Implementation of the Funding Compact

ECOSOC 2023 Operational Activities for Development segment

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More and better funding accelerates the SDGs

The premise of the Funding Compact, that adjusting the quantity and quality of funding for operational activities will have a multiplier effect on the implementation of the SDGs, held true.

- Under RC leadership, the UN development system is sharpening its ability to offer integrated policy advice and connect expertise across the system – including non-resident agencies – for specific country needs and priorities.
  - 88% of host governments confirm that Resident Coordinators effectively lead the delivery of strategic support for national plans and priorities
  - 92% agree that the UN adequately provides evidence-based policy advice (vs. 88% in 2021)

- Through $279 million mobilized to 119 UNCTs and an estimated $2.3 billion catalyzed since its creation in 2019, the Joint SDG Fund has reached 188 million people with social protection coverage, supporting Integrated National Financing Strategies in 69 countries, and funding 85 UNCTs to support countries facing the global cost of living crisis.

- Core funding, thematic funds and pooled funds are supporting adequate expertise in UNSDG and UN country teams that are making this possible.
Implementation of the Funding Compact remains mixed

*Source: Department of Economic and Social Affairs, 2023*
A step change in system-wide reporting, transparency and efficiency gains.

For example:

- 100% UNCT annual Results Reports produced
- UN INFO powering the UNSDG Data Portal and other results reporting platforms.
- 71% of UNSDG entities report on efficiency gains to their governing bodies, an Efficiency dashboard is tracking gains

But:

- Less than half (48%) of UN country teams have conducted a gender scorecard exercise in the past four years.
- Only 42% of UNSDG entities report at least 15% of development related expenditures on Joint Programmes
- Only 68% of UN country teams have a common and updated budgetary framework
Member States realized 48% of indicators so far

- Member States exceeded some targets on core and pooled funding:
  - 30.7% of core funding for development-related activities (including assessed), over the 30% target.
  - 12.3% of non-core resources for development related activities channeled through inter-agency pooled funds, over the 10% target.

- But trends remain concerning:
  - The 5 largest contributors account for 50% of total core funding, and the target for voluntary funding for development related activities (excluding assessed) is not met (21.1% instead of 30%)
  - 2/3 of net contributing countries surveyed by DESA have no plans to increase core funding
  - Country-level development pooled funds decreased by 5%
  - Within the past 5 years, cumulative funding to the Joint SDG Fund of a total of $279M has been less than the annual Funding Compact commitment of $290M.
  - Voluntary funding for the RC system remains well below ambition, with only 27 contributors providing $69 million in 2022, and a persistent $80 million gap in 2023. In year 5 of the reform, there has not been a single year with full funding for the RC system to date.
  - The UN development system is the only multilateral channel for ODA that receives fewer core resources than non-core resources.
Top Government Contributors of Core funding for development activities 2018-2021

United States
Sweden
Germany
United Kingdom
Japan
Norway
Netherlands
China
France
Denmark
Canada
Switzerland
Italy
Australia
Belgium
Finland

Core Contributions (millions of United States dollars)
Concerning trends for voluntary core contribution to the UN system

Figure 2: Distribution of total UN system funding by financing instrument, 2010–2020 (US$ billion)

Source: Chief Executives Board for Coordination (CEB)

Financing the UN Development System
Joint Responsibilities in a World of Disarray, September 2022
Joint SDG Fund – Contributions well below ambition

$279M received over the course of 5 years vs. Funding Compact target of $290M every year.

Source: Joint SDG Fund
* Includes signed commitments and pledges

Donors: Sweden, Spain, Netherlands, EU, Norway, Germany, Switzerland, Denmark, Ireland, Luxembourg, Italy, Republic of Korea, Portugal, Monaco.
Special Purpose Trust Fund (SPTF)
voluntary contributions well below ambition

Source: DCO
* Levy = projected amount; Voluntary contributions include contributions, firm and soft commitments

Not a single year fully funded at $281M – with largest gap ever in 2022

Total required: $154m – persistent gap
Total projected: $50m – on track
Total expected: $77.5m – on track

2019: $281m, $118m received, $58m Gap
2020: $281m, $86m received, $77m Gap
2021: $281m, $98m received, $66m Gap
2022: $281m, $69m received, $85m Gap
2023: $281m, $80m received, $74m Gap

UNSDG cost-sharing
Levy
Voluntary contributions
Shortfall
Special Purpose Trust Fund (SPTF)
How to advance the Funding Compact

☑ Hold national consultations on the Funding Compact to spread the word.
   → Studies have shown low awareness of the Funding Compact in capitals and in countries, where funding decisions are made.

☑ Ensure the Funding Compact is fit for purpose.
   → With targets expiring, the Secretary-General asked the Chair of the UNSDG to launch a dialogue with Member States to renew the Funding Compact.
Thank you