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The Way Forward:

Fulfilling the Potential of the Funding Compact at the Country Level

Project team

Per Knutsson
Veronika Tywuschik-Sohlström
Johanna Mårtendal
Erik Engberg
Olivia Hjertén Knutson

Text editor

Annika Östman
David Prater
Ken Barlow

Reviewer

John Hendra

Graphic designer

Pär Jansson

Illustrations

Adobe Stock Images

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Disclaimer:

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Table of contents

ACRONYMS AND ABBREVIATIONS	7
FOREWORD	8
SUMMARY	10
INTRODUCTION	12
PART ONE: ABOUT THE FUNDING COMPACT	14
PART TWO: FINDINGS FROM THE COUNTRY-LEVEL CONSULTATIONS	17
1. Awareness of the Funding Compact at the national level	19
2. The interplay between Member State dynamics and funding decisions	21
3. The transformational potential of pooled funding and other mechanisms	23
4. Transparency and visibility in funding allocation	26
5. Leveraging private-sector partnerships	28
6. The UN's response to the COVID-19 pandemic	30
PART THREE: RECOMMENDATIONS FOR ACTION	32
For UN Member States	32
For UN Country Teams and UN Entities.....	33
For the UN Development Coordination Office	33
PART FOUR: CONCLUDING REMARKS	34
ANNEX:	
ANNEX A: METHODOLOGY.....	36
ANNEX B: OVERVIEW OF FUNDING COMPACT COMMITMENTS	39
ANNEX C: OVERVIEW OF RESPONDENTS BY SOURCE, COUNTRY AND TYPE	41
ENDNOTES.....	42

Acronyms and Abbreviations

DCO	Development Coordination Office
ECOSOC	Economic and Social Council
FAO	The Food and Agriculture Organization
IFAD	The International Fund for Agricultural Development
INFF	Integrated National Financing Framework
IOM	International Organization for Migration
KPI	Key performance indicators
MDB	Multilateral Development Bank
MOPAN	Multilateral Organisation Performance Assessment Network
MPTF	Multi-partner trust fund
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
QCPR	Quadrennial Comprehensive Policy Review
RC	UN Resident Coordinator
RCO	UN Resident Coordinator's Office
SDG	Sustainable Development Goal
UNCT	UN Country Team
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	UN Refugee Agency
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency
UNSDCF	UN Sustainable Development Cooperation Framework
UNSDG	UN Sustainable Development Group
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
WFP	World Food Programme
WHO	World Health Organization

Foreword

Multilateral financing is changing drastically. The COVID-19 pandemic has put the world to the test, proving the necessity for multilateral action but also negatively impacting financial and operational realities. The gap between rich and poor nations has widened during the pandemic, setting back progress by years and in the case of some countries, by a decade. Deficit and debt have increased to record high levels and poverty and inequality have surged. Meanwhile, vaccine equity remains a core obstacle to recovery and progress in achieving the 2030 Agenda seems uncertain.

Meaningful action comes at a cost and funding of the UN system has and continues to change in the face of the pandemic, with short-term, and possibly long-term effects. The Funding Compact, as developed and agreed by Member States and the UN, can mitigate and address some of the effects if utilised collectively, but it needs strong leadership and collaboration. Trust must be built and maintained in our multilateral systems with qualitative and sustainable funding as a prerequisite for it to be effective.

The Funding Compact issues a bold call to go beyond core and flexible multilateral funding. It emphasises partnerships and strategic planning to deliver coordinated and integrated results. It constitutes a way forward on a much-needed dialogue on cooperation and on how to optimise, leverage and scale up investments. As this report notes though, more needs to be done to optimise qualitative funding and enable the required behaviour shift which can jointly address funding and financing patterns where it is most needed – at the country level. The ambition of the report is to contribute to edified decision-making and enable the Funding Compact to realise its full potential.

The report is part of a larger initiative by the Foundation to promote understanding of UN system financing and thereby encourage informed engagement and action by Member States and the UN system. It supplements our report “Financing the UN Development System: Time to Meet the Moment” published in partnership with the UN Multi Partner Trust Fund Office, by further deepening our knowledge of development financing at the country level.

To stay the course on implementing the 2030 Agenda, the Funding Compact provides a unique funding modality. It is a joint statement and instrument that provides a beacon of light to guide a way forward. Let’s make sure it is understood and fully utilised.

Henrik Hammargren
Executive Director
Dag Hammarskjöld Foundation



Summary

About this report

This report explores the extent to which the potential of the Funding Compact – a strategic framework for change mutually welcomed by United Nations Member States and UN entities – has been fulfilled.

Based on extensive consultations in six countries– Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea – the report forms part of a larger initiative implemented by the Dag Hammarskjöld Foundation in partnership with the UN Development Coordination Office.

It aims to serve as a resource to deepen awareness and understanding of the Funding Compact, and of its usefulness in enabling the UN system and its Member States to jointly and efficiently deliver development results.

Key messages

- The potential of the Funding Compact as a strategic framework for change remains unfulfilled amongst both Member States and UN entities working at the country level.
- Nearly two years since the introduction of the Funding Compact, the slow pace of change in the funding of development activities is a critical concern for the UN, which has undertaken significant efforts to reform its systems and improve accountability and coordination.
- The strategic activities embedded within UN Strategic Development Cooperation Frameworks – including the Common Country Analysis, stakeholder consultations, strategic prioritisation and joint funding dialogues – offer opportunities to finance joint work plans across UN entities.
- Meeting the Sustainable Development Goals and providing effective support to countries in need of development cooperation requires funding strategies and models based on shared analysis, as well as the integration of agreed policy in multilateral responses.
- While ‘going it alone’ (through bilateral development cooperation strategies) often creates tangible results and individual visibility from a donor perspective, the impact of ad-hoc or short-term funding on poverty reduction and resilience building is limited. This type of project support should therefore be reduced and become a future exception – not the default modality.

- Given the increased pressure on resources resulting from the COVID-19 pandemic and other global challenges, Member States, have a responsibility to accelerate change by harnessing strategic and coordinated multilateral funding.
- The conclusions from the global response to COVID-19 demonstrates the international community's capability to collaborate and repurpose existing resources but, at the same time, the need for more inclusive multilateral action and investments to ensure sustainable funding for the future.
- The Funding Compact is a potential light in a crisis, but the required changes in funding behaviour will only come if resources match institutional change and can demonstrate collective results.

Recommendations

- UN Member States should act on their commitments in the Funding Compact and engage with the UN at the strategic level as their multilateral resource.
- Those UN Member States sympathetic to change and committed to multilateral responses should lead by example and proactively contribute to potentially game-changing pooled funding for the Sustainable Development Goals – Multi-Partner Trust Funds – sharing risk and enabling innovation.
- UN Sustainable Development Group entities should also act on their Funding Compact commitments, document and communicate evidence of change and work towards long-term and more coordinated arrangements with Member States and other donors.
- Resident Coordinators and UN Country Teams should persist in their efforts to systematically engage with UN Member States in co-creating strategies for multilateral country-level development cooperation.
- UN Country Teams should also prioritise joint efforts and mobilise UN Member State funding around Multi-Partner Trust Funds that blend resources and integrate and apply agreed policy.
- The UN Development Coordination Office should encourage Resident Coordinators to engage in strategic dialogues with Member States on how to operationalise the Funding Compact at the country level. These dialogues could be co-led/chaired by the UN and the country programme government and could be held in conjunction with stakeholder discussions on the new UN Sustainable Development Cooperation Framework.

Introduction

This report explores the extent to which the Funding Compact, agreed in July 2019, has been fulfilled. It focuses on how the Funding Compact is currently understood and used by UN Member States and UN Sustainable Development Group (UNSDG) entities at the country level. It is informed by qualitative and quantitative data gathered during consultations with UN Country Teams and Member State representatives in six countries – Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea.

The report forms part of a larger initiative implemented by the Dag Hammarskjöld Foundation in partnership with the UN Development Coordination Office (DCO). While it enjoys the full support of DCO, the report's findings and recommendations represent an independent analysis on the part of the Foundation, and DCO has not been involved in either the data-gathering exercise or the production of the report.

This initiative seeks to understand how Member States and UN system entities have operationalised the Funding Compact at the country level over the past two years. More than 60 interviews were conducted, representing 14 different UN entities, 14 Member States (including the EU) and two multilateral development banks (MDBs). With this backdrop, the report aims to serve as a resource to deepen awareness and understanding of the Funding Compact and its usefulness in enabling the UN system and its Member States to jointly and efficiently deliver development results.

Structure of this report

The report is divided into three sections. Section One serves as a brief introduction to the Funding Compact. Section Two presents detailed findings on how the Funding Compact is being operationalised at the country level. Section Three contains recommendations for UN system entities and Member States on how to leverage the Funding Compact as a tool for behavioural change.

The report also includes three annexes. Details of the project methodology can be found in Annex A, while Annex B summarises the Funding Compact commitments by Member States and UNSDG entities. An overview of all interviews by country, source and type can be found in Annex C.

Methodology of this report

As noted above, the findings presented in this report are informed by consultations conducted in six countries: Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea. Country selection was carried out in consultation with DCO, factoring in geographic diversity, socio-economic context and diversity in funding needs and structures. The intention was to include perspectives from middle-income, low-income and fragile contexts (as defined by the World Bank), and on financing instruments that range from hard earmarking and assessed contributions to new financing initiatives and models.

The qualitative data that forms the basis for this analysis was collected between November 2020 and March 2021 via questionnaires (tailored to different constituencies), web-based consultations and selected follow-up interviews with UN agency and Member State representatives. Overall, the Foundation interacted with the entire UN Country Team in five of the six countries, comprising a large cross-section of the UNDS. The subsequent and in-depth follow-up interviews included 30 different missions and agencies, in six different country contexts across four continents. The sample of follow-up interviews represented 14 different UN agencies, 14 Member States (including the EU) and two multilateral development banks. In total, more than 60 interviews were conducted.

In terms of representation, the interviewees from UN Country Teams represented 40 per cent of all UN Sustainable Development Group entities (14 out of 34 in total). In regards to UN Member States, the Foundation interviewed representatives from the top 11 members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) in terms of their UN contributions, which account for over 60 per cent of the total amount contributed to UN operational activities.¹ As noted earlier, more information on the methodology, including further background, graphs and limitations can be found in Annex A.

About the Funding Compact

“Achieving the Sustainable Development Goals by 2030 calls for transformative, collaborative action. The nature and scale of today’s global challenges, from rising inequality, climate change, stresses on food systems and entrenched poverty, call for a reinvigorated multilateral response. The United Nations must be at the heart of that response by delivering cohesive and high-quality support, at scale, to Member States. For it to do so, however, a fundamental shift in behaviour is required.”

– UN Secretary-General António Guterres, 2 April 2019

In December 2016, the UN General Assembly passed a promising resolution calling for a more strategic, accountable and results-oriented UN development system (UNDS) that is capable of achieving the goals outlined in the 2030 Agenda for Sustainable Development.² To this effect, on 31 May 2018 the General Assembly unanimously adopted Resolution 72/279 and agreed to a package of reforms to reposition the UNDS.³ The resolution welcomed the call by UN Secretary-General António Guterres for a ‘Funding Compact’ between the UN system and Member States to address UNDS funding patterns (including a growing imbalance between core and non-core resources⁴) and ensure a more predictable funding base to accelerate implementation of the 2030 Agenda.

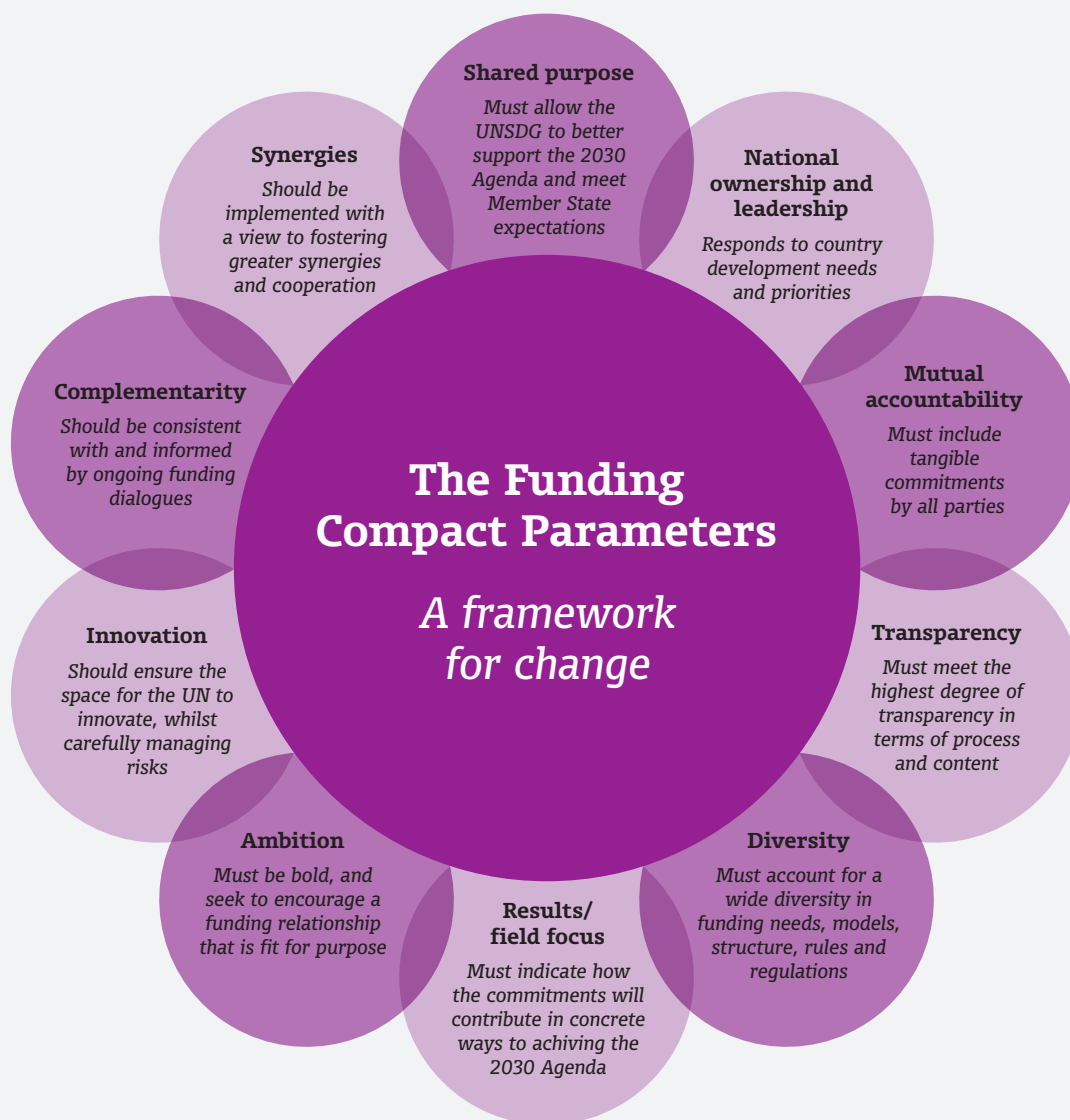
The details of the Funding Compact were outlined in an April 2019 report by the Secretary-General.⁵ The report describes the Funding Compact as a non-binding instrument based on voluntary commitments by Member States and UNSDG entities in their pursuit of the achievement of the Sustainable Development Goals (SDGs). It outlines two sets of parallel commitments – one for Member States,

and another for UNSDG entities – each with relevant indicators to measure progress (see Annex B).

Through the Compact, Member States commit to aligning their funding with requirements set by UNSDG entities via an increase in core resources to a level of at least 30 per cent by 2023; multi-year and flexible contributions; and the doubling of resources channelled through development-related inter-agency pooled funds and single-agency thematic funds. UNSDG entities, in turn, commit to accelerating results for countries on the ground by working jointly towards common objectives; improved transparency through reporting on needs, resources, results and impact; and increased efficiency and coherence.

In July 2019, the UN Economic and Social Council (ECOSOC), UN entities and Member States welcomed the Funding Compact.⁶ Its implementation is guided by ten distinct parameters which together enable the required behaviour shift in funding development activities at the country level by UN Member States and UN Country Teams⁷ together with Resident Coordinator Offices (RCOs) and other multilateral contributors (see Figure 1).⁸

Figure 1: The Funding Compact parameters



Source: UN General Assembly and UN Economic and Social Council, 'Report of the Secretary-General: Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019: funding compact', A/74/73/Add.1–E/2019/14/Add.1, 2 April 2019, <https://undocs.org/A/74/73/Add.1>, p. 4.

Global monitoring of the Funding Compact indicators is undertaken through the Quadrennial Comprehensive Policy Review (QCPR) reporting process; biannual informal system-wide consultation with interested Member States; and individual entities monitoring and capturing of change against indicators. While an important process, this monitoring is limited to capturing changing mindsets and attitudes, behaviour shifts and change

in organisational culture. The ten parameters, in contrast, guide this behaviour shift to foster a multilateral funding environment that addresses development needs. Monitoring of funding behaviour shifts takes place in bilateral dialogues between Member States and UN entities in the UNSDG, and in executive boards where UN entities provide updates on implementation of General Assembly Resolution 72/279.

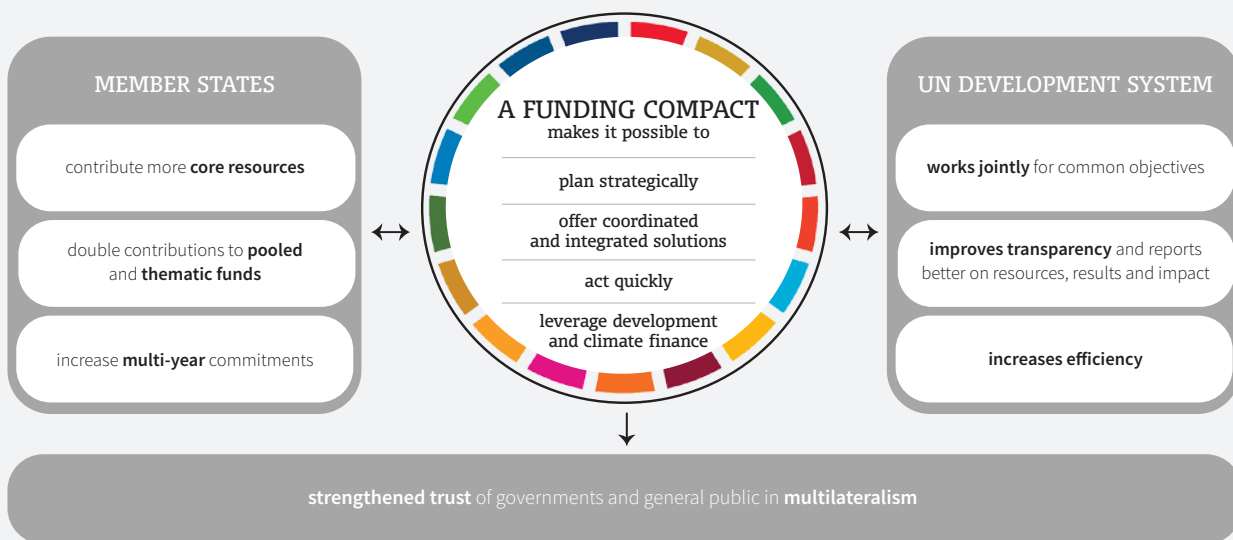
In summary, the Funding Compact between Member States and UNSDG entities marks a milestone in the transformation of the UNDS. It goes beyond the need to increase core funding to the UN by placing greater emphasis on (a) collective partnerships to deliver better results at the country level, (b) strategic planning, (c) coordinated and integrated results, (d) responding quickly to national priorities and (e) leveraging development financing (see Figure 2).

It is a tool that is designed to enable a behavioural shift in how the UN system and Member States work with one another, and how they operate at the country level to optimise existing resources to the benefit of national priorities and the SDGs. It should establish and strengthen trust between Member States and the UN system and enable a healthier and mutually reinforcing multilateral financing system for the 2030 Agenda.

Figure 2: Why a Funding Compact?



Why a Funding Compact? A partnership to deliver better results on the ground



Source: UN General Assembly and UN Economic and Social Council (ECOSOC), 'Report of the Secretary-General: Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019', A/74/73-E/2019/4, 15 April 2019, www.un.org/ecosoc/en/node/17356550

Findings from the country-level consultations

“ I operate as a fast food franchise – I get the UN logo and a small amount of money, and then I need to be self-sufficient by charging fees to other agencies or against projects we deliver. So, I do not have incentives to mobilise resources together with other agencies. Everyone thinks their mandate is most important, it is a competition to survive as an agency. If I do not fulfil my resource mobilisation and delivery targets, I cannot charge the fees I need to keep the lights on in the office. ”

– UN entity representative

Since the adoption of UN General Assembly Resolution 71/243 in 2016, Member States and the UN system have identified what needs to change in order to make the UNDS nimble and more able to deliver effectively on the 2030 Agenda. New structures have been proposed and working methods have been revised and strengthened, adapting to new challenges. The UN General Assembly Resolution 75/233 in 2020 reiterated the importance of the Funding Compact by encouraging ‘all Member States and entities of the United Nations development system to contribute to its full and effective implementation and to continue the dialogue’⁹.

More recently, however, Member States and UN system entities have shifted their focus from *what needs to change* to *how it should change* and *how this change is managed*. The Secretary-General, in his recent 2021 report on the review of the functioning of the Resident Coordinator system, reinforced that he:

‘cannot emphasize enough as being critical determinants of whether we can take (...) the repositioning of the United Nations development system to the next level: the incentive for change provided by improved funding practices and the implementation of the accountabilities set out in General Assembly resolution 72/279. Some progress has been made but (...) the big shift in behaviour has yet to occur. Decisive action is now needed.’¹⁰

Underpinning the discipline of change management is the understanding that people’s ability to change and carry out reform is influenced by the extent to which they are involved, engaged and supported throughout the change process. When it comes to the Funding Compact, reform must connect UN Headquarters with the realities of UN Country Teams to better inform and guide change within the UN system. Reform must also ensure greater awareness of and a participatory approach to change at all levels of the UN system. This has been also recognised by other independent assessments, such as by the Multilateral Organisation Performance Assessment Network (MOPAN). In their 2021 report, they state that key for the reforms to be successful is that Member states and the UN shift to a ‘more human-centered phase focused on embedding cultural and behavioural change’¹¹.

If global commitments are not translated at the country level or are countered by opposite or conservative cultures of practice, the lack of change risks creating reform fatigue. It is, therefore, crucial to understand how the Funding Compact is translated and operationalised at the country level.

This section presents selected findings from interviews with UN Member States and UNSDG entities in six countries: Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea (see Annex A for information on country selection). In the interviews, UN Heads of Entities, Ambassadors and Heads of Cooperation, and other senior staff addressed the Funding Compact and funding patterns across these six countries.

Given the strategic nature of the Funding Compact, understanding shifts in funding behaviour – that is, moving beyond indicators to improve the funding base of the UNDS – is of critical importance. For this reason, while monitoring of Funding Compact indicators as part of the QCPR process is vital, the interviews did not necessarily focus on such monitoring.

This section therefore offers selected perspectives from the country level on six specific aspects of the Funding Compact related to changes in funding behaviour, to complement the QCPR indicator narrative:

1. Awareness of the Funding Compact at the national level

Increased awareness of Funding Compact commitments and indicators at the country level can serve as a first step in understanding funding needs and empowering Member States and the UN to use country-level funding in the most effective way.

2. The interplay between Member State dynamics and funding decisions

National ownership can help mobilise and optimise resources to realise the SDGs at the country level, by utilising UN Sustainable Development Cooperation Frameworks (UNSDCFs, or Cooperation Frameworks)¹² as a joint strategy for the UN system response to host-country priorities and Member State contributions through the UN system.

3. The transformational potential of pooled funding and other mechanisms

Pooled funding and other mechanisms can catalyse strategic change in funding patterns, by integrating policy, combining resources for higher-level SDGs results and sharing risks. The indivisibility of the SDGs makes it imperative to break silo programming and work across agency mandates and Member States' bilateral comparative advantage, responding to host country priorities.

4. Transparency and visibility in funding allocation

Transparency and visibility can improve the alignment of resources under joint strategies. By engaging and coordinating resources at the level of the UN strategy and joint programming, Member State resources can be acknowledged and recognised in a transparent and visible manner.

5. Leveraging private-sector partnerships

Private-sector engagement can leverage development and climate financing for the SDGs through a more targeted use of Joint Programmes and Multi-Partner Trust Funds, expanding SDG partnerships and diversifying development responses.

6. The UN's response to the COVID-19 pandemic

The global response to the pandemic offers an opportunity to learn from and reflect on how to accelerate changes in funding behaviour, replacing fragmented and individual responses with joint responses capable of building resilience while preventing reoccurring shocks and further humanitarian costs.

The following subsections list preliminary findings on each of these six aspects, based on consultations with Member State representatives and UN system entities.

1 Awareness of the Funding Compact at the national level

Awareness of the Funding Compact is low among UN entities and Member States interviewed for this study.

Only one agency representative indicated that the Funding Compact had been mentioned in a recent funding dialogue with a donor (who had requested that it be included in a strategic document as a baseline reference for discussions on funding and financing). RCOs were generally more aware of the Funding Compact than UN entities, given their central role in coordinating UN efforts on the ground. Development-oriented UN entities seemed more familiar with the elements of the Compact than humanitarian entities.

Most respondents reported that they had not received clear guidance on the Funding Compact, or directives on how it should be operationalised at the country level.

While some entities reported receiving information from their headquarters based on discussions about the Funding Compact as part of Executive Board meetings, others reported not having heard about the Compact until their engagement in this study.

Among Member States, information on the Funding Compact was rarely conveyed from capitals, ministries of foreign affairs or development agency headquarters to the embassy level or their development cooperation sections.

One Member State representative in Jordan noted that because programming and funding allocations are decided at the capital level, implementation of the Funding Compact was not reviewed by the capital or embassy at the country level.

Low level of awareness among both embassies and some UN entities translates into uncertainty regarding the relevance of the Funding Compact at the country level, and lost opportunities for collaborative planning and action.

For example, one UN entity representative in Jordan suggested that the Compact has ‘no country-specific or operational relevance ... These types of commitments are made in New York, in Executive Boards, and legislative bodies at highly abstract levels with no relevance to a country context’.

While some Member States expressed enthusiasm for and confirmed the relevance of the Compact, others were more sceptical of its usefulness.

In Papua New Guinea, for example, one Member State representative stated:

“...the commitments focus on funding, but more funding does not always yield more results. Development partners should continue working with host country governments to achieve locally sustainable results; help countries mobilise public and private revenues; strengthen local capacities; and accelerate enterprise-driven development. This approach fosters stable, resilient, and prosperous countries that are more self-reliant, and prioritises enduring partnerships.”

One UN respondent in particular underlined that requirements and guidance on UN reform should echo and coincide with the Funding Compact commitments and principles, making it an integral part of everyday work rather than being mentioned specifically.

Box 1:

Financing the nexus: The Highlands Joint Programme in Papua New Guinea

The principles agreed in the Funding Compact have resulted in a number of transformations in the funding of the United Nation's work in Papua New Guinea (PNG). These range from multi-year funding to closer relationships with donors, all of which have made it easier to move from programme-specific funding towards more integrated programme funding across sectors. An example of this can be seen in the Highlands Joint Programme (HJP), which provides synergy through joint funding, a joint programme document and joint reporting on agreed outcomes, as well as a single theory of change and results framework.

What is the Highlands Joint Programme?

The UN's HJP, part of the PNG One Fund, was born out of the UN-led humanitarian response to the 2018 earthquake, which provided immediate relief assistance to around 300,000 people in the Hela and Southern Highlands provinces. During this period, people were also being affected and displaced by violent tribal fighting in the Highlands provinces, leading to a swift realisation on the part of the UN that communities' needs were not just humanitarian.

The HJP was thus initially designed to address the humanitarian-development-peace nexus and a number of UN entities currently implement this joint programme, namely: Food and Agricultural Organisation (FAO), International Organization for Migration (IOM), United Nations Children's Fund (UNICEF), UN Capital Development Fund (UNCDF), UN Development Programme (UNDP), UN Population Fund (UNFPA), and UN Women. Programmes range from peace mediation and negotiation processes to agricultural development to emergency maternal and obstetric care training. The joint programme also aims to catalyse further investment by government, donors – both bilateral and multilateral – and the private sector in urgent local peacebuilding efforts.

Challenges that become opportunities

Despite the positive gains of the ONE Fund, several funding challenges remain. Flexible Member State funding, as agreed in the Funding Compact, has not reached the desired level, with the majority of funding still earmarked. Moreover, blended financing is yet to happen. Even so, in terms of the funding environment,

multi-year funding and ongoing contributions to the UN's work represents a positive development. In return, the UN provides visibility to donors, and is working on better coordination and communication in the UN country team. Greater visibility has in turn contributed to donors increasing their levels of funding and cooperation. For example, due to the publicity provided to the Japanese government, which initially supported water, sanitation and hygiene programmes, the UN was able to achieve broader, more proactive collaboration. Japan and the EU also provided further funding to UNICEF and the UN Office for Project Services (UNOPS) for water, sanitation and hygiene programmes.

Although more donors and partners are coming on board with the UN in PNG, further work is needed to diversify the donor pool and increase flexible funding. In order to address the funding situation, the UN is working towards greater collaboration on programme implementation among its entities, as well as strengthening the capacities of government, civil society organisations and non-governmental organisations to be more effective partners in development. With this in mind, the UN country team has been actively involved in conducting joint analyses on complex development problems, with the aim of informing joint programmes such as the HJP. At the same time, government ownership of the UN country team's programmes has also increased, exemplified by the government funding provided to the HJP. The HJP aligns with national and provincial plans, such as the Medium-Term Development Plan III and the Hela Peace and Development Roadmap, and is the country's first ever UN programme to be co-financed by a local provincial government.

The overall strategic guidance and oversight of the HJP provided by the Resident Coordinator and supported by the Resident Coordinator's Office offers an example of their crucial role in implementing the UN's Funding Compact. The Resident Coordinator's Office also provides oversight of the PNG One Fund, as well as coordinating production of the UN country team's Annual Results Report and communications products, which provide visibility to donors.

By UN Resident Coordinator Office, PNG

2 The interplay between Member State dynamics and funding decisions

Respondents underlined the importance of strengthening the presence of national authorities in strategic dialogues on funding to expand implementation of the SDGs.

Several UN and Member State respondents in Indonesia, Jordan and Kenya stated that, wherever possible, governments should lead and own efforts to better blend resource streams such as multilateral support, direct government support and public expenditure. Improved funding alignment could increase the total resource mobilisation for the SDGs – led by governments through Integrated National Financing Frameworks (INFFs) – being put in place in many countries to improve SDG mobilisation. At the same time, several Member States, as well as the European Union and multilateral development banks, underscored the critical role of the UN in coordinating multilateral responses in contexts where government capacity is limited. In countries where the host government assumes ownership and leadership in the development cooperation governance structure coordination becomes stronger.

Lack of clarity regarding the strategic relationships between UN Sustainable Development Cooperation Frameworks and Member State development strategies is an obstacle to improved funding patterns.

It is of significant importance that Member States engage with the UN and explore how their comparative advantage could benefit and be part of the multilateral strategy, instead of acting separately.

These decision-making processes appear to limit the ability of donors to provide pooled and flexible funding for the implementation of UN Sustainable Development Cooperation Frameworks (UNSDCFs, or Cooperation Frameworks), which are anchored in national development priorities and the 2030 Agenda. For example, as the Head of Cooperation in one Member State observed: ‘It is not always clear that the UN is implementing our programme and not a UN agenda.’

The example reflects a view of the UN as a service provider of bilateral strategies rather than as a unique multilateral resource for scaling and improving Member States’ collective investment in a country’s development. As long as Member States expect visibility to be attributed to their individual foreign policy objectives, it will be hard to shift funding patterns towards flexible and blended funding, i.e. the UN Sustainable Development Cooperation

Framework. If, on the other hand, the comparative advantages of bilateral strategies can be utilised, integrated and better articulated in joint approaches, the motivation for joint programming could increase, bringing a more comprehensive and qualitative response to host countries.

The ability of UN Country Teams to position themselves strategically is affected by the type of funding made available by Member States.

UN Member States expect the UN to assert its strategic and unique multilateral role. Bilateral funding preferences sometimes put this at risk. When Member States prefer to allocate earmarked funding to single-agency projects linked to bilateral strategies, UN agencies are often asked – and expected – to take on implementing roles, instead of strategic partnership roles. However, when UN agencies act as implementers it is harder for them to leverage their comparative advantages as convenors of stakeholders, integrators across mandates and advisors on policy issues. Increasingly, as implementers, UN agencies are reduced to competition among themselves and with non-governmental organisations (NGOs), which may implement specific project activities at lower costs with bilateral agencies providing the oversight.

When it occurs, joint analysis and planning between the UN and Member States enables strategic dialogue on funding issues, strengthening the alignment between Cooperation Frameworks and bilateral development strategies.

To take one example, the EU and the UN in Kenya have during the past year established a strategy-based senior management dialogue. This dialogue aligned with the development of the EU’s 2018–22 Joint Programme with Kenya and the 2018–22 UN Development Assistance Framework (UNDAF). With the common objective of supporting Kenya through focused contributions to the country’s national development programme, *Kenya Vision 2030*, the EU and UN established a strategic space to explore how the EU’s next long-term funding cycle can be optimised in terms of policy integration and funding, within the framework of the UNDAF.

National ownership is essential when seeking to mitigate the fragmentation of development cooperation efforts.

Member States and UN agencies indicated that government-led responses to development challenges facilitate collaboration and strategic funding conversations between all stakeholders. For example, as one Member State representative in Jordan explained:

“...funding needs and gaps are captured in the framework of the Jordan Response Plan (JRP) for the Syria Crisis. The JRP is a nationally owned plan developed in close collaboration with the international community including Member State donors in Jordan. Therefore, discussions around strategic funding matters are based on the JRP mainly rather than the Funding Compact.”

In Malawi, Member State representatives emphasised the need for stronger national leadership and coordination to bring donors and UN entities together for joint planning in line with national development priorities.

Several Member State respondents welcomed more strategy-based discussions on how to optimise resources channelled through the UN and asked for more clarity on reduced overhead costs.

Within the context of the Funding Compact, resources are optimised through larger proportions of flexible and pooled funding that enable UN entities to deliver integrated solutions across mandates. However, some Member States and international financing institutions appear more concerned with reducing UN entities’ overhead costs. Several respondents were uncertain on acceptable levels for overhead fees and reasonable direct project costs, and on whether UN cost recovery is unreasonably expensive. This focus on costs reflects a view of UN entities as implementers providing services similar to those provided by NGOs. As one UN respondent in Malawi stated: ‘our money is government money, and our goal is to ensure that the Government uses the money with a value-for-money approach. We would not ask them to go for the most expensive service provider, even if it is a UN agency’.

Several Member State capitals are heavily involved in decision making on the allocation of funds, which complicates alignment with country-level joint strategic planning.

In Jordan, one Member State representative related that all decisions on allocation of development cooperation were made at their headquarters, without extensive consultations with the Embassy. Another Member State representative in Jordan described how decision makers at their headquarters were more sceptical of pooled and flexible funding, since these forms of funding might not clearly signal alignment with foreign policy objectives. In Kenya, one Member State representative stated:

“...strategic decisions on funding, which corresponds to the indicators of the Funding Compact, were taken at Headquarters level, and the influence of the country level was limited. Accordingly, the Embassy could not identify how the funding compact have influenced decisions on funding of the UN system in Kenya.”

Box 2:

Flexible funding to sustain peace in Colombia

The Government of Colombia has cooperated with the United Nations and donor community on establishing a UN multi-partner trust fund (MPTF) for Sustaining Peace, with the aim of supporting the country’s peace and sustainable development efforts. The MPTF for Sustaining Peace enables alignment with the principles of the Funding Compact, and has allowed the UN to mobilise around USD 180 million in unearmarked funding since the fund’s inception in 2016.

In establishing the MPTF the parties involved – the UN, Member States and the Colombian government – ensured space for national and co-leadership. This is guaranteed through regular meetings of a steering committee chaired by the government and co-chaired by the Resident Coordinator, with the latter representing the UN system as a political and strategic partner. Within this committee, the host government, Member States and UN system conduct strategic funding dialogues, resulting in an annual investment plan that identifies strategic priorities and acts as a basis for resource mobilisation.

Based on the investment plan, stakeholders conduct shared needs analyses through consultations with line ministries and other public institutions. This allows for more detailed requirements to be developed, grounded in specific peacebuilding priorities. Following the needs analyses, the steering committee decides on implementing partners, which may consist of UN agencies, civil society and/or the private sector. In cases where UN agencies are selected to implement MPTF-funded programmes, the Resident Coordinator’s Office facilitates inter-agency coordination and programmatic planning, in consultation with national authorities.

By UN Resident Coordinator Office, Colombia

3 The transformational potential of pooled funding and other mechanisms

UN entities and Member States indicated that pooled funding mechanisms constitute an important driver of joint programming in support of the SDGs.

Several respondents stated that policy dialogue and joint analysis between the UN, Member States and other partners have contributed to more effective joint programmes, and greatly facilitated mobilisation of pooled funding. Specifically, working with partner countries to explore and implement policies that accelerate sustainable and equitable growth, improves the allocation of the entire budget, and enables a broad cross-section of stakeholders to engage in policymaking.

Pooled fund mechanisms that have the transformational potential of bringing stakeholders and resources effectively together seem to be more catalytic if and when they include transformative criteria which qualify entry and access to resources based on how well the programme integrates policy and blends resources.

The Spotlight Initiative is one such case, providing pooled funding and bringing the EU and UN entities together around joint programming in Papua New Guinea and Malawi to eliminate all forms of violence against women and girls. The Joint SDG Fund was also highlighted as an important instrument that (a) funded integrated social protection programmes in Indonesia and Kenya; and (b) supported the development of financing strategies and enabling frameworks for SDG investments in Guatemala, Jordan, Kenya, Malawi and Vietnam. At the same time, pooled funding mechanisms that lacked similar transformative criteria have sometimes been used to channel funds to single-agency projects.

Pooled funding mechanisms fostered more collaboration when they included clear criteria for allocation of funding among the participating UN entities.

Several UN entities stressed that the criteria for pooled funding mechanisms should be based on the comparative advantages of UN entities and shared needs assessments. In Kenya, for example, one Head of a UN entity highlighted the need for:

“robust and candid analysis of the comparative advantages of each UN agency when putting together a value proposition as part of joint

dialogues with donors. This way, the UN is putting forward its best resources on the table and is not being driven by internal positioning and flag waving by one or two large agencies.”

The Multi-Partner Trust Fund in Papua New Guinea

Several Member States in Papua New Guinea use the One Fund MPTF as a modality that pools resources and coordinates funding flows for common results under the 2018–2022 UNDAF. Some UN agencies point out that the Fund could benefit from less earmarking to specific output areas, as this would generate less cumbersome reporting requirements at the activity level. Reporting on attribution of funds at the activity level limits flexibility and promotes siloed approaches. Member States should consider providing for more soft earmarking, on the condition that UN Agencies make donor contributions more visible that are clearly articulated at the outcome level. This could improve both efficiency and potential results and impact of joint investments.

Joint programmes without jointly accepted criteria were found to create tension among UN entities once funds were mobilised. In Malawi, for example, a Member State that contributed to the SDG Accelerator Fund had to decide how its pooled contributions should be allocated among UN entities, since the UN Country Team could not come to an agreement.

UN entities and Member States alike emphasised the importance of policy dialogues and joint analysis to mobilise voluntary contributions to pooled funding mechanisms.

Member State representatives in all six countries stressed their interest in participating in joint analysis and design of joint programmes with the UN, to ensure alignment of stakeholder priorities and quality assurance of project implementation. In Kenya, the EU coordinated its strategic planning process with the development of the Cooperation Framework, resulting in a shared analysis and institutional dialogue beyond individual mandates and entities. Several UN entities also described how policy dialogue with national authorities led to joint programmes, which attracted pooled funding. In Jordan, for example, UN entities supported dialogues on the Jordanian Strategy for Mainstreaming Gender Equality in Education, which led to a joint programme that attracted flexible funding from several Member States, channelled through a Multi-Partner Trust Fund.

Box 3:

Seizing the potential of a trust fund: Lessons learned from Somalia

Official development assistance in Somalia has grown in proportion to the progress made in the country. Currently, it stands at approximately USD 1 billion per annum¹. Within a highly volatile context of interlinked and protracted challenges, donors – both multilateral and bilateral – have sought ways to mitigate risks, promote closer coordination and increase national ownership.

It was with this rationale in mind that the Somalia Multi-Window Trust Fund (MPTF) was established in 2014, centred around five peacebuilding and state-building goals agreed between Somalia and the international community through the New Deal Compact², which was later replaced by the National Development Plan.³ Since then, the Somalia MPTF has grown into one of the largest country-level pooled funds in the world, with an approved budget of USD 497 million and annual contributions of USD 60–80 million.

Favourable conditions but a lack of dedicated management

Due to the complexity of the United Nations operation in Somalia, its presence is highly integrated, with inter-agency cooperation and joint programming increasingly the norm. As such, the UN is constantly seeking to broaden its joint programming methods in order to adapt to the evolving country context and ensure its 'delivery as one' directive is followed. The UN country team benefits from a sophisticated risk management capacity, which is being replicated in other post-conflict environments.

Despite favourable conditions, the Somalia MPTF has faced three major obstacles to effective delivery. Firstly, as Somalia's peacebuilding and state-building processes have evolved, and as its aid flows have increased, so the conditions under which the fund was established have changed. Thus, a review of its design and governance is required if it is to be fit for purpose. Secondly, the

Somalia MPTF has suffered from a lack of dedicated management capable of steering a fund of its size and complexity. This has negatively affected both relations with stakeholders and proactive engagement with the government-led aid architecture, further weakening the fund's potential and undermining stakeholder confidence in its capacity to deliver. Thirdly, diminished donor confidence has led to increased earmarked contributions, which now stand at 99% of the overall amount. This has fundamentally undermined the very concept of a pooled fund, and is contrary to commitments under the Funding Compact.

Making the fund 'fit for purpose'

A reform process was initiated in 2021 to address the above challenges. The reforms aim to draw on lessons learned in order to better meet the requirements of Somalia's ongoing peacebuilding and state-building process, as well as address longstanding concerns and constraints. The reform process involves adjusting the MPTF through strengthening the fund's identity; prioritising administrative processes to improve the fund's efficiency; and enhancing governance and decision-making process.

Efforts are also underway to improve coordination between the three UN-administered pooled funds in Somalia (Somalia MPTF, Somalia Humanitarian Fund, UN Peacebuilding Fund), with the objective of leveraging synergies across the humanitarian–development–peace nexus and maximising funding impact. The impact of this reform dialogue is already evident in the financial contributions made to the fund, with several donors signalling their intention to provide softly earmarked contributions over the coming years if the UN presents a convincing business case. Others, meanwhile, are engaging in dialogue to improve governance of the fund.

By UN Resident Coordinator Office, Somalia

¹ <https://reliefweb.int/report/somalia/somali-compact>

² <https://mop.gov.so/wp-content/uploads/2019/12/NDP-9-2020-2024.pdf>

³ Somalia MPTF, Somalia Humanitarian Fund, UN Peacebuilding Fund

Box 4:

Integrated programming responding to community development in Turkana County, Kenya

In 2015, the United Nations High Commissioner for Refugees (UNHCR) and the Kenyan government developed a strategic roadmap for the evolution of Turkana West. Known as the Kalobeyei Integrated Socio-Economic Development Programme (KISED P), it is a comprehensive 15-year multi-sectoral, multi-stakeholder initiative that involves engagement with multiple development, humanitarian and private sector actors.

The Kalobeyei Integrated Socio-Economic Development Programme (KISED P)

The KISED P seeks to contribute to the achievement of sustainable and comprehensive solutions for refugees and their hosts. Specifically, it aims to transition refugee assistance from aid dependency to a self-reliance model, while also strengthening social cohesion between refugees and the communities that host them. It is an integral part of the Turkana County Integrated Development Plan and is informed by the outcomes of the 2016 World Humanitarian Summit and the Global Compact on Refugees. As well as putting the Nairobi Declaration and Action Plan into practice in Turkana West, it is aligned with the Kenya Vision 2030 national development strategy, which outlines the country's development priorities and strategies.

The programme envisions both refugees and host communities benefiting from strengthened – service delivery systems and increased socioeconomic opportunities, thereby enabling them to become drivers of economic growth in Turkana West. The lessons from the Kakuma operation highlight the positive contributions that refugees can make within the communities in which they reside. As such, they provide much-needed data and evidence with which to engage policy-makers in new approaches aimed at creating opportunities for refugees and the communities hosting them.

The KISED P framework has managed to gain credibility amongst diverse stakeholders by investing in and utilising county government, UN, humanitarian, development and private sector resources at the inception stage. Examples of strategic funding streams include the Dutch PROSPECTS Fund, the European Union Emergency Trust Fund (EUTF), and the UK Foreign, Commonwealth & Development Office (FCDO), which are multilateral, multi-year and multi-million interventions.

Evolving roles and integrated approaches

In line with the 2030 Agenda principle of 'leave no one behind' and in support of the Sustainable Development Goals (SDGs), partners have invested in a variety of sustainable service delivery models over the five years of implementation. The roles and responsibilities assumed by the programme's various partners continue to evolve, driven by considerations of mandate, comparative advantage and capacity.

Stakeholders' joint endeavours and investments have resulted in a multitude of shared efforts towards integration and self-reliance being articulated and catalysed. Key achievements include: the solarisation of major facilities (100% green electrification) and higher-tier electricity access for households through mini-grids; the launch of Turkana Master Water Plan 2020–2025; an enterprise engaging UNHCR, the Kenya National Chamber of Commerce and International Labour Organization (ILO) aimed at building a vibrant and prosperous business community in Turkana, which includes supporting partnerships through microfinance institutions; and the implementation of cash assistance programmes to strengthen local economies.

The benefits of diverse stakeholders' investments and multiple funding channels have also helped in the development of various integrated approaches and initiatives, including: promoting universal health coverage for refugees in Kenya; a sports complex; the Turkana County Energy Sector Plan 2020–2025; and the vision for a Kakuma Kalobeyei Municipality. KISED P has also promoted the meaningful participation of refugees in policy and legislative frameworks, including in: the Turkana County Integrated Development Plan (CIDP) II; the national census; the inclusion of refugees and asylum-seekers in the national education and healthcare systems; and the government's endorsement of the Comprehensive Refugee Response Framework Action Plan.

By UN Resident Coordinator Office, Kenya

4 Transparency and visibility in funding allocation

Several Member States indicated that lack of transparency and visibility constitutes one of the main obstacles to increasing the share of core contributions to the UN.

Some Member State representatives indicated that it was unclear how their core contributions to the UN system were allocated to country offices, and how these contributions were being used to support national development priorities. According to some respondents, host governments did not see the value of core contributions unless this value was communicated explicitly to them. There was also a perception among Member State respondents that earmarked contributions engendered greater visibility of their contributions, and more effectively attributed development results to the donor.

The same Member States arguing for improved visibility of supporting the UN with predictable and flexible resources raised concerns about potential increased transaction costs imposed by double reporting.

These Member States argued that the UN should strengthen communication at the country level to explain how core contributions benefit the host country. They also stressed that improved recognition of core funding would increase incentives for Member States to increase the proportions of these contributions.

Member States expressed concerns that large proportions of overhead costs were allocated to UN entities at Headquarters rather than to support at the country level.

In Kenya, one Member State representative described lengthy negotiations over project budgets, which included both large amounts of both overhead costs and direct project costs. When asked about overhead costs, UN entities explained that a large proportion of these costs were channelled back to their headquarters instead of supporting the programme on the ground.

Some heads of UN entities struggled to reconcile contradictory incentives to promote joint programming while meeting single-agency delivery and resource-mobilisation targets.

In Papua New Guinea, the head of one UN entity described how their headquarters monitored country offices via dashboards comprised of short-term key performance indicators (KPIs), with a focus on single-

entity financial targets. Moreover, single-entity programmes were the most effective means to meet these financial targets. For example, after mobilising US\$ 3 million from the government, this funding was channelled through the One UN Fund, meaning that other agencies also asked for a share of the funding, leaving the entity with just USD 800,000 of the initial amount. In Guatemala, the head of another UN entity reported that while the number of joint programmes constituted a performance indicator, UN entities still competed for resources in order to finance operational costs.

Larger proportions of core resources enable UN entities to go beyond earmarked projects and focus on shared assessments and innovative approaches, in turn facilitating joint programming.

For example, one humanitarian UN entity in Kenya was able to convene nine other entities for a joint initiative in the Kalobeyei Refugee Settlement Camp by investing its core resources negotiated at the Headquarters level (see Box 4). By investing UN resources at the inception stage, the humanitarian entity was able to gain credibility among partners and donors and lead an integrated programme, which today combines resources and leadership from local government, communities, the World Bank Group, the EU and several bilateral partners.

Box 5:

Guatemala's experience in utilising the Funding Compact and Cooperation Framework as vectors of change

Since 2020, three complementary joint programmes from Guatemala have demonstrated how the converging principles of the Funding Compact and the Cooperation Framework can galvanise action centred on healthy joint programming and flexible funding. The three programmes consist of a joint programme on disability inclusion funded by the United Nations Partnership on the Rights of Persons with Disabilities (UNPRPD) and two complementary joint programmes on rural development in Cuilco, San Marcos, and Ixil, Quiché.

All three have merged the vulnerability focus with that of resilience, thereby shifting from meeting *immediate needs* to creating *lifelong sustainability* based on income security, productivity and social capital. A preventive approach constituted the kernel of the methodology, with territorial democratic governance the action template.

Transparency–Accountability

From the outset, both the Resident Coordinator and the entire core team communicated the calls and conditions to all UN Country Team members, while giving the three programmes ample visibility among the international donor community and fully engaging the government, private sector and civil society. Monthly UN Country Team meetings were used to stress the key determinants of the strategic interventions taking place under the new Cooperation Framework 2020–2025, while taking care not to lose track of the principal limitations. This ensured that UN Guatemala took a strategic and results-oriented approach as one of the teams operating within the clearly delineated Management Accountability Framework.

Complementarity–Nexus

The joint support provided to Guatemalans living in conditions of near-total destitution involved linking together various complementary need/response dimensions. The UN Development Programme's

institutional aptitude was merged with the Food and Agriculture Organization's green rural development expertise, while the World Health Organization's *savoir faire* in public health was brought to bear on the protection–resilience continuum. In 2021, UNICEF was called upon to shore up the empowerment of children and adolescents. Mainstreaming youth provided the required impetus to link various government counterparts: SEGEPLAN, the Ministry of Agriculture, the Ministry of Public Health, the Ministry of Education, the Ministry of Environment, the National Disaster Reduction Agency, and the Presidential Secretariat for Women. This linking of government institutions took place under the auspices of an empowered Resident Coordinator and was aimed at underpinning the new Cooperation Framework's humanitarian–development–peace nexus focus.

Synergies–Resilience

Under the impartial leadership of the Resident Coordinator and within the Cooperation Framework 2020–2025, UN Country Team members went above and beyond their mandates in pushing forward the overlapping missions. With shared analysis and strategic dialogue based on full transparency, which occurred in parallel to the building of a common financing and resource mobilisation strategy for implementing the Cooperation Framework, *resistance* to change slowly gave way to a *thirst* for resilience building.

This country-level joint approach to bringing quality funding to quality programming can certainly be replicated in other parts of the world, and at the regional and global level bring funding dialogues to bear upstream. In order to achieve this – as demonstrated by the Guatemalan experience – multi-year, policy-based programmatic funding devoid of myopic earmarks is essential.

By UN Resident Coordinator Office, Guatemala

¹ A focused window for rapid response in emergencies, currently in use to support COVID19 response.

5 Leveraging private-sector partnerships

Many Member State representatives expressed enthusiasm for the increased involvement of private-sector actors, but UN entities faced challenges in mobilising the resources required to promote private-sector SDG investment.

Many UN entities operate under a business model that funds operational costs by charging fees to the funds that are channelled through the UN system. This model makes it challenging to fund promotion of private-sector investments that are

instead channelled outside the UN system. Despite this, UN entities reported substantial progress in several countries. In Indonesia, the UN set up an SDG Partnership Platform rooted in the UN Global Compact, which expanded the UN's network of partners to include 700 foundations and businesses. In Kenya, the UN launched a UN SDG Partnership Platform with a governance structure co-led by the Resident Coordinator and the government. Through this platform, the UN has developed innovative partnerships with both global and local private companies, generating both financial and human resources from the private sector.

The UN SDG Fund and private-sector funding of the SDGs

In March 2021 the Joint UN SDG Fund, which focuses on integrated policy support, strategic investments and financing, announced a USD 41 million portfolio to catalyse strategic financing to accelerate the SDGs in Fiji, Indonesia, Malawi and Uruguay. Each of the four programmes selected combines public and private money.

Fiji will conserve and protect coastal reefs and marine life ecosystems while empowering local communities who rely on reefs for their survival. Indonesia will create a new generation of financial products to combat climate change by transitioning towards low impact energy and empowering the creation of women-led small businesses.

Malawi will reduce poverty, hunger and inequality by creating jobs and supporting small businesses in the country's severely undercapitalised agricultural sector.

Uruguay will combat climate change by helping transition the country's transportation and industrial sectors to green energy while reducing poverty and providing affordable access to innovative clean technologies.

All four programmes effectively draw on the expertise of at least three different UN entities as well as regional development banks, commercial banks and various private investors. These four programmes alone are anticipated to leverage an estimated USD 4.7 billion in additional finance for the SDGs.

Source: UN Joint SDG Fund, 'UN rallies towards Wall Street with launch of historic SDG investment portfolio', March 2021, www.jointsdgfund.org/article/un-rallies-towards-wall-street-launch-historic-sdg-investment-portfolio.

Box 6:

Innovative financing for SDGs in Malawi

Malawi is at a critical juncture in the pursuit to achieve the SDGs in this decade of action, particularly in the context of the climate crisis and the COVID-19 pandemic. Together with diverse partners, including the private sector, Malawi is advancing innovative and sustainable funding in line with national needs and priorities.

Malawi SDG Acceleration Fund

In discussions with the Government of Malawi and development partners, the UN advocates for joint multi-annual programmes that address systemic changes, striving for more predictable funding and scalability. The UN Malawi has also broadened the funding scope beyond pooled funds, involving regional UN entities, while also guaranteeing that all initiatives funded by global pooled funds are aligned with national priorities and complement related programmes.

Through the deployment of the Malawi SDG Acceleration Fund, in particular through its Humanitarian/Nexus Window¹, a low level of earmarking from development partners has allowed stakeholders to agree on the most strategic areas of support. These resources complement efforts from national authorities and advances impending priorities in line with the nexus. The government, development partners and the UN jointly decide on investment priorities, strengthening the strategic

funding dialogue and national leadership which further improve the functioning of the Fund and the quality of its funding.

Strong partnerships with the private sector and investors

Malawi benefits from other global funds (e.g., Joint SDG Fund) by developing proposals that complement national efforts and investments from different sources, including public and private. These opportunities are approached as part of a more comprehensive strategy to advance private sector development, marketed-oriented agriculture, social protection for SDGs, and access to finance.

Malawi also invests in advancing the ‘from funding to financing strategy’. The country is witnessing, still at scale, the catalytic effect of mobilising both financial and development resources. An example is the BUILD Malawi Window, a specialised structured blended finance vehicle for Agribusiness, which was made possible thanks to strong partnerships with the private sector and investors. Other innovative finance initiatives have also benefited from the solid foundation of these partnerships, which have been collectively built up over the years and have enabled a strategic and progressive relationship with the Government and development partners.

By UN Resident Coordinator Office, Malawi

6 The UN's response to the COVID-19 pandemic

In response to the pandemic, UN Country Teams have developed socio-economic response plans to repurpose resources for mitigation activities. Through this exercise, UN entities interviewed in the six countries have strengthened national leadership, clarified strategic priorities and increased collaboration across mandates.

For example, the head of one UN entity in Malawi noted that the pandemic spurred the UN Country Team to focus on creative solutions and shared analysis, and to bring UN resources together to make as great an impact as quickly as possible. In Jordan, development and humanitarian actors worked together, under national leadership, to mitigate the effects of the pandemic. In another example from Jordan, several entities – including the International Organization for Migration, UNDP, UNICEF and UN Women – developed a joint proposal to maintain government service delivery during the crisis.

While the socio-economic response plans functioned as effective joint planning tools, in several cases they did not enable UNCTs to mobilise substantial amounts of additional resources.

In Kenya, for example, the UN Country Team called for USD 267 million in funding through a COVID-19 flash appeal. Of the USD 45 million mobilised, the majority was re-purposed from existing UN programmes. This example illustrates how successful joint planning depends on increased pooled funding to produce improved development results.

As the pandemic forced UN entities to move to virtual working methods, both resident and non-resident entities reported being able to more easily connect as a UN Country Team and facilitate joint activities across entities.

In Guatemala and Malawi, non-resident entities have been able to gain access to monthly UN Country Team meetings. In Guatemala, virtual platforms have enabled one non-resident entity to bring in its expertise and lead a joint programme together with resident entities. Many UN entities expressed a desire for virtual meetings to become the norm in the future to allow all entities to fully participate in shaping the UN's role at the country level.

Box 7:

The added value of pooled funding during COVID-19: Experience of the UN in Indonesia

Multi-Partner Trust Funds (MPTFs) are of critical importance for Middle Income Countries, which are often characterised by dwindling Official Development Assistance (ODA) resources. In Indonesia, pooled funding mechanisms facilitate the mobilisation of individual UN entities' technical expertise around priorities identified by the government and the UN. Such mechanisms not only promote efficiencies, but also encourage the sharing of risks among different UN entities and encourage innovations.

Agility of pooled funding during COVID-19

The COVID-19 pandemic has put the flexibility of the UN system to a test. The ability to respond quickly and evolve within a constantly changing environment have been preconditions for the UN system to be relevant and of value to the government and the people we serve. Pooled funding mechanisms during the COVID-19 pandemic have demonstrated their added value by being agile and adaptable to the context. They have allowed for the formulation and implementation of quality programmes. For the Resident Coordinator, this has been of enormous importance too. The access to such funds for Resident Coordinators, also in a post-COVID-19 era, should be sustained to ensure the best possible use of financial resources.

One positive example from Indonesia has been the COVID-19 Trust Fund and the SDG Trust Fund. Early 2020, before the COVID-19 pandemic existed in Indonesia, under the leadership of the Resident Coordinator, UNICEF, UNDP, OCHA and WFP started the implementation of a joint programme funded by the Joint SDG Fund on Adaptive Social Protection. With additional funding from the COVID-19 MPTF a few months later, the UN was in the position to support the government in expanding their social protection programme during the pandemic. UN WOMEN joined the aforementioned entities in this effort. Both funds were applied by an integrated UN team with the single aim to ensure the social protection programmes in Indonesia are shock responsive and inclusive.

Pooled funding enabling coordination and joint results

Being faced with a fast moving and changing operational environment, the trust funds have proven to be agile, flexible and complementary. This has allowed the UN to adapt to the growing and evolving needs of the government during the critical time of the COVID-19 pandemic. As a result, the strategic positioning of the UN has been reinforced in the area of adaptive social protection.

The two joint programmes have mobilised the expertise, networks and experience of the UN in formulating and implementing interventions with the following results:

1. The issuance of a Presidential Regulation on Social Protection Reform;
2. Inputs to the Government's Roadmap on Adaptive Social Protection;
3. Improved cross-sectoral and inter-ministerial coordination for adaptive social protection;
4. Inclusion of vulnerable population groups, including women, children, homeless people and people without formal registration into the social registry;
5. Improved early warning systems in the country to inform where and which vulnerable people are potentially impacted by the disasters;
6. Understanding the socio-economic impact of COVID-19 to Indonesian households; and
7. Exploration of options to finance adaptive social protection.

These joint results would not have been possible without pooled funding from the Joint SDG Fund and COVID-19 MPTF. It pushed different UN entities to work, advocate, and communicate together under the joint programme. Such pooled funding mechanisms are vital for the success of UN reform implementation at the country level.

By UN Resident Coordinator Office, Indonesia

Recommendations for action

“This compact is fundamentally about two things. Firstly, Member States and UN agencies must be convinced of the benefits of behaviour change. And secondly, and most importantly, it’s about aligning funding with what programming countries are asking for in their national development strategies.”

– H.E. Mr. Jonathan Guy Allen, Deputy Permanent Representative of the United Kingdom to the UN, 23 May 2019

This section presents recommendations for actions by UN Member States, UNSDG entities and UN Country Teams, as well as UN DCO.

For UN Member States

- Seize the opportunities that the new generation of UN Cooperation Frameworks offer when calling for improved coordination and alignment between the UN, governments and civil society.
- Improve awareness of the Funding Compact by communicating its added value and shared purpose to embassies and development cooperation sections at the country level.
- Ensure that operationalising the Funding Compact, and especially its parameters, is on the agenda of country-level meetings between Heads of Embassies, Operations and Sections for Development.
- Consult with non-OECD countries and bring them into discussions on how to strengthen the UN funding base collectively at the country level.
- Initiate and maintain regular strategic dialogues on the Funding Compact with host governments, multilateral development banks and other international financial institutions as relevant.
- Communicate the value of policies that enable local decision making (for example, in mission guidelines and government budget appropriations) and emphasise the importance of aligning funding modalities with Funding Compact commitments.
- Improve the efficiency of centralised funding procedures by integrating Funding Compact commitments in headquarters-level analysis.
- Participate in strategic dialogue processes and thereby improve the quality of multilateral responses and experience the value of more coordinated, predictable and flexible UN funding.
- Utilise Integrated National Financing Frameworks for the SDGs so that resource flows and departmental mandates join with UN mandates and resources in mutually reinforcing ways, reducing silo approaches.

In terms of specific recommendations that could increase quality of funding by adapting procedures to the Funding Compact, Member States should:

- allow for more multi-year agreements;
- designate a portion of agreements as flexible, or build in other dynamic aspects which allow the UN to adapt to changing environments in an agile way, without being micromanaged;
- build trust through coordinated follow-up and review of results;
- invest comparative bilateral comparative advantage by integrating bilateral priorities in joint approaches; and
- monitor and contribute to strategic results by aligning with joint stakeholder results follow-up of the UN strategy in the country.

For UN Country Teams and UN Entities

- Provide clear guidance to all UN country offices on how the Funding Compact should be utilised by the UN Country Team and the donor community in their funding dialogues about new UN country strategies.
- Strengthen alignment between Cooperation Frameworks and bilateral strategies through joint analysis and planning, which can enable improved dialogue on strategic funding.
- Make use of UN INFO as a collective financing and funding knowledge database for making strategic decisions and communicating results, and incorporate it in existing strategic funding dialogue processes between Member States, host governments and the UN.
- Explore, together with Member States and host governments, the private sector and civil society, options for more strategic resourcing of the SDGs, including through INFFs and transformative joint programmes.
- Improve internal corporate messages about the Funding Compact to ensure UN entities reinforce rather than undermine each other due to competition over limited funds.
- Improve the visibility of Member State contributions to the UN and their benefits for host countries to create further incentives for UN Member States to increase flexible funding.

- Create incentive structures for senior leaders who advance the Funding Compact, collaborating and collectively leading UN Country Teams under the coordination of the Resident Coordinator.

For the UN Development Coordination Office

- Encourage Resident Coordinators to engage in strategic dialogues with Member States on how to operationalise the Funding Compact at the country level. These dialogues could be co-led/ chaired by the UN and the country programme government and could be held in conjunction with stakeholder discussions on the new UN Sustainable Development Cooperation Framework.
- Consider strengthening global monitoring by piloting a mixed team of Member State and UN representation, identifying positive examples and obstacles at the country level, jointly reporting back to executive boards.

Concluding remarks

“Working together, we have made history in creating a fully dedicated coordination function for development at the heart of the United Nations. As COVID-19 reminded us, this was both necessary and urgent to ensure the UN remains relevant and responsive to the challenges of the 21st century ... The time has come to leverage our reforms and maximize the impact of our coordination function.”

– Ms. Amina J. Mohammed, UNSDG Chair and Deputy Secretary-General
United Nations, 19 May 2020

The UN system at the country level has put in place holistic strategies for more coordinated, comprehensive and transformative responses to host-country development needs. However, this concerted effort is being undermined by information deficiency with regards to the Funding Compact and continued high levels of earmarking and ad-hoc project support from Member States.

The simplistic view of the UN as just another implementer in a crowded field, or as a multilateral bureaucracy competing for visibility with Member States, is outdated and no longer valid. In fact, a number of Member States have made significant contributions to the UN’s transformative funding tools, but these need to be supported by other Member States if the SDGs are to be met. Member States also need to recognise the slow pace of change and their own role in changing funding patterns to catalyse transformation and meet the SDGs.

The findings from the country consultations suggest a mixed picture: one of missed opportunities, coupled with a somewhat weak light of hope. Sincere efforts

to change old patterns of funding behaviour are ongoing but still too few in number to be described as effective. The scarce resources available for development activities are predominantly earmarked or designed by individual entities to deliver their own mandates and safeguard operational costs. Too often, they lack the synergies of cross-agency and multi-stakeholder approaches.

At the same time, the findings point to encouraging examples of joint efforts across entities, putting in place potentially game-changing funding models at the country level. To take one example, the catalytic positive effects of the global Joint SDG Fund create incentives for change in UN Country Team programming behaviour. The Country Teams accessing and leveraging resources through these channels are breaking down silos and advancing the integrated approaches required by the SDGs and called for by Member States.

In this context, the Funding Compact is a potential beacon in a crisis. It is a framework for change with a double meaning. First, it responds to a crisis

in funding which, if unresolved, will reduce the resilience of individual countries and the global economy to future social and economic shocks. Second, it is a vehicle for advancing multilateral responses as a necessity. Its value, amplified by the effects of the COVID-19 pandemic, lies in its potential for greater coordination between UN Member States, utilising the UN as a multilateral development and normative resource.

It is therefore of great concern that, despite the common global goals of the 2030 Agenda, the joint commitments made by Member States and UNSDG entities in the Funding Compact and the unprecedented and ongoing global pandemic, there is little discussion at the multilateral level about how to accelerate smart investments in future multilateral responses. Nor do there appear to be any significant and ongoing discussions about the future costs of not investing in greater resilience and shared prosperity.

In fact, it is a sobering exercise to contrast discussions on constrained resources with the reasons why individual Member States revert to short-term agreements or bilateral project funding rather than finding ways to increase their share in multilateral investment. Following the landmark agreements that created the 2030 Agenda and the Addis Ababa Agenda for Action, the global response to the estimated funding needs for realising the SDGs has been dismissive. The same observation applies to budgets for implementing global strategies on climate financing to meet commitments to the Paris Agreement.

Will the initial mixed successes in the implementation of the Funding Compact influence and invigorate UN leadership to further push for improved coordination at the country level? Will host governments see the critical importance of the UN as a potential catalytic resource for leveraging its own SDG agenda, investing taxpayers' funds and blending non-state resources and civil society capacities to leverage development?

Will UN Member States continue to argue about the definitions of costs and investments in order to reduce budgets for prevention, development and sustainability? Or will the current crisis motivate UN Member States to utilise the full potential of the Funding Compact and other strategic tools for change, in support of improved quality, quantity and predictability of funding, as a collective investment in future resilience and shared prosperity?

The UN remains critically vulnerable in its funding base. It is unique among multilateral institutions for the fact that it is predominantly supported, by its Member States, through earmarked and ad-hoc funding. The number of Member States providing flexible core funds needs to increase. System-wide approaches emphasising improved coordination and joint programming at the local level will accelerate and improve our chances of realising the SDGs by the end of the Decade of Action.

As a framework for strategic change, the Funding Compact offers great potential benefits for Member States and UN entities alike. The opportunity at hand, from a country-level perspective, is that there is a growing interest in and awareness of this potential among UN Member States. This partly reflects the UN's push for renewal as an organisation but is also a predictable consequence of the effects of the COVID-19 pandemic, and the ensuing calls for joint action. However, the opportunity to make strategic choices is limited, and while there remains scope for joint and strategic funding dialogue processes to advance results, this requires collective leadership.

Annex A: Methodology

Background

This project was initiated in early 2020 and developed as part of a partnership between the Foundation and DCO, with the aim of supplementing ongoing global monitoring of commitments made by UN Member States and UN system entities as part of the UN Funding Compact, using qualitative and analytical evidence from six country contexts.

Following the outbreak of the COVID-19 pandemic, the Foundation was forced to adjust to rapidly changing circumstances and revise its project planning accordingly. A decision was made to focus on addressing the needs and knowledge gaps of selected Member States (Guatemala, Indonesia and Jordan) in understanding how global funding flows might be harnessed to mitigate the impacts of the pandemic while promoting a sustainable recovery in line with the 2030 Agenda for Sustainable Development.

This first phase of the project resulted in a report, published in July 2020, entitled *Staying the Course: Funding effective UN responses to COVID-19 while protecting the 2030 Agenda*.¹³ While country consultations planned for the second half of 2020 were delayed, the Foundation used this time to carry out desk research and liaise with the respective UN Country Teams.

Country selection

The findings presented in this report are informed by consultations conducted in six countries: Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea. Country selection was carried out in consultation with DCO, factoring in geographic diversity, socio-economic context and diversity in funding needs and structures. The intention was

to include perspectives from middle-income, low-income and fragile contexts (as defined by the World Bank), and on financing instruments that range from hard earmarking and assessed contributions to new financing initiatives and models.

Three countries were selected in the initial sample: Guatemala, Indonesia and Jordan. Guatemala (Central America) is an upper middle-income country in which most funding for development from the UN system is heavily earmarked. Indonesia (Southeast Asia) transitioned from a lower middle-income country to an upper middle-income country during the course of the study and is characterised by a mix of core and earmarked funding in which development aid has a diminishing role. Jordan (Middle East and North Africa region) is an upper middle-income country and exhibits a humanitarian context with heavy earmarking.

Facilitated by a shift towards virtual consultations due to the COVID-19 outbreak, the country sample was expanded to include three additional countries: Kenya, Malawi and Papua New Guinea. Kenya and Malawi (Africa) are both lower middle-income countries with a mix of core and earmarked funding. Papua New Guinea (Asia-Pacific) is a fragile, lower middle-income country with heavily earmarked funding.

For each country, the Foundation developed an overview of the UN Country Team's funding footprint, using data from the UN Multi-Partner Trust Fund Office (MPTF Office), including annual data from the UN System Chief Executives Board for Coordination, data on operational activities from the UN Department of Economic and Social Affairs, data on pooled funds and country-level

financial overviews from the MPTF Office, as well as the Stockholm Environment Institute's Aid Atlas platform, which uses data from the OECD's Creditor Reporting System and World Bank country classifications. These overviews have been presented at each UNCT/RC meeting

Qualitative data collection

The qualitative data that forms the basis for this analysis was collected between November 2020 and March 2021 via questionnaires (tailored to different constituencies), web-based consultations and selected follow-up interviews with UN agency and Member State representatives. The original method for data collection, which required in-country consultations, was not possible due to travel restrictions as a result of the pandemic. Country consultations were coordinated through Resident Coordinator Offices (RCOs), which also supplied interested agencies and donors with resource documents on the Funding Compact, as well as on the current initiative.

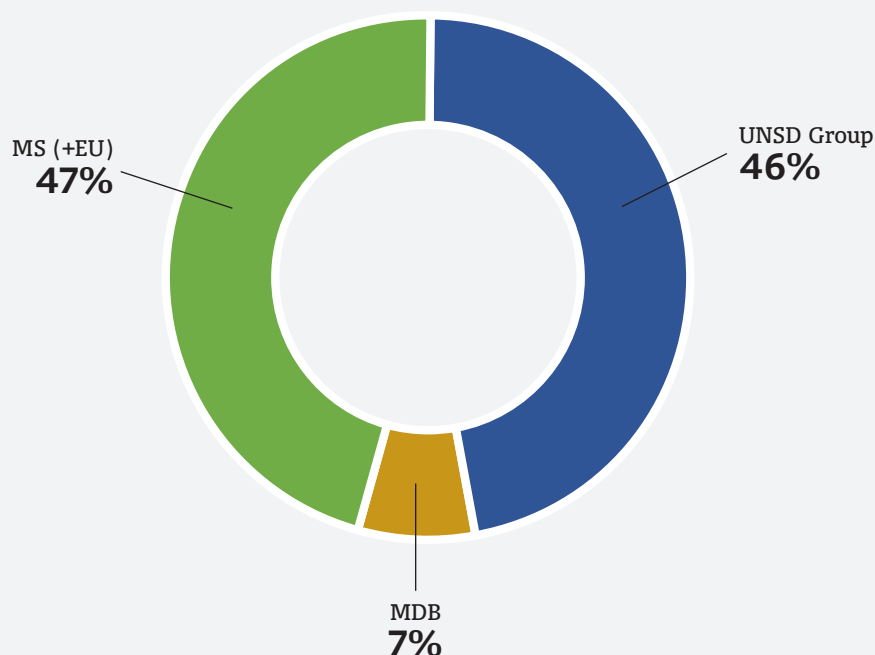
Overall, the Foundation interacted with the entire UN Country Team in five of the six countries, comprising a large cross-section of the UNDS. The subsequent and in-depth follow-up interviews

included 30 different missions and agencies, in six different country contexts across four continents.

The sample of follow-up interviews represented 14 different UN agencies, 14 Member States (including the EU) and two multilateral development banks (see Figure A.1). In total, more than 60 interviews were conducted. In terms of representation, the interviewees from UN Country Teams represented 40 per cent of all UN Sustainable Development Group entities (14 out of 34 in total). In terms of UN Member States, the Foundation interviewed representatives from the top 11 members of the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) in terms of their UN contributions, which account for over 60 per cent of the total amount contributed to UN operational activities.¹⁴

In terms of geographic spread, 24 interviews involved discussions with UN entities active in either one or two of the six country contexts. Three UN entities interviewed discussed the Funding Compact in three distinct country contexts. The discussions with the EU delegation involved four of the selected countries, while the interview with representatives from UNDP focused on five of the six country contexts.

Figure A.1: Sources of responses



Given that UN Country Teams vary widely in terms of size, we believe that the sample is roughly equivalent between the six countries (see Figure A.2). In terms of the total number of responses per country, the highest number of responses were received from Jordan, and the lowest from Guatemala.

In all but one of the selected countries, the Foundation addressed the UN Country Team’s monthly meeting to provide information about the project and invite individual team members for follow-up questions. In one case, due to the time difference, the RCO informed the Country Team and provided the necessary information. The Foundation believes the total number of interviews represents a good data sample on which to base its findings. An overview of all interviews by country, by source and by type can be found in Annex C.

Limitations

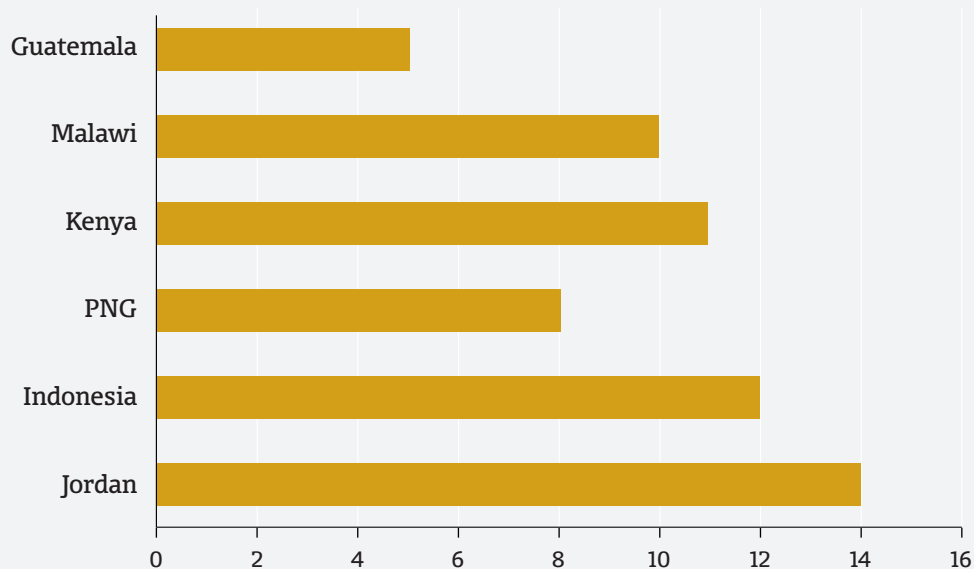
The Foundation originally planned to collect data through in-country consultations with RCOs, UN Country Teams and Member State representatives. However, the COVID-19 pandemic limited international travel; as a result, consultations were moved online. While in-person interviews would have been beneficial in building trust and confidence on sensitive issues, virtual meetings helped generate a

broader reach and an expanded country-case sample for the study. RCOs were very accommodating in helping to facilitate interviews, and all who were interviewed emphasised the importance of the study and are keen to engage in similar discussions beyond this report.

Responses have been of varying quality, depending on country context. Those with greater knowledge of the Funding Compact were more receptive to engage with the study than those without. In general, it is our impression that UN Country Team representatives were more willing to engage with the study than Member State representatives.

Despite several attempts, the project team was unable to reach any non-OECD-DAC countries for a written or verbal interview. Although these countries only finance 7 per cent of the total contributions to UN operational activities, their views are important. More needs to be done to engage these countries in dialogue on how to optimise funding and financing at the country level – and on how the Funding Compact could act as an agent to do so. Several OECD-DAC members interviewed also underlined the importance of engaging non-OECD-DAC countries on the Funding Compact in order to avoid discussions focusing too heavily on traditional donors.

Figure A.2: Consultation responses by country



Annex B: Overview of Funding Compact commitments

UN Member States	UN Sustainable Development Group (UNSDG) entities
Aligning funding to entity requirements	Accelerating results on the ground
<ol style="list-style-type: none"> To increase core resources for the UN development system To double the share of non-core contributions that are provided through development-related inter-agency pooled funds and single-agency thematic funds 	<ol style="list-style-type: none"> To enhance cooperation for results at the country level To increase collaborations on joint and independent system wide evaluation products to improve United Nations support on the ground
Providing stability	
<ol style="list-style-type: none"> To broaden the sources of funding support to the United Nations development system To provide predictable funding to the specific requirements of United Nations Sustainable Development Group entities, as articulated in their strategic plans, and to the United Nations Development Assistance Framework funding needs at the country level To provide adequate, predictable and sustainable funding to the resident coordinator system budget 	<ol style="list-style-type: none"> To fully implement and support the functioning of the new resident coordinator system
Facilitating coherence and efficiency	Improving transparency and accountability
<ol style="list-style-type: none"> To facilitate and support the implementation of the efficiency measures where relevant and possible To fully comply with cost-recovery rates as approved by respective governing bodies To harmonize reporting and visibility requirements for earmarked contributions at the country level, in line with the principles of national ownership and leadership 	<ol style="list-style-type: none"> To improve reporting on results to host Governments To present clear funding frameworks for each United Nations Development Assistance Framework, with levels and types of funding required To improve the clarity of entity-specific strategic plans and integrated results and resource frameworks and their annual reporting on results against expenditures To strengthen entity and system-wide transparency and reporting, linking resources to Sustainable Development Goal results To improve the quality and utility of United Nations Development Assistance Framework evaluations To increase the accessibility of corporate evaluations and of internal audit reports, within the disclosure provisions and policies set by governing bodies at the time of report issuance To increase the visibility of results from voluntary core contributions, pooled and thematic funds and programme country contributions

Increasing efficiencies

11. To implement the Secretary-General's goals on operational consolidation for efficiency gains
12. To fully implement and report on approved cost-recovery policies and rates
13. In consultation with respective governing bodies as appropriate, to improve comparability of cost classifications and definitions and enable greater transparency across time and between United Nations Sustainable Development Group entities
14. To increase the efficiency and effectiveness of development-related inter-agency pooled funds

Source: UN General Assembly and UN Economic and Social Council, 'Report of the Secretary-General: Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019: funding compact', A/74/73/Add.1-E/2019/14/Add.1, 2 April 2019, <https://undocs.org/A/74/73/Add.1>, pp. 11–18.

Annex C: Overview of respondents by source, country and type

Questionnaire respondent/ interviewee	Type	Jordan	Indonesia	PNG	Kenya	Malawi	Guatemala	Total
ADB	MDB		×	×				2
Australia	MS		×	×				2
Belgium (Flanders)	MS					×		1
Canada	MS	×	×					2
Denmark	MS		×					1
EU	MDP		×	×	×	×		4
FAO	UN			×		×		2
France	MS	×						1
Germany	MS		–		×			2
IFAD	UN					×		1
IOM	UN	×						1
Ireland	MS					×		1
Japan	MS	×	×					2
The Netherlands	MS	×	×					2
Norway	MS				×	×		2
Resident Coordinator's Office	UN	×/UNCT meeting	×/UNCT meeting	×/written response	×/UNCT meeting	×/UNCT meeting	×/UNCT meeting	6
Sweden	MS	×						1
Switzerland	MS				×		×	2
UNDP	UN	×	×	×	×	×		5
UNESCO	UN	×						1
UNFPA	UN		×			×		2
UNHCR	UN	×			×			2
UNICEF	UN	×		×			×	3
UNOPS	UN				×			1
UNRWA	UN	×						1
UN Women	UN	×			×		×	3
USAID	MS			×	×			2
WFP	UN	×	×			×		3
WHO	UN				×			1
World Bank	MDB						×	1
Total	30	14	12	8	11	10	5	60

Notes: MDB = multilateral development bank; MDP = multilateral development partner; MS = Member State; UN = United Nations (programme, entity or agency); UNCT = UN Country Team.

Endnotes

- ¹ See Financing the UN Development System: Time to Walk the Talk (Uppsala/New York: Dag Hammarskjöld Foundation and UN Multi-Partner Trust Fund Office, 2020), <https://www.daghammarskjold.se/publication/unds-2020/>, p. 45 (Figure 14).
- ² United Nations General Assembly Resolution 71/243 [Quadrennial comprehensive policy review of operational activities for development of the United Nations system], 21 December 2016, <https://undocs.org/en/A/RES/71/243>.
- ³ UN General Assembly Resolution 72/279 [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], 31 May 2018, <https://undocs.org/A/RES/72/279>.
- ⁴ Dag Hammarskjöld Foundation and Multi-Partner Trust Fund Office (2021). Financing the UN Development System: Time to Meet the Moment. <https://www.daghammarskjold.se/wp-content/uploads/2021/08/dhf-financial-report-time-to-meet-the-moment-2021-web-final.pdf>; German Development Institute (2020). Earmarking in the Multilateral System: Many Shades of Grey. Bonn https://www.die-gdi.de/uploads/media/Study_101.pdf
- ⁵ UN General Assembly and UN Economic and Social Council, 'Report of the Secretary-General: Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019: funding compact', A/74/73/Add.1–E/2019/14/Add.1, 2 April 2019, <https://undocs.org/A/74/73/Add.1>.
- ⁶ UN Economic and Social Council Resolution 2019/15 [Progress in the implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system], 8 July 2019, <https://undocs.org/E/RES/2019/15>.
- ⁷ A UN inter-agency body composed of all Heads of Agencies present at the country level.
- ⁸ UN General Assembly and UN Economic and Social Council (note 3), p. 4.
- ⁹ General Assembly (2020). Resolution adopted by the General Assembly on 21 December 2020. Quadrennial comprehensive policy review of operational activities for development of the United Nations system . A/RES/75/233 <https://undocs.org/en/A/RES/75/233>
- ¹⁰ General Assembly (2021). Review of the functioning of the resident coordinator system: rising to the challenge and keeping the promise of the 2030 Agenda for Sustainable Development. A/75/905 <https://undocs.org/A/75/905> . P.46. See also: P.7 'the deeper shift in behaviour and entity business models is still a work in progress. This needs to change.'; p.10 'Achieving such change would not come about easily: it would require a behaviour and mindset change'.

- ¹¹ MOPAN (2021). *Is this time different? UNDS Reform: progress, challenges, and opportunities, Lessons in Multilateral Effectiveness*, Paris.
- ¹² The common UN instrument for planning and implementation of development activities at country level.
- ¹³ *Staying the Course: Funding effective UN responses to COVID-19 while protecting the 2030 Agenda* (Uppsala: Dag Hammarskjöld Foundation, 2020), <https://daghammarskjold.se/publication/staying-the-course>.
- ¹⁴ See *Financing the UN Development System: Time to Walk the Talk* (Uppsala/New York: Dag Hammarskjöld Foundation and UN Multi-Partner Trust Fund Office, 2020), <https://www.daghammarskjold.se/publication/unds-2020/>, p. 45 (Figure 14).

This report explores the extent to which the potential of the Funding Compact – a strategic framework for change mutually welcomed by United Nations Member States and UN entities – has been fulfilled. Based on extensive consultations in six countries – Guatemala, Indonesia, Jordan, Kenya, Malawi and Papua New Guinea – it aims to serve as a resource to deepen awareness and understanding of the Funding Compact, and of its usefulness in enabling the UN system and its Member States to jointly and efficiently deliver development results.



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 aims to advance dialogue and policy for sustainable development, multilateralism and peace.

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