

UNITED NATIONS



NATIONS UNIES

Statement by

Ms. Amina Mohammed
Deputy Secretary-General of the United Nations

Economic and Social Council
Operational Activities for Development Segment

Session V

Revitalizing the UN development system's funding architecture: Towards a Compact

Wednesday, 28 February 2018

Draft 27 February 18:30

Your Excellency, Mr. Marc Pecsteen de Buytsverve, Vice-President of ECOSOC
Excellencies,
Ladies and Gentlemen,

It is a pleasure to open this session on revitalizing the funding architecture of the UN development system.

Our funding base, today, is not fit to deliver on the 2030 Agenda.

Yes, overall volumes have continued to increase in the last 15 years – improving people's lives around the world.

But earmarked contributions have grown six times faster than core contributions.

Today, core resources make up only 22 per cent of total contributions – a 40 per cent reduction since 2002.

In other words, close to 80 cents out of every development dollar is subject to strict earmarking.

Earmarking has also become ever more specific – with 91 per cent of all non-core funds flowing to single entity projects.

All of this comes at a price.

The development system is more dependent on the fluctuations of project-related resources less flexible to respond to changing national needs and more prone to needless bureaucratic battling for funds.

This approach has high transaction costs.

The system often loses the ability to maintain a long-term strategic focus on a country's key development challenges.

As the substantive focus and destination of funds are determined by those providing the resources, it also dilutes our collective accountability to governing bodies.

Ultimately, those most affected are the countries we support and the people we serve.

Excellencies,
Partners and colleagues,

As the Secretary-General has said – a fragmented funding base delivers fragmented results.

Member States recognized this in the QPCR resolution. You called for improvements in the level, predictability and flexibility of the system's funding base.

In response, the Secretary-General has proposed a Funding Compact.

It is conceived as a pact between the UN system and its Member States to ensure the level, predictability and flexibility of funding, with the system in turn guaranteeing increased transparency and accountability for spending and system-wide results.

In designing the Compact, we have taken a pragmatic approach. Principles are well captured in existing resolutions.

Now we need concrete commitments and specific targets.

This is a compact for action.

We are committing to a series of measures that will dramatically improve the transparency and accountability of resources entrusted to us for system-wide activities.

Our request also includes specific targets covering three dimensions:

First, ensuring a healthier percentage of core budget to individual entities across the system. Core allows entities to be more effective, flexible and strategic partners to countries, and more collaborative members of our new generation of UN Country Teams.

Second, giving a new impetus to pooled funding to improve the quality of earmarked funds. We propose immediate action through two specific interagency funds – the new Joint Fund for the 2030 Agenda, capitalized at \$290 million, and an increase in resources for the Peace Building Fund - as well as a commitment to double the current share of pooled funding from 8 per cent to 16 per cent.

Pooled funding brings proven benefits. Pooled funds incentivize UN collaboration, ensure better alignment to national priorities and reduce transaction costs.

Third, funding the core capacities of the Resident Coordinator system through assessed contributions, to ensure predictability and ownership across the membership. This would be a logical step as the Organization repositions sustainable development at the heart of its work.

We all know that, today, our development coordination function is vastly underfunded.

In many countries, Resident Coordinators lack the basic staffing capacities to credibly lead the sustainable development activities of the United Nations in support of countries.

We need to address this structural gap.

The total cost for a more robust coordination function is an estimated \$255 million.

An investment of the equivalent of just 1 per cent of the annual contributions for operational activities for development would return huge dividends -- a more robust coordination function, value for money and results for people.

Excellencies,
Ladies and Gentlemen,

The ambition of the 2030 Agenda cannot be matched by a system designed to respond to yesterday's needs.

We need to nail down the fundamental elements and targets of the funding compact.

We need building blocks, on which to continue the discussion on whether there are additional elements that can be added now or through a regular funding dialogue where we can jointly review progress and adjust the compact over the years.

Repositioning the United Nations development system is our collective responsibility, and the Funding Compact -- perhaps more than any other proposal -- embodies this spirit.

It will challenge both Member States and the system to review the way we operate and approach funding. It will demand strong commitment on all sides.

But I have no doubt that together, we can do it.

And when we do it, we keep our most important compact -- to better the lives of the people we serve.

Thank you.