at US$ 290 million per annum (see paragraphs 26 and 27).

5. The resolution emphasises that adequate, predictable and sustainable funding of the Resident Coordinator system is essential to deliver a coherent, effective, efficient and accountable response in accordance with national needs and priorities, and, in this regard, decides, to provide sufficient funding in line with the report of the Secretary-General annually from 1 January 2019 through:
- a one percent coordination levy on tightly ear-marked third party non-core contributions to UN development-related activities, to be paid at source;
- doubling the current UN Development Group (UNDG) cost-sharing arrangement among UN development system entities;
- voluntary, predictable, multiyear contributions to a dedicated Trust Fund to support the inception period (paragraph 10)

It is premature to make an assessment of the success with which these proposals will be implemented.
It is important that the dialogue and the compact lead to tangible benefits for all parties. It is not yet clear to what extent resources will be successfully raised for the three trust funds that have been established. It can already be suggested that the instrument of a one per cent levy has the potential for establishing an important new instrument in the UNDS financial architecture.



Footnotes

[1] United Nations General Assembly, 'Resolution adopted by the General Assembly on 25 September 2015, Transforming Our World: the 2030 Agenda for Sustainable Development', (General Assembly Resolution, A/RES/70/1, UNGA, 21 October 2015). https://undocs.org/A/RES/70/1

[2] United Nations Third International Conference on Financing for Development, 'Addis Ababa Action Agenda of the Third International Conference on Financing for Development, (Addis Ababa Action Agenda): The final text of the outcome document adopted at the Third International Conference on Financing for Development, (Addis Ababa, 13-16 July 2015) and endorsed by the General Assembly in its resolution 69/313 of 27 July 2015', (outcome document, United Nations, 2015). http://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf

[3] United Nations General Assembly, 'Resolution adopted by the General Assembly on 31 May 2018, Repositioning of the United Nations development system in the context of the quadrennial comprehensive policy review of operational activities for development of the United Nations system', (General Assembly Resolution, A/RES/72/279, UNGA, 1 June 2018). https://undocs.org/A/RES/72/279

[4] Hans Rosling, Anna Rosling and Ola Rosling, defines factfulness as 'the stress-reducing habit of only carrying opinions for which you have strong supporting facts.' Hans Rosling, Anna Rosling and Ola Rosling, *Factfulness* (New York: Flatiron Books, 2018).

[5] See footnote 3.

Notes to Figures and Tables

Table 2: Figures have been rounded up. In case of core funding for International Telecommunication Union (ITU), UN Institute for Training and Research (UNITAR), and World Intellectual Property Organization (WIPO) and other revenue/fees for UNITAR the amounts are below US$ 1 million and shown as 0 in the table. The amounts are however included in the total. The total reflects the sum of the total revenue on the individual UN entities; it does not compensate for the estimated 1-2 billion US$ in double counting that occurs when one UN entity becomes a contributor to another UN entity. After reporting to the Chief Executives Board for Coordination (CEB) on 2016, UN Children's Fund (UNICEF) restated its 2016 revenue to US$ 5,153 million to reflect change in accounting policy for comparison with 2017.

Source: CEB, 'The CEB Financial Statistics database', (database, UNSCEB, 2016). https://www.unsceb.org/content/un-system-financial-statistics

Figure 1: The numbers, as calculated in this report, are based on United Nations Department for Economic and Social Affairs (UNDESA)'s data and definition of the UN entities that are part of the UN system and do not take into account IAEA (International Atomic Energy Agency), and IOM (International Organization for Migration), UNU (United Nations University) and WTO (World Trade Organisation). UNOPS (United Nations Operations Office for Project Services) is only partially included. Moreover, the percentages reflect the shares in overall UN 2016 expenditures.

Source: Statistical Annex in Report of the Secretary-General (A/73/63 - E/2018/8), UNGA ECOSOC, 19 January 2018. https://undocs.org/A/73/63

Figure 2: International Monetary Fund (IMF) has been included in the World Bank Group (WBG) category and World Trade Organization (WTO) has been included in the UN development system category. The OECD database datasets cover the total use of the multilateral system ie both their multilateral aid ('Core contributions to') and bilateral aid channelled through ('Contributions through') multilateral organisations. The data originate from reporting at item-level in the Creditor Reporting System (CRS). Data was downloaded in June 2018.

Source: OECD, 'Theme: Development: Flows based on individual projects: Creditor Reporting System (CRS)', (database, OECD, 2018). https://stats.oecd.org/

Figure 3: Data was downloaded from OECD database, February 2018. The data originate from reporting at item-level in the CRS. Categories have been modified for the purpose of this report.

Source: OECD, 'Theme: Development: Flows based on individual projects: Creditor Reporting System (CRS)', (database, OECD, 2018). https://stats.oecd.org/

Figure 4: The data of the UN Pooled Fund database 2016 is published to the International Aid Transparency Initiative (IATI) available at the IATI's website: www.iatistandard.org

Sources:
- Statistical Annex in Report of the Secretary-General (A/73/63 - E/2018/8), UNGA ECOSOC, 19 January 2018. https://undocs.org/A/73/63
- United Nations, 'UN Pooled Fund database 2016', (United Nations, 2016).

Figure 5: The figure does not display crisis-affected countries with less than US$ 100 million in expenditure: Libyan Arab Jamahiriya, Guatemala, Honduras, Guinea-Bissau, Mauritania, Iran, Sri Lanka, Papua New Guines, Kosovo (SC resolution 1244), Western Sahara (SC resolution 690), Tajikistan, Democratic People's Republic of Korea, Bosnia-Herzegovina, Kyrgyzstan, Djibouti, Eritrea, Comoros and Solomon Islands. The figure does not display countries that are not ODA recipients (Israel and Cyprus).

Data does not include country expenses from UNDESA, International Fund for Agricultural Development (IFAD), International Maritime Organization (IMO), International Trade Center (ITC), United Nations Conference on Trade and

Development (UNCTAD), UN Environment Programme (UN Environment), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations World Tourism Organization (UNWTO), World Intellectual Property Organization (WIPO), World Meteorological Organization (WMO), Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP), United Nations Economic and Social Commission for Western Asia (ESCWA).

Data for Special Political Missions and special envoys are based on budget's 'Estimated Expenditure' divided by 2 in Report of Secretary-General, A/72/371.

Data on UN Peacekeeping missions' expenditures are from July 2016 to June 2017, in General Assembly financial report A/72/5 (Vol. II).

Transfers to NGOs through UNOCHA as a Managing Agent under UN pooled funds has been added to the humanitarian expenditure.

Sources: Statistical Annex in Report of the Secretary-General (A/73/63 - E/2018/8), UNGA ECOSOC, 19 January 2018. https://undocs.org/A/73/63

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***Figure 6*:**
Note: In constant 2015 US$. Developing countries are those included in the OECD list of ODA eligible countries available here: OECD, 'DAC List of ODA Recipient', (official list, OECD, 2017). http://www.oecd.org/dac/stats/documentupload/DAC%20List%20of%20ODA%20Recipients%202014%20final.pdf

OOFs (other official flows) are defined as 'official sector transactions that do not meet official development assistance (ODA) criteria'. FDI (foreign direct investment) is 'the category of international investment that reflects the objective of a resident entity in one economy to obtain a lasting interest in an enterprise resident in another economy'. See: OECD, 'Glossary of Statistical Terms', (website glossary, OECD, 2018). https://stats.oecd.org/glossary/

Source: Development Initiatives, based on various sources. For methodology and sources see: http://data.devinit.org/methodology

Figure 7: For more information on OECD-DAC Country programmable aid (CPA) see: http://www.oecd.org/development/aid-architecture/cpa.htm

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Three years have passed since the adoption of the 2030 Agenda for Sustainable Development and financing has become a key element in the discussions on how to achieve its 17 goals. A few years into its implementation, there is now, perhaps, a better understanding of what is at stake.

This is the Executive Summary to the full fourth annual report of *Financing the United Nations Development System*, which attempts to provide fresh insights into the funding of the UN development system and into the positioning of that funding within the larger financing dynamics of the 2030 Agenda. On one level, we describe the system as a relatively simple one dominated by grant receipts and grant disbursements for agreed purposes. While this is true on the surface, the deeper analytical dive of the report shows that an increasingly complex and diverse financing context for the Sustainable Development Goals requires the UN grant resources to be positioned more strategically to impact much greater and more diverse financing flows.

The overall ambition of this report is to contribute to – and push forward – current and future discussions related to the UN's role in financing development. Armed with the latest statistics and with a broad menu of ideas for change, we hope to do just that.

Dag Hammarskjöld Foundation

Dag Hammarskjöld Foundation

The Dag Hammarskjöld Foundation is a non-governmental organisation established in memory of the second Secretary-General of the United Nations. The foundation spurs dialogue and action on global development and multilateral cooperation.

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