



## ECOSOC Operational Activities Segment 2021

### IMPLEMENTATION OF THE FUNDING COMPACT – Wednesday 19 May

#### Presentation by Robert Piper, Assistant Secretary-General, UN DCO

Ambassador Kyslytsya, Vice-President of ECOSOC,

Excellencies, Distinguished panelists, ECOSOC members.

It is my pleasure today to present on the status of Funding Compact results after two years of implementation.

The endorsement of the Funding Compact between Member States and UNSDG entities in 2019 marked a milestone in our efforts to transform the UN development system. At its heart, the mutual commitments in the Funding Compact recognized that a fundamental shift is required by both the UN and by Member States to underpin these reform efforts with a financing strategy. This is critical to enable the transformative action needed to support achievement of the 2030 Agenda.

The Funding Compact is not focused so much on the volume of funding coming to the UN development system. Rather, it is about the quality of funding addressing high levels of earmarking and fragmentation in funding. It is also about how that funding is managed; so it also includes commitments to ensure a more results-focused, transparent and accountable, and efficient use of resources by the development system itself.

The Secretary-General's report to ECOSOC shows that progress on the Funding Compact is being made, but not as rapidly or comprehensively as is needed. For both Member States and the UN development system, it is very important that the commitments in the Funding Compact be driven forward seriously in 2021.

The Compact has **three major commitment areas for Member States**.

The **first set of commitments relate to aligning funding to entity requirements**.

On the positive side, there was a considerable increase between 2017 and 2019 in the share of non-core funding for development activities that were channeled through interagency pooled funds (from 5% to 9%), and thematic funds (from 2.6% to 5.5%). This is excellent and hopefully these trends continue. The SG spoke yesterday about the importance of these funding instruments.

On the other hand, core funding as a share of overall development funding remains low, with almost no change between 2017 and 2019 (now 19.6%). Likewise, funding to flagship global pooled funds – the Joint Fund for the SDGs and the Peacebuilding Fund – remains much lower than the annual targets. Increasing flexible contributions to core funding and to global pooled funds are necessary if the UNDS is

to move away from a more projectized model and towards policy support that is integrated, uses the full assets of the UN, and is tailored to national context.

**The second set of Member State commitments aims to provide more stability to UNDS funding.**

Progress here is also mixed. While the bigger entities have seen an increase in multi-year commitments, a number of UNDS entities with smaller budgets still receive most contributions on a year-to-year basis. A lot more progress is needed in broadening the number of member state contributors – to individual entities, to pooled funds, and to the RC system budget. And while the 1% levy is so far slightly exceeding projections, annual voluntary contributions to the SPTF are yet to cover the needs for the RC system globally.

**The third set of commitments by Member States are in support of increased coherence and efficiency.**

These commitments also need more attention by Member State contributors. Despite some improvements, some donors continue to request cost-recovery waivers in particular circumstances, or call for specific reporting and harmonization requirements without harmonizing with other donors. There is a need for more harmonization and standardization of donor approaches to help decrease fragmentation in funding conditions.

We also seek Member States' support to roll-out common premises with some of the upfront investment costs. The Business Innovations Group has started discussions with some Member States in this regard, but no significant contributions have so far been identified; we remain behind in the timeline for achievement of common premises targets.

**Turning now to the UN development system side of the Funding Compact, which also has three main commitment areas.**

**The first set of commitments are focused on accelerating results on the ground.**

We've seen a real shift in this regard during 2020, with regards to collective delivery and measurement of results on COVID-19, and we are expecting further progress this year with the finalization and roll-out of a number of new Cooperation Frameworks, universal development of annual results reports, and getting more and more UNCTs onto the UN INFO platform. Our reporting on COVID programmatic results have shown us what is possible.

The UN Evaluation Group is also working actively to expand system-wide evaluation products. The proportion of Evaluation Offices participating in Joint Evaluations has increased from 29% to 55% in two years. The UNDS-wide policy for joint and system-wide evaluations is being established this year, together with the system-wide evaluation office – which will help drive these indicators towards their targets by the end of the year.

**A second set of commitments – seven in total – relate to increasing transparency and accountability on funding.**

There are some great examples of progress against these commitments – but we expect a lot more momentum over the year to come. As more Cooperation Frameworks are developed, we will see more country-specific (and better quality) Funding Frameworks, more and better-quality annual results reporting to Governments, and – eventually – a more thorough roll-out of Cooperation Framework

evaluations. The areas where most progress are needed are all areas for focus for the UNSDG in 2021 and early 2022.

In the meantime, all UNSDG entities have started sharing financial data with CEB, with a significant proportion (87%) now disaggregating this information by country. Despite some progress with disaggregating expenditures by SDG, more efforts are needed here, especially with entities that are covered by the Secretariat and with requirements set by the Fifth Committee of the General Assembly.

Information regarding the Special Purpose Trust Fund is now trackable via an online platform, and the percentage of evaluations made available on a centralized UNEG platform has shot up from 21% in 2018 to 71% - with an expectation that this figure will very soon be at 100%. One area that is yet to be implemented, on the other hand, is the establishment of a dedicated online platform to centrally share audit reports – we expect this to be up and running by end of this year.

We are confident we can make some quick progress on some indicators with an extra push over the coming year. This includes the implementation of international transparency standards by all UNSDG entities – including the Secretariat and its departments and offices – and the holding of structured dialogues on funding development results in all governing bodies.

Other areas will require a major system-wide effort this year – in particular the reporting of SDG results building on the experience of COVID-19 reporting, and drawing on UN-INFO reporting across all UNCTs. We need all governing bodies to support entities with any necessary changes to reporting systems to allow for alignment with the UN-INFO platform and minimize duplication.

**The last group of UNDS commitments relate to increasing efficiencies.**

Again, here, there is a mixed picture. Since the launch of the revised Business Operations Strategy approach last year, and the online BOS platform, development of the BOS by UNCTs has been rapid, and we are fast approaching 100% development – well ahead of target. Likewise, virtually all UNSDG entities have now signed onto the High-Level Framework on Mutual Recognition.

However, targets are not on track with respect to Common Premises (currently 22%, well below the 50% target established in the Compact).

Two important commitments are well underway under the efficiency rubric – the development of a system-wide approach on cost-definitions and classifications (a process being led by UNICEF and involving controllers offices across the system), and the agreement of common management features across inter-agency pooled funds. These two areas will also be major focuses for scaled up implementation in 2021, with a view to meeting the deadlines by the end of the year and feed into reporting to next year's ECOSOC.

**Improving the funding for the UNDS is absolutely critical.**

The quality, predictability and coherence of funding is a pre-requisite for a more integrated, tailored, strategic and coherent UN support to the 2030 Agenda.

The UNSDG is scaling up its implementation in areas where indicators are not moving fast enough and more progress is needed.

But we also need to see more progress on the Member State side. We hope that dialogue between Member States on their commitments and how to increase implementation and accountability can take place in the coming months.

Thank you.