

Additional ITA Comments and Reflections on the Funding paper

- UN Agencies have fiduciary accountability towards their own HQ and not towards on central UN entity. Consequently resident coordinator or the One leader coordination team is not fiduciary empowered to strategically direct the individual agencies at country level. Although the UNDAF is a joint strategic framework its enforcing power rests on a) alignment willingness of the agencies; b) resource availability; c) strength of the mutual accountability among UN country team members.
- From Government's perspective, small projects with different agencies are transaction cost heavy. UN also tends to spread out too widely and thinly which is not optimising resources and at times hampers meaningful impact.
- Coordinating NGOs and ensuring strategic alignment with national priorities is a challenge likewise how UN is aligning its resources with national priorities.
- The World Bank has a planning process that ensures a closer partnership and a government buy-in. The government with the WB sits down and look at the priorities and gaps of the government. The WB country strategy develops from it. Also the WB strategy demands monetary input from Government, although symbolic amount it signifies the commonness and alignment of priorities.
- Financing achievement of the SDGs is a common responsibility. Increase of UN membership fees to common pool of funds is an option (based on a model, according with GDP and other economic and social indicators) as well as looking at expanding fee solutions like the air levy promoted by UNITAID.
- UN can certainly have a role in leveraging domestic resources.
- To strengthen the UN's common planning and strategy at country level, central coordination and strategic planning needs to be empowered.
- UN to have resources for responding to emerging needs to allow flexibility and responsiveness.
- The funding paper introduces a special category of global challenges requiring collective action and proposes a vertical fund for resourcing them. This directly undermines the SDGs. Also, vertical funds tend to silo agendas further.
- Are the levies proposed in the funding aimed at raising more resources or integrating various processes? In any case, the purpose of these levies is not clear. The idea of a levy has already been floated as part of the Grand Bargain, so perhaps the paper should follow those discussions before deciding whether or not they work.
- The funding paper also discusses a new form of earmarking that doesn't quite sound right. They are probably trying to get greater investment in and monitoring of aid outcomes, but it is not clear that further earmarking is the way to achieve this.
- A very high volume of resources are allocated to humanitarian assistance with extremely low efficiency (enormous evidence has been gathered over the years). Humanitarian assistance has

to be reformed totally under the umbrella of the development function in an integrated perspective.

- The new funding architecture can't avoid highlighting the capacity development issues regarding national revenue collection.
- A reference to the fight against illicit financial flows (notably tax evasions) is important as it constitutes a critical segment of domestic resources mobilization.
- Capacity and quality of the policy support is still an issue. Therefore it is very important to synergy with the BWs Institutions such as the World Bank and the Regional Banks. They have the capacity and the pool of funding to complement SDGs implementation at country levels.
- Roles of Regional Office are unclear. Are their existences commensurate with the resources and funding being allocated?
- The importance of empowering and strengthening the role of the RC with respect to authority, financing, and communicating the RC role within the UN entities and with local and international partners.
- It is also important to diversify resources and establish new partnerships with new donors in addition of course to the current financial situation (core and non-core).
- Cost sharing, countries to mobilize resources and implement, UN role is to support, help in policies, systems, knowledge base and infrastructure, and Institutional Capacity Building.
- It is important to identify the reasons for the reduction of core funding and the increase of non-core funding. We should not shy away from mentioning the inability of UNDS to achieve significant reform. Although it is true that non-core funding gives the donors more control and political power, it is also true that the lack of trust is one of the reasons for the decrease of core funding. This is something we have to deal with under governance.
- The main problem under funding is not core or non-core resources. It is rather earmarked or non-earmarked funding. This is where we have to be bold. We could for example propose that country earmarking becomes exceptional. It makes sense in cases of crisis or emergencies but for the rest we should preserve the multilateral aspect of the UNDS. If the UNDS has a real added value, the donors will not reduce their funding because of such a recommendation. It is therefore important to consolidate the added value of the UNDS to make it indispensable for donors in specific areas and for specific functions.
- Concerning the different models and mechanisms of funding mentioned in the paper, some have been tried and were not success. Is it appropriate to propose them again as possible solutions?
- The paper focuses, and rightfully so, on securing more resources for the UNDS in order to allow it to implement the SDG's. However we cannot exclude from a paper on funding the absolute necessity to decrease the cost of the UNDS. It will be difficult to argue that the resources are used in the most cost effective way. There is great room for cost reduction (overlap in mandates, heavy and fragmented field presence, heavy structures...).
- While recognizing the importance of providing as many options as possible, it's also critical in identifying real practical options which merit further elaboration and exploration. Some of the

options just seem to be unfeasible and impractical considering political objections from member states or high management costs incurred.

- The governance structure of the UNDS should be reformed in the way conducive to greater efficiency, transparency, and accountability. It needs to consider the assessments made by donor countries in terms of aid performance and effectiveness. In the meantime, it also should develop a system-wide and integrated result-based evaluation program in country-specific context. The design of evaluation program need to take into account the ideas and views from all member states including the middle-income developing countries, with the evaluation mainly focused on development, environmental, and social impacts while avoiding political elements.
- Based on the reform of governance structure, the UNDS should first aim at increasing steadily core funding resources, which in most cases reflecting trust in the UNDS governance. Considering the increasing role of emerging donors from the middle-income developing countries, they should have more voices in various agencies of UNDS.
- It's important to make the use of non-core funding resources compatible with the long-term sustainable development goals. The UNDS needs to develop common standards for identifying different levels of earmarked funding. There should be a general refusal to accept or surcharges levied for projects or activities targeted earmarked funding, with only the exception of emergency humanitarian assistance. This may decrease to certain extent the funding received by various agencies of UNDS in the short term. However, in the long run, a coherent principle-based approach will definitely increase the trust of international community and potential donors in the work of UNDS, thus followed with increasing funding. For the so-called higher level earmarking, the difficult always lies in the identification of specific funding received. It should be based on further study on the integration of SDGs and potential strategic approaches to achieve the goals.
- Based on a clear understanding of the long-term development goals and approaches to achieve them, the UNDS should make better use of its role as “first mover” or “financial broker” to attract large amount of funding from private sector. The UNDS needs to guide the private sector to make their investment more compatible with SDGs. This also works in building national capacity and mobilizing domestic resources.
- Development levy on humanitarian funding seems illogical and unfeasible. We need a balanced view on the two kinds of funding of humanitarian and development. On one hand, the humanitarian funding needs to be distributed in the way compatible with long-term development goals of the relevant countries or regions. On the other hand, there needs to be parallel use of the development resources in tandem with humanitarian assistance to consolidate development process and mend the gaps caused by humanitarian crisis, for instance, emergency response to public health crisis combined with measures to improve or transform public health administration system.
- Contributions from international resource generation mechanisms such as on air travel or international financial transactions, which have been previously mooted many times as a source of development finance – could be earmarked for core or pooled resources. What about, similarly, the SDR issuance proposal? Greater SDR quotas would be attached to greater assessments. What about voluntary contributions to the UN on national tax forms (drawing on insights of behavioural economics?) We need to think much harder about other such possibilities, currently missing here.

- Needs to be discussion on pooled funds at the national level. Not the same as core funds, especially at the country level the availability of pooled funds may be essential to facilitate inter-entity coordination of activities. As it stands, individual entities may be wary of doing coordinated activities at the field level because there is no place to charge associated expenditures without carefully worked out agreements concerning respective responsibilities.