Dag Hammarskjöld Foundation
United Nations MPTF Office

Financing the
UN Development System

Choices In Uncertain Times

September 2023

Carbon neutral
Print product
ClimatePartner.com/14796-2309-1001

The *Financing the UN Development System* annual report is a partnership initiative between the Dag Hammarskjöld Foundation and the United Nations Multi-Partner Trust Fund Office (including the UN Development Programme). Full acknowledgement goes to all the authors, data managers and visualisers for their contributions.

This report is supported by a grant from the Swedish government, received by the Dag Hammarskjöld Foundation.

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September 2023
ISBN 978-91-987398-4-8

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Acknowledgements

The annual report on *Financing the UN Development System* is the result of a long-standing partnership between the Dag Hammarskjöld Foundation and the United Nations Multi-Partner Trust Fund Office.

A special thank you goes to the authors for their contributions to this year's report: Alan AtKisson, Heran Ayele, Pierre Bardoux, Christopher Clubb, Pedro Conceição, Larry Cooley, Briony Coulson, Erik Engberg, Sebastian Haug, John Hendra, Donald Kaberuka, Homi Kharas, Erik Korsgren, Johannes F. Linn, Aparna Mehrotra, Vitalice Meja, Suharso Monoarfa, Joyce Msuya, Nada Al-Nashif, Office of the Secretary-General's Envoy on Youth, and the United Network of Young Peacebuilders (UNOY), Marie Ottosson, Charlotte Rivard, Alessandra Roccasalvo, Rachel Scott, Diane Sheinberg, Vera Songwe, Judith Suminwa Tuluka, UN Department for Political and Peacebuilding Affairs – Peacebuilding Support Office (PBSO), UN System Chief Executives Board (CEB) for Coordination and Development Initiatives, Silke Weinlich and Jürgen Zattler.

Our gratitude also goes to Andrew MacPherson from the UN Department of Economic and Social Affairs, Laura Gallacher and Lukman Olaitan Jinadu from the CEB Secretariat, and Marisa Berbegal Ibañez from the Organisation for Economic Co-operation and Development who provide us with the primary data used for the figures and tables found in Part One of this report.

We acknowledge and thank colleagues from MPTFO Malena Rosman (author), Diana Fajardo Ardila (data analysis) for their work on Part One of this report and Raul de Mora Jiménez for his overall communications work.

Thank you to Christoph Majewski for updating and maintaining the report microsite, available at www.FinancingUN.Report.

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Introduction

‘Our world of today is more than ever before one world. The weakness of one is the weakness of all.’

Dag Hammarskjöld, 3 February 1956

This report aims to offer an in-depth overview of the financing system and mechanisms of the United Nations development system. The 2023 edition, the 9th in this report series maintains the focus on financial data. It provides a marketplace of ideas drawing the collected insights from contributors spanning international financial institutions, the private sector, UN experts, government officials, civil society and academia, that we hope will contribute to enhancing multilateral engagement.

Climate change, escalating armed conflicts and human suffering across regions of our world and the consequences of the COVID-19 pandemic, constitute some of the defining challenges that impact global development, security, and sustainability. These challenges, including the global nature of the effects of the Russian invasion of Ukraine, have an exacerbating impact on inter-related areas affecting the livelihoods of billions of world citizens, ranging from food insecurity in Africa, in particular, to energy and capital as well as driving inflation and debt.

Hard-won development achievements are at risk and global humanitarian needs have reached an unprecedented level and continue to rise. New demands are being placed on the 2030 Agenda for Sustainable Development. Instead of eradicating poverty by 2030, current estimates show that half a billion people will remain in extreme poverty.[2]

The year 2023 marks the halfway point of the implementation of the 2030 Agenda for Sustainable Development. The world faces mounting concern about the possibility of not reaching the 17 development goals. Human development and income inequality have deepened in recent years. This has been significantly exacerbated and accelerated by the dual impacts of the climate crisis and the COVID-19 pandemic. According to the World Bank, the average income of people in the bottom 40% of the global income distribution is 6.7% lower than pre-pandemic projections, while the average income for those in the top 40% is reduced by 2.8% in 2021.[3] Rising disparity, lack of opportunity, discrimination and exclusion are fuelling grievances and injustice, which in turn risk fuelling violence.

Enhancing multilateral collaboration is critical if society should effectively address the global challenges. In 2023, communities witnessed the warmest June globally, surpassing the 1991-2020 average heat levels by just over 0.5°C. Global temperatures are likely to surge to record levels in the next five years, driven by heat-trapping greenhouse gases and a naturally occurring El Niño event.[4] The prevailing climate emergency demands immediate and long-term strategic actions that engage governments, the private sector, and societies on a large scale. Research indicates that by 2030, nearly two-thirds of the world's extreme poor will live in countries characterised by fragility, conflict, and violence and few of the conflict-affected states are on track to meet the Sustainable Development Goal (SDG) targets related to basic needs.

In these uncertain times, the complex and compounded crises by necessity present opportunities to both reinforce the multilateral system and address existential risks. The UN and its Member States must make informed decisions and choose pathways that could determine collective success in achieving the SDGs. Global investment and multilateral engagement pave the way for the prosperity of people and the planet, while also aiming to prevent and mitigate the future costs of continued deterioration. It is imperative to confront these challenges, foster innovation, and derive inspiration from successful precedents and best practices, transitioning from mere commitments to tangible, lasting sustainable outcomes. Realising the SDGs at this crucial juncture will require trillions of dollars in investments and leadership that stands up to the Agenda 2030 commitments. The International Monetary Fund projects the COVID-19 pandemic cost up to 2024 at US$12.5 trillion.[5] This underscores the need for increased investments in resilience and prevention.

The UN Secretary-General, along with Member States, emphasised the need for an effective, networked, and inclusive multilateralism as detailed in the report of his High-Level Advisory Panel.[6] This report highlights the notion that effective multilateralism is the culmination of diverse stakeholders uniting. The panel proposes to tackle challenges through diversified financing and action across mandates and organisational boundaries. For these suggested shifts to take root, effective and scaled-up financing is vital. Financing that enables as well as encourages stakeholder collaboration, spurs innovation, and align mandates for maximised results. National, bilateral, regional, and multilateral responses are not opposing strategies. They are, in fact, strategic choices.[7] In order to realise the SDGs, confront global challenges and intricate interdependencies, effective solutions demand coordinated and mutually reinforcing approaches.

Official development assistance (ODA) channelled through pooled financing instruments and mixed with blended finance (non-ODA) aimed at amplifying the impact of private investment, can significantly boost climate and biodiversity-related funding from various sources. The use of these funds enables donors to support initiatives that increase sustainable livelihoods, local resilience, and conservation impacts without requiring long-term dependence on aid. Such solutions offer opportunities to anticipate and tackle the challenges of social cohesion and sustainable community livelihoods.

The realisation of gender equality and women's empowerment is an imperative that spans the entire UN System. SDG five is dedicated to gender equality and the empowerment of women. While there have been advances, the world is not on track to achieve gender equality by 2030.[8] Estimates indicate that it will take another 286 years to bridge the global gender gap.[9]

Maintaining essential levels of core funding is crucial for preserving international mandates and expertise, as determined by and accessible to Member States. Similarly, efficient pooled funding is of paramount importance as it facilitates integrated and collective solutions essential for addressing the multifaceted nature of the SDGs and extensive issues confronting nations.

The challenges related to climate change and armed conflicts are deeply intertwined, underscoring the imperative for heightened engagement from all key stakeholders. To address these challenges, there is an urgent need to enhance collaborative solutions, merge financial resources, and diversify tools to achieve better and targeted results. By advancing effective multilateral responses, we can not only reduce imminent humanitarian needs, but also pivot our attention towards fortifying resilience. While this could be a preferred choice and a feasible approach, it regrettably does not mirror the current trajectory and trends witnessed.

In 2023, 362 million people will need humanitarian assistance and protection around the world.[10] Humanitarian financing is increasingly localised, with cash assistance being the preferred method wherever feasible. Pooled funds can serve as financing mechanisms and coordination tools respectively, allowing partners to quickly anticipate, act, and expand efforts for principled, risk-informed, and needs-based initiatives. There is a collective commitment by the humanitarian system to help with scaling up anticipatory action with more predictive analytics and pre-arranged funding.

The complexity of the context and discussions highlighted above are further explored, validated, and scrutinised. This report, the 9th in its series, is divided into three parts; Part One brings the UN resource flows core data; Part Two focuses on the bigger picture of development financing; and Part Three provides a deepened thematic analysis. In addition, www.FinancingUN.Report is a dedicated webpage that showcases this report, complete with interactive datasets and a compilation of articles from previous years.

Hopefully, the information and articles will stimulate critical reflection and contribute with evidence-based decision-making towards quality development financing. In these troubled and turbulent times, the UN development system must be able to rely on predictable and flexible financing to meet its growing operational demands in the face of compounding challenges. This highlights a pivotal decision-making juncture: do we perceive this support merely as an expense, or as a vital investment in development and sustainability?

The presented perspectives shape our commitment to galvanise unified, strategic, and integrated approaches to the SDGs. It prompts the channelling of resources to build resilience, mitigate risks, and prevent crises and armed conflicts. Such a financial commitment is instrumental in actualising the 2030 Agenda. The choice is evident, it is ours to make, and it defines the challenges of our uncertain times.

Endnotes

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Executive Summary

Escalating armed conflicts, climate change and human suffering across regions of our world and the consequences of the COVID-19 pandemic constitute some of the defining challenges that impact global development, security, and sustainability. These challenges have an exacerbating impact on inter-related areas affecting the livelihoods of billions of world citizens, ranging from food insecurity in Africa to energy and capital as well as driving inflation and debt.

In these uncertain times, the complex and compounded crises by necessity present opportunities to both reinforce the multilateral system and address existential risks. The UN and its Member States must make informed decisions and choose pathways that could determine collective success in achieving the SDGs.

Financing the UN Development System: Choices in uncertain times is the 9th edition in its series. This report offers an in-depth overview of the financing system and mechanisms of the United Nations development system and maintains the focus on financial data. In addition to the finance overviews, it provides a marketplace of ideas drawing on the collected insights from contributors spanning international financial institutions, the private sector, UN experts, government officials, civil society and academia, that we hope will contribute to enhancing multilateral engagement.

It is divided into three parts; with Part One bringing the UN resource flows core data; Part Two focusing on the bigger picture of development financing; and Part Three providing a deepened thematic analysis. There is also a dedicated web page 'www.FinancingUN.Report' that showcases this report, complete with interactive datasets and a compilation of articles from previous years.

Hopefully, the information and articles will stimulate critical reflection and contribute with evidence-based decision-making towards quality development financing. In these troubled and turbulent times, the UN development system must be able to rely on predictable and flexible financing to meet its growing operational demands in the face of compounding challenges. This highlights a pivotal decision-making juncture: do we perceive this support merely as an expense, or as a vital investment in development and sustainability?

The perspectives presented shape our commitment to galvanise unified, strategic, and integrated approaches to the SDGs. It prompts the channelling of resources to build resilience, mitigate risks, and prevent crises and armed conflicts. Such a financial commitment is instrumental in actualising the 2030 Agenda. The choice is evident, it is ours to make, and it defines the challenges of our uncertain times.

Scope of the report

Part One, **United Nations resource flows** provides an analysis of the current United Nations Development System (UNDS) funding landscape, based on the most up-to-date official data sources. Recognising, as UN Member States and Organisations have, that both the quality and quantity of funding impacts the UN's ability to fulfil its functions. The data and analysis included in this section of the report encompasses evidence and insights into the volume and characteristics of full range of funding flows of the UNDS. Namely assessed contributions; voluntary core contributions; earmarked funding; and revenue from other activities.

The first chapter in Part One, looks at **how the United Nations is funded** and focuses on UN revenue allocation and purpose. Furthermore, it offers an analysis looking at the 2019 Funding Compact agreed between the UNDS and Member States. The chapter points out that in terms of nominal value, the UN system's total revenue continued to grow in 2021, to US$ 65.9 billion. It shows that for the first time since 2011, UN funding in 2021 decreased in real US$ due to rising inflation and fluctuating exchange rates. This funding is largely financed by Member State governments, whilst non-state actors are also increasing their engagement.

The second chapter shows **where UN funding is allocated** and puts the spotlight on how resources are distributed among different UN functions and geographies and to what purposes. Even as revenue and expenditure volumes are connected, it might not be the same each year due to the timing of financial in- and out-flows. Revenue recognition should also be considered, following the principle that multi-year contribution agreements are fully accounted for in the year they are signed, but the expenditure is spread beyond the subsequent agreement period.

In the third chapter the UN System Chief Executives Board for Coordination (CEB) Secretariat gives an overview of **Year one of the Data Cube strategy: Successes and challenges**. The CEB Secretariat is the UN inter-agency entity responsible for supporting the work of the CEB and is the UN system's highest-level coordination forum in the programme and management areas. A key conclusion of this chapter is the progress recorded in the comprehensiveness and quality of financial data reporting by UN entities since the introduction of the UN Data Standards in 2018.

As in previous editions of this report, Parts Two and Three functions as a marketplace of ideas with gathering views, experiences, and analysis from a community of specialists with UN expertise and experience, government officials, civil society and international financial institutions as well as the private and academic sectors.

Part Two takes a **big picture** perspective looking at **international financing flows**. It is followed by a series of expert reflections on how to create greater impact through **quality financing**. The contributors ask and answer questions such as why the delivery of the 2030 Agenda is 'stuck' and how the UN can support countries in achieving the SDGs. The topics cover human rights, global public goods, the challenges of financing a UN for the planet and people, multilateralism, and the importance of using the Gender Equality Marker to track gender equity. By using evidence-based approaches, they make compelling arguments for weathering the perfect storm, how to finance energy markets, harness institutions and increase resilience to deal with conflictthe, changing climate, and manage risks. The world may not need new institutions, but rather better ways of working for a planet facing ongoing polycrises.

Part Three addresses critical issues related to effectiveness - quality funding for quality results and investing in resilience building. It starts with **the art of scaling up** and the focus is on delivery, improving development objectives and using existing institutions, systems, and processes as well as ways to deal with volatile ratings systems and credit environments. The authors share their 'how to' visions and ask the private and public sectors to consider transforming the financial architecture with global public goods and the SDGs at the centre. They argue that existing UN frameworks, resolutions and treaties provide space to **build resilience**. Investing smartly in environmental integrity, nature conservation, applying resources to combat violence against women and girls. In addition,there is a call to harness resources to support young people as key peace brokers whilst others highlight the importance of underpinning quality financing and aid effectiveness.

Part One: United Nations resource flows

Chapter 1: How is the UN funded?

In terms of nominal value, the UN system's total revenue continued to grow in 2021, to US$ 65.9 billion – an increase of US$ 3.3 billion, or 5%, compared to 2020. The three entities that contributed in large parts to this growth were the World Food Programme (WFP), United Nations Children's Fund (UNICEF) and Pan American Health Organization (PAHO), all closely involved in the UN response to the COVID-19 pandemic. The UN system is to a high degree financed by earmarked resources. As can be seen in Figure 2, there has been steady growth in funding to the UN system over the past decade in nominal terms, with volumes increasing by 66%, from US$ 39.6 billion, in 2010, with most of the growth due to increasing earmarked contributions.

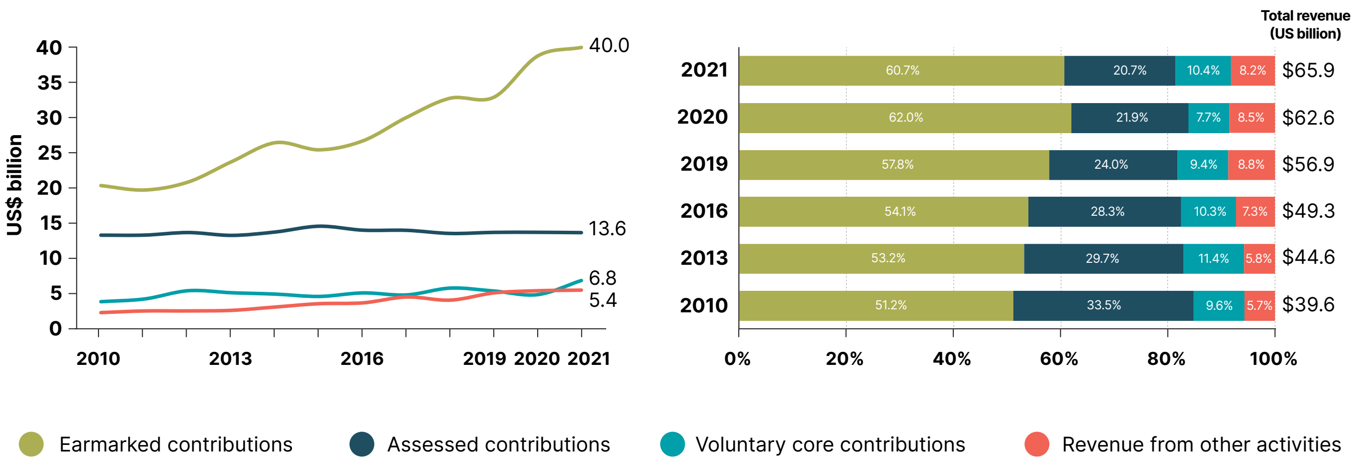
However, due to rising inflation rates and fluctuating exchange rates, UN funding decreased in real US$ value in 2021, thereby undermining the value of contributions. As illustrated in Figure 3, UN system revenue in real terms amounted to US$ 62.3 billion in 2021 compared to US$ 62.6 billion in 2020. This was the first year since 2011 that the real value of UN revenue fell relative to the previous year. While multiple parallel world crises have increased demand for UN support, inflation has widened the gap between funding needs for UN activities and the value of available funding.

The UN system's ability to function is not only dependent on the volume of funding, but its quality. It is collected as assessed contributions, voluntary core contributions, earmarked contributions, and revenue from other activities. Flexible resources can be applied more strategically to support the integrated implementation of Agenda 2030. Moreover, it gives the UN system the ability to adapt and reallocate resources in times of crises. The COVID-19 pandemic provided a stress test to the system and showed the importance of flexible funding. UN funding remains highly earmarked to specific projects, programmes, and themes.

The share of earmarked funding was 61% in 2021 and represents a slight decrease in the total share but an increase in volume from US$ 38.8 billion to US$ 40 billion. The share of earmarked funding has increased over time, from 51% (equivalent to US$ 20.3 billion) in 2010. There are different types of earmarked funding with varying levels of flexibility as to how it can be deployed.

United Nations entities are funded by varying combinations of the four financial instruments, as seen in Table 1. Some UN entities receive flexible funding mainly through assessed contributions, while others rely entirely on voluntary funding. The aim is to have funding that supports the implementation of a specific mandate, thereby enabling UN entities to work efficiently and meet rapidly changing needs.

Distribution of total UN system funding by financing instrument, 2010-2020 (US$ billion)
(Figure 2 from Part one)



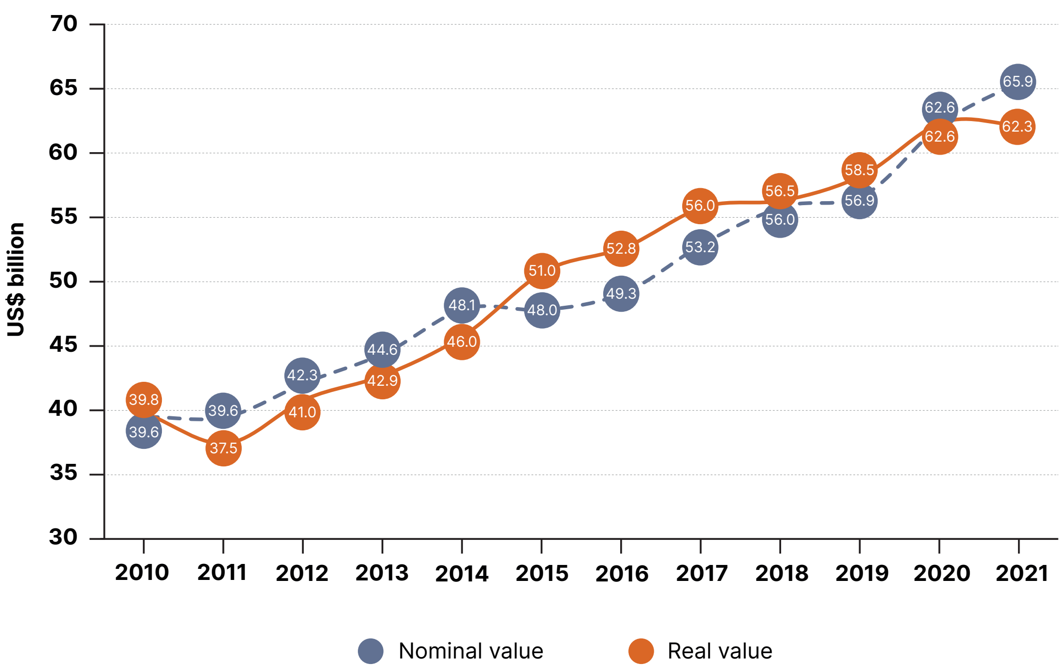
Source: see page 37

Earmarked contributions have driven the overall increase in funding over the past decade, having doubled from US$ 20.3 billion in 2010 to US$ 40 billion in 2021. Four UN entities – UN High Commissioner for Refugees (UNHCR), UNICEF, WFP and the World Health Organization (WHO) – accounted for 69% of that growth. For all four, a large share of their expenditure is constituted by humanitarian assistance, which is earmarked to a greater extent than development assistance. Twelve of the 47 UN entities are highly dependent on earmarked funding, receiving more than three-quarters of their funding from that channel. The WFP and the International Organization for Migration (IOM) received more than 90% of their funding as earmarked, as did the UN Interregional Crime and Justice Research Institute (UNICRI) and UN Institute for Training and Research (UNITAR), which have research and training mandates.

Several UN entities have experienced remarkable income growth in recent years. In the WFP's case, 2022 saw a remarkable annual 48% increase, with the United States almost doubling its contributions to US$ 7.2 billion.[1] Behind the figures lies a drastic increase in the number of people in need of an emergency response due to a combination of conflict, economic shocks, climate extremes and soaring fertiliser prices. In particular, the COVID-19 pandemic and the war in Ukraine have pushed grocery prices up, making food unaffordable for millions of people.[2]

Some UN entities have managed to create a finance structure that better fits their mandate through shifting the composition of their core and earmarked funding. UNICEF, for example, has managed to grow its share of core funding (regular resources) from both public and private sources.

Nominal and real UN system funding, 2010–2021 (US$ billion)
(Figure 3 from Part one)



Source: see page 38

Distribution of total UN system funding by financing instrument, 2010-2020 (US$ billion)

(Table 1 from Part one)

Entity	Assessed	Voluntary core	Earmarked	Revenue from other activities	Total revenue 2021	2010–2021
UN Secretariat	2,934	174	3,165	687	6,960	4B 7B
CTBTO	136		5	2	143	128M 143M
DPO	6,797		341	72	7,210	8B 7B
FAO	505	51	1,283	11	1,851	1B 2B
IAEA	430		275	6	711	598M 711M
IARC	26	0	16	2	44	45M 44M
ICAO	80		84	17	181	223M 181M
ICC	165		2	0	167	170M 167M
IFAD		453	188	79	720	435M 720M
ILO	445	16	350	50	861	674M 861M
IMO	45		14	18	77	74M 77M
IOM	60	39	2,357	94	2,549	1B 3B
ISA	7	0		2	10	10M
ITC	40	19	97	5	161	76M 161M
ITLOS	14	0	0	3	18	12M 18M
ITU	137		15	40	192	173M 192M
OPCW	76		24	2	102	88M 102M
PAHO	105		178	1,376	1,659	850M 2B
UNAIDS		166	76	5	247	266M 247M
UNCCD	9		20	0	30	30M
UNCDF		16	118	3	137	60M 137M
UNDP		882	4,422	333	5,637	6B 6B
UNEP	214	88	400	23	725	395M 725M
UNESCO	274	13	371	34	692	765M 692M
UNFCCC	37	1	30	25	93	86M 93M
UNFPA		413	1,050	112	1,575	890M 2B
UN-HABITAT	16	3	176	22	217	198M 217M
UNHCR	43	1,068	4,119	24	5,254	2B 5B
UNICEF		1,579	6,714	277	8,570	4B 9B
UNIDO	79		190	28	296	335M 296M
UNITAID	0	109	85	0	194	191M 194M
UNITAR		0	56	1	57	21M 57M
UNODC	35	5	364	14	418	259M 418M
UNOPS				1,236	1,236	91M 1B
UNRWA		677	583	23	1,284	409M 1B
UNSSC		6	14	0	20	11M 20M
UNU		37	32	38	107	61M 107M
UN Women	10	206	451	14	681	236M 681M
UNWTO	17		11	1	29	25M 29M
UPU	41		28	20	89	40M 89M
WFP		570	9,060	138	9,768	4B 10B
WHO	549	232	3,226	59	4,066	2B 4B
WIPO	19		9	493	521	310M 521M
WMO	74	2	23	3	102	99M 102M
WTO	214	15		2	232	237M 232M
Total	**13,634**	**6,841**	**40,021**	**5,395**	**65,891**	**40B 66B**

Note: UNV and UNICRI are included under UNDP and UNODC respectively.
Source: Chief Executives Board for Coordination (CEB)
For notes – see page 39

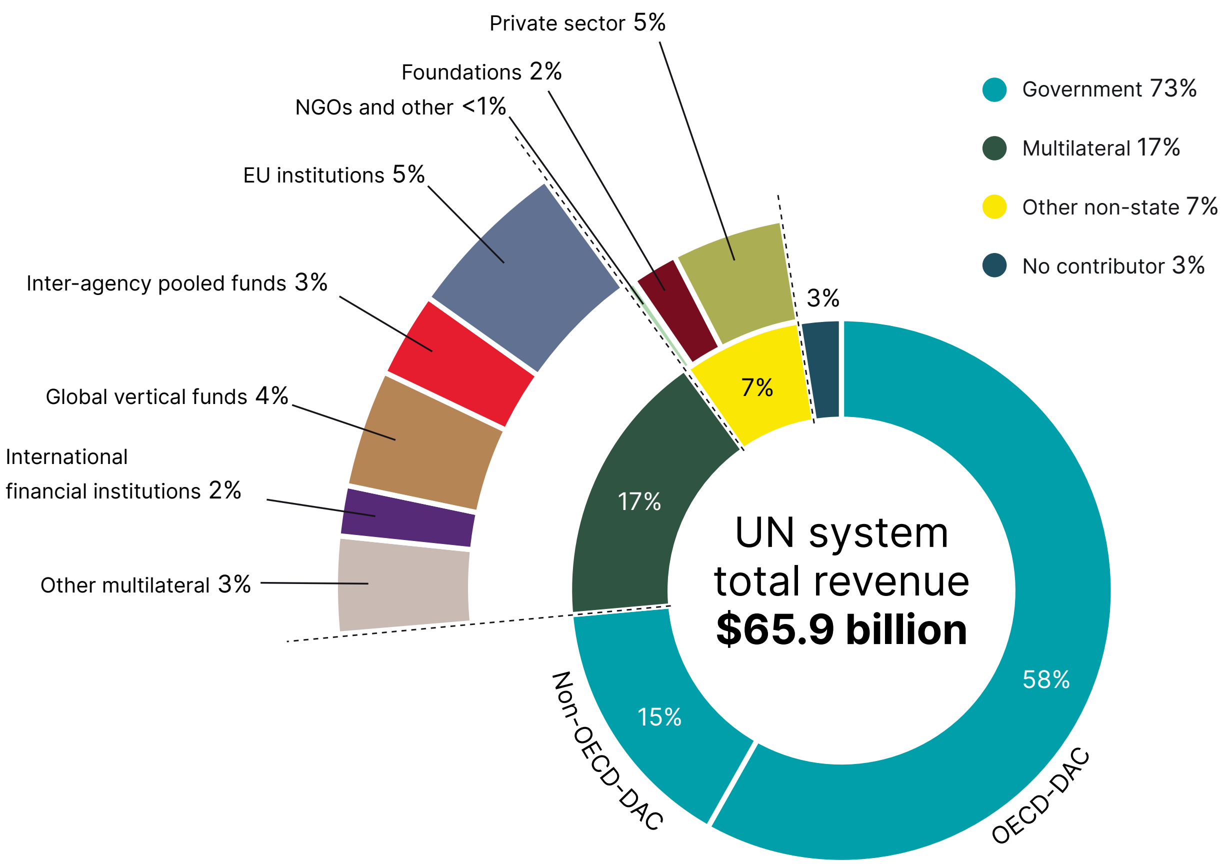
Most of UNICEF's private sector income, which saw a 33% increase in 2021 compared to 2020, comes through its National Committees. The committees – a unique feature of the organisation – raise private sector funding from individuals and corporate partnerships.

Figure 5 shows how the UN is predominately funded by governments. In 2021, 73% of funding came directly from governments, with an additional 17% from multilateral institutions largely funded by governments. The share of funding directly from governments increased from 68% in 2020, a change mainly attributable to the more detailed reporting of revenue from other activities introduced in the UN Data Standards for reporting of financial data from 2021.

Consequently, the share of funding with an unclassified source has decreased from 8% in 2020 to 3% in 2021. In terms of volume, Member State contributions rose from US$ 42 billion to US$ 48 billion, with US$ 38 billion coming from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) members.

Funding to the UN remains heavily reliant on a limited number of Member States. Around 40% of all funding since 2010 has originated from the top five Member State contributors. The United States is the single largest contributor to the UN, providing around 20% of total funding since 2010. Revenue provided by contributors other than Member States grew from US$ 10.7 billion

UN system funding sources, 2021 (US$)
(Figure 5 from Part one)



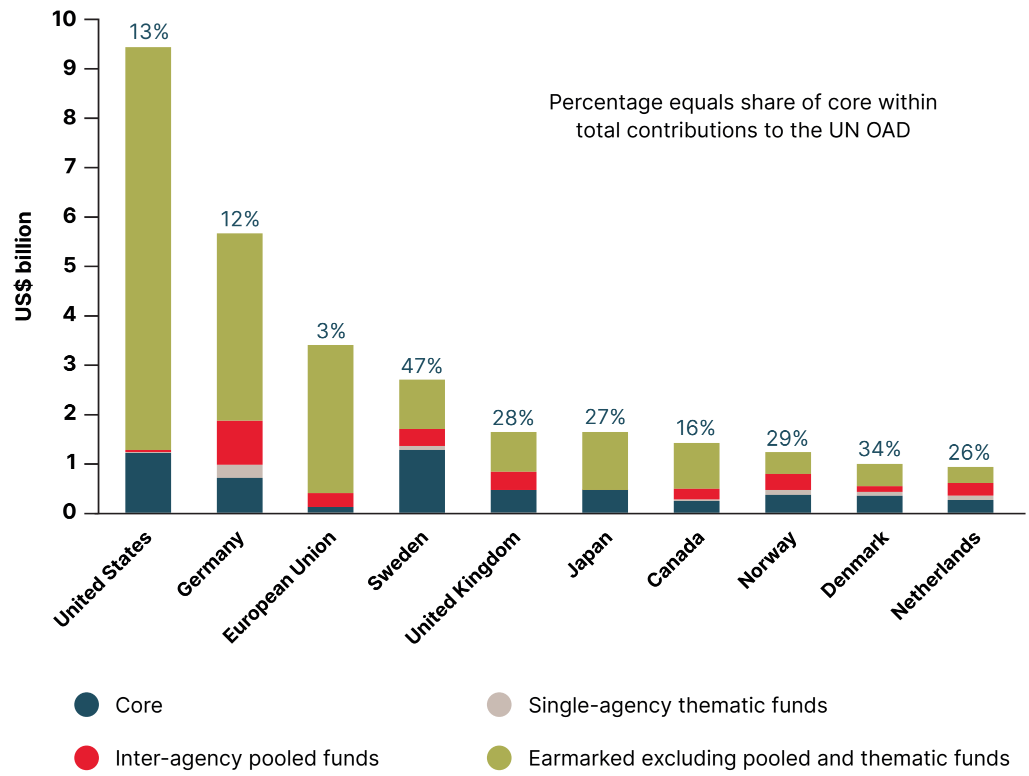
Source: see page 46

to US$ 17.4 billion over the same period, partly due to increased contributions from the European Union (EU) and other multilateral sources.

Funding to the UN is to a large extent earmarked to specific purposes. However, there are varying degrees of earmarking attached to different funding instruments. These offer diverse levels of flexibility and consequently distinctive opportunities for collaborative and coordinated approaches. Although working strategically towards Agenda 2030 requires funding that supports holistic, integrated solutions more typically well-served by flexible contributions, earmarked funding may be justified and appropriate depending on the type of activities involved.

Figure 15 shows funding to UN operational activities for development (OAD) from the top ten contributors, all OECD-DAC members, as well as the mix of financing instruments used. UN OAD includes the activities of UNDS entities promoting the sustainable development and welfare of developing countries and countries in transition. Here, core funding equates to assessed and voluntary core contributions combined. Single-agency thematic funds and inter-agency pooled funds are specified due to their 'core-like' features of more flexible earmarked funding. Eight of these contributors are also among the top ten contributors to the UN system, with funding concentrated among a consistent group of donors.

Funding mix of top 10 OECD-DAC members that contribute to UN OAD, 2021 (US$ billion)
(Figure 15 from Part one)



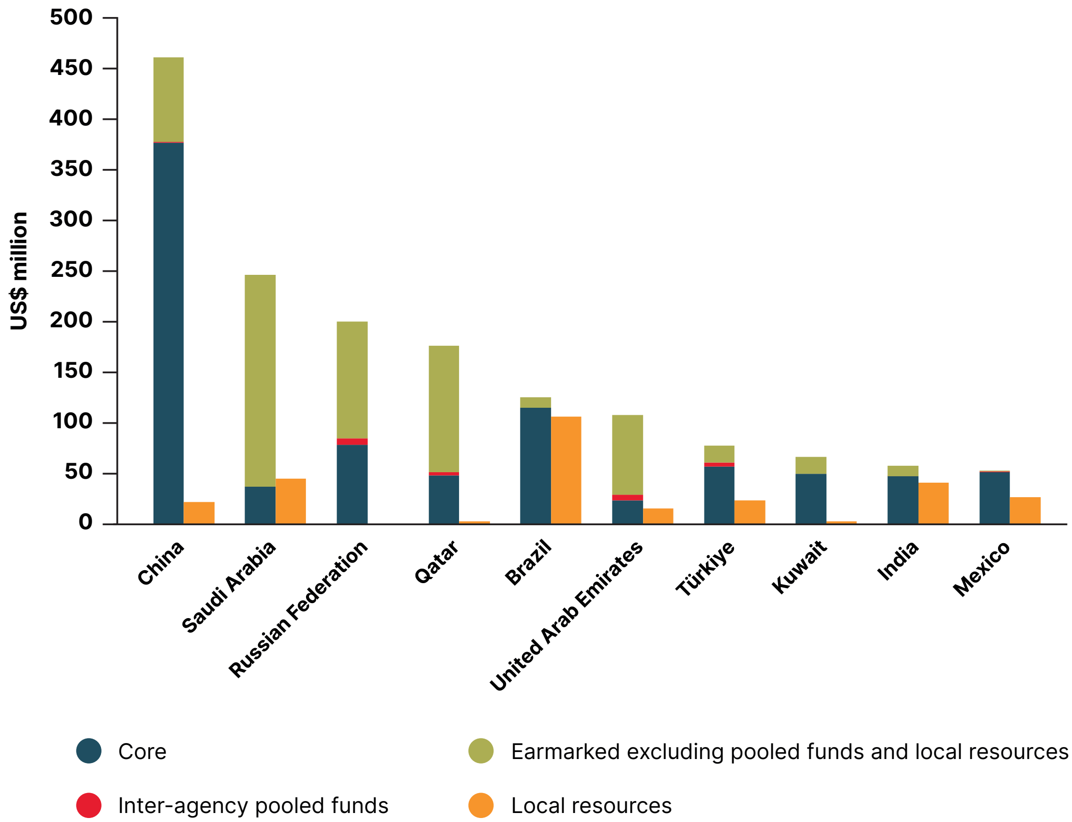
Source: see page 58

The top ten contributors to UN OAD provide 62% of overall funding, with the choice of financing instrument varying between contributors. While Germany, the United Kingdom, the Netherlands and the Nordic countries provide a substantial share of their contributions as core or 'core-like' resources, the United States and Japan contribute mainly through more tightly earmarked funding. The EU is an exception as it is not a direct UN member and due its institutional nature it can rarely provide core funding.

The percentages in Figure 15 indicate which proportion core funding makes up each contributor's total funding to UN OAD. Although six out of ten contributors provide a quarter or more of their allocations through core funding, the three largest – the United States, Germany and the EU – fund predominately through earmarked funding.

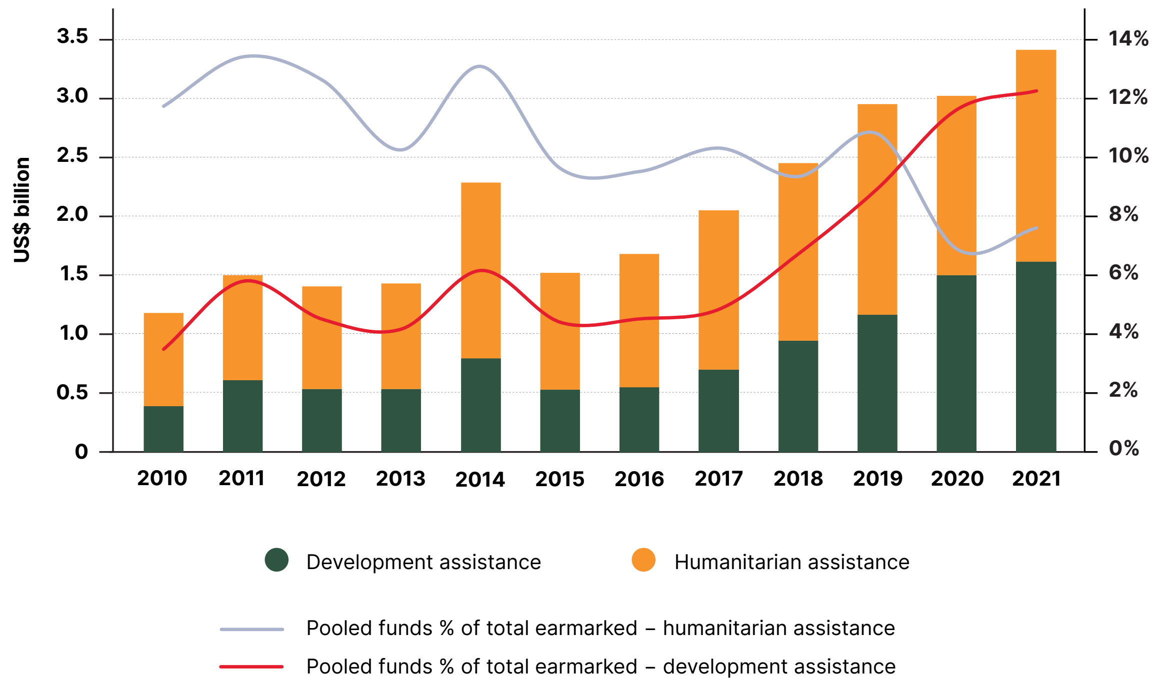
Figure 16 focuses on the largest contributors to UN OAD outside the members of OECD-DAC and shows a more diverse funding mix. This ranking excludes the local provided resources, that is displayed separately. While the top ten countries for 2021 and 2020 remain the same, the ranking has shifted. China is the seventh largest contributor to the UN system and allocates around a quarter of its contributions to UN OAD. As such, despite not being among the top ten contributors to UN OAD, it is now the largest contributor to UN OAD among the non-OECD-DAC countries. Saudi Arabia, which was the largest

Funding mix of top 10 non-OECD-DAC members that contribute to UN OAD, 2021 (US$ million)
(Figure 16 from Part one)



Source: see page 59

Deposits to UN Inter-agency pooled funds, 2010–2021 (US$ billion)
(Figure 21 from Part one)



Source: see page 65

contributor to UN OAD outside OECD-DAC in 2020, saw its contributions fall by 44% in 2021.

The countries represented in Figure 16 contribute a higher percentage share of core funding than the top OECD-DAC countries. Eight out of the ten channel a quarter or more of their contributions through core funding, with the highest proportions seen in China (78%) and Kuwait (72%). One explanation is that the total contributions of these countries are lower, resulting in assessed, mandatory contributions constituting a larger share. However, the United Arab Emirates (UAE) and Kuwait provided most of their core funding as voluntary core. In the case of Kuwait, the larger part of this came as support to the International Fund for Agricultural Development (IFAD), which was also the case for China.

Contributions to inter-agency pooled funds, although more limited in this group, are growing to a degree. Qatar, the Russian Federation, Türkiye and the United Arab Emirates funded the UN Central Emergency Response Fund (CERF), as well as country funds in their respective regions. Local resources are provided by countries to implement their own national development plans and can be an important part of the total resources they provide. In 2021, this was the case for Brazil, India and Mexico, which provided between a third and nearly half of their contributions as local resources. As the world is facing multiple crises, UN inter-agency pooled funds have become critical financing instruments for responding to these intersecting issues. Inter-agency pooled funds are known for strengthening coherence and coordination within the UNDS and supporting UN reform. These funds are a flexible type of earmarking that allow for more holistic and integrated approaches – a much-valued and needed characteristic when it comes to implementation of the SDGs. It has been said that pooled funding is as significant for UN system coherence as core funding is for ensuring and safeguarding agency mandates. Both purposes require Member State leadership to be achieved.

As seen in Figure 21, inter-agency pooled funds are on an upward trend, especially since the introduction of the SDGs in 2015. Total contributions have almost tripled from US$ 1.2 billion in 2010 to US$ 3.4 billion in 2021. While humanitarian funds have accounted for the larger share over the past decade, development-related pooled funds have grown the most, becoming four times larger – from US$ 0.4 billion in 2010 to US$ 1.6 billion in 2021. Meanwhile, humanitarian pooled funds more than doubled from US$ 0.8 billion in 2010 to US$ 1.8 billion in 2021.

Contributing factors to the expansion of development-related pooled funds likely include the introduction of Agenda 2030 in 2015 and the ambitions formulated between Member States and the UN in the 2019 Funding Compact. One of the targets – to double the share of inter-agency pooled funds in earmarked development funding to 10% by 2023 – could arguably have been more ambitious given it had already been achieved by 2020. In 2021, 12.3% of earmarked development funding was allocated to inter-agency pooled funds, while the equivalent figure for earmarked humanitarian funding was 7.6% – an improvement over the previous year.

Figure 27 compares the ODA provided to different multilateral institutions, along with the distribution of funding between core and earmarked funding, presented in 2020 constant prices. The UN system is the multilateral institution that has grown the most over the past decade, doubling its revenue from US$ 14.5 billion in 2011 to US$ 29.4 billion in 2021. The UN is also the institution with the highest share of earmarked funding. In 2021, 73% of the UN's resources were earmarked to specific themes, projects or programmes, while the corresponding figure was around 24% both for regional development banks and for the World Bank Group and International Monetary Fund (IMF).

In terms of total growth in multilateral ODA between 2011 and 2021, 48% was channelled to the UN system, 14% to the EU and only 2% to regional development banks, while funding to the World Bank Group and IMF saw a slight decrease. The category 'other multilateral institutions' grew substantially to US$ 20.6 billion in 2021, up from US$ 12.1 billion in 2020. The reasons behind this are illustrated in the detailed picture provided in Figure 27, which shows that global vertical funds – such as Gavi, the Vaccine Alliance, the Global Fund and the Green Climate Fund – have generated almost all the growth in this category compared to 2011. The surge in 2021 can partly be explained by the response to the COVID-19 pandemic.

Funding varies between multilateral institutions depending on their mandates and governance structures. The large increases in UN funding compared to the more moderate growth in contributions to multilateral development banks (MDBs) perhaps reflect that DAC donors increasingly recognise the ability of MDBs to mobilise finance from capital markets and therefore prioritise their funding to the UN instead.[3] One factor behind the UN system's relatively large share of earmarked funding may be the organisation's traditional role in crises and emergency responses, with humanitarian funding largely funded by resources earmarked for specific purposes. The international community relies on the UN to coordinate humanitarian relief in cases of disasters that exceed an individual nation's capacity to deal with.[4]

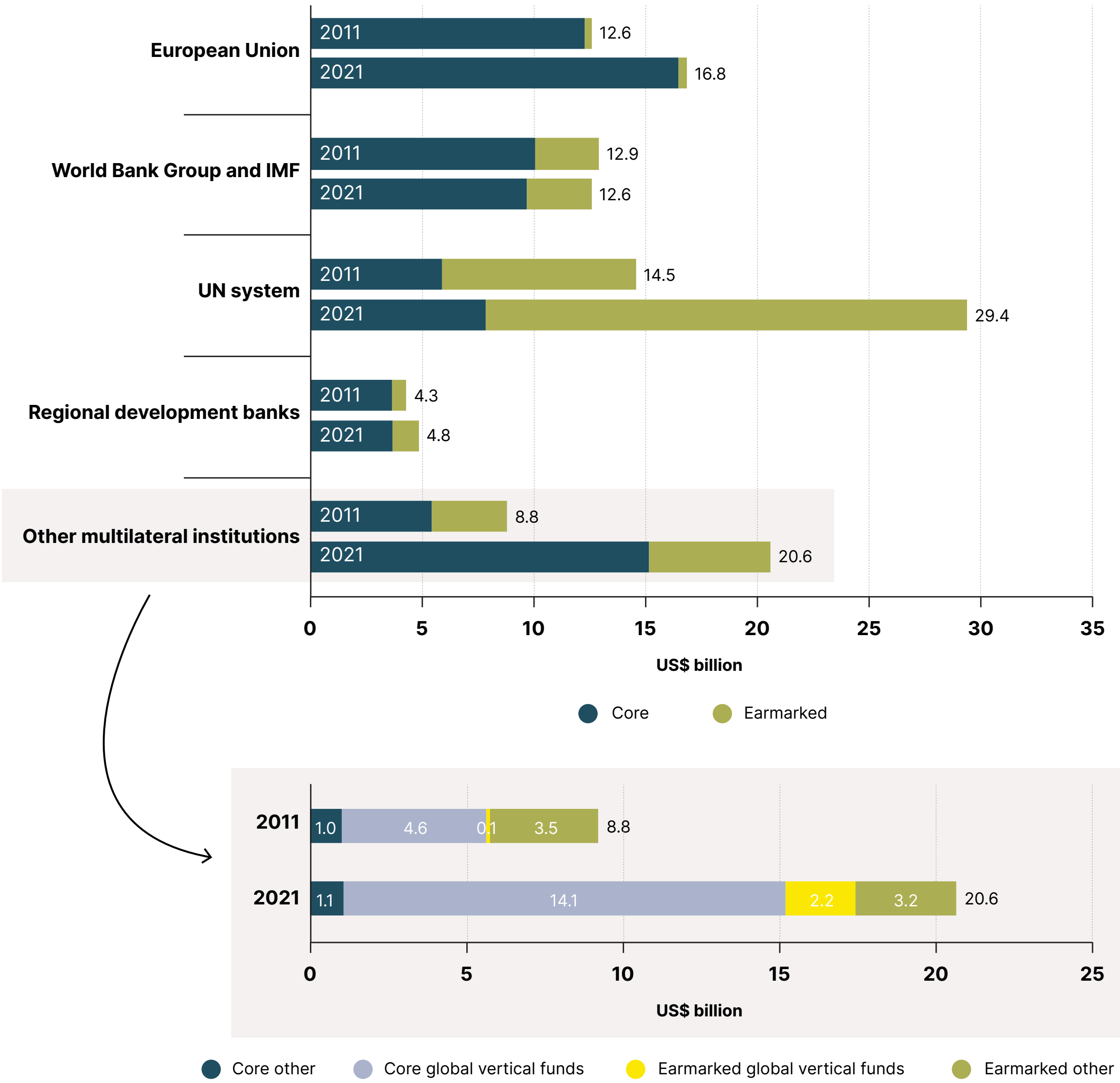
Chapter Two: Where is UN funding allocated?

In 2021, the UN system's total expenditure amounted to US$ 60.5 billion, an increase of US$ 4.3 billion, or almost 8%, compared to 2020. Expenditure follows the same dynamics as revenue, having increased to 52% since 2010. Almost three-quarters of that growth is attributable to five UN entities: the UN Secretariat, UNHCR, UNICEF, WFP and WHO. Except for the UN Secretariat, all the entities have a strong focus on humanitarian support.

The UN has four main functions: humanitarian assistance, development assistance, peace operations, and global agenda and specialised assistance.

Figure 29 shows the proportion of expenditure contributed to each function over the period 2018–2021. A clear trend is the growing share of humanitarian assistance, representing 42% of all expenditure in 2021. The share of development assistance has varied year-on-year, but overall, it remained stable at around one third of total expenditure. Meanwhile, the share provided to peace operations has gone down from 18% to 14% over the four years, with the global agenda and special assistance falling from 13% to 11% during this time.

Channels of multilateral assistance from OECD-DAC countries, core and earmarked, 2011 and 2021 (US$ billion)
(Figure 27 from Part one)



Source: see page 71

The primary objective of humanitarian assistance is to save lives, alleviate suffering and maintain human dignity, often as a response to natural disasters or man-made crises. Development assistance aims at promoting sustainable development, with a focus on long-term impacts. The two functions had a relatively equal share of expenditure in 2018, but since then the humanitarian portion has gradually expanded. The total volume of humanitarian assistance has grown in absolute terms from US$ 19.2 billion in 2018 to US$ 25.2 billion in 2021, while development assistance went from US$ 17.3 billion to US$ 19.9 billion.

Peace operations help conflict-affected countries create the conditions for lasting peace. They include the deployment of troops and police whom, integrated with civilian peacekeepers, work to advance peace and security. There are currently 12 UN peacekeeping operations spread across three continents, led by the Department of Peace Operations (DPO). Their mandate is to maintain peace and security, as well as support political and democratic processes and restore the rule of law.[5] Total spending on peace operations has decreased from US$ 9.5 billion in 2018 to US$ 8.7 billion in 2021.

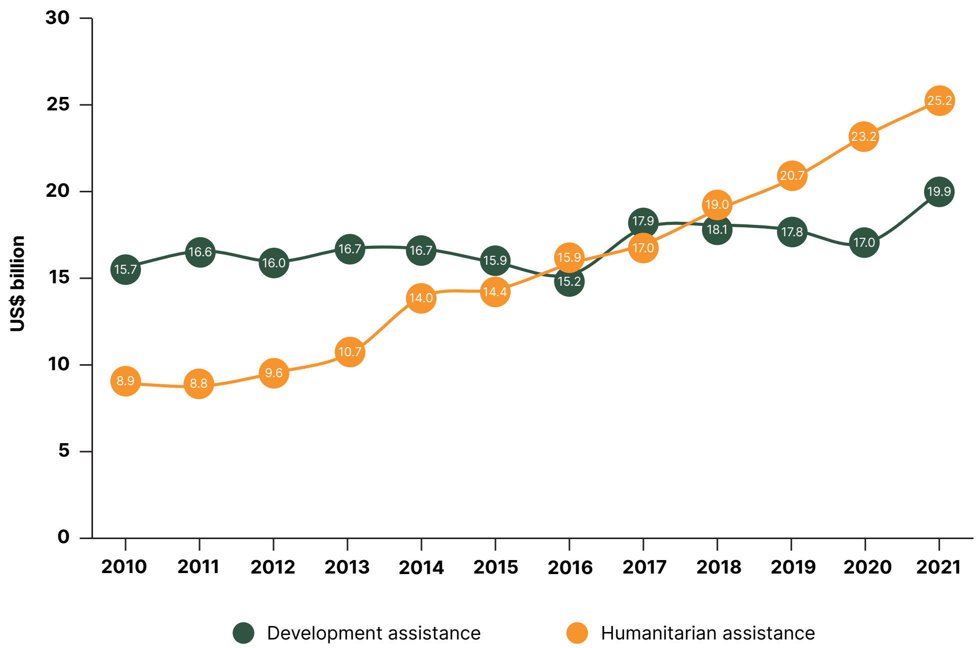
The fourth function – global agenda and specialised assistance – refers to activities that either address global or regional challenges without a direct link to the other three functions, or support for sustainable development in non-UN programming countries.[6] The total volume amounted to US$ 6.7 billion in 2021 – the same level as in 2018.

As can be seen in Figure 30, the total volume of humanitarian expenditure has seen a steady upward trend since 2011, reaching US$ 25.2 billion in 2021, representing an increase of 183% since 2010. Funding for development assistance, meanwhile, has varied over time, reaching US$ 19.9 billion in 2021 – a more moderate increase of 27% since 2010. The increase in funding for humanitarian assistance is connected to several protracted crises.

Figure 34 shows the group of 29 crisis-affected countries with expenditure exceeding US$ 200 million in 2021. It also breaks down how this is divided between support for humanitarian assistance, development assistance, peacebuilding operations, and political and peacebuilding affairs.

The total amount of UN investments in crisis-affected countries amounted to US$ 31.2 billion in 2021, with 36% of the allocations going to the Democratic Republic of the Congo (DRC), Lebanon, Mali, South Sudan and Yemen. Accelerated and protracted crises have been a driving factor behind the escalating need for humanitarian support.

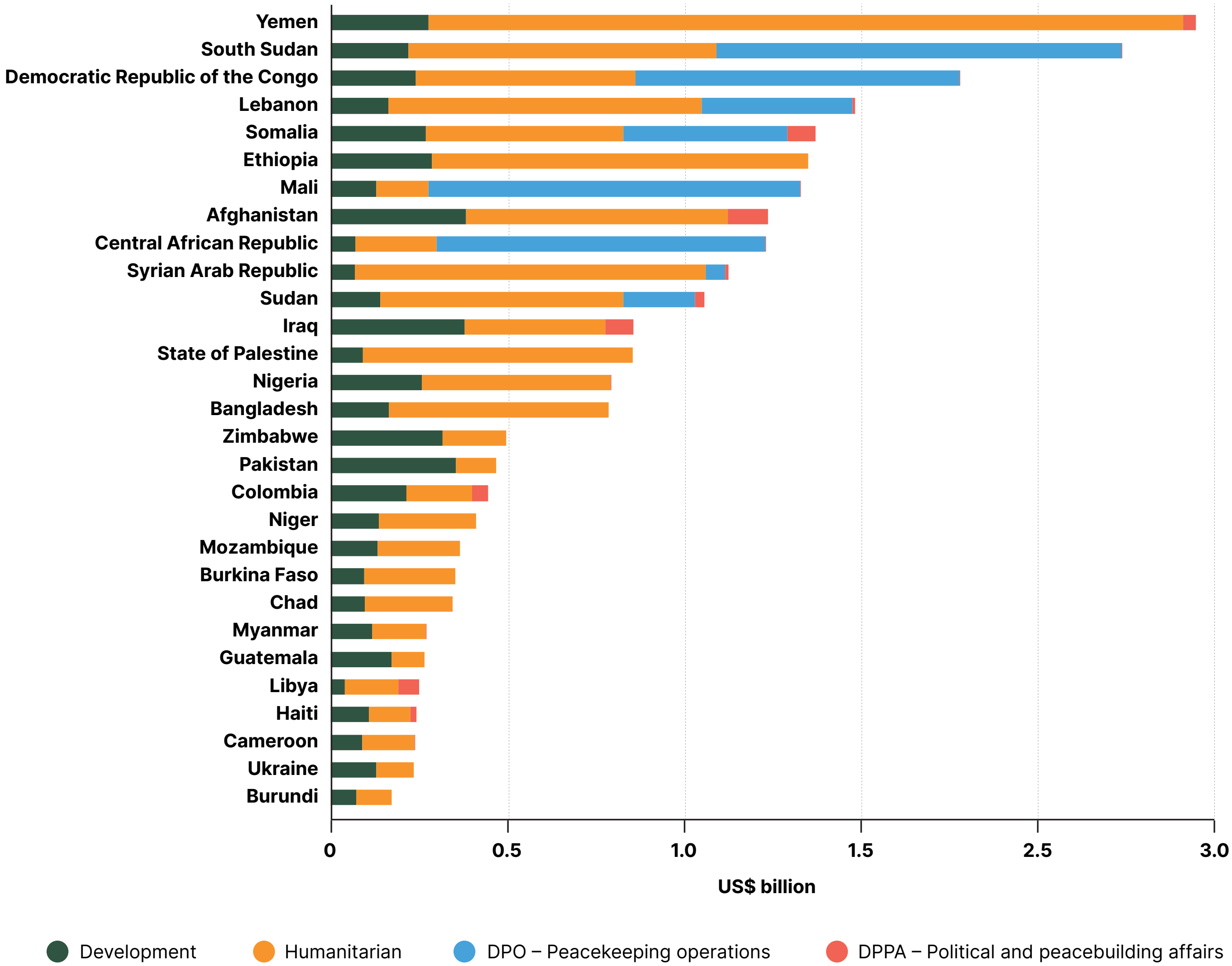
Total UN expenditure for development and humanitarian assistance (UN OAD), 2010–2021 (US$ billion)
(Figure 30 from Part one)



Source: see page 75

UN humanitarian, development, peace- and security-related expenditure by crisis-affected country, 2021 (US$ billion)

(Figure 34 from Part one)



Source: see page 80

Many of the countries listed in Figure 34 received the largest part of their expenditure for emergency response and humanitarian assistance.

The Sustainable Development Goals (SDGs) have now reached their midpoint on the road to 2030. The framework has become a platform bringing together governments, the private sector and civil society in joint action towards eradicating poverty and building a sustainable future. However, the recent health, climate and conflict polycrisis has reversed the poverty reduction trend, highlighting the inter-dependence between the SDGs and the need for joint multi-stakeholder solutions.

While the UN system SDGs reporting does not yet provide a full picture of financial priorities, it can give an indication of which SDGs are in focus when it comes to the allocation of resources.

Figure 36 shows overall UN expenditures in 2021 linked to different SDGs. Almost two-thirds (61%) of the linked resources targeted eradication of hunger (SDG 2), health and well-being (SDG 3), and peace, justice and strong institutions (SDG 16).

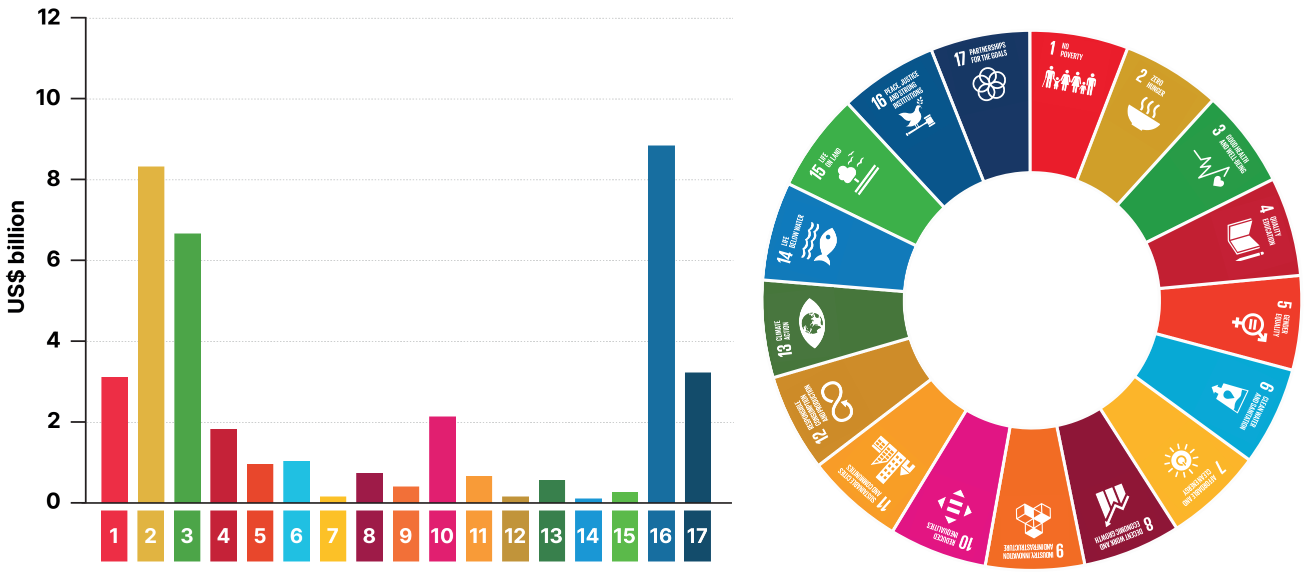
One possible explanation is that investments in procuring goods and services – such as food supplies and vaccines – and upholding peacekeeping missions require larger financial resources relative to policy work, capacity building and partnerships.

Compared to the data available for 2020, there is a material increase in allocations to SDG 10 (reduced inequalities) following IOM reporting towards the SDGs for the first time for 2021. Aside from this, the distribution of resources between the different SDGs in 2021 follows a similar structure to the previous year. The allocation of resources to different SDGs varies widely between UN entities, depending on their mandate.

For the 2021 figures, 36 out of the 47 entities reported their expenditure as linked to the SDGs, compared to 22 for 2020. Reporting UN expenditure towards the SDGs is only required when relevant, which means that even when fully implemented not all entities or expenditure will be linked. A total of US$ 46.5 billion was linked to the SDGs in 2021, equivalent to 77% of all UN expenditure. If only the UN entities that are part of the UNDS are looked at, US$ 37.5 billion, or 90%, can be connected to the SDGs.

It is worth noting the existing data on allocations related to environment and climate change. In 2020, only US$ 1.9 billion, or 5%, of allocations linked to the SDGs were dedicated to water and sanitation (SDG 6), clean energy (SDG 7), climate action (SDG 13), life below water (SDG 14), and life on land (SDG 15).

Aggregated UN expenditure linked to the SDGs as reported by 36 UN entities, 2021 (US$ billion)
(Figure 36 from Part one)



Source: see page 82

In 2021, the volume of expenditure increased to US$ 2.5 billion, with the share of total SDG-related expenditure in the domain remaining at 5%. While UNEP has not yet reported its expenditure linked to the SDGs, if it is assumed that its allocations mainly relate to climate and environment-related SDGs, another US$ 0.7 billion could be added to the above-mentioned total.

Chapter 3: Year one of the Data Cube strategy: Successes and challenges

The United Nations System Chief Executives Board for Coordination (CEB) Secretariat gives an overview of the implementation of **the Data Cube initiative**. The CEB Secretariat is the UN inter-agency entity responsible for supporting the work of the CEB and is the UN system's highest-level coordination forum in the programme and management areas. The initiative's overall objectives are to **maximise transparency** and **minimise efforts** as well as reduce the reporting burden of UN entities. A key achievement in this respect was agreement on a UN CEB minimum dataset. This article concludes that there has been tremendous progress in the comprehensiveness and quality of reporting by UN entities since the introduction of the UN Data Standards since its inception in 2018.

Part Two: The big picture: International flows

In **Part Two** chapter one **'The big picture: International flows'**, the contributors raise critical questions about the changing multilateral landscape, a need for system reform and renewed commitments to meeting the Sustainable Development Goals.

In the first article , **Financing the Sustainable Development Goals: The Big Stuck**, **Homi Kharas and Charlotte Rivard** review why development financing is stuck. They seek out answers as to why the system is stalling and say that the broad recognition of this problem is good news. Concluding that the elements of a plan to move forward from being stuck is appearing. Their contention is that it will be possible if the system is willing to unleash new finance for long-term investments and growth through the Multilateral Development Banks. Another goal can be to create a common understanding of how to do debt restructuring, and converting pledges for more liquidity including Special Drawing Rights reallocation into reality.

Following **Donald Kaberuka** explores how to get funding levels from billions to trillions, especially in the light of recent events, the post-COVID-19 pandemic era and the rise in poverty and inequality around the globe in **Financing the United Nations for people and planet**. He writes about how the growth prospects have also deteriorated amidst tightening credit conditions, debt and rising interest rates in low-income and emerging market countries. Raising the question about whether a peace dividend is possible and proposes that one way the UN goals can be funded is reducing global military spending. He argues for reform of the international financial architecture as well as explores the movement **'towards a just energy transition' and from the 'digital divide to digital opportunities'**.

In her contribution **Vera Songwe** writes in **Carbon pricing: An integral part of a just transition** that in a world with many competing priorities, the investment resources needed for the climate transition are substantial. The low-income countries have most of the carbon assets but are not benefiting from the market. **What is needed to get the carbon credit active?** The article concludes that while waiting for countries to put the needed reforms in place, bankable projects can be developed with crowd-in concessional and philanthropic resources to make projects attractive. Leading to ways for the private sector to contribute through well-developed carbon markets, raising domestic revenue and supporting the protection of the natural capital in these countries.

Next taking us on an anthropological journey in **Harnessing global public goods is the defining challenge of our Anthropocene future**, **Pedro Conceição** argues that there is a turning point in the evolution of human progress and that the interdependence brought about by globalisation is likely to deepen. His theory is that global public goods can provide a useful analytical frame to guide and inspire policy, institutional design and financing. As we go deeper into the Anthropocene, it would be a missed opportunity not to use this lens to address the challenges associated with our interdependence with one another, our planet, and perhaps even leverage the provision of GPGs to mobilise action towards greater solidarity.

Nada Al-Nashif calls for **Revitalising a global consensus: The Universal Declaration of Human Rights at 75**. The UDHR was nothing short of miraculous in recognising that human rights were the foundation of freedom, justice and peace in the world; universal, indivisible and fundamental across every divide – religious, cultural, geographic, environmental. Yet today, shocking disparities and global crises have destabilised this foundation. Attempts to politicise the human rights agenda reflect increasingly polarised positions, weakening our human rights foundation in a way that erodes consensus, multilateralism and international solidarity. The underfinancing is stark within the Office of the UN High Commissioner for Human Rights (OHCHR), and too dependent on unpredictable voluntary contributions that fund 61% of its work. The next 25 years will be crucial as global concerns at times appear to threaten our very survival and will require a global recommitment to human rights, a sustained effort that strengthens these rights and the institutions that frame them, backed by multiyear funding to meet escalating demands and expectations.

In **Financing gender equality: The role of the Gender Equality Marker and financial targets, Aparna Mehrotra** analyses gender equality spending. Despite some progress towards reaching Agenda 2030, with SDG 5 dedicated to gender equality, the empowerment of women is lagging with one estimate stating it will take another 286 years to bridge the global gender gap. The establishment of financial targets for gender equality in the UN system and incorporating the Gender Equality Marker and specific financial targets for gender equality in multi-partner trust funds are some of the strategies to improve the situation. The article gives an overview of the UN System-Wide Action Plan, the only accountability framework for gender equality and the empowerment of women. It expands on the bilateral development finance for gender equality as well as the volume and share of ODA with gender equality and women's empowerment as a policy objective by sector. A key conclusion is that gender equality and the empowerment of women and girls is recognised as a force multiplier to accelerate progress, not only for SDG 5, but across all SDGs.

Next, **Joyce Msuya** writes that investing in **humanitarian financing to alleviate suffering and manage crisis risks collectively** is a fundamental global public good. Her experience is that humanitarian financing saves lives, supports human dignity and resilience, and helps to protect peace and development gains when disaster strikes. Harnessing and converting funding into aid looks different in 2023 from 2013. Pooled funds are one way to leverage the resources since saving and protecting lives is a race against the clock, often surrounded by massive uncertainty. In 2022, more than 6 million people received US$ 1.7 billion in transfers. Her conclusion is that the system is more collaborative with coordination and complementarity between development agencies, international financial institutions and governments across areas like disaster risk management, crisis risk financing, public health, social protection and peacebuilding.

In the conclusion to this section, **John Hendra** sees the annual Financing the UN Development System report prepared by the Dag Hammarskjöld Foundation and the United Nations Multi-Partner Trust Fund Office (MPTFO) as the 'go to' report to better understand the UN system financing trends. In **Sustainably funding the United Nations' development work: A fast approaching perfect storm?** he argues for greater transparency and balanced reliable time series financial data. Given that the multilateral system appears increasingly fragile at this time of global development disruption and 'polycrisis', John Hendra concludes with the importance of future discussions towards a more 'fit for purpose' multilateralism focused on maximising UN assets with its convening power and unique normative impact.

Part Two: Quality financing

Part Two, chapter two continues the conversations on **quality financing** as in previous reports. There is a call for more secure funding commitments, trust building and the transformation of the international finance institutions. Global partnerships, the SDGs, global public goods, and the Summit of the Future are discussed.

In **Trustworthiness, trust, together: Building the case for financing of the UN system, Rachel Scott** writes that United Nations leaders, and hardworking staff on the ground, repeatedly call on donors to reduce earmarked funding, citing inefficiencies, restrictions on how and where to work, slower and more inefficient responses to urgent needs, and situations that are ultimately leaving vulnerable people worse off. But is more flexible funding really the answer? If financial earmarking really is the root of all evil, then how do we stamp it out? The COVID-19 pandemic, Conflict and Climate – the 'three Cs' – continue to dominate the global landscape. In developing countries, it is the 'three Fs' that count, with the Food, Fuel and Fertiliser crisis creating devastating impacts around the world. A fourth 'F' could perhaps be added, namely Financial instability from rising inflation and unsustainable debt levels. That is why now is the time to talk about how the 'three Ts' – Trustworthiness, Trust and Together. How to deliver a reinvigorated global system, with a key connecting role for the UN. So, if earmarking is not the problem, what is? We can all agree that, to fulfil its potential, the UN development system must not only perform well, but must be governed effectively and transparently, and have the right resources. Underneath all of this lies one thing: trust. And yet, building trust must start with UN organisations becoming trustworthy – it is all interconnected.

In his second contribution to this publication, **The Funding Compact going forward: More quality financing for critical outcomes, John Hendra** says the world is at an inflection point with the UN Member States agreeing that global challenges are interconnected across borders needing an interconnected response with a reinvigorated, inclusive multilateralism and reformed UN at the centre. The year 2023 marks the halfway point for implementing the SDGs. Positing the Funding Compact as one mechanism that can be used going forward to bring more quality financing for critical outcomes to support the urgency of reigniting SDG action. The scale of natural and climate-induced crises as well as violent conflicts requires more concerted efforts to respond through increased humanitarian support, enhanced resilience, and more sustainable development outcomes. His conclusion is that it will be important, as core resources are vital for funding critical functions and initiatives, as well as key to positioning the UNDS as a credible broker for the SDGs.

In the only interview of the report, **Jürgen Zattler**, Director-General for International development policy, 2030 Agenda and climate at the German Federal Ministry for Economic Cooperation and Development shares his thoughts and ideas in the **World Bank reform and implications for development cooperation**. His conversation with **Marijana Markotić** started with the roadmap of comprehensive reforms to be decided at the 2023 Annual Meetings of the World Bank Group and the International Monetary Fund in Marrakesh. Expected reform elements will include adjusting the World Bank's corporate goals; reflection on the business model and operational policies as well as the need to increase the World Bank's financial capacity. 'I would like to stress that it is not about more money for 'more of the same'; the objective of the reform is to do business in a different way in the future', he said. His conclusion is that 'it therefore must be understood – and perceive itself – as part of a broader system with the other multilateral institutions, bilateral actors and the private sector. The World Bank can play an important role in bringing all of them together and in mobilising the system. This has been lacking a little bit in the past.'

Next and changing the focus to the broader multilateral system, **HE Mr Suharso Monoarfa, HE Mrs Judith Suminwa Tuluka, Ms Marie Ottosson and Mr Vitalice Meja** recognise the marking of the UN's 75th anniversary in 2020 with three generations having committed to working toward peace, development and the spread of human rights. They explore **how effective development cooperation supports the UN system partners expect** and start with global public 'goods' and 'bads' and the opportunities to be gained by strengthening multilateralism in the run-up to the upcoming 2024 Summit of the Future. The Global Partnership for Effective Development Cooperation (GPEDC) is investing, alongside its partners, at country-level to gain insights into real accountability around development cooperation flows, as well as the roles different development actors – including multilaterals – can play in making cooperation more effective. In the 2018–2019 round, 28 UN entities reported across 73 UN country teams, representing over US$ 6 billion in country-programmable development cooperation. Their closing call is to engage GPEDC's partners, and they should be encouraged to be part of the monitoring to better understand how to work together and to improve to contribute to the same legacy and as an investment in the next 75 years.

In Part Two's final contribution, **Funding South-South and triangular cooperation at the United Nations: What do we know?, Sebastian Haug and Silke Weinlich** explore what we know about the funding situation at the United Nations when it comes to South–South and triangular cooperation. They argue that although its actual extent and significance of South–South and triangular (SSTC) cooperation is often hard to grasp in quantitative terms, it has become an increasingly prominent modality for implementation of the Sustainable Development Goals (SDGs). Their thesis is that the absence or fragmentary nature of data is deplorable since it leads to an overall lack of transparency regarding SSTC flows at the UN. Building on SDG reporting discussions they call for a UN system that captures SSTC-related expenditure in its financial reporting to provide SSTC funding impact. Concluding with the idea that the collation of more systematic data would enable Member States across the North–South divide to make informed decisions about whether, why and how UN work on SSTC should be strengthened.

Part Three: The art of scaling up and partnerships

Part Three is an expansion of some of the ideas in Part Two with **The art of scaling up and partnerships**. Chapter one is looking at scaling pathways and the SDGs, debt management and localisation and scaling.

Erik Engberg and Johannes F. Linn propose a 'scaling approach' to investment programme/project design and implementation and that these interventions should have a **scaling pathway towards a long-term vision of development impact explicitly linked to the appropriate SDG and climate targets**. Systematic scaling of proven development and climate interventions must complement other efforts, including financial resource mobilisation, progress monitoring and innovation.

Following, **Christopher Clubb** writes about the importance of increasing sustainable investment in low- and middle-income developing countries to fund implementation of the Sustainable Development Goals (SDGs) and climate projects successfully. He takes us through the **Action Plan for Climate and SDG Investment Mobilisation that identifies how to combine concessional and non-concessional development and climate finance to maximise private investment mobilisation**. Christopher Clubb says that no major innovations nor new institutions are required as the existing development finance architecture can be fit-for-purpose if governed towards the SDG and climate investment objectives. Concurring with other contributors that scaled investments can be achieved in the short term, while deeper or broader reforms can be pursued in the medium term.

Next in **Localisation and scaling: Two movements and a nexus, Larry Cooley and Johannes F. Linn** see 'localisation' and 'scale', two of the most dominant themes in recent development debates, as separate but related frustrations in the legacy and architecture of international development. Although the movements supporting scaling and localisation are separate, it should be seen as flip sides of the same coin. This article proposes pathways to scaling, explores the role of local leadership, and how to overcome obstacles to localisation. Their conclusion is that donor-funded projects and private philanthropy can assist and catalyse but cannot substitute permanent local institutions to create a 'new normal' through permanent changes they are financially able and willing to implement at scale and over time.

Part Three: Building resilience

Part Three chapter two once again brings **building resilience** into focus. The authors review data, discuss opportunities, raise important system driven questions. It covers a broad range of issues including how to finance local institutions fighting violence against women and girls; pooled resources to strengthen peacebuilding; and raising the critically important role of young people in creating safer communities.

In **The fine art of building trust: Integrated National Financing Frameworks, institutions and financing for development,** Sida's **Erik Korsgren and Alan AtKisson** recognise that the world has a working plan to root out poverty in official terms. This is the 2030 Agenda and its Sustainable Development Goals (SDGs) that serves as the plan of action for people, planet and prosperity, while the

Addis Ababa Action Agenda (AAAA) provides the framework for financing these collective ambitions. International cooperation, including development cooperation, is increasingly hampered by a loss of trust between high-income countries and the Global South. They argue that it should include re-building trust through bold, actionable plans agreed between parties that address institutional and market weaknesses, with strong financial backing – not with loose commitments. Sida supports the Integrated National Financing Framework (INFF) facility as the right mechanism to deliver, because it contributes to precisely this set of needs. Functioning institutions and an enabling environment are fundamental both for maximising the quantity of financing flows and ensuring the quality of flows. Their conclusion is to call for urgent action to deliver on all aspects of the AAAA and rebuild trust between all parties in the global SDG partnership.

Next **Briony Coulson and Pierre Bardoux** write in **Blended finance for nature: The call for diversified conservation capital**, about their experiences with investment-ready mechanisms like the Global Fund for Coral Reefs (GFCR). We learn about the Kunming-Montreal Global Biodiversity Framework (GBF) adopted by 196 nations in December 2022 that emphasises the need for diversified conservation funding sources. It opens the door for blended finance and the SDG Investment Pathway through catalytic UN Multi-Partner Trust Funds. While the primary Sustainable Development Goals (SDGs) addressing nature are 14 and 15, to conserve and sustainably use the marine and terrestrial environment, the achievement of all 17 SDGs is ultimately dependent on thriving biodiversity. The design of a UN multi-partner trust fund to de-risk, attract, and bolster private investment for conservation impact has been highly welcomed by leading international donors. The use of these funds enables donors to support initiatives that increase sustainable livelihoods, local resilience, and conservation impacts, without requiring long-term dependence on aid.

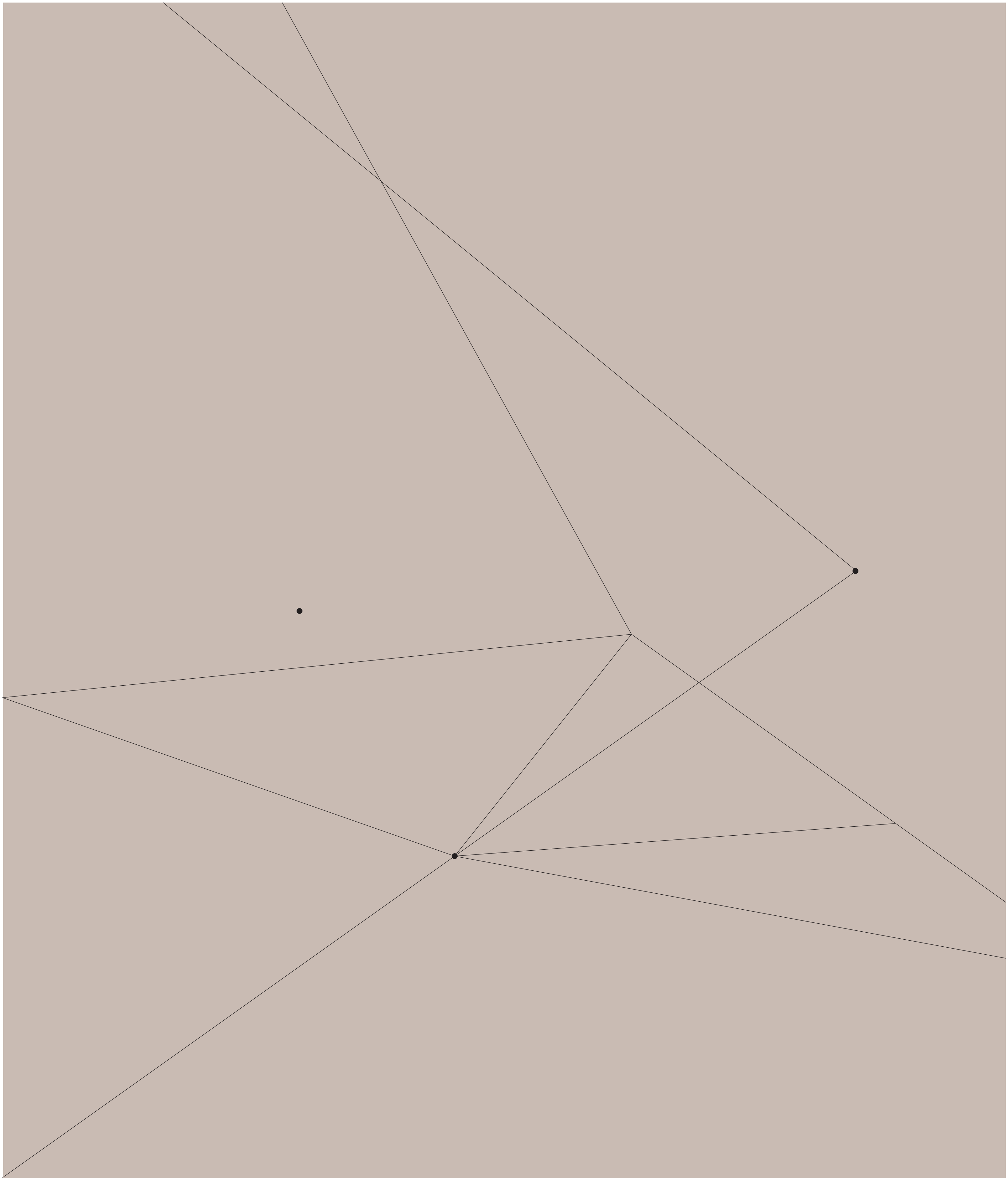
Staying in the context of pooled funds, **Heran Ayele and Alessandra Roccasalvo** tell us about the Spotlight Initiative, **A high impact United Nations financing model for eliminating violence against women and girls and accelerating progress on the Sustainable Development Goals (SDGs)**. Violence against women and girls is the most pervasive human rights violation in the world, remains endemic and devastating and continues to be a significant barrier to development. Achieving gender equality (Goal 5) is a prerequisite for attaining all the 17 SGDs. The Spotlight Initiative was launched in 2017 with seed investment of €500 million from the European Union. It is historic in size, scope and ambition and led from the highest UN and EU political levels, bringing together collective expertise, institutional knowledge, existing resources and coordination mechanisms under a 'one UN' interface under the leadership of the Resident Coordinator (RC). As the only cross-cutting initiative, it offers a unique opportunity for a transformative change and to accelerate progress on the whole of the 2030 Agenda.

And in **Moving from climate crises to peacebuilding solutions** the United Nations Department for Political and Peacebuilding Affairs – **Peacebuilding Support Office (PBSO) and Diane Sheinberg** recognises how the climate crisis impact continued to worsen in 2022 and 2023. Their examples include flooding, wildfires drought and the record ice melt at the poles. Over the past five years, the Secretary-General's Peacebuilding Fund (PBF) has seen increased demand to respond to emerging challenges. Between 2016 and 2022, the PBF invested over US$ 167 million in climate security and environmental peacebuilding efforts through 74 projects in 33 countries, implemented by 17 UN entities and 13 civil society organisations. The climate, peace and security nexus demand more attention from partners in terms of joint programmatic solutions to address and anticipate pressure points on social cohesion and the livelihoods of communities The PBF commits to engaging with larger climate funds and donors, private sector and international financial institutions, leading on climate change adaptation, disaster risk reduction and resilience.

The final report contribution brings the voices of the next generation in **Advancing financing of the Youth, Peace and Security Agenda in the United Nations system: Beyond commitments**, in which the **Office of the Secretary-General's Envoy on Youth, and the United Network of Young Peacebuilders (UNOY)** recognise that young people play a critical role in efforts for building and sustaining peace. Through these roles, they strengthen the reach and credibility of peacebuilding programmes within marginalised communities; mobilise powerful social change movements; and employ innovative, intersectional approaches to peacebuilding and conflict prevention. UN system funding for youth, peace and security (YPS) is limited and concentrated in only a few funds. Positive steps can be taken to improve the quantity and quality of funding; integrating meaningful engagement of young people into programming and strategy development; improving data on funding, increasing investments in, and strengthen incentives for, joint programming and improved collaboration between UN entities and civil society partners. Sustainable and youth-inclusive peacebuilding will only be guaranteed if the listed recommendations are put into action.

Endnotes

1 World Food Programme (WFP), 'Contributions by year', 2021 and 2022, www.wfp.org/funding.
2 WFP, 'WFP at a glance', www.wfp.org/stories/wfp-glance.
3 OECD, Multilateral Development Finance 2022 (Paris: OECD Publishing, 2022), section 3.1.3, https://doi.org/10.1787/9fea4cf2-en.
4 UN, 'Deliver humanitarian aid', www.un.org/en/our-work/deliver-humanitarian-aid.
5 UN Peacekeeping, 'What is peacekeeping', https://peacekeeping.un.org/en/what-is-peacekeeping.
6 UNSDG and Chief Executive Board for Coordination (CEB), 'Data Standards for United Nations System-Wide Reporting of Financial Data', March 2023, https://unsceb.org/sites/default/files/2023-03/Data%20Standards%20for%20UN%20System%20Wide%20reporting%20of%20financial%20data_2023_Final.pdf.



Part One

United Nations resource flows

Overview

The United Nations consists of a wide range of entities with varied mandates and sources of funding. The UN financing architecture may therefore at first seem complex. Part One of this report aims to unpack the data on UN financing flows and cast light both on how the UN is funded, by whom, and through which modalities. In recent years, the UN and its Member States have emphasised the importance of not only quantity but quality of UN funding if the organisation is to take relevant action for people, planet and prosperity in line with Agenda 2030. This is especially evident in times of crises, when changing needs require quick responses. It has been said that 'we get the UN that we fund'.[1] Given the multiple crises we currently face, flexible funding that allows the UN to respond adequately is more crucial than ever.

The first chapter of Part One describes revenue flows to the UN. Who are the contributors and what are their funding priorities? Through which instruments is funding provided and what are the significant features of each?

Chapter two explores the other side of the financial flows: how UN funding is allocated, to what purposes, and the distribution of expenditure among UN entities. UN reporting towards the Sustainable Development Goals (SDGs) has gradually evolved, making it possible to link nearly 80% of UN expenditure to them. The figures and tables in Part One are based on the latest available data, which means financing flows for 2021. The main data sources used are further defined in Box 4 on page 86.

Ongoing conflicts, especially the war in Ukraine, have affected the global economy in multiple ways, driving up inflation in general and energy and food prices in particular. Governments have increasingly redirected official development assistance (ODA) to meet humanitarian and development needs in Ukraine and support migration flows. Changes in ODA priorities due to the war in Ukraine are evident but not yet visible in this report's figures due to the time lag in accessible data. This is likely something that will be analysed in next year's report.

With the SDG summit imminent, and in light of multiple compounding global challenges and constrained global finances, critical questions regarding the financing of the global agenda and the SDGs must be posed. Are current levels of UN development system (UNDS) financing adequate, or are further investments needed to create future resilience? What financing modalities and partnerships should be pursued, and what strategic choices need to be made?

UN reform and quality funding

The **UN Funding Compact**[2] referred to in Part One is a framework developed by the UN and its Member States to enhance the effectiveness, transparency and accountability of the organisation's funding. It was first launched in 2019 as a response to increased demand for more flexible and effective funding mechanisms for development.

The Funding Compact sets out a series of commitments for both the UN system and its Member States, including:

Joint planning and programming: The UN system and its partners commit to jointly plan and programme their activities, in order to ensure alignment with national priorities and avoid duplication of effort.

Flexible financing instruments funding: Member States commit to providing more flexible and predictable funding, including through multi-year funding and pooled funds, while the UN system commits to innovating partnerships and financing mechanisms.

Results-based management: The UN system commits to enhancing its results-based management approach, thereby ensuring funding is targeted at measurable results and impact.

Transparency and accountability: The UN system and its partners commit to enhancing transparency and accountability in all aspects of funding, including through use of open data, public reporting and independent evaluations.

The Funding Compact is intended to help the UN system and its partners work more effectively together. By enhancing funding transparency and effectiveness, the UN strives to achieve greater impact in support of the SDGs.

The UN Secretary-General recently underlined the critical importance of shifting funding and financing behaviour towards integrated, coordinated and effective responses to countries' development priorities. Referring to the Funding Compact and the joint commitments made by the UN and Member States, he asserted that underutilising available resources only exacerbates the challenges posed by constrained funding.3 (On this subject, see also the article on page 172, 'The Funding Compact going forward: More quality financing for critical outcomes'.)

The **Quadrennial Comprehensive Policy Review (QCPR)** is a process through which the UN General Assembly assesses the effectiveness, efficiency, coherence and impact of UN operational activities. It takes place every four years and provides an opportunity for Member States to assess the UN's work and make recommendations for improvement. It is also intended to promote greater coherence and coordination across the UN system, ensuring its work is aligned with the changing needs of the global community.

The QCPR process involves a series of consultations and negotiations between Member States, UN agencies and other stakeholders, culminating in the UN General Assembly adopting a resolution outlining the review's outcomes and setting out recommendations for the UN system.

The QCPR process was first established in 2005 and has since become a key mechanism for assessing and improving UN system effectiveness. The most recent QCPR was completed in 2020, with the outcomes of the review guiding the UN's work over the subsequent four years. Every May, in connection with the annual Economic and Social Council (ECOSOC) Operational Activities Segment, the Secretary-General provides a report on QCPR implementation and a follow-up on Funding Compact progress.[4]

Information on terms, definitions and data sources used in Part One of this report can be found in Box 4 ('Reporting perspectives and data sources') and Box 5 ('The spectrum of UN grant financing instruments') on pages 86 and 88.

Part One — Chapter 1

How is the UN funded?

This chapter takes a closer look at how the UN is funded and from what sources. It also explores the ways in which different funding channels are used and how funding flows have developed over time. Both the quantity and quality of funding has an impact on the UN's ability to carry out its functions, something that is explored further in section 1.2.

As described in Box 5, there are four types of financial instruments through which the UN receives its revenue. Assessed contributions and voluntary core contributions are by their nature more flexible resources, while earmarked contributions place constraints on the ability to deploy resources and meet needs across all areas of activity. Earmarked resources may be restricted geographically or can be linked to a certain purpose or theme. However, there is a range of types of earmarking that provide different levels of flexibility, as further described in section 1.4. The fourth instrument, called revenue from other activities, includes fees for products and services and financial items.

Funding flows will be illustrated both for the UN system as a whole and the UNDS specifically, with the latter consisting of UN development activities dedicated to supporting implementation of Agenda 2030 (see Box 4, p 86).

1.1 Total revenue of the UN system

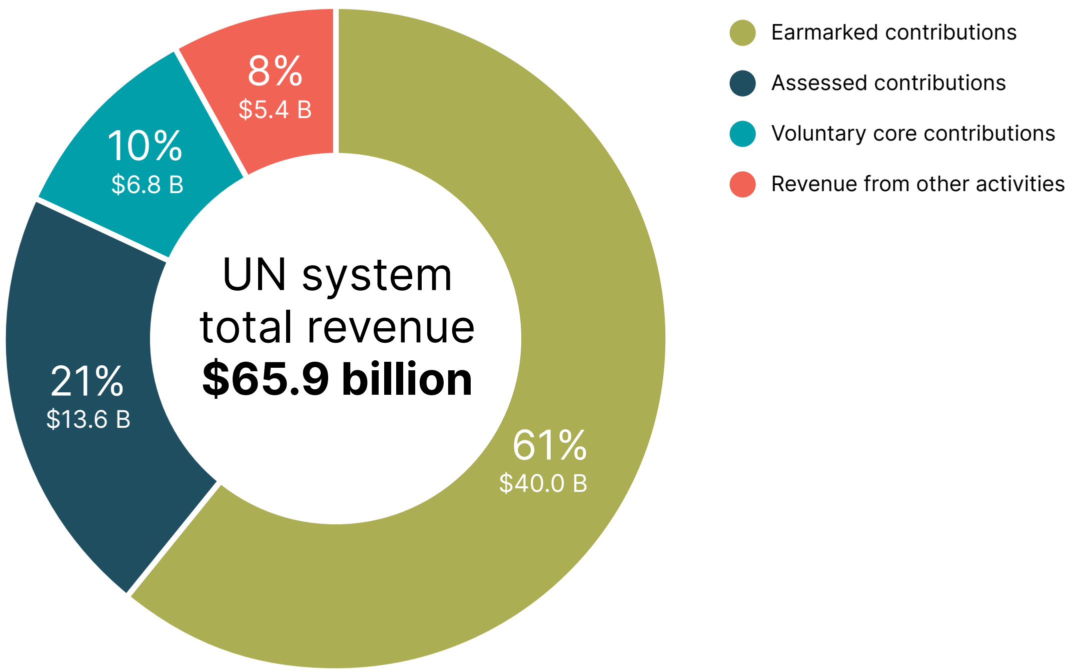
In terms of nominal value, the UN system's total revenue continued to grow in 2021, to US$ 65.9 billion – an increase of US$ 3.3 billion, or 5%, compared to 2020. The three entities that contributed in large part to this growth were the World Food Programme (WFP), United Nations Children's Fund (UNICEF) and Pan American Health Organization (PAHO), which were all closely involved in the UN response to the COVID-19 pandemic. Figure 1 illustrates how UN revenue is channelled through the four financing instruments, revealing that the UN system is to a high degree financed by earmarked resources. As can be seen in Figure 2, there has been steady growth in funding to the UN system over the past decade in nominal terms, with volumes increasing by 66%, from US$ 39.6 billion, in 2010.

However, due to rising inflation rates and fluctuating exchange rates, UN funding actually decreased in real US$ value in 2021, thereby undermining the value of contributions. As illustrated in Figure 3, UN system revenue in real terms amounted to US$ 62.3 billion in 2021 compared to US$ 62.6 billion in 2020. This was the first year since 2011 that the real value of UN revenue fell relative to the previous year. While multiple parallel world crises have increased demand for UN support, inflation has widened the gap between funding needs for UN activities and the value of available funding.

For consistency with earlier versions of this report, the figures in Part One are, with the exception of Figure 3 and 27, presented in nominal terms.

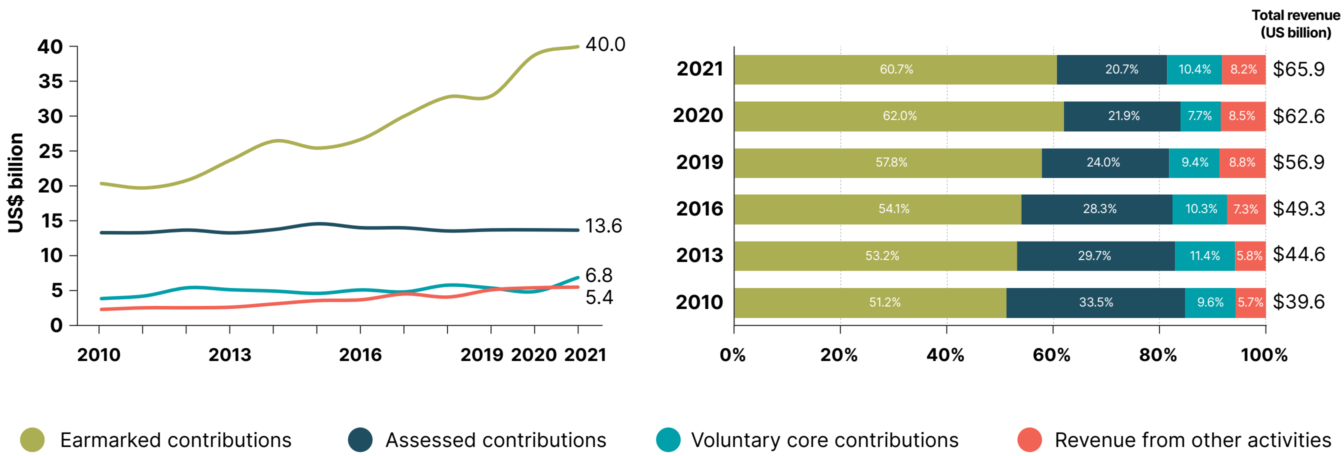
The UN system comprises many funds, programmes and specialised agencies, each of which has its own area of work, leadership and budget. UN system revenue represents the consolidation of revenues from the 47 entities that report to the Chief Executives Board for Coordination (CEB). Table 1 provides a breakdown of revenue to reporting entities by type of financial instrument. For 2021, two entities – the International Seabed Authority (ISA) and UN Convention to Combat Desertification (UNCCD) – reported for the

Figure 1: Funding of the UN system by financing instrument, 2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB)
For notes – see page 100.

Figure 2: Distribution of UN system funding by financing instrument, 2010–2021 (US$ billion)



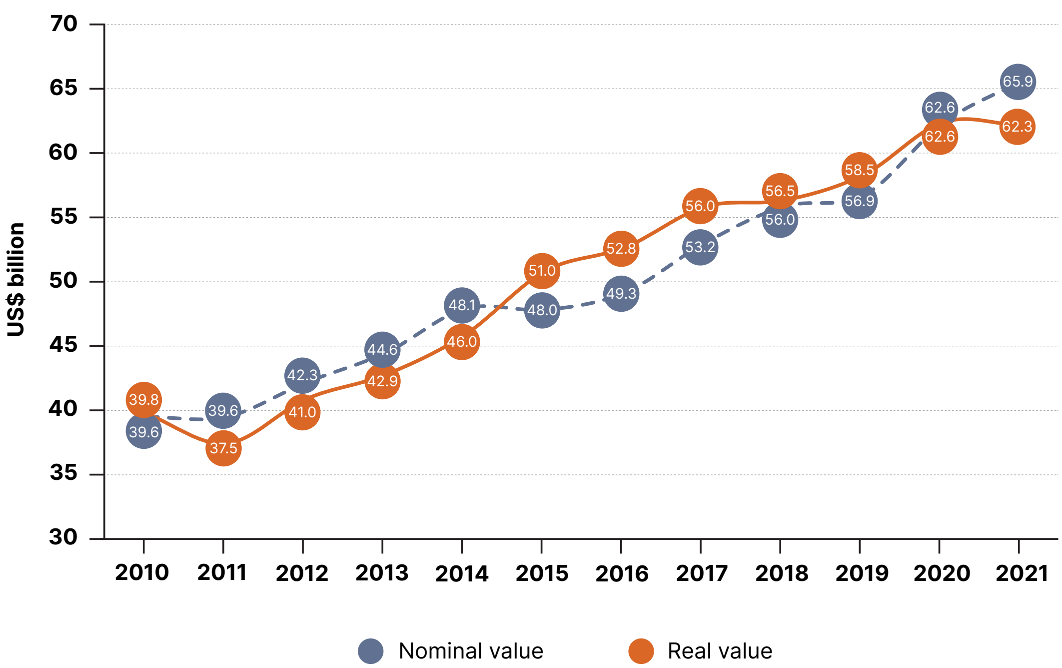
Source: Chief Executives Board for Coordination (CEB)
For notes – see page 100.

first time, adding US$ 40 million to the total. Although the UN Volunteers programme (UNV) began reporting as a separate entity from 2020, it has, for consistency, remained in the aggregate for UN Development Programme (UNDP). The UN Interregional Crime and Justice Research Institute (UNICRI) is reported together with UN Office on Drugs and Crime (UNODC) for the same reason, although they started reporting separately from 2021. Sections 1.1–1.3 in this chapter show revenue for the entire UN system, before section 1.4 introduces figures for the entities that constitute the UNDS.

The UN system's ability to function is not only dependent on the volume of funding but its quality. Resources that can be used more flexibly can be applied more strategically to support integrated implementation of Agenda 2030. Moreover, it gives the UN system the ability to adapt and reallocate resources in times of crises. The COVID-19 pandemic provided a stress test to the system, showing the importance of flexible funding. UN funding remains highly earmarked to specific projects, programmes and themes.

Figure 1 illustrates the distribution of UN system funding between the four financial instruments. The share of earmarked funding was 61% in 2021, which represents a slight decrease in total share but an increase in volume from US$ 38.8 billion to US$ 40 billion. The share of earmarked funding has increased over time, from 51% (equivalent to US$ 20.3 billion) in 2010. There are different types of earmarked funding with varying levels of flexibility as to how they can be deployed. This is further elaborated on in section 1.4.

Figure 3: Nominal and real UN system funding, 2010–2021 (US$ billion)



Note: Real values expressed in constant 2020 US dollars by applying deflators for resource flows from OECD-DAC countries, which consider both inflation and exchange rate movements[5].

Source: Chief Executives Board for Coordination (CEB) and OECD

For notes – see page 100.

Table 1: Total revenue of the UN system by entity and financing instrument, 2021 and 2010–2021 (US$ million)

Entity	Assessed	Voluntary core	Earmarked	Revenue from other activities	Total revenue 2021	2010–2021
UN Secretariat	2,934	174	3,165	687	6,960	4B 7B
CTBTO	136		5	2	143	128M 143M
DPO	6,797		341	72	7,210	8B 7B
FAO	505	51	1,283	11	1,851	1B 2B
IAEA	430		275	6	711	598M 711M
IARC	26	0	16	2	44	45M 44M
ICAO	80		84	17	181	223M 181M
ICC	165		2	0	167	170M 167M
IFAD		453	188	79	720	435M 720M
ILO	445	16	350	50	861	674M 861M
IMO	45		14	18	77	74M 77M
IOM	60	39	2,357	94	2,549	1B 3B
ISA	7	0		2	10	10M
ITC	40	19	97	5	161	76M 161M
ITLOS	14	0	0	3	18	12M 18M
ITU	137		15	40	192	173M 192M
OPCW	76		24	2	102	88M 102M
PAHO	105		178	1,376	1,659	850M 2B
UNAIDS		166	76	5	247	266M 247M
UNCCD	9		20	0	30	30M
UNCDF		16	118	3	137	60M 137M
UNDP		882	4,422	333	5,637	6B 6B
UNEP	214	88	400	23	725	395M 725M
UNESCO	274	13	371	34	692	765M 692M
UNFCCC	37	1	30	25	93	86M 93M
UNFPA		413	1,050	112	1,575	890M 2B
UN-HABITAT	16	3	176	22	217	198M 217M
UNHCR	43	1,068	4,119	24	5,254	2B 5B
UNICEF		1,579	6,714	277	8,570	4B 9B
UNIDO	79		190	28	296	335M 296M
UNITAID	0	109	85	0	194	191M 194M
UNITAR		0	56	1	57	21M 57M
UNODC	35	5	364	14	418	259M 418M
UNOPS				1,236	1,236	91M 1B
UNRWA		677	583	23	1,284	409M 1B
UNSSC		6	14	0	20	11M 20M
UNU		37	32	38	107	61M 107M
UN Women	10	206	451	14	681	236M 681M
UNWTO	17		11	1	29	25M 29M
UPU	41		28	20	89	40M 89M
WFP		570	9,060	138	9,768	4B 10B
WHO	549	232	3,226	59	4,066	2B 4B
WIPO	19		9	493	521	310M 521M
WMO	74	2	23	3	102	99M 102M
WTO	214	15		2	232	237M 232M
Total	**13,634**	**6,841**	**40,021**	**5,395**	**65,891**	**40B 66B**

Note: UNV and UNICRI are included under UNDP and UNODC respectively.
Source: Chief Executives Board for Coordination (CEB)
For notes – see page 108.

Assessed contributions and voluntary core contributions together constitute core funding, which provides the most flexibility, as it is provided to UN entities in support of their overall strategic and operational plans. All UN Member States provide assessed contributions – a form of membership fee – according to a set formula that takes into consideration a country's ability to pay.[6] While the volume of assessed contributions has therefore remained fairly stable over time, the share of total funding has decreased alongside the growth in total contributions.

The share and volume of voluntary core contributions, which Member States and other contributors provide to UN entities, saw a remarkable increase in 2021, rising to 10% and US$ 6.8 billion respectively, compared to 8% and US$ 4.8 billion in 2020. Voluntary core contributions have varied in volume and share over the years, although the 2021 figures show the highest volume of voluntary core contributions since 2010. One reason may be that some large contributors provided multi-year commitments in 2021, the full value of which, in accordance with International Public Sector Accounting Standards (IPSAS), must be reflected when signed (see also Box 1.)

The share of revenue from other activities remained around 8% in 2021, the same as in 2020, despite a slight increase in volume to US$ 5.4 billion from US$ 5.3 billion. Revenue from other activities consists largely of fees for services performed, as well as revenue from investments and exchange gains. This type of revenue has gradually (2018 aside) increased in importance since 2010, when it amounted to US$ 2.3 billion.

1.2 Who is being funded and how?

Overall, the funding of UN entities is determined by a combination of assessed and voluntary contributions, with the amount of funding an entity receives dependent on a variety of factors. The distribution of funds is ultimately decided by Member States through negotiation and agreements on the UN's regular and peacekeeping budgets, as well as budgets for specific UN programmes and entities.

More specifically, the amount of voluntary contributions a UN entity receives relies on factors such as the priorities of Member States and other donors, the effectiveness of the entity's programmes and projects, and the entity's capacity to raise funds from other sources.

UN entities are therefore funded by varying combinations of the four financial instruments, as seen in Table 1. Some UN entities receive flexible funding mainly through assessed contributions, while others rely entirely on voluntary funding. The aim is to have funding that supports implementation of a specific mandate, thereby enabling UN entities to work efficiently and meet rapidly changing needs.

Assessed contributions

Assessed contributions are mandatory payments made by Member States to the UN and are used to fund the organisation's regular budget, as well as the budgets for some UN entities, including peacekeeping operations. The sparklines in Table 2 shows the evolution of assessed funding per UN entity since 2010. Since assessed contributions are determined by a set formula, total volumes in nominal terms have remained stable at around US$ 13–14 billion since 2010.

UN peacekeeping is funded by assessed contributions because it is considered the collective responsibility of all Member States to maintain international peace and security, with assessed contributions providing a predictable, stable source of funding that allows the UN to plan and implement peacekeeping missions effectively. The Department for Peace Operations (DPO) received 94% of its financing from assessed contributions in 2021. The Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), the International Criminal Court (ICC), the International Seabed Authority (ISA), the International Tribune for the Law of the Sea (ITLOS), the Organisation for the Prohibition of Chemical Weapons (OPCW) and the World Trade Organization (WTO) – all entities with a specific mandate related to the General Assembly and the Security Council – received more than 70% of their funding through assessed contributions.

Many specialised UN entities with clear technical and regulatory mandates are funded by assessed contributions, as they are considered integral parts of the UN system. Moreover, their activities are often closely linked with

Table 2: Assessed contributions to the UN system by entity, 2010–2021 (US$ million)

Entity	2020	2021	Percentage of total 2021 revenue	2010–2021
UN Secretariat	2,953	2,934	42%	2B – 3B
CTBTO	131	136	95%	119M – 136M
DPO	6,898	6,797	94%	8B – 7B
FAO	485	505	27%	507M – 505M
IAEA	463	430	60%	392M – 430M
IARC	27	26	59%	25M – 26M
ICAO	80	80	44%	77M – 80M
ICC	176	165	98%	167M – 165M
ILO	399	445	52%	409M – 445M
IMO	45	45	59%	43M – 45M
IOM	54	60	2%	38M – 60M
ISA		7	75%	7M
ITC	37	40	25%	35M – 40M
ITLOS	13	14	77%	11M – 14M
ITU	142	137	72%	135M – 137M
OPCW	73	76	74%	71M – 76M
PAHO	105	105	6%	98M – 105M
UNCCD		9	31%	9M
UNEP	242	214	29%	221M – 214M
UNESCO	262	274	40%	377M – 274M
UNFCCC	34	37	40%	31M – 37M
UN-HABITAT	16	16	7%	12M – 16M
UNHCR	40	43	1%	40M – 43M
UNIDO	85	79	27%	102.9M – 79M
UNODC	34	35	9%	31M – 35M
UNRWA	31		0%	31M
UN Women	10	10	1%	7M – 10M
UNWTO	18	17	58%	16M – 17M
UPU	43	41	46%	37M – 41M
WHO	466	549	14%	473M – 549M
WIPO	20	19	4%	18M – 19M
WMO	77	74	73%	66M – 74M
WTO	222	214	93%	202M – 214M
Total	**13,679**	**13,634**	**21%**	**13B – 14B**

Source: Chief Executives Board for Coordination (CEB)

For notes – see page 108.

the work of the UN General Assembly and other UN bodies. The International Telecommunication Union (ITU) and the World Meteorological Organization (WMO) both received more than 70% of their funding through assessed contributions.

Voluntary core contributions

Voluntary core contributions to the UN are financial contributions made by Member States and other entities to support the regular budgets of UN entities. These contributions are 'core' because they are used to support an entity's ongoing work, rather than earmarked for specific purposes or projects. Moreover, their flexibility means that they can be used to meet the entity's most pressing challenges and priorities. As such, voluntary core contributions provide important support for the UN's work, particularly where there may be gaps in funding or needs are especially acute.

Voluntary core contributions are an important source of funding for many UN entities – including UNDP, UNICEF and the UN High Commissioner for Refugees (UNHCR) – that receive little or no assessed contributions. These contributions are used to support a variety of programmes and activities, including humanitarian aid, development assistance, peacekeeping and human rights work.

Between them, UNDP, UNICEF and UNHCR received a 62% share of the substantial increase seen in voluntary core funding, from US$ 4.8 billion in 2020 to US$ 6.8 billion in 2021. Box 1 illustrates how, following IPSAS, multi-year agreements must be fully recognised when signed. Thus, UNDP received US$ 882 million in voluntary core contributions in 2021, with US$ 381 million of this allocated to future years,[7] while UNICEF received US$ 1,579 in voluntary core contributions, of which US$ 387 million came from multi-year agreements, largely for upcoming years.[8] UNHCR also recognised substantial revenue from multi-year agreements in 2021, although the proportion this constituted of the US$ 1,068 million received in voluntary core contributions was not specified.[9]

Earmarked contributions

Earmarked contributions have driven the overall increase in funding over the past decade, having doubled from US$ 20.3 billion in 2010 to US$ 40 billion in 2021, as seen in Table 3. Four UN entities – UNHCR, UNICEF, WFP and the World Health Organization (WHO) – accounted for 69% of that growth. For all four, a large share of their expenditure is constituted by humanitarian assistance, which is earmarked to a greater extent than development assistance. (See section 2.1)

Twelve of the 47 UN entities are highly dependent on earmarked funding, receiving more than three-quarters of their funding from that channel. WFP and the International Organization for Migration (IOM) received more than 90% of their funding as earmarked, as did UNICRI and UN Institute for Training and Research (UNITAR), which have research and training mandates.

While earmarked funding can provide important resources for specific initiatives or projects, it can also present significant challenges for the UN system when it comes to meeting Member State expectations on delivering comprehensive, coherent support towards realising the SDGs. It is important that donors provide flexible, predictable funding in order to ensure the UN remains effective and independent.

The spectrum of earmarked funding is further explored in section 1.4 below.

Revenue from other activities

The fourth revenue stream is a combination of fees for services and financial revenue from, among other things, investments and exchange gains.[10] It represents only 8% of total revenue but has gradually grown in volume from around US$ 2.3 billion in 2010 to more than US$ 5.4 billion in 2021. The growth is mainly connected to three entities: PAHO, the UN Office for Project Services (UNOPS), and the UN Secretariat. Together with the World Intellectual Property Organization (WIPO), these entities generated 70% of the revenue from other activities in 2021. As elaborated below, there are three UN entities that rely mainly on fees.

The first is PAHO, the specialised health agency for the Americas and the Regional Office of WHO, which has played an important role during the COVID-19 pandemic, providing cost-effective procurement services for vaccines and public health supplies. As a consequence, PAHO's revenue from fees and other activities increased by 46% in 2021 to US$ 1.4 billion, accounting for 83% of PAHO's total revenue.

The second is UNOPS, a self-financing organisation reliant on fees from project implementation and other services covering infrastructure, project management, procurement, and financial and human resource management. In 2021, the entity generated US$ 1.2 billion, reported entirely as revenue from other activities given it related to revenue earned from services performed.

Table 3: Earmarked contributions to the UN system by entity, 2010–2021 (US$ million)

Entity	2020	2021	Percentage of total 2021 revenue	2010–2021
UN Secretariat	2,727	3,165	45%	1B 3B
CTBTO	4	5	4%	7M 5M
DPO	324	341	5%	33M 341M
FAO	1,245	1,283	69%	891M 1B
IAEA	295	275	39%	202M 275M
IARC	19	16	36%	18M 16M
ICAO	68	84	46%	129M 84M
ICC	2	2	1%	2M 2M
IFAD	187	188	26%	80M 188M
ILO	299	350	41%	248M 350M
IMO	17	14	18%	11M 14M
IOM	2,017	2,357	92%	1B 2B
ITC	72	97	60%	40M 97M
ITLOS	1	0	3%	253K 480K
ITU	12	15	8%	12M 15M
OPCW	19	24	23%	14M 24M
PAHO	137	178	11%	741M 178M
UNAIDS	76	76	31%	34M 76M
UNCCD		20	69%	20M
UNCDF	65	118	86%	47M 118M
UNDP	5,721	4,422	78%	4B 4B
UNEP	438	400	55%	174M 400M
UNESCO	346	371	54%	323M 371M
UNFCCC	17	30	32%	38M 30M
UNFPA	850	1,050	67%	357M 1B
UN-HABITAT	158	176	81%	166M 176M
UNHCR	4,296	4,119	78%	2B 4B
UNICEF	6,121	6,714	78%	3B 7B
UNIDO	152	190	64%	229M 190M
UNITAID	64	85	44%	3M 85M
UNITAR	33	56	98%	19M 56M
UNODC	330	364	87%	238M 364M
UNRWA	399	583	45%	13M 583M
UNSSC	8	14	68%	7M 14M
UNU	18	32	30%	37M 32M
UN Women	373	451	66%	103M 451M
UNWTO	3	11	37%	8M 11M
UPU	32	28	31%	21M 28M
WFP	8,091	9,060	93%	4B 9B
WHO	3,731	3,226	79%	1B 3B
WIPO	7	9	2%	10M 9M
WMO	23	23	22%	25M 23M
Total	**38,796**	**40,021**	**61%**	**20B 40B**

Source: Chief Executives Board for Coordination (CEB)

For notes – see page 108.

The third is WIPO, which provides intellectual property services for patterns, trademarks and industrial design. WIPO received 95% of its total income of US$ 0.5 billion in 2021 as revenue for other activities.

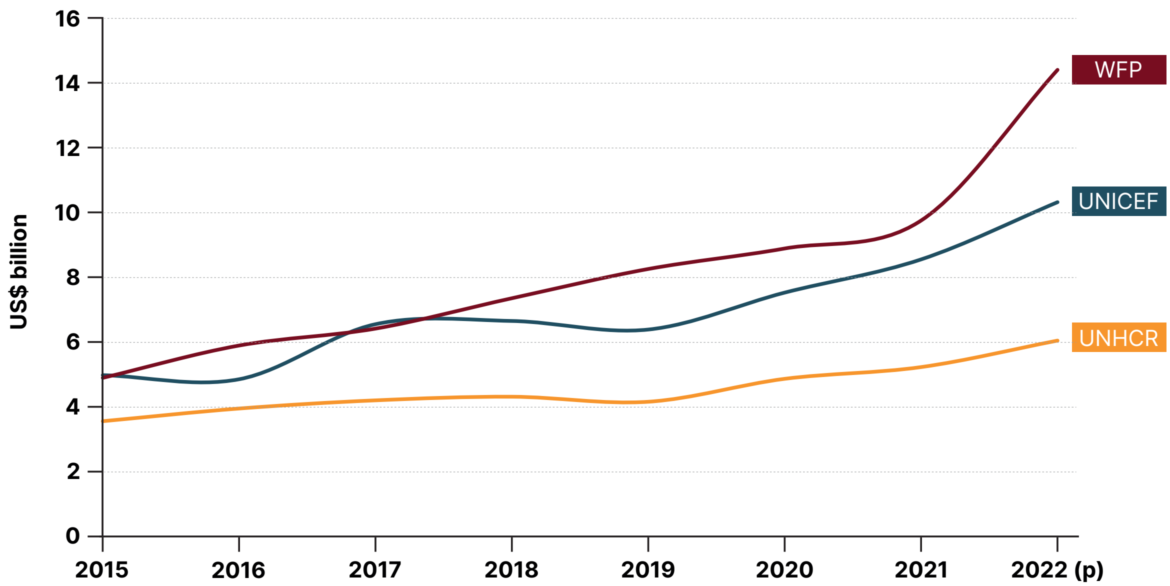
Several UN entities have experienced remarkable income growth in recent years, driving the increase in total funding to the UN system. Figure 4 – the only figure in Part One that reflects 2022 preliminary figures reported to the CEB – shows contributions to three select UN entities that had revenues of more than US$ 6 billion in 2022. As can be seen, revenue streams to WFP and UNICEF grew by 194% and 106% respectively during the period 2015–2022.

In WFP's case, 2022 saw a remarkable annual 48% increase, with the United States almost doubling its contributions to US$ 7.2 billion.[11] Behind the figures lies a drastic increase in the number of people in need of emergency response due to a combination of conflict, economic shocks, climate extremes and soaring fertiliser prices. In particular, the COVID-19 pandemic and the war in Ukraine have pushed grocery prices up, making food unaffordable for millions of people.[12]

The COVID-19 pandemic, the global nutrition crises and climate change have also deeply affected UNICEF's operations, with revenue growth in 2020-2022 that can be partly attributed to voluntary contributions for emergency response.[13]

This section has touched on the differences in funding and funding mixes across UN entities, with funding patterns closely connected to an entity's function and mandate, as well as the preferences of funding partners and governments. While the overall Member State target of providing 30% of development funding through core resources was achieved in 2021, some UN entities are struggling to access funding that supports important normative work and provides the flexibility to (re)act strategically.

Figure 4: Contributions to select UN entities, 2015–2022 (US$ billion)



Note: In accordance with IPSAS, cash flows reported to CEB as revenue reflect the full value of funding agreements when signed. Certain UN entities provide information on contributions aligned with past cash revenue recognition policies.

Source: Chief Executives Board for Coordination (CEB)

For notes – see page 101.

Some UN entities have managed to create a finance structure that better fits their mandate through shifting the composition of core and earmarked funding they receive. UNICEF, for example, has managed to grow its share of core funding (regular resources) from both public and private sources. Most of UNICEF's private sector income, which saw a 33% increase in 2021 compared to 2020, comes through its National Committees. The committees – a unique feature of the organisation – raise private sector funding from both individuals and corporate partnerships (see also section 1.3).

Box 1: **Challenges with inconsistencies in accounting basis for reporting of UN system-wide financial data**

By United Nations System Chief Executives Board for Coordination (CEB) Secretariat

The Data Standards for UN System-wide reporting of financial data require that revenue and expenses are reported by UN entities to the CEB Secretariat on an accrual basis, in most cases in accordance with IPSAS. 'On an accrual basis' often impacts the timing of when the UN entities report revenue. As an example, a UN entity may be required to report the total amount of a multi-year contribution commitment in the year the commitment was made instead of reporting the contribution in the years the cash is received.

However, in recognition of the different business models, financial frameworks and reporting requirements of UN system organisations, an entity may also decide to report expenditure to the CEB on a budgetary basis. This illustrates the current reality where in some cases, selected UN system financial data users find data reported on a budgetary or modified cash basis more meaningful. An exception may be granted to report to the CEB financial statistics on this basis if a number of principles are met, as set out in the data standards.

UN entities have also faced other challenges with reporting revenue under the current IPSAS 23 *Revenue from Non-Exchange Transactions*, and there exists variances in accounting policies and interpretation of IPSAS 23 across the UN system. This can lead to comparability issues. In addition, reporting revenue by a government contributor on an accrual basis has led to questions from some Member States, who have not been able to clearly match the data published on the CEB website with their internal data on contributions on a cash transferred basis.

However, the IPSAS Board has recently approved a new IPSAS 47, *Revenue*, which is a single standard to account for revenue transactions in the public sector. IPSAS 47 replaces the existing three revenue standards (IPSAS 9, IPSAS 11 and IPSAS 23).

IPSAS 47 will be effective for periods beginning on or after 1 January 2026. The Finance and Budget Network's Task Force on Accounting Standards is commencing work in 2023 to develop guidance for UN entities for application of the new IPSAS 47, and it is hoped that the new standard will ease some of the current challenges and inconsistencies for UN entities (and Member States) related to revenue recognition.

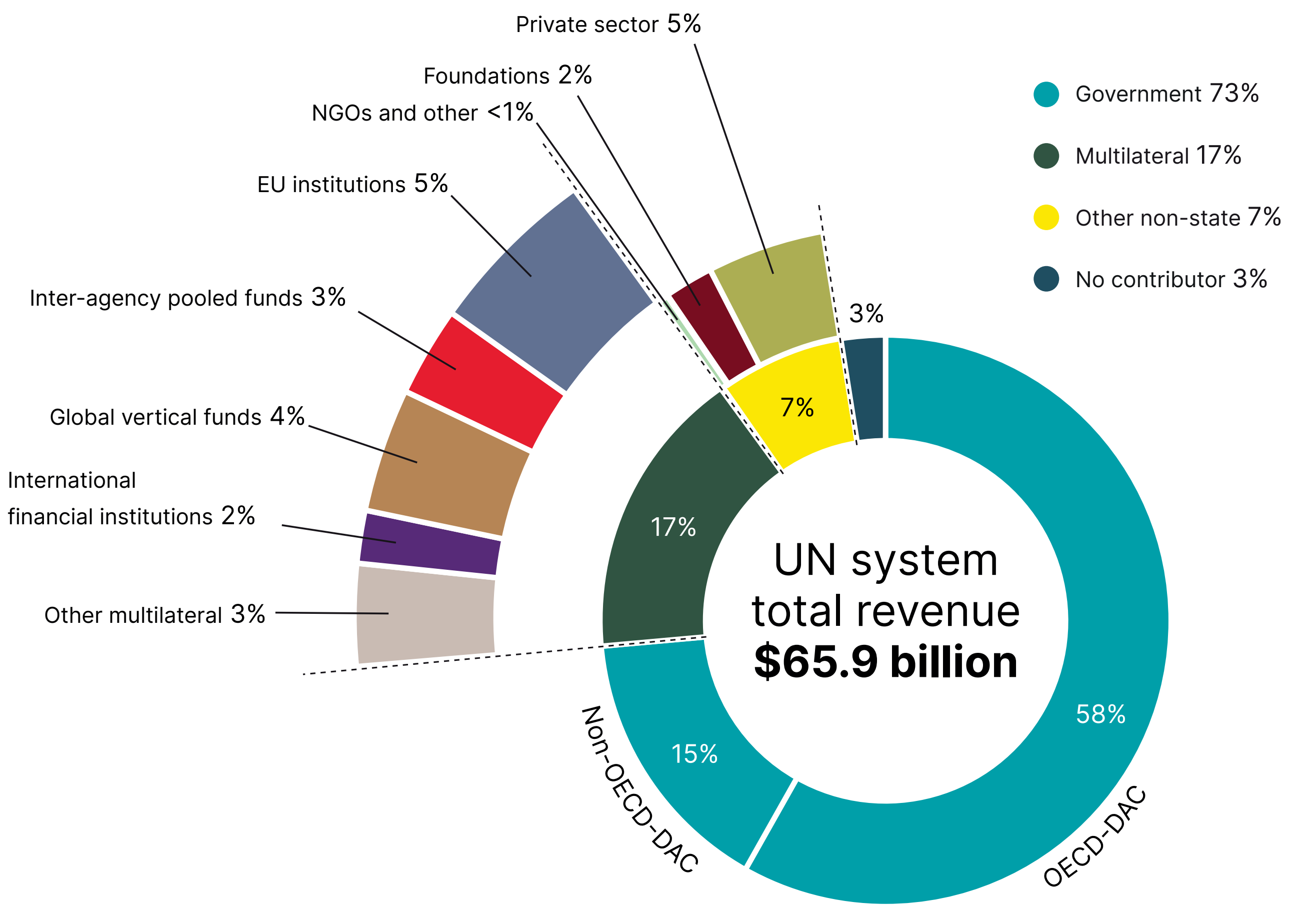
1.3 Who funds the UN?

While the previous section looked at the various financing instruments used to fund the UN, this section explores who exactly is funding the UN. As seen in Figure 5, the UN is predominately funded by governments. In 2021, 73% of funding came directly from governments, with an additional 17% from multilateral institutions largely funded by governments. The share of funding directly from governments increased from 68% in 2020, a change mainly attributable to the more detailed reporting of revenue from other activities introduced in the UN Data Standards for reporting of financial data from 2021.

Largely consisting of fees, other revenue was not previously linked to a particular contributor. Consequently, the share of funding with an unclassified source has decreased from 8% in 2020 to 3% in 2021. In terms of volume, Member State contributions rose from US$ 42 billion to US$ 48 billion, with US$ 38 billion of this coming from Organisation for Economic Co-operation and Development Assistance Committee (OECD-DAC) members.

Looking more closely at multilateral sources, the European Union (EU) is fully funded by EU member states, while the

Figure 5: UN system funding sources, 2021



Source: Chief Executives Board for Coordination (CEB)

For notes – see page 101.

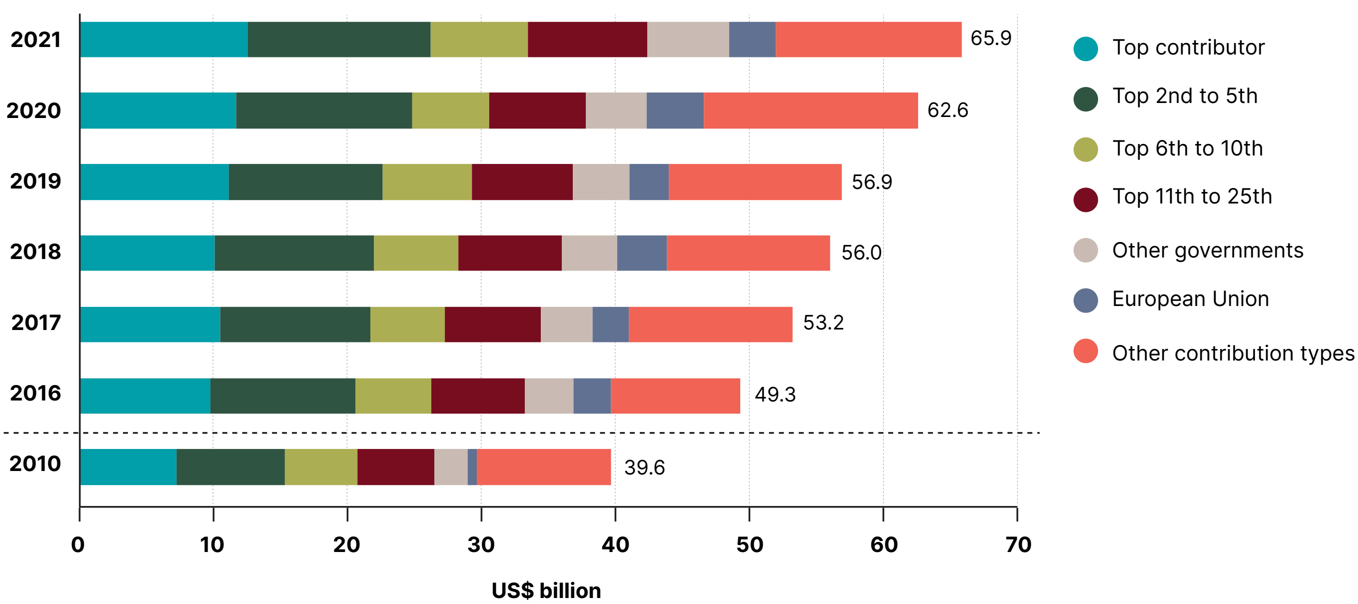
shareholders of international financial institutions (IFIs) are generally national governments. Inter-agency pooled funds were 91% funded by governments in 2021. Moreover, global vertical funds, such as the Global Environment Facility (GEF), the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund) and Gavi, the Vaccine Alliance, receive the majority of their funding from governments, although the Bill & Melinda Gates Foundation gives substantial support to the Global Fund and Gavi. In summary, a reasonable estimate is that more than 85% of the UN's total funding originates from Member States.

Revenue from Member States and multilateral channels

Funding to the UN remains heavily reliant on a limited number of Member States. Figure 6 shows how contributions are divided between Member States and other contributors, and how this has evolved over the past decade. Around 40% of all funding since 2010 has originated from the top five Member State contributors. The United States is the single largest contributor to the UN, providing around 20% of total funding since 2010. Total revenue to the UN system has grown substantially – by 66% – from US$ 39.6 billion in 2010 to US$ 65.9 billion in 2021. Revenue provided by contributors other than Member States grew from US$ 10.7 billion to US$ 17.4 billion over the same period, partly due to increased contributions from the EU and other multilateral sources.

The top ten Member State contributors are all, except for China, members of OECD-DAC. As shown by Figure 7, however, the overall share of government funding to the UN from non-OECD-DAC members has gradually increased from 14% in 2010 to 21% in 2021. China's increase in UN funding during the period, especially from 2016 onwards, provides part of the explanation for this. Even so, excluding China, the other non-OECD-DAC countries increased their share of total UN funding from 12% in 2020 to 17% in 2021. In nominal terms, this represents an increase from US$ 3.4 billion to US$ 8.2 billion. Widening the donor base helps mitigate the risk of volatility and a dependency on funding decisions made by specific donors. Broadening

Figure 6: UN system funding by Member States and other contributors, 2010–2021 (US$ billion)

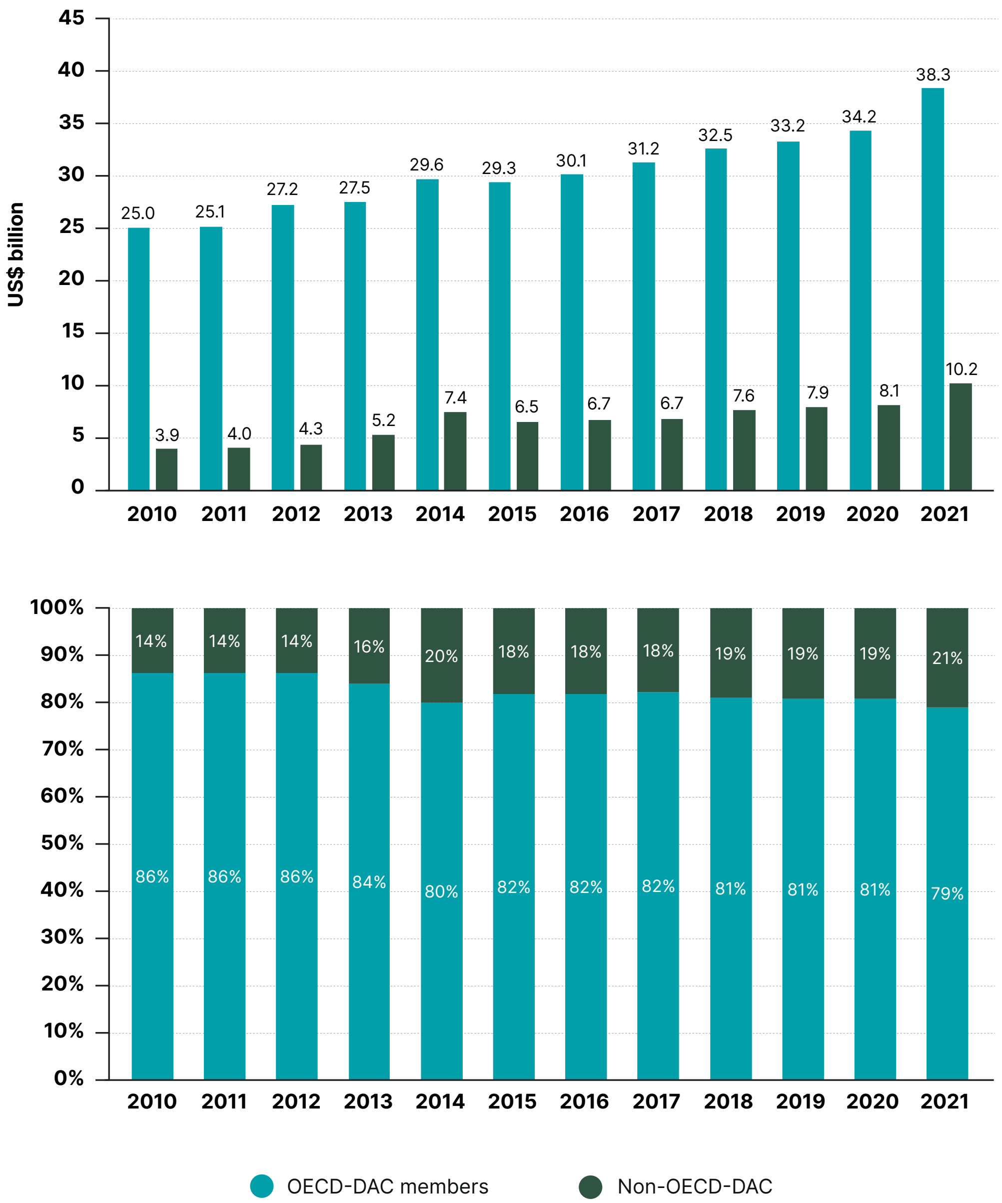


Source: Chief Executives Board for Coordination (CEB)
For notes – see page 101.

the UNDS sources of funding support is therefore one of the targets formulated in the Funding Compact. Access to flexible funding is a prerequisite for the UN if it is to broker and convene partnership platforms, as well as catalyse blended financing for the purposes of supporting countries' development priorities, as well as global norms and standards.

Figure 8 shows the top ten Member State contributors to the UN system in 2021, including inter-agency pooled

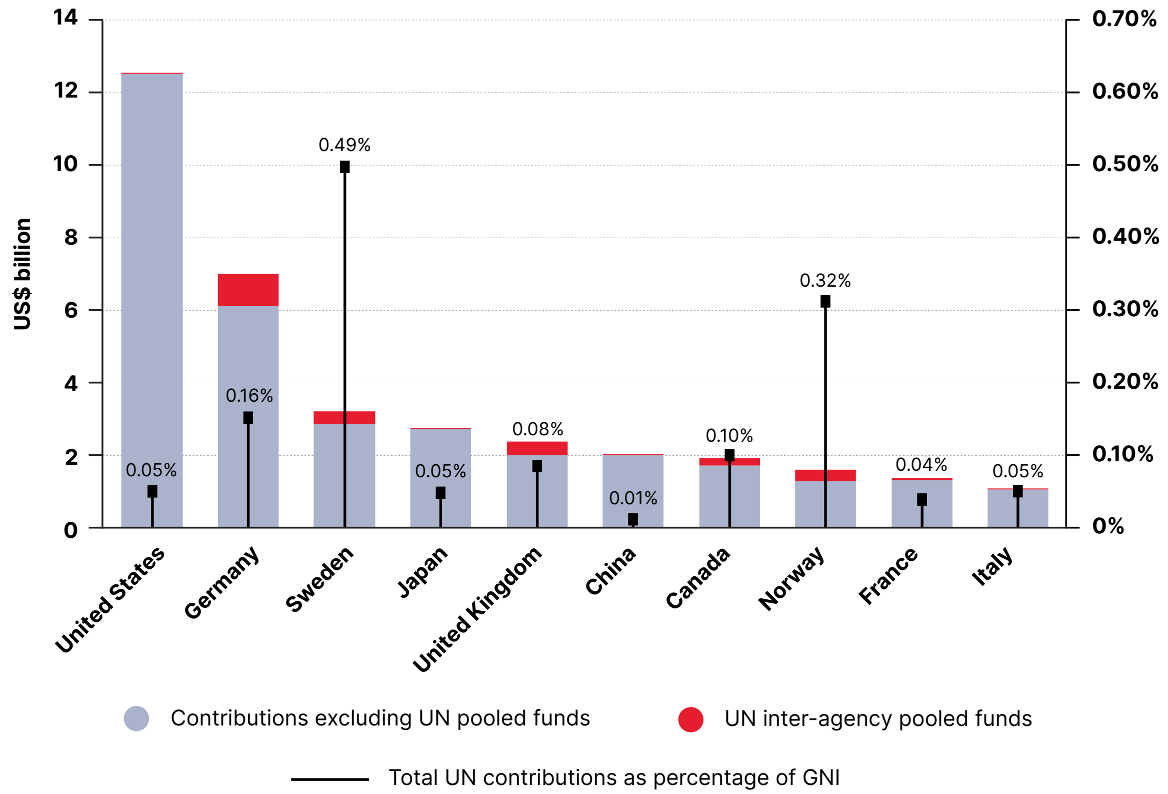
Figure 7: Government direct contributions to the UN system (US$ billion)



Source: Chief Executives Board for Coordination (CEB)

For notes – see page 101.

Figure 8: Top 10 Member State donors to the UN system, 2021 (US$ billion and percentage share of GNI)



Source: Chief Executives Board for Coordination (CEB), UN Pooled Funds Database, and UN Statistics Division (UNSD)

For notes – see page 102.

funds, and the percentage of each country's gross national income (GNI) the contribution represents. The group of ten countries has remained largely the same since 2015, when China emerged as one of the top ten donors. Relative ranking within the top ten has shifted over the past decade, although the United States has maintained its position as the largest contributor to the UN throughout the period.

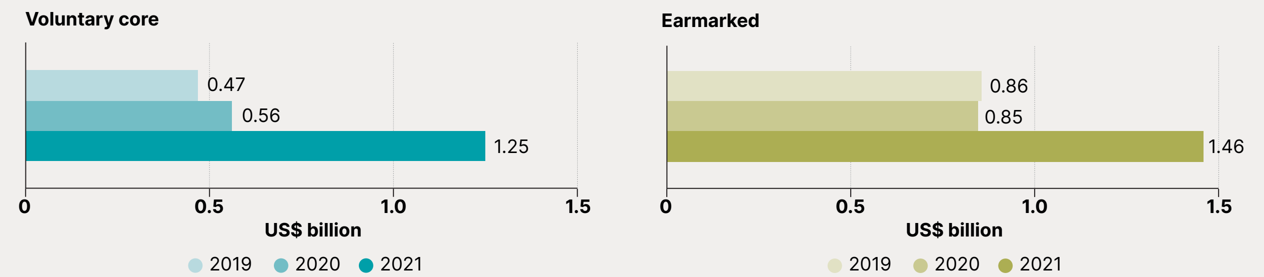
Sweden, which normally ranks between fifth and seventh, emerged as the third-largest Member State contributor to the UN in 2021. This, however, can partly be attributed to a number of multi-year commitments Sweden signed with UN entities during the year – as mentioned above, IPSAS accounting standards require that revenue reflects the full value of funding agreements upon signature, which may cause irregular funding patterns (see boxes 1 and 2). The United Kingdom has for the past decade been among the top three contributors to the UN, but dropped to fifth place in 2021 following a reduction in funding to US$ 2.4 billion, compared to US$ 3.3 billion in 2020.

Although the United States provides the largest volume of funding, this only corresponds to 0.05% of the country's GNI. When looking at funding to the UN as a proportion of GNI, Norway and Sweden lead the way, respectively dedicating 0.32% and 0.49% of their GNI to funding the UN. In 2019 and 2020, Norway and Sweden each provided around 0.3% of their GNI to the UN, with Sweden's 2021 increase partly attributable to the above-mentioned multi-year agreements (see Box 2).

Box 2: Impact of multi-year agreements on annual contributions – the example of Sweden

The potential challenges arising from differences in the accounting basis for UN data reporting are described in Box 1. Here, Sweden provides an example of how this can play out in a given year. In 2021, Sweden signed ten multi-year agreements with UN entities for the period 2022–2025, totalling around US$ 2.2 billion to be paid over the four years.[14] When fully accounted for in 2021, following IPSAS, contributions from Sweden increased from US$ 1.5 billion in 2020 to US$ 2.9 billion in 2021, pushing Sweden up from the sixth-largest to third-largest Member State contributor to the UN. The US$ 1.3 billion increase was both in voluntary core (US$ 0.7 billion) and earmarked (US$ 0.6 billion) contributions. As such, Sweden was by far the largest contributor to UN voluntary core resources in 2021, providing 23% of all voluntary core contributions to the UN, with UNHCR, UNDP and UNICEF receiving over 70% of those contributions. As the example of Sweden demonstrates, while the inconsistencies in UN contribution data caused by accounting principles may even out over time, they can create large shifts in a given year.

Figure 9: Sweden's voluntary core and earmarked contributions to the UN system, 2019-2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB)
For notes – see page 102.

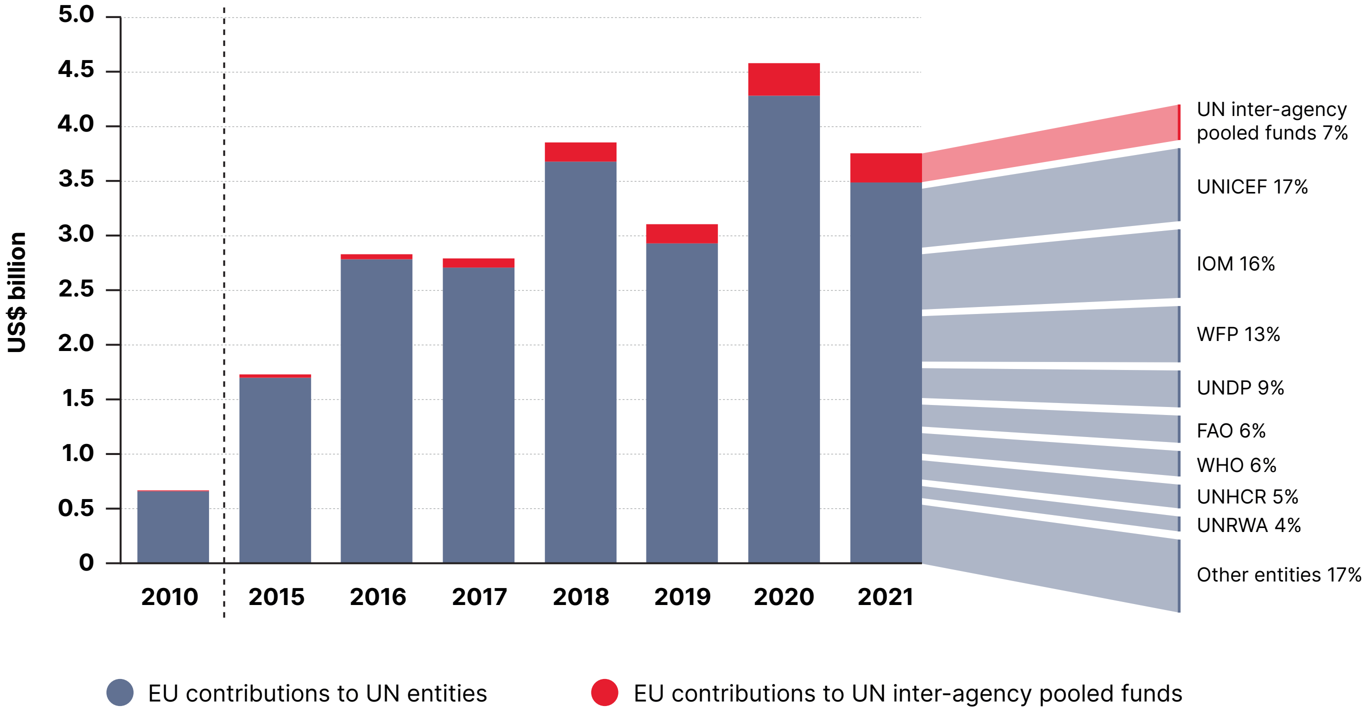
Revenue from the European Union

Over the past decade, the EU has grown in importance as a contributor to the UN. The EU, an intergovernmental institution with supranational functions, has enhanced observer status in the UN. Since EU member states are also members of the UN, and foreign policy decisions require consensus, the EU can rarely pay assessed or voluntary core contributions to the UN. Therefore, only 3% of funds were contributed as core funding in 2021, and this was almost entirely given to the UN Relief and Works Agency for Palestine (UNWRA) for humanitarian and development support to Palestinian refugees.

Figure 10 shows the evolution of EU funding to the UN, including inter-agency pooled funds, from 2010 to 2021 and a breakdown of EU funding in 2021 per UN entity. Contributions have grown from US$ 0.7 billion in 2010 to US$ 3.8 billion in 2021, turning the EU into the third-largest contributor to the UN. The EU is also a main contributor to inter-agency pooled funds, which now constitute 7% of EU contributions.

The EU allocates its funding almost entirely to humanitarian and development assistance. UNICEF, IOM and WFP received almost half – 46% – of total EU funding in 2021,

Figure 10: EU funding to the UN system, 2010–2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB) and UN Pooled Funds Database
For notes – see page 102.

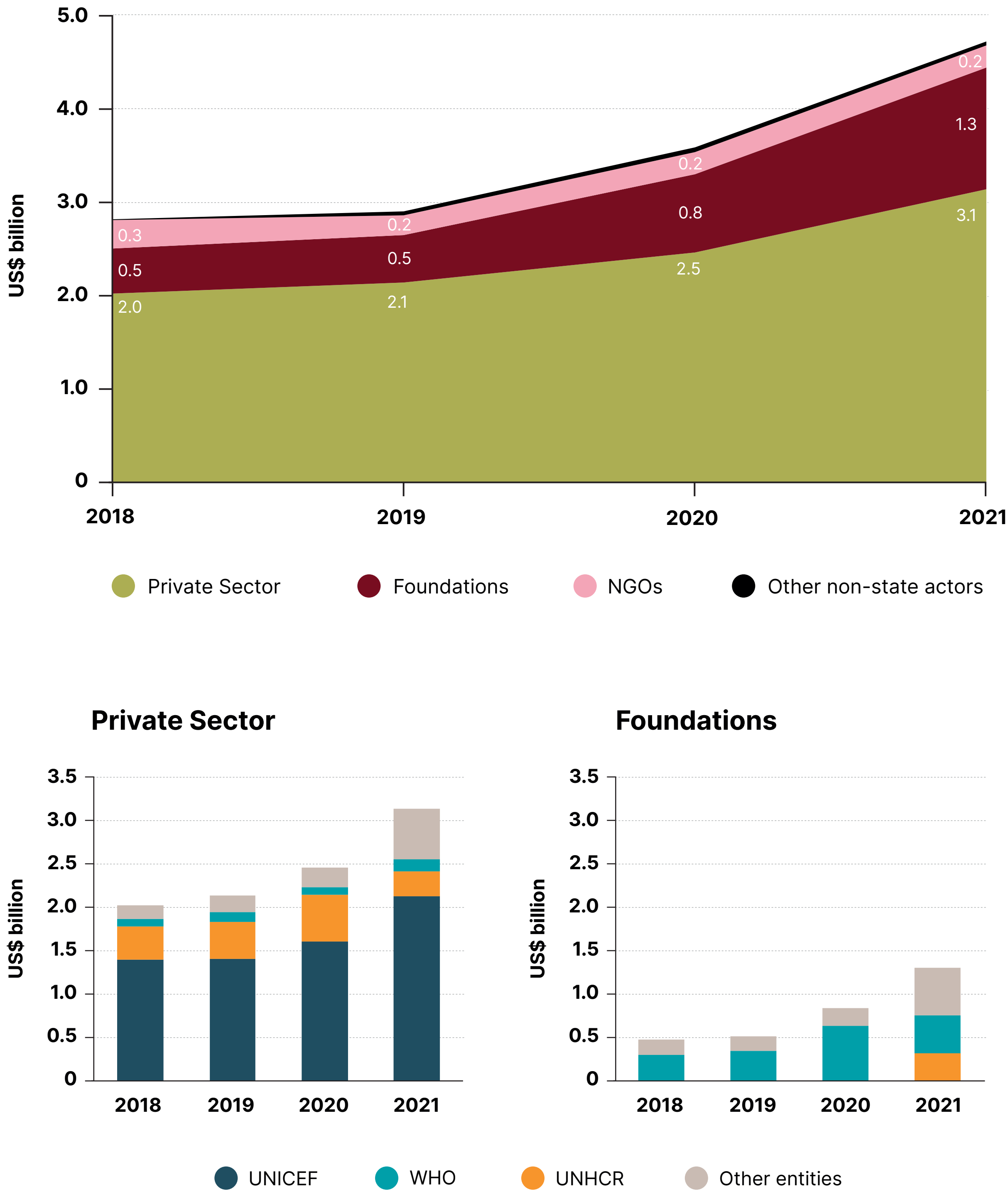
while UNDP's share decreased from 15% in 2020 to 9% in 2021. Shifts in EU funding are largely connected to changing humanitarian funding needs in response to anticipated crises. Contributions to the Spotlight Initiative Fund, established in 2017 for the elimination of violence against women and girls, has been a driving factor behind increased EU engagement in inter-agency pooled funds.

Revenue from non-state actors

A smaller but growing source of UN funding are non-state actors, such as the private sector, foundations and non-governmental organisations (NGOs), with the share of funding from such actors increasing from 5% in 2018 to 7% in 2021. Figure 11 shows the volumes of UN contributions from non-state actors in recent years, revealing growth of 67% between 2018 (US$ 2.8 billion) and 2021 (US$ 4.7 billion). This is largely related to revenue from foundations and the private sector, in particular UNICEF's ability to raise funds from the latter source. Most UN entities receive only a limited share of non-state resources, with UNICEF, WHO and UNHCR being exceptions to this rule.

Figure 11 also shows a breakdown of non-state revenue to these three UN entities. Here, UNICEF, which relies entirely on voluntary contributions, stands out, with 25% of its total resources generated from the private sector – equivalent to over US$ 2 billion in 2021. UNICEF has 33 National Committees (independent local NGOs) to fundraise private capital from individuals and enterprises, as well as promote children's rights. In 2021, UNICEF established a unique partnership with the World Bank, issuing a bond on the capital market and investing the proceeds in its own fundraising mechanism.[15]

Figure 11: Funding from non-state actors to the UN system, 2018–2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB), UNICEF and UNHCR

For notes – see page 102.

Private donations are also an important income stream for UNHCR, which received 12% of its revenue from non-state actors – largely private individuals – in 2021. WHO differs from the other two in that it sources most of its non-state income from foundations, with the Bill & Melinda Gates Foundation contributing US$ 377 million in 2021 (82% of its total contribution to the UN system). In 2020, WHO established the independent but affiliated WHO Foundation as a response to the COVID-19 pandemic, its aim being to raise resources from philanthropists, foundations, businesses and individuals. The Foundation channelled US$ 8 million to WHO in 2021.

Revenue from international financial institutions

UN agencies are natural partners for IFIs in terms of delivering global public goods, building national capacity and catalysing private finance.[16] Given the role IFIs play in providing technical expertise and large-scale financing, partnerships with these institutions are critical for achieving the SDGs.[17] Direct financial flows from IFIs to the UN are limited, despite the share of total revenue growing in 2021 to 2%, equivalent to more than US$ 1 billion. However, these figures do not fully reflect UN entities' collaboration with IFIs, which can take other forms, with the ultimate intention of mobilising capacity and additional resources.

Figure 12 shows a combination of direct and indirect income from IFIs for a selection of UN entities where such revenue plays a significant role. Overall, the World Bank Group is the main contributing partner, alongside several regional and national development banks. Indirect income generally entails a contribution to the UN entity from a national government, based on financing provided to the government by an IFI.

In the case of UNDP, partnerships with IFIs are both financial and non-financial, involving collaboration on joint analysis and assessments, SDG-aligned tools and methodologies, knowledge products and policy support, and capacity development and project implementation aimed at supporting government efforts towards sustainable, inclusive growth. UNDP's share of indirect IFI revenue grew in 2021 due to its increased support to governments in procuring critical medical equipment and strengthening health responses during the COVID pandemic. In 2021, 61% of UNDP's total revenue from IFIs was channelled through national governments.[18]

The strategic partnership framework (established in 2018) between WFP and the World Bank brings together the latter's analytical and financial expertise with the former's strong operational capacity in fighting extreme poverty and hunger.[19] In 2021, WPF received US$ 273 million in direct funding from the World Bank[20] and an additional US$ 528 million from national governments using funds sourced from IFIs.[21] WFP also receives service provision payments from governments for its programmes, with the funds for this sourced from the World Bank. These payments are not included in the above-mentioned figures.

UNICEF's engagement with IFIs in 2021 was strongly focused on COVID-19 response and recovery. UNICEF also partners with IFIs to mainstream child-sensitive planning, budgeting and programming. It received US$ 574 million from IFIs in 2021, mainly through direct funding from the World Bank.[22]

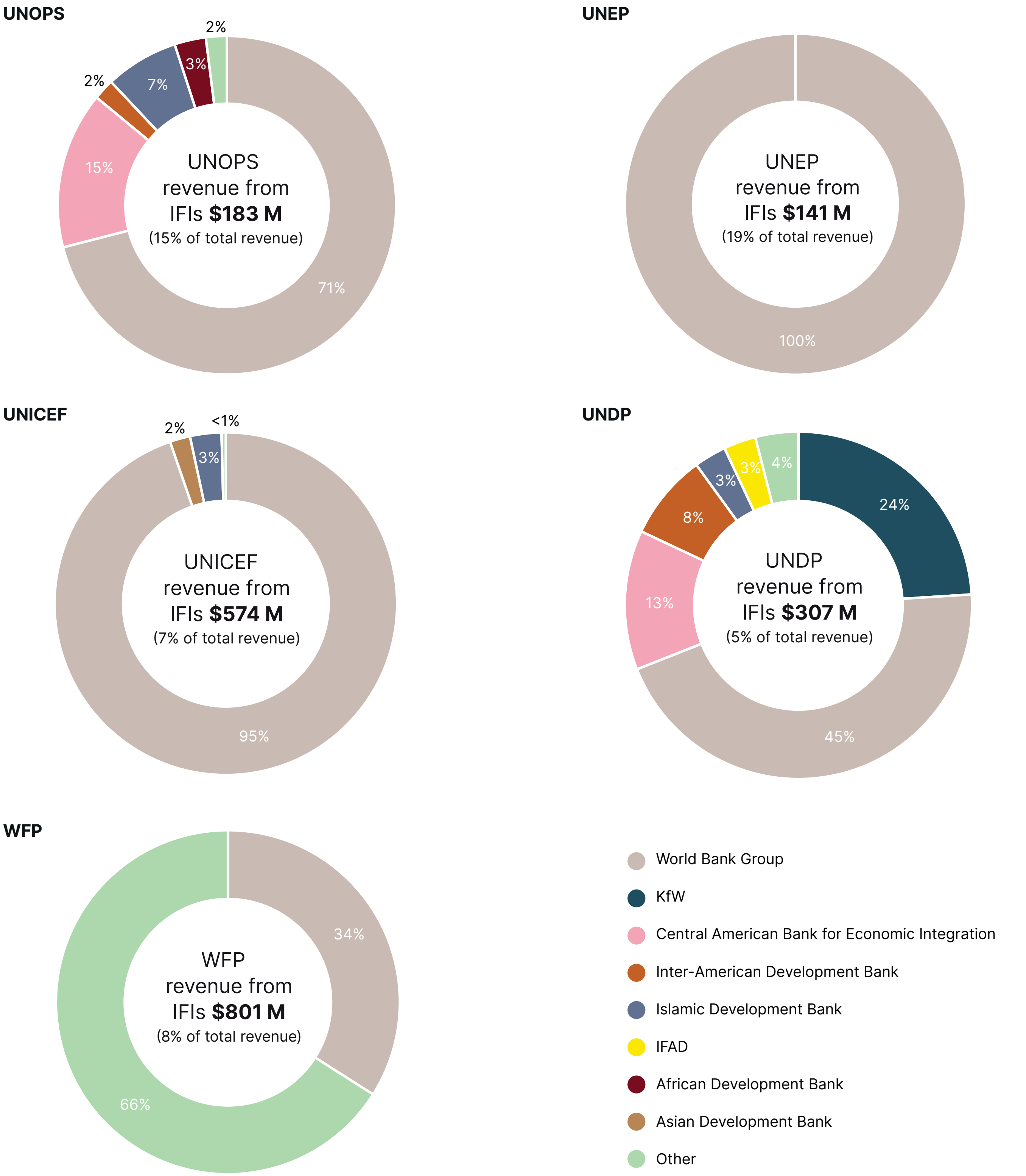
UNOPS, a fee-based project implementer, collaborates with IFIs on – among other areas – climate action, resilient infrastructure, resilient health systems, gender equality and building public procurement capacity.[23] In 2021, 15% of its fees were funded by IFIs.

The UN Environment Programme (UNEP), which received 19% of its total funding in 2021 from the World Bank, is an implementing agency for GEF, where the World Bank is the trustee.

1.4 Funding mix and degrees of earmarking

As highlighted in previous sections, funding to the UN is to a large extent earmarked to specific purposes. However, there are varying degrees of earmarking attached to different funding instruments. These offer different levels of flexibility and consequently different opportunities for collaborative and coordinated approaches. Although working strategically towards Agenda 2030 requires funding that supports holistic, integrated solutions more typically well-served by flexible contributions, earmarked funding may be justified and appropriate depending on the type of activities involved.

Figure 12: International Financial Institutions (IFIs) funding to five select UN entities, 2021 (US$ million)



Note: For WFP, the 'other' category includes indirect funding from the World Bank, the International Monetary Fund, the Asian Development Bank and the African Development Bank.

Source: Chief Executives Board for Coordination (CEB), UNDP, UNICEF, and WFP

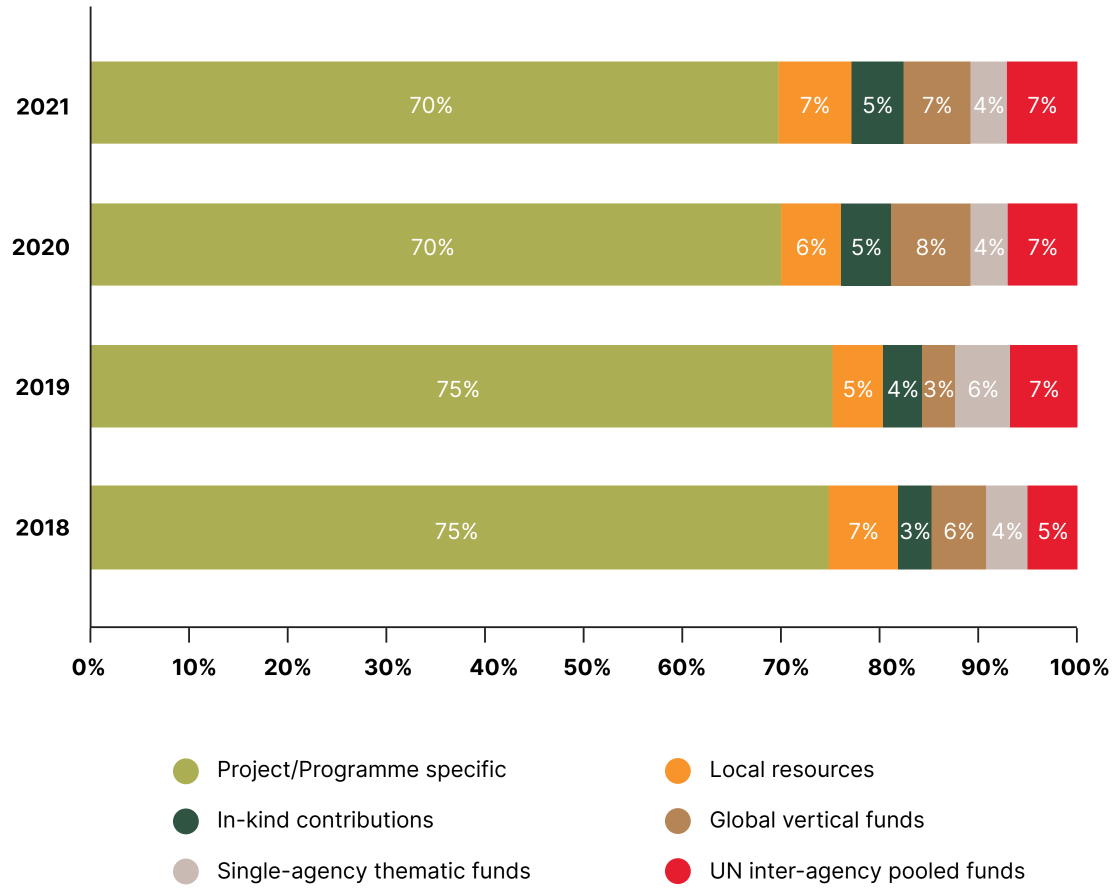
For notes – see page 102.

Figure 13 shows a breakdown of earmarked contributions according to types of earmarking. The share of funding tightly earmarked for specific projects or programmes remained unchanged at 70% of total earmarked revenue in 2021, although 2020 had already seen a marked decrease compared to the previous year. This was possibly due to the Funding Compact commitment to increase the share of more flexible development-related earmarking. Overall, the share of these more flexible instruments – inter-agency pooled funds (7%) and single-agency thematic funds (4%) – also remained unchanged in 2021, although with a larger nominal volume of revenue.

Compared to 2018, inter-agency pooled funds have increased in importance as a flexible funding type supportive of multi-stakeholder solutions. Section 1.5 puts the spotlight on inter-agency pooled funds, showcasing how they have evolved over the past decade, which countries and entities they channel resources to, and who the main contributors are.

The data presented in Part One up to this point relates to revenue for the UN system as a whole, incorporating all entities that report to CEB. Figures 14–18, on the other hand, focus on the part of the UN system referred to as

Figure 13: Earmarked contributions to the UN system by type, 2018–2021 (percentage share of total earmarked contributions)



Source: Chief Executives Board for Coordination (CEB) and UN Pooled Funds Database
For notes – see page 102.

UN operational activities for development (OAD). UN OAD includes the activities of UNDS entities promoting the sustainable development and welfare of developing countries and countries in transition.

Despite what the name indicates, UN OAD includes both development-related activities and humanitarian assistance. In short, the entities that constitute the UNDS are those with a mandate to promote economic and social development (see definitions in Box 4).

Contributions to UN OAD constitute 71%, or US$ 46.5 billion, of total UN revenue, and follow a similar trend as contributions to the entire UN system. Figure 14 displays how contributions to UN OAD have developed from 2010 to 2021, divided between core and earmarked funding. Revenue growth over the period is mainly connected to increased earmarked funding, which has grown by 106% since 2010, compared to 58% for core funding. As such, 2021 can be seen as an exception in the sense that core funding grew more than earmarked funding, both in volume and percentage, compared to the previous year.

The reasons for this can partly be found in the multi-year agreements that were signed in 2021 and fully accounted for, as per IPSAS accounting standards (see also Box 1). UN OAD funding is 79% earmarked compared to 61% for the UN system, which can be explained by the fact that peace operations are largely funded through assessed (core) contributions.

Figure 15 shows funding to UN OAD from the top ten contributors, all of which are OECD-DAC members, as well as the mix of financing instruments used. Here, core funding equates to assessed and voluntary core contributions combined. Single-agency thematic funds and inter-agency pooled funds are specified due to their 'core-like' features of more flexible earmarked funding. Eight of these contributors are also among the top ten contributors to the UN system as a whole, with funding concentrated among a consistent group of donors.

The top ten contributors to UN OAD provide 62% of overall funding, with the choice of financing instrument varying between contributors. While Germany, the United Kingdom, the Netherlands and the Nordic countries provide a substantial share of their contributions as core or 'core-like' resources, the United States and Japan contribute mainly through more tightly earmarked funding. The EU is an exception in the sense that it is not a direct member of the UN and, due to the nature of the EU as an organisation, can rarely provide core funding.

The percentages in Figure 15 indicate what proportion core funding forms of each contributor's total funding to UN OAD. Although six out of ten provide a quarter or more of their contribution through core funding, the three largest contributors – the United States, Germany and the EU – fund predominately through earmarked funding.

Figure 16, which focuses on the largest contributors to UN OAD (ranked excluding local resources provided, which are displayed separately) outside the members of OECD-DAC, reveals a more diverse funding mix. While the countries in the top ten for 2021 remain the same as the year before, the ranking has shifted. China, the seventh largest contributor to the UN system, allocates around a quarter of its contributions to UN OAD. As such, despite not being among the top ten contributors to UN OAD, it is now the largest contributor to UN OAD among the non-OECD-DAC countries. Saudi Arabia, which was the largest contributor to UN OAD outside OECD-DAC in 2020, saw its contributions fall by 44% in 2021. This was partly due to a decrease in funds to WHO, which in 2020 had received funding from Saudi Arabia for the COVID-19 Strategic Preparedness and Response Plan.[24]

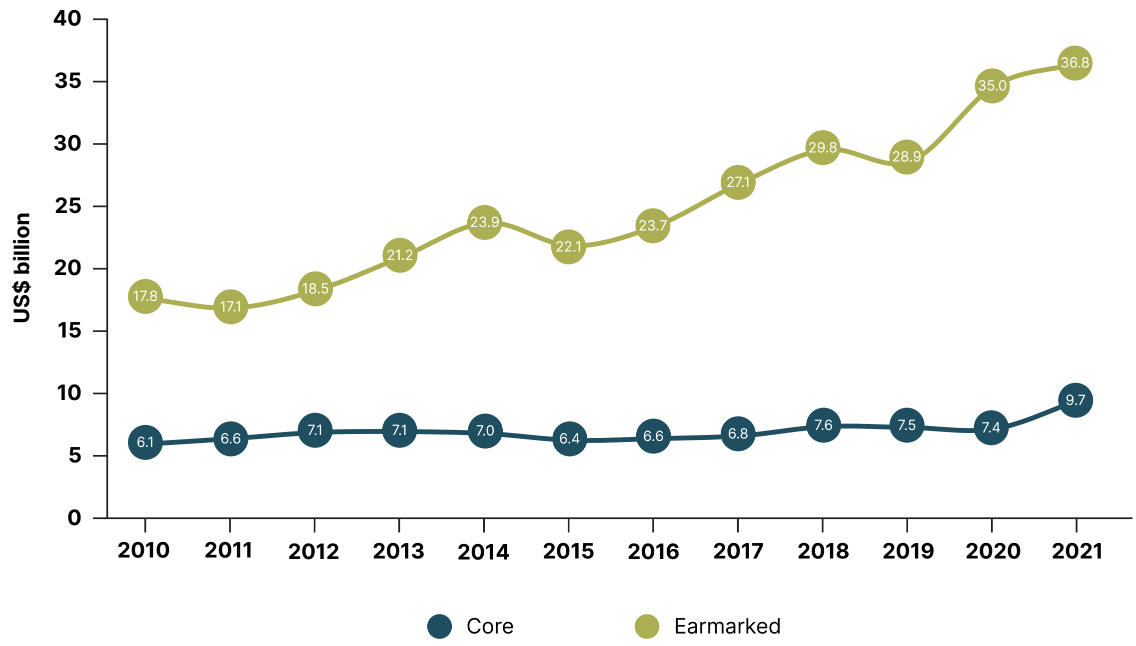
The countries represented in Figure 16 contribute a higher percentage share of core funding than the top OECD-DAC countries. Eight out of the ten channel a quarter or more of their contributions through core funding, with the highest proportions seen in China (78%) and Kuwait (72%). One explanation is that the total contributions of these countries are lower, resulting in assessed, mandatory contributions constituting a larger share. However, the United Arab Emirates (UAE) and Kuwait provided most of their core funding as voluntary core. In the case of Kuwait, the larger part of this came as support to the International Fund for Agricultural Development (IFAD), which was also the case for China.

Table 4: Types of earmarked contributions and definitions

Earmarked contributions	UN inter-agency pooled funds	Co-mingled contributions to multi-entity funding mechanism, not earmarked for specific UN entity; funds are held by UN fund administrator and fund allocations are made by UN-led governance mechanism.
	Single-agency thematic funds	Co-mingled contributions to single-entity funding mechanism designed to support high-level outcomes within strategic plan; single UN entity is fund administrator and takes the decisions on fund allocations.
	Revenue from global vertical funds	Contributions from 'vertically' focused funds with specific themes; funds are not directly administered by a UN entity and do not have a UN lead role in fund allocations.
	Local resources	Contributions from programme countries financed from government resources for use in support of their own development framework.
	Project/ programme specific resources	Grants earmarked by the contributor to a specific programme or project, provided they do not fall within the above earmarked contribution categories.
	In-kind contributions	Revenue transactions recorded for donations or goods and/or services, in accordance with the accounting policies of the organisation that are earmarked by the contributor to a specific programme or project.

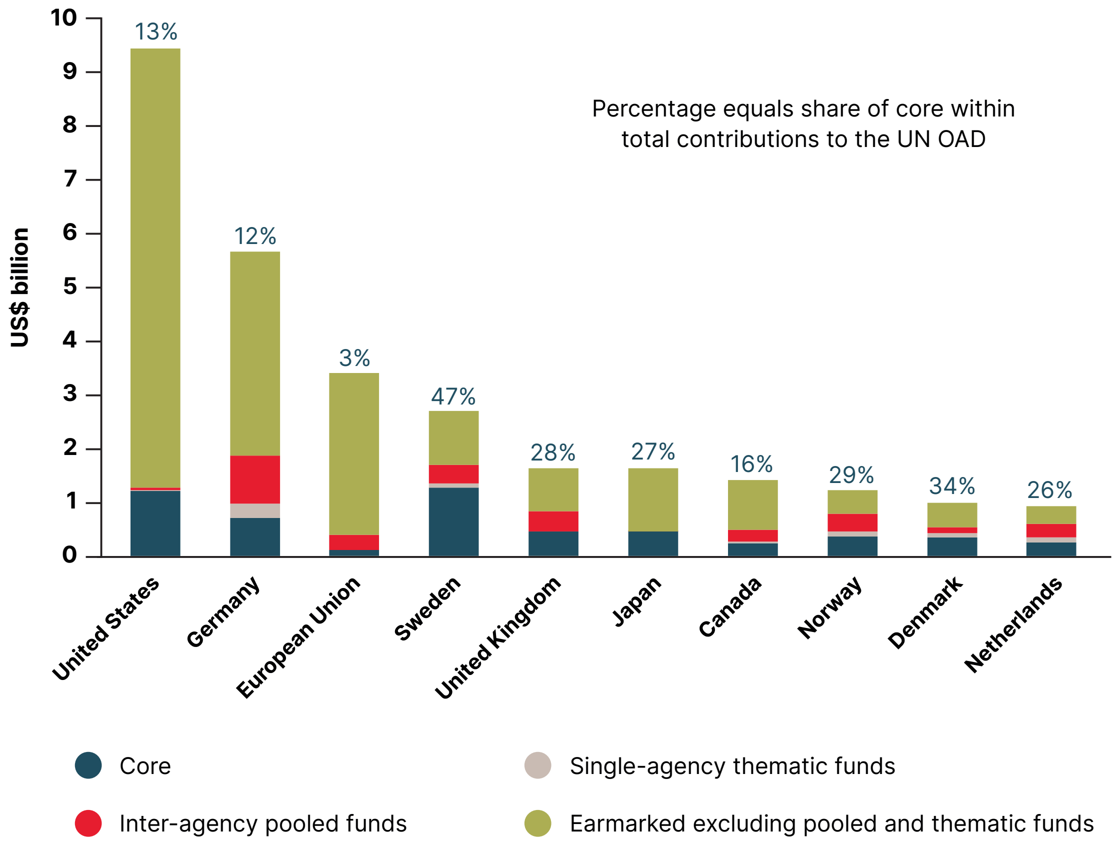
Source: Data Standards for UN System-Wide Reporting of Financial Data

Figure 14: Total core and earmarked contributions for UN operational activities for development (OAD), 2010–2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59)
For notes – see page 102.

Figure 15: Funding mix of top 10 OECD-DAC members that contribute to UN OAD, 2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database

For notes – see page 103.

Contributions to inter-agency pooled funds, although more limited in this group, are to a degree growing. Qatar, the Russian Federation, Türkiye and the United Arab Emirates funded the UN Central Emergency Response Fund (CERF), as well as country funds in their respective regions. Local resources are provided by countries for the purposes of implementing their own national development plans, and can be an important part of the total resources they provide. In 2021, this was the case for Brazil, India and Mexico, which provided between a third and nearly half of their contributions as local resources.

Figures 17 and 18 illustrate the funding mix of the top 15 contributors to, respectively, development assistance and humanitarian assistance – the two functions that constitute UN OAD. Although the funding mix differs between development and humanitarian assistance, the pattern of funding being concentrated in a limited number of contributors remains the same. Total funding for development assistance increased to US$ 19 billion in 2021, compared to around US$ 18 billion in each of the three previous years. The top five donors – the United States, Germany, the EU, Sweden and Japan – accounted for 41% of contributions.

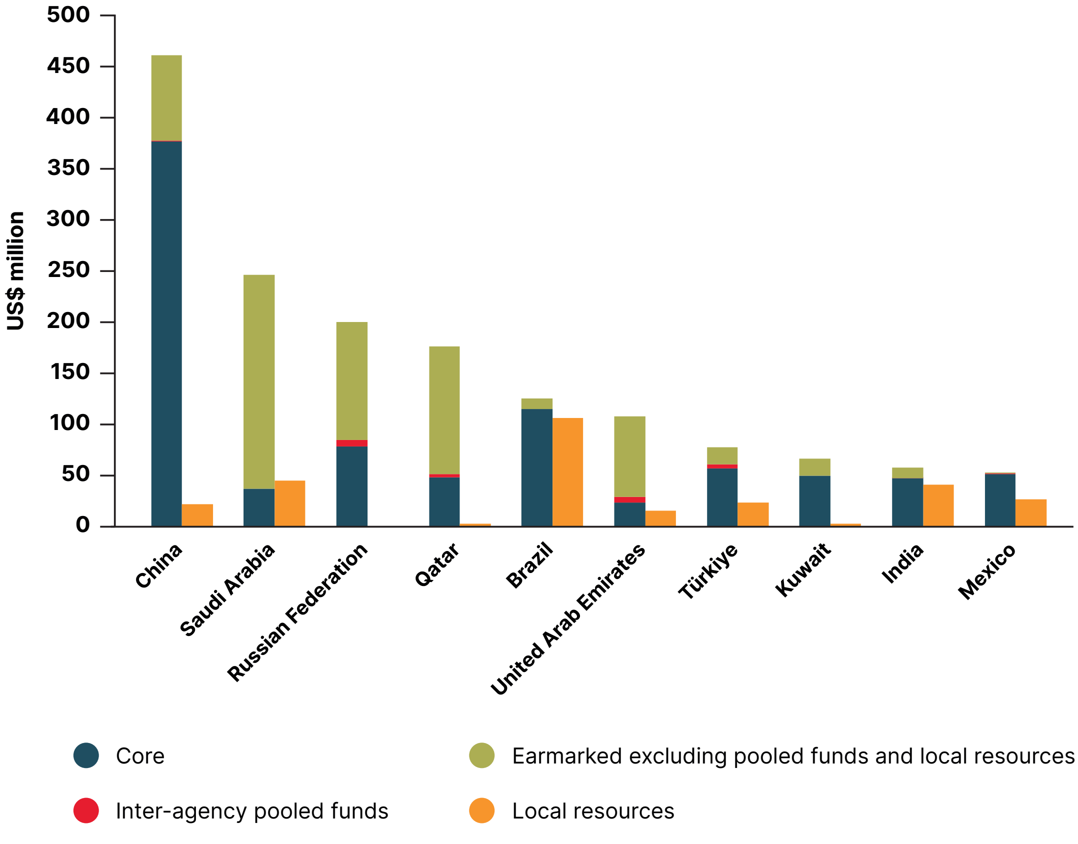
Looking at the funding mix, there is considerable diversity between contributors. In general, development assistance is funded with core resources to a higher degree than humanitarian assistance. The Funding Compact specifies

30% as the target share of core resources provided in development assistance. As seen in Figure 17, almost two-thirds of the top 15 contributors managed to live up to this expectation, with the 30.7% total share recorded for 2021 marking the first time the overall target has been achieved.

UN entities vary greatly in terms of the share of core funding they receive for development assistance. UNDP and WHO receive less than 20%, and WFP and IOM less than 10%. By contrast, UNICEF, UN Women, the Food and Agriculture Organization of the UN (FAO) and the International Labour Organization (ILO) are among those receiving more than 30% in core development funding.

Funding for humanitarian assistance, which grew to US$ 27 billion in 2021 compared to US$ 25 billion in 2020, is even more concentrated, with the top five contributors – the United States, Germany, the EU, Sweden and the United Kingdom – providing 56% of all funding. The United States provided more than a third of the humanitarian funding to the UN, with US$ 3.7 billion of this going to WFP and US$ 1.9 billion to UNHCR, making the country the largest donor to these entities. Core funding accounted for 14% of humanitarian assistance funding in 2021, while the rest was earmarked, although 9% of the funding came via more flexible earmarking, such as single-agency thematic funds and inter-agency pooled funds.

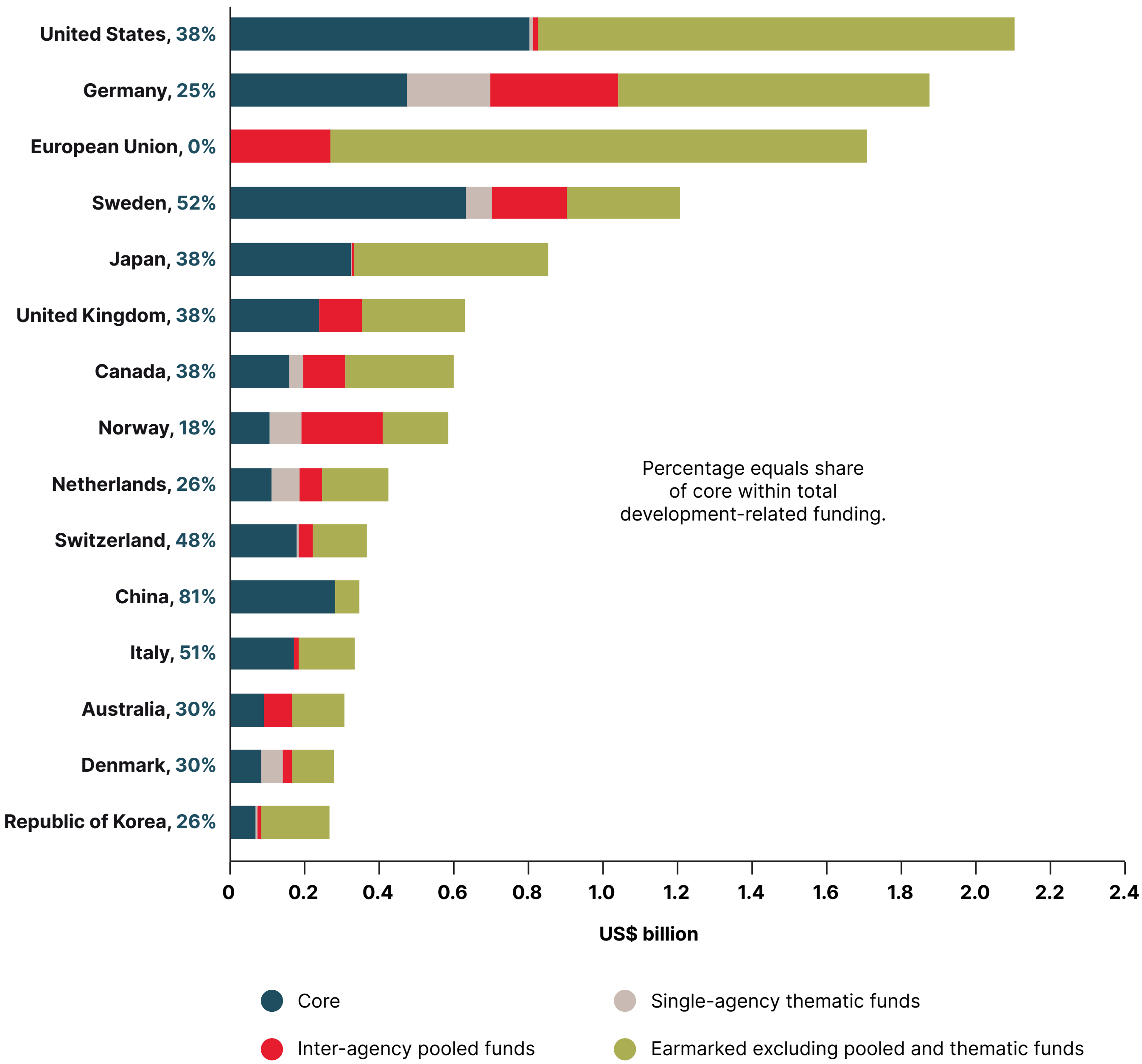
Figure 16: Funding mix of top 10 non-OECD-DAC members that contribute to UN OAD, 2021 (US$ million)



Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database

For notes – see page 103.

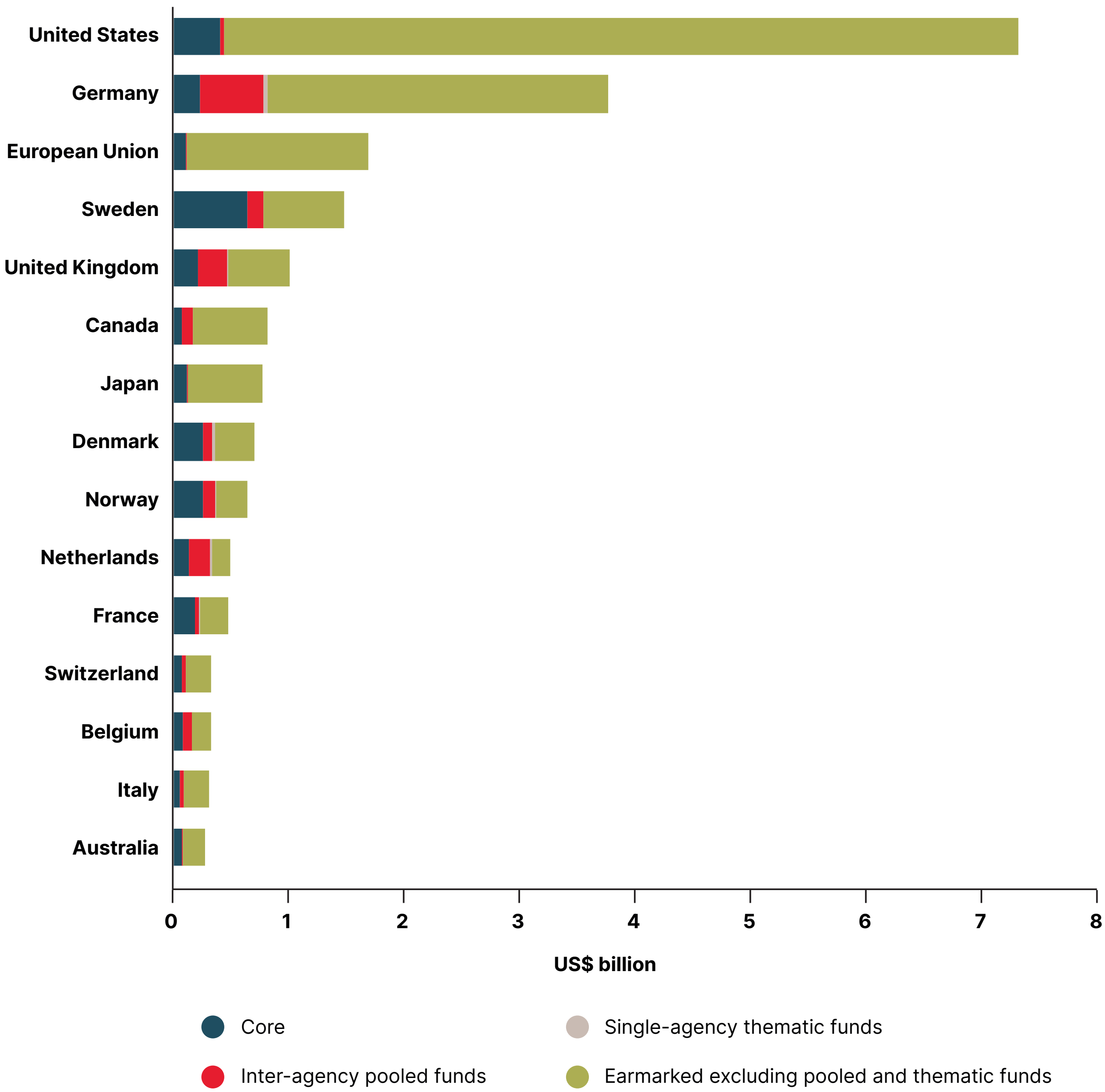
Figure 17: Funding mix of top 15 contributors to UNDS development assistance, 2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database

For notes – see page 103.

Figure 18: Funding mix of top 15 contributors to UNDS humanitarian assistance, 2021 (US$ billion)



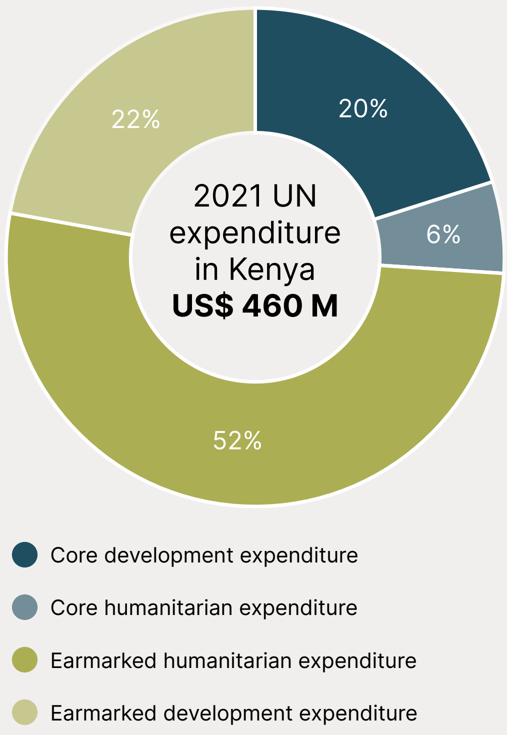
Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database

For notes – see page 103.

Box 3: UN financing and the Funding Compact at country level – the example of Kenya

Country-level implementation of the global ambition for more predictable and flexible funding will have a crucial impact on achieving the SDGs. The Secretary-General, in his report on implementation of the QCPR, calls 'for country-level dialogues between Member States, resident coordinators and country teams to seize back the momentum toward achieving the ambition of the Funding Compact'.[25] One of the conclusions drawn by a Dag Hammarskjöld Foundation study is that increased awareness of the Funding Compact at a national level could offer a first step towards understanding funding needs and enforcing the effective use of country-level funding.[26]

Figure 19: UN operational expenditure in Kenya by function, 2021



Source: Report of the Secretary-General (A/78/72–E/2023/59)
For notes – see page 104.

Data on UN country-level financial flows can help inform dialogue around this. As such, figures 19 and 20 below provide a snapshot of how Funding Compact indicators translate to a country perspective – in this case, Kenya, where the Resident Coordinator's Office convened its first Funding Compact dialogue with national stakeholders in November 2022.

About a third of ODA to Kenya was channelled through the UN in 2021, with 42% of UN expenditure allocated to development activities and 58% to humanitarian assistance. Almost half (48%) of development activities were funded with core resources, which is notably higher than the Funding Compact target of 30%. However, due to humanitarian assistance being more highly earmarked, with only 10% funding provided as core, the overall share of core UN expenditure in Kenya was 26%.

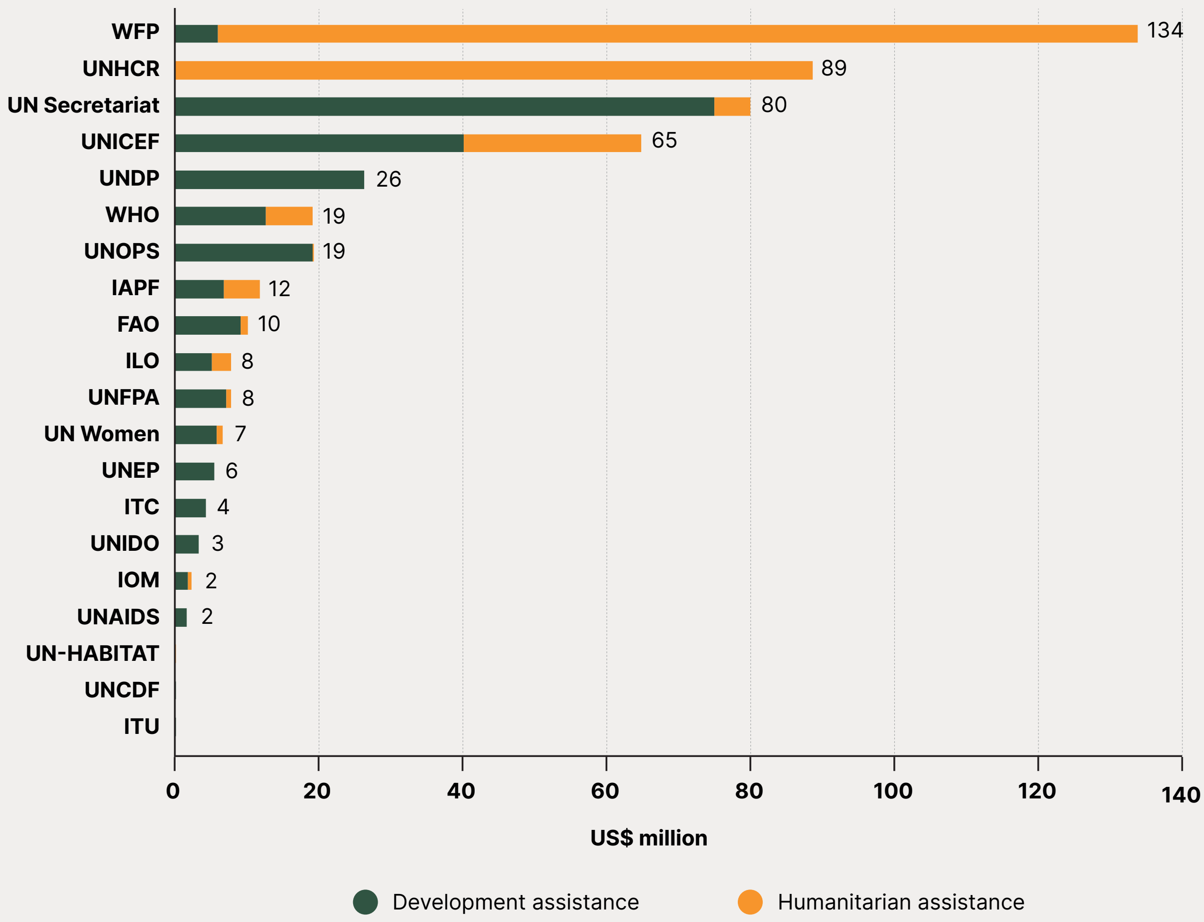
Since 2015, the annual share of UN development expenditure has remained at around one-third of the total, but increased to 42% in 2021. Humanitarian assistance in 2021 was mainly provided by WFP and UNHCR, with these two UN entities also responsible for the greatest amount of overall operational activities in Kenya (see Figure 20).

Although agriculture is crucial to Kenya, 80% of the country's land is arid or semi-arid, making it sensitive to drought and so creating significant challenges to food and nutrition security. Kenya currently hosts a large number of refugees affected by drought and protracted conflict in their home countries. WFP provides emergency food assistance and nutrition support to drought-affected Kenyans and refugees,[27] while UNHCR coordinates UN activities and gives operational support for refugee assistance to the Kenyan government.[28] Development activities are carried out by a large number of UN entities, most of which have an in-country presence.

Pooled funding mechanisms are an important driver of joint programming in support of the SDGs.[29] In 2021, 6% of earmarked development-related funding went through inter-agency pooled funds, falling short of the overall Funding Compact target stipulating at least 10%. Most inter-agency pooled funds implemented in Kenya (97%) were channelled through global or regional funds. The Kenya SDG Partnership Platform has been expanded to provide broader support to the UN Sustainable Development Cooperation Framework (UNSDCF) for Kenya 2022–2026, with the aim of making it a coherent, strategic instrument for implementing national priorities.

From September 2022, there is a standalone Financing the *UN Development System website* (www.financingun.report), where all the figures from the latest report can be viewed and downloaded. Moreover, the ambition this year is to provide snapshots, such as the one presented for Kenya, for a wider group of countries.

Figure 20: UN operational activities expenditure in Kenya by entity and function, 2021 (US$ million)



Source: Report of the Secretary-General (A/78/72–E/2023/59)

For notes – see page 104.

1.5 Inter-agency pooled funds

With the world facing multiple crises, UN inter-agency pooled funds have become critical financing instruments for responding to these intersecting issues. Inter-agency pooled funds are known for strengthening coherence and coordination within the UNDS and supporting UN reform. These funds are a flexible type of earmarking that allow for more holistic and integrated approaches – a much-valued and needed characteristic when it comes to implementation of the SDGs. It has been said that pooled funding is as significant for UN system coherence as core funding is for ensuring and safeguarding agency mandates. Both purposes require Member State leadership to be achieved.

Multi-stakeholder collaboration is critical to the implementation of national development plans. Here, inter-agency pooled funds allow different actors to come together under a common results framework. When used to finance a country-level UNSDCF, inter-agency pooled funds represent 'core-like' resources that can support a wider results framework while allowing for flexibility. The need for strategic flexibility in resource allocations became evident during the COVID-19 pandemic, when activities were quickly adjusted to fit changing priorities. Inter-agency pooled funds have been identified as a preferred financing instrument in the Funding Compact, with targets set for them to receive a larger share of development-related earmarked funding.

This section focuses on how inter-agency pooled funds have evolved over time, who the main contributors and implementing UN entities are, and in which countries these funds play an important role.

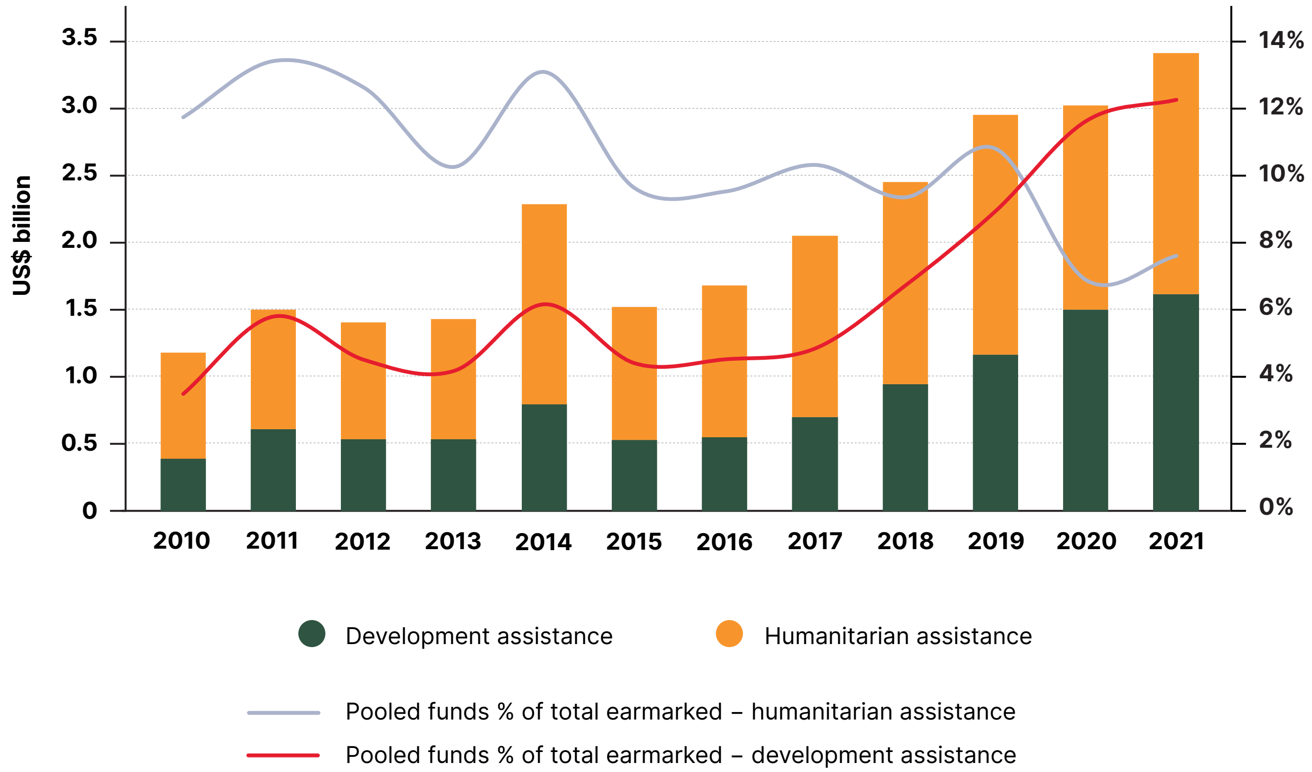
As seen in Figure 21, inter-agency pooled funds are on an upward trend, especially since the introduction of the SDGs in 2015. Total contributions have almost tripled from US$ 1.2 billion in 2010 to US$ 3.4 billion in 2021. While humanitarian funds have accounted for the largest share over the past decade, contributions to development-related pooled funds have proportionally grown the most, having quadrupled from US$ 0.4 billion in 2010 to US$ 1.6 billion in 2021. Meanwhile, contributions to humanitarian pooled funds more than doubled from US$ 0.8 billion in 2010 to US$ 1.8 billion in 2021.

Contributing factors to the expansion of development-related pooled funds likely include the introduction of Agenda 2030 in 2015 and the ambitions formulated between Member States and the UN in the 2019 Funding Compact. One of the targets – to double the share of inter-agency pooled funds in earmarked development funding to 10% by 2023 – could arguably have been more ambitious given it had already been achieved by 2020. In 2021, 12.3% of earmarked development funding was allocated to inter-agency pooled funds, while the equivalent figure for earmarked humanitarian funding was 7.6% – an improvement over the previous year. Large increases in humanitarian funding in 2020, coupled with somewhat smaller volumes of humanitarian inter-agency pooled funds, resulted in a reduced percentage share that year.

The observation that overall UN funding is concentrated in a stable and limited group of contributors is also applicable to inter-agency pooled funds. Figure 22 maps out the top ten contributors and their thematic priorities for investing in inter-agency pooled funds, divided between humanitarian pooled funds and the three themes falling under development pooled funds: peace and transition funds, climate and environment funds, and other development funds. Aside from Australia replacing Switzerland in the top ten for 2021, the top contributing countries remain the same as the previous year. Together, they provide 86% of total funding.

The funding from Germany, which increased by 74% to US$ 890 million in 2021, stands out. The change is largely attributable to investments in pooled funds for Afghanistan, as well as climate and environment funds. Germany – as well as the United Kingdom and the Netherlands – have a strong focus on humanitarian pooled funds, and Germany and Norway are both large contributors to climate and environment funds. As the urgency of combatting climate change has increased, so too has the importance of climate and environment funds in the portfolio of inter-agency pooled funds, growing from a humble US$ 43 million in 2015 to US$ 313 million in 2021. The latter figure represents an increase of 75% compared to 2020, driven by increased funding for the Central Africa Forest Initiative and the new Biodiversity for Health and Pandemic Prevention multi-partner trust funds.

Figure 21: Deposits to UN Inter-agency pooled funds, 2010–2021 (US$ billion)



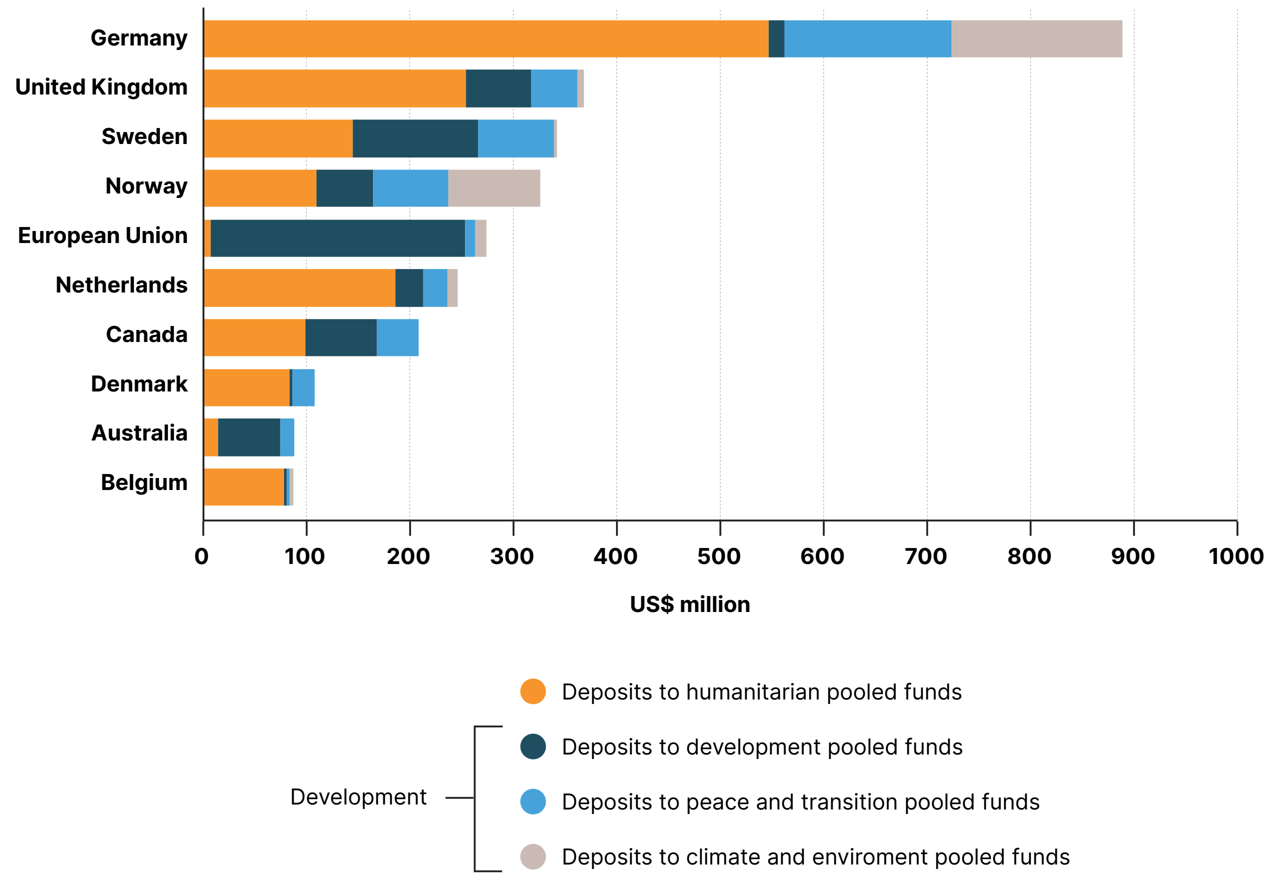
Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database
For notes – see page 104.

As previously mentioned, the Funding Compact promotes quality funding by pushing for at least 10% of earmarked funding to be channelled through inter-agency pooled funds. Figure 23 shows that 23 countries passed that threshold in 2021, including every one of the top ten Member State contributors to inter-agency pooled funds. Programme countries can enhance implementation of their national UNSDCF by investing in country-level pooled funds and accelerating attainment of the SDGs. Uzbekistan, for instance, has invested almost 12% of its earmarked funding in the Human Security Trust Fund for the Aral Sea in Uzbekistan.

Turning to the receiving end of inter-agency pooled funds and the implementing UN entities involved, Figure 24 explores the 20 largest implementers of pooled funds among UN entities. The figure is divided into two parts: the first shows the top ten entities for 2021, while the second shows the following ten entities – although smaller in terms of volume of transfers, these may play important roles in adding key competencies to joint programming implementation.

UNDP was the largest receiver of inter-agency pooled funds in 2021, with multi-partner trust funds constituting its third-largest source of income. It is worth noting that among the top ten receivers of pooled funds, all except IOM saw a decrease in revenue from pooled funds in 2021. The growth in pooled funds can be seen in the UN entities listed in the second part of Figure 24 – here, aside from UNWRA and PAHO, all the entities received increased transfers from pooled funds. This was also the case for transfers to implementing NGOs receiving funding directly from inter-agency pooled funds.

Figure 22: Deposits to UN inter-agency pooled funds from the top 10 contributors, 2021 (US$ million)



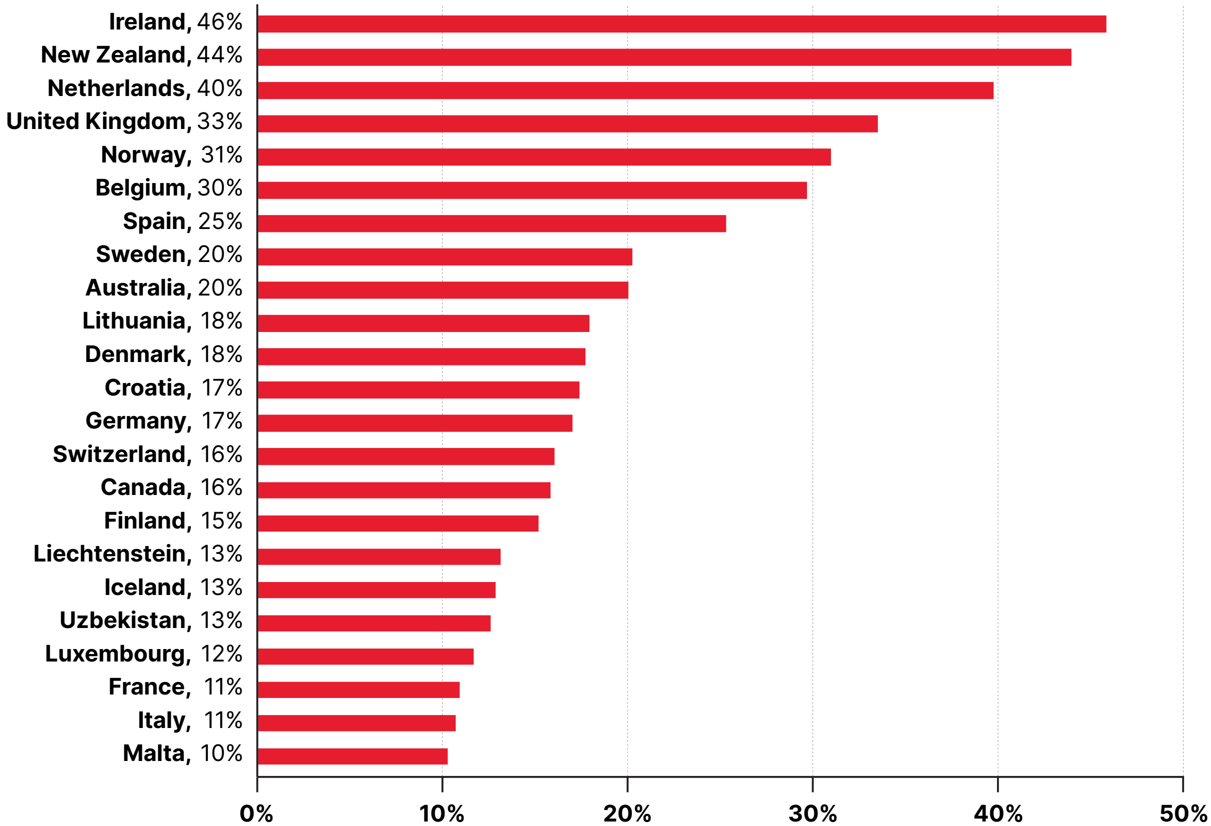
Source: UN Pooled Funds Database

For notes – see page 104.

Figure 25 illustrates the countries in which pooled funds accounted for 15% or more of earmarked development-related expenditure. This gives an indication of the amount of flexible funding available for strategic implementation of, among other things, UNSDCFs. In 2021, 34 countries passed the 15% threshold, while a total of 57 countries received more than 10% – about the same level as 2020, but a significant increase from 28 in 2018 and 40 in 2019. There is a clear trend towards more countries benefitting from inter-agency pooled funds. In the case of Papua New Guinea, the 69% of earmarked development funding attributable to UN inter-agency pooled funds came mainly from two country funds aimed at supporting SDG implementation and rural entrepreneurship, investment and trade.

Looking at where inter-agency pooled funds are implemented, as well as the type of project or programme involved, Figure 26 shows both the top 15 Member States on the receiving end and the thematic focus of the invested funds. Following the fall of Kabul to the Taliban in August 2021, a Special Trust Fund for Afghanistan was set up to support basic human needs and complement short-term humanitarian life-saving assistance. Afghanistan had also been the country that received the most funding from inter-agency pooled funds the previous year, but the total amount increased further from US$ 247 million to US$ 310 million in 2021, when the country encountered severe economic instability.

Figure 23: Countries contributing more than 10% of their total earmarked funding to the UN through UN inter-agency pooled funds, 2021



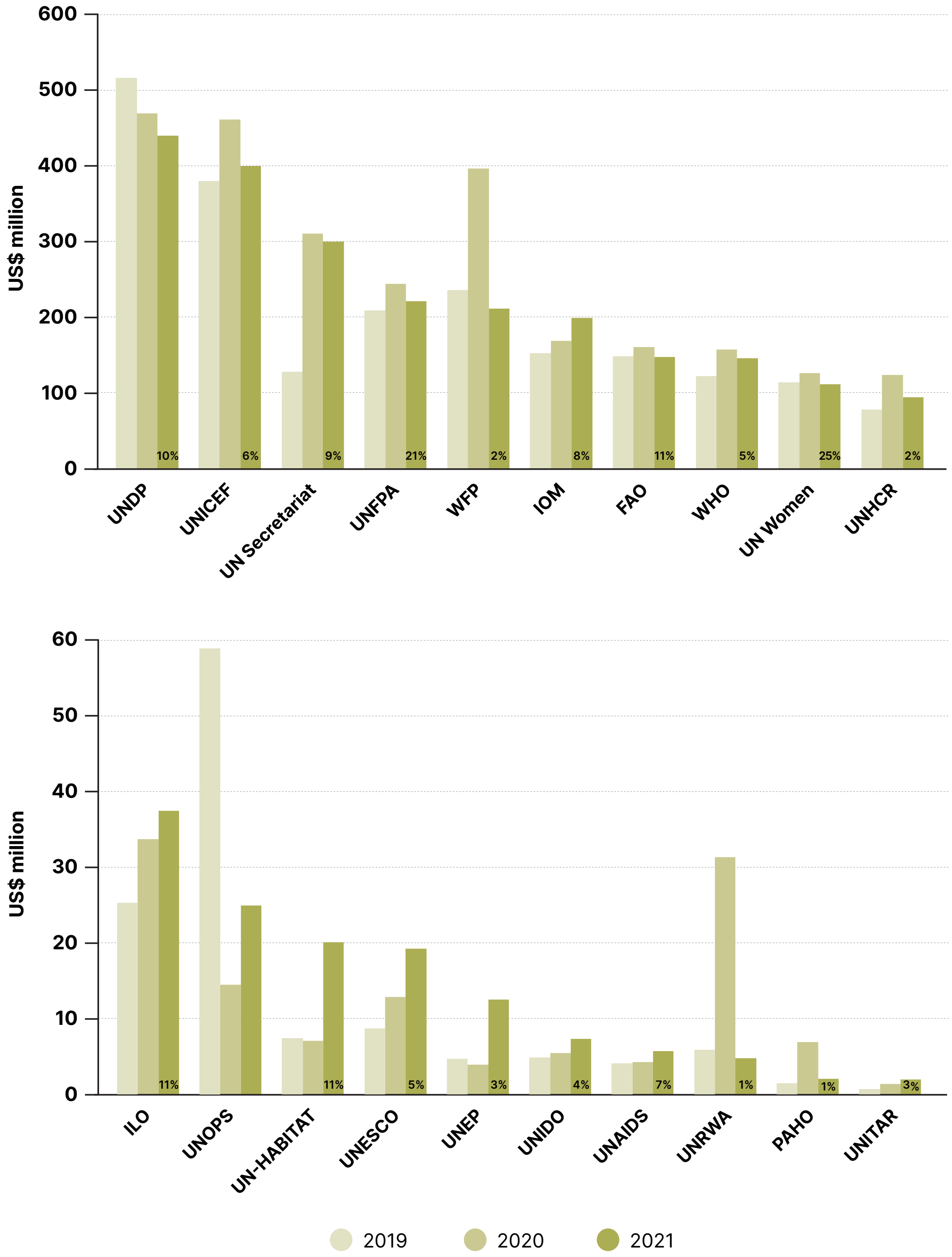
Source: Chief Executive Board for Coordination (CEB) and UN Pooled Funds Database
For notes – see page 104.

While conflict-affected countries in need of humanitarian support are the largest receivers of inter-agency pooled funds overall, there are also countries – such as Papua New Guinea, Malawi and Zimbabwe – that benefit from development-related pooled funds mainly for the purposes of SDG acceleration. Climate and environment funds have also increased in recent years. These play an important role in supporting Mali's National Strategy on Climate Change, as well as addressing deforestation and environmental degradation in the Democratic Republic of the Congo (DRC).

The UN Multi-Partner Trust Fund Office (MPTFO) is the sole UN entity exclusively dedicated to designing and implementing multi-stakeholder pooled financing instruments. MPTFO acts as administrative agent for a broad portfolio of pooled funds across humanitarian, peace and transition, climate and environment, and development themes. Since 2003, it has supported 237 funds implemented in 142 countries. In 2021, MPTFO supported 54% of all inter-agency pooled funds and 80% of funds with a climate, peace or development focus. Among them are global funds such as the Joint SDG Fund, Peacebuilding Fund and the Spotlight Initiative, as well as a large number of country-level pooled funds.

The UN and its Member States have identified a set of quality management features aimed at enhancing the efficiency and effectiveness of inter-agency pooled fund activities. The UN Sustainable Development Group (UNSDG)[30] has, in

Figure 24: Top 20 implementing UN entities receiving revenue through inter-agency pooled funds, 2019–2021 (US$ million)



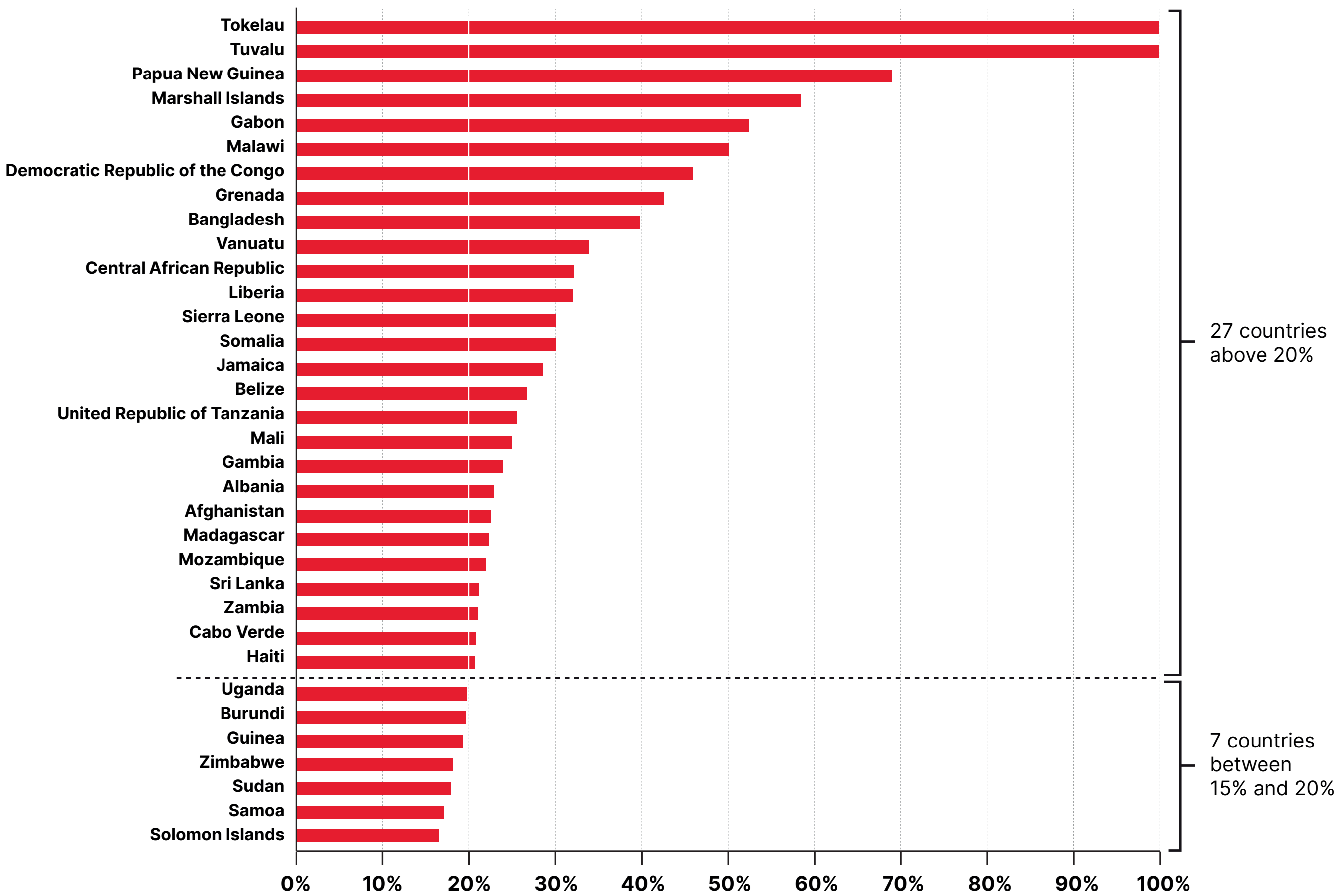
Notes:

a) Percentage equals 2021 inter-agency pooled fund share of total earmarked contributions.
b) UNOPS revenue is reported entirely as 'Revenue from other activities' and therefore no percentage related to earmarked funding is provided.

Source: Chief Executive Board for Coordination (CEB) and UN Pooled Funds Database

For notes – see page 104.

Figure 25: Countries where 15% or more of earmarked development-related expenditure comes from UN Inter-agency pooled funds, 2021 (34 countries)

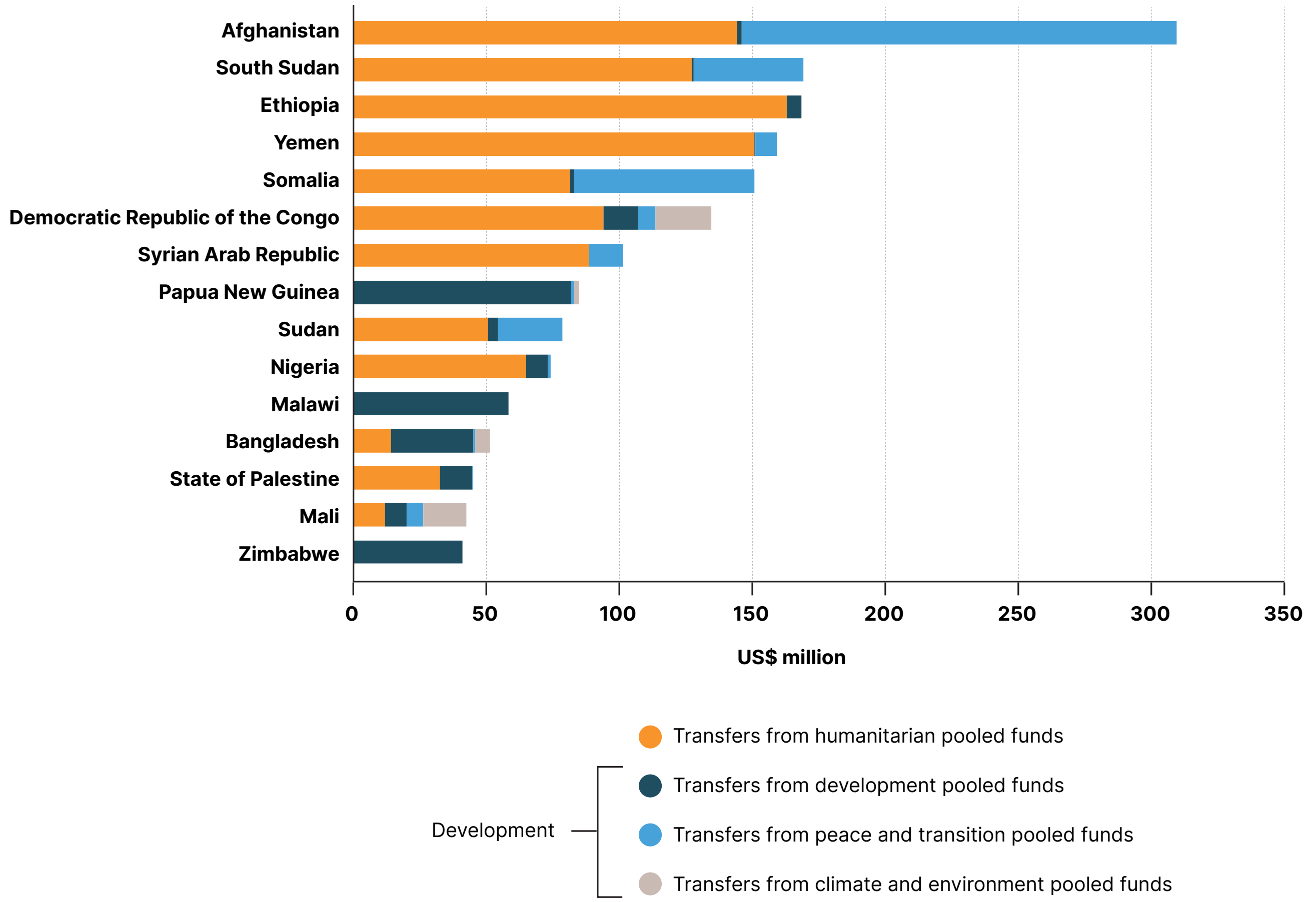


Source: Report of the Secretary-General (A/78/72–E/2023/59) and UN Pooled Funds Database
For notes – see page 104.

the Funding Compact, committed to implementing common quality management features, defined as: a well-articulated strategy, including innovation features where relevant; clear theories of change; solid results-based management systems; well-functioning governance bodies supported by effective secretariats; quality assurance on issues concerning UN norms and values; risk management systems and strategies; operational effectiveness/reporting/visibility/transparency standards; and planning and funding for joint and system-wide evaluations.

The UNDS has made noteworthy progress in developing common management features across inter-agency pooled funds. As of 2021, some 73% of development-related inter-agency pooled funds had implemented common quality management features, up from 61% in 2020.

Figure 26: Top 15 countries receiving resources through UN inter-agency pooled funds, 2021 (US$ million)



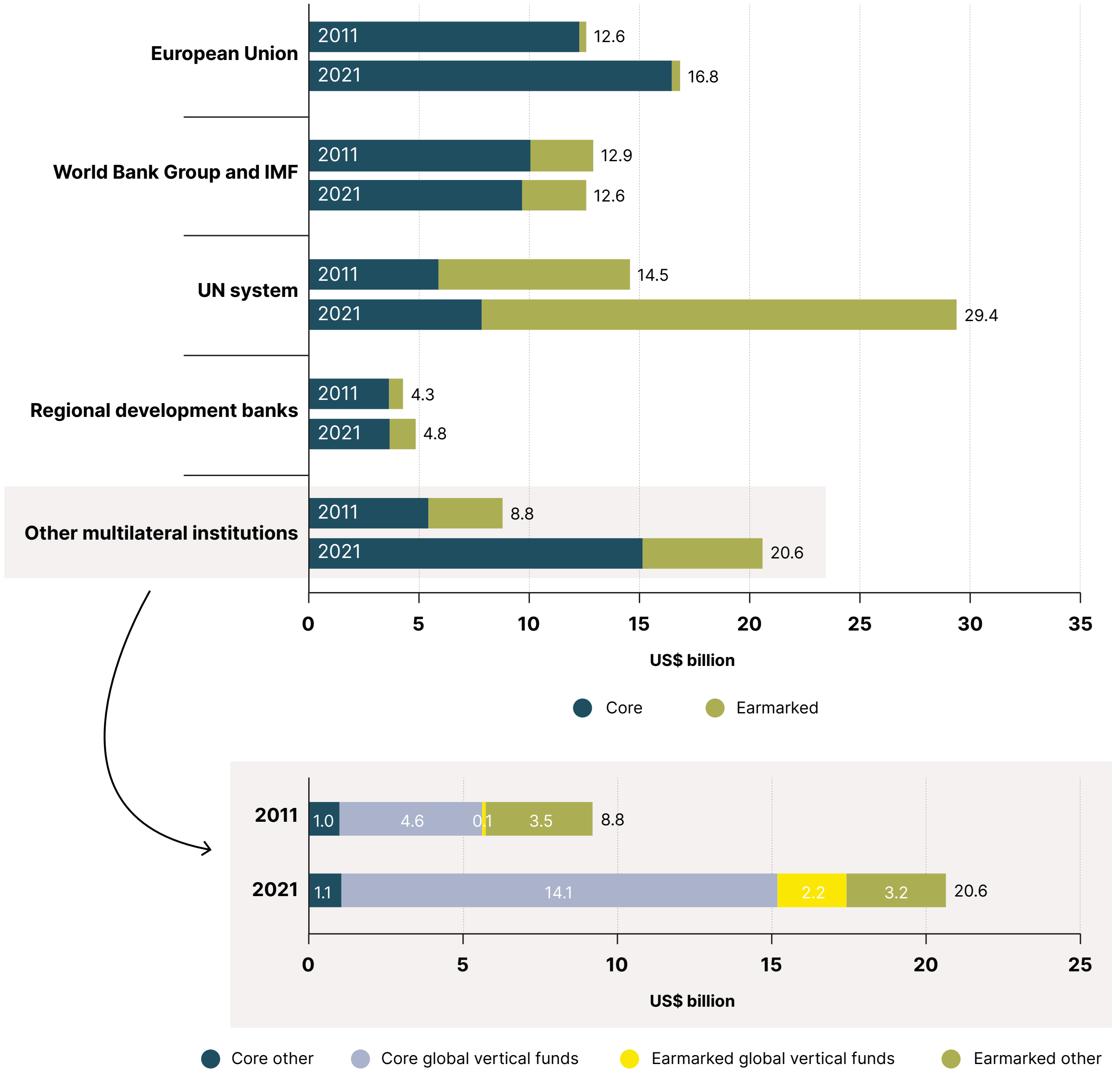
Source: UN Pooled Funds Database
For notes – see page 105.

1.6 UN funding and the broader ODA picture

In order to broaden the perspective and position the UN in the wider multilateral ecosystem, Figure 27 compares the ODA provided to different multilateral institutions, along with the distribution of funding between core and earmarked funding, presented in 2020 constant prices. The UN system is the multilateral institution that has grown the most over the past decade, doubling its revenue from US$ 14.5 billion in 2011 to US$ 29.4 billion in 2021. The UN is also the institution with the highest share of earmarked funding. In 2021, 73% of the UN's resources were earmarked to specific themes, projects or programmes, while the corresponding figure was around 24% both for regional development banks and for the World Bank Group and International Monetary Fund (IMF).

In terms of total growth in multilateral ODA between 2011 and 2021, 48% was channelled to the UN system, 14% to the EU and only 2% to regional development banks, while funding to the World Bank Group and IMF saw slight decrease. The category 'other multilateral institutions' grew substantially to US$ 20.6 billion in 2021, up from US$ 12.1 billion in 2020. The reasons behind this are illustrated in the detailed picture provided below Figure 27, which shows that global vertical funds – such as Gavi, the Vaccine Alliance, the Global Fund and the Green Climate Fund – have generated almost all the growth in this category compared to 2011.

Figure 27: Channels of multilateral assistance from OECD-DAC countries, core and earmarked, 2011 and 2021 (US$ billion)



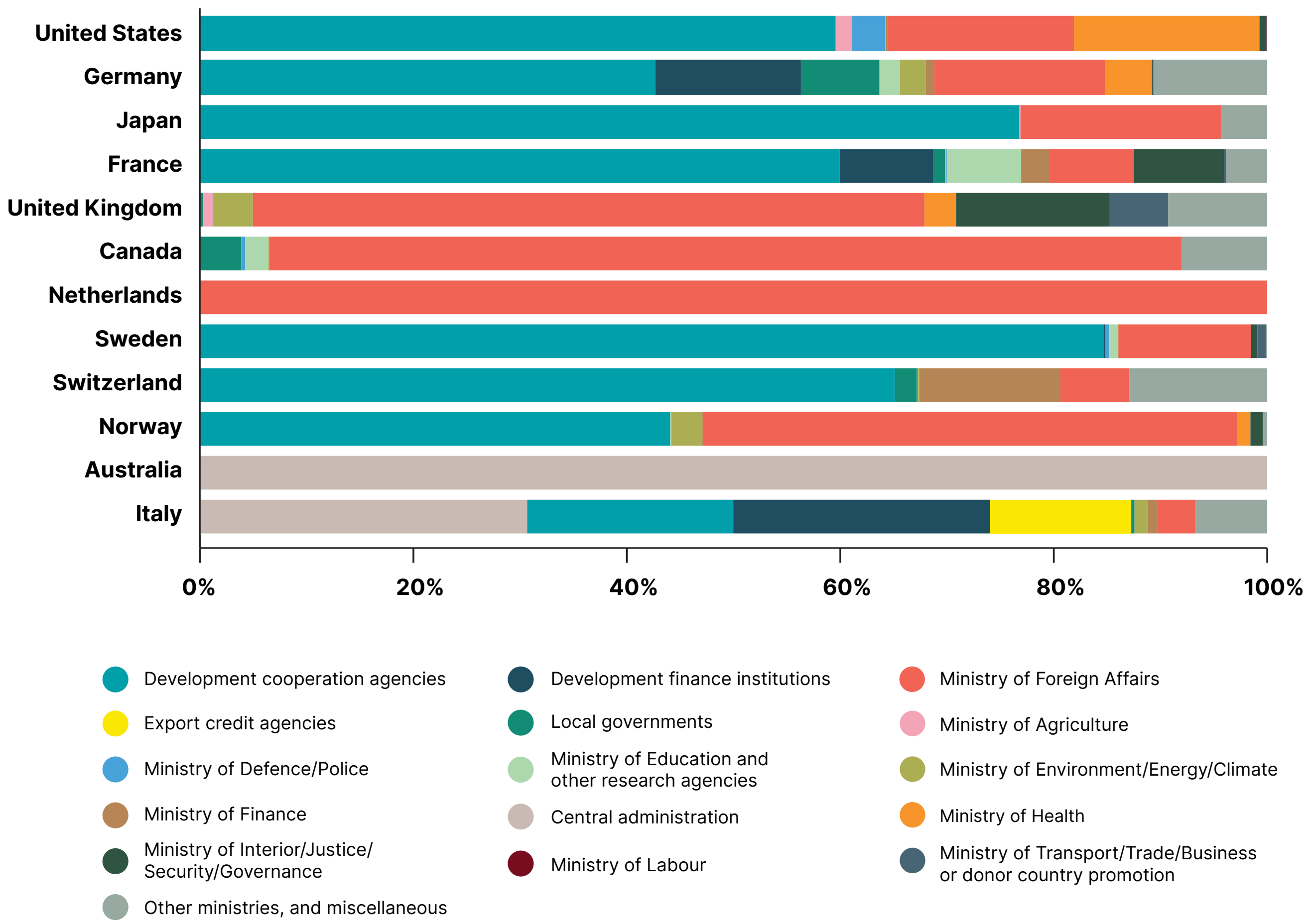
Source: Organisation for Economic Co-operation and Development (OECD)
For notes – see page 105.

The surge in 2021 can partly be explained by the response to the COVID-19 pandemic.

Funding varies between multilateral institutions depending on their mandates and governance structures. The large increases in UN funding compared to the more moderate growth in contributions to multilateral development banks (MDBs) perhaps reflects that DAC donors increasingly recognise the ability of MDBs to mobilise finance from capital markets and therefore prioritise their funding to the UN instead.[31] One factor behind the UN system's relatively large share of earmarked funding may be the organisation's traditional role in crises and emergency responses, with humanitarian funding largely funded by resources earmarked for specific purposes. The international community relies on the UN to coordinate humanitarian relief in cases of disasters that exceed an individual nation's capacity to deal with.[32] As stated in the UN Charter, one of the organisation's purposes is 'to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character'.[33]

ODA and multilateral assistance have traditionally fallen within the sphere of foreign affairs and development cooperation agencies, as well as to a more limited extent central administrations and ministries of finance. Figure 28, which identifies sources of ODA within the 12 largest providers, reveals a more diversified picture, with a variety of ministries and other governmental organisations acting as sources of ODA. This is in line with the principle of establishing broader partnerships for achievement of the SDGs. Thus, line ministries may not only be in a position to contribute to global policy discussions but have relevant ODA resources at their disposal.

Figure 28: Sources of official development assistance within 12 OECD-DAC contributors, as proportion of total, 2021



Source: Organisation for Economic Co-operation and Development (OECD)

For notes – see page 105.

Part One — Chapter 2

Where is UN funding allocated?

Whereas the previous chapter explored funding flows to the UN, this chapter turns the spotlight on how resources are distributed among different UN functions and geographies, and for what purposes. Although revenue and expenditure volumes are connected, they may not be the same in a given year due to the timing of financial in- and out-flows. There is also the matter of revenue recognition, following the principle that multi-year contribution agreements are fully accounted for in the year they are signed (see Box 1), while expenditure is spread out over the subsequent years of the agreement.

2.1 Total UN expenditure

In 2021, the UN system's total expenditure amounted to US$ 60.5 billion, an increase of US$ 4.3 billion, or almost 8%, compared to 2020. Table 5 offers a detailed breakdown of expenditure by UN entity and function in 2021, as well as how this expenditure has developed over time. Here, expenditure follows the same dynamics as revenue, having increased 52% since 2010. Almost three-quarters of that growth is attributable to five UN entities: the UN Secretariat,UNHCR, UNICEF, WFP and WHO. Except for the UN Secretariat, all have a strong focus on humanitarian support.

The UN has four main functions:

- humanitarian assistance
- development assistance
- peace operations
- global agenda and specialised assistance

Figure 29 shows the proportion of expenditure contributed to each function over the period 2018–2021. A clear trend is the growing share of humanitarian assistance, representing 42% of all expenditure in 2021. The share of development assistance has varied year-on-year, but overall remained stable at around one-third of all expenditure. Meanwhile, the share provided to peace operations has gone down from 18% to 14% over the four years, with global agenda and special assistance falling from 13% to 11% during this time.

The primary objective of humanitarian assistance is to save lives, alleviate suffering and maintain human dignity, often as a response to natural disasters or man-made crises. Development assistance aims at promoting sustainable development, with a focus on long-term impacts. The two functions had a relatively equal share of expenditure in 2018, but since then the humanitarian portion has gradually expanded. The total volume of humanitarian assistance has grown in absolute terms from US$ 19.2 billion in 2018 to US$ 25.2 in 2021, while development assistance went from US$ 17.3 billion to US$ 19.9 billion.

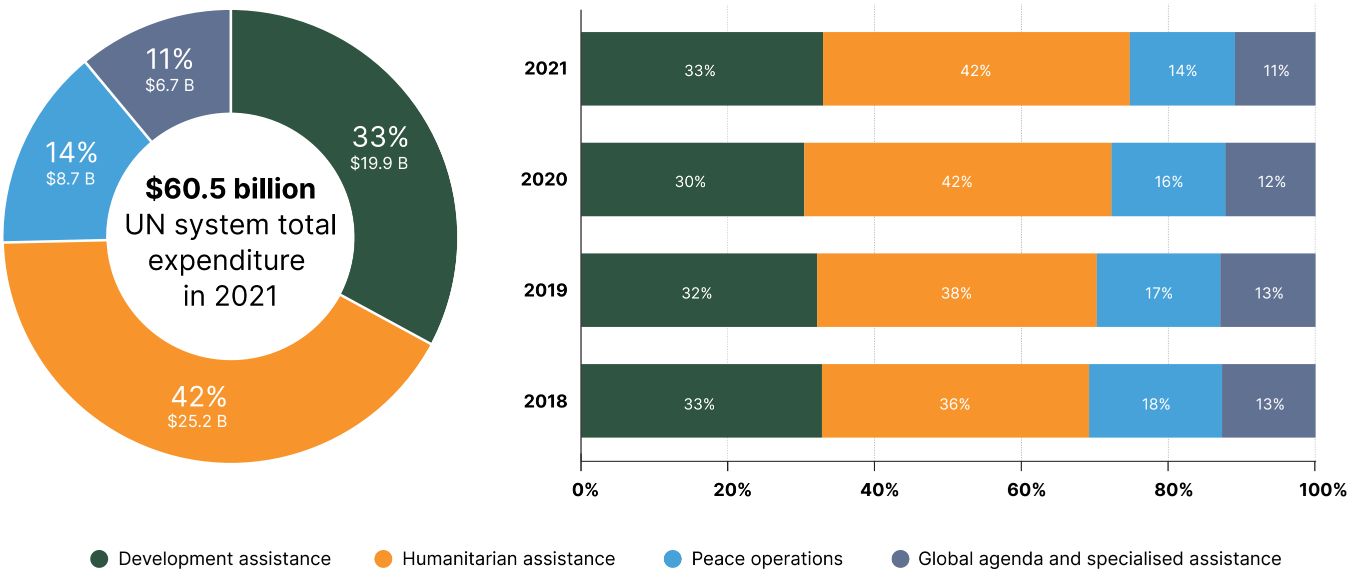
Peace operations help conflict-affected countries create the conditions for lasting peace. They include the deployment of troops and police that, integrated with civilian peacekeepers, work to advance peace and security. There are currently 12 UN peacekeeping operations spread across three continents, led by DPO. Their mandate is to maintain peace and security, as well as support political and democratic processes and restore the rule of law.[34]

Table 5: Total expenditure of the UN system by entity and function, 2021 and 2010–2021 (US$ million)

Entity	Humanitarian assistance	Development assistance	Peace operations	Global agenda	Total expenditure 2021	2010–2021
UN Secretariat	2,216	1,340	1,177	1,655	6,389	4B – 6B
CTBTO			116		116	125M – 116M
DPO			7,265		7,265	8B – 7B
FAO	212	1,150		292	1,654	1B – 2B
IAEA				631	631	585M – 631M
IARC				51	51	46M – 51M
ICAO				189	189	235M – 189M
ICC				175	175	187M – 175M
IFAD		209			209	784M – 209M
ILO	80	546		148	773	587M – 773M
IMO				67	67	68M – 67M
IOM	1,434	778		321	2,532	1B – 3B
ISA				8	8	8M
ITC		151			151	71M – 151M
ITLOS				43	43	12M – 43M
ITU		43		165	208	193M – 208M
OPCW				82	82	84M – 82M
PAHO		1,649			1,649	927M – 2B
UNAIDS		209			209	284M – 209M
UNCCD				19	19	19M
UNCDF		97			97	65M – 97M
UNDP	362	5,023			5,385	6B – 5B
UNEP	0	629			629	449M – 629M
UNESCO	14	482		193	688	797M – 688M
UNFCCC				94	94	95M – 94M
UNFPA	451	849			1,301	824M – 1B
UN-HABITAT	13	108		66	186	201M – 186M
UNHCR	4,692				4,692	2B – 5B
UNICEF	3,602	3,357			6,959	4B – 7B
UNIDO	0	300			300	225M – 300M
UNITAID	362	0			362	216M – 362M
UNITAR	0			40	40	20M – 40M
UNODC		357			357	211M – 357M
UNOPS	67	808	225	45	1,145	65M – 1B
UNRWA	1,207				1,207	555M – 1B
UNSSC		15			15	10M – 15M
UNU				78	78	60M – 78M
UN Women	196	334			531	198M – 531M
UNWTO				26	26	22M – 26M
UPU				85	85	50M – 85M
WFP	9,108	299			9,407	4B – 9B
WHO	1,214	1,072		1,433	3,719	2B – 4B
WIPO		65		322	388	324M – 388M
WMO				87	87	88M – 87M
WTO		15		269	284	226M – 284M
Total	**25,229**	**19,884**	**8,784**	**6,583**	**60,479**	**40B – 60B**

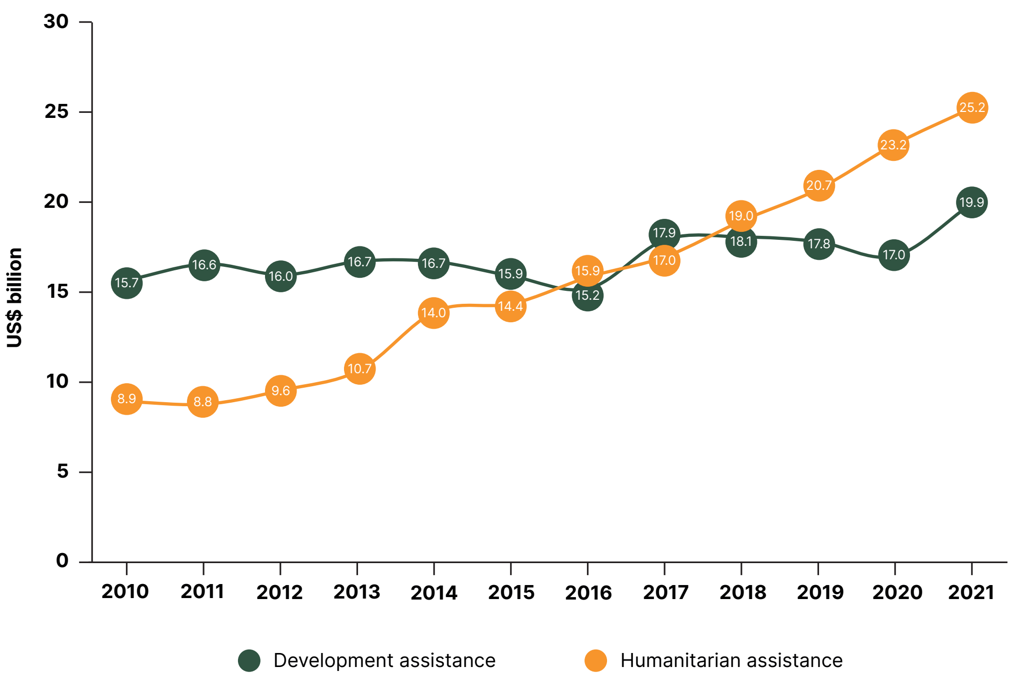
Source: Chief Executives Board for Coordination (CEB)
For notes – see page 109.

Figure 29: Expenditure of the UN system by function, 2018–2021 (US$)



Source: Chief Executives Board for Coordination (CEB)
For notes – see page 105.

Figure 30: Total UN expenditure for development and humanitarian assistance (UN OAD), 2010–2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59)
For notes – see page 105.

The UN Mission for Justice Support in Haiti, which operated 2017–2019 following the closure of the stabilisation mission in Haiti at the start of this period, is the only new peacekeeping mission that has been established since 2017. In addition, the UN peace mission in Côte d'Ivoire closed in 2017, followed by the UN peace mission in Liberia in 2018 and the African Union–UN hybrid operation in Darfur in 2020. Total spending on peace operations has decreased from US$ 9.5 billion in 2018 to US$ 8.7 billion in 2021.

The fourth function – global agenda and specialised assistance – refers to activities that either address global or regional challenges without a direct link to the other three functions, or support for sustainable development in non-UN programming countries.[35] The total volume amounted to US$ 6.7 billion in 2021 – the same level as in 2018.

As can be seen in Figure 30, the total volume of humanitarian expenditure has seen a steady upward trend since 2011, reaching US$ 25.2 billion in 2021, representing an increase of 183% since 2010. Funding for development assistance, meanwhile, has varied over time, reaching US$ 19.9 billion in 2021 – a more moderate increase of 27% since 2010. The increase in funding for humanitarian assistance is connected to several protracted crises further discussed in section 2.3.

2.2 Distribution of resources per region and countries' income levels

Having set out how expenditure is distributed across the UN's different functions, this section turns to how resource allocations relate to geography and a country's income status. Figure 31 summarises UN expenditure for humanitarian and development assistance (UN OAD) per region, and how it has evolved since 2010. Total UN OAD allocations were US$ 45.1 billion in 2021, a substantial increase from US$ 40.2 billion in 2020. Africa and Western Asia have been the two fastest growing regions over the 2010–2021 period, with resources allocated to the former almost doubling from US$ 8.3 billion in 2010 to US$ 15.7 billion in 2021. This acceleration of expenditure is largely connected to protracted humanitarian crises, often combined with climate-related crises, in the DRC, Ethiopia, Somalia, South Sudan and Sudan.

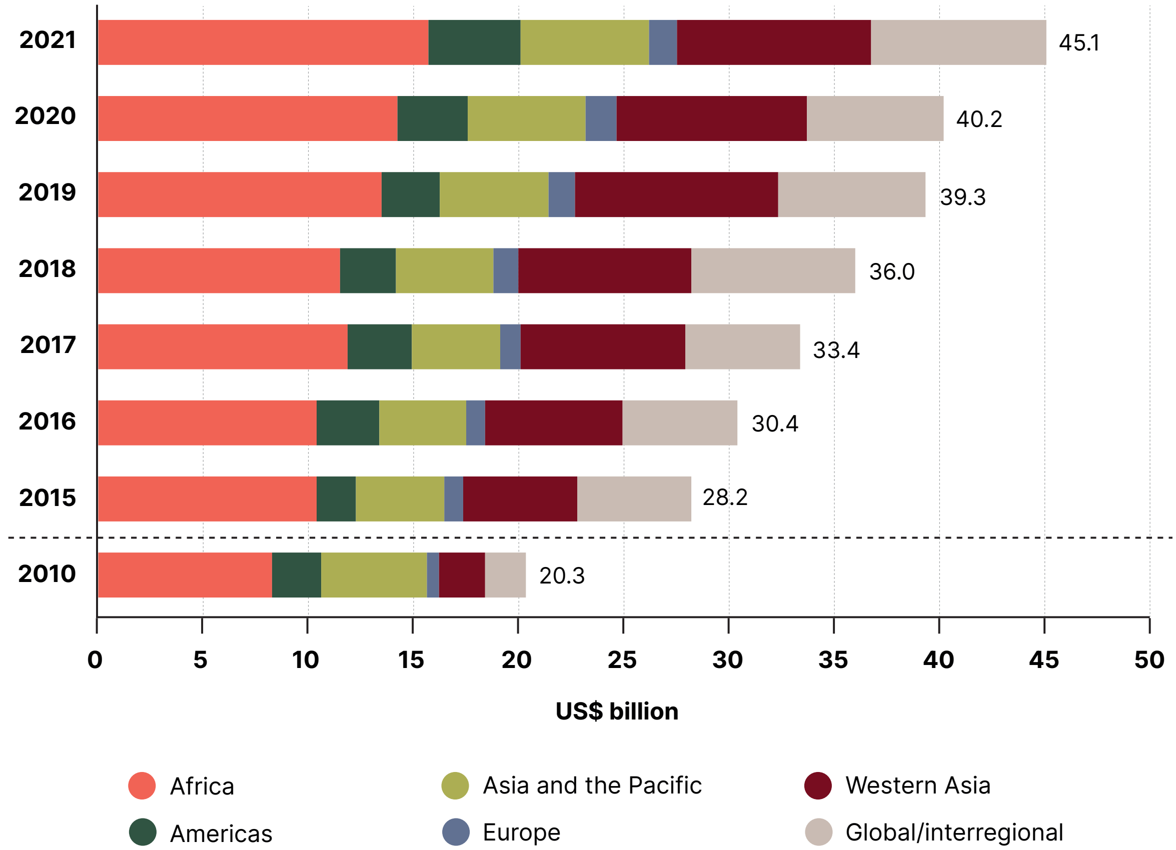
Western Asia is the second largest region when it comes to UN OAD allocations. The region has seen even more rapid growth than Africa, from US$ 2.2 billion in 2010 to US$ 9.2 billion in 2021. The increase from 2017 onwards is largely connected to crises in Yemen, which have accounted for almost a third of the region's expenditure. Moreover, humanitarian crises in Syria have been driving increased expenditure since 2012, and have also affected humanitarian support to neighbouring Lebanon, where many Syrian refugees have been hosted. Overall, therefore, the growth in UN OAD expenditure has been driven by humanitarian support to conflict-affected countries in protracted crises.

Figure 32 displays UN expenditure for humanitarian and development assistance in relation to a country's income level, adding the perspective of crisis-affected versus non-crisis-affected countries. There is a difference in the sum of values in figures 31 and 32 due to the latter only including resources linked to a specific country and not those allocated at a global or regional level.

The number of low-income countries, as defined by the World Bank, increased from 27 in 2020 to 28 in 2021, with Zambia's classification changing from lower middle-income to low-income country.[36] Total allocations to low-income countries increased from US$ 14.4 billion in 2020 to US$ 16 billion in 2021, while the share of total spending allocated to specific countries remained roughly the same: 47% compared to 46% in 2020. Humanitarian and development funding to low-income countries is earmarked to a higher extent than support to higher-income countries. In 2021, only 11% of UN OAD to low-income countries was provided as core (assessed and voluntary core) funding.

Of the 162 countries in which the UN has programmes, 46 are defined as conflict-affected countries, compared to 49 in 2020. A large majority – 71% – of UN country-level humanitarian and development funding was allocated to meeting the needs of these countries. Expenditure in conflict-affected countries is also highly earmarked, with core funding accounting for just 11% of resource allocations in 2021. The largest receivers of UN OAD among the group of crisis-affected countries are mainly low-income countries, although there are exceptions, such as Lebanon and Iraq.

Figure 31: Expenditure on UN humanitarian and development assistance (OAD) by region, 2010–2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59)
For notes – see page 106.

Conflict is a development challenge that severely threatens efforts to end extreme poverty in both low- and middle-income countries. Projections suggest that by 2030, 59% of the global extreme poor will be in countries affected by conflict.[37]

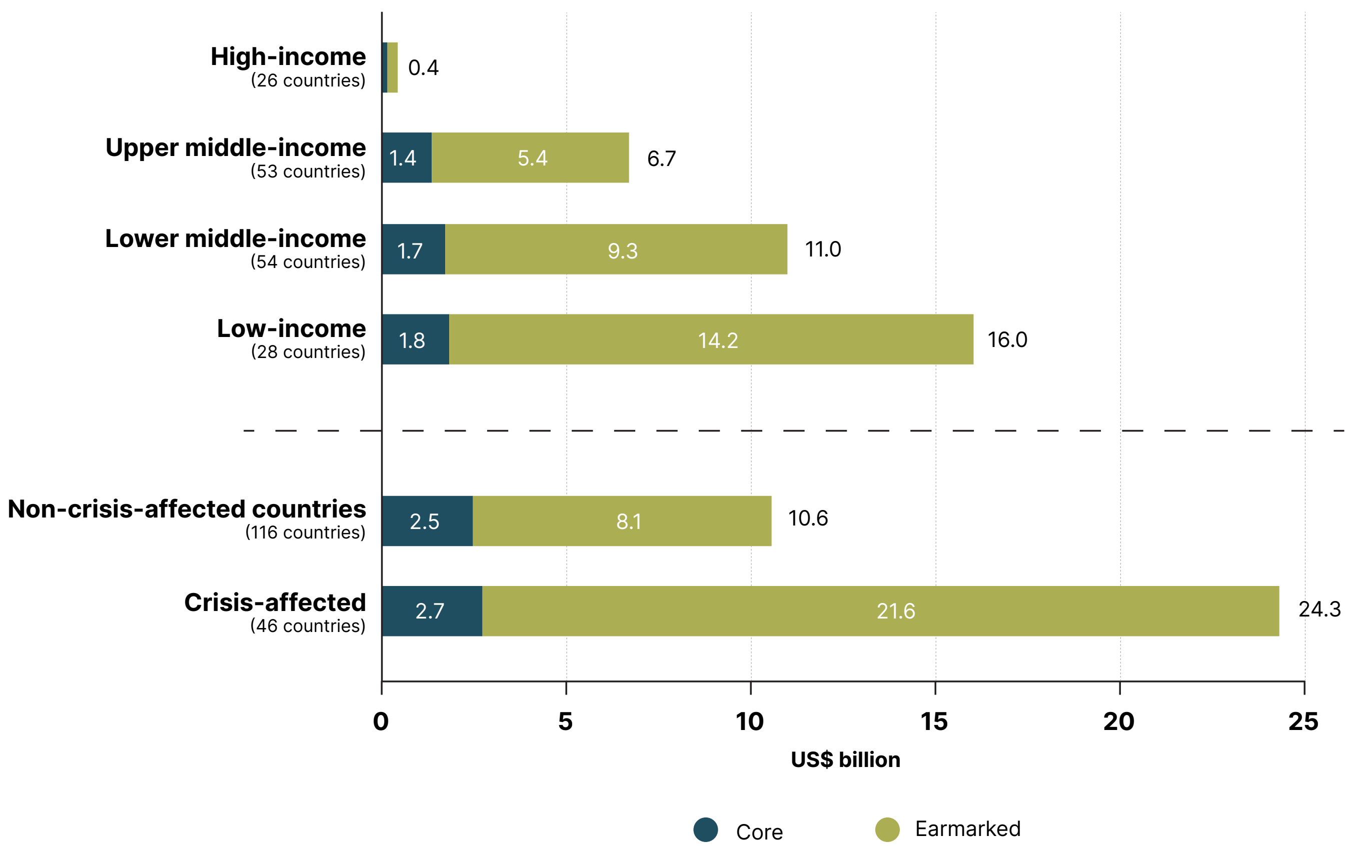
It is worth noting that some middle-income countries are classified as least developed countries (LDCs) due to the combined criteria that define them. The three criteria are: 1) income; 2) human assets; and 3) economic and environmental vulnerability. The list is reviewed every three years by the UN's Committee for Development.[38]

Figure 33 puts the 46 countries categorised as LDCs into focus. LDCs face structural barriers to sustainable development and are highly vulnerable to economic and environmental shocks. The COVID-19 pandemic has severely affected economic growth in LDCs, reversing the global trend of reduced poverty. The Fifth UN Conference on LDCs was held in March 2023, where the UN Secretary-General called for 'a revolution of support' to LDCs in key areas: ODA support to achieve the SDGs, including prevention of tax evasion and illicit financial flows; reform of the global financial system, including expanding contingency financing and transforming the MDBs to attract private capital to LDCs; and fulfilment of the promise to provide climate finance to developing countries.[39]

While funding for UN OAD in LDCs did show growth in 2021, this was largely driven by an increase in humanitarian funding. Total funding for humanitarian and development support increased from US$ 15.9 billion in 2020 to US$ 17.6 billion in 2021, only 30% of which was allocated to more long-term development assistance – down from 31% the year before. Among the LDCs are the DRC, Somalia and Yemen, which all experienced accelerating crises around 2016–2017, leading to an upward trend in humanitarian expenditure. The situation in Yemen has been the largest contributory factor to the increase in humanitarian funding between 2015 and 2019, while the latest increase from 2020 to 2021 has mainly been driven by the crises in Afghanistan and Ethiopia.

Humanitarian and development assistance to LDCs is also highly earmarked, to a degree of 85–87% over the 2015–2021 period.

Figure 32: Expenditure on UN OAD in UN programming countries by income status, 2021 (US$ billion)

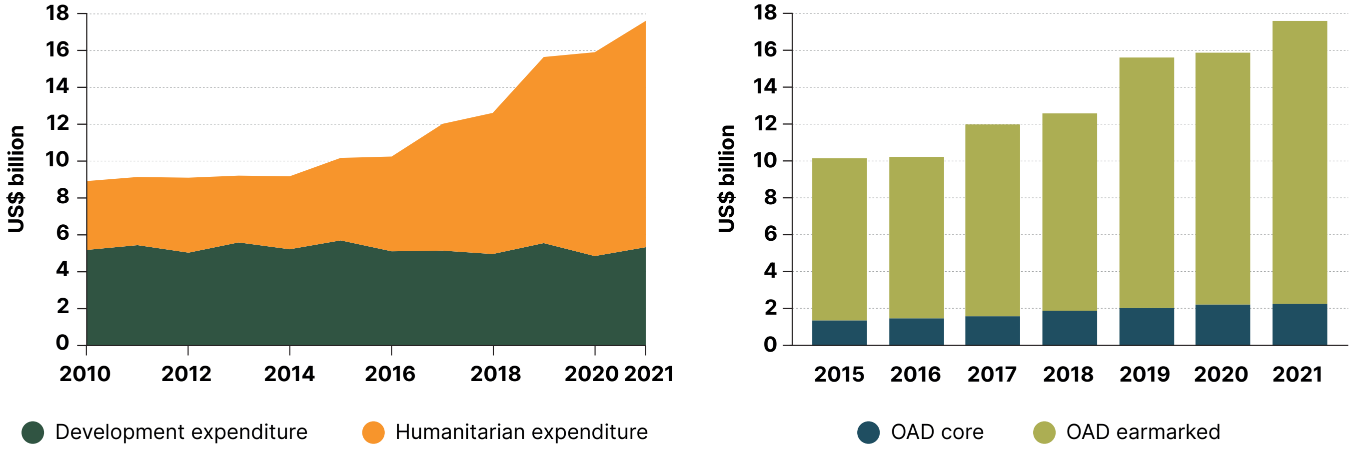


Notes:
a) The non-crisis-affected and crisis-affected UN programming countries are integrated by a variety of income levels.
b) Venezuela has been temporarily unclassified as of July 2021 pending release of revised national accounts statistics. Thus, expenditure on OAD in Venezuela is only depicted within the crisis-affected countries.

Source: Report of the Secretary-General (A/78/72–E/2023/59), World Bank, DPO, DPPA, OCHA and MPTFO

For notes – see page 106.

Figure 33: UN humanitarian and development expenditure (OAD) in least developed countries, 2010–2021 (US$ billion)



Source: Report of the Secretary-General (A/78/72–E/2023/59). Historical data from various reports
For notes – see page 107.

2.3 Expenditure along the humanitarian–peace –development nexus in crisis-affected countries

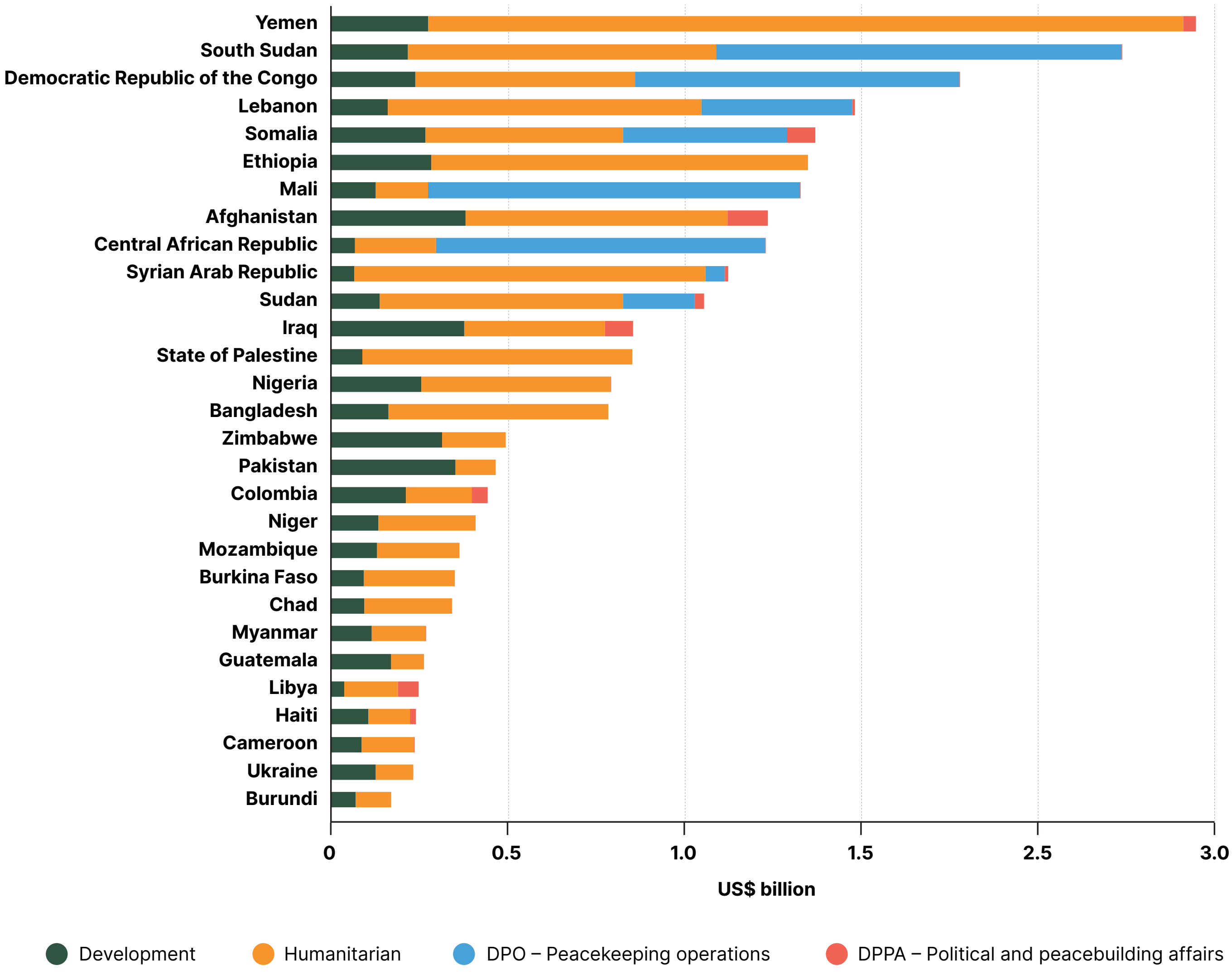
This section hones in on the group of 46 crisis-affected countries, specifically those receiving US$ 200 million or more in UN expenditure. Crisis-affected countries are defined as meeting one or more of the following criteria:

1. reported expenditure for an ongoing or recently discontinued peacekeeping mission;
2. reported expenditure for an ongoing or recently discontinued political mission, such as a group of experts, panel, office of special envoy or special adviser;
3. reported expenditure from the Peacebuilding Fund of more than US$ 500 000; and/or
4. had a humanitarian response plan for the past two years (2020 and 2021).

Figure 34 shows the group of 29 crisis-affected countries with expenditure exceeding US$ 200 million in 2021, including how this is divided between support for humanitarian assistance, development assistance, peacebuilding operations, and political and peacebuilding affairs. The total amount of UN investments in crisis-affected countries amounted to US$ 31.2 billion in 2021, with 36% of this allocated to the DRC, Lebanon, Mali, South Sudan and Yemen. As described in section 2.2, accelerated and protracted crises have been a driving factor behind the escalating need for humanitarian support, and many of the countries featured in Figure 34 received the largest part of their expenditure for purposes of emergency response and humanitarian assistance.

Overall, in 2021, 55% of UN expenditure in crisis-affected countries was spent on humanitarian activities, and 23% on development activities. Countries that are host to ongoing UN peacekeeping operations – such as the DRC, Lebanon, Mali, the Central African Republic and South Sudan – have substantial shares of their expenditure allocated to those missions. There are also examples, such as Afghanistan, were there is a combination of investments along the humanitarian–peace–development nexus, with considerable investments in political and peacebuilding affairs, as well as development assistance. According to the Afghanistan Humanitarian Response Plan 2022, more than half the country's population are in humanitarian need.[40] Although many countries face long-lasting humanitarian and peace crises, Colombia and Cameroon provide examples where development activities have grown as a proportion of total expenditure.[41]

Figure 34: UN humanitarian, development, peace- and security-related expenditure by crisis-affected country, 2021 (US$ billion)



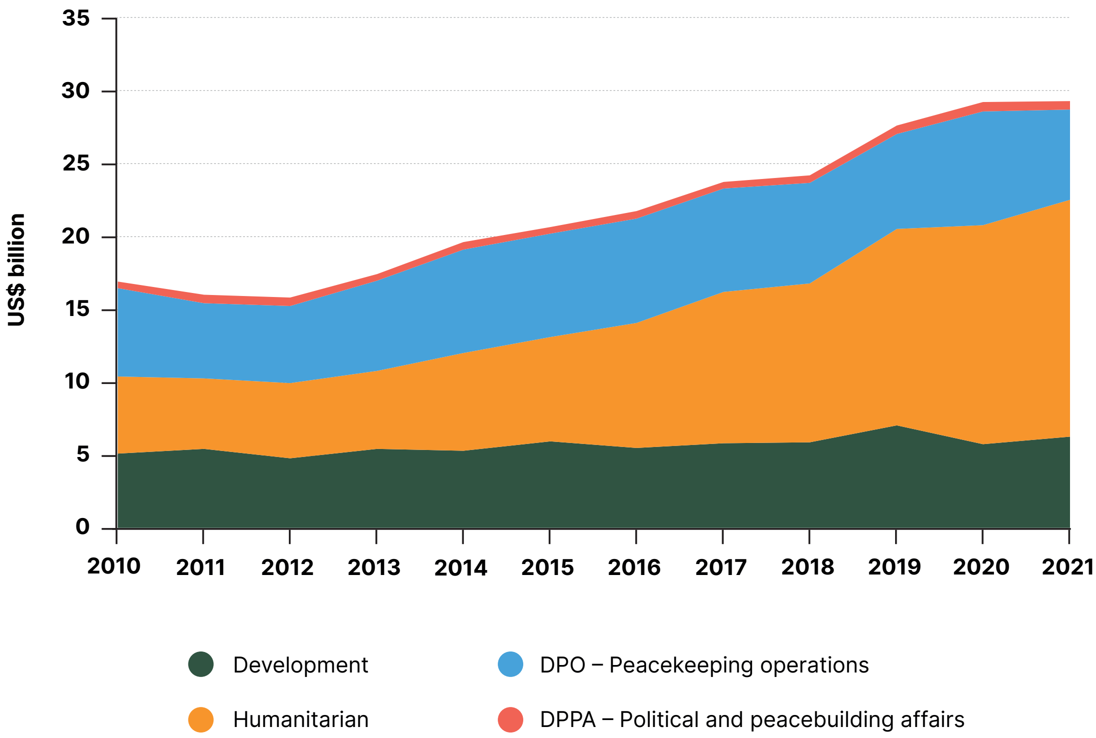
Note: This figure shows crisis-affected countries with expenditures exceeding US$ 200 million in 2021. In the previous Financing the UN Development System report, the equivalent figure included crisis-affected countries with expenditures exceeding US$ 100 million in 2020.

Source: Report of the Secretary-General (A/78/72–E/2023/59), (A/77/5 Vol. II), and A/77/6 (Sect.3)/Add.1

For notes – see page 107.

As can be seen in Figure 35, the large portion of humanitarian assistance currently provided to the 29 crisis-affected countries featured in Figure 34 has developed gradually since 2010, with development, peacekeeping and peace-building operations having remained fairly consistent over the same period. The shift in humanitarian expenditure from 2013 onwards is largely due to the crisis in Syria and its effect on Lebanon, which hosted many Syrian refugees. Escalated crises in South Sudan, mainly from 2014, and Yemen, mainly from 2017, also resulted in a steady growth of humanitarian expenditure.

Figure 35: UN humanitarian, development, peace- and security-related expenditure in 29 crisis-affected countries, 2010–2021 (US$ billion)



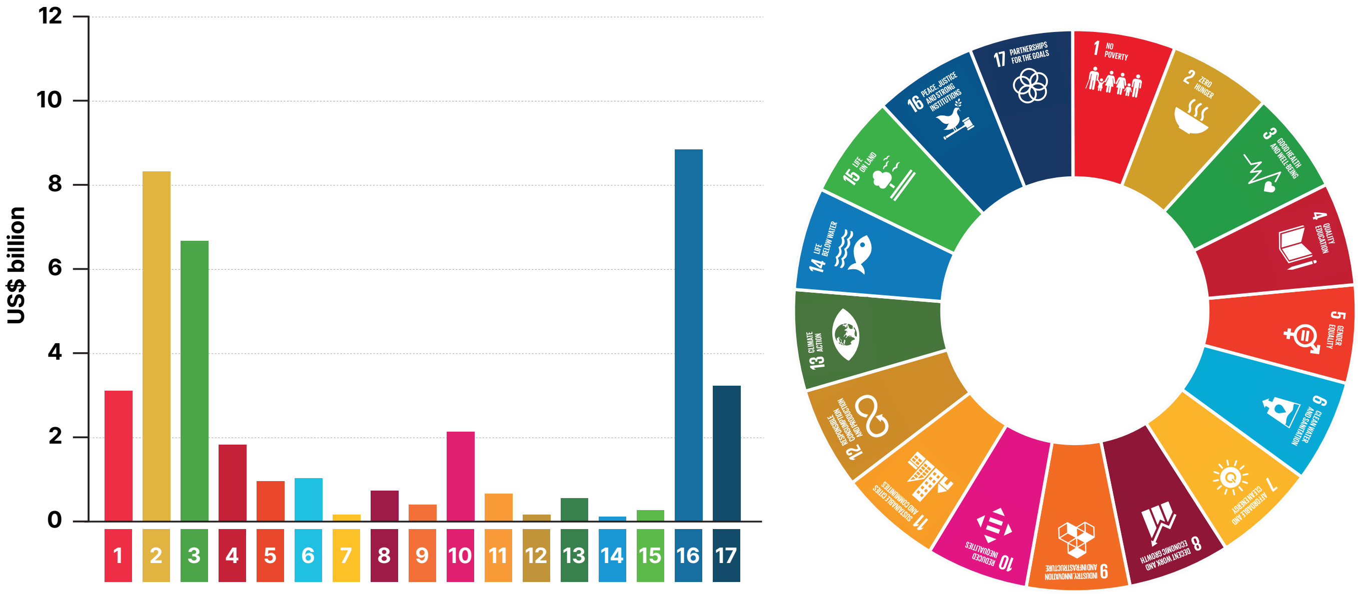
Note: This figure shows crisis-affected countries with expenditures exceeding US$ 200 million in 2021.
Source: Report of the Secretary-General (A/78/72–E/2023/59), DPO (A/77/5 (Vol.II), DPPA (A/77/6 (Sect.3)/Add.1), World Bank, OCHA and MPTFO. Historical data from various reports
For notes – see page 107.

2.4 Allocation of resources to the SDGs

The SDGs have now reached their midpoint on the road to 2030. The framework has become a platform bringing together governments, the private sector and civil society in joint action towards eradicating poverty and building a sustainable future. However, the recent health, climate and conflict polycrisis has reversed the poverty reduction trend, highlighting the inter-dependence between the SDGs and the need for joint multi-stakeholder solutions.

While UN system reporting of the SDGs does not yet provide a full picture of financial priorities, it can give an indication of which SDGs are in focus when it comes to the allocation of resources. Figure 36 shows overall UN expenditures in 2021 linked to different SDGs. Almost two-thirds (61%) of the linked resources targeted eradication of hunger (SDG 2), health and well-being (SDG 3), and peace, justice and strong institutions (SDG 16). One possible explanation is that investments in procuring goods and services – such as food supplies and vaccines – and upholding peacekeeping missions require larger financial resources relative to policy work, capacity building and partnerships. Compared to the data available for 2020, there is a material increase in allocations to SDG 10 (reduced inequalities) following IOM reporting towards the SDGs for the first time for 2021. Aside from this, the distribution of resources between the different SDGs in 2021 follows a similar structure to the previous year.

Figure 36: Aggregated UN expenditure linked to the SDGs as reported by 36 UN entities, 2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB)

For notes – see page 108.

The allocation of resources to different SDGs varies widely between UN entities, depending on their mandate. Specialised agencies have a clear focus on certain SDGs – for example, ICC and DPO on SDG 16 (peace, justice and strong institutions) or IFAD on SDG 2 (zero hunger). Other entities may predominantly contribute to a particular SDG while also working towards a broader spectrum of SDGs. This is reflective of how integrated and interdependent the various SDGs are. Examples include UN Women, which focuses on SDG 5 (gender equality) while also contributing to SDG 16 and SDG 8 (decent work and economic growth), and WFP, which mainly invests in SDG 2 but also contributes to SDG 17 (partnerships) as a means of achieving this goal. Some UN entities, such as UNDP, contribute to all the SDGs.

UN reporting against the SDGs and their underlying targets has gradually evolved, including more entities in the consolidated financial statistics. The UN Data Standard for linking expenditure to the SDGs was set to be fully implemented in the reporting of 2021 data. However, some UN entities are still to fulfil this goal, although clear progress has been made compared to the previous reporting period.

For the 2021 figures, 36 out of the 47 entities reported their expenditure as linked to the SDGs, compared to 22 for 2020. Reporting UN expenditure towards the SDGs is only required when relevant, which means that even when fully implemented not all entities or expenditure will be linked. A total of US$ 46.5 billion was linked to the SDGs in 2021, equivalent to 77% of all UN expenditure. If only the UN entities that are part of the UNDS are looked at, US$ 37.5 billion, or 90%, can be connected to the SDGs.

In a survey to inform the 2023 Report of the Secretary-General on the QCPR, UN programme countries identified the most impactful areas of UN support over the past two years as being health and well-being (SDG 3) and education (SDG 4), followed by poverty eradication (SDG 1) and combatting climate change (SDG 13). Those four areas, as well as food security and eradication of hunger (SDG 2), are also regarded as the foremost areas to support in the coming two years. Two areas that have been significantly supported but are not deemed by programme countries to be as important going forward are gender equality (SDG 5) and peace, justice and strong institutions (SDG 16).

As mentioned above, monetary resources are not the only way of assessing UN priorities and SDG impact. Normative work and support for national development policies might not require large financial resources, but can have a large impact on sustainable development. Even so, it is worth noting the existing data on allocations related to environment and climate change. In 2020, only US$ 1.9 billion, or 5%, of allocations linked to the SDGs were dedicated to water and sanitation (SDG 6), clean energy (SDG 7), climate action (SDG 13), life below water (SDG 14), and life on land (SDG 15). In 2021, the volume of expenditure increased to US$ 2.5 billion, with the share of total SDG-related expenditure in the domain remaining at 5%. While UNEP has not yet reported its expenditure linked to the SDGs, if it is assumed that its allocations mainly relate to climate and environment-related SDGs, another US$ 0.7 billion could be added to the above-mentioned total.

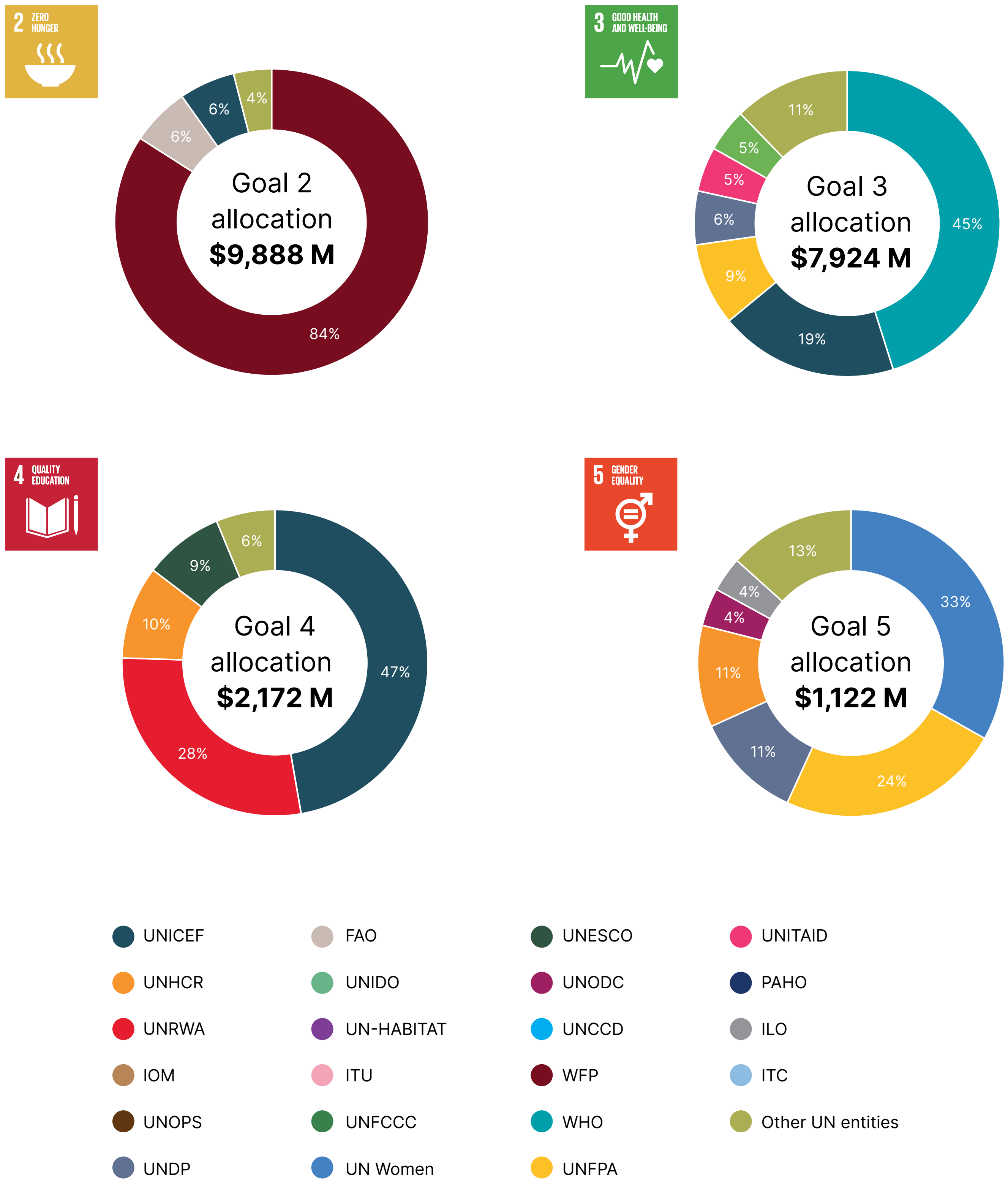
The 27th Conference of the Parties to the UN Framework Convention on Climate Change (COP27) stressed the need for a giant leap in climate ambition to stay within the 1.5 degree temperature limit.[42] Considering the urgency and high priority given to preservation of the environment and combatting climate change, UN expenditure in this area appears relatively low.

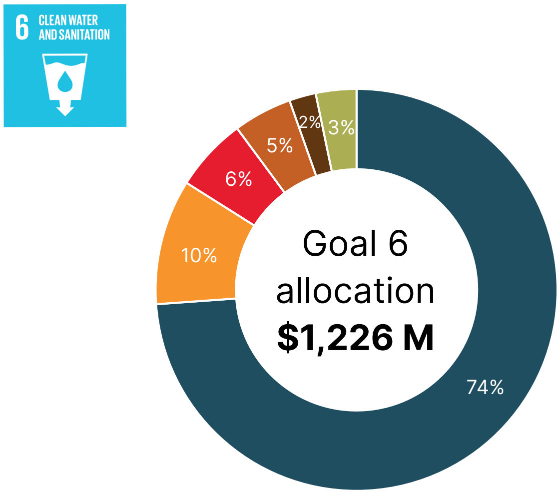
Figure 37 highlights which entities are contributing to the climate and environment-related goals mentioned above, as well as some of the goals related to the SDGs' social dimension, namely zero hunger (SDG 2), good health and well-being (SDG 3), quality education (SDG 4), and gender equality (SDG 5). With more UN entities providing reporting linked to the SDGs in 2021, the breakdown of entities implementing climate and environment-related goals is more diversified than in last year's Financing the UN Development System report. UNICEF is implementing most of the activities related to SDG 6 (72%), providing children with access to clean water and reliable sanitation, and promoting basic hygiene practices.[43] UNDP remains the main implementer of SDG 7 (54%), SDG 13 (48%) and SDG 15 (57%), among other things working with governments to protect, manage and value their natural assets, and accelerating the transition to renewable energy.[44] FAO reported its expenditure as linked to the SDGs for the first time for 2021, appearing as the largest implementing entity for SDG 14 (47%). Its activities include safeguarding vulnerable ecosystems, reducing overfishing and illegal fishing, and building up the aquaculture industry while making it climate resilient.[45]

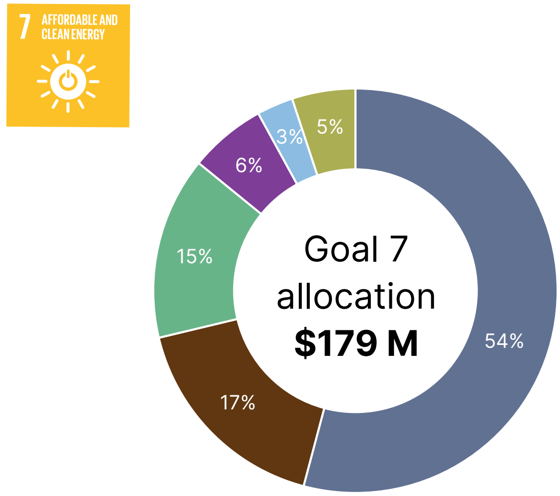
WFP, with its mandate to fight world hunger and malnutrition, is the main contributor to SDG 2 (84%). SDG 3 is, for an equivalent reason, mainly implemented by WHO (46%), although UNICEF (19%) and a diversity of other UN entities also contribute. In addition, UNICEF is a major implementor of SDG 4 (47%), together with UNWRA (28%), which provides education to young Palestine refugees.[46] Gender equality cuts across many themes, with SDG 5 being the goal (among the selection) with the greatest variety of implementing UN entities, despite one-third of its funding coming via UN Women.

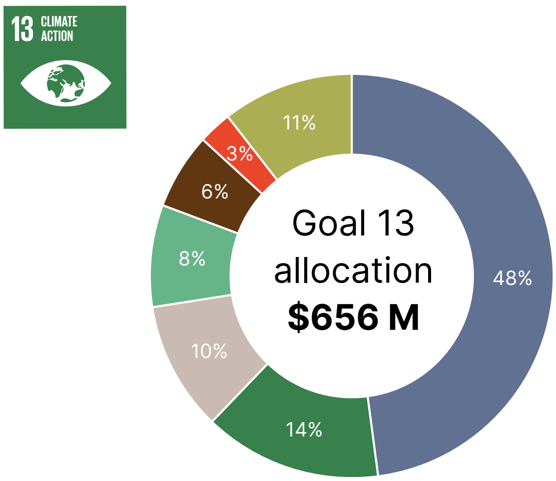
As UN reporting towards the SDGs improves and becomes more complete, further analyses of the priorities and impact of UN actions for people, planet and prosperity will be made possible.

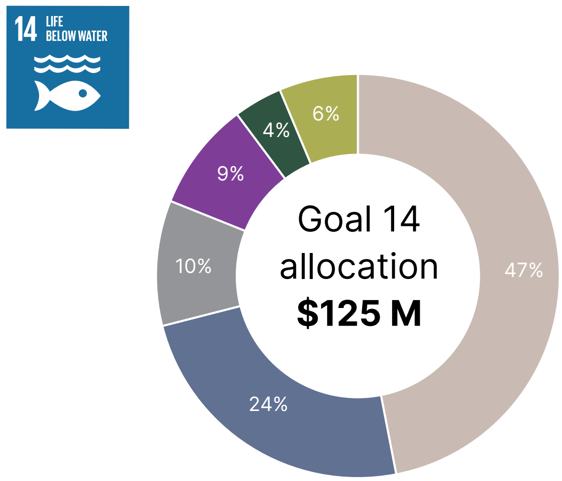
Figure 37: UN expenditure linked to select SDGs as reported by UN entities, 2021 (US$ million and percentage)

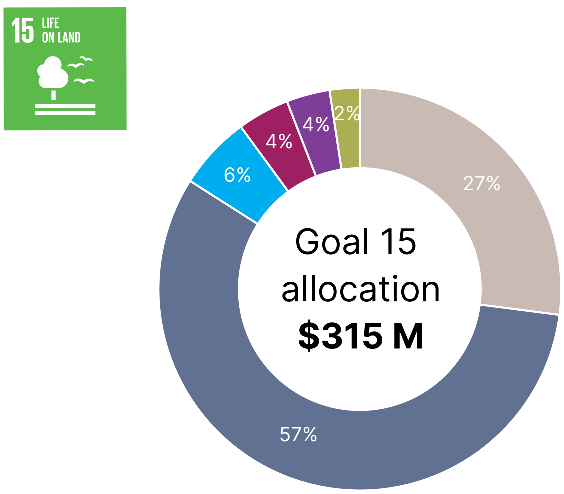












Note: For each SDG the category 'Other entities' includes the UN entities whose expenditure share is below 2%.

Source: Chief Executives Board for Coordination (CEB)

For notes – see page 108.

Box 4: **Reporting perspectives and data sources**

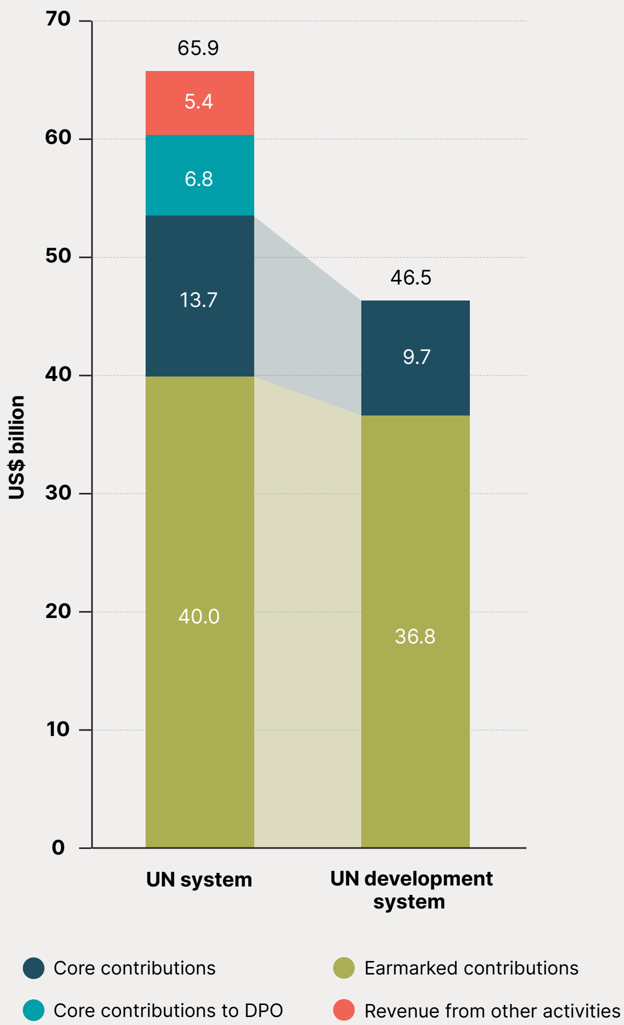
Part One of the report describes UN revenue and expenditure according to two perspectives:

1) The *UN system*, which includes all revenue and expenditure aggregated from the 47 UN entities reporting to the UN CEB. UN system revenue contributions are channelled through four financing instruments, which are further defined in Box 5: 1) assessed contributions; 2) voluntary core contributions (these prior two combined are also referred to as 'core'); 3) earmarked contributions (which are also referred to as 'non-core'); and 4) revenue from other activities. Contributions to peace operations are included in the UN system but not in the UN development system – as shown in Figure 38, a substantial part of core funding is dedicated to DPO.

2) The *UN development system* (UNDS) encompasses those UN entities defined as carrying out 'normative, specialised and operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development'.[47] Contributions to the UNDS consist exclusively of funding for development and humanitarian activities, also referred to together as 'operational activities for development' (OAD). These two categories of assistance can be provided as assessed, voluntary core or earmarked funding.

Figure 39 shows which types of expenditure are included in the UN system and UNDS respectively. The UN system has four functions: 1) humanitarian assistance; 2) development assistance; 3) peace operations; and 4) global agenda and specialised assistance. The UNDS supports the first two functions (see Chapter 2).

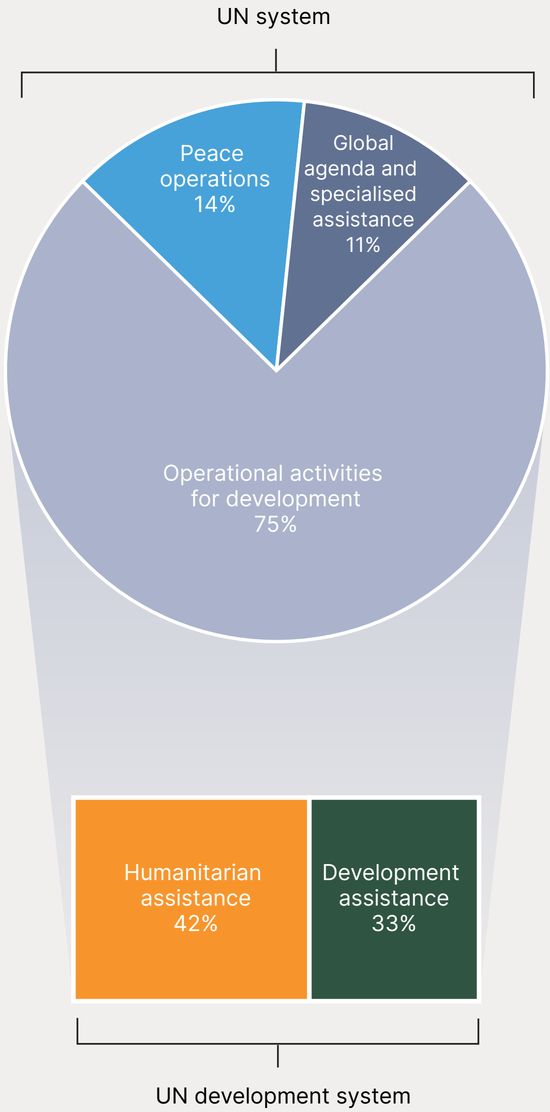
Figure 38: Contributions to the UN system and to UN development system, 2021 (US$ billion)



Source: Chief Executives Board for Coordination (CEB) and Report of the Secretary-General (A/78/72–E/2023/59)

For notes – see page 108.

Figure 39: UN system expenditure by function, 2021



Source: Chief Executives Board for Coordination (CEB) and Report of the Secretary-General (A/78/72–E/2023/59)
For notes – see page 108.

The data used in the tables and figures in Part One is primarily drawn from the following four sources:

1) The UN CEB, which collects and publishes on its website data from the 47 UN entities that have committed to collectively reporting their data.[48]

2) The UN Department of Economic and Social Affairs (UN DESA), which draws on the CEB dataset but only includes data on the UNDS, which constitutes the UN OAD segment. The DESA data is contained in an annex to the Secretary-General's annual report on implementation of the QCPR process.

3) The OECD, which provides data on the sources and uses of official development assistance, defined by OECD-DAC as 'government aid that promotes and specifically targets the economic development and welfare of developing countries'.[49]

4) The UN Pooled Funds Database, which collects disaggregated data on UN inter-agency pooled funds, provided by UN Administrative Agents of inter-agency pooled funds.

Box 5: The spectrum of UN grant financing instruments

The UN system mainly makes use of four financing instruments, as defined in the UN Data Standards for system-wide financial reporting.[50] Table 6 sets out the four instruments, their definitions, and the six types of earmarked funding.

Table 6: UN financing instruments and definitions

Assessed contributions		Fixed amount contributions calculated based on an agreed formula that UN Member States undertake to pay when signing a treaty	
Voluntary core contributions		Voluntary untied contributions	
Earmarked contributions	Voluntary contributions that are tied to a specific purpose	UN inter-agency pooled funds	Co-mingled contributions to multi-entity funding mechanism, not earmarked for specific UN entity; funds are held by UN fund administrator and fund allocations are made by UN-led governance mechanism.
		Single-agency thematic funds	Co-mingled contributions to single-entity funding mechanism designed to support high-level outcomes within strategic plan; single UN entity is fund administrator and takes the decisions on fund allocations.
		Revenue from global vertical funds	Contributions from 'vertically' focused funds with specific themes; funds are not directly administered by a UN entity and do not have a UN lead role in fund allocations.
		Local resources	Contributions from programme countries financed from government resources for use in support of their own development framework.
		Project/ programme specific resources	Grants earmarked by the contributor to a specific programme or project, provided they do not fall within the above earmarked contribution categories.
		In-kind contributions	Revenue transactions recorded for donations or goods and/or services, in accordance with the accounting policies of the organisation that are earmarked by the contributor to a specific programme or project.
Revenue from other activities		Revenue linked to UN entity's other activities that is not considered a 'contribution' under the organisation's accounting policies.	

Source: Data Standards for UN System-Wide Reporting of Financial Data

Assessed contributions are obligatory payments made by UN Member States to finance the UN regular budget and its peacekeeping operations. They can be thought of as a membership fee. Assessed contributions are based on pre-agreed formulas related to each country's 'capacity to pay'.[51] The formula for the regular UN budget is based on GNI, with debt burden adjustments for middle- and low-income countries and adjustments for low per-capita income factored in.[52] The formula for peacekeeping operations also takes account of the fact that the five permanent members of the Security Council (the P5) pay a larger share due to their special responsibility for maintaining international peace and security. These two formulas are adjusted by the UN General Assembly and Member States, normally every three years. Assessed contributions and voluntary core contributions constitute the core funding for UN entities.

Voluntary core contributions, also referred to as regular resources, are funds provided to a specific UN organisation. Core contributions provide resources without restrictions. In other words, they are fully flexible, non-earmarked funds that are not tied to specific themes or locations. They are often used to finance an entity's core functions in line with its work plans and standards. Voluntary core contributions are therefore an important channel of funding, especially for UN entities that do not receive assessed contributions.

Earmarked contributions, also referred to as non-core resources, are funds tied to specific projects, themes or locations. While voluntary, such contributions are restricted in terms of how the receiving entity can use them. Earmarked contributions are widely used in the UN system, though the actual extent of earmarking varies. While some funds may be tightly connected to a specific project or programme, others may be part of flexible pooled funds with a thematic or geographical focus. The degree of flexibility may be suitable for different purposes. Strict earmarking and attribution of funding to individual projects may limit results, while soft earmarking to joint pooled funds can enable responses across mandates, help integrate policy, blend financing streams and expand partnerships, thereby increasing impact and improving results. To overcome the steady increase of strict earmarking, Member States and the UN system alike have been pushing for more predictable and flexible UN funding.[53] See Table 6 for an overview of the different instruments for earmarked contributions.

Revenue from other activities covers a variety of income from both state and non-state actors generated through public services, knowledge management and product services. It also includes revenue from investments, exchanges gains and similar sources.

In addition to the four financing instruments now used to fund the UN, there are **negotiated pledges**. Negotiated pledges are legally binding mutual agreements between UN entities and external funders. While not currently a revenue channel for the UN system, they represent a major funding stream for other multilateral organisations. The World Bank, for example, has used negotiated pledges for replenishment of the International Development Association. One UN entity, IFAD, applies something called negotiated replenishment, which was further described in last year's edition of this report.[54]

Part One — Chapter 3

Year one of the Data Cube strategy: Successes and challenges

By United Nations System Chief Executives Board for Coordination (CEB) Secretariat

Under the chairmanship of the United Nations Secretary-General, the Chief Executives Board (CEB) brings together the Executive Heads of the UN, its 12 funds and programmes, the 15 specialised agencies, and three related organisations. The CEB is a driver of integration and coherence for the UN system in support of Member States. It serves as an internal 'think-tank', providing high-level forward-looking solutions in response to mandates from the legislative and governing bodies of its 31 member entities. The CEB, together with its High-Level Committee on Programmes and High-Level Committee on Management, strives to foster systemic transformation through stronger performance and results orientation; better data, analysis and communications; innovation and digital transformation; strategic foresight; and a work culture that reduces unnecessary bureaucracy and amplifies collaboration. The CEB is supported by its secretariat, co-located in New York and Geneva.

Introduction

The Chief Executives Board (CEB) Secretariat is the United Nations inter-agency entity responsible for supporting the work of the CEB and is the UN system's highest-level coordination forum in the areas of programme and management. Under the umbrella of the CEB's High-Level Committee on Programmes and High-Level Committee on Management (HLCM) sits the Finance and Budget Network (FBN), composed of the UN system organisations' chief financial officers. The FBN entities report their revenue, expense and budget data to the CEB Secretariat on an annual basis.

The UN Data Cube, a joint initiative of the CEB's HLCM and the UN Sustainable Development Group, is one of the three strategic data initiatives recognised in the 2020 Data Strategy of the Secretary-General for Action by Everyone, Everywhere with Insight, Impact and Integrity.[55] Established

Figure 1: Background of the Data Cube strategy 2022–2025

Source: Chief Executives Board (CEB)

in 2018, the Data Standards for UN system-wide reporting of financial data were the first major result of the UN Data Cube initiative. Its long-term goals were to improve the quality of financial data reported to the CEB and ensure the UN has timely, reliable, verifiable and comparable system-wide and entity-level financial data aligned with the Sustainable Development Goals (SDGs), in order to 'make better decisions and deliver stronger support to those we serve'.

The Data Cube initiative's central component during the period 2017–2021 was the roadmap for implementation of the Data Standards, with specific actions broken down into four phases that refined the Data Standards, improved data quality and promoted publication of the resulting datasets. The tagline 'maximising transparency and minimising effort' was established as the overarching common thread running through the activities included in the roadmap.

Overall efforts to **maximise transparency** enabled working towards ensuring the availability of quality UN system-wide financial data for users, both on the CEB website and other data platforms. Partnerships with the International Aid Transparency Initiative (IATI) and the Organisation for Economic Cooperation and Development (OECD) looked at how coverage of UN reporting on the platforms of these two organisations could be improved. One important achievement was harmonisation of UN code lists for the UN Data Standards with the relevant code lists at IATI and OECD, thereby ensuring compatibility. A copy of these code lists were published on the CEB website in early 2023.[56]

In addition, the Data Cube initiative's focus remained on **minimising efforts** and reducing the reporting burden of UN entities. A key achievement in this respect was agreement on a UN CEB minimum dataset that, alongside the harmonised code lists, would enable UN entities to (re)use the same dataset in reporting their data to the CEB, IATI and OECD.

In December 2021, the FBN approved the UN Data Cube strategy 2022–2025, aimed at taking the Data Cube initiative to the next level. The ultimate ambition set out in this strategy is to ensure a fully-fledged UN system-wide Data Cube, with disaggregated financial data for each SDG in every country. When this is achieved, stakeholders will have access to a comprehensive overview of what UN system organisations are spending in support of an SDG in a particular geographical location, with the data separated into development, humanitarian, peace and global agenda-related interventions.

At the core of the strategy are six complementary UN system-wide financial data cuts that should be available by 2025, providing UN stakeholders with a transparent, comprehensive snapshot of UN system-wide revenue and expenses, enabling better analytics and evidence-based decisions. The strategy strives to leverage the Data Cube's full potential in support of the Secretary-General's Data Strategy, the Quadrennial Comprehensive Policy Review, the Funding Compact and the Grand Bargain, and, ultimately, the 2030 Agenda and Our Common Future.

Figure 2 illustrates the elements underpinning the strategy. Each UN entity will construct a master dataset incorporating all the variables included in the UN CEB minimum dataset (on the left side of the figure). From there, the UN entity can slice-and-dice this master dataset to produce the data necessary to report on each of the six data cuts on the right-hand side of the figure.

Implementation of year one of the Data Cube strategy 2022–2025

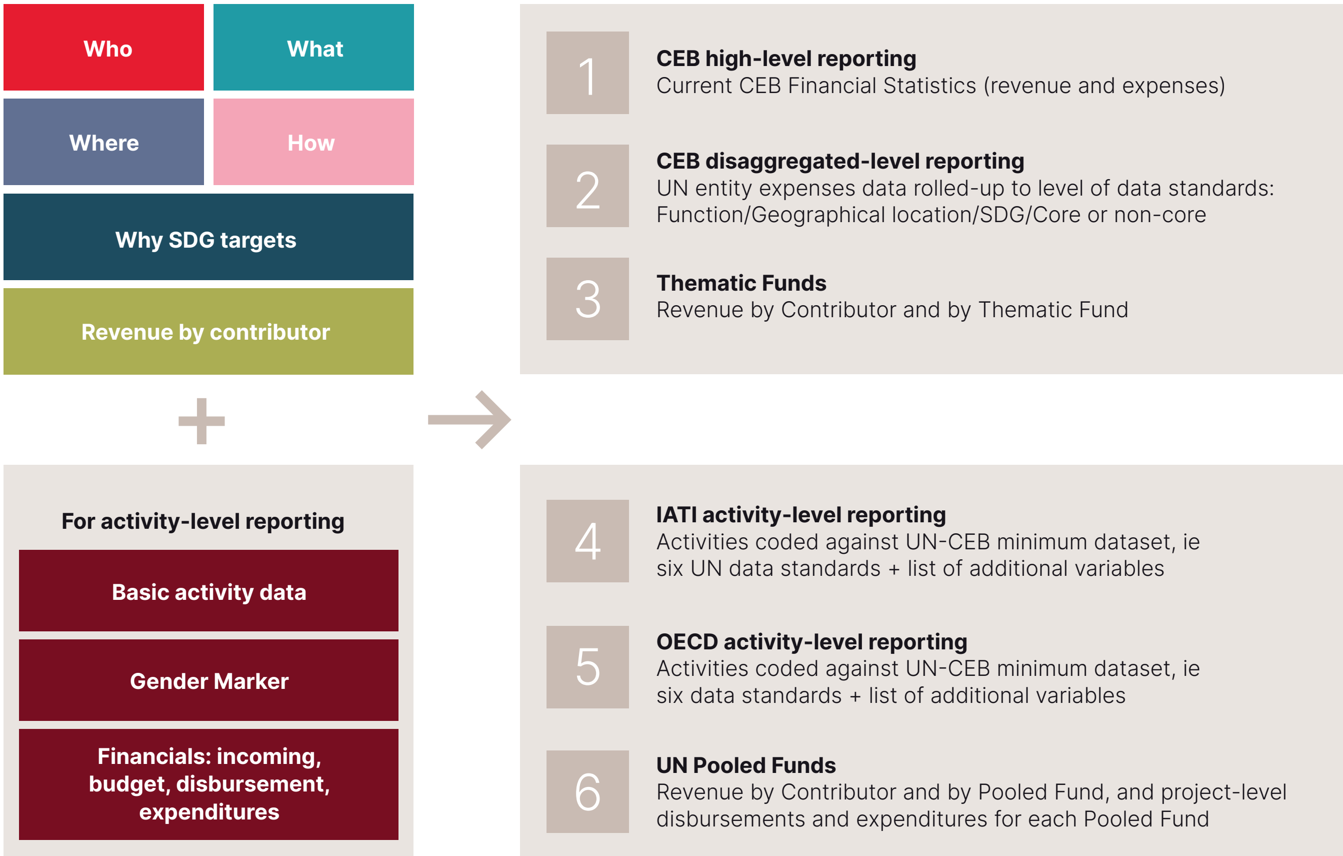
The Data Cube strategy 2022–2025 builds upon the incremental successes achieved in 2017–2021 to reflect a holistic, forward-looking perspective on UN system-wide financial reporting. This is reflected in the following achievements seen in its first year of implementation:

Continuous learning and improvement: Feedback received from UN entities and data users in 2022, alongside the results of ongoing monitoring of CEB financial data, are reflected in the annual update of the UN Data Standards, including updated code lists and guidance, as well as the expansion of UN system financial datasets published on the CEB website.

In addition, progress was made in addressing commitment 13 of the 2019 Funding Compact, which calls for improved comparability of cost classifications and definitions, with a plan to introduce reporting of expenditure for enabling functions. To facilitate data analysis, an annual Excel code list was also prepared, bringing together the code lists available in portable document format (PDF) in the UN Data Standards, the code lists used by the CEB for reporting, and cross-walks between the CEB code lists and code lists used by IATI and OECD.

A new data standard: In November 2022 another milestone was reached, with the FBN approving a seventh data standard on the UN Gender Equality Marker (GEM)

Figure 2: Background of the Data Cube strategy 2022–2025



Source: Chief Executives Board (CEB)

to be used for activity-level reporting to OECD and IATI. UN Women and the CEB Secretariat collaborated on formulating the GEM standard, as well as user guidance and frequently asked questions, after due consultation with both the relevant UN system gender focal points and the FBN's Task Force on Accounting Standards.

Enhanced monitoring of CEB financial data: In early 2023, a monitoring tool was developed to measure and track progress in implementation of the Data Cube strategy. The tool will assist the CEB Secretariat in providing feedback to UN entities on their areas of progress and areas that still need improvement, including reporting on overall progress against the Data Cube initiative. The first round of monitoring results, compiled in early 2023, shows the tremendous advances made since 2018 in the comprehensiveness and quality of reporting by UN entities, while highlighting areas to prioritise for future improvements. Some highlights of the results are provided in Box 6.

UN pooled funds: Continued collaboration with the UN Multi-Partner Trust Fund Office (MPTFO) focused on enhancing the timeliness and quality of data on UN inter-agency pooled funds. The planned next step is to publish pooled fund data on the CEB website once preliminary work has been done to ensure that the risk of double-counting revenue is minimised (and appropriately communicated).

This will ensure that UN Member States will have a single place where they can find data on their total contributions to the UN system, through both direct contributions to UN entities and contributions to UN pooled funds.

Thematic funds: Disaggregated thematic fund revenue data was fully integrated in the CEB's annual data collection exercise, with thematic funds also classified according to UN function. UN entities responded positively to this further streamlining of reporting procedures and the detailed feedback provided on the quality of data submitted, with a list of thematic funds and their 2021 revenue posted on the CEB website for the first time in late 2022.

Improved access to data for data users: The CEB Secretariat took measures to enhance the CEB website as the central place for Member States and other data users to find UN system-wide financial data. Disaggregated data on funding flows at entity and system-wide level can be accessed on the CEB website in a user-friendly format, with visualisations and the option of downloading datasets in Excel and comma-separated values (CSV) formats.[57] Ad hoc feedback from a wide variety of data users, including UN Member States, data partners (OECD-Development Assistance Committee (DAC) and the UN Department of Economic and Social Affairs) and think tanks, indicates that data users find it easy to navigate the CEB website and locate the data they need.

Areas for continued focus and improvement

In 2023, the CEB Secretariat will work towards making further progress in achieving the objectives of the Data Cube strategy, including:

- monitoring implementation of the UN CEB minimum dataset, including developments in IATI and OECD-DAC reporting, to identify any action required to ensure that datasets remain compatible between the CEB, IATI and OECD;
- considering adjustments to the existing CEB data platform with a view to introducing disaggregated-level CEB reporting with far more granular data on UN system-wide expenses. The consolidated UN system-wide disaggregated data would show how much each UN entity and the UN system as a whole spends on each function, in each geographical location and against each SDG target, as well as what source of funding is used. This will enable in-depth data analysis not possible with the current highly aggregated data;
- advancing a common methodology for determining the top financial contributors to the UN system, in collaboration with the UN Peace Building Support Office and MPTFO; and
- continuing to foster strategic partnership opportunities between the CEB Secretariat and the OECD, IATI, MPTFO and other important partners.

Looking ahead to the next years of the strategy

Tremendous progress has been made in the comprehensiveness and quality of reporting by UN entities since the introduction of the UN Data Standards. The continued improvements are an example of impactful collaboration across the whole UN system. As the Data Standards have become more mainstreamed, the CEB Secretariat has started to shift some focus towards more strategic goals that balance the needs of different stakeholders, such as data reporters, users and partners.

This overall progress has, however, not been without its challenges. The CEB Secretariat recognises that the reporting burden for entities is not insignificant, and reporting 'fatigue' is at the forefront of its mind when planning for further advancements in the Data Cube strategy. Other challenges exist with respect to accounting standards and reporting on an accrual versus a budget basis (see Box 1 on page 45).

Finally, when it comes to delivering on expected results, there is the challenge of securing sufficient human and financial resource capacity within the CEB Secretariat to provide the necessary strategic leadership and technical support for implementation and management of the Data Cube strategy. The ambitions of the Data Cube strategy can only be fully realised if adequate additional resources continue to be made available for implementing the next three years of the strategy.

Box 6: **Improvements in data quality for each of the six Data Standards, 2018–2022**

UN entity:

- The number of UN entities reporting financial data to the CEB doubled from 34 (2016 data) to 68 (2021 financial year).
- Only one UN entity, the International Residual Mechanism for Criminal Tribunals, did not report in the CEB Financial Statistics exercise for the 2021 financial year – however, it is expected that it will start reporting as of the 2022 financial data cycle, which would mean 100% compliance with Data Standard I – UN Entity.

Expense by UN function:

- In 2022, 100 % of UN entities reporting their expenses by geographical location broke down the data by UN function.
- 13 UN entities reported on a voluntary basis regarding their expenses against OECD Common Reporting Standard (CRS) purpose codes, covering a total of US$ 18.9 million in UN expenses. Further, one UN entity used the UN function code list for reporting its expenses by function to IATI, and it is hoped that more will follow.

Expense by geographical location:

- Reporting expenses by geographical location is now mandatory for all UN entities. The 2021 data on expenses by geographical location revealed significant improvements in the correct use of global codes, rather than codes for countries in which headquarters are located.

Revenue by UN financing instrument:

- Quality-assured lists of UN inter-agency pooled funds and single-agency thematic funds were produced based on data submissions for the 2021 financial year.[58]
- Further analysis was also undertaken to compare 2021 amounts reported as non-core revenue with amounts reported for expenses funded from voluntary non-core contributions, including additional follow-up with some entities to assure data quality.

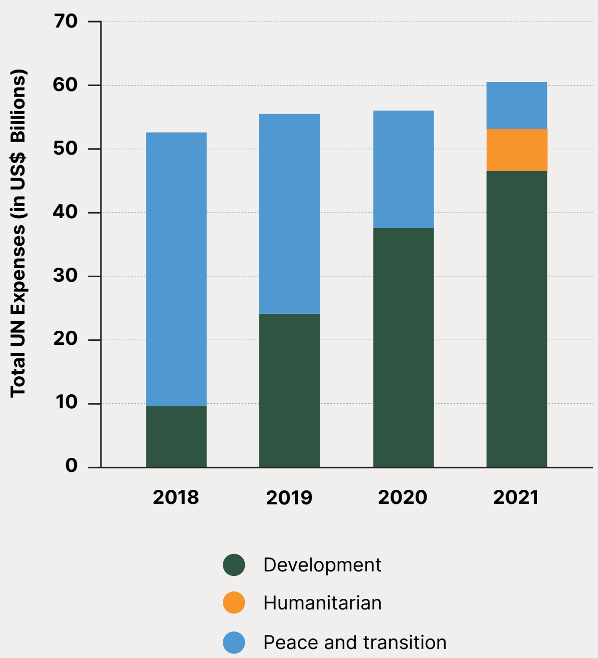
Expense by SDG:

- UN entities have been proactive in reporting on this standard, which became mandatory on 1 January 2022 for reporting on 2021 data.
- Overall, 77% of total UN expenses were reported against either SDG goals or targets, an increase of 10% compared to 2020 data (see Figure 3). A further 11% was reported against the recently introduced non-SDG code. It is hoped that the 27 of the 67 UN entities that did not report against this standard will do so in the next reporting period – together, they were responsible for the remaining 12% of UN total expenses.

Revenue by contributor:

- A standardised CEB contributor list was introduced in 2021 for several contributor types in order to reduce the errors in contributor coding and facilitate data aggregation. In the collection process for 2022 financial year data, this standardised CEB contributor list has been expanded to cover all contributor types.

Figure 3: Progress in reporting UN expenses against SDGs



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Notes to figures and tables in Part One

General Notes

I. For Figures 1–13, 23-24, 29, 36–39; Tables 1-3, 5; 'Chief Executives Board for Coordination (CEB)' refers to data retrieved from the CEB Financial Statistics database. Data downloaded in December 2022 and available at https://unsceb.org/financial-statistics. The CEB Financial Statistics database is the only comprehensive source of financial statistics for the organisations of the United Nations system. Data is collected from 47 UN entities and figures are validated with the organisations' audited financial statements wherever possible. This data is currently collected annually by the CEB Secretariat.

II. For Figures 14–21, 25, 30-35, 38-39 'Report of the Secretary-General (A/78/72–E/2023/59)' refers to data retrieved from Report of the Secretary-General, 'Implementation of General Assembly resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system', (A/78/72–E/2023/59, 20 April 2023), Statistical annex on 2021 funding data. Data was shared with the Multi-Partner Trust Fund Office (MPTFO) in March 2023. The statistical annex is available at https://www.un.org/ecosoc/en/2023-Secretary-General%E2%80%99s-report-on-the-implementation-of-the-QCPR. This data comprises the funding and expenditure data for operational activities for development (OAD) in the UN development system (UNDS).

III. For Figures 27-28, 'Organisation for Economic Co-operation and Development (OECD)' refers to data retrieved from the Creditor Reporting System (CRS). The CRS database comprises all contributions from OECD Development Assistance Committee (OECD-DAC) members to developing countries or territories eligible for official development assistance (ODA). It presents members' total use of the multilateral system through their multilateral and bilateral aid channelled by multilateral organisations. Data is based on individual project and programme disbursements measured on a calendar year basis. Data downloaded in May 2023 and available at https://stats.oecd.org/.

IV. For Figures 8, 10, 13, 15–18, 21–26, 'UN Pooled Funds Database' refers to the database compiled for the Fiduciary Management Oversight Group (FMOG) and published on the website of the International Aid Transparency Initiative (IATI). It incorporates all contributions to and transfers by inter-agency pooled funds with a UN administrative agent. The UN fund administrators or trustees are: the Food and Agriculture Organization (FAO), the International Labour Organization (ILO), the International Organization for Migration (IOM), the Multi-Partner Trust Fund Office (MPTFO), the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), the United Nations Population Fund (UNFPA), the United Nations Children's Emergency Fund (UNICEF), the United Nations Office for Project Services (UNOPS), and the World Food Programme (WFP).

V. 'UN Data Standards' refers to the data standards developed through a joint initiative of the UN Sustainable Development Group (UNSDG) and the CEB's High-Level Committee on Management (HLCM), documented in 'Data Standards for United Nations System-wide Reporting of Financial Data'.

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VI. Following the revision of the peace and security pillar within the UN peacebuilding architecture and the adoption of resolution A/RES/72/262 C (available at https://undocs.org/A/RES/72/262C), from 1 January 2019 the Department of Political Affairs (DPA) and the Peacebuilding Support Office (PBSO) formed the new Department of Political and Peacebuilding Affairs (DPPA), while the Department of Peacekeeping Operations (DPKO) became the Department of Peace Operations (DPO). For consistency, previous data series under the label DPKO have been renamed DPO and previous data series under the label DPA have been renamed DPPA.

VII. Unless otherwise stated, all data presented is expressed in current United States dollars.

Figures

Figure 1: Funding of the UN system by financing instrument, 2021 (US$ billion)

i) Data from CEB Financial Statistics database, series 'Revenue by Entity', available at https://unsceb.org/fs-revenue-agency.

ii) CEB figures reflect revenue and expenses as reported to the CEB by 47 UN organisations, based on their audited financial statements. They have not been adjusted for revenue and/or expenses associated with transfers of funding between UN organisations.

Figure 2: Distribution of UN system funding, by financing instrument, 2010–2021 (US$ billion)

i) Data from CEB Financial Statistics database, series 'Revenue by Entity', available at https://unsceb.org/fs-revenue-agency.

ii) The revenue amounts reflect data as reported to the CEB by the UN entities following their respective financial statements, without adjustments for revenue and/or expenses associated with transfers of funding between UN entities.

iii) UN Women reported its data to the CEB for the first time as part of the 2011 data collection exercise.

iv) The Comprehensive Nuclear Test-Ban Treaty Organization (CTBTO); the International Criminal Court (ICC); the UN Capital Development Fund (UNCDF); the United Nations Framework Convention on Climate Change (UNFCCC); and the United Nations System Staff College (UNSSC) reported their data to the CEB for the first time as part of the 2017 data collection exercise.

v) The International Agency for Research on Cancer (IARC); the Organisation for the Prohibition of Chemical Weapons (OPCW); and UNITAID reported their data to the CEB for the first time as part of the 2018 data collection exercise.

vi) The International Tribunal for the Law of the Sea (ITLOS) reported its data to the CEB for the first time as part of the 2019 data collection exercise.

vii) The United Nations Volunteers programme (UNV) independently reported its financial data to the CEB for the first time as part of the 2020 data collection exercise. To be comparable with historical data, their data is included under UNDP since 2020.

viii) The United Nations Interregional Crime and Justice Research Institute (UNICRI), the United Nations Convention to Combat Desertification (UNCCD) and the International Seabed Authority (ISA) reported their data to the CEB for the first time as part of the 2021 data collection exercise. For consistency, UNICRI revenues are included under UNODC.

ix) All UN entities reporting to the CEB for the 2021 data collection are indicated in Table 1 (see notes on Tables 1, 2 and 3).

Figure 3: Nominal and real UN system funding, 2010 - 2021 (US$ billion)

i) Data from CEB Financial Statistics database, series 'Total Revenue', available at https://unsceb.org/fs-revenue.

ii) Real UN system funding is based on amounts expressed in constant 2020 United States dollars by applying deflators for resource flows from DAC countries published by the OECD, available at https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/. These deflators consider both the effect of price and exchange rate movements.

Figure 4: Contributions to select UN entities, 2015 – 2022 (US$ billion)

i) Preliminary 2022 data from the CEB 2023 data collection. Data was shared with MPTFO in July 2023.

ii) Data for 2015 - 2021 from CEB Financial Statistics database, series 'Revenue by Entity', available at https://unsceb.org/fs-revenue-agency.

Figure 5: UN system funding sources, 2021

i) Data from CEB Financial Statistics database, series 'Revenue by Government donor' and 'Revenue by Nongovernment donor', available at https://unsceb.org/fs-revenue-government-donor and https://unsceb.org/fs-revenue-non-government-donor, respectively.

ii) Additional data received by MPTFO from the CEB Secretariat.

iii) OECD-DAC members are defined as countries that are members of the Development Assistance Committee. The list of OECD-DAC members is available at www.oecd.org/dac/development-assistance-committee. Lithuania's accession to the DAC as 31st member was in November 2022; thus, its contributions to the UN system are not included in the OECD-DAC category in this figure.

iv) The 3% share with no contributor, represents the contributor type C09: 'No contributor'. Following CEB guidelines, within the category of 'Revenue from other activities', other revenue specific to the UN entity can often not be allocated to a contributor due the general nature of the revenue, such as interest and investment revenue, and foreign exchange gains. However, for the other two categories – 'Other revenue - other UN entities' and 'Other revenue - external to United Nations' – a link to contributor type is encouraged. (for definitions of the categories within 'Revenue from other activities' see note V of the General Notes: 'UN Data Standards', p. 33).

v) The European Union (EU) is listed separately, based on UN Data Standard VI, 'Reporting on revenue by contributor' (see note V of the General Notes: 'UN Data Standards', p. 42).

vi) The category 'Other multilateral' includes resources from 'UN organizations excluding pooled funds' ($1,801 million), 'Other excluding the European Commission' ($226 million), and 'Other multilateral institutions' ($83 million).

vii) Included within the 7% of the category 'Other non-state'are resources from 'Private sector' ($3,140 million), 'Foundations' ($1,306 million), 'NGOs' ($239 million), 'Academic, training and research institutions' ($33 million) and 'Public–private partnerships' ($9 million).

Figure 6: UN system funding by Member States and other contributors, 2010–2021 (US$ billion)

i) Total contributions to the UN system from the CEB Financial Statistics database, series 'Total Revenue', available at https://unsceb.org/fs-revenue.

ii) Government contributions data from the CEB Financial Statistics database, series 'Revenue by Government donor', available at https://unsceb.org/fs-revenue-government-donor.

iii) EU contributions from the CEB Financial Statistics database, series 'Revenue by Non-government donor', available at https://unsceb.org/fs-revenue-non-government-donor.

iv) DPO assessed contributions by Member States for 2010–2012 were calculated based on assessment rates presented in Report to the Secretary-General, 'Implementation of General Assembly resolution 55/235 and 55/236', (A/64/220/Add.1., 31 December 2009), available at https://undocs.org/en/A/64/220/Add.1.

v) Revenues reported to the CEB without being linked to a contributor type are within 'Other contribution types'.

Figure 7: Government direct contributions to the UN system (US$ billion)

i) Data from CEB Financial Statistics database, series 'Revenue by Government donor' available at https://unsceb.org/fs-revenue-government-donor.

ii) OECD-DAC members are defined as countries that are members of the Development Assistance Committee. The list of OECD-DAC members is available at www.oecd.org/dac/development-assistance-committee. Lithuania's accession to the DAC as 31st member was in November 2022; thus, its contributions to the UN system are not included in the OECD-DAC category in this figure.

Figure 8: Top 10 Member State donors to the UN system, 2021 (US$ billion and percentage share of GNI)

i) Member State contributions from the CEB Financial Statistics database, series 'Revenue by Government donor', available at https://unsceb.org/fs-revenue-government-donor.

ii) Inter-agency UN Pooled Funds data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) Gross national income (GNI) data from the UN Statistics Division, available at http://data.un.org.

Figure 9: Sweden's voluntary core and earmarked contributions to the UN system, 2019-2021 (US$ billion)

i) Data from CEB Financial Statistics database, series 'Revenue by Government donor' available at https://unsceb.org/fs-revenue-government-donor.

ii) In accordance with International Public Sector Accounting Standards (IPSAS), UN entities recognize and report their contributions as they are earned or incurred, and not as money is received or paid. Thus, Sweden's voluntary core and earmarked contributions, which are based on data reported to CEB, include multi-year agreements.

Figure 10: EU funding to the UN system, 2010–2021 (US$ billion)

i) EU contributions to UN entities from the CEB Financial Statistics database, series 'Revenue by Non-government donor', available at https://unsceb.org/fs-revenue-non-government-donor.

ii) EU contributions to inter-agency pooled funds from the UN Pooled Funds Database (see note IV of the General Notes).

Figure 11: Funding from non-state actors to the UN system, 2021 (US$ billion)

i) Data from CEB Financial Statistics database, series 'Revenue by Non-government donor', available at https:// unsceb.org/fs-revenue-non-government-donor. Additional data received by MPTFO from the CEB Secretariat.

ii) UNICEF's data from the 'Funding Compendium 2021', available at https://www.unicef.org/media/124541/file/Funding%20compendium%202021.pdf .

iii) Additional data from the Office of the UN High Commissioner for Refugees (UNHCR)'s 'Annual Report 2021', available at https://www.unhcr.org/media/40145.

Figure 12: International Financial Institutions (IFIs) funding to five select UN entities, 2021 (US$ million)

i) UNICEF's data from the 'Funding Compendium 2021', available at https://www.unicef.org/partnerships/funding.

ii) Data from UNDP's 'Funding Compendium 2021', available at www.undp.org/funding .

iii) WFP data from 'Annual performance report' Contributions to WFP in 2021', available at https://www.wfp.org/funding/2021; and their of direct contributions from the World Bank was from their website [1] Contributions to WFP in 2021 | World Food Programme.

iv) Additional data for UNOPS and UNEP received by MPTFO from the CEB Secretariat.

Figure 13: Earmarked contributions to the UN system by type, 2018–2021 (percentage share of total earmarked contributions)

i) Data from CEB Financial Statistics database, series 'Revenue by Financing Instrument', available at https://unsceb.org/fs-revenue-type.

ii) Additional data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) Definitions of the different types of earmarked funding are available under UN Data Standard IV, 'UN grant financing instruments', (see note V of the General Notes: 'UN Data Standards', p. 32).

Figure 14: Total core and earmarked contributions for UN operational activities for development (OAD), 2010–2021 (US$ billion)

i) Data from Report of the Secretary-General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 1, 'Funding for operational activities, by entity, core and non-core: 2003–2021' (see note II of the General Notes).

ii) 'Core contributions' refer to unearmarked funding used at the sole discretion of the relevant UNDS entity and its governing board; it includes both assessed contributions and voluntary core (unearmarked) contributions. 'Earmarked' contributions refer to earmarked funding directed by donors towards specific locations, themes, activities and/or operations. Details on the distinction between the different funding types are available under UN Data Standard IV, 'UN grant financing instruments' (see note V of the General Notes: 'UN Data Standards', p. 32).

iii) The 2020 Operational Activities for Development provided a 'Supplementary note to Addendum 1 on funding: Technical note on definitions, sources and coverage', available at https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/oas/SGR2020-Add1-TechnicalNote.pdf. There, the UNDS is defined as constituted by 'entities that carry out operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development', and OAD are 'considered to consist of those activities that fall under either "development assistance" or "humanitarian assistance"'.

iv) IOM was incorporated as part of the UNDS since the publication of 2018 data. Historical data has been revised to incorporate IOM data in previous years.

v) Since the publication of 2018 data, UN Secretariat and UNEP's OAD coefficients were adjusted, and definitions have been aligned with the UN Data Standards.

Figure 15: Funding mix of top 10 OECD-DAC members that contribute to UN OAD, 2021 (US$ billion); and Figure 16: Funding mix of top 10 non-OECD-DAC members that contribute to UN OAD, 2021 (US$ million)

i) Member State contributions data from Report of the Secretary-General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 2, 'Funding provided, by contributor, by entity, by resource type: 2021' (see note II of the General Notes).

ii) Inter-agency pooled funds contributions data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) OECD-DAC countries are defined as countries that are members of the OECD Development Assistance Committee. The list of OECD-DAC members is available at www.oecd.org/dac/development-assistance-committee.

iv) For figure 16, non-OECD-DAC countries are defined as countries that are not members of the OECD Development Assistance Committee.

v) For figure 16, the largest non-OECD-DAC countries contributing to UN OAD are ranked according to their contributions excluding local resources. However, local resources have been added as a separate column for each non-OECD-DAC contributor.

vi) 'Core contributions' refer to unearmarked funding used at the sole discretion of the relevant UNDS entity and its governing board; it includes both assessed contributions and voluntary core (unearmarked) contributions. 'Earmarked' contributions refer to earmarked funding directed by donors towards specific locations, themes, activities and/or operations. Details on the distinction between the different types of funding are available under UN Data Standard IV, 'UN grant financing instruments' (see note V of the General Notes: 'UN Data Standards', p. 32).

vii) The UN Secretariat includes contributions to OCHA-administered pooled funds in its reporting of earmarked contributions to the CEB. Consequently, the data for the 'earmarked excluding pooled funds' category uses the UN Pooled Funds Database to discount contributions to pooled funds administered by OCHA from the value of earmarked contributions.

Figure 17: Funding mix of top 15 contributors to UNDS development assistance, 2021 (US$ million); and Figure 18: Funding mix of top 15 contributors to UNDS humanitarian assistance, 2021 (US$ billion)

i) Member State contributions data from Report of the Secretary- General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 2, 'Funding provided, by contributor, by entity, by resource type: 2021' (see note II of the General Notes).

ii) Inter-agency pooled funds contributions data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) 'Core contributions' refer to unearmarked funding used at the sole discretion of the relevant UNDS entity and its governing board; it includes both assessed contributions and voluntary core (unearmarked) contributions. 'Earmarked' contributions refer to earmarked funding directed by donors towards specific locations, themes, activities and/or operations. Details on the distinction between the different types of funding is available under UN Data Standard IV, 'UN grant financing instruments' (see note V of the General Notes: 'UN Data Standards', p. 32).

iv) Data for the 'earmarked excluding pooled funds' category uses the UN Pooled Funds Database to discount contributions to pooled funds administered by OCHA from the value of earmarked contributions.

Figure 19: UN operational expenditure in Kenya by function, 2021; and Figure 20: UN operational activities expenditure in Kenya by entity and function, 2021 (US$ million)

i) UN operational expenditure in Kenya from Report of the Secretary-General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 2, 'Funding provided by contributor, by entity, by resource type: 2021' (see note II of the General Notes).

Figure 21: Deposits to UN inter-agency pooled funds 2010–2021 (US$ billion)

i) Total development and humanitarian assistance data from Report of the Secretary-General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 2, 'Funding provided, by contributor, by entity, by resource type: 2021' (see note II of the General Notes).

ii) Inter-agency pooled funds contributions data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) The 'development assistance' category aggregates the 'development', 'climate and environment' and 'peace and transition' categories.

Figure 22: Deposits to UN inter-agency pooled funds from the top 10 contributors, 2021 (US$ million); and Figure 23: Countries contributing more than 10% of their total earmarked funding to the UN through UN inter-agency pooled funds, 2021

i) Data from CEB Financial Statistics database, series 'Revenue by Government donor', available at https://unsceb.org/fs-revenue-government-donor.

ii) Inter-agency pooled funds contributions data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) The UN Secretariat includes contributions to OCHA-administered pooled funds in its reporting of earmarked contributions to the CEB. Consequently, the data for the 'earmarked excluding pooled funds' category uses the UN Pooled Funds Database to discount contributions to pooled funds administered by OCHA from the value of earmarked contributions.

Figure 24: Top 20 implementing UN entities receiving revenue through inter-agency pooled funds, 2019–2021 (US$ million)

i) Data from CEB Financial Statistics database, series 'Revenue by Entity', available at https://unsceb.org/fs-revenue-agency.

ii) Inter-agency pooled funds transfers data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) UNOPS revenue consists entirely of Revenue from other activities and therefore no percentage related to earmarked funding is provided.

Figure 25: Countries where 15% or more of earmarked development-related expenditure comes from UN inter-agency pooled funds, 2021 (34 countries)

i) Member State contributions data from Report of the Secretary- General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 2, 'Funding provided, by contributor, by entity, by resource type: 2021' (see note II of the General Notes).

ii) Inter-agency pooled funds transfers data from the UN Pooled Funds Database (see note IV of the General Notes).

iii) The countries for which 10–15% of their earmarked development-related expenditure comes from UN Interagency pooled funds in 2021 are: Antigua and Barbuda, Barbados, Burkina Faso, Chad, Colombia, Cook Islands, Cộte d'Ivoire, Ghana, Guatemala, Guinea-Bissau, Guyana, Kiribati, Kosovo (as per Security Council resolution 1244), Mauritania, Montenegro, Nepal, Niger, Rwanda, Sao Tome and Principe, South Sudan, State of Palestine, Timor-Leste, Trinidad and Tobago, and Uzbekistan.

Figure 26: Top 15 countries receiving resources through UN inter-agency pooled funds, 2021 (US$ million)

i) Data from Inter-agency pooled funds transfers data from the UN Pooled Funds Database (see note IV of the General Notes).

ii) The categories of 'Transfers from development pooled funds', 'Transfers from climate and environment pooled funds', and 'Transfers from peace and transition pooled funds' constitute Development assistance.

Figure 27: Channels of multilateral assistance from OECD-DAC countries, core and earmarked, 2011 and 2021 (US$ billion)

i) OECD-DAC members' contributions to the regular budgets of multilateral institutions retrieved from the OECD Creditor Reporting System (CRS) statistics database (see note III of the General Notes).

ii) Values are gross disbursements at 2020 prices.

iii) OECD-DAC members are defined as countries that are members of the OECD Development Assistance Committee. The list of OECD-DAC members is available at www.oecd.org/dac/development-assistance-committee.

iv) Core contributions to multilateral organisations refer to resources transferred to multilateral organisations for which the governing boards of these organisations have the unqualified right to allocate as they see fit within the limits prescribed by the organisation's mandate.

v) Earmarked contributions are resources channelled through multilateral organisations over which the donor retains some degree of control on decisions regarding disposal of the funds. Such flows may be earmarked for a specific country, project, region, sector or theme.

vi) The CRS database presents the International Monetary Fund (IMF) and the World Bank Group (WBG) as separate categories. For this Figure, their data has been integrated into one category to describe a channel of multilateral assistance.

vii) In the CRS database, the World Trade Organization (WTO) is presented as a channel of multilateral assistance separate from the 'UN development system'. For this figure both have been integrated under the latter category.

Figure 28: Sources of official development assistance within 12 OECD-DAC contributors, as proportion of total, 2021

i) Data retrieved from the OECD Creditor Reporting System (CRS) statistics database (see note III of the General Notes).

ii) The CRS database covers all ODA contributions from OECD-DAC members. Thus, this figure depicts contributions through all the multilateral system.

iii) The categories of the different sources of ODA have been regrouped for this figure.

Figure 29: Expenditure of the UN system by function 2018–2021

i) Data from CEB Financial Statistics database, series 'Expenses by function', available at https://unsceb.org/expenses-function.

ii) Details on the distinction between the different functions are available under UN Data Standard II, 'UN system function' (see note V of the General Notes: 'UN Data Standards', p. 12).

iii) Global agenda and specialised assistance are activities that: 1) address global and regional challenges without a direct link to development and humanitarian assistance, or peace operations; or 2) support sustainable development with a focus on long-term impact in non-UN programming countries. For 2016 and 2017 this category was 'Global norms, standards, policy and advocacy'.

Figure 30: Total expenditure for development- and humanitarian-related UN OAD, 2010–2021 (US$ billion)

i) 2021 data from Report of the Secretary-General (A/78/72–E/2023/59), Table 4, 'Expenditures on operational activities for development by UN development'.

ii) Historical data received from UN DESA.

iii) Details on the distinction between the different functions are available under UN Data Standard II, 'UN system function' (see note V of the General Notes: 'UN Data Standards', p. 12).

Figure 31: Expenditure on UN humanitarian and development assistance (OAD) by region, 2010-2021 (US$ billion)

i) 2021 data from Report of the Secretary-General (A/78/72–E/2023/59), Table 5, 'Expenditures by location and type of activity: 2021' (see note II of the General Notes).

ii) Historical data extracted from previous statistical annexes of 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 (QCPR): Funding analysis'(A/77/69-E/2022/47), (A/76/75–E/2021/57), (A/75/79–E/2020/55), (A/74/73–E/2019/4), (A/73/63–E/2018/8), (A/72/61–E/2017/4), (A/71/63–E/2016/8), (A/70/62–E/2015/4), (A/69/63–E/2014/10), (A/68/97–E/2013/87) and (A/67/93–E/2012/79).

iii) Data can be accessed through the 2022 Operational Activities Segment site: https://www.un.org/ecosoc/en/2023-Secretary-General%E2%80%99s-report-on-the-implementation-of-the-QCPR.

iv) This figure depicts OAD expenditure. Thus, the data includes allocations for development and humanitarian activities. Expenditure on peace operations and global agenda and specialised assistance is excluded as such activities do not fall within the scope of the QCPR.

v) Countries are aggregated to a regional level following Appendix 1 of UN Data Standard III, 'Geographic location' (see note V of the General Notes: 'UN Data Standards', p. 25-27). To align these regions to those used in Report of the Secretary-General, Table B-2 (for years prior to 2018), expenditures of countries listed under Western Asia in the UN Data Standards were extracted to calculate the total expenditure for Western Asia. Expenditures for the remaining countries in the Asia region and all countries in the Oceania region, as listed in the UN Data Standards, were combined to calculate the total expenditure for Asia and the Pacific.

Figure 32: Expenditure on UN OAD in UN programming countries by income status, 2021 (US$ billion)

i) Expenditure data from Report of the Secretary-General (A/78/72–E/2023/59), Table 6, 'Expenditures by location and type of activity: 2021'.

ii) 2021 classification of countries by income from the World Bank Analytical Classifications (presented in World Development Indicators). Available at https://datatopics.worldbank.org/world-development-indicators/the-world-by-income-and-region.html.

iii) The figure only includes UN programming countries, i.e., countries covered by a Resident Coordinator (including those covered by a Resident Coordinator in another country, such as for multi-country offices). The list of programming countries is available in Appendix 3 of UN Data Standard II, 'UN system function' (see note V of the General Notes: UN Data Standards', p.21).

iv) For analytical purposes, the World Bank classifies economies into four income groups: 1) low; 2) lower-middle; 3) upper-middle; and 4) high. For 2021, low-income economies were defined as those with a GNI per capita of US$ 1,085 or less; lower-middle-income countries were those with a GNI per capita of US$ 1,086-4,255; upper-middle-income economies were those with a GNI per capita of US$ 4,256-13,205; and high-income economies were those with a GNI per capita above US$ 13,205.

v) The World Bank estimates GNI per capita data in US dollars, converted from local currency using the World Bank Atlas method, which is applied to smooth exchange rate fluctuations. The World Bank estimates the size of the population from a variety of sources, including the UN's biennial World Population Prospects, available at https://population.un.org/wpp/.

vi) Crisis-affected countries are those that fulfil one or more of the following criteria:
1) report expenditure for an ongoing or recently discontinued peacekeeping mission (DPO);
2) report expenditure for an ongoing or recently discontinued political mission, group of experts, panel, office of special envoy or special adviser (DPPA);
3) report expenditure from the Peacebuilding Fund windows financing facilitating transitions and cross-border peacebuilding (UN Pooled Funds Database); and

4) have had a humanitarian response plan for 2020 or 2021 (OCHA).

vii) Western Sahara and Cyprus were not included on the list of crisis-affected countries, despite fulfilling at least one criterion, as neither are a UN programming country.

Figure 33: UN humanitarian and development expenditure (OAD) in least developed countries, 2010–2021. (US$ billion)

i) 2021 data from Report of the Secretary-General (A/78/72–E/2023/59), Table 6, 'Expenditures by location and type of activity: 2021'.

ii) Historical data extracted from previous statistical annexes of 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 (QCPR): Funding analysis' (see note II of the General Notes and note ii of Figure 31).

iii) The list of least developed countries (LDCs) is available at https://unctad.org/topic/least-developed-countries/list.

iv) OAD data from various Reports of the Secretary-General (see note II of the General Notes and note ii for Figure 31).

v) The humanitarian and development assistance data does not include expenditure from:
1) UNDS entities that did not report disaggregated country expenditures to the CEB in 2021; and 2) those UN-related organisations that are not included in UN DESA's definition of the UNDS for 2021.

vi) 2021 data from DPO extracted from UN Peacekeeping Operations financial reports and audited financial statements (A/77/5 (Vol.II)), available at https://documents-dds-ny.un.org/doc/UNDOC/GEN/N23/023/32/PDF/N2302332.pdf?OpenElement. This report of the Board of Auditors is for the 12-month period 1 July 2021- 30 June 2022.

vii) Historical data compiled from previous financial reports, available at www.un.org/en/auditors/board/auditors-reports.shtml.

viii) From the DPO missions, African Union–UN Hybrid Operation in Darfur (UNAMID) expenditure is allocated to Sudan; the UN Disengagement Observer Force (UNDOF) expenditure is allocated to Syria; and the UN Interim Security Force for Abyei (UNISFA) expenditure is allocated equally to South Sudan and Sudan. Expenditure in the UN Peacekeeping Force in Cyprus is not presented because Cyprus is not a UN programming country.

ix) 2021 data from DPPA from Report of the Secretary-General, 'Proposed programme budget for 2023, Part II, Section 3 – Political affairs', (A/77/6 (Sect. 3)/Add.1 available at https://documents-dds-ny.un.org/doc/UNDOC/GEN/N22/365/16/PDF/N2236516.pdf?OpenElement.

x) Historical DPPA expenditure data from various 'Proposed programme budget for, political affairs' (A/76/6 (Sect.3)/Add.1), (A/75/6 (Sect.3)/Add.1) and (A/74/6)/Add.1), and 'Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council' (A/73/352), (A/72/371), (A/71/365), (A/70/348), (A69/363), (A/68/327) and (A67/346), available at https://documents-dds-ny.un.org/.

Figure 34: UN humanitarian, development, peace- and security-related expenditure by crisis-affected country, 2021 (US$ billion); and Figure 35: UN operational and peace- related expenditure in 29 crisis-affected countries, 2010–2021 (US$ billion)

i) Depicted in figure 34 are the UN development system expenditures by function and the peace- and security-related expenditure in 29 UN programming countries that fulfilled one or more criteria to be classified as crisis-affected country and for which the UN expenditure surpassed the US$ 200 million threshold.

ii) For the selection criteria of crisis-affected countries see note vi for Figure 32.

iii) The UN programming countries classified as crisis-affected in 2021 not portrayed in figure 34 are: Albania, Bosnia and Herzegovina, Cộte d'Ivoire, Democratic People's Republic of Korea, El Salvador, Gabon, Guinea, Guinea-Bissau, Honduras, Iran, Kosovo, Kyrgyzstan, Liberia, Rwanda, Sierra Leone, Uzbekistan, and Venezuela.

Figure 36: Aggregated UN expenditure linked to the SDGs as reported by 36 UN entities, 2021 (US$ million); and Figure 37: UN expenditure linked to select SDGs as reported by UN entities, 2021 (US$ million and percentage)

i) Data from CEB Financial Statistics database, series 'Expenses by SDG', available at https://unsceb.org/expenses-sdg.

ii) The Sustainable Development Goals (SDGs) are a call for action by all countries to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs, including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. The SDGs are included in a UN Resolution called 'Transforming our world: the 2030 Agenda for Sustainable Development' (A/RES/70/1), available at https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf. Descriptions of all 17 SDGs available at https://sdgs.un.org/goals.

iii) There was a transitionary period for full implementation of this standard until 31 December 2021, with reporting under this standard mandatory for all organisations in 2022. However, not all UN entities reported their expenditures linked to SDGs to CEB during the 2022 data collection exercise.

iv) Not all entities mapped 100% of their expenditure onto the SDGs.

Figure 38: Contributions to the UN system and to UN development system, 2021 (US$ billion)

i) United Nations system data from CEB Financial Statistics database, series 'Total Revenue', available at https://unsceb.org/fs-revenue.

ii) United Nations Development System data from Report of the Secretary-General (A/78/72–E/2023/59), Statistical annex on 2021 funding data, Table 1, 'Funding for operational activities, by entity, core and non-core: 2003–2021' (see note II of the General Notes).

Figure 39: UN system expenditure by function, 2021

i) United Nations system data from CEB Financial Statistics database, series 'Expenses by function', available at https://unsceb.org/expenses-function.

ii) United Nations Development System data from Report of the Secretary-General (A/78/72–E/2023/59), Table 5, 'Expenditures by location and type of activity: 2021' (see note II of the General Notes).

Tables

Table 1: Total revenue of the UN system by entity and financing instrument, 2021 and 2010-2021 (US$ million); Table 2: Assessed contributions to the UN system by entity, 2010–2021 (US$ million); and Table 3: Earmarked contributions to the UN system by entity, 2010–2021 (US$ million)

i) Data from CEB Financial Statistics database, series 'Revenue by Entity', available from https://unsceb.org/fsrevenue-agency.

ii) The UN system is defined as all UN entities included in UN Data Standard I, 'UN entity' (see note V of the General Notes: 'UN Data Standards', p.5).

iii) Total amounts reflect the sum of all UN entities' revenues that form part of the UN system.

iv) Values have been rounded up. Data below $US 1 million dollars is shown as 0 in the table (e.g., voluntary core contributions for IARC and the revenue from other activities for the International Criminal Court (ICC).

v) The United Nations Volunteers programme (UNV) revenue is included within UNDP.

vi) The United Nations Interregional Crime and Justice Research Institute revenue from (UNCRI) is included within UNODC.

vii) Included within the UN Secretariat are the following Departments and Offices: the Development Cooperation Office (DCO), the Department of Economic and Social Affairs (DESA), the Department for General Assembly and Conference Management (DGACM), the Department of Global Communications (DGC), the Department of Management Strategy, Policy and Compliance (DMSPC), the Department of Operational Support (DOS), the Department of Political and Peacebuilding Affairs (DPPA), the Department of Safety and Security (DSS), the UN Research Institute for Social Development (UNRISD), and the Regional Commissions: Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP), and the Economic and Social Commission for Western Asia (ESCWA).

viii) The values in the trendlines followed by a 'K' are in thousands of US dollars; the ones followed by an 'M' are in millions of US dollars; and those followed by a 'B' are in billions of US dollars.

Table 5: Total expenditure of the UN system by entity and function, 2021 and 2010 - 2021 (US$ million)

i) Data from CEB Financial Statistics database, series 'Total Expenses', available at https://unsceb.org/expenses-function.

ii) The UN system is defined as all the UN entities included in UN Data Standard I, 'UN entity' (see note V of the General Notes: 'UN Data Standards', p.5).

iii) Total amounts reflect the sum of all UN entities' revenues that form part of the UN system.

iv) Values have been rounded up. Data below $US 1 million dollars is shown as 0 in the table (e.g., UNEP's humanitarian assistance expenditure).

v) The United Nations Volunteers programme (UNV) expenses are included within UNDP.

vi) The United Nations Interregional Crime and Justice Research Institute (UNCRI) expenditures are included within UNODC.

vii) Included within the UN Secretariat are the Departments and Offices mentioned in note vii of Tables 1,2, and 3.

viii) The values in the trendlines followed by a 'K' are in thousands of US dollars; the ones followed by an 'M' are in millions of US dollars; and those followed by a 'B' are in billions of US dollars.

Part Two

The big picture: International flows

Chapter 1

The big picture: International flows

Financing the Sustainable Development Goals: The big stuck

By Homi Kharas and Charlotte Rivard

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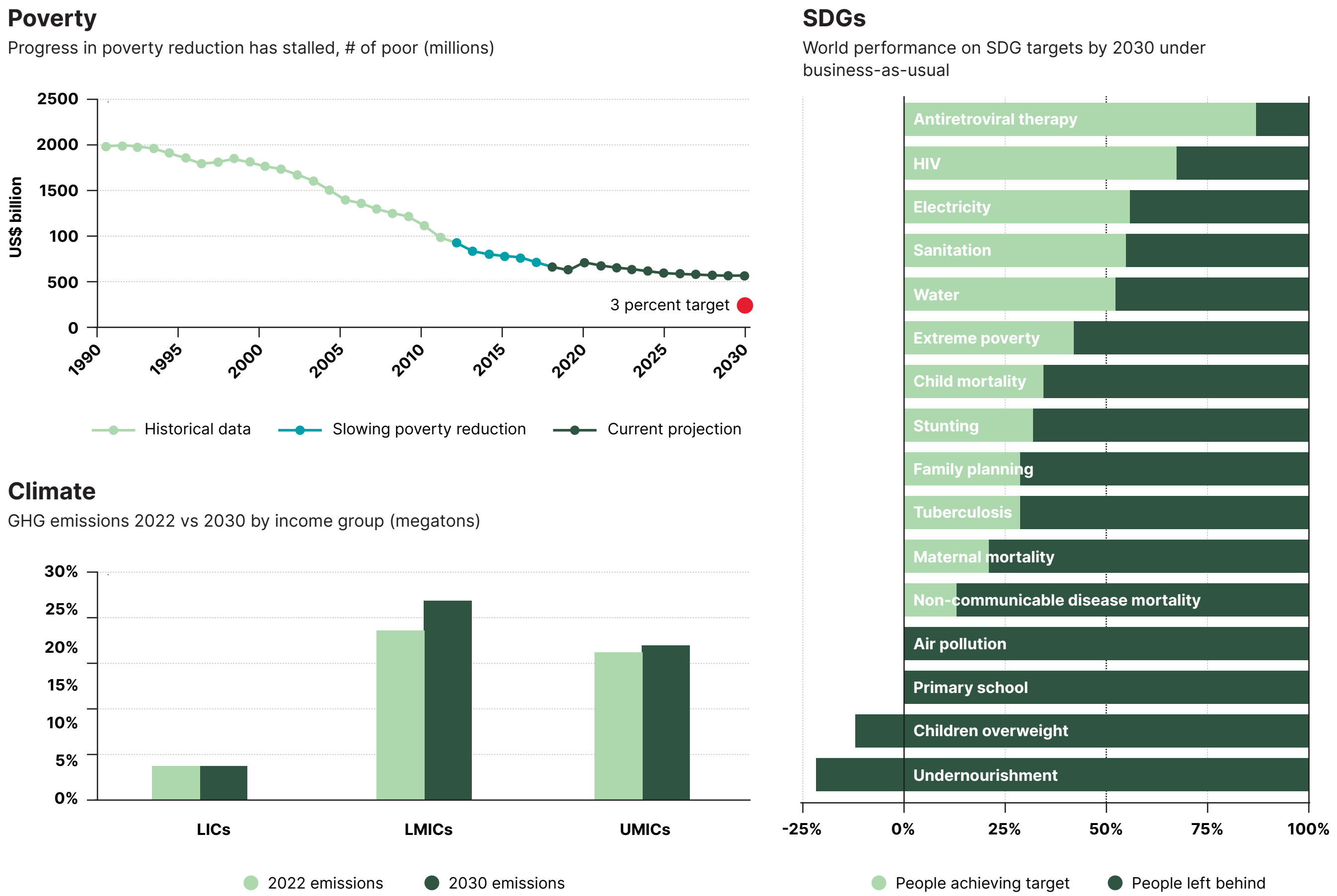
Introduction

Development financing is stuck amidst a time of immense need. With the COVID-19 pandemic and looming recession, the war in Ukraine and consequent supply chain and food shortages, rising debt distress, and the ever-pressing threat of climate change, developing countries face a multitude of overlapping crises. The global financial system is currently ill-equipped to handle the scale and urgency of needs. In the words of United Nations Secretary-General António Guterres, the system is 'short term, crisis-prone … and further exacerbates inequalities'.[1] While countries attempt to put out the fires in front of them, longer-term targets, including the Sustainable Development Goals (SDGs), have

Figure 1: Poverty, Climate and SDGs are falling short of their targets



Source:
Poverty, WB Poverty and Shared Prosperity Report 2022
Climate, World Data Lab
SDGs, Preliminary results from Kharas, McArthur, and Onyechi (forthcoming)

been pushed to the back burner. At the midpoint of the 2030 Agenda – eight years since the goals were created – most countries are not on track to meet most of the SDGs, with some indicators even getting worse (Figure 1). Poverty reduction has stalled, meaning that, according to current projections, over 500 million people will be left in extreme poverty in 2030. Greenhouse gas emissions are expected to continue to rise into 2030 across low- and middle-income countries, over the course of a decade when emission reduction is pivotal to keeping climate goals within reach.

The good news is that there is broad recognition that we have a problem. Consensus has grown around the need to rethink the global financial system and adapt to the current landscape, with actors in the multilateral development banks (MDBs), UN agencies and bilateral governments all aligned in calls for transformational change. These reforms should involve a massive scaling up of development financing to tackle imminent and future crises, longer-term SDG targets, and a range of cross-border global challenges – including those related to climate, water, nature and pandemic surveillance – that threaten prosperity everywhere, particularly for people living in poverty.

The big stuck in development financing

Where do development finance flows stand today? Table 1 shows broadly defined net flows over the period 2015–2021 from the four main channels of financing: 1) direct aid from Organization for Economic Cooperation and Development–Development Assistance Committee (OECD-DAC) members; 2) multilateral concessional and non-concessional flows; 3) flows from non-DAC countries like China and India; and 4) private flows.

Development finance is a part of total financial flows to developing countries. The OECD has developed a concept of 'country programmable aid' that excludes food aid, humanitarian assistance, aid agency administrative costs, and in-donor refugee costs and student scholarships.[2] These flows do not have achievement of the SDGs in developing countries as a prime purpose, and often do not constitute cross-border flows. We exclude these kinds of aid in constructing our figures.

For non-aid flows, we include all flows from institutions with the primary purpose of development finance and all flows to national governments, including their borrowing from bond markets and commercial banks. For private flows, we further include private participation in infrastructure, philanthropy and impact investments. Other private flows, including remittances and other foreign direct investment, are excluded, as these are not 'programmable' for long-term development.

Over the period 2015–2021, development finance net flows averaged roughly US$ 500 billion annually, with a typical breakdown of about 60% private flows, 20% multilateral flows, 15% DAC flows and 5% non-DAC flows. Total development financing flows in 2021 (the latest available year) amounted to some US$ 511 billion – a modest US$ 8 billion improvement from the US$ 503 billion estimated for 2020. This was about US$ 100 billion less than in 2017, when developing countries accessed large amounts from bond markets and Chinese banks and development finance flows peaked.

Table 1: Poverty, Climate and SDGs are falling short of their targets

Net flows (current US$, billions)		2015	2016	2017	2018	2019	2020	2021
DAC flows	Grants and credits	57.97	62.05	63.34	65.34	63.98	75.27	79.07
	Loans and equity	9.43	10.87	14.88	14.56	-1.74	1.37	-1.63
Multilateral flows	Grants and credits	36.01	35.07	37.76	37.00	37.76	58.66	49.27
	Loans and equity	27.73	29.86	25.73	27.35	32.26	56.69	42.20
	Non-ODA GPGs	17.64	17.39	17.64	16.27	16.57	15.66	15.37
Non-DAC flows	China	47.59	89.17	55.02	25.03	18.09	7.85	6.66
	India	4.41	8.02	2.23	2.91	4.04	2.80	1.76
	Other grants and credits	7.15	7.38	7.57	9.06	5.39	4.93	8.58
Private flows	Lending to sovereigns	60.27	80.69	218.78	161.69	146.26	129.56	132.47
	Philanthropy	68.16	70.61	70.86	68.00	68.41	79.08	81.77
	Private participation in infrastructure	103.7	68.31	86.36	86.98	92.33	50.41	71.06
	Impact investing	6.09	8.86	14.21	20.08	18.75	20.64	24.83
	Total	**446.2**	**488.3**	**614.4**	**534.3**	**502.1**	**502.9**	**511.4**

Note: Figures refer to sustainable development assistance only and exclude humanitarian assistance, development food aid, scholarships, as well as administrative costs and refugee costs found in the OECD Creditor Reporting System.

Source: Author's calculations, based on data from OECD statistics, World Bank International Debt statistics, UN financial statistics, Boston University Global Development Policy Center, Government of India Ministry of External Affairs, Indiana University Lilly Family School of Philanthropy, World Bank Private Participation in Infrastructure (PPI) database, and the Global Impact Investing Network (GIIN)

The broad pattern emerging from Table 1 is that development finance flows have been relatively flat since the SDGs were adopted. There is no sign that the hoped for 'billions to trillions' is underway. While private participation in infrastructure rebounded from a historic low in 2020, it still remained below pre-pandemic levels in 2021.

Emerging economy donors, like China and India, have cut back, as have the non-concessional lending institutions in DAC countries, perhaps in response to deteriorating creditworthiness in developing countries. Although official development assistance (ODA) has risen, after excluding US$ 30 billion of in-donor refugee costs, the real growth of ODA in 2022 was only 4.6%.[3] Even that improvement was not felt by all – Africa saw an 8% decline in aid in real terms as funds were diverted to Ukraine.[4] The overall pattern is that development finance is stuck, big-time.

An uncommon agreement on the diagnosis to scale up development finance

The past year has seen an emerging consensus that something must be done to accelerate progress on the SDGs and address global challenges related to climate change, pandemic surveillance, nature, water and conflict. There are growing calls from several sources to scale development financing to a level commensurate with these challenges. The UN Secretary-General has called for an additional US$ 500 billion in development financing in his SDG Stimulus Plan. In combination with current levels, this would total roughly US$ 1 trillion per year.[5]

Others estimate even greater needs: according to a report by the High-Level Expert Group on Climate Finance, co-chaired by the International Monetary Fund (IMF), the World Bank and the London School of Economics, an additional US$ 1.3 trillion dollars annually is needed by 2025, relative to 2019 spending levels, to support climate mitigation and adaptation, human capital, and land use.[6] This figure is drawn from the Songwe, Stern and Bhattacharya report for COP27,[7] based on academic studies.[8] The Bridgetown Initiative calls for MDBs to invest US$ 1 trillion in climate resilience.[9]

The World Bank concludes that by 2030 incremental financing for low-carbon pathways should average 1.4% of developing country gross domestic product (GDP) – as high as 8% in low-income countries and progressively lower in middle-income countries. This translates into an incremental US$ 560 billion in financing (excluding China).[10] These estimates, however, only include the incremental costs of a transition to a low-carbon economy, without additional support for SDGs. The World Bank cautions that it is impossible to fully separate climate needs from development needs, as climate vulnerability is closely linked to large infrastructure gaps. Hence, closing the infrastructure gap can be considered both a development activity and a cost of pursuing adaptation and resilience to climate change.

Separately, the World Bank estimates in its Evolution Roadmap that US$ 2.4 trillion is needed in annual average spending to address the global challenges of climate action, conflict and pandemics between 2023–2030.[11]

The IMF estimates, based on a small sample of four countries, the incremental public and private spending to achieve the SDGs could amount to 14% of GDP.[12] The setbacks associated with COVID-19 alone could cost about 2.5% of GDP. The OECD estimates the SDG domestic and external financing gap in developing countries at US$ 2.5 trillion in 2019, growing to US$ 3.9 trillion in 2020, mostly as a result of revenue losses and COVID-19-related spending.[13]

Simply put, every report from a major international development agency agrees that a sharp scale-up in development finance is needed. Such agreement is rare and provides grounds for optimism that something will be done.

The plan

There are three elements of a new development finance plan taking shape. First, unleash MDBs to play a far greater development finance role, taking advantage of their financial leverage and risk-sharing characteristics. Thus, MDBs are being called upon to expand their mandates to include global challenges, to be accompanied by an expansion in their financing. Second, address debt challenges, at least for a small number of countries currently under significant stress. Third, provide liquidity to overcome humps in the repayment of Eurobonds and other private loans.

Unleash the multilateral development banks

In 2020 and 2021, MDBs stepped up their development finance. The World Bank implemented 'surge financing', committing an additional US$ 150 billion in 2020 and US$ 170 billion in 2021 (although a far smaller amount was actually disbursed).[14] The surge has, however, depleted the capacity of both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) to sustain their financing.

For example, without additional contributions, IDA financing for financial year (FY) 24 and FY25 could decline by US$ 10 billion (30%) compared to FY23 levels (the so-called 'IDA cliff').[15] Similarly, to avoid an IBRD cliff, shareholders agreed to a package of reforms that will permit IBRD to lend an additional US$ 50 billion over the next ten years.[16]

These measures are a first step in a deeper conversation about the World Bank's mission, vision and operating model, instigated by Secretary of the Treasury, Janet Yellen, who, in November 2022, called for the World Bank to produce an 'evolution roadmap'.[17] The initial report delivered by the Development Committee proposed a new mission statement: 'To end extreme poverty and boost shared prosperity by fostering sustainable, resilient, and inclusive development'.[18]

Spearheading these reform efforts will be a new World Bank president, Ajay Banga, former chief executive officer of Mastercard. Banga has indicated that he will be supportive of sustainable development efforts. At Mastercard, he founded the Center for Inclusive Growth in 2014, which provides research and philanthropy for inclusive growth. Coming from the private sector, he is well positioned to use the World Bank to mobilise private finance for development and form partnerships across a wide range of financial institutions.[19]

Address debt overhangs

Private finance has become increasingly inaccessible to developing countries and more costly as market interest rates rise to combat inflation. In a sample of 50 developing country central banks, 43 increased interest rates in 2022.[20] Sovereign credit ratings for developing countries have been consistently downgraded. Between April 2022 and April 2023, 17 developing countries had their ratings downgraded at least once by a major credit rating agency, and an additional 16 have had their outlooks downgraded (Figure 2).[21] Only nine countries received modest upgrades. Compared to pre-pandemic ratings, 49 countries have been downgraded, including several defaults.

Faced with these risks, foreign direct investment in SDG sectors has fallen sharply.[22] The value of greenfield investment projects for SDG sectors fell by over 30% in 2020, only recovering by a modest 5% in 2021. Private participation in infrastructure remains well below its pre-pandemic levels, standing at US$ 71 billion in 2021.

The Debt Service Suspension Initiative (DSSI), which came to close at the end of 2021, reprofiled $12.9 billion in debt service, but these amounts must now be gradually repaid.[23] According to the IMF, about 15% of low-income countries are in debt distress and 45% are debt vulnerable.[24]

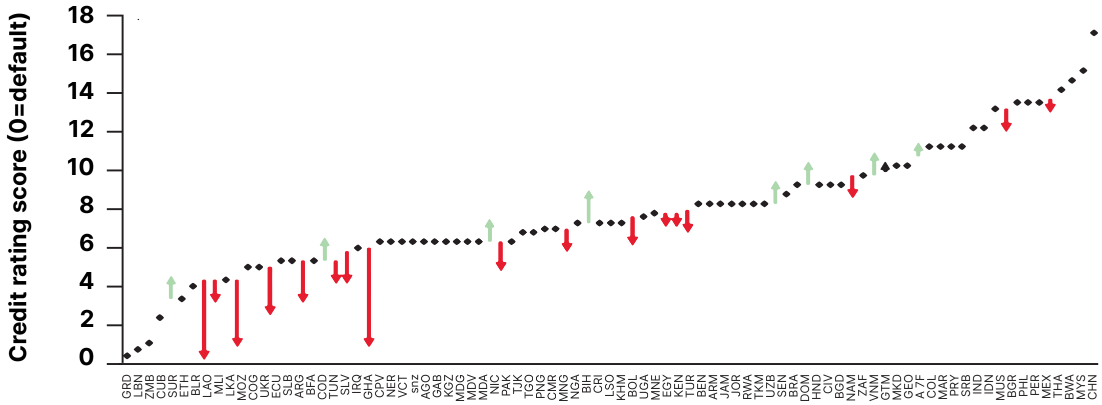
The Common Framework was supposed to quickly resolve debt overhang situations but has proven to be slow and cumbersome in practice. Recently, a few positive process steps have been taken. While greater transparency in debt and of debt sustainability analysis, protection of MDBs' preferred creditor status, and the need for multilateral, rather than bilateral, negotiations are useful clarifications, real results are still limited. China has an important role in these debt restructuring conversations given that it held US$ 114 billion in outstanding loans to developing countries in 2021.[25]

Roundtable conversations on debt restructuring continue to discuss issues such as comparable treatment, cut-off dates, treatment of domestic and short-term debt, treatment of collateral and value recapture, and state contingent clauses in debt contracts.

Liquidity

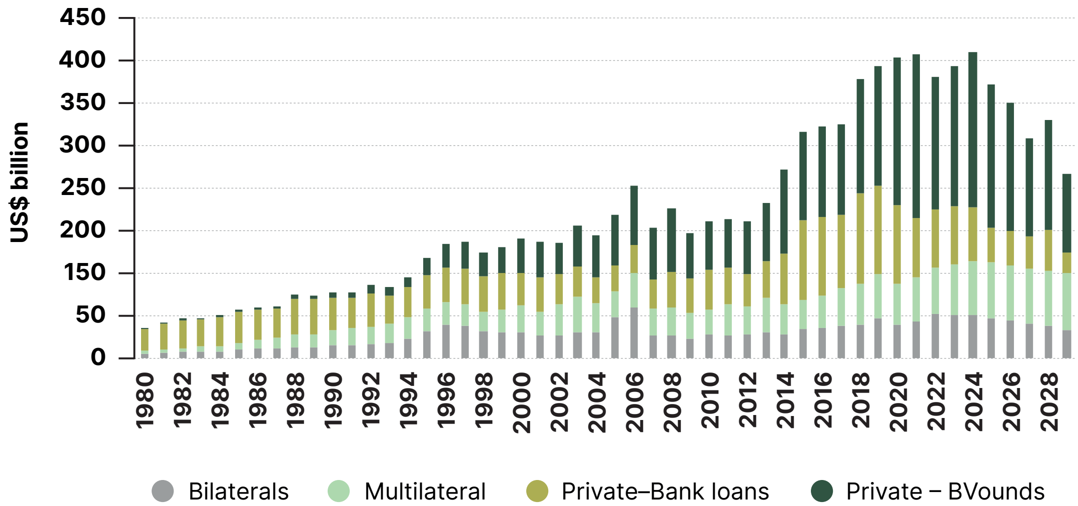
Many developing countries are vulnerable to external shocks and face uncertainties in accessing new capital to roll-over existing debt. The world created a large pool of new liquidity in the form of a new issuance of Special Drawing Rights (SDRs) worth US$ 456 billion to deal with

Figure 2: Sovereign credit ratings continue to decline with few rebounds



Note: Vertical axis measures average credit rating of 3 major agencies: S&P, Fitch, Moody's, with ratings convertyed to a (default) to 21 /best rating) scale.
Source: Author estimates from scraping of Trading Economics 4/4/2023

Figure 3: Debt service repayments loom for developing countries



Source: International Debt Statistics

the pandemic shock, but only 4% of this was provided to IDA-eligible low- and lower middle-income countries.

Rich countries have pledged to voluntarily reallocate their excess SDR holdings to help low-income countries, for example the G7 pledged to reallocate US$ 100 billion to the Resilience and Sustainability Trust. These pledges have not yet been fully met, however, and other concessional windows, such as the Poverty Reduction and Growth Trust and the Catastrophe Containment and Relief Trust, remain inadequately financed.

A liquidity issue looms in the need to roll-over large repayments falling in 2024 and following years due on

Eurobonds and other private debt. Figure 3 shows these repayments have climbed significantly since 2015, when low and lower middle-income countries first approached bond markets. The large scale and speed of accessing finance from the bond markets – which had presented such an opportunity to developing countries – has now become a burden when it comes to repaying these large sums.

Repayments will reach historically high levels in 2024, before falling to more comfortable levels in 2027. Figure 3 also shows that most debt service will be owed to private bondholders and banks in the coming years. Bilateral creditors, who control the debt restructuring process, only hold about a seventh of total debt service due in 2023. This is why official agreements in the G20, such as the DSSI, have been so limited in scope and impact on low-income countries.

Conclusion

Although international development finance is seemingly stuck, the elements of a plan to unstick it are appearing. The plan is based around three parallel tracks: 1) an effort to unleash new finance for long-term investments and growth through the MDBs; 2) talks to establish a common understanding of how debt restructurings should be pursued; and 3) converting pledges for more liquidity, including SDR reallocations, into reality.

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Financing the United Nations for people and planet

By Donald Kaberuka

Donald Kaberuka is an economist and Chairman and Managing Partner of South Bridge, a pan-African financial advisory and investment company. Previous roles include serving as Chairperson of the Board of the Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria between 2019 and 2023; President of the African Development Bank from 2005 to 2015; and Minister of Finance and Economic Planning in Rwanda from 1997 to 2005. Donald Kaberuka was also Special Envoy of the African Union on Financing, the Peace Fund and COVID-19 response, and is currently the African Union High Representative for Financing, the Peace Fund and COVID-19 response. He is a member of the UN High-Level Independent Panel on the Sahel. Other roles include serving on the Board of Trustees of several organisations and think tanks, including the Rockefeller Foundation, Center for Global Development, the Mo Ibrahim Foundation, the Brookings Institution and the London School of Economics. Additionally, he serves on the International Advisory Council of Standard Chartered Bank and is Co-Chair of the Council on State Fragility.

Introduction

How to get funding levels from billions to trillions was a major challenge. In the light of recent events, the post-COVID-19 pandemic era, we are witnessing a rise in poverty and inequality around the globe. This has further been deepened by the Russian aggression on Ukraine, rising interest rates and deteriorating credit markets in developing countries that is causing hyper-inflation and a high cost of living crisis.

The global economy, including the large emerging markets, that have driven growth over the last two decades, are facing slow growth. In addition, these countries have other priorities, such as energy security, defence and, eventually, things like the reconstruction of Ukraine. This is diverting attention and resources from how we fund the global commons via the United Nations, its agencies and the Bretton Woods system.

In low-income and emerging market countries, growth prospects have deteriorated amid tightening credit conditions, debt and rising interest rates (with US$ 1.5 trillion in debt service due over the past five years). This has squeezed fiscal space everywhere and necessarily limited the level of available resources. And yet the reality, as the recent COVID-19 crisis showed, the world does not lack resources but social justice, equity and instruments that can serve all of humanity, not some.

The inequitable access to vaccines during the COVID-19 pandemic is a glaring example. While the rallying cry was 'nobody is safe until everyone is safe', in the end short-term national self-interest prevailed.

Is a peace dividend possible?

One way the UN's goals can be funded is by reducing global military spending. In the times we live in and based on the geopolitics emanating out of the Ukraine war, this might look like a far cry. However, the reality is that expenditure on global armaments has reached unprecedented levels. Military spending rose for the eighth consecutive year said the Stockholm International Peace Research Institute's (SIPRI) 2022 annual report. The total global military expenditure increasing by 3.7% in real terms to reach a new high of US$ 2,240 billion in 2022.[1] Military expenditure in Europe saw its steepest year-on-year increase in at least 30 years. Conversely, military aid to Ukraine and concerns about a heightened threat from Russia strongly influenced the spending decisions of many other states, as did tensions in East Asia. Some of the sharpest increases were seen in Finland (+36%), Lithuania (+27%), Sweden (+12%) and Poland (+11%).[2]

The United States remains by far the biggest military spender in the world. US military spending reached US$ 877 billion in 2022, which was 39% of the total global military spending and three times more than the amount spent by China. The 0.7% real terms increase in US spending in 2022 would have been even greater had it not been for the highest levels of inflation seen in the country since 1981.[3]

China remained the world's second-largest military spender, allocating an estimated US$ 292 billion in 2022. This was 4.2% more than in 2021 and 63% more than in 2013. China's military expenditure has increased for 28 consecutive years. Meanwhile, Japan's military spending increased by 5.9% between 2021 and 2022, reaching US $46 billion, or 1.1% of the country's gross domestic product. This was the highest level of Japanese military spending since 1960.[4] A new national security strategy published in 2022 sets out ambitious plans to increase Japan's military capability over the coming decade in response to perceived growing threats from China, North Korea and Russia.

This trend is replicated in other rich countries with Europe set to register record spending.

Reform of the international financial architecture

Nonetheless there is no effective intermediation from the Global North, where real interest rates are now negative, to the Global South, where opportunities abound but are deemed 'too risky', especially at this point of a debt overhang in many countries. This is the dilemma that the world needs to resolve. The perceived risk needs to be mitigated; de-risking instruments need to multiply. The dynamic demographic of the Global South provides a win–win opportunity and the Global South has to invest in its people, its human capital, in stability and in innovation at a time when the resources are dwindling.

Breaking down the artificial silos that would isolate one set of rights from another is imperative if we are to forge a renewed consensus around the UDHR. As Article 2 sets out, 'Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind.'

Towards a 'just energy transition' from the 'digital divide' to digital opportunities

One issue the UN and its membership has to address is the matter of a 'just energy transition'. Over 800 million people worldwide live without access to energy. Climate finance for a just transition is underwhelming. A volatile economic and geopolitical environment, plus the Ukraine war, has shifted attention away from adaptation to energy security.

Developing countries will struggle to have their voice heard on issues of financing adaptation and energy needs for the 800 million people around the world, let alone that some of the proposals such as the European Union carbon border taxes will lock them out of markets. This is the general trend in the complicated debate around the carbon markets and to secure meaningful commitments from the rich countries in order to finance their energy transition.

Thus, a new divergence in energy transition is arising between the developed and the developing world. This is not necessary; the resources can be found. This argument applies *mutatis mutandis* from the digital divide to food security to pandemic preparedness.

The way ahead

The point to end is where one began, the world needs a strong, well-resourced UN for the new tasks as a result of the current global mutations. The goodwill of Member States will be as necessary, with gridlock in some decision-making processes and misalignment among big powers, it is time to look beyond the statutory obligations of Member States and attract means and capital from private markets.

This is the only locus where the quantum of resources needed can be found. The UN cannot resolve everything or resolve them alone. Indeed, on some issues, such as peace and security, regional organisations now have to play a larger role, but the UN remains the glue in the global system. It will play that role effectively if it gives greater meaning to the 'We the People' in its charter, giving voice to all, adapting to the changing environment and having resources commensurate with its mandate.

However, Member States must individually and collectively – increasingly shoulder the responsibilities which the multilateral architecture is no longer able to execute effectively, such as building effective health systems for pandemic preparedness; investing in the youth, in peace and stability; and expanding opportunities for working together, such as in the Africa Continental Free Trade Area where African countries are concerned. This is what will create zones of increasing wealth, opportunities for generating needed resources both nationally, regionally and continentally, and fund and address global public goods.

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Carbon pricing: An integral part of a just transition

By Vera Songwe

Vera Songwe is Chair of the United Kingdom based Liquidity and Sustainability Facility, Co-Chair of the High-Level Expert Group on Climate Finance and Non-Resident Fellow, at the Brookings Institution, Washington, DC. She was previously Under-Secretary-General at the United Nations and Executive Secretary of the UN Economic Commission for Africa. Vera Songwe has held several senior positions at the World Bank and the International Finance Corporation.

Introduction

In a world with many competing priorities, the investment resources needed for the climate transition are substantial. On the one hand, it is estimated an additional US$ 1 trillion per year will be needed by 2030 in external flows and private finance for emerging market economies (excluding China) to meet the projected investment needs and forestall the climate crisis. On the other hand, another US$ 1.5 trillion or more of domestic resources will be needed to complement external financing. It is important to understand that in many countries these domestic resources will come from taxation.

There is increasing recognition that substantial resources could be mobilised from the private sector if effective carbon markets are developed. While the private sector engagement in climate financing in many emerging and low-income countries has been very low, they could provide substantial financing through carbon credit markets.

The current state of climate financing

A substantial part of climate financing to date has been to respond to climate/weather events in-country. On the Africa continent, for example, countries like Mozambique spent 5–8% of their gross domestic product responding to Hurricane Ian, the same is true more recently for the floods affecting Pakistan.

Alternatively, climate financing initiatives by the private sector are responding to incentive schemes set up by national governments. As a result, a majority of the climate financing remains in its country of origin, with 76% of climate finance in 2019/2020 raised domestically. It is also primarily concentrated in the advanced economies of East Asia and the Pacific, which are dominated by China, Western Europe and North America.

In the 2019/2020 cycle, these regions attracted the majority of private finance at 81% while public finance accounted for the largest source of funding in many climate-vulnerable regions: which was 86% in sub-Saharan Africa and 63% in South Asia. Finance for adaptation and crosscutting activities is lagging, with 90% of total climate finance targeting mitigation activities – in particular, energy systems at 51% and transport at 26%.

Low-income economies with less ability to raise resources are obliged, in the absence of domestic revenue, to raise debt to respond to the climate challenge. A total of 63% of climate finance in 2019/2020 was raised as debt, of which only 16% (or US $61 billion) was low-cost or concessional. If these trends persist, low-income countries will face solvency issues before they can satisfactorily respond to the now recurrent climate disasters confronting them.

The current model, where low-income countries need to incur debt in an environment where most are already in moderate or high risk of debt distress, is an unjust model, especially when we consider that the main causes of debt distress are the war in Ukraine and the war against inflation in the United States and Europe, which has increased debt service costs in many emerging market economies. These exogenous risks only compound the climate crisis for many developing and low-income economies.

A just financing system for the climate transition will help low-income and emerging market economies adequately value their contributions to the climate challenge, monetise and use these flows to respond to the challenges. This means accelerating the development of functional carbon credit markets. While developed as well as some developing countries have been polluting, many low-income countries have been helping sequester carbon and keep the climate from overheating. It is time we put a just price on these efforts and allow countries to use the proceeds from carbon markets to help address climate challenges. Whereas these funds will not solve all the problems and additional external finance will still be needed, accelerating the development of carbon markets will provide substantial financing for many low-income countries.

The low-income countries with most of the carbon assets are not benefiting from the market. Over 60% of revenue from emission trading schemes in 2021 – which represents 41% of all carbon pricing revenues – came from the European Union. A preliminary assessment of the voluntary carbon market based on satellite data suggests that over a third, or 30%, of the world's carbon sequestration needs by 2050 could be met by nature-based removal in African countries.[1] The estimates further show that carbon credits can generate about US$ 1 billion when priced at US$ 10/tCO2e, about US$ 82 billion at US$ 120/tCO2e for the African continent. To benefit from these schemes, Africa needs to develop the infrastructure needed to attract buyers seeking to offset their emissions.

In light of the magnitude of resources needed for adaptation and mitigation in low-income countries, as well as the slow pace of reaction of the official development sector to raising finance, working on market-based approaches to leverage the private sector is critical. The private sector in many industry segments has already committed to net zero strategies, buying carbon credits to offset emissions in the interim a substantial part of their strategy. Voluntary carbon markets allow companies to purchase offsets to cover the differential between their own decarbonisation efforts and carbon-neutral status. They also empower corporations to offer capital through the purchased offsets, which are largely projects found in the developing world.

What is needed to get the carbon credit active?

First, there must be consensus that carbon offsets and carbon credit markets are an essential pathway to achieving net zero. While many industries have committed to net zero, the technologies needed to transition to cleaner production systems are still under development. In the meantime, carbon offsets could and should serve as the goal. This is a 'win–win', as it provides resources for those able to help sequester carbon, particular low-income countries.

Second, a strong governance system is essential for both the supply and demand of credits. The Integrity Council for the Voluntary Carbon Market (IC-VCM) is designing 'Core Carbon Principles' as a minimum benchmark for quality, which all voluntary carbon market standards should strive to meet in their procedures and requirements. At present, environmental and social safeguards, as well as measures to promote sustainable development benefits, vary significantly across existing standards.[2] To be credible, buyers and sellers of credits need to engage and support the Science-Based Targets Initiative and the Voluntary Carbon Markets Integrity Initiative, which aim to shape common understanding and standards.

Third, the G20 could provide the fora for standardising a market-based approach to pricing carbon, so there are no inequities in the market and carbon with similar DNA (Deoxyribonucleic acid) in different jurisdictions should fetch the same price. Currently, there are vast differences in price, with low-income countries traditionally being at the low end of the grid.

Fourth, transparency is key. Information infrastructure can help increase transparency – for instance, ratings for credit quality – and should prioritise open-source data and methodologies as much as possible.

Fifth, low-income countries need capacity building to set standards; create the legal framework for the operationalisation of carbon markets; and develop appropriate revenue-sharing agreements with relevant constituencies.

The private sector has an important role to play in accelerating the climate transition. They will need to multiply investments into emerging markets, accelerate innovation to support the just energy transition, and create jobs. However, while waiting for countries to put in place the reforms needed, develop bankable projects, and crowd-in concessional and philanthropic resources to make projects attractive, the private sector can contribute through well-developed carbon markets in raising domestic revenue and supporting the protection of the natural capital in these countries. More focus should be placed on this to crowd-in the resources needed for the challenges ahead. Ultimately we need to move streamline the agencies dealing with carbon pricing and most importantly move from the voluntary to the assessed market.[3]

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Harnessing global public goods is the defining challenge of our Anthropocene future

By Pedro Conceição

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Introduction

The world since 1990 has certainly been turbulent. In many contexts societies faced significant events with implications for the lives of millions of people. On another level there is also the proliferation of internal violent conflicts and the global financial crisis in the mid-to-late 2000s caused much upheaval.

A turning point in the evolution of human progress

Yet, looking at the evolution of the global human development index (HDI)[1] since the United Nations Development Programme (UNDP) first started computing it in 1990, one does not see much volatility, but rather a steady march of improvement until 2019. The data shows that the HDI suffered an abrupt decline for the first time ever, two years in a row, during 2020 and 2021, as expressed in Figure 1.

A decline in the HDI for a few countries and over some years should be no surprise, given the upheaval that many parts of the world confronted since 1990. What lies behind the decline in global HDI and was it concentrated in a number of countries or regions?

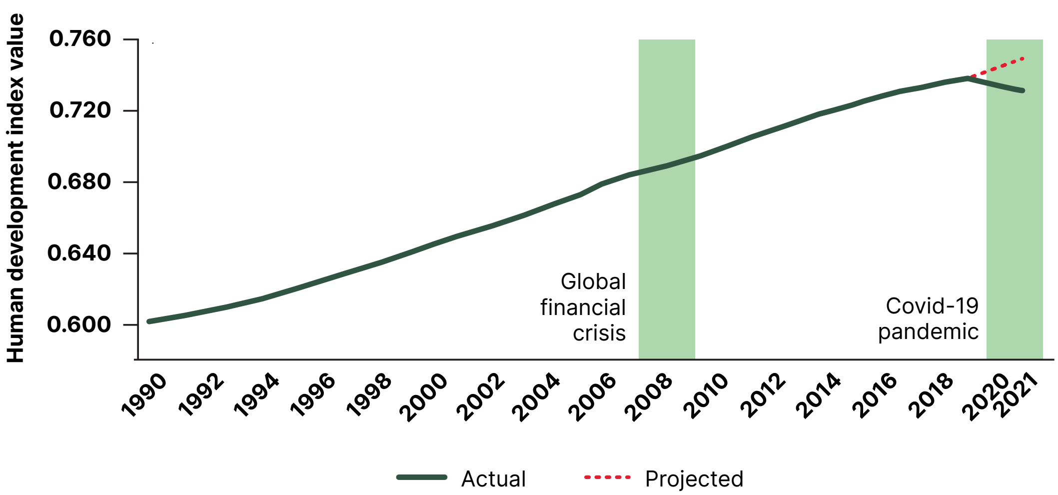
Up until 2019, about 10% of countries in the world witnessed a decline in their HDI in any given year, a percentage that rose to about 20% during particularly turbulent times (during the global financial crisis). In 2020–2021 over 90% of countries in the world suffered a decline in their HDI, as shown in Figure 2.

Even though the decline in the HDI was fairly universal across countries, it was more persistent for countries with low, medium and high levels of the HDI. A majority of countries in these categories saw a decline into 2021, while only one third of very high HDI countries did as Figure 3 indicates.

Much of what preoccupies national policymakers and the international community at the moment can be traced to the impact of and response to the COVID-19 pandemic. Concerns associated with the aftermath of the pandemic range from inflation to the debt burdens of many low- and middle-income countries; from the prospects of a slowdown in economic activity to deteriorating trends on extreme poverty, food insecurity and forced displacement. A set of challenges compounded by heightened geopolitical tensions and the intensification and spreading of violent conflict, including the war in Ukraine.

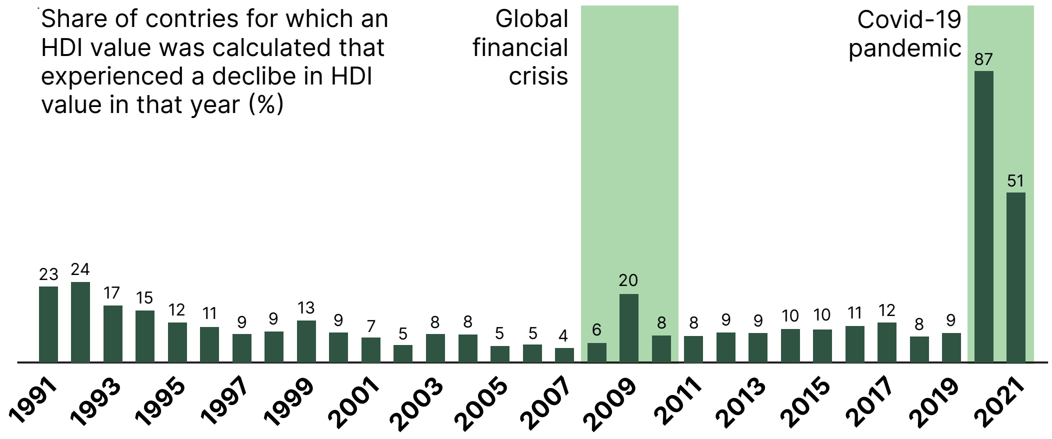
Moreover, the current context is engendering a situation in which weather, economic, and social and geopolitical volatility exacerbate not only some inequality, but also insecurity. The 'Human Development Report 2021/22' found that six out of every seven people feel insecure, and

Figure 1: For the first time ever, the global HDI value 1990–2021 declined two years in a row, breaking with a steady trend of improvement over the preceding 30 years



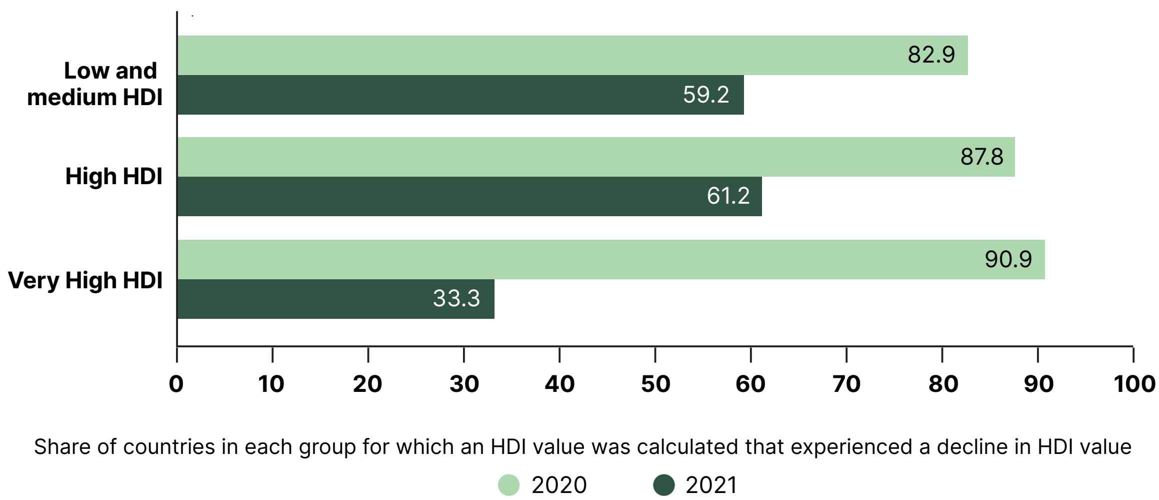
Note: The period of the global financial crisis is indicative.
Source: UNDP, 2022

Figure 2: The decline in the HDI was widespread, witnessed by over 90% of countries in 2020–2021



Note: The period of the global financial crisis is indicative.
Source: UNDP, 2022

Figure 3: A greater share of countries with very high levels of the HDI was able to stem declines than those with lower levels of the HDI



Source: UNDP, 2022

that these perceptions of insecurity have been on the rise in many countries.

In addition, it found that higher insecurity is associated with, on the one hand, lower generalised trust and, on the other, people being attracted to the extremes of the political spectrum. Thus, trust is now the lowest on record and political polarisation is on the rise in many countries. Two of the key ingredients that can encourage people to come together to address shared challenges.

Interdependence brought about by globalisation is likely to deepen as we move deeper into the Anthropocene

There are two important aspects to bear in mind in the context we confront. First, that people around the world are highly interdependent. This manifests in multiple ways, including for example, the war in Ukraine causing volatility in international prices of food and energy, as well as a threatening food insecurity crisis for vulnerable populations around the world. Another illustration pertains to the global value chain disruptions during the COVID-19 pandemic, and the concerns over contagion of financial instability or debt distress. And it extends to our digitally connected world that allows for instantaneous sharing of information across practically all of the 8 billion people living on Earth today. Interdependence is the result both of *policy choices* – in terms of how much countries allow for the flow of people, goods and services, finance and information – and technology, which determines the cost, speed and ease of international flows, as well as the ways in which these two factors interact. Even though policy can constrain cross-border flows, technology may make that hard, particularly given that many people can easily catch a jet flight or how anyone can share information virtually via digital networks.

Second, the fact that we, and future generations, share a planet undergoing dangerous changes for people and other forms of life. These threatening planetary changes, which are the result of human action as populations, consumption and production expands, are having unprecedented impacts on planetary processes. Climate change and the destruction of the integrity of many ecosystems are manifestations of this.

So dramatic and unprecedented, both in human history and the geological timeline, are these anthropogenic changes to planetary processes that Earth-system scientists, geologists and many others are referring to a new geological epoch: the Anthropocene.[2]

Policy choices or technology can make little difference in insulating a country from confronting climate change or the consequences of the extinction of a species. As human pressures on nature increase, so too does the frequency of new and re-emerging zoonotic diseases, of which COVID-19 was likely yet another case. Thus, what we went through during the pandemic may be less of a case of a once in a hundred-year event, but more a reflection of what the world will be confronted by as we go deeper into the Anthropocene.

The salience of global public goods will likely be heightened in our Anthropocene future

Interdependence is not new, even if it has intensified, deepened and widened since the 1980s, as when what is sometimes referred to as a new era of globalisation unfolded.[3] This has led to recognition of the importance of cross-border spill overs. Mitigating the negative consequences of some of these spill overs (the spread of a new virus or a financial panic across countries) or harnessing the potential benefits of others (the diffusion of scientific and technological breakthroughs or the peaceful means of resolving disputes) can be described as global public goods (GPGs).[4]

Global public goods are not merely things that are desirable. There are many globally desirable things which are not GPGs because they lack two distinctive characteristics. Described as partial or full *non-excludability* and *non-rivalry* benefits that extend to people living in many countries and potentially to everyone at the global scale.[5] As we go deeper into the Anthropocene, and as science and technology continue to race ahead, GPGs are likely to acquire heightened salience in shaping people's wellbeing and opportunities.[6]

Examples of GPGs include the early identification and containment of new and re-emerging zoonotic diseases; mitigating climate change; containing the spread of financial crises; allocating geo-stationary orbits to satellites; maintaining peace; and fostering cybersecurity, amongst many others. Some of which GPGs cannot even be envisioned, as we do not yet have the knowledge to identify them.

For example, it is only recently that science and detection technologies made it possible to document the depletion of the ozone layer or establish the anthropogenic cause of climate change, or we are yet to make the choices that would create new GPGs.

Dispelling three myths about global public goods

It might be argued that a GPGs frame is redundant because the world can address concrete challenges as they emerge. But this logic of tackling each global challenge on its own specificity would be a missed opportunity.

Climate stability, fair and efficient international trade and financial systems, communicable disease control and peace may seem like disparate aspirations. But if, at their core, they have the characteristics of global public goods – as is argued here – then using a GPGs lens would allow for cumulative and lateral learning about features and patterns that may be shared across a wide range of issues, without the need to try to create solutions from scratch separately for each challenge. Moreover, a GPGs lens would enable the realisation that many can be created or, at a minimum, to recognise their existence or emergence.

Sometimes a GPGs frame is portrayed as being harmful. There are three reasons that are occasionally invoked. It is important to examine these concerns, but also see how they can be addressed by drawing on much of the analytical and empirical work that has been done on GPGs over the last 20-plus years. The first is the facile but wrong reasoning that GPGs work just like any national public good, which are typically provided domestically by governments. Indeed, there is much that one can learn analytically from the theory of public goods, but the key lesson when it comes to GPGs is that there is a plethora of institutional arrangements that exist and many others that could be designed and implemented – that would enhance the provision of GPGs without any need for any supranational entity.

Availability or access to GPGs depends on multiple layers of agents, from individuals to organisations such as firms, civil society, philanthropic organisations or universities. The most important agent is sometimes either a country or collectives of countries, which occasionally gain expression in the form of multilateral institutions. But all layers interact across and within each other. When governments are the key agents for a specific GPG, then the analogy with domestic public goods is particularly unhelpful, because domestic public goods imply coordination or cooperation by millions of agents, whereas for GPGs it may be a few or, at most, a couple of hundred of countries.

Moreover, given that GPGs involve a much wider geographical range than national GPGs, when countries are the key agents involved in provision that implies that there is a need to consider different capabilities to contribute, and concerns of fairness are paramount because no country can be coerced to contribute. This poses significant challenges, at least for some types of GPGs, but the solutions to reason through the analogy of national public goods, given that some institutional options are simply not feasible, but rather to understand why the prognosis for the provision of different GPGs varies and devise specific institutions and mechanisms to improve the provision of GPGs. This is yet another reason why having a clear GPGs analytical frame is helpful.

A second, somewhat related, concern is that a GPGs lens implies limiting the autonomy of countries. Nothing could be further from the truth, for it is precisely the opposite. When negative cross-border spill overs are better contained and positive spill overs amplified, autonomy and policy space are enhanced. While this should be almost self-evident from the non-rival and non-excludable nature of GPGs, the recent COVID-19 pandemic and its repercussions provide a striking illustration. Failures in GPGs provision harm the autonomy of countries, with the burden falling more heavily on countries and population groups that are already more vulnerable and have less resources. Just witness how many low- and middle-income countries are now saddled with debt burdens that limit their development prospects.

A third concern is that consideration of GPGs implies the diverting resources from official development assistance (ODA). Setting aside the fact that this is no reason to ignore the reality of the need to manage GPGs in our interdependent world, enhancing the provision of GPGs often gives even more reason for resources to flow to low- and middle-income countries. This is particularly the case for GPGs that are similar to communicable disease control, where the overall level of provision is determined by the country with the least capability. Thus, investment in disease surveillance in low-income countries is the *only* way to enhance the provision of this particular GPG.

Individuals and countries may choose to channel resources to countries in need for a variety of reasons, from being altruistic to having a moral sense of duty and responsibility. But these motivations are not crowded out by the recognition of GPGs, particularly when GPGs are associated with joint products that benefit low- and middle-income countries as well as enhancing the provision of GPGs. One such example is investing in renewable energy in low-income countries to mitigate climate change, which also enhances local access to electricity. At the same time, it is important to recognise that GPGs often require new and additional resources, and it is crucial that these are not siphoned off from flows that have been provided with a different motivation, such as official development assistance.

Not all global public goods are created equal

'Created' may seem like an odd word to use. Aren't GPGs things that just exist out there, with some inherent characteristics? To some extent, but this alone does not fully determine what is or is not a GPG.

Just consider a military alliance in which all members commit to defend any member that suffers a military threat from outside the alliance. Suddenly, a transnational public good is created out of thin air which is the deterrence against military aggression that is shared by all alliance members. In other words, institutions matter and can influence what is or is not a GPG, and may even create some from scratch. And these goods matter in a very specific way, with institutions determining the incentives in production or consumption that shape the degree of excludability.

Technology also matters. For instance, currently media content is largely non-rival because someone watching a television show does not detract from anyone else also enjoying or at least watching it. With television and radio broadcasts, content can be picked up by anyone with a device equipped to tune to the right frequency, so it was largely non-excludable as long as there is access to a media playing device. But cable television made access to content fully excludable, while streaming television has provided yet another evolution in how technology shapes access to media content. This has implications for which financing model is used to produce content: one that can be predominantly based on an advertising revenue model for broadcast television, or one that is based on subscriptions for cable television and streaming platforms.

In evaluating what can be considered a GPG, intrinsic characteristics are often determinant. It is hard to see how either institutions or technologies would change the reality that greenhouse gases from every country mix in the atmosphere, in the aggregate and over time, leading to climate change.

As a general rule, however, GPGs can be considered to emerge as a result of the interplay between institutions and technology – both of which are the result of social choices – and the intrinsic characteristics of the good in question. This implies that there are a myriad of ways in which GPGs can be shaped by social choices, but there are two aspects that require particular attention because they can point to patterns that are shared across a wide range of GPGs that can inform strategies enhancing their provision.

In other words, one might not need to start from scratch when thinking about how to provide every GPG if it would be possible to classify them according to some shared characteristics, along with the institutional arrangements that would enhance the provision of all GPGs sharing those characteristics.

For a long time, all GPGs were seen as being like climate change, with the level of provision of the GPG determined by the sum of individual contributions from of every country on the planet.

The aggregation technology for this type of GPG that is the way in which individual contributions are combined to determine the overall level of provision, is simply a summation of all the individual contributions, which are indistinguishable from one another. This type of summation GPG tends to be associated with dilemmas between the motivations of each member of a collective to contribute, and the expectations about the will of others. Even if one member contributes all it could, the overall level of provision of the GPG will be determined also by how much all the others pitch in.

When everyone is trying to figure out in isolation how much others would contribute it can be expected to result in an outcome where the sum of the individual contributions is lower than what can be collectively desirable and or feasible. Perhaps because one is concerned that someone else might take a free ride, that lowers the incentive for individual contributions to the collective good.

In the case of summation public goods, institutions need to be designed to break or mitigate this social dilemma. This has been challenging for climate change, but successful in addressing the causes of the thinning of the ozone layer, thanks to a range of economic, social, political, and technological factors that made that outcome feasible.[7] These included having a readily available technological alternative to chlorofluorocarbons (CFCs) that multinational firms had an interest in promoting, as well as the strong incentive of countries in higher latitudes, many high-income countries, to stave off the risk of skin cancer in their populations, leading to an agreement to channel resources to low- and middle-income countries.

Rather than exploring in detail the mechanism design, the purpose here is to note that in addition to summation public goods, there are other aggregation technologies. There are, in fact, a myriad possible aggregations, but in addition to summation, there are two that are particularly important.

The first of these as previously mentioned, is disease surveillance, which belongs to a category of GPGs for which the aggregation technology is the weakest-link with the overall level of provision determined by the country with the least capabilities. The incentive in such cases is to reduce inequalities and channel resources to the country or countries with the least capabilities. This was how smallpox was eventually eradicated, even at the height of the Cold War.

The second is when the overall level of provision is determined by only a single country or agent, usually the one with the most capability and motivation. This type of GPG, called 'the best shot', includes scientific breakthroughs and, potentially, the motivation of a single country to stave off an asteroid bound for Earth. Here, again, it may be in the interest of a single or a few countries to provide the GPG on their own, with some high-income countries already conducting experiments to divert the orbit of asteroids.

Harnessing global public goods in the Anthropocene: Inescapable and potentially motivating of greater solidarity

This article has argued that globalisation, technological change, and the new reality of the Anthropocene are likely to make GPGs more relevant than ever looking at the future. Most of the emphasis of current development and financial institutions is premised on the idea of supporting and enhancing domestic policies. Clearly, this is a crucial priority, but as the experience of the COVID-19 pandemic dramatically demonstrates, even the countries with the most resources and arguably the highest policy capabilities struggled with the responses. What's more, those with the least capabilities are now saddled with debt and other constraints in their policy and fiscal space.

Clearly, it is time to supplement the focus of development cooperation on domestic action with commensurate attention to shared challenges, both to mitigate negative cross-border spill overs and harness the potential of positive spill overs. This matters crucially also for the expansion of human development, which has been pursued primarily by looking at domestic policies, as will be explored in the 2023 Human Development Report, that will draw from and expand some of the arguments in this article. Important though domestic policies are, the expansion of human development in the Anthropocene is going to depend also, and perhaps more and more as the experience with the COVID-19 pandemic highlighted earlier, on our ability to address shared global challenges.

A GPG lens can provide a useful analytical frame to guide and inspire policy, institutional design and financing. The world is trying to address challenges one by one as they are thrown out at us, from national governments to international organisations like the UN and the international financial institutions. As we go deeper into the Anthropocene, it would be a missed opportunity not to use this lens to address the challenges associated with our deep interdependence with one another and our planet, and perhaps even leverage the provision of GPGs to mobilise action towards greater solidarity.

Endnotes

1 The HDI combines indicators for standards of living and achievements in health and education, providing for a broader measure of wellbeing than gross domestic product. For more details, see Pedro Conceição, Milorad Kovacevic and Tanni Mukhopadhyay, 'Human development: A perspective on metrics', in Barbara Fraumeni (ed.), *Measuring Human Capital* (New York: Academic Press, 2021); and United Nations Development Programme (UNDP), 'Human Development Index (HDI)', https://hdr.undp.org/data-center/human-development-index#/indicies/HDI. See also Pedro Conceição et al., Human Development Report 2021/22: Uncertain Times, *Unsettled Lives: Shaping Our Future in a Transforming World* (New York: UNDP, 2022), https://hdr.undp.org/content/human-development-report-2021-22.

2 For a review of the evidence and debates around the notion of the Anthropocene, and what that means for development, see UNDP, *Human Development Report 2020: The Next Frontier: Human Development and the Anthropocene* (New York: UNDP, 2020), https://hdr.undp.org/system/files/documents/hdr2020pdf.pdf.

3 Pedro Conceição and Ronald U. Mendoza, 'Identifying High-return investments', in Inge Kaul and Pedro Conceição (eds), *The New Public Finance: Responding to Global Challenges* (New York: Oxford University Press, 2006). See also, for instance, Inge Kaul et al., 'Why do global public goods matter today', in Inge Kaul et al. (eds), *Providing Global Public Goods: Managing globalization* (Oxford: Oxford University Press, 2003).

4 Inge Kaul and Pedro Conceição, *The New Public Finance: Responding to Global Challenges* (New York: Oxford University Press, 2006); and Inge Kaul et al. (eds), *Providing Global Public Goods: Managing Globalization* (Oxford: Oxford University Press, 2003).

5 Full non-rivalry means that someone benefiting from a GPG does not take away from what is available for everyone else to enjoy. Full excludability means that the benefits are available to everyone without the possibility of excluding anyone. For a recent elaboration of these concepts and review of GPGs, see Wolfgang Buchholz and Todd Sandler, 'Global public goods: A survey', *Journal of Economic Literature 59/2* (June 2021), pp. 488–545.

6 As elaborated also in Bucholz and Sandler (note 5), which inspires and informs much of this paragraph.

7 See, for instance Scott Barrett, *Environment and Statecraft: The Strategy of Environmental Treaty-Making* (Oxford: Oxford University Press, 2003).

Revitalising a global consensus: The Universal Declaration of Human Rights at 75

By Nada Al-Nashif

Nada Al-Nashif was appointed United Nations Deputy High Commissioner for Human Rights effective February 2020 and has over 30 years of experience within the UN as an economist and development practitioner. Previously, she served as Assistant Director-General for Social and Human Sciences at UNESCO (Paris), as Assistant Director-General and Regional Director of the International Labour Organization's Regional Office for Arab States (Beirut), and at the UN Development Programme in various headquarters (New York) and field assignments. She holds a Bachelor's degree in Philosophy, Politics and Economics from Balliol, Oxford University, and a Master's degree in Public Policy from the John F. Kennedy School, Harvard University.

The views and interpretations in this article do not necessarily represent the view of the United Nations.

Introduction

Seventy-five years ago, amid the barely cooled embers of the Second World War, states signed the Universal Declaration of Human Rights (UDHR), a unique document which articulated a clear global commitment: never again. The UDHR was nothing short of miraculous in its recognition that human rights were the foundation of freedom, justice and peace in the world; universal, indivisible and fundamental across every divide – religious, cultural, geographic, environmental. Yet today, shocking disparities and global crises have destabilised this foundation.

Overcoming challenges in a polarised world

The world is in an alarming state as people endure deepening inequalities, devastating natural disasters, a shrinking civic space, social unrest fuelled by hate speech, and an erosion of democracy. The pushback on human rights, combined with social unrest and conflicts in many parts of the world, have undermined the Sustainable Development Goals (SDGs).

We may be seeing it in the rear-view mirror, but the effects of the COVID-19 pandemic are still with us. It reversed economic gains, leading to the first rise in extreme poverty in two decades and highlighting profound fragilities created by a human rights deficit.[1]

Attempts to politicise the human rights agenda reflect increasingly polarised positions, weakening our human rights foundation in a way that erodes consensus, multilateralism and international solidarity. Some leaders have capitalised on this turbulence to close off avenues to dissent, giving rise to popular disillusionment and mistrust in democracy and its institutions. Even in the most advanced democracies, there is a burgeoning belief that political systems need a major overhaul, if not outright reform. Rights we once thought of as entrenched are being chipped away.

Yet all is not bleak. In counterpoint to this erosion are massive human rights gains in the decades since the UDHR was signed: many people live longer, better, healthier lives, their rights protected by robust, life-saving, cross-pillar interventions from UN-led humanitarian responses to peace and security agreements, as well as investments in sustainable development.

The social movements active around the world – Black Lives Matter, #MeToo, the Iran protests – are all rooted in the same values of equality, dignity and justice. When young people take to the streets, they speak the language of human rights, confirming the relevance of these rights as a unifying force.

It is against this conflicted backdrop of turmoil and hope that the High Commissioner for Human Rights launched the Human Rights 75 Initiative, calling for a rejuvenation of the spirit that led to the UDHR's adoption 75 years ago.[2] In his words, it is time to 'rekindle the flame of human rights' and reposition these rights where they belong: in state action, and at the heart of both the UN's work and of every single person they represent.

This 75th anniversary year – which also marks the 30th anniversary of the Vienna Declaration and Programme of Action – is our chance to reconstitute the original consensus around human rights and build on the solid achievements since then. Collectively, we can do this by promoting the universality and indivisibility of human rights, looking to the future, and bolstering the human rights ecosystem.[3]

Promoting the universality and indivisibility of human rights

Perhaps one of the human rights system's greatest challenges is to ensure timely attention to all issues and protect the rights of all. Delivering on universality and indivisibility – principles that lie at the core of the UDHR – requires dealing meaningfully with all violations that arise as part of emerging or protracted patterns, whether they make headlines, or whether they deal with discrimination, debt or international financial reform, because an affront to one person's dignity is an affront to human dignity.

Civil and political rights are fundamental, as are economic, social and cultural rights. Interconnected and interdependent, these rights build upon one another to provide the basis for peace and development. Where there is ethnic discrimination, conflict or mass displacement may follow. One cannot enjoy basic freedoms of health or education without the right to protest when expectations are not met or where due process is absent. Breaking down the artificial silos that would isolate one set of rights from another is imperative if we are to forge a renewed consensus around the UDHR. As Article 2 sets out, 'Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind'.

While the COVID-19 pandemic and multiple other crises continually demonstrated the importance of human rights, the investment has failed to materialise. The work of human rights at the UN remains chronically underfunded: with slightly over 4% of the UN regular budget, it is the

Table 1: Human rights as part of the UN's regular budget in 2022[4]

Total United Nations budget 2022	US$	3,121,651,000	(GA Resolution 76/247 A-C)
Political Affairs (Peace and Security Pillar) (Budget sections 3-6)	US$	740,921,900	**23.7%** of total UN budget
International/Regional Cooperation for Development (Development Pillar) (Budget sections 9-23)	US$	572,642,000	**18.3%** of total UN budget
Human Rights and Humanitarian Affairs (Budget sections 24-27) (Human Rights Pillars, including Humanitarian Affairs)	US$	235,735,600	**7.6%** of total UN budget
... of which **Human Rights** alone (OHCHR, section 24)	US$	133,952,700	**4.3%** of total UN budget

'Three Pillars' as overall percentage of UN budget	US$	1,549,299,500	49.6% of total UN budget
Peace and Security Pillar			**47.8%** of 'Pillar' resources
Development Pillar			**37.0%** of 'Pillar' resources
Human Rights Pillar (including humanitarian affairs)			**15.2%** of 'Pillar' resources
Human Rights Pillar (OHCHR/section 24, only) (excluding humanitarian affairs)			**8.6%** of 'Pillar' resources (excluding Humanitarian Affairs)
Human Rights as compared to Peace and Security:			**18.1%** of resources devoted to **Peace and Security**
Human Rights as compared to Development:			**23.4%** of resources devoted to **Development**

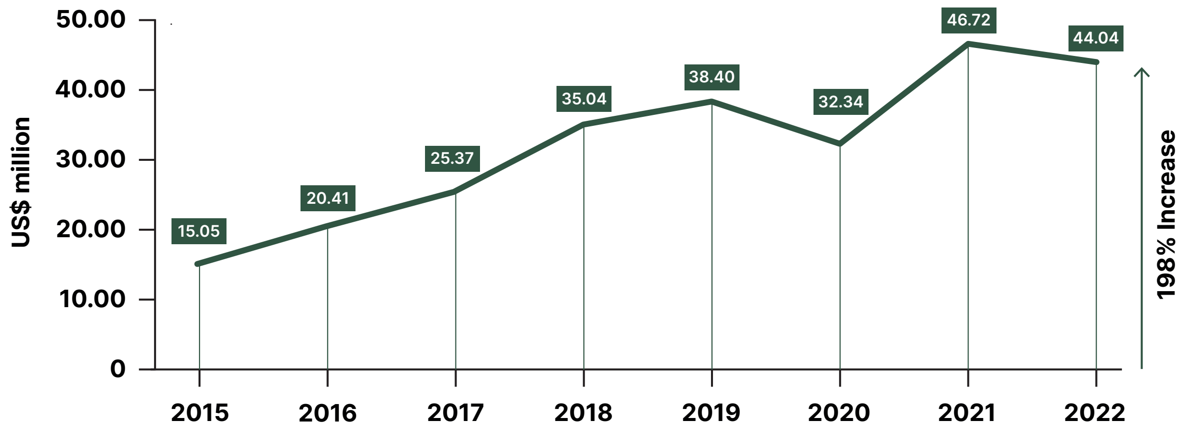
Source: UN General Assembly, 2022

least financed of the three UN pillars (human rights; peace and security; development – see Table 1). At the same time, the mandates established by the Human Rights Council constantly rise. Between 2015 and 2022, the resource requirements increased from US$ 15 million to just over US$ 44 million (Figure 1).

This underfinancing is stark within the Office of the UN High Commissioner for Human Rights (OHCHR), which depends far too much on the unpredictable voluntary contributions that fund 61% of its work. Further weakening this financial edifice is earmarking, which raises transaction costs, and limited funding diversification, which ties our hands when more, not less, flexibility is required in support of the progr-ammatic agility to protect those most vulnerable and at risk.

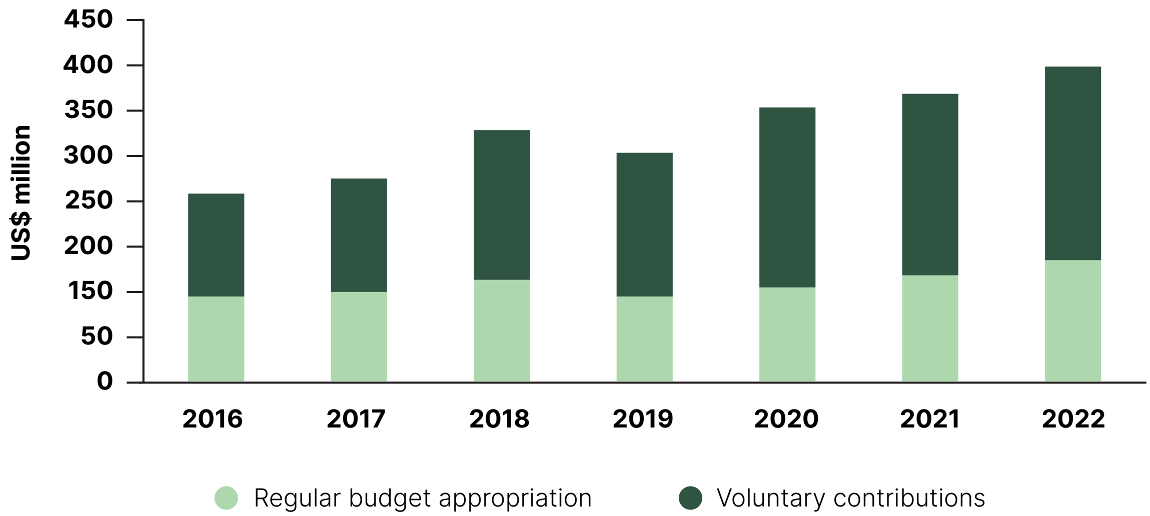
To effectively do this work and meet this promise, support for human rights-based solutions is fundamental, requiring both adequate financial resources and the political will to recommit to the normative agenda of human rights.

Figure 1: Total additional mandated requirements 2015–2022



Source: Report of the Secretary-General, A/77/579 Annex III

Figure 2: Funding overview 2016–2022



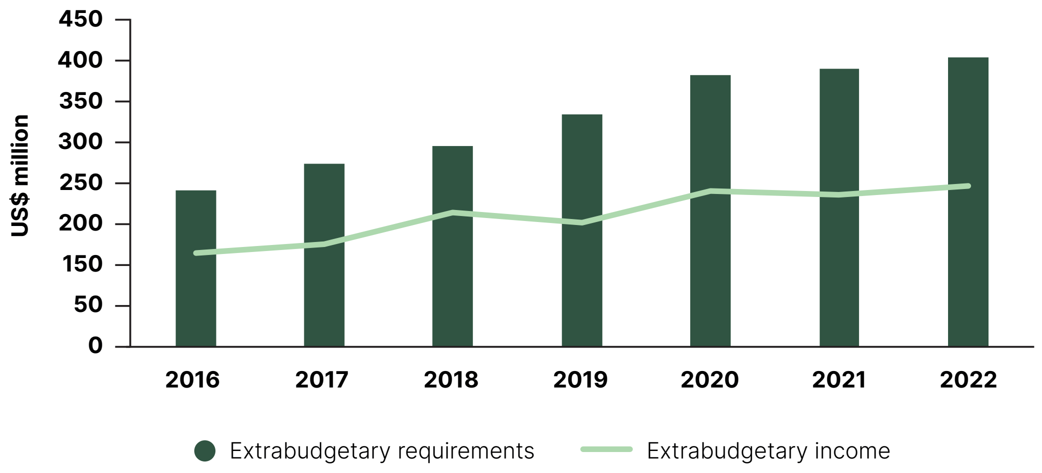
Source: OHCHR

Looking to the future

The next 25 years will be crucial. Global concerns at times appear to threaten our very survival. To plan for the next quarter century will involve listening to diverse voices, including youth, and demonstrating a willingness to adapt, while learning the lessons of the past: that robust systems grounded in human rights of all are crucial if we are to weather future crises.

We have the evidence before us: policies and measures anchored in human rights protect people better over time. States that embraced innovative social protection measures during the COVID-19 pandemic proved more

Figure 3: Extraordinary requirements vs extrabudgetary income, 2016–2022



Source: OHCHR

resilient, while strong fiscal policy measures in some high-income countries made all the difference in reducing COVID-19's impact on poverty.

With the world changing faster than we can keep up, we have reached a tipping point that demands updated thinking, backed by innovative tools and methodologies. The frighteningly rapid spread of new technologies is a case in point. Artificial intelligence is evolving so quickly its very creators are demanding a halt. While these technologies have tremendous potential for good, they may equally imperil human rights. They are failing to protect. Social media can help propagate disinformation and hate speech, while illicit spyware can undermine privacy and personal security, as we saw when the Pegasus hacking device was used to clamp down on journalistic and political dissent.[5]

As technology snowballs, we stand on the edge of irreversible climate change, which jeopardises human rights and delivers a disproportionate environmental impact on the most marginalised and disadvantaged. Yet there is a failure to protect populations from these dangers or provide them with the tools to adapt to rapid change, as we sadly note each time there is a climate incident.

Tackling these catastrophes is of the utmost urgency: consider that a single event, the devastating 2022 floods in Pakistan, affected more than 30 million people and will take years to overcome. In 2023, US$ 52.9 billion is needed to provide humanitarian assistance to 230 million people across over 40 countries and territories, as reflected in UN humanitarian response plans. So far, US$5.3 billion has been provided.

Confronting these and other emerging issues will require concerted efforts not only by the various UN entities but by all stakeholders to build awareness of human rights, integrate them into policies and processes, ensure accountability, and involve all those affected. While coping with evolving crises is a pillar of our work, a cornerstone of our forward-thinking approach must involve greater use of human rights as a prevention tool. Human rights can help us identify grievances before they turn into confrontations that undermine peace and development, saving lives in the process. In Syria, the UN requires US$ 4.44 billion to provide the 15 million people in need with humanitarian assistance (out of a population of 22 million).

In turn, OHCHR's Office for Syria, which works with a budget of US$ 4 million, struggles to receive adequate funding although its early warning analysis could have enhanced prevention. In 2023, the Myanmar Humanitarian Response Plan request US$ 764 million to reach 4.5 million people prioritised for life-saving humanitarian support (out of 17.6 million people in need). Despite its modest annual budget requirements set at US$ 2.67 million, OHCHR's Myanmar Monitoring Team functions at half capacity, based on voluntary contributions from donors.

This is why OHCHR deployed Emergency Response Teams (ERTs) to seven of our regional offices. By identifying trends and assessing risks, ERTs are helping promote both situational awareness and early warning, feeding into larger UN prevention efforts. OHCHR's work during the 2022 Kenya elections underlines the case for prevention. As part of a broader UN engagement, we fostered efforts to hold peaceful elections by countering online hate speech, supporting sexual and gender-based violence (SGBV) prevention and response, and engaging in civic education. As voting drew near, we deployed a multi-disciplinary OHCHR team and UN Standing Police Capacity officers, contributing to an overall peaceful outcome that saw far fewer human rights violations and less electoral-related SGBV than during the 2017 elections.

In October 2021, the Human Rights Council rejected the renewal of the Group of Eminent Experts on Yemen mandated to monitor human rights violations and other atrocities committed by all parties to the conflict. The number of civilians killed or injured has almost doubled since, a testament to the preventive power of human rights monitoring.[6] Moreover, OHCHR's presence in Yemen remains chronically underfunded, its critical monitoring operations at risk as a result. In the words of Benjamin Franklin, 'an ounce of prevention is worth a pound of cure'.

Bolstering the human rights ecosystem

A robust human rights ecosystem is a prerequisite for dealing effectively with the pressures. We already have a remarkable human rights infrastructure, but it needs to be bolstered and truly fit for purpose.

In his 2020 Call to Action for Human Rights, the UN Secretary-General recognised the centrality of human rights to the UN's mandate. While OHCHR provides an anchor for human rights within the UN, these rights are already intrinsic to all aspects of the UN's work. They are the basis for many protection actions, are integrated into peacekeeping operations and protecting the fundamental rights of people in crises. In development, positioning Human Rights Advisers in 51 UN country teams has been instrumental in promoting human rights-based approaches and delivering results. Through our 'Surge Initiative', which includes economists and development specialists, we have stepped up our technical advice to states to advance human rights-based strategies.

Proliferating conflicts, increasing polarisation, growing mistrust in institutions, democratic setbacks – all these have inevitably increased demands on OHCHR Office. While this confirms the importance of our work, it also highlights the gap between mandates and resources.

We remain in a financial straightjacket, making it urgent to strengthen synergies across UN pillars and engage in partnerships across the UN and beyond. The challenges are global and no single entity can address them alone. Partnerships, which are at the core of SDG 17, are essential to implementing the 2030 Agenda and finding innovative solutions to the risks faced by human rights and the environment. These partnerships allow us to access new resources and expertise, increase our visibility and credibility, network to expand our reach, and explore new opportunities for growth and expansion.

An historic opportunity

For human rights to remain at the heart of the UN's response compels us to engage in forward thinking and tread new ground. We require a global recommitment to human rights, a sustained effort that strengthens these rights and the institutions that frame them, backed by multiyear funding to meet escalating demands and expectations.

This is an important year for human rights, we are once again seeking to re-establish harmony beyond discord. To achieve this, everyone needs to step up, walk the talk and commit to bolstering the human rights architecture, actioned through robust partnerships, mobilising financial, moral and political support. We did it after the Second World War and we cannot afford the alternative.

Endnotes

1 United Nations Department of Economic and Social Affairs, ‘End poverty in all its forms everywhere’, https://unstats.un.org/sdgs/report/2022/goal-01 accessed online on 28 July 2023.

2 Office of the High Commissioner for Human Rights, ‘Human Rights 75, A Year-long Initiative for All’, 2023, www.ohchr.org/sites/default/files/hr75-what-it-is.pdf.

3 See the Vienna Declaration and Programme of Action, adopted by the World Conference on Human Rights in Vienna on 25 June 1993, www.ohchr.org/en/instruments-mechanisms/instruments/vienna-declaration-and-programme-action.

4 Sources: UN General Assembly Resolution 76/247 A-C, ‘Programme budget for 2022’, 6 January 2022, https://undocs.org/A/RES/76/247; and UN General Assembly, ‘Proposed programme budget for 2023’, A/77/6 (Sect. 24), Table 24.35, 27 April 2022, p. 77.

5 Pegasus is a spyware from NSO Group that targets iMessage and can hack iPhones of specific targets using a zero-day attack. It was discovered in August 2016 after a failed installation attempt on the iPhone of a human rights activist led to an investigation revealing details about the spyware, its abilities, and the security vulnerabilities it exploited.

6 Norwegian Refugee Council, ‘Yemen: Civilian casualties double since end of human rights monitoring’, 10 February 2022, www.nrc.no/news/2022/february/yemen-civilian-casualties-double-since-end-of-human-rights-monitoring/#:~:text=In%20the%20four%20months%20before,the%20Civilian%20Impact%20Monitoring%20Project.

Financing gender equality: The role of the Gender Equality Marker and financial targets

By Aparna Mehrotra

Aparna Mehrotra is Director, Division for Coordination of the United Nations System on Gender Equality and the Empowerment of Women at UN Women. She has worked with the UN since 1983, both at headquarters and in the field, in Africa, Asia and Latin America, with the UN Development Programme (UNDP), UN Capital Development Fund (UNCDF) and the UN Secretariat. Aparna Mehrotra co-founded and led the development and implementation of the UN System-Wide Action Plan (UN-SWAP), the only UN system-wide accountability framework for gender equality and the empowerment of women. Previously, while at UNDP, she led the UNDP Bureau for Latin America and the Caribbean contingent to the World Women's Conference in Beijing; co-founded the Women's Human Rights Campaign, focusing on eliminating violence against women; and headed the UN Trust Fund for International Partnerships for UNDP. Subsequently, she served as Focal Point for Women in the UN system where, amongst other duties, she led development of the Directive on Sexual Harassment for the UN Military and Police contingents. In 2004, on deputation with the Office of the Special Adviser of the Secretary-General on Iraq, she supported the establishment of the International Advisory and Monitoring Board (IAMB) set up by the UN Security Council. She has undergraduate and graduate degrees from Stanford University, a law degree, and speaks five languages.

Introduction

Gender equality is not only a fundamental human right but also a crucial foundation for a peaceful, prosperous and sustainable world. Progress in achieving gender equality requires sustained and adequate financing. Change takes time, as mindsets and systems evolve and transform. Further, while there have been advancements, the world is not on track to achieve gender equality by 2030, the deadline set by the 2030 Agenda for achievement of its 17 Sustainable Development Goals (SDGs), of which SDG 5 is dedicated to gender equality and the empowerment of women.[1] Yet, estimates indicate that it will take another 286 years to bridge the global gender gap.[2]

Accelerating progress towards gender equality requires firm commitment, bold action and predictable funding. Where this exists, notable progress is possible. Programmes focused on women's leadership and participation that have enjoyed investments, for example, have contributed to a record high number of women holding political decision-making positions worldwide.[3] This is not to say that the parity attained is sustained, which it is often not, but progress occurred when intent and investments aligned.[4]

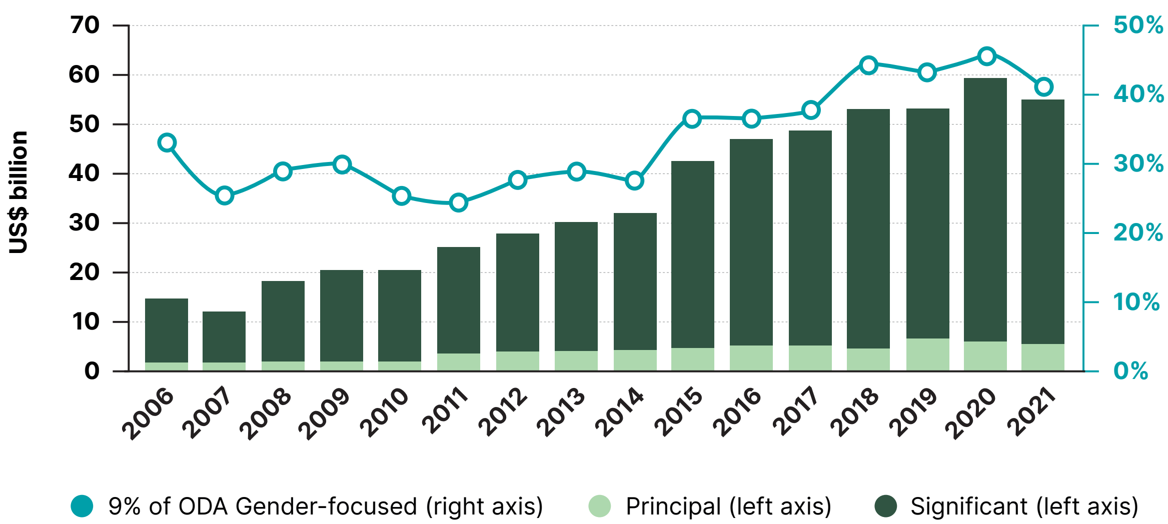
Tracking investments in gender equality and women's empowerment in official development assistance

The Organisation for Economic Co-operation and Development (OECD) analyses the official development assistance (ODA) invested by bilateral donors on gender equality and women's empowerment using the Development Assistance Committee (DAC) gender equality policy marker.[5] The DAC gender equality policy marker rates investments, using a three-point scale, on whether gender equality is addressed as a principal objective (usually through dedicated financing) or as a significant objective among a project's various development goals.[6] The marker is also applied to investments without any explicit gender equality focus to ensure that, at a minimum, they are aligned with 'do no harm' principles.

An examination of ODA flows reveals that the volume of ODA for gender equality and women's empowerment increased from US$ 53.4 billion per year on average over 2018–2019 to US$ 57.4 billion in 2020. Figure 1 shows that after a decade of increasing financing, the share of ODA for gender equality stopped growing in 2020, plateauing at 44% (of a total US$ 129.5 billion screened against the marker).[7]

Further, 40% of this gender-related aid in 2020 seems to have been allocated not to standalone programmes with gender equality as a principal objective, but rather projects that integrate gender equality as one of several development objectives. In other words, only 4% of total bilateral ODA targets gender equality as a principal objective. Also, notably, several OECD-DAC publications acknowledge that funding for dedicated programmes with the primary goal of achieving gender equality and women's empowerment remains consistently low (at 4%)[8], and that this indicates donors are failing to effectively implement a twin-track on the centrality of gender equality to all progress, and the money flowing to gender-related commitments in the Agenda 2030 for Sustainable Development.

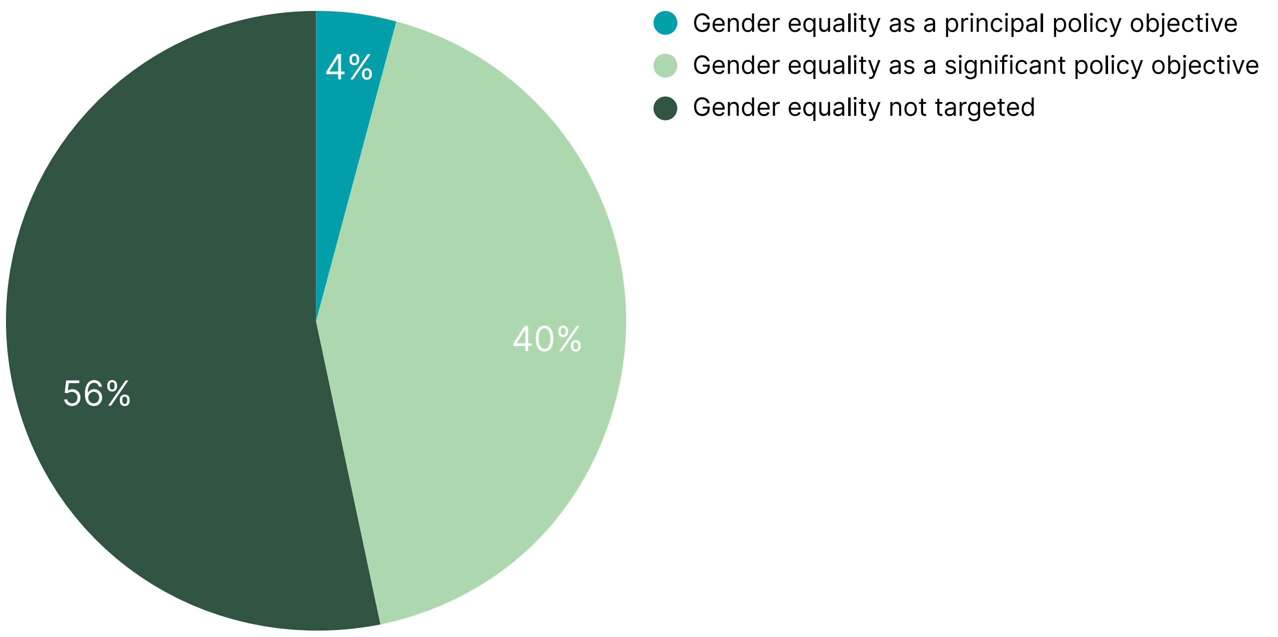
Figure 1: Bilateral development finance for gender equality by DAC members (2006–2021)



Notes: Gender-focused includes both principal and significant objectives.

Source: Creditor Reporting System, OECD-DAC statistics[10]

Figure 2: Share of bilateral allocable aid focusing on gender equality by DAC members (2020–2021)



Source: Creditor Reporting System, OECD-DAC statistics[11]

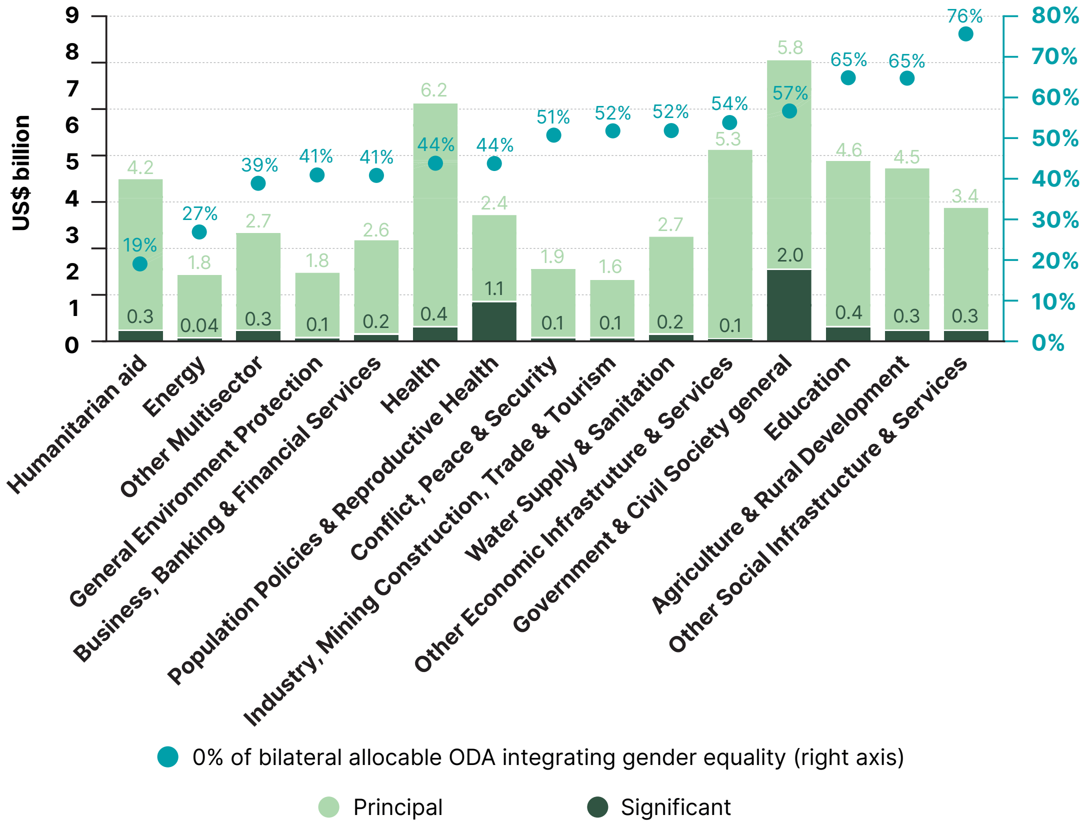
With respect to bilateral aid flows, Figure 2 highlights that more than half of bilateral aid (56%) does not yet integrate a gender perspective, meaning it may be leading to adverse impacts on gender equality and the empowerment of women and girls.

Examining aid flows by sector, by cross-referencing the marker with the intended sector for ODA, Figure 3 illustrates the sectors that received the largest shares of ODA with gender equality objectives, indicated by the dots in the figure.[12] Notably, the sectors with the highest allocations for gender equality are under 'Other Social Infrastructure and Services', which encompass employment policies, housing and social protection. This is followed by 'Agriculture and Rural Development' and 'Education'.

In contrast, however, we can observe that there is relatively low emphasis on gender equality in sectors such as 'Humanitarian Aid' and 'Energy'. This constitutes a concern. Integrating gender equality objectives into programming across all sectors enhances the effectiveness and sustainability of interventions, while also preventing potential harm. Research has consistently demonstrated the benefits of such integration, highlighting the need for increased focus on gender equality across diverse sectors.

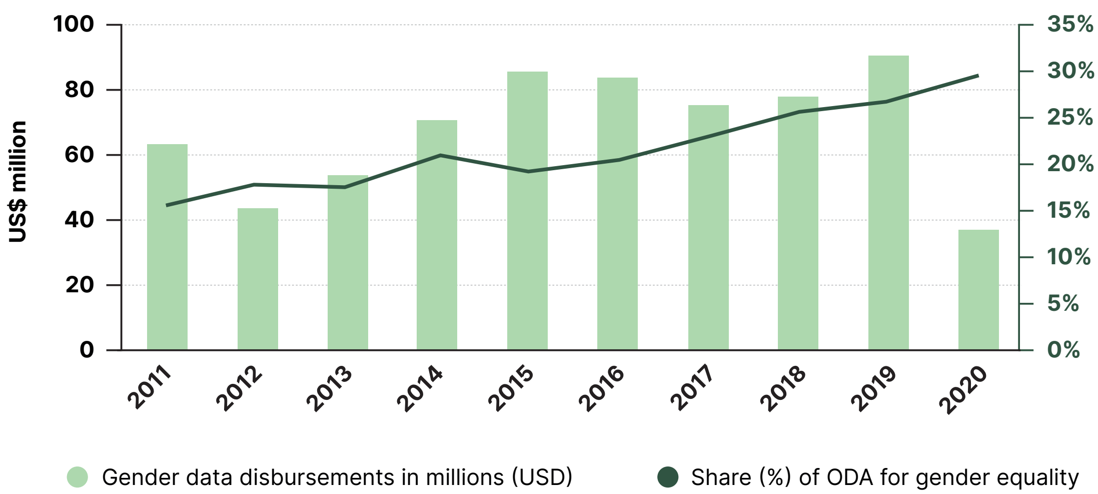
Regarding funding for gender data, a noteworthy development occurred in 2020 when it decreased by 55% (Figure 4) – nearly three times the drop observed in funding for overall data and statistics. This decline becomes all the more significant, and perhaps even ironic, considering the increasing recognition that better data drives the effectiveness of policies and programmes aimed at addressing ongoing global crises and challenges. A report by Data 2X titled 'The PARIS21 Partner Report on Support to Statistics 2022: A Wake-Up Call to Finance Better Data', estimates that US$ 500 million per year, twice the current allocation, is required until 2030 to meet data needs.[14]

Figure 3: Volume and share of ODA with gender equality and women's empowerment as a policy objective, by sector (average 2020–2021)



Source: OECD[13]

Figure 4: Volume and share of ODA for gender data (2020)



Source: Data 2X[15]

Tracking investments in gender equality and women's empowerment in the UN system

The UN System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP), introduced in 2012 and updated in 2018, constituted a ground-breaking framework to hold the UN system accountable for its commitment to gender mainstreaming, and to ensure gender equality and women's empowerment is at the core of its work, both within the organisation and in its projects worldwide. UN-SWAP consists of 17 performance indicators clustered in six functional areas, providing a systematic approach to gender mainstreaming and the integration of gender perspectives into the policies, programmes and projects of UN entities.[16]

The UN-SWAP's financial resource performance cluster includes two complementary requirements: first, the implementation of a financial tracking system and, second, the establishment of financial allocations for gender equality and the empowerment of women. Accordingly, the Gender Equality Marker (GEM), as well as the setting of financial benchmarks on gender equality at the entity level, became mandatory in 2012 and the standards for the UN entities (currently 73) participating in and reporting annually on their performance against UN-SWAP. An equivalent framework, the UNCT-SWAP Gender Equality Scorecard, launched in 2018 for application at UN country team (UNCT)-level, also requires implementation of the GEM in UNCT Joint Work Plans.[17]

The combined use of these tools at both corporate and UNCT levels provides a comprehensive approach to financing gender equality within the UN system. The GEM is intended to ensure that gender perspectives are incorporated into the design, implementation and evaluation of programmes, while financial benchmarks ensure that adequate resources are allocated to them.

Recognising the importance of financing for gender equality, in 2018, the Secretary-General's Executive Committee, established the High-Level Task Force on Financing for Gender Equality. Its recommendation to implement a harmonised financial tracking mechanism accelerated adoption of the GEM by UN entities. To date, 30 entities have adopted the GEM, up from 10 entities in 2012 when it was first made mandatory by UN-SWAP, and 28 in 2021.[18]

Additionally, and notably, at its 39th session in November 2022[19], the Finance and Budget Network of the High-level Committee on Management of the UN Chief Executives Board for Coordination (CEB), in acknowledging the significance of financial tracking and allocations, adopted the GEM as a UN Data Standard for system-wide reporting of financial data.[20]

The standard introduces a common methodology and format for tracking the contribution of UN activities to gender equality and women's empowerment. Its purpose is to ensure consistency in the reporting of UN financial information, such as budget and expenditures, related to gender equality and the empowerment of women and girls. Furthermore, it aims to align the reporting practices of UN entities to the International Aid Transparency Initiative (IATI) and the OECD, ensuring a similar approach in reporting contributions to gender equality.[21] This standardised approach contributes to a further strengthening of global efforts to implement international commitments and the 2030 Agenda for Sustainable Development.

According to the UN Data Standards, UN activities will be marked on a four-point scale with the category of the UN GEM to which the activity is contributing:

- **GEM 3:** Gender equality and the empowerment of women is the principal objective.
- **GEM 2:** Significant contribution to gender equality and the empowerment of women (but not the principal objective).
- **GEM 1:** Limited contribution to gender equality and the empowerment of women (gender mainstreaming to a limited extent).
- **GEM 0:** No expected contribution to gender equality and the empowerment of women.[22]

As per the recommendations of the High-Level Task Force on Financing for Gender Equality and the UN Data Standards, the UN GEM is embedded in the entity's enterprise resource planning (ERP) and is to be applied to all financial allocations and expenditures at the UN entity and UNCT levels, as well as in inter-agency pooled funds.

Figure 5 presents the uptake of the UN GEM by UN-SWAP reporting entity type. The number of entities applying or working towards implementation of the UN GEM has grown significantly, from 28 entities in 2012 to 66 in 2022.

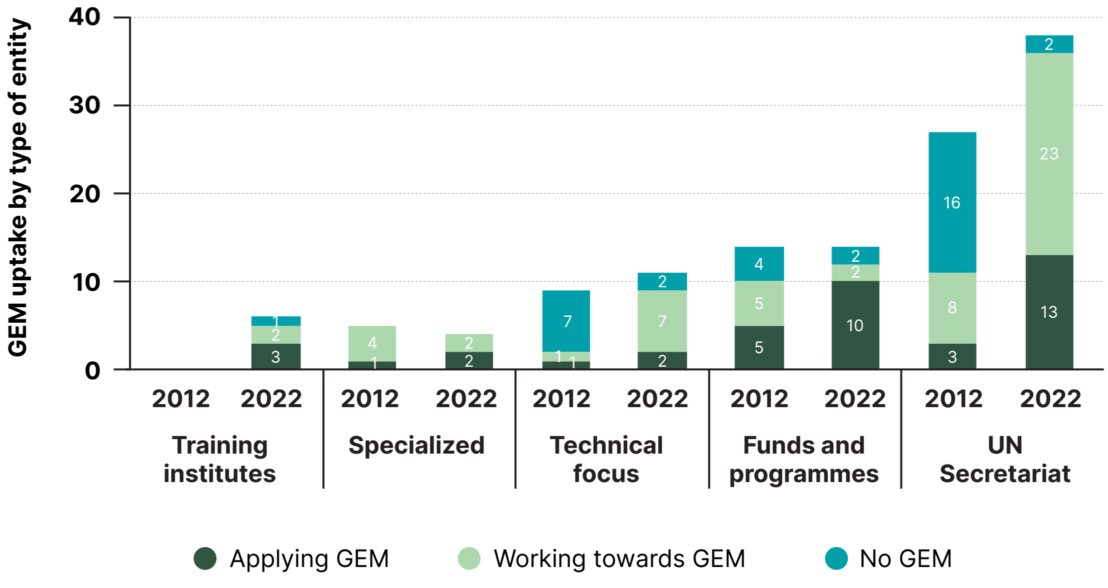
Much of this progress has resulted from the introduction of the GEM in the UN Secretariat's ERP system. Over the period 2012–2022, this has more than tripled the number of UN Secretariat entities working to implement a financial resource mechanism tracking gender equality allocations and expenditures. In total, of the 5,272 projects currently monitored by the Umoja Integrated Planning, Monitoring and Reporting (IPMR) module, 2,025 are already using the GEM. This has fostered substantive improvements in project design, and gradually UN Secretariat entities will be able to quantify the contributions made and cross reference them with reporting on SDG 5.

Another area of noteworthy progress concerns the GEM's increased application among the UN funds and programmes, doubled from five entities in 2012 to ten in 2022.

In addition, over and above the UN-SWAP standards and the recommendations of the High-Level Task Force on Financing for Gender Equality, high-level policy directives, including resolutions of the UN Economic and Social Council (ECOSOC), and technology enhancements have added impetus to the uptake of a harmonised GEM not only across UN entities but in inter-agency pooled funding mechanisms and at a UNCT level.[23]

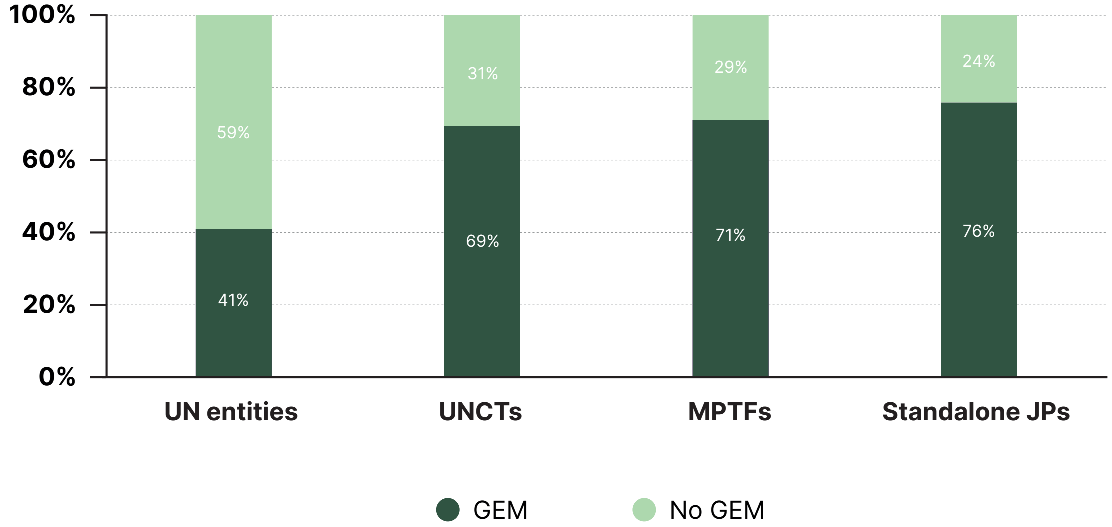
Figure 6 shows that by the end of 2022, 30 entities (41% of UN-SWAP reporting entities) were using the GEM, while 91 UNCTs (69% of the 131 that had entered their Joint Work Plans into the unified UNCT platform, UN INFO) had reported the distribution of GEM codes in their funding frameworks.[24] This represents an increase in uptake from 28 entities and 63 country teams in 2021.

Figure 5: Uptake of the GEM by type of entity (2012 and 2022)



Source: UN-SWAP Reporting Platform, 2012 and 2022

Figure 6: Gender Equality Marker implementation status in UN entities[1], UNCTs[2] and inter-agency pooled funds in 2022



Notes:

1 Of the 73 UN-SWAP reporting entities, 30 entities (41%) applied the GEM for tracking financial resources (UN-SWAP Performance indicator 9).
2 In 2022, 91 of the 131 UNCTs had applied the GEM in their Joint Work Plans.
3 Inter-agency pooled funds include multi-partner trust funds (MPTFs) and standalone joint programmes (JPs).

Source: Author's computation based on UN-SWAP and UNCT-SWAP data and the Fiduciary Management and Oversight Group (FMOG) Survey on Funding Compact Commitment 14, 2022

Similar to the efforts made by UN entities, the UNDP Multi-Partner Trust Fund Office (MPTFO) has also increased efforts to embed the GEM in the design and implementation of inter-agency pooled funds. According to the 2022 Fiduciary Management and Oversight Group (FMOG) Survey on Funding Compact Commitment 14, as of 2022 the GEM had been integrated into 71% of multi-partner trust funds (MPTFs) and 76% of standalone joint programmes (JPs).[25] Moreover, financial tracking reveals that 42% of MPTFs and 55% of standalone JPs allocated at least 15% of their resources to programmes targeting gender equality as a principal objective.[26]

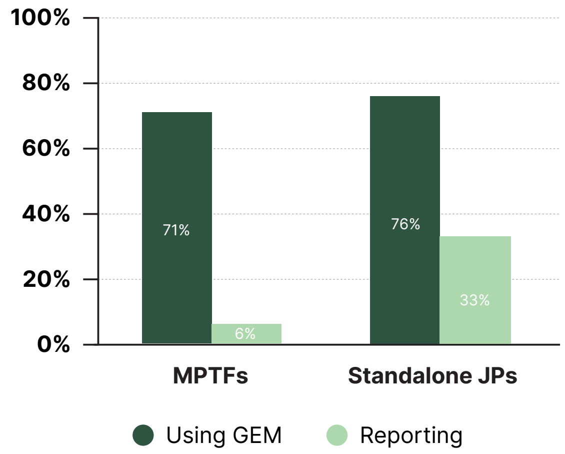
The above notwithstanding, however, while a high percentage of MPTFs and JPs reported applying the GEM (71% and 76% respectively), Figure 7 shows that very few inter-agency pooled funds included their financial contributions to gender equality and women's empowerment in their financial or narrative reports (6% of MPTFs and 33% of JPs, respectively). This suggests that the GEM is not being used to its full potential as a financial tracking mechanism.

With respect to theories of change, the 2022 FMOG survey conducted by the UN Sustainable Development Group (UNSDG) among UN pooled funds administrators reveals that a majority of MPTFs and JPs, ranging from 71% to 80%, incorporate gender equality (Figure 8).

The survey responses also demonstrate the capacity of inter-agency pooled funds to access technical expertise on gender equality matters; incorporate information on gender equality and women's empowerment in their Terms of Reference; and apply the GEM. However, a significant disparity arises when comparing these responses to the proportion of inter-agency pooled funds that allocate at least 15% of their financial resources to programmes with gender equality as their primary objective. This discrepancy highlights a notable gap between the inclusion of gender equality considerations in planning and strategy documents, and the actual allocation of financial resources towards programmes focused on advancing gender equality.

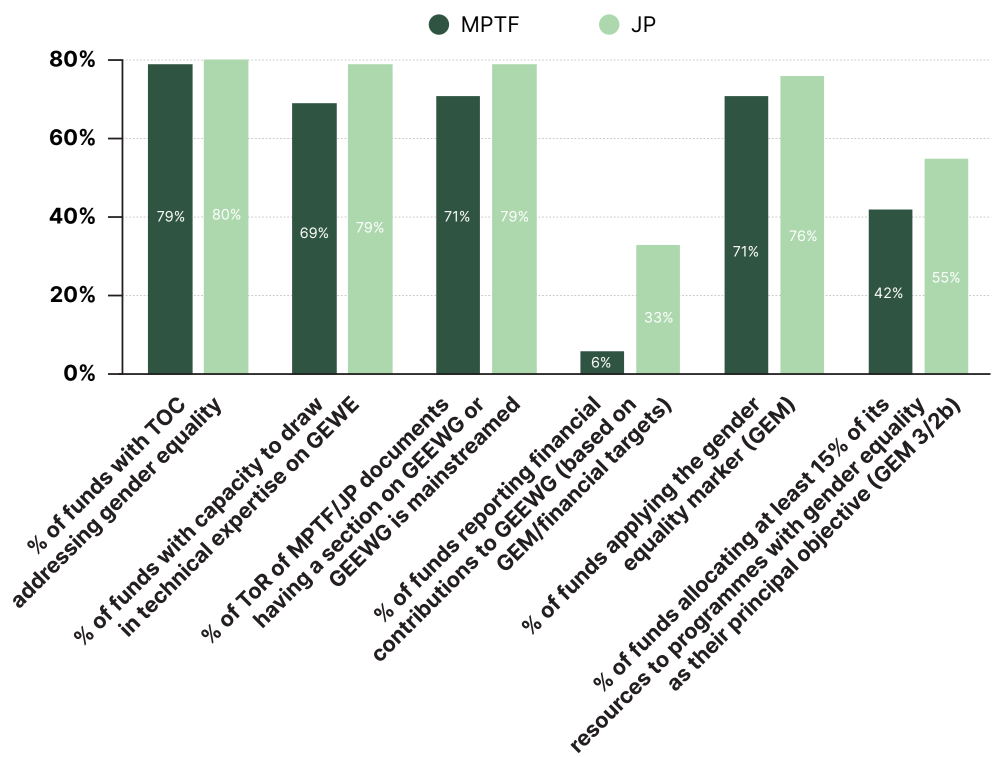
While MPTFs and JPs demonstrate a strong commitment to addressing gender equality, it remains critical to ensure that the allocation of financial resources aligns with these intentions. This calls for greater attention and efforts to bridge the gap between gender-related commitments and the actual distribution of funds to programmes that prioritise gender equality as their principal objective.

Figure 7: Percentage of funds applying the GEM and reporting on financial contributions to gender equality and the empowerment of women and girls, 2022



Source: FMOG survey on Funding Compact Commitment 14, 2022[27]

Figure 8: Percentage of inter-agency pooled funds responding affirmatively to gender-related questions in the FMOG survey on Funding Compact Commitment 14, 2022



Source: FMOG survey on Funding Compact Commitment 14, 2022

Box 1: **Establishment of financial targets for gender equality in the UN system**

Overall, the establishment of financial targets and financial tracking through the GEM has shown promising progress in advancing financing for gender equality and women's empowerment. However, sustained efforts and increased dedicated financing remain critical to driving and sustaining meaningful change.

At the entity level, implementation of the GEM has facilitated the establishment of financial benchmarks. By the end of 2022, 41 of the 73 UN-SWAP reporting entities had set financial targets for allocating funds or expenditures towards gender equality and women's empowerment. Among these, only four (ESCWA, UNAIDS, UNICEF and UNOCT) established a minimum financial target of 15% for activities addressing gender equality and women's empowerment, while others maintained customised targets.[28]

An analysis of the 91 Joint Working Plans with their associated annual funding frameworks revealed that approximately 12% of funding was tagged as GEM 3 in 2022, compared to 17% in 2021. However, funding specifically targeting gender equality and women's empowerment as the primary objective (GEM 3) has either remained stagnant or decreased, similar to the analysis of ODA. This underscores the pressing need for dedicated financing that addresses the root causes of gender inequality and helps implement innovative and gender-transformative solutions.[29]

Box 2: **Incorporating the GEM and specific financial targets for gender equality in multi-partner trust funds**

The combined use of the GEM and the setting of specific financial targets has led to an increased focus on and resources for gender equality and women's empowerment in MPTFs. For example, the inclusion of the GEM and establishment of a 30% financial target for gender equality allocations within the COVID-19 MPTF led to a significant increase in resources allocated to programmes prioritising gender equality as a primary objective.[30] Likewise, the Peacebuilding Fund has reported for the second consecutive year an investment of 47% of its funds in gender equality and women's empowerment, surpassing its established 30% minimum target.[31]

The Special Trust Fund for Afghanistan (STFA) also implemented the GEM and specific financial commitments for women and girls and for gender equality in 2022. Despite not meeting all these targets, the focus on reaching women and girls as a principled approach has remained strong. By the end of December 2022, approximately 3.63 million people, including 1.67 million (46.2%) women and girls, benefited from STFA JP activities in the Northern, Southern, Eastern and Central regions of Afghanistan.[32]

Over 280,838 people, including 19% females, received livelihood support under the STFA. The Livelihood activities included cash for work; unconditional cash transfers; micro, small and medium enterprises (MSMEs) support; vocational training; and agriculture-based livelihood support. Despite a positive trajectory, in terms of the ratio of female beneficiaries, JP targets for female beneficiaries are yet to be achieved. Only 8.8% females compared to 30% target benefitted from cash for work and income generation projects and 28.6% females compared with the 80% target benefited from unconditional cash transfers. In addition, a total of 4,524 MSMEs, including 71% women led MSMEs, received a combination of cash and in-kind support under the STFA. The STFA also contributed to improving social cohesion by building the capacities of community governance structures to support inclusive, locally driven, planning processes, and the promotion of women and human rights. Some 340,603 people, including 15.4% females, benefited from social cohesion support.[33]

During 2022, the operating environment in Afghanistan became increasingly restrictive, especially in relation to female beneficiaries. Notwithstanding such challenges, the entire UN system kept working together using a harmonised approach and tools to monitor, adapt and respond to the evolving context, with a view to ensuring that women and girls continue to benefit, as beneficiaries and agents of development, from STFA programmatic activities.[34]

Conclusion

Gender equality and the empowerment of women and girls is recognised as a force multiplier to accelerate progress not only SDG 5 but across all SDGs. It is integral to building and sustaining inclusive development, wellbeing and peace of societies and nations. It is also central to the human rights of all people. Contributing to the realisation of gender equality and women's empowerment is, hence, a UN system-wide imperative.

Imperatives without resource allocations, however, remain unrealised, in full or in part. Following the money is therefore key. Accordingly, tracking gender-related allocations and expenditure, and establishment of financial targets, remains a priority at all levels to support data comparability, harmonisation of practice, and relevant contributions of the UN system to its own commitments. As a foundational priority for the UN system, gender equality and the empowerment of women and girls is universally recognised as catalytic to achieve all the SDGs. Thus, ensuring the realisation of gender equality and women's empowerment is an imperative that spans the entire UN system.

All UN entities, UNCTs and inter-agency pooled funds are called upon to contribute to this aim by securing adequate financing requirements for realising the normative agenda on gender equality and the promise of the SDGs, particularly SDG 5. UN Women, with its coordination, operational and normative mandate, plays a critical role in embedding gender-responsive solutions across the UN system's processes and policy spaces, including financing for gender equality. It is the collective responsibility, however, of all UN entities, UNCTs and inter-agency pooled funds to contribute to this objective.

By prioritising gender-responsive approaches and bolstering financial commitments, the UN system can effectively support the advancement of gender equality and women's empowerment, realising the transformative potential it holds for sustainable development and global peace.

Endnotes

1 For the latest available evidence on gender equality across all 17 SDGs, highlighting the progress made since 2015, see Ginette Azcona et al., 'Progress on the Sustainable Development Goals: The Gender Snapshot 2022' , UN Women and United Nations Department of Economic and Social Affairs (ECOSOC), 2022, www.unwomen.org/sites/default/files/2022-09/Progress-on-the-sustainable-development-goals-the-gender-snapshot-2022-en_0.pdf.

2 Azcona et al. (note 1), p. 10.

3 More women than ever hold political decision-making posts worldwide but gender parity is still far off according to the Inter-Parliamentary Union (IPU) – see IPU, 'Women in power in 2023: New data shows progress but wide regional gaps', press release, 7 March 2023, www.unwomen.org/en/news-stories/press-release/2023/03/women-in-power-in-2023-new-data-shows-progress-but-wide-regional-gaps. The IPU–UN Women in Politics 2023 map referred to in this press release presents new data for women in executive, government and parliamentary positions (as of 1 January 2023): www.unwomen.org/sites/default/files/2023-03/Women-in-politics-2023-en.pdf.

4 According to a 2013 UNU-WIDER working paper, official development assistance to women's equality organisations and institutions is effective in increasing women's political empowerment – the more aid that is given to these groups, the more parliamentary seats are gained by women. See Mina Baliamoune-Lutz, 'The Effectiveness of Foreign Aid to Women's Equality Organizations in the MENA: Does Aid Promote Women's Political Participation?', WIDER Working Paper 2013/74, UNU-Wider, July 2013, www.wider.unu.edu/sites/default/files/WP2013-074.pdf.

5 Organisation for Economic Co-operation and Development–Development Assistance Committee (OECD-DAC) Network on Gender Equality (GENDERNET), 'Handbook on the OECD-DAC Gender Equality Policy Marker', December 2016, www.oecd.org/development/gender-development/Handbook-OECD-DAC-Gender-Equality-Policy-Marker.pdf.

6 OECD-DAC uses a three-point gender equality marker scale to denote the following: 0 (not targeted); 1 (significant objective); and 2 (principal objective). See OECD-DAC, 'Definition and Minimum Recommended Criteria for the DAC Gender Equality Policy Marker', December 2016, www.oecd.org/dac/gender-development/Minimum-recommended-criteria-for-DAC-gender-marker.pdf.

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Humanitarian financing to alleviate suffering and manage crisis risk collectively

By Joyce Msuya

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Introduction

Humanitarian financing saves lives, supports human dignity and resilience, and helps to protect peace and development gains when disaster strikes. It is a fundamental global public good.

Saving and protecting lives is nothing short of a race against the clock, often surrounded by massive uncertainty and volatility. It is the reason why the current approach is to make humanitarian action as anticipatory as possible, and only as reactive as necessary. Harnessing and converting funding into aid looks different in 2023 from what it did ten years ago. Data, money and collective action converge at the right time to maximise impact and avert worse outcomes. When crises are predictable, funding can be pre-arranged.

Supporting preventative measures

For example, last year the Humanitarian Country Team in South Sudan responded six months earlier to mitigate expected extreme flooding affecting Bentiu for a fourth consecutive year.[1] Within hours of confirming rising risk levels, the UN Central Emergency Response Fund (CERF) and the South Sudan Humanitarian Fund (SSHF) released US$ 19 million in a complementary manner to help communities prepare and withstand the shock.[2] In Bentiu, an area of prevailing conflict, acting early meant more than 320,000 people – over a third of whom were already displaced – were protected against further displacement, loss of livelihoods, disease outbreaks and food insecurity.

The South Sudan Humanitarian Fund – one of 20 country-based pooled funds (CBPFs) led by Humanitarian Coordinators and managed by OCHA – allocated US$4 million to enable non-governmental organisations and UN agencies to reinforce dikes around vital access roads, displaced people's homes, the airstrip and other infrastructure. At the same time, CERF, led by the UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, released US$15 million to protect people's homes, latrines and water wells from flood water. These interventions averted a public health emergency.

South Sudan demonstrates that even in protracted crisis settings, getting ahead of problems is not only possible but also the right moral and financial choice. The International Security and Development Centre conducted an independent impact evaluation of the early allocation in South Sudan. Researchers observed humanitarians on the ground were successful in adapting, coordinating and delivering anticipatory action. The evaluation also showed that rigorous research and learning can happen even in the most challenging places.

South Sudan is one of several places where the UN Office for the Coordination of Humanitarian Affairs has worked together with partners to get ahead of predictable shocks and their impacts using humanitarian pooled funds. These actions illustrate one of the critical ways in which humanitarian financing not only helps the system address the suffering we can see but also the suffering we can foresee.

Scaling up anticipatory action

There is a collective commitment by the humanitarian system to help scale up anticipatory action with more predictive analytics and pre-arranged funding, including through CERF and CBPFs. All members of the Inter-Agency Standing Committee – the UN system's longest-standing and highest-level humanitarian coordination platform – are equally vested in integrating the anticipatory approach into the Humanitarian Programme Cycle.[3]

But crises are not the exclusive domain of humanitarians. Investments in timely humanitarian action, sustainable development, disaster risk reduction and resilience, climate adaptation and mitigation, as well as conflict prevention and peacebuilding, are mutually reinforcing.

We know all too well that today's crisis landscape is a set of interconnected phenomena. According to the International Monetary Fund, the COVID-19 pandemic pushed an additional 70 million people into extreme poverty – for the first time in years, we are off-track to end extreme poverty by 2030. The cost-of-living crisis since the start of 2021 has undermined human rights and endangered lives across the world, as people struggle to pay for food, energy, and basic goods and services. Global economic challenges are compounded by the war in Ukraine, an international food crisis, and more frequent and severe climate shocks.

Complex crises and limited resources require ambitious collaboration, new tools and multidisciplinary approaches. There is no denying more money is critically needed to save millions of lives each year. Yet the fundamental question is whether we can manage crisis risk collectively, today and for future generations.

One of the best examples in this regard is the Early Warnings for All Initiative launched by UN Secretary-General António Guterres at the Conference of the Parties 27 (COP27). The initiative foresees targeted investments of US$ 3.1 billion on disaster risk knowledge, observations, forecasting, preparedness and response, and the communication of early warnings, with everyone on Earth covered by an early warning system by the end of 2027. The Secretary-General has convened leaders of UN agencies, multilateral development banks, humanitarian organisations, civil society, insurance and information technology companies to inject the required political, technological and financial clout. He has also tasked the World Meteorological Organization and the UN Office for Disaster Risk Reduction (UNDRR) with leading a multi-agency coalition to fast-track action on the ground.

Expanding coverage of early warnings will allow governments and international organisations to pre-arrange more financing and tie its release to earlier trigger points, ideally ahead of disasters.

Increased humanitarian funding needed

The stakes have never been higher. According to UNDRR, based on current trends the world is expected to face 560 disasters per year by 2030 – 154 more than in 2022. During the lifetime of the Sendai Framework for Disaster Risk Reduction (2015–2030), yearly disasters will have increased by 40%. Relative to gross domestic product, these disasters are expected to cost low-income and lower middle-income countries up to ten times more than it will cost high-income and upper middle-income countries.[5] In the absence of immediate climate action, the number of people requiring humanitarian assistance and protection owing to climate-related disasters could increase to over 200 million by 2050, and related funding requirements for responses could increase to US$ 20 billion annually by 2030.[6]

The world is getting dangerously close to high levels of need that not long ago seemed distant and improbable. Financing and action cannot wait. The humanitarian response system is being tested to its limits. It is estimated that 339 million people – a number larger than the population of the United States – will need help to survive in 2023.[7] The lives of one in 23 people hang in the balance due to hunger, displacement, disease, violence and climate change. Humanitarian agencies have targeted 230 million people in 69 countries and calculated US$ 51 billion is required to meet their needs.[8] As in previous years, we can expect to mobilise half of the funding requirements.

During 2022, the humanitarian system received US$ 24 billion in funding – 47% of our goal. Though this fell far short of what was needed, humanitarians used the funding to reach 145.2 million people, or close to 80% of the target.[9]

The humanitarian system is increasingly delivering more value for money. For example, while the number of people in need has more than doubled in five years, funding requirements have increased by only one-and-a-half.

Conclusion

Pooled funds like CERF and CBPFs play an important role in all the efforts outlined above. As financing instruments and coordination tools, they enable partners to swiftly anticipate, respond and scale up by providing US$ 1.7 billion for principled risk-informed and needs-based programming.

Increasingly, humanitarian financing is *more local*. All Humanitarian Country Teams rely on the participation of local and national organisations, which receive more than a third of country-based pooled funding directly. The system is also *nimbler*. Cash assistance is preferred wherever possible. In 2022, more than 6 million people received US$ 1.7 billion in transfers. Moreover, it is *more accountable to affected people*. Humanitarian programmes prioritise the most vulnerable and capture the lived realities and expectations of the people we serve in order that they can meet disaster on their own terms, with the help they want, when they need it. Finally, and crucially, the system is *more collaborative*. It works in coordination and complementarity with development agencies, international financial institutions and governments across areas like disaster risk management, crisis risk financing, public health, social protection and peacebuilding. This is the direction we need to accelerate towards in order to save more lives with coordinated financing.

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Sustainably funding the United Nations' development work: A fast approaching perfect storm?

By John Hendra

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Introduction

The annual *Financing the UN Development System* report prepared by the Dag Hammarskjöld Foundation and the United Nations Multi-Partner Trust Fund Office (MPTFO) has increasingly become the 'go to' report for those wanting to better understand trends in the overall financing of the UN System. It also provides key insights into development financing policy issues for the broader multilateral community.

However, one challenge with the annual report (as produced over the last eight years) is the fact that it is based on actual expenditures for two years prior. This means that there is always a lag between knowing what the exact amounts of financing received by the UN Development System (UNDS) are (including Official Development Assistance, ODA) and the current commitment reality. This makes it very challenging to gain a more immediate sense of what the UNDS's real financial situation is – especially when it appears increasingly fragile at this time of global development disruption and 'polycrisis'.

The *Financing the UN Development System* reports try to balance reliable time series financial data in Part One with topical substantive contributions in Parts Two and Three. Thanks to many contributing countries transparently publishing their current ODA – combined with an analysis of preliminary aggregate ODA figures for the year before and new data sources – it may be possible to shorten the current time lag so as to add real-time relevance to some key policy discussions.

Preliminary 2022 ODA figures

As noted, this challenge can be partially mitigated by the fact that the Organisation for Economic Co-operation and Development (OECD) is able to release the aggregate figures for overall ODA allocations in 2022 by mid-April 2023. At first glance, it is quite striking, as foreign aid from official donors rose in 2022 to an all-time high of US$ 204 billion – a 13.6% increase from US$ 186 billion in 2021.[1] Yet, if one scratches the surface, it is clear that much of this increase was due to a sharp rise in spending on the domestic costs of processing and hosting refugees within donor countries to US$ 29.3 billion, or 14.4% of ODA, in 2022 – a considerable jump from US$ 12.8 billion in 2021. When domestic donor expenditures on refugee costs are *excluded*, then ODA in 2022 rose by just 4.6% in real terms compared to 2021 ODA.[2] Several donors reported significant increases in aid given in 2022, but once spending on in-donor country refugee costs was taken into account, many of these – including Denmark, Italy, Sweden and the United Kingdom – provided less ODA than in 2021.[3]

Another key element making up this increase was aid to Ukraine, which included US$ 1.8 billion in humanitarian aid. If one excludes ODA to Ukraine, along with domestic spending on refugees in donor countries, then ODA *fell by 4%* between 2021 and 2022. In addition, there was much slower ODA growth for low-income countries, while ODA to sub-Saharan African countries dropped by 7.8% in real terms. This is an issue of concern given the erosion of trust between many African countries and Western donors since the onset of the COVID-19 pandemic.[4]

Although these figures do not yet enable a breakdown of how much multilateral ODA went to the UNDS in 2022, the aggregate figures reveal that there may indeed have been a decline. While contributions to the core budgets of international organisations were stable in 2022, their share of total ODA fell to 25%, from 30% in previous years.[5] The fact that both the African Development Fund and the Global Fund to Fight Aids, Tuberculosis and Malaria enjoyed record replenishment rounds in 2022, combined with the stronger bilateral component of ODA in 2022, makes it likely that there was a decline in multilateral ODA going to the UNDS in 2022. That said, it should be noted that only a portion of UNDS earmarked funding comes from ODA.

2023 – a coming perfect storm?

If the reality of 2022 ODA figures were indeed different than the headline, the picture for 2023 ODA, and especially 2023 core contributions to the UNDS, is an even more worrying one. While the two largest contributors at the top of the league table – the United States and Germany – appear to have maintained their levels, several other donors that traditionally provide significant financing are cutting back considerably.

For example, the UK announced in early April 2023, that that around £1.5 billion (US$ 1.8 billion) will be cut from the Foreign, Commonwealth and Development Office's (FCDO's) portion of the aid budget next year (2023/24), due to extensive spending by the Home Office on the domestic costs of hosting refugees – which the UK government points out counts as ODA under OECD rules.[6] This is the second year running that FCDO's aid budget will be almost 20% lower than planned, despite an improving economic situation. In terms of 2022 expenditures, UK ODA flows to multilaterals decreased by 10% to its lowest level in four years, while refugee costs in 2022 were at an all-time high, accounting for almost 29% of all ODA costs – a huge increase from 2021, when it was 9.2%.[7]

There are other signs of significant donor distress. The new government in Sweden has scrapped its longstanding 1% of national income target for foreign aid, making significant cuts to the aid budget and announcing a downward trajectory towards 0.7%. This includes plans to reduce aid by SEK 7.3 billion (US$ 670 million) in 2023 and a further SEK 2.2 billion in 2024. This steep reduction has hit the UNDS in many places, including 25% reductions in voluntary core contributions to most of the UN's funds and programmes.

In addition, Canada announced an allocation of Can$ 6.9 million for international development for the next fiscal year (2023/24) – a 15% drop from 2022. Many Canadian aid advocacy groups were also alarmed that this year's budget doesn't lay out funding plans for future years, nor does it outline how much aid is being sent to Ukraine.[8] It should be noted that there may be increased allocations later due to political negotiations or increased national economic performance.

While the Norwegian government had originally announced major planned cuts to ODA, after inter-party negotiations the country's 2023 ODA budget increased marginally by NOK 260 million (US$ 26 million). Importantly, both the Netherlands and Spain have also increased their ODA. That said, such increases do not necessarily translate into greater support for the UNDS. As flagged in the Secretary-General's 2023 QCPR report, 10 out of 16 donor countries surveyed indicated that they had no plans to increase either the amount or share of their core funding to the UNDS by the end of 2023.[9]

Why is this important?

World Bank reform and minimising unintended financing consequences

So why is having more up-to-date projections for overall ODA, and especially 2023 multilateral ODA commitments to the UNDS, so important? First, while shareholder and international attention in 2023 has rightly been focused on World Bank reform (the 'evolution roadmap') as well as the need to significantly scale up spending by the World Bank and other multilateral development banks (MDBs) on both poverty reduction and climate action, it is critically important that any accompanying financing decisions be taken using a broader, holistic analytical perspective so as to minimise any unintended consequences.

Although the World Bank has the potential to play a more outsized role, it is critical that such funding decisions be taken in an environment where decision-makers also assess the substantive comparative advantages of various parts of the multilateral system and see what makes the most sense in terms of overall complementarity. In other words, increasing resource flows to one set of players in the multilateral development system in today's tight financial environment has repercussions, not only for the system as a whole, but for other sets of players, such as the UNDS. To the greatest extent possible, this needs to be anticipated and discussed.

For example, any increase in International Development Association (IDA) support and its incumbent legal obligations would inevitably affect the amount of multilateral ODA available to the UN. Hence, it is critical that financing decisions are made by shareholders and Member States with their 'eyes wide open'.

In the end, the Spring Meetings in April 2023 concluded with major shareholders, led by the US, wanting to see the World Bank stretch its existing balance sheet as much as possible before considering any capital increase. This was a common position amongst G7 countries in particular, which were 'concentrating on the idea that the World Bank needs to spend better before it gets more money'.[10]

As outgoing World Bank president David Malpass indicated, under this scenario, the World Bank will be able to lend 'up to' US$ 50 billion more over the next decade by squeezing out additional lending to lower-income countries without damaging its AAA credit rating.[11]

This being said, the issue of a sizeable increase will undoubtedly come up again early in the term of new World Bank president Ajay Banga. As Mark Malloch-Brown – president of the Open Society Foundations and former UN Deputy Secretary-General, UNDP administrator and World Bank vice-president – cautioned shareholder nations, 'you can dance around but one day, the music will stop, and you're going to need that capital increase because you're never going to get to match the scale of need and ambition without one'.[12] There will also most likely continue to be calls for an increase in IDA support; while it's not clear what the scale or extent of this would be, it will probably happen in some form, which will in all likelihood mean less multilateral ODA to an increasingly financially constrained UNDS.

Ensuring financial support for critical UN normative functions

Second, in addition to looking at broad complementarity across the multilateral system, it is critically important to ensure that key functions provided via the UN – such as its unparalleled convening power, policy support, thought leadership, capacity development, peacebuilding and humanitarian support – are at least adequately funded. This is particularly the case for the UN's unique potential for normative impact, which has been significantly underfunded for far too long – a recurrent theme in previous *Financing the UN Development System* reports.[13]

In fact, one overwhelming lesson of the COVID-19 pandemic was the *absolute indispensability* of the World Health Organization (WHO) – as highlighted by the Multilateral Organisation Performance Assessment Network (MOPAN), scaled-up coordination in the health sector underscored the WHO's normative and convening role across the multilateral system.[14] Yet, like other key normative functions uniquely performed by the UN, WHO has been starved of core funding the past several years, meaning that it is now seriously overdependent on voluntary earmarked funding despite its critical normative role.

This is why the historic decision taken by the World Health Assembly in May 2022 to increase WHO's regular (assessed) budget from 16% of its resource base today to 50% by 2030 is such a critical step forward. It is important that similar political attention is given to other critical UN normative functions, such as human rights and gender equality, as well as norms and standards that remain critically undetermined, such as those for identifying and mitigating global artificial intelligence (AI) risks.[15]

Global public goods can only be delivered in partnership

Third, global public goods (GPGs) will need to be delivered in partnership – hence, the imperative of making the whole multilateral system 'fit for purpose' and maximising comparative advantages and synergies. As the High-Level Advisory Board on Effective Multilateralism (HLAB) puts it, 'to start, the World Bank's shareholders must encourage the Bank to work in conjunction with the United Nations to define a core set of global public goods that would benefit from enhanced and predictable global public investment, coordinated with other MDBs'.[16]

As MOPAN highlights, the multilateral system needs to evolve and effectively act on the lessons learned from multilateral organisations' response to the COVID-19 pandemic in order to address systemic global challenges more coherently.[17] To do so, it is important to consider how we can more strategically invest in GPGs on a much larger scale than in the past – and how to work more effectively together to achieve them.

The World Bank needs the UNDS for 'going big' on GPGs – especially at the country level, where the UNDS often has greater access across governments, a critical normative foundation and solid expertise.

Other areas for change

Enhancing real-time transparency

The challenge of better determining real-time donor commitments to multilateral ODA going forward can be partially addressed through enhanced transparency. While databases like the International Aid Transparency Initiative are important for setting global data standards, they are not really accessible to citizens who, for many reasons, want to know their government's aid commitments. Transparency varies from country to country, as well as between ministries in a given donor country. Also, aid transparency tends to differ systematically according to the kind of implementing agency.[18]

To try to help fill this knowledge gap, a new dataset has just been developed: the Citizen Aid Transparency Dataset (CATD) is a unique data collection initiative that measures the transparency of 212 bilateral aid agencies from 37 Development Assistance Committee (DAC) members using only their own websites.[19] It will be important for future *Financing the UN Development System* reports to access the CATD in order to better map what the current ODA situation may be in a given year.

Reform of ODA reporting and practices

The last two or three years of official ODA allocations have laid bare some policy issues that merit further analysis. In particular, aid advocates have critiqued not only the current system of counting domestic refugee hosting costs as ODA, but also counting the donation of excess vaccines initially procured for the use of donors' 'own citizens', overstating the 'aid' element of subsidised loans to low-income countries, and 'accounting tricks that mean debt relief can be counted as ODA spending equal to multiples of the original loan value'.[20]

While DAC members would presumably balk at reopening the longstanding DAC Statistical Reporting Directives that enabled reporting on in-donor refugee costs in ODA, there may be scope for change – especially as such costs were to be an exceptional item in ODA reporting and not a major component, as was the case last year, with US$ 29.3 billion reported as in-donor refugee costs.[21]

Increasingly, there are calls for some form of independent review of DAC members' current practices. While some feel deeper reform is needed to make DAC 'fit for purpose', many acknowledge it will not be easy to wrest away the authority currently enjoyed by the finance ministries of donor countries. Instead, one interim solution proposed is to create a new body consisting of former senior officials from countries that provide finance working in concert with former officials from recipient countries well versed in managing ODA flows, supported by a small secretariat drawing on expertise from think tanks and civil society groups. This new body would both issue a yearly 'shadow' report on development assistance soon after official DAC figures are released – 'real assistance' – and issue guidance on what any future change in reporting procedures might be.[22]

In addition, as the new DAC chairman Carsten Staur has laid out, possible refinements could include: 1) DAC members tightening up agreed reporting to ensure that in-donor costs are only defined as ODA for the first 12 months and that only expenditure for temporary sustenance is reported as ODA; 2) DAC members deciding that reporting of in-donor refugee costs should be *additional* to planned development budgets, as both Austria and Germany have done in their preliminary 2022 ODA reporting; and 3) DAC members capping in-donor refugee costs at a certain percentage of their total ODA.[23]

Finally, DAC members claimed US$ 1.54 billion in vaccines as ODA in 2022, about 0.8% of total aid, with overall COVID-19 pandemic support at about 5% of ODA.[24] Of that, only US$ 16 million was for vaccines specifically purchased for least developed countries.[25] The OECD-DAC controversially allowed donors to charge donated surplus COVID-19 pandemic vaccines to their aid budgets at higher costs than what they were purchased for.[26]

Earlier on, wealthy countries were charged with hoarding COVID-19 vaccines and only sharing them when they were no longer needed domestically – often these doses were donated so close to their expiry dates that they were practically unusable.[27] It is practices like these that need to be fully acknowledged and addressed if trust in multilateralism and between the Global North and Global South is to be rebuilt.

Conclusion

While ODA is not the only source for financing the UNDS, it is a very important one, especially in the case of core funding. Given the current constrained development financing environment and ongoing discussions on expanding the resource base for poverty reduction and climate finance through the World Bank/MDBs, it will be important that such future discussions on making multilateralism more 'fit for purpose' also focus on maximising the assets of the UN including its convening power and unique normative impact.

Endnotes

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Part Two

Quality financing

Chapter 2

Quality financing

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Trustworthiness, trust, together: Building the case for financing of the UN system

By Rachel Scott

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The views and interpretations in this article do not necessarily represent the view of the MOPAN Network.

Introduction

United Nations leaders, and hardworking staff on the ground, repeatedly call on donors to reduce earmarked funding, citing inefficiencies, restrictions on how and where to work, slower and more inefficient responses to urgent needs, and situations that are ultimately leaving vulnerable people worse off. But is more flexible funding really the answer? And if financial earmarking really is the root of all evil, then how do we stamp it out? when it appears increasingly fragile at this time of global development disruption and 'polycrisis'.

We've heard about the Cs and the Fs, now it's time for the Ts

The pressures on the UN system are immense. The COVID-19 pandemic, Conflict and Climate – the 'three Cs' – continue to dominate the global landscape. The Organisation for Economic Co-operation and Development estimates that by 2030, 86% of the world's extreme poor will be living in fragile contexts – numbers calculated before the downstream impact on developing countries of Russia's invasion of Ukraine was fully accounting for.[2]

In developing countries, it is the 'three Fs' that count, with the Food, Fuel and Fertiliser crisis creating devastating impacts around the world – impacts that are already playing out in heart-breaking scenes in the Horn of Africa. A fourth 'F' could perhaps be added, namely Financial instability from rising inflation and unsustainable debt levels. If distressed borrowers, particularly in Africa, are to avoid a catastrophic debt problem, the world urgently needs new ideas and rules for debt relief that work for all creditors.[3]

No one country, organisation or donor can solve these immense challenges alone. Today, the multilateral system, and especially the UN, are needed more than ever. Delivering better solutions to global problems is not just about more money, but also about bringing all parties together, understanding that crises are everyone's responsibility, and establishing the right norms and standards for prosperity and peace. It is also about ensuring that the right solutions are delivered in the right places at the right time. Only the multilateral system can perform this critical connecting role.

However, recent events have shaken the UN development system to its core: transformational results on critical global issues, such as climate change, have been too slow in being realised; responses to global challenges have often failed to align with local realities; scandals have undermined confidence; and policy issues have increasingly put Member States at odds with global agreements, driving behaviour more in line with national interests than global goals.

In response, support for the UN development system has been scaled back. Countries have failed to align national policy with collective promises on global challenges, leading to reversals on many areas of the Sustainable Development Goals.[4] Understanding of the UN development system's primary purpose is divided: does it act as a convener/facilitator of norms and standards or is it a large-scale service provider? Thus, unsurprisingly, funding modalities have become risk-averse and project-orientated, with donors increasingly using UN organisations as delivery mechanisms to pursue for their bilateral development interests, rather than for the collective good.

That is why now is time to talk about how the 'three Ts' – Trustworthiness, Trust and Together – can deliver a reinvigorated global system, with a key connecting role for the UN. A system where all stakeholders can join forces around global challenges and to leave no one behind. Doing this will require three things: 1) a return to real multilateralism working together; 2) actively building trust across the system and with key stakeholders, including funders; and 3) supporting institutions to become more trustworthy.

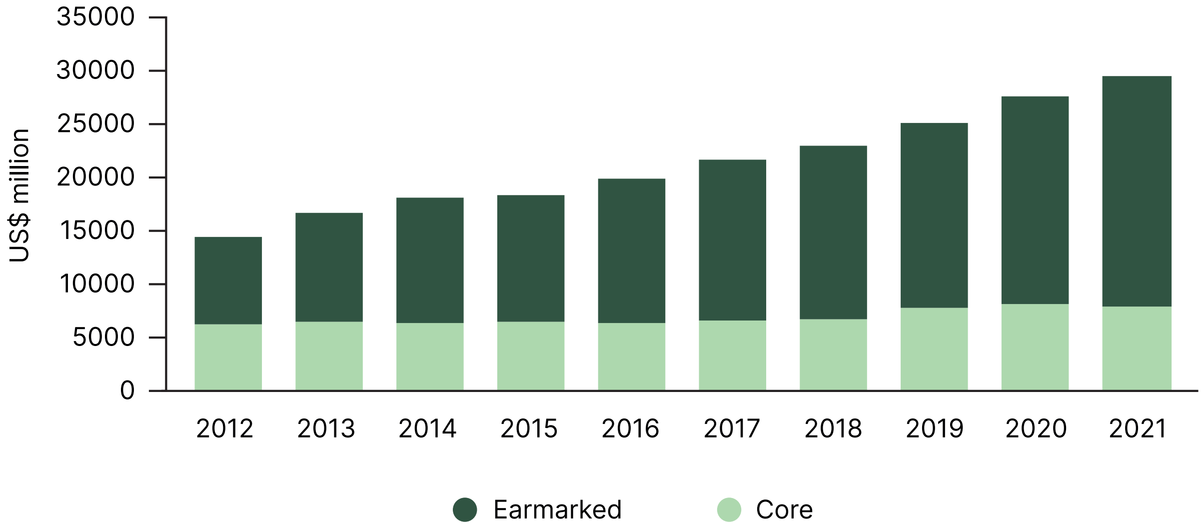
Towards trustworthy

We have all heard the rhetoric, 'if you give us more money, and more flexible money, we will be able to deliver better results'. But is earmarking really the problem? Earmarked funding is often blamed as the root of all evil, but statistics show that core funding to the UN development system has remained stable over the past decade (Figure 1), although the ratio of core vs earmarking does vary significantly across UN organisations (Figure 2). Risk-averse board members, and increasingly complex administrative and reporting requirements, are perhaps more to blame.

So, if earmarking is not the problem, what is? We can all agree that, to fulfil its potential, the UN development system must not only perform well, but must be governed effectively and transparently, and have the right resources. Underneath all of this lies one thing: trust. And yet, building trust must start with UN organisations becoming trustworthy – it is all interconnected.

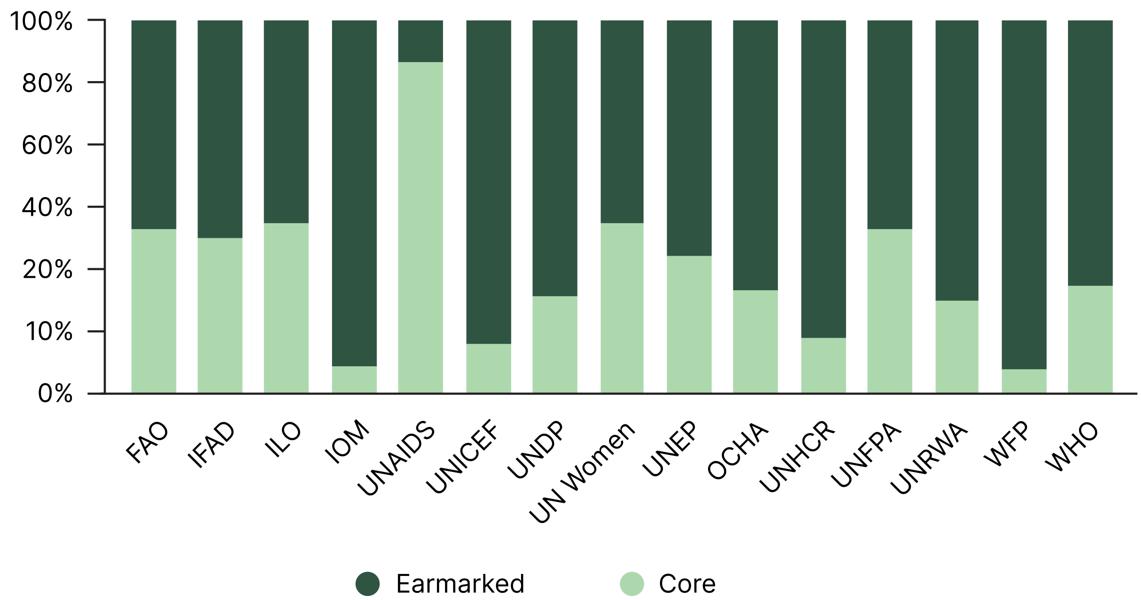
The Multilateral Performance Network (MOPAN) was set up 20 years ago to foster trust by ensuring that the multilateral system provides a good 'return on investment'

Figure 1: Core and earmarked multilateral contributions to the UN during 2012–2021, US$ (2020 constant US$)[5]



Source: OECD Creditor Reporting System, author calculations. Includes all funding from Development Assistance (DAC) members

Figure 2: Rates of core and earmarked funding across selected UN organisations, 2021 figures[6]



Source: OECD Creditor Reporting System, author calculations. Includes all funding from OECD Development Assistance Committee members

Box 1: **What is MOPAN?**

The Multilateral Performance Network (MOPAN) is an independent network of 22 Member States who work together, as responsible shareholders and funders, to improve the performance of the multilateral system, making it stronger, better and smarter. Set up in 2002, MOPAN members today invest over US$ 70 billion to and through the multilateral system every year. MOPAN assessments cover the strategic, operational, relationship/partnership and knowledge management aspects of selected multilateral organisations, as well as their results at the global, regional and country level.

Source: www.mopanonline.org

– in other words, to see whether organisations receiving funding are relevant, fit-for-purpose and delivering results (Box 1). A total of 36 organisations have been assessed over the past 20 years – UN agencies, funds and programmes; development banks and international financial institutions; and vertical funds – with many evaluated assessed (these are not evaluations) several times.

What do MOPAN assessments tell us about the measures that need to be put in place to ensure a trustworthy multilateral system? Some things are obvious. Organisations must have the right strategic direction; be set up to deliver results, including in the most difficult places; have a stable governance and financial environment to run its operations; have the right – and equal – partnerships; and deliver evidence-based solutions and results.

Ensuring that integrity and ethical safeguards are in place is core to a relationship based on trust. MOPAN assesses the ability and performance of organisations in preventing and addressing fraud, corruption and misconduct. On top of this, MOPAN's remit was further expanded in 2020 with the introduction of dedicated performance benchmarks on the prevention of sexual exploitation and abuse and sexual harassment in all assessments. Clearly, there can be no trust in an organisation that tolerates any form of sexual misconduct, and thus combatting this bad behaviour has become a priority area for members of the UN.

Recent discussions amongst MOPAN members point to some emerging principles that can refresh the debate on trustworthiness. These include:

- **Purpose, priorities and strategy:** UN organisations must deliver sustainable, inclusive change at scale, but this is not enough. They must also work together and connect across the system – trust each other – to tackle fragmentation and tailor solutions to local realities.
- **Governance and structure:** The UN development system must clearly listen to, and action, the priorities of all Member States – this requires robust governance structures, alongside clear oversight measures and accountability to all stakeholders.
- **People, systems and processes:** UN organisations must work efficiently, but must also have the right leadership, eliminate toxic working environments, focus on cost effectiveness, and work in real partnership – including partnerships that are already strong before crises hit.
- **Enablers and safeguards:** UN development organisations must always demonstrate the highest ethical standards – from fraud and corruption to sexual misconduct and beyond – and be open about failures and shortcomings.
- **Results:** It is not enough to just be results-focused. Instead, the UN development system must achieve the right results, especially for the most vulnerable, striking the *right* balance between global public goods and localised solutions.

Organisations can always do better, and a common agreement on benchmarks will tell us when performance is good enough, when the bar is met and thus to what extent an organisation can be considered trustworthy. And, of course, once organisations are trustworthy, we can set about building trust.

Earning trust, earning autonomy

Trust is precious: it takes years to build, seconds to break, and forever to repair. What does trust look like? Trust means confidence in the global agreements and institutions that make up the UN development system – when people, including donors, believe that the system reflects their values, is under their control, and works with integrity, fairness and openness for the benefit of everyone. Trust means continuously demonstrating that there are reasons to work together for the global good. And there must be public trust – because most resources for the UN system come from taxpayer funds, and most UN programmes affect people's lives.

Trust is also about earned autonomy, with UN development system leaders earning the right to autonomy through consistently demonstrating the trustworthiness of their organisations. In practice, this means Member State engagement in governance processes, strategic direction-setting and oversight, in return for handing over the responsibility to deliver – letting organisations decide how

Figure 3: UN development organisations have somewhat overlapping portfolios[7]

Sector	Number of active UN entities (2015–2020)
Action relating to debt	1
Agriculture, forestry, fishing	13
Banking + financial Services	10
Business + other services	11
Communications	9
Development food assistance	12
Disaster prevention + preparedness	13
Education	15
Emergency response/humanitarian	15
Energy	12
General budget support	5
General environment protection	15
Government and civil society	17
Health	18
Industry, mining, construction	14
Other social infrastructure + services	15
Population policies/programmes + reproductive health	15
Reconstruction, relief + rehabilitation	12
Trade policies + regulations	8
Transport + storage	7
Water supply + sanitation	14

Source: OECD, Multilateral Development Finance 2022 to programme, how they spend their budgets, and what their staff should be paid. Of course, all this requires less earmarked funding.

So, first trustworthiness, then trust, and finally together.

Real multilateralism is about working together

Multilateralism is about connecting parties, working together, delivering global solutions to global challenges. That is why we talk about the UN development system and not a set of UN organisations. And yet, the UN development system architecture is becoming ever more complex and fragmented (Figure 3).

Ensuring that this crowded, complex and fragmented UN development system works together, and is fit-for-purpose for the challenges of today and tomorrow, will require effort from all sides.

The first efforts must come from Member States. As responsible members, shareholders and governors, they need to provide the right incentives for the system to work together – and ensure that funding for their individual areas of interest does not lead to increased fragmentation. These efforts must be complemented by multilateral leaders – learn to trust others across the system, actively contribute to and resource co-ordination mechanisms, and deliver coherent responses to global challenges.

More money is not the only answer

In conclusion, more money is not necessarily the only answer, nor is more flexible money going to magically appear to magically solve the UN development system's problems. In today's demanding environment – challenged by the Cs and Fs – the UN development system must focus on the Ts: becoming more trustworthy, earning trust and working together. Only then can it earn autonomy and build the case for the right resources, working together for the right solutions to pressing global challenges.

Endnotes

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The Funding Compact going forward: More quality financing for critical outcomes

By John Hendra

John Hendra provides strategic advice on multilateral effectiveness, institutional reform, development financing, transformative leadership and gender equality through his consultancy practice. He served the United Nations for 32 years, most recently as UN Assistant Secretary-General (ASG), helping prepare the UN Secretary-General's two seminal UN development system (UNDS) reform reports and substantively supporting intergovernmental negotiations that led to the UN General Assembly's landmark reform of the UNDS. Other roles included serving as UN ASG and Deputy Executive Director at the start of UN Women, and as UN Resident Coordinator and UN Development Programme Resident Representative in Vietnam, Tanzania and Latvia. In his consulting capacity he serves as a part-time Senior Advisor to the Dag Hammarskjöld Foundation. He is also an Associate Researcher with the German Institute of Development and Sustainability (IDOS) and a member of FinDev Canada's Advisory Council.

Introduction

The world is at an inflection point. United Nations Member States have agreed that global challenges are interconnected across borders, thus an equally interconnected response must address the challenges through reinvigorated, more inclusive multilateralism with a reformed UN at the centre. The year 2023 marks the halfway point for implementation of the Sustainable Development Goals (SDGs) — and the urgency of reigniting SDG action. The scale of natural and climate-induced crises as well as violent conflict the world over requires more concerted efforts to respond through increased humanitarian support, enhanced resilience and more sustainable development outcomes.

A well-functioning, impact-oriented UN development response at a time of development crisis depends, in part, on adequate, predictable and sustainable funding – not only the quantity, but the *quality* of funding matters. As the history of UN development system (UNDS) reform has shown, if the right incentives are set, funding can indeed help transform the way the system works. Yet, funding patterns, including at a country level, are slow to change. What's more, the situation regarding core resources has deteriorated further in 2023, with several major donors announcing substantial cuts (see the accompanying piece in this report 'Sustainably Funding the UN's Development Work: A fast approaching perfect storm?').[1] Strictly earmarked and project-tied funds overwhelmingly remain the most common funding modality. This has hampered the shift towards a more coherent UN offer to countries and often favouring donor, rather than national, priorities.

While the Funding Compact has had only a limited impact on increasing core funding to the UNDS, it has helped enhance the quality of earmarked financing through its target for doubling pooled funding by 2023 – a target that was, in fact, already met in 2020 actual expenditures – albeit from a low level.[2]

Given this, and the current fragile state of multilateralism and financing to the UNDS, it is important that the next iteration of the Funding Compact agreed for 2024 onward enhances the focus on quality financing. This will render it a more strategic and effective instrument in changing overall funding behaviour and enhancing mutual accountability.

Current situation

The Funding Compact (FC) indicators against the most current financial figures available (2021), again reflect the imbalance seen during 2022 with the UN Sustainable Development Group (UNSDG) continuing to register significant overall progress, with 83% of FC commitments either making full or rapid progress (57%) or in progress (26%), compared to just 48% of Member State commitments (24% full or rapid progress and 24% in progress).[3]

Overall, important advancement has been made by UNSDG entities and UN country teams (UNCTs) in system-wide reporting, enhanced transparency of operations, better linking of resources to SDG results, and business efficiency gains. There is still work to be done though: only 42% of UNSDG entities report at least 15% of their development-related expenditures on joint programmes, and only 68% of UNCTs have a common and updated budgetary framework.[4]

On the Member State side of the ledger, the 12.3% of non-core funding that goes via pooled funding is a significant increase from the 2017 baseline of 5%. Total contributions to development-related inter-agency pooled funds increased in 2021 to US$ 1.6 billion, up from US$ 1.5 billion the year before. Hence, pooled funding is not only the one financing target of the Funding Compact that has already been achieved, but the most viable option to improve the quality of funding and facilitate the UN moving towards a more impact-oriented, joint offer at country level.

Nevertheless, concern remains regarding the core share of voluntary funding for UN development-related activities. While the most recent figures show core contributions comprising 21% of total development-related funding – an important increase over 2020 – it is just marginally up from the Funding Compact's 19.4% baseline target (2017) and a long way from the 2023 target of 30%. When assessed contributions are included, the core/assessed share of UN development funding exceeds the target of 30% for the first time since the Funding Compact was adopted (2017 baseline for core plus assessed is 27%).

It should be noted that part of this growth was due to a 2021 increase in multi-year core contributions, some of which were recorded in their entirety, as well as an increase in the assessed budget of the World Health Organization (WHO). While this is a most welcome development, with Member States committing to ensure assessed contributions make up 50% of WHO's approved budget by 2030, the overall improvement seen in 2021 is not indicative of a wider positive trend. In fact, 10 out of 16 donor countries surveyed by the UN Department of Economic and Social Affairs (UN DESA) indicated that they currently had no plans to increase the amount or share of their core funding to the UNDS in 2023.[5]

Key instruments for change: A refreshed, refocused Funding Compact and funding dialogues, especially at country level

While some metrics question the broad impact the Funding Compact has had on significantly improving how the UN is funded, given the precarious situation facing UN development financing today and that it is the first serious systemic attempt to change the quality of UNDS funding in over two decades, it is critical to stay the course. With this in mind, it is important that the next iteration of the Funding Compact addresses some of some of the weaker elements of the current Compact – especially that it's overly technocratic and often devoid of real political influence over how funding decisions are made. While the process to be followed for developing the next Funding Compact is the prerogative of Member States to decide, it is important that it is in place before negotiations on the next Quadrennial Comprehensive Policy Review (QCPR) Resolution begin in earnest during the autumn of 2024.

Given its potential importance and system-wide perspective, it is also important to subject the current Funding Compact – and its continued relevance, results and performance – to an independent evaluation facilitated by the UNSDG System-Wide Evaluation Office, as was done for the UNDS socio-economic response to the COVID-19 pandemic and the Joint SDG Fund.

While Norway is also conducting an evaluation of the Funding Compact, in terms of building broad Member State ownership of the next iteration and enhancing its effectiveness from various perspectives, it will be important to have an independent evaluation finalised as soon as might be possible to effectively inform final negotiations.

The recommendations of such an evaluation could also feed into the consultation process the UN Secretary-General (UNSG) has asked the chair of the UNSDG to conduct with Member States over the next year. It is anticipated that the UNSG's QCPR Report to the 2024 Operational Activities Segment (OAS) of the Economic and Social Council (ECOSOC) will present the outcome of these consultations for consideration by Member States.[6]

As outlined in the 2022 Financing the UN Development System report: *Joint Responsibilities in a World of Disarray*, possible reforms to the Funding Compact based on the experience of the Grand Bargain after its first five years include:[7]

1. consider instituting **an annual or biannual independent review of Funding Compact progress**, conducted by the now established UNSDG System-Wide Evaluation Office, possibly in concert with the Multilateral Organization Performance Assessment Network (MOPAN). As the System-Wide Evaluation Office has the prerogative to share reports directly with ECOSOC, it could discuss its annual, or biannual, independent review and recommendations with Member States at ECOSOC's annual OAS.[8]

2. **Member States establishing 'coalitions of the committed'**, consisting of self-appointed 'Member State champions', to address some of the toughest barriers to change, such as the level of core resources or number of major contributing countries. While one or two donor countries have at different times assumed an informal 'championing' role for the Funding Compact, to the greatest extent possible this role should be **formalised at a senior political level and on a rotating basis, with both donors and programme countries enabling more high-level political follow-up of Funding Compact commitments and facilitating a 'race to the top'**; and

3. **significantly simplifying the number of commitments** down to those that will really make a difference. This should include: increasing voluntary and assessed core commitments for the UNDS; providing more predictable funding; expanding the donor/contributor base (in 2021, 48% of all development-related funding to the UN from governments came from just five countries); fully funding the UN Resident Coordinator (RC) system; ensuring clear funding frameworks for each UN Cooperation Framework; and enhancing efficiency gains and solidifying broader reform imperatives across the UNDS.[9]

Given recent statements by the UNSG and Deputy Secretary-General as to what their top funding priorities are, it is important that the next Funding Compact includes clear annual targets for the three main flagship funds prioritised by the UN leadership (the Joint SDG Fund, the

Peacebuilding Fund and the Central Emergency Response Fund), as well as the highest quality of earmarked funding possible – in other words, expansionary targets for pooled funding commitments that stimulate and facilitate priority system-wide work both globally and at a country level.

As MOPAN's recent study on lessons from the overall multilateral response to the Covid-19 pandemic highlights, insufficient funding of pooled funding mechanisms prevents joint operations in support of collective goals being scaled up. The COVID-19 Response and Recovery Multi-Partner Trust Fund and the Joint SDG Fund enhanced inter-agency coordination by providing support to multiple agencies under a single policy framework or by prioritising joint programming and 'whole-of-government' approaches. However, the overall scale of these funds has been limited, reducing their ability to incentivise and scale the joint programming needed to achieve collective outcomes.[10]

Hence, it is important to continue prioritising making the Funding Compact as relevant as possible at a country level. Member States need to better translate their global commitments to the Funding Compact into concrete country-level commitments to the UNDS. Similarly, RCs should more actively engage in strategic dialogues with Member States on how to operationalise the Funding Compact at a country level, as well as co-create strategies for more effective country-level development cooperation. The UNSG gave this further momentum in his most recent report on implementation of the QCPR, calling on Member States, RCs and UNCTs to 'seize back the momentum toward achieving the ambition of the Funding Compact'.[11]

Here, some good progress is being made. While contributions to UNSDG country-level pooled funds declined by 5% from US$ 401 million in 2020 to US$ 379 million in 2021, this is still a significant increase compared to 2019. That said, there is plenty of scope to grow as only 34 countries in 2021 had at least 15% of all non-core development expenditures channelled through pooled funds – the recommended minimum share that enables these funds to be gravity centres for a more coherent inter-agency UN response.[12]

These trends show increasing engagement by UN RCs in establishing effective country-level pooled funds, which are increasingly seen as vehicles for facilitating greater country-level impact. To further accelerate this trend, the UN Development Coordination Office (DCO) has been supporting inter-agency efforts improving the quality features of pooled funds, while also working with the Multi-Partner Trust Fund Office (MPTFO) to strengthen the capacities of, and provide technical support to, RCs and UNCTs on pooled funds.

As of November 2022, there were 24 existing country-level pooled funds and an additional 16 in the design phase. Furthermore, 25 UNCTs have indicated an interest in setting up country-level pooled funds.[13] In order to expand the number further, greater priority needs to be given to ensuring the new cooperation frameworks designed each year include clear funding frameworks disaggregated by funding type and funding source.[14]

These efforts are complemented by continued collaboration between the Dag Hammarskjöld Foundation (DHF), MPTFO and DCO, with regional and country dialogues held to enhance awareness and foster dialogue around Funding Compact commitments. These dialogues have helped demystify the Funding Compact while initiating joint dialogues for more shared analysis, systematic collaboration, integrated programming, and improved tools and modalities for greater collaboration. For example, follow-up to the country-level consultation in Kenya has resulted in a joint team of representatives from bilateral donors, the UNCT, the Development Partners Group secretariat and DHF developing a Kenya Funding Compact Scorecard with indicators such as improving joint results reporting, reducing fragmented project funding and increasing the share of contributions going through joint funding mechanisms.

Increased quality funding for clearer priority outcomes

In addition to the areas listed above for change or consolidation in the next Funding Compact, at laest four more remain. First, after four years of implementation it is clear that the Funding Compact serves as an important accounta - bility instrument driving operational reforms across the UNDS, whether in terms of increased efficiencies, enhanced transparency or more regular system-wide country reporting. In this context, it makes sense to include in the next Funding Compact iteration a few critical system-wide reform targets derived from the UNDS reform checklist currently being discussed in individual UNSDG entities' executive boards and governing bodies.

Second, the Funding Compact is a much-needed strategic framework for change, and it is critical to have a clearer substantive perspective in the next Funding Compact on a few select development outcomes that the system aims to deliver, based on ongoing cooperation frameworks and around the key transitions required to get back on track towards the SDGs.

Third, in terms of further enhancing the quality of financing, more ambitious targets for pooled funding, especially at a country level, should be set. Given the critical importance of pooled funding facilitating a more integrated approach, and the recent trajectory, a doubling of non-core funding for development activities going via pooled funding – that is, from 12.3% (2021 figures) to 25% over the next Funding Compact – seems appropriately ambitious yet doable.

Fourth, one challenging commitment of the current Funding Compact that needs considerable unpacking and dialogue before conclusion of the next iteration is that of *visibility*. As highlighted in the DESA survey, donor countries that indicated that they had no plans to increase their core funding to the UNDS by the end of 2023 did so in part due to 'continued concerns over limited visibility on how core resources are spent and the results achieved'.[15] Yet, the most recent Funding Compact Indicator Table shows that both targets under UNSDG's Commitment 10 'to increase the visibility of results from voluntary core contributions, pooled and thematic funds and programme country contributions' have been reached.[16]

What's more, the latest global UNSG report on QCPR implementation provides clear visibility for the efforts of key contributing countries in a few places including a table on 'top government providers of core and pooled resources for development activities, 2021' as well as a commendation, and listing, of the 13 Members States that provided greater voluntary contributions to the Special Purpose Trust Fund for Financing the Resident Coordinator System than they would have if it had been an assessed funding requirement rather than voluntary.[17]

Recent interactions with a couple of donors have highlighted the the importance for them of good visbility during country-level visits of ministers ('project picture' behaviour). In doing so it is important to not go back in time but instead move in the direction that stakeholders want the UNDS to go – that is, towards more integrated, scaled-up support to national SDG priorities. Hence, it would seem sensible for donors going forward to seek greater visibility on their *contribution* to high-level outcomes rather than simply specific project-level *attribution*.

This is an important discussion, as the continued decline – or at best stagnancy – in the share of core funding going to UN entities not only undermines the UNDS's multilateral character but hampers its ability to rapidly address critical development crises in today's world. It also weakens the UNDS's leadership role in helping countries get back on track towards the SDGs and stimulating accelerated action on climate change.[18]

That said, the discourse on declining core funding has become quite problematic, with donors and UN entities increasingly speaking past each other at almost every turn. In many ways, it resembles the situation of 25 years ago, when there was also declining commitment to multilateralism in the midst of a pressing need for debt relief to highly indebted developing countries and more long-term measures to guarantee debt sustainability. Fortunately, this situation was soon countered globally by the introduction of *ground-breaking agreements* on debt (Heavily Indebted Poor Countries – HIPC – Initiative), on aid effectiveness and the new aid environment and the introduction of the Millennium Development Goals.[19]

The mid-to-late 1990s also saw a sharp decline in core funding for many UN funds and programmes. This was especially the case for the UN Development Programme (UNDP), whose core resources dropped to just over US$ 600 million in 1998, from a high of US$ 1.2 billion just a few years earlier.

In order to turn the situation around, an Open-ended Working Group on Funding was established with the UNDP Executive Board and, after a series of consultations, a new UNDP Funding Strategy was approved.[20] In essence, the Executive Board agreed to an annual core funding target of US$ 1.1 billion in exchange for UNDP developing a multi-year funding framework that integrated programme objectives, resources, budgets and outcomes – the precursor to today's strategic plans, which are now central to UN funds and programmes. A similar innovative reimagining of how to move forward on the core resource situation faced by some UNDS entities may also have to occur during the five-year timeframe of the next Funding Compact. This will be particularly important as core resources are not only important for funding critical functions and initiatives, but key to positioning the UNDS as a credible broker for the SDGs.

Endnotes

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4 UN General Assembly and ECOSOC, 'Report of the Secretary-General: Implementation of General Assembly Resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations System', A/78/xx-E/2023/xx (advance version), 2022, p. 48.

5 UN Secretary-General (note 3), p. 48.

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7 John Hendra, 'Two steps forward, one step back? The UN Funding Compact at three years old', in Financing the UN Development System: Joint Responsibilities in a World of Disarray (Uppsala/New York: Dag Hammarskjold Foundation/UN MPTFO, 2022), pp. 119–22.

8 UN Secretary-General (note 3), p. 45.

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10 Multilateral Organization Performance Assessment Network, 'Lessons in Multilateral Effectiveness: More than the Sum of its Parts? The Multilateral Response to Covid-19: Overview', 2022.

11 UN Secretary-General (note 3), p. 4.

12 UN Secretary-General, 'Implementation of General Assembly Resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations System: Funding of the United Nations Development System', A/78/xx/Add.1–E /2023/yy/Add.1 (advance version), 2022, p. 9.

13 UN Development Coordination Office, 'Management Response: System-wide Evaluation of the UNDS Socio-Economic Response to Covid-19', March 2023, https://unsdg.un.org/resources/management-response-system-wide-evaluation-unds-socio-economic-response-covid-19.

14 This is the UN Secretary-General's fifth commitment under the current Funding Compact. Current performance for 2022 shows 52% for disaggregation by funding type and 57% by funding source – the target for both is 100% by 2020. See UN Secretary-General (note 3), p. 2.

15 UN Secretary-General (note 3), p. 48.

16 Target UN 10.1 is 'specific mention of voluntary core fund contributors, pooled and thematic fund contributors, and programme country contributions in United Nations country team annual reports reporting and entity-specific country and global reporting', while target UN 10.2 is 'specific mention of individual contributors in all results reporting by pooled funds and thematic fund administrator and UNSDG recipients'. See UN Secretary-General (note 3), p. 3.

17 UN Secretary-General (note 3), p. 55. This visibility of key contributors is supplemented by a number of key figures/tables on 'Top Government contributors of core funding: 2018–2021' (Figure 4, page 5); 'Main categories of funding sources, 2021' (Figure 5, p. 5); 'Top contributors among programme countries, 2021' (Figure 7, p. 6); 'Top contributors to inter-agency pooled funds and the share this represents of their total contributions, 2021' (Figure 9, p. 8) in UN General Assembly and Economic and Social Council (ECOSOC), 'Implementation of General Assembly Resolution 75/233 on the quadrennial comprehensive policy review of operational activities for development of the United Nations System: Funding of the United Nations Development System, A/78/xx/Add.1–E/2023/yy/Add.1 (advance version), 2022.

18 Hendra (note 1).

19 The Aid Effectiveness Agenda, as represented by the Rome Declaration on Harmonization (2003) and the Paris Declaration on Aid Effectiveness (2005), in particular focused on increased national ownership of national poverty reduction strategies, donors aligning behind these strategies while using local systems, harmonisation and simplification of donor procedures, enhanced focus on development results, and mutual accountability between national partners and donors. See: www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.

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World Bank reform and implications for development cooperation

Interview with Dr. Jürgen Zattler

Dr Jürgen Zattler is the Director-General for International development policy, 2030 Agenda and climate at the German Federal Ministry for Economic Cooperation and Development where he started working 1986. Over this time, he held various roles including Director General for Multilateral and European Policy, Head of the Division on World Bank, the International Monetary Fund (IMF), debt related issues and as Deputy Head of the Division for the World Trade Organisation (WTO) and trade policy. Dr Jürgen Zattler is a development and macroeconomist with over 30 years of international experience. He served as World Bank Group Executive Director representing Germany between 2017 and 2020. Prior experience in the public and private sector includes the European Commission in Brussels, working on macroeconomic issues related to developing countries and at the Dresdner Bank in Berlin. He holds a PhD in economics from the University of Giessen

Interview by **Marijana Markotić**, Programme Officer at the Dag Hammarskjöld Foundation

1. The World Bank's shareholder countries are putting the institution under increased pressure to make significant changes. In October 2022, Germany, the United States and other major funders called on the World Bank management to develop an 'evolution roadmap'. Multiple plans are underway, including the World Bank's reform roadmap. What are the World Bank's reform trajectories and what are the related potential outcomes?

It was indeed last year that our Governor at the World Bank, Minister Svenja Schulze, together with the United States asked for a fundamental reform of the World Bank. During Germany's presidency of the G7 in the same year, we managed to bring the G7 on board. At the Annual Meetings in October 2022, the World Bank Management was asked to present a roadmap with the understanding that comprehensive reforms will be decided upon at the 2023 Annual Meetings of the World Bank Group and the International Monetary Fund (IMF) in Marrakesh.

Our reform proposal is substantial and has the following elements:

First, we would like to adjust the World Bank's corporate goals. As you know, the Bank has two goals: ending extreme poverty and boosting shared prosperity. We would like to complement that in order to take into account that development progress more and more depends on successfully building resilience and tackling global challenges, in particular climate change, the loss of biodiversity, preventing future pandemics and countering fragility and conflicts.

Secondly, we would like to see those goals systematically reflected in the World Bank's business model and operational policies. We also want to see stronger incentives for action related to the above-mentioned global challenges. This means to better reconcile the Bank's country based model with the provision of global public goods. How do we make the changes required operational? Presently, when asking for support from the World Bank, recipient countries do not take into account that investments in climate, pandemic prevention, protecting biodiversity and combatting fragility can not only have strong benefits for their own countries, but also for neighbouring countries and for the whole planet. Therefore, recipient countries have to receive special incentives by the World Bank for those investments, especially if national benefits are smaller than regional or global ones.

Thirdly, those reforms will have financing implications. We need to increase the Bank's financial capacity, we need to mobilise more financing on concessional terms to set the right incentives – and we have to use all available financing in a more impactful and transformative way.

2. Will the reform process lead to delivery of higher financing volumes and easier terms for borrowers?

Indeed, this should be one of the objectives. The World Bank Board has already introduced measures aiming at a better use of the Bank's capital. This led to mobilising some additional US$ 50 billion over the next 10 years. More should be done in that respect, as has been emphasised at the Paris Summit for a New Global Financing Pact. Besides, fresh donor and shareholder money might be needed. But many shareholders such as Germany first want to see the respective adjustments in the business model mentioned above before talking about additional funds.

Finally, I would like to stress that it is not about more money for 'more of the same'; the objective of the reform is to do business in a different way in the future. For example, if a country wants to improve transport and logistics between two regions, it might go for a road or a railway. After taking into account the effects of the investment in terms of greenhouse gas emissions or on biodiversity, the railway might be the better decision both for the planet and possibly also against its national co-benefits. The Bank therefore has to systematically and transparently internalise those benefits when cooperating with countries – best by attaching a price tag to them in its analysis, strategies and project proposals. This will allow the client countries to take their decisions on an informed basis – and will also create solid ground for the World Bank to suggest incentives for investments in global public goods to pay off.

3. The World Bank recently released its Evolution Roadmap, proposing a dramatic expansion of the bank's mandate and its lending capacity to address global challenges and deliver global public goods. How might this shift in mandate shape the relative attention and resources the Bank devotes to middle versus low-income countries?

This evolution should and will not shift attention and resources devoted to low- to middle income countries. It will also not play different countries against each other. First, low-income countries are often the ones most affected by climate change and biodiversity loss. A study, commissioned by Germany and released recently by Oxford Economics with the title 'Multilateral Development Banks for Global Public Goods'[1], demonstrates that the national benefits associated with investments in global public goods in many cases exceed the lending costs. Secondly, we need to continue and strengthen our financial support for low-income countries. IDA is a case in point. It is good to see that many countries at the Paris Summit underscored their commitment for a strong IDA replenishment. My country together with the most vulnerable countries (V20) has suggested to build a 'Global Shield' against climate-related risks. The G7 and many other countries are on board for this. Low-income countries will benefit a great deal from this initiative as many of them are amongst the most vulnerable.

4. What is your view of the World Bank governance structures, and what should be done to improve the system? What challenges will the World Bank's new leadership face?

All countries are represented within the World Bank's governance structure. The Board has 25 members representing all member countries whereby many Board members represent constituencies with more than one country. Contrary to the UN where each country has one vote, in the World Bank economically more significant countries have relatively more votes, also depending on the Bank shares they hold. There has been some discussion which system is the fairer one with appealing arguments on both sides.

But there is another issue linked to your question. Over time, the economic weight of countries has changed. Some observers claim that the votes should be adjusted in order to better reflect these new economic realities. This issue may again come to the fore when debating a capital increase of the Bank in the future.

5. What is the European Union or Germany´s view about what the World Bank should be focusing on?

From a German perspective, we want to see a big adjustment in the mandate and operational policies of the World Bank. The Evolution Roadmap should not end in minor tweaks. The ambition should be to deliver the biggest reform since the establishment of the World Bank in 1944. I think this is possible if everybody recognises that we will all lose out by heading for the lowest common denominator. We are confident that the new World Bank President will steer the process skilfully.

How do we measure success of the reform process?

Let me highlight three points:

First, we have to clearly define the most relevant global public goods related to the World Bank's work. According to the study by Oxford Economics quoted above, those are the protection of climate and of biodiversity, the prevention of pandemics and combatting fragility. We have to bear in mind that if everything were considered as a global public good this would imply that nothing is one in the end. A definition that is too broad would undermine our objective.

Secondly, based on the definition of relevant global public goods, we have to define a framework for the allocation of resources and concessionality. This is to incentivise the most impactful and effective investments in areas related to GPGs.

Thirdly, there is a broad understanding that we need the private sector to come in and provide investments related to the Sustainable Development Goals (SDGs) and global public goods. This has not worked well in the past, and it is our understanding that the approach so far was not a good one. This is because it was a mainly transaction-based approach, where we tried to incentivise individual private sector investments. But we need to mobilise the private sector, in particular for climate-related investments, in a more systematic and transformative way. Our objective should be to move from that transaction-based to a market-creating approach. For example, in order to create a market for renewables, we need to look at it in a comprehensive way, in particular focusing on the regulatory policies needed to trigger private investments (such as feed in tariffs, the reduction of fossil fuel subsidies etc.) and on complementary public investments required to make it economically and socially viable (such as transmission lines).

6. The Bretton Woods institutions were established to help create a more stable and prosperous global economy. What are the implications of the relationship of the United Nations system to the Bretton Woods institutions? Would the reform weaken or strengthen the relationship to the United Nations system?

The World Bank in the past years has not sufficiently considered itself as part of the financial architecture and the international development architecture; the UN has largely kept unused its potential to orchestrate transformational change and to mobilise other institutions' contributions.

But now, and with the evolution agenda, it becomes clearer that the World Bank is part of an international architecture along with the United Nations. In the future the World Bank has to consider itself more as part of the global architecture: how to maximise overall benefits? How to shape the Bank's actions to synergise and catalyse what other actors are doing such as UNDP, WHO, ILO (with regard to social security) and the 80 climate-related international funds?

7. Can the World Bank address the global challenges of today and how can the [World] Bank best use its available resources to support this burgeoning agenda?

I think that the World Bank cannot achieve any of this on its own. It therefore must be understood – and perceive itself – as part of a broader system with the other multilateral institutions, bilateral actors and the private sector. The World Bank can play an important role in bringing all of them together and in mobilising the system. This has been lacking a little bit in the past.

To give one example, in order to make the climate agenda evolve we need a decarbonisation of all sectors, energy transport, agriculture (etc). But the World Bank in the past understood itself as contributor, with investment projects here and there. The World Bank has to steer the decarbonisation across sectors in its partner countries. This means a completely different approach. I strongly believe that with the ongoing evolution process and with the dynamic discussions in other international fora, we have a historic opportunity to make things right.

Endnotes

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How effective development cooperation delivers the UN development system partners expect

By the Co-Chairs of the Global Partnership for Effective Development Co-operation: HE Mr Suharso Monoarfa, HE Mrs Judith Suminwa Tuluka, Ms Marie Ottosson and Mr Vitalice Meja

HE Mr Suharso Monoarfa was appointed Minister of National Development Planning, and concurrently Head of the National Development Planning Agency of Indonesia in 2019. His political career started in 2004 after a successful 20 years of experience in business. Over the last two decades, HE Mr Suharso Monoarfa gained prominence serving as Special Staff to the Vice President, Member of the House of Representatives, Minister of Public Housing, and Member of the Presidential Advisory Council of Indonesia.

HE Mrs Judith Suminwa Tuluka, is the Minister of Planning, Democratic Republic of Congo. She is a senior expert in international development with experience in change management and different country contexts. HE Mrs Judith Suminwa Tuluka has over 20 years of national and international experience in the field of democratic governance and peacebuilding, including security governance. Her other experience includes public finance, monitoring budgetary reform, and linkages with civil service modernisation. Before taking up the post of Minister of State in charge of planning, she was Deputy Coordinator responsible for the administrative and operational issues of the Presidential Council for Strategic Watch.

Ms Marie Ottosson has served as the Swedish International Development Cooperation Agency (Sida)'s Deputy Director-General since July 2017. Prior to this, she was Assistant Director-General at Sida/Director of the Department for International Organisations and Policy support. Ms Marie Ottosson has over 25 years of experience in various positions with the Swedish government. Other roles previously held include Deputy Head of Mission for the Embassy of Sweden in Vietnam, Senior Auditor with the Swedish National Audit Office and working in Luxembourg as an Auditor for the European Union for almost seven years, auditing the European Commission.

Mr Vitalice Meja is a founding member and a former Co-Chair of the Civil Society Organization Partnership for Development Effectiveness, an open platform that unites civil society organisations from around the world on effectiveness issues. He is also Executive Director of 'Reality of Aid Africa', a pan-African network focused on poverty eradication through effective development cooperation. A key purpose of the organisation is strengthening the involvement of African civil society organisations in informing policy issues related to the international aid architecture, as well as issues around development cooperation. Mr Vitalice Meja has many years of experience in development policy advocacy, as well as in research at the national, regional and international level on financing for development, debt and official development assistance with both governments and multilateral bodies.

Introduction

The United Nations marked its 75th anniversary in 2020 – signifying three generations committed to working toward peace, development and the spread of human rights. The same year, the most destabilising pandemic in over a century brought parts of the world to a standstill, providing a dramatic example of global goods, global 'bads' and the extent of international coordination needed to address some of the greatest threats to peace and prosperity. The experience of the COVID-19 pandemic brought a whole new focus to multilateralism and has resulted in a number of efforts to strengthen multilateral solutions more broadly. Already in 2020, the UN Secretary-General had developed the initial thinking for Our Common Agenda: an 'agenda of action' to strengthen multilateralism, leading to the 'Summit of the Future' due to be held in 2024.

In 2022, the International Peace Institute released the pilot report of its new Multilateralism Index[1], and earlier this year the UN Secretary-General's High-Level Advisory Board (HLAB) on effective multilateralism released sweeping proposals for a new 'blueprint' on reinvigorating global governance.

The Global Partnership for Effective Development Co-operation (GPEDC) – the primary multi-stakeholder initiative advancing development effectiveness for the 2030 Agenda – made its own contribution to this work in 2022 (as the GPEDC marked its tenth anniversary) in the form of the 'A Space for Change' report.[2] This is a study of partner perceptions of the UN and, to a lesser extent, the broader multilateral system, taking the four principles of effective development cooperation (country ownership; inclusive partnerships; transparency and mutual accountability; a focus on results) as an analytical lens.

The report's authors collated the study findings, which suggest there is much that partners value in the UN development system, not least in terms of aligning development cooperation to the effectiveness principles for more sustainable development outcomes. But the findings also show that the system's effectiveness is shaped by how partners support the system – an important reality that has been highlighted in reports over many years.

Two further findings stand out:

1. partners to the UN value the UN development system as a space for effectively navigating and managing their own, and others', competing policy priorities – although treating the system as a service-provider delivering ever-higher volumes of earmarked contributions undermines this crucial role; and
2. efforts such as the Common Agenda and Summit of the Future are ultimately dialogues about *how* we work together for a more inclusive and sustainable future. Also, GPEDC's effectiveness monitoring exercise, re-launched in 2023 and designed to gauge partners' progress on the effectiveness principles, is a critical contribution to those dialogues.

Using the effectiveness principles as an analytical 'lens'

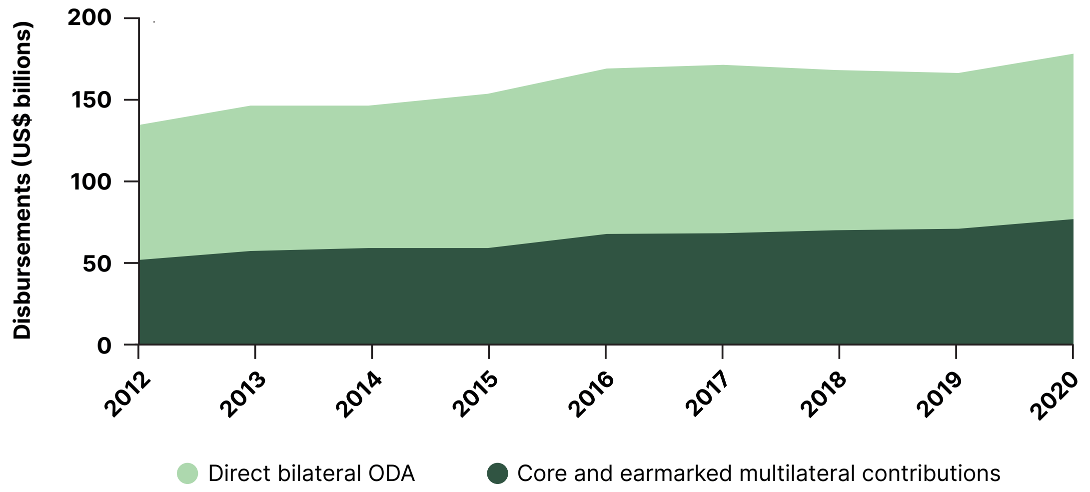
The 'A Space for Change' report did not have to look far to establish a basic sense of confidence in the UN development system: While the vast majority of funding and financing for development through the UN is voluntary (ie not binding/assessed based on the fact of membership), overall contributions to the multilateral system continue to grow (Figure 1), both in real terms and as a share of total official development assistance (ODA) – increasing from 39.1% of ODA in 2012 to 43.2% of ODA in 2020.

When development partners and donors were surveyed on the important factors for allocating funding to the UN, more than two-thirds (67% plus) cited its transparency, alignment to national priorities and 'whole-of-system' inclusive approaches (good proxies for the principles of 'transparency', 'country ownership' and 'inclusive partnerships') as '*very important*' (Figure 2).

In addition, GPEDC's own data from the 2018–2019 monitoring round shows how the UN development system can often be more effective in its delivery than bilateral partners:

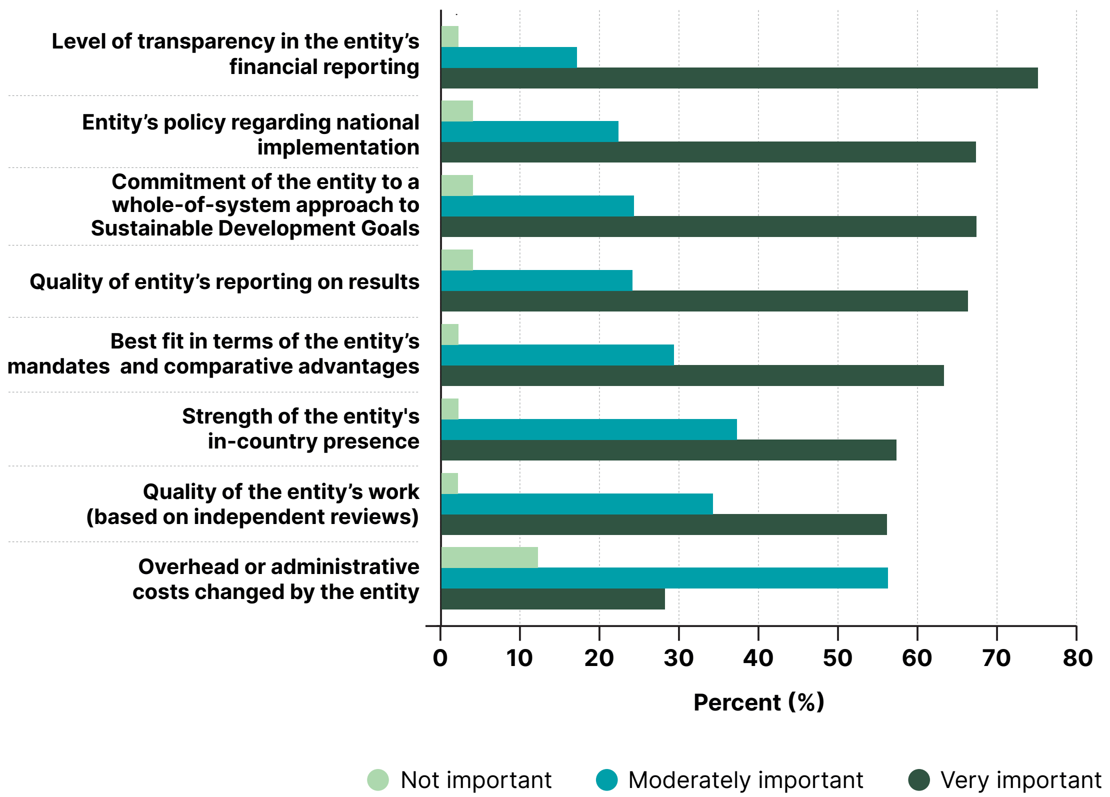
- close to 60% of UN partners use government data and monitoring systems, compared to 50% of development partners overall; and
- 80% of UN partners undertake final evaluations with governments, compared to 59% of development partners overall.

Figure 1: Volume of core, non-core (earmarked) and direct bilateral ODA (2012–2020) in US$ billions



Source: OECD[3]

Figure 2: Important factors for donors in deciding where and how to contribute funding



Source: UN General Assembly and UN ECOSOC[4]

But, in keeping with a consistent theme with the Financing of the *UN Development System* report, much of this performance is inherently linked to *how* the multilateral system is itself supported by partners: one of the few areas where the UN development system did *not* perform better than other development partners was on 'predictability of aid' – a direct consequence of the UN development system's annual funding horizons.

Partner perceptions and trade-offs

These initial findings were supported by additional interviews, conducted by GPEDC's 'effective multilateralism' working group in 2022, which brought together 18 organisations (including six Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) members, non-governmental groups and other international organisations).

They all stated that the UN development system, and multilateral organisations more broadly, are often *effective* actors. Set against the effectiveness principles, they found that the UN can be more effective than bilateral partners acting alone. More specifically, in terms of the each of the four principles – namely country ownership, inclusive partnerships, transparency and mutual accountability and a focus on results – partners saw the UN development system as helping them advance their goals.

In terms of *national ownership*, interview discussions backed quantitative data findings (see above; from sources like the UN's own Quadrennial Comprehensive Policy Review reporting, and GPEDC monitoring data) that the UN and other multilaterals were often better aligned with local efforts than other partner-types – indeed, this was perceived by development partners as one of the top three reasons for working with multilaterals.

But we also saw that national ownership means different things to different actors, and that a 'classical' reading of 'government-of-the-day' buy-in is increasingly seen as too limited. Indeed, some development partners, even in the same context, **pursued national ownership differently on different topics**. One donor based in Kinshasa, for instance, was happy to fund the government on-budget for service provision, but not for other types of more sensitive programming, where they instead preferred UN-led country-programmes developed through extensive consultations.

On *mutual accountability*, there was clear recognition of UN standards on transparency and reporting across interviewees (see, for instance International Aid Transparency Initiative results). Definitional questions, however, remain – not least in terms of **accountability to whom?**

Development cooperation necessarily operates at a delicate junction – particularly in terms of central political and distributional questions, it is often conducted through the prism of foreign policy, where governments have historically acted without the close scrutiny of civil society or auditors, let alone the parliaments they are beholden to. Again, the UN, while not 'resolving' these questions as such, was seen by respondents as helping ground programmes and policies in the broader polity, for example through processes like the formulation of the Cooperation Framework.

In terms of *focusing on results*, there was a clear understanding of the goals the UN is working toward, not least in terms of supporting governments' ambitions on the 2030 Agenda, and responding to sudden-onset crises, such as COVID-19. Here, attention focused on the **UN development system's normative role**: respondents proposed that their gender programming will be stronger with UN Women or simply preferred to navigate more politically complex landscapes within a broader partnership.

While UN agencies were viewed as helping to convene partners around development policy, globally and at country level, *inclusive partnerships* remain less developed. Some argued development has never been more inclusive in terms of general awareness of and technical application to more marginalised groups. And yet, as we consider our understanding of national ownership and accountability, key institutions of the state – from parliaments to auditors – as well as civil society, are often missing from development partnerships and priority-setting exercises.

Figure 3: Key topics identified as 'important' for an effective multilateral support by partners

Source: UNDP, (GPEDC)[6]

Over the course of discussions, however, distinct themes began to emerge among respondents in terms of expectations of the system: unanimously among development partners and near-unanimously among other partner-types. These were:

- country ownership and access;
- partners' own objectives and policy agenda; and
- internationally agreed norms and values.

Why would partners seek to pursue these objectives, specifically through the UN? And to what extent are they coherent with one another?

Thomas G. Weiss and others have done extensive work interpreting the UN – and the broader multilateral system – as a 'policy space' for achieving outcomes and objectives that would not otherwise be possible working individually. This policy space is created via *collective action*: de-risking action by individual actors as *the potential risk-burden is shared*.[7]

This UN policy space is often understood as having three distinct aspects: 1) as a convening space, bringing together Member States in an ongoing dialogue; 2) as a corps of expertise for implementing decisions reached within that space; and 3) as a repository of norms, embodying the values that have been agreed upon, from the importance of national sovereignty to human rights.

As the examples of national sovereignty and human rights suggest, some of these values may come into conflict, underscoring the role of the system, in terms of partners' perceptions, as both a space for policy formulation and a space for navigating – as much as resolving – the tensions between fundamental values and objectives.

In order to explore this role, GPEDC's analysis borrowed a concept more often used in economic research: a 'trilemma', where the pursuit of two objectives precludes a third. Placing our three emerging themes – country ownership and access; partners' own objectives; and international norms – into a 'trilemma', it soon becomes apparent how these objectives can sometimes conflict with one another. It also highlights how the system often works as *a policy space for navigating, managing and even minimising the trade-offs between sometimes conflicting objectives*. A recent example of this kind of policy navigation, by way of the UN, can be seen in richer countries seeking to protect patents on COVID-19 vaccines while at the same time investing in a global administrative architecture such as the COVID-19 Vaccines Global Access (COVAX) (etc) through the World Health Organization and UN Children's Fund to otherwise expand access to them.

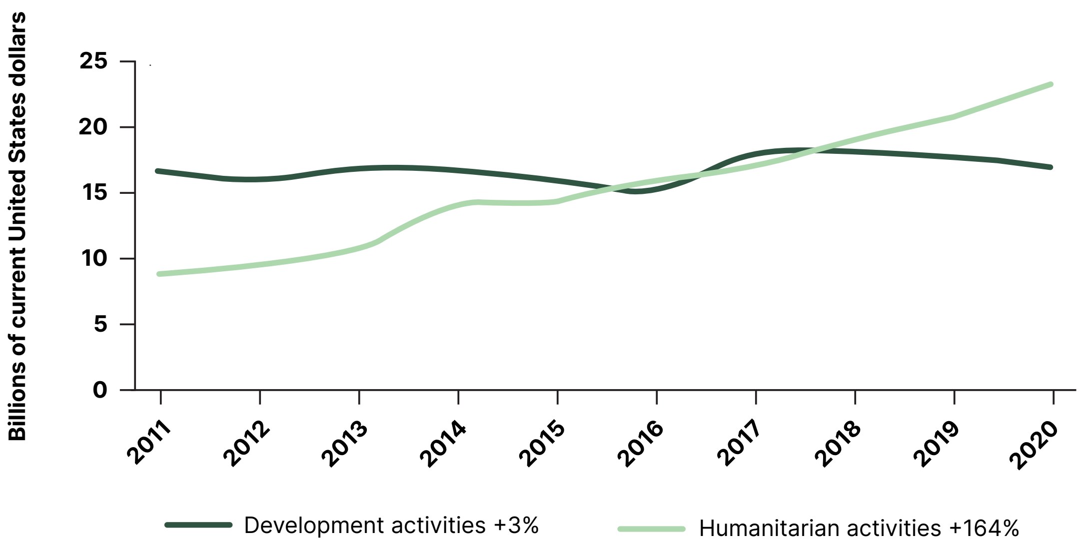
Lessons: Compacts, humanitarian funds, financial institutions and country-level data

What is expected of the UN development system, then, is not just a set of organisations that perform relatively robustly, or even a dedicated policy space for development cooperation on issues of the day. Rather, and in addition to these, it is a space for managing the trade-offs between central, and sometimes competing, values and objectives. This is a lot to expect when roughly three in every four dollars invested is earmarked to a specific project.

All development-partner respondents to GPEDC's work were aware of the Funding Compact, adopted in 2019 to put development financing on a surer, more robust, footing. Core funding, pooled funding and multi-year commitments all featured prominently in discussions, also recognising the three indicators furthest from being achieved. The Compact, however, can still be an agreed basis for working toward *more effective development cooperation*: leveraging the system for inclusiveness and ownership at a country level, with a focus on sharing (not project-level) results and accountability through system-/organisation-level reporting.

The GPEDC's work also explored learnings from other development cooperation channels, including humanitarian spending and the operations of financial institutions. The Office for the Coordination of Humanitarian Affairs' pooling and standing-capacity instruments, nascent forecasting efforts, and development partners' own innovations around separate credit frameworks for development and humanitarian spending (so one is not at the direct expense of the other), with separate frameworks/instruments for 'nexus' activities, are all examples of how financing can be done differently – and almost certainly more effectively – than is currently the case.

Figure 4: Expenditures by UN Sustainable Development Group in US$ billions showing humanitarian and development activities in proportion, and the relative, rapid, growth of humanitarian spending



Source: Dag Hammarskjöld Foundation and UN MPTFO[8]

Development banks, meanwhile, offer their own opportunities for learning. A 2022 Multilateral Organisation Performance Assessment Network (MOPAN) report on multilateral COVID-19 pandemic response dedicated a section to integrated responses involving financial institutions, including how the UN development system could connect better with development banks and the International Monetary Fund.[9] As banks, they are typically dealing with OECD-DAC country treasuries, rather than development agencies, arguably giving them greater voice and purchase over policy. Moreover, while the shareholder model entrenches donor interests in some ways, it also creates a clearer fiduciary responsibility, with scope for multi-year/rolling investments. This is the case even for those partners who are otherwise unable, for ostensibly legislative reasons, to make multi-year contributions to the UN development system.

Finally, and no less important than the learning opportunities identified above, there is the work of GPEDC itself, which includes taking responsibility for assessing the alignment of country-programmable aid with the effectiveness principles at a country level, thereby driving political commitment and working towards behaviour change for more effective cooperation and more sustainable development outcomes.

The year 2023 marked the re-launch of GPEDC's monitoring exercise, following progress reports in 2014, 2016 and 2019. The updated exercise supports more sustainable development outcomes through a virtuous cycle of inclusive dialogue, collective accountability, tracking results and agreeing on actions.

Since the last monitoring round in 2018–2019, at least 45 countries have used the results in their development planning processes, all ten OECD-DAC 'peer reviews' undertaken have reflected the results, and at least 55 reports have cited country-level evidence from the exercise in order to gain a clearer view of what works and what doesn't.

The system of the future

It is worth taking a moment to reflect on what, based on the above, is most effective about the multilateral space. It is a protected sphere for shared action that creates options, alternatives and even ways of saving face that can be used to navigate some of the toughest policy challenges today, from climate crisis to war. More than this, it is the very fabric of our solidarity across nations, and a mutual support and protection network.

These and other ideas, along with recommendations, are explored further in 'A Space for Change'. Moreover, with the re-launch of the monitoring exercise, GPEDC is continuing to invest, alongside its partners, in country-level insights into real accountability around development cooperation flows, as well as the roles different development actors – including multilaterals – can play in making cooperation more effective. Though the exercise is led by partner country governments, it will continue to generate a wealth of data on development partners, including the UN development system. In the 2018–2019 round, 28 UN entities reported across 73 UN country teams, representing over US$ 6 billion in country-programmable development cooperation. The UN development system, in convening partners around development goals as it does, is ideally placed to help drive such monitoring efforts.

Shortcomings are as valuable as successes in a system committed to learning and improving. The Summit of the Future is about thinking and acting on behalf of future generations: a commitment to learn from today, to leave a better tomorrow.[10] Encouraging partners to engage in GPEDC's monitoring exercise – to better understand *how* we are working together and what we can improve – is a contribution to this same legacy and an investment in the next 75 years.

Endnotes

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Funding South–South and triangular cooperation at the United Nations: What do we know?

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Introduction

At the United Nations, *South–South cooperation* provides a broad discursive umbrella for collaboration among developing countries, while *triangular cooperation* refers to partnerships where 'developed country(ies)/or multilateral organisation(s)' support South–South schemes.[1] Although its actual extent and significance is often hard to grasp in quantitative terms, South–South and triangular cooperation (SSTC) has become an increasingly prominent modality for the implementation of the Sustainable Development Goals (SDGs).[2]

Member States have repeatedly highlighted that the UN system can play an important role in supporting and implementing system-wide SSTC goals and strategies. They have also asked UN entities to enhance their support as part of dedicated South–South processes and in the context of UN development system reform.[3] Despite heightened interest in the topic, however, there is currently no systematic overview of SSTC funding at the UN. While acknowledging that financial flows only show one facet of SSTC arrangements, this article offers a first mapping and appraisal of SSTC funding patterns at the UN. We suggest that increasing the availability of systematic data would represent a key step towards understanding the contours of UN engagement with SSTC and raising the visibility of SSTC funding in debates about UN finance.

The limits of data on SSTC funding

There has been no systematic, system-wide reporting on SSTC funding at the UN, and data provided by individual UN entities tends to be sketchy.[4] As with UN finances more generally, Member State funding for SSTC comes through two main channels: assessed and voluntary contributions.

Illustrative evidence suggests that those UN entities that receive assessed contributions tend to use those to fund their basic institutional SSTC structures, such as staff costs.[5] While most UN entities have rather small SSTC teams, sometimes consisting of only one part-time staff position, a notable exception is the UN Office for South–South Cooperation (UNOSSC), which has a system-wide mandate to support the mainstreaming and coordination of SSTC. However, UNOSSC fully depends on voluntary contributions – it received US$ 5.7 million for its operations in 2021, all funded through voluntary resources (US$ 2.3 million from the UN Development Programme's (UNDP) institutional budget and US$ 3.4 million from other core resources).[6]

It is therefore plausible to assume that only minimal amounts of UN regular budgets are spent – directly or indirectly – on SSTC support. Instead, voluntary contributions form the main potential funding source for SSTC projects and programmes, either as core or earmarked resources. While Western donors may provide funding for triangular projects, they usually do not fund South–South schemes per se.

Overall, therefore, voluntary contributions from Southern Member States are the key funding source for the bulk of South–South cooperation support across the UN. So far, though, and despite increases, Southern voluntary funding has remained limited, with Northern donors dominating voluntary resource flows. Using Development Assistance Committee (DAC) membership as a rough proxy for 'developed countries' in UN funding data, the distinction between DAC and non-DAC funding patterns among all government contributions to the UN in 2021 shows that non-DAC countries provided only 14% of earmarked voluntary contributions and 6% of voluntary core contributions.

China leads the list of Southern contributors, followed by Saudi Arabia and Brazil. When it comes to the provision of development-related earmarked resources for UN operational activities more narrowly (discounting core and local contributions, as well as contributions for humanitarian purposes), China and Russia top the list of non-DAC countries, both contributing around US$ 45 million in 2022. They are followed by the United Arab Emirates and Saudi Arabia, which contributed around US$ 27 million each, while Iraq, Iran, Qatar, Brazil and India each provided US$ 6–15 million. For most Southern countries, however, the majority of their voluntary contributions are local resources to be spent within their own borders. This means that only a fraction of these contributions – differences among contributors notwithstanding – is spent on SSTC.

Mapping SSTC funding mechanisms and flows

In the absence of systematic SSTC funding figures, the limited weight of Southern Member States in system-wide voluntary funding data suggests that overall funding levels for SSTC remain limited across the UN system. At the same time, however, there is a growing number of dedicated South–South funding mechanisms that seem to make use of – compared to overall UN funding figures – rather limited amounts in a targeted manner. Concurrently, there is growing, if patchy, evidence on UN engagement with triangular cooperation initiatives.

Dedicated SSTC funding mechanisms

UNOSSC is a key entity when it comes to system-wide funding mechanisms explicitly dedicated to South–South cooperation. Funding flows to and through UNOSSC totalled roughly US$ 22 million in 2021. In addition to receiving regular institutional support funding (see above), UNOSSC administers four major (sub-)funds dedicated to South–South cooperation (Figure 1).

First, the Pérez-Guerrero Trust Fund for South–South Cooperation (PGTF) is the most longstanding UN mechanism dedicated to funding South–South schemes. Established by the UN in 1983 and administered on behalf of the Group of 77 (G77), it provides 'catalytic financial support for cooperative projects carried out by three or more developing-country members of the G77'.[7] As of 2023, PGTF supports individual projects to a level of no more than US$ 35,000 each.

Second, the India, Brazil and South Africa (IBSA) Facility for Poverty and Hunger Alleviation was set up in 2006 by the IBSA governments. So far, the IBSA Fund has channelled around US$ 47 million to finance 42 projects in 35 countries, with almost half of all funds going to projects on the African continent.[8]

Third, the UN Fund for South–South Cooperation (UNFSSC) was created by the General Assembly in 1996 and is the UN's system-wide mechanism for funding South–South schemes. Contributors are usually either G77 Member States or multilateral bodies. From 2012 to 2021, UNFSSC had a combined pooled funding revenue of US$ 31.7 million[14], with China (US$ 15.8 million) and the Republic of Korea (US$ 6.4 million) being the most important Member State providers, as shown in Figure 2. In the 2020–2021 cycle, the only other DAC member to contribute to UNFSSC in addition to the Republic of Korea (US$ 1.1 million) was Norway, with US$ 60,000.[15]

Fourth, the India–UN Development Partnership Fund was set up in 2017 as a sub-fund of UNFSSC with 'its own governance structure, programme guidelines, sub-fund code for financial accounting purposes and reporting system'.[16] In terms of overall amounts, this sub-fund is presently the foremost funding source among the UNOSSC-administered funding arrangements, making India the most important contributor to UNOSSC's trust funds.

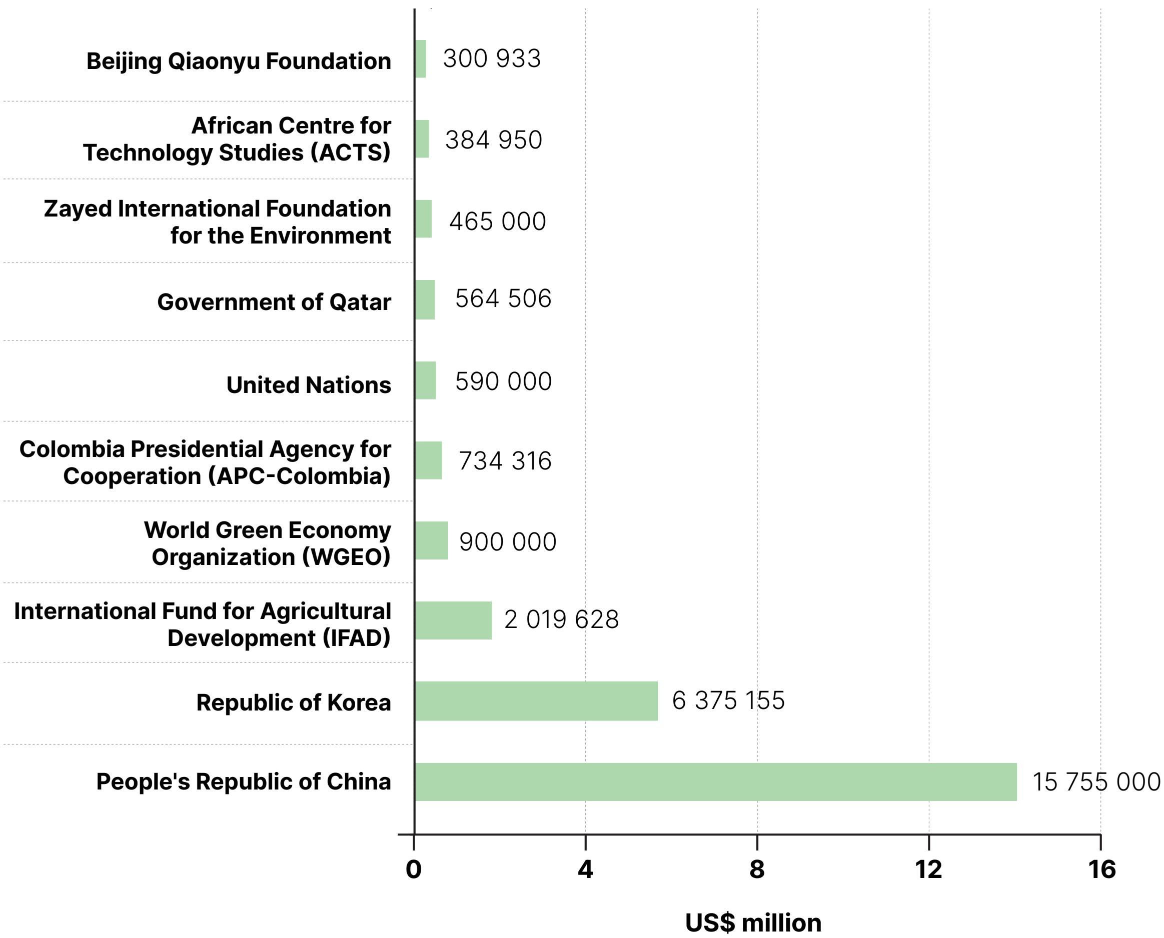
Beyond these UNOSSC-managed funds, individual UN entities have established different SSTC funding mechanisms with Member States. The Rome-based UN entities –

Figure 1: South–South cooperation trust funds administered by UNOSSC[9]

Trust Fund	Pérez-Guerrero Trust Fund for South–South Cooperation (PGTF)	India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (IBSA Fund)	United Nations Fund for South–South Cooperation (UNFSSC)	India–UN Development Partnership Fund (UNFSSC sub-fund)
Funding received in 2021	US$ 100,000	US$ 2 million	US$ 3 million	US$ 10.6 million
Revenue	1983–2023: US$ 7 million[10]	2004–2022: US$ 46.8 million[11]	2009–2022: US$ 48.4 million[12]	2017–2022: US$ 79.5 million[13]

Source: Authors' own formatting, based on UNOSSC, 'United Nations Fund for South-South Cooperation', p. 37

Figure 2: Largest contributors to the pooled funding of the UN Fund for South–South Cooperation (2012–2021, excluding the India sub-fund)



Source: Authors' own formatting, based on UNOSSC (note 12), p. 37

the Food and Agriculture Organization (FAO), the World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) (Box 1) – seem to have been on the forefront of SSTC funding in the UN system, due in part to the close link between their food/agriculture-related mandates and Southern development concerns.[17]

In the case of FAO, institutionalised mechanisms include the Africa Solidarity Trust Fund and the China–FAO South–South Cooperation Programme, the latter established in 2009 and financed through a Chinese trust fund of US$ 80 million. WFP reports that US$ 7.5 million was mobilised in 2021 to fund SSTC projects in 62 developing countries, and that China has stepped up its annual support for the organisation's SSTC work (US$ 2.1 million in 2023, compared to US$ 1.7 million or less in previous years). China has also established a number of funding mechanisms with other UN entities that are at least partially dedicated to SSTC, including a funding facility with IFAD (Box 1) and the UN Peace and Development Trust Fund administered by the UN Department of Economic and Social Affairs. Other Southern Member States, such as Mexico, have also set up SSTC schemes with the UN, but at a more limited scale.

Box 1: **Spotlight on SSTC funding at IFAD**

Like other UN entities, IFAD has no general monitoring system in place to quantify all amounts allocated for SSTC activities. However, it can provide numbers on how much it spends on SSTC from its administrative budget and how much funding is mobilised for SSTC through third party co-financing.

A 2017 stocktaking exercise revealed that 165 SSTC activities were carried out between 1996 and 2016, and that 49% of these had been funded by global and regional grants, 5% by country grants and 41% by loans.

Funding source	Total	Details
Administrative budget	US$ 4.5 million (since 2018)	Since 2018, US$ 900,000 has been allocated to SSTC from IFAD's regular and non-staff budget annually.
Programme of loans and grants	n.a.	More than 80 projects with SSTC activities have been financed since 2017.
Regional and global grants	n.a.	More than 370 SSTC activities have been financed since 2017.
Co-financing with third parties	> US$ 16 million (since 2019)	IFAD partners with third parties to support SSTC by co-financing IFAD projects or supporting projects funded through a third-party trust fund.
China-IFAD SSTC facility	US$ 10 million (since 2018)	In addition to third-party agreements where SSTC is identified as one area of collaboration, IFAD signed a funding agreement with China to set up a dedicated SSTC facility in 2018.

Source: International Fund for Agricultural Development (IFAD), 'South–South and Triangular Cooperation (SSTC): Highlights from IFAD's Portfolio', 2017; IFAD, 'Progress Report on South-South and Triangular Cooperation', 2018; IFAD, 'Progress Report on South–South and Triangular Cooperation 2019–2020', 2019; IFAD, 'Progress Report on South–South and Triangular Cooperation 2021–2022', internal documentation, 2022

Triangular cooperation initiatives with UN involvement

Most UN-related SSTC funding mechanisms primarily focus on South–South cooperation, with triangular cooperation historically playing a less visible role. Recently, however, interest in triangular cooperation arrangements has been expanding. Similar to South–South cooperation, there is no systematic global or UN-wide reporting mechanism for triangular cooperation. However, the Organisation for Economic Cooperation and Development (OECD) has set up a regularly updated repository where stakeholders can self-report their triangular cooperation initiatives. There have been 921 triangular cooperation initiatives implemented since 2002 and registered in the OECD repository, of which 231 include the participation of at least one UN entity. This means that 25% of all triangular cooperation initiatives mapped by the OECD include UN involvement, suggesting that UN entities – including UNDP, FAO and WFP (Figure 3) – have been rather prominent triangular cooperation actors.

The challenge with this self-reported data is that it only reflects a partial picture, and that details presented for individual initiatives are not necessarily comparable.[18] This also applies to funding information. Of the repository's 231 triangular cooperation initiatives with UN involvement, only 133 come with information on broad budgetary ranges. Based on a conservative estimation of individual project budgets[19], these 133 initiatives implemented over the past two decades had a combined budget of US$ 295.3 million (Figure 4). With regard to initiatives where funding information is available, the average triangular cooperation initiative with UN involvement had a budget of slightly more than US$ 1 million. However, these numbers may hide more than they reveal. For almost half of all initiatives registered, no budgetary ranges are available, and the OECD repository does not systematically include external sources to corroborate budget range details. More generally, it remains unclear whether the registered initiatives provide an exhaustive overview or are only a (small) proportion of all triangular cooperation schemes with UN involvement. The repository is also mute on the roles UN entities play in registered initiatives.

Figure 3: Number of triangular cooperation initiatives (2002–2022) by UN entity

Entity	Number of initiatives	Percentage of the combined number of initiatives per UN entity
UNDP	64	23.6%
FAO	28	10.3%
WFP	21	7.7%
World Bank	18	6.6%
UNOSSC	15	5.5%
UNICEF	13	4.8%
UNIDO	13	4.8%
ILO	12	4.4%
UNWTO	12	4.4%
WHO	9	3.3%
IFAD	7	2.6%
UNFPA	7	2.6%
UNEP	6	2.2%
UNESCO	6	2.2%
ITC	4	1.5%
United Nations	3	1.1%
UNESCAP	3	1.1%
UNODC	3	1.1%
UNV	3	1.1%
UN Women	3	1.1%
Other UN entities	Less than 3	7.8%
TOTAL	**271**	**100.0%**

Source: Authors' own elaboration, based on data in Organisation for Economic Cooperation and Development (OECD), 'Triangular co-operation repository of projects', www.oecd.org/dac/dac-global-relations/triangularco-operation-repository.htm. As some initiatives count more than one UN entity among their stakeholders, the number of initiatives per entity combined exceeds the total number of initiatives per se

Figure 4: Budget overview of triangular cooperation initiatives with UN involvement (2002–2022) registered in the OECD triangular cooperation repository

Budget ranges for individual triangular cooperation initiatives with UN involvement	Number of initiatives	Percentage	Minimum overall budgets of initiatives in US$[20]
< US$ 100,000	30	13.0%	300,000
Between US$ 100,000 and 500,000	25	10.8%	2,500,000
Between US$ 500,000 and 1,000,000	13	5.6%	6,500,000
Between US$ 1,000,000 and 5,000,000	36	15.6%	36,000,000
Between US$ 5,000,000 and 10,000,000	8	3.5%	40,000,000
> US$ 10,000,000	21	9.1%	210,000,000
Initiatives with budgetary information	133	57.6%	295,300,000
Initiatives w/o budgetary information	98	42.4%	n.a.
TOTAL	**231**	**100.0%**	**n.a.**

Source: Authors' own elaboration, based on data in Organisation for Economic Cooperation and Development (OECD), 'Triangular co-operation repository of projects', www.oecd.org/dac/dac-global-relations/triangularco-operation-repository.htm

SSTC funding patterns at the UN: A first appraisal

Based on available data, SSTC funding at the UN remains limited when compared to overall financial flows in the UN system. At the same time, SSTC funding is a visible if fragmented phenomenon that unfolds through an expanding number of mechanisms. In addition to trust funds administered by UNOSSC, illustrative evidence suggests that there is a growing number of SSTC funding mechanisms across the UN system. The Rome-based UN entities, in particular, provide exemplary insights into the diversity of SSTC funding flows. However, a central limiting factor in the analysis of SSTC finance at the UN is the absence of an explicit, shared operationalisation of SSTC and a central SSTC reporting mechanism. A number of Southern Member States – including China and India – remain opposed to more narrow indicators, arguing that their South–South cooperation efforts should not be bound to external frameworks. With regard to triangular cooperation, the OECD repository offers an important first step for mapping initiatives with UN involvement but highlights the need for more systematic and detailed reporting in order to appreciate the relevance and weight of these initiatives.

Overall, the absence or fragmentary nature of data is deplorable, as it leads to an overall lack of transparency regarding SSTC flows at the UN. This makes it hard to appreciate both the contributions that SSTC initiatives make in implementing the SDGs, and to better understand the role the UN can play in fostering exchange, policy learning and cooperation beyond traditional North–South schemes. Building on discussions around SDG monitoring, the UN system should capture SSTC-related expenditure in its financial reporting. This would provide evidence that could be used for tracking the impact of SSTC funding, acknowledging the contributions of Southern Member States, and highlighting the (potential for) diversification of UN finances. More systematic data would also enable Member States across the North–South divide to make informed decisions about whether, why and how UN work on SSTC should be strengthened.

Endnotes

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19 Assuming an average of US$ 10,000 for the lowest budget category and assuming the lowest possible budget for all other categories – see Figure 4.
20 Calculated based on the minimum budget of each initiative per category. For the first category (< US$ 100 000), US$ 10,000 was taken as the minimum budget; for all other categories the lowest indicated budget was used (US$ 100,000 for the second category, US$ 500,000 for the third, etc).

Part Three

The art of scaling up and partnerships

Chapter 1

The art of scaling up and partnerships

To reach the Sustainable Development Goals and global climate goals we have to scale up the impact of investments*

By Erik Engberg and Johannes F. Linn

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Introduction

The Sustainable Development Goals (SDGs) were agreed upon unanimously in 2015 by the United Nations General Assembly and are due to be achieved by 2030. However, progress has been too slow and incomplete, with recent events such as the COVID-19 pandemic and the global economic crisis caused by the Ukraine war further setting back progress, especially in regard to poverty and food security targets.[1] Although the common response to this shortfall has been to argue for more international development and climate finance, for policy and institutional reform aimed at monitoring progress towards the SDGs and climate goals, and for innovative solutions, this article argues that such efforts are not enough.

This article therefore proposes a 'scaling approach' to investment programme/project design and implementation, whereby the programme/project supports a scaling pathway towards a long-term vision of development impact explicitly linked to the appropriate SDG and climate targets. This approach addresses the failings of the current one-off programme/project approach, which promotes the piloting of innovative features without a clear vision of whether and how successful interventions can be sustainably replicated and scaled ('pilots to nowhere').[2]

Increasing aggregate financial resources devoted to achieving the SDGs and climate goals

A common response to the challenge of achieving the SDGs by 2030 is to increase the aggregate financial resources devoted to their attainment. However, while research on the effectiveness of aid has shown that individual projects and programmes may have positive impacts, efforts to measure the impact of aid on an aggregate, country-wide basis have been much more ambiguous.[3] This is due to poor institutions and policies, instability and conflict in recipient countries, increasingly fragmented donor programmes, declining project size and the one-off nature of donor-funded projects.[4]

Climate finance faces even greater challenges than traditional development assistance, such as those related to predictability of disbursements, affordability and concessionality of funding, provider proliferation and project fragmentation, and the degree to which climate-related interventions are evaluated.[5] Therefore, while increased finance is an essential component of any strategy to improve the chances of attaining the SDGs by 2030, it is not enough. Rather, it needs to be complemented by significant changes to domestic institutions and policies, and in how projects and programmes are funded and implemented. The focus should thus be on mobilising funding to support organisations and programmes that systematically pursue scaling pathways towards the achievement of global goals and targets.

Top-down mapping and monitoring of SDG implementation and climate action at national and local levels

The UN-led effort to map global targets into national targets and monitor progress at a country level involves the preparation of voluntary national reviews (VNRs) and nationally determined contributions (NDCs) for climate targets. VNRs facilitate the sharing of experiences, the strengthening of policies and institutions, and the mobilising of multi-stakeholder support for implementing the SDGs.[6] Since 2016, 306 VNRs have been conducted, with some countries detailing policy changes and specific programmes/projects aligned with the SDGs. However, the focus on replicability or scalability of projects supporting SDGs is limited in VNRs, which is not surprising since the preparation handbook does not provide specific guidance.[7]

NDCs involve setting and monitoring national climate goals and are regularly reviewed by the UN Framework Convention on Climate Change. Generally, however, systematic links between specific climate programmes and NDC commitments are lacking.[8] Overall, VNRs and NDCs represent a top-down approach to support the SDGs and climate goals, with little consideration of replicating and scaling successful programmes. Nevertheless, they offer potential benefits for a bottom-up scaling approach by providing national targets, supporting policy changes, and monitoring cumulative impact at the national level.

Local voluntary reviews (VLRs) for the SDGs are similar to VNRs but focus on the provincial and city levels. Since 2016, 97 VLRs have been completed, including 39 for developing countries. VLRs map regional/city plans and priorities to the SDGs, and track progress over time. Some VLRs highlight particular programmes/projects, occasionally emphasising replication and scaling towards specific goals.

In terms of climate action, regional and local authorities can contribute to achieving national climate goals such as NDCs, while efforts to develop regionally and locally determined contributions (RLDCs) are ongoing. Although VLRs (and the potential RLDCs) tend to adopt a more bottom-up approach than VNRs and NDCs, there is no indication that they systematically and effectively link specific local programmes/projects to local- or national-scale targets within the context of the SDGs or Paris Agreement climate goals.

In sum, national and local mapping, the monitoring of SDG and climate targets represents a helpful tool in assessing progress as well as motivating action, but is not designed to systematically orient investment programmes/projects towards their achievement.

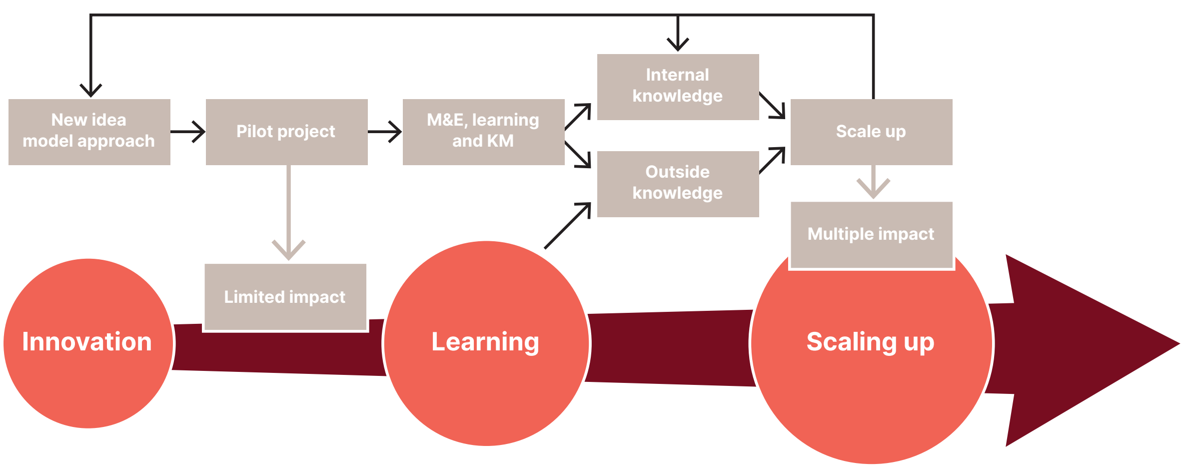
Innovation for the achievement of the SDGs and climate goals

The approval of the SDGs and Paris Agreement climate targets has led to a surge in calls for innovation to achieve the various goals. Numerous initiatives, such as innovation marketplaces, labs, accelerators and challenge funds, have been established.

However, innovation alone cannot deliver the sustainable impact at scale needed to achieve the SDGs. Funders have mostly emphasised innovation over replication and scaling,[10] often focusing on the early phases of scaling pathways, with insufficient financial resources devoted to scaling effectively.[11]

The Brookings Institution and Rockefeller Foundation's 17 Rooms initiative promotes innovative ideas across the full range of SDGs and in some cases supports a scaling approach.[12] As a general rule, though, one should avoid 'magical thinking' that just because an idea has been piloted with positive results, someone will pick it up and run with it. Instead, it is essential that a systematic approach is pursued to ensure scaling actually happens, with an iterative process of innovation, learning and scaling employed where appropriate (Figure 1).

Figure 1: Innovation, learning and scaling interact to achieve sustainable impact at scale



Source: L. Cooley and J. Linn, 'Taking Innovations to Scale: Methods, Applications and Lessons', R4D and MSI, September 2014, www.scalingcommunityofpractice.com/advancing-change

Lack of attention to the SDGs and climate targets at a programme/project level

The development effectiveness and evaluation literature, the work of the Scaling Community of Practice over the last eight years, and the evidence summarised above demonstrate that there remains a yawning gap between high-level declarations of support for the SDGs and climate targets and the development programmes/projects being implemented on the ground.[13] These projects rarely focus on linking their goals, design, implementation and evaluation systematically and effectively with long-term development goals such as the Millenium Development Goals (MDGs) and SDGs.

Two main reasons contribute to the gap between SDGs and bottom-up development programmes/projects. First, as noted above, there is generally a preoccupation with innovation as the preferred response to development and climate change challenges, with the scaling of successful innovations often left to chance. Second, externally funded programmes/projects focus on getting started, funded and achieving promised impacts, but frequently lack a longer-term focus on sustainable scaling towards the SDGs.

To close the gap between the SDGs and development programmes/projects, a systematic approach to scaling the impact of proven interventions towards SDG achievement is needed. Existing top-down approaches, such as focusing on financing and tracking progress, are important but insufficient. In addition, the design and implementation of development and climate programmes/projects must be systematically calibrated to focus on achieving long-term goals and targets.

Key elements of a scaling approach to support SDG achievement

Scaling' refers to a systematic process leading to sustainable impact, affecting a large and increasing proportion of those experiencing the relevant need.[14] A six-step scaling approach can be adopted to connect development programmes/projects with the SDGs:

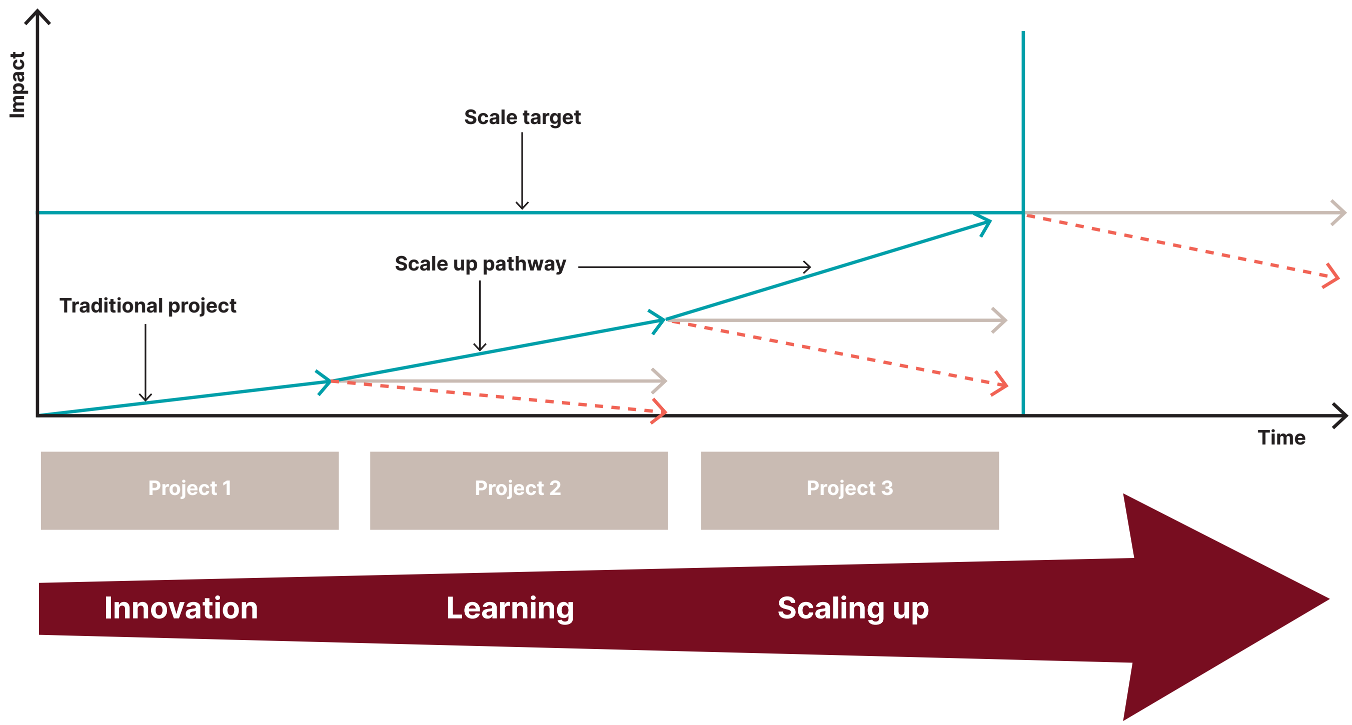
1. define the development problem and long-term vision of scale to be attained and link it to the appropriate SDG target(s). Scaling often takes 10–15 years or more;
2. explore the role of an intervention (innovation, project, programme) by assessing how it will address the problem and support a scaling pathway, and consider alternative solutions;
3. assess the intervention's scalability in light of the enabling conditions for scaling, such as, political support, policy reform and available resources;
4. develop partnerships to support the achievement of scale by assuring the necessary technical and institutional capacity, funding and political buy-in, as well as facilitating hand-off at project end;
5. pay attention to sequencing, including proper piloting, continuity and effective transitions, combining replication (horizontal scaling) with policy/institutional reform (vertical scaling), and adopting the appropriate sequencing of financing instruments; and
6. monitor and evaluate progress along the pathway and adapt as needed, ensuring a smooth transition from one project to the next and maintaining scaled-up impact.

Figure 2 visualises the scaling pathway as a sequence of projects, thereby demonstrating important aspects of the scaling process presented above, including: the need for a scaling target linked to one or more SDGs and a notional pathway to reach it; the importance of ensuring each project builds a platform of enabling conditions on which the next project can build; the need to ensure a smooth transition from one project to the next; and the critical link between sustainability and scaling – without sustainability, scaled-up impact cannot be maintained (see the red dotted arrows), while sustainability without scaling will not achieve the target.

An example of the practical application of the above scaling approach can be found in a 2017 scaling review of four UN Development Programme (UNDP) country programmes in Bosnia and Herzegovina, Egypt, Moldova and Tajikistan, which analysed 29 projects across various sectors.[15]

The assessment revealed that UNDP projects performed well in identifying development problems and scaling pathways, addressing both the horizontal and vertical

Figure 2: The scaling pathway as a sequence of projects



Source: L. Cooley and J. Linn, 'Taking Innovations to Scale: Methods, Applications and Lessons', R4D and MSI, September 2014, www.scalingcommunityofpractice.com/advancing-change

dimensions of scaling, and considering political, policy and social factors. However, they did less well in identifying scale targets and linking them to SDGs, assessing scalability (including such aspects as community demand, champions and incentives, and fiscal constraints), pursuing partnerships, following up on pilots and considering sustainability. The study recommended that UNDP strengthen its operational approach by systematically focusing on scaling, especially those dimensions currently not effectively considered, and linking its programmes/projects more directly to specific SDGs.

Conclusion

A comprehensive 2007 report on implementation of the MDGs – the predecessors of the SDGs – noted that progress at the halfway mark fell short of what was required to reach the targets by 2015.[16] As such, the report presented a wealth of recommendations, including a more systematic focus on scaling up the impact of development interventions. Too little has been done since then to heed this advice, although we now have a much better understanding of what it takes to scale up successfully.

We have learned, for example, that good development programme design and implementation already incorporate elements of a scaling strategy, and that linking development programmes to the SDGs through scaling is not overly complicated.

However, we have also learned that a change in mindset is required for all actors involved. Development institutions should systematically internalise the scaling agenda and its link to the SDGs and climate targets as part of their programme/project design, implementation and evaluation.

The Scaling Community of Practice is supporting this institutional internalisation process by developing generally applicable scaling principles and lessons,[17], exploring how government institutions can institutionalise the scaling of innovative ideas brought in from the outside[18], and undertaking research on mainstreaming scaling in funder organisations.[19]

The overarching conclusion is that systematic scaling of proven development and climate interventions in support of the SDGs and climate targets must complement other efforts, including financial resource mobilisation, progress monitoring and innovation.

Endnotes

* This article is a summary of a detailed analysis presented in J. Linn, 'Scaling up the impact of development programs must complement other approaches to achieve the SDGs and climate goals', Global Summitry E-Journal Special Issue (2023), https://globalsummitryproject.com/special-issue-2023/scaling-up-the-impact-of-development-programs-must-complement-other-approaches-to-achieve-the-sdgs-and-climate-goals/.

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Increasing Sustainable Development Goals and climate investment in low- and middle-income countries: How to mobilise private investment at scale after seven years of underperformance

By Christopher Clubb

Christopher Clubb is Managing Director at Convergence Finance. He has over 25 years' experience of financing development projects in more than 50 emerging and frontier markets. Prior to joining Convergence, he led the European Bank for Reconstruction and Development's (EBRD) financing/investment activities in early transition countries, during which time EBRD increased its annual investments five-fold to become the largest investor in these low-income countries. While at EBRD and in partnership with more than 20 donors, Christopher Clubb innovated and implemented many of EBRD's blended finance programmes, including the leading local currency programme for small- and medium-enterprise finance and development. Prior to EBRD, he worked at the European Investment Bank, focusing on long-term financing to strategic European infrastructure projects and provided cross-border financing to international buyers while at Export Development Canada.

Introduction

Increasing sustainable investment in low- and middle-income countries (namely developing countries) to fund successful implementation of the Sustainable Development Goals (SDGs) and climate projects is paramount, and should be the North Star of development and climate finance.

The United Nations, the Organisation for Economic Co-operation and Development (OECD) and the Climate Policy Initiative estimate the annual SDG and climate investment needs in developing countries at US$ 4.5 trillion and US$ 1.5 trillion respectively. Actual investment is at only 20–25% and development finance is providing and mobilising less than 6% of the rate required:

- annual cross-border net private investment from high-income countries to developing countries (excluding China) stands at around US$ 404 billion (9% of SDG investment needs);
- public sector development finance commitments fund around US$ 240 billion of investments annually (5% of SDG investment needs); and
- seven years after the launch of the SDGs and the Paris Agreement prioritising the mobilisation of private investment and expertise, public sector development finance and climate finance mobilise US$ 48 billion of private investment annually (1% of investment needs).

Private investor groups have published numerous reports identifying their strong interest to invest in the SDGs and climate in developing countries, conditional on: 1) the investment risk lying within their regulatory/fiduciary risk limits; and 2) the investment having a market-equivalent risk-adjusted return.

The first criterion is a significant challenge: the Big Three rating agencies rate 76% of developing countries 'B' or lower; the underlying investment risk is beyond most investors' fiduciary and regulatory investment obligations.[1] Thus, the only way private investors can invest significantly is for the development community to 'de-risk' developing country investment risk to within investor limits (eg transforming a debt investment risk from 'CCC' to 'BB').

Unfortunately, less than 3% of public sector development finance and climate finance is deployed to de-risk developing country investment risk. The status quo has not worked and will not work. As such, official development assistance (ODA), climate finance, development finance, multilateral development banks (MDBs) and development finance institutions (DFIs) must be governed for a meaningful percent of their commitments to mobilise private investment - thereby increasing total development and climate impact.

This article describes how a small portion of concessional public sector development finance in the form of official development assistance (ODA and climate finance), together with a material percentage of non-concessional public sector development finance (MDBs and DFIs), can be strategically deployed to mobilise private investment at scale by creating investment assets that meet investors' fiduciary and regulatory obligations, with minimal concessionality.

Optimising the use of non-concessional funds to maximise private investment is critical since the large majority of development and climate needs in developing countries require scarce Official Development Assistance and subsidised public sector loans.

Without a systemic approach, described in the Action Plan for SDG and Climate Investment Mobilization collaborated by development, blended finance and private investment experts – total investment will remain low, and the SDGs and Paris Agreement will not be achieved.[2] The Action Plan identifies how to scale up investment in the near-term with existing funding, architecture and institutions. Any long-term reforms to the international development finance architecture can be pursued concurrently. The Action Plan has been written to align with, and meet the objectives of, the Addis Ababa Action Agenda[3], the SDGs[4], the UN Secretary-General's SDG Stimulus[5], the Bridgetown Initiative[6], the Paris Agreement[7], the Climate Finance Delivery Plan[8] and the G20 MDB Capital Adequacy Review.[9]

SDG and climate investment: Needs and sources

The United Nations Conference on the Trade and Development (UNCTAD) and the Organisation for Economic Co-operation and Development (OECD) estimate the annual Sustain-able Development Goal (SDG) investment gap in developing countries at US$ 3–3.5 trillion.[10] Although this gap is large relative to public sector development funds (US$ 200 billion Official Development Assistance and US$ 120 billion Multilateral Development Banks (MDB) development financing commitments annually), it is not large relative to the US$ 479 trillion of global financial assets (including US$ 400 plus trillion controlled by the private sector).[11]

The main problem is the distribution of the private sector financial assets: the Financial Stability Board estimates only 5% are located in low-income countries (LICs) and middle-income countries (MICs) (excluding China). The World Bank International Debt Report[12] identifies annual net private sector investment flows to these countries at only US$ 404 billion (ie net foreign direct investment at US$ 308 billion, net private debt at US$ 115 billion, and net portfolio equity investment at negative US$ 19 billion).[13] The only way to achieve the SDGs and the Paris Agreement objectives is to bring more financial assets towards LICs and MICs.

Fortunately, private investment is undergoing a revolution, with investors increasingly seeking ‘purpose’ investments under the banners of environment, social and governance (ESG) investments, green finance, net-zero investments, sustainable investments and impact investments. To date, investors have met these themes by investing mostly in high-income countries, where investment risk is conducive to their mandates. Conscious of this divide, many investor groups have issued reports in 2021–2022 as guides to the development community on how to mobilise at scale: the Global Investors for Sustainable Development Alliance[14], the Net-Zero Asset Owners Alliance[15], the Sustainable Markets Initiative[16] and the Investors Leadership Network[17] have each issued a report and collaborated on the Acton Plan.[18]

Investors want to invest if the investment passes two important criteria to meet their fiduciary and regulatory obligations: 1) acceptable risk (for most debt investors, the equivalent of ‘BB’ and investment grade) and 2) market-equivalent risk-adjusted returns. The former is the bigger impediment in developing countries.[19]

In principle, blended finance should be re-named ‘blended sustainable investment’, since its objective is to mobilise medium- and long-term investments monies into the SDGs and the Paris Agreement in developing countries.

The most important private investment source are pension funds that seek long-term investments which produce returns sufficient to meet pension-holder liabilities. It has much fewer regulatory restrictions compared to banks and insurance companies. Pension companies usually require intermediaries (eg fund managers and financial arrangers) who can act as intermediaries between their investment funds and the actual debt and equity investments required in developing countries – ranging from a US$ 50 loan from a microfinance institution to a microenterprise, to a US$ 1 million loan from a bank to a small or medium enterprise (SME), to a US$ 10 million equity investment from a private equity fund to a large company, or a US$ 400 million loan from an MDB to a renewable energy project.

High country risk and currency risk assessments impede investment at scale

Cross-border private investment from high-income countries to developing counties (excluding China) is very low, primarily due to high country risk assessments from the Big Three rating agencies, beyond most investors’ fiduciary and regulatory investment obligations. For example, the Big Three rating agencies median sovereign risk rating for the 142 developing countries is ‘B’ (defined by Moody’s as ‘speculative and subject to high credit risk)’.

The large majority of debt investment opportunities in developing countries have implied ratings of ‘B’ and ‘CCC’, defined by the rating agencies as ‘speculative’ and ‘highly speculative’. Given this high risk, private financial sector cross-border net flows have averaged only around US$ 96 billion from 2018 to 2021 – equal to a miniscule 0.02% of global financial assets controlled by the private sector.[20]

All major development finance and climate finance initiatives and reports since 2015 (eg the SDGs, Paris Agreement, the Bridgetown Initiative, G7 and G20 communiques and the Climate Finance Delivery Plan) have identified the importance of mobilising private sector investment and expertise. But private investment mobilisation amounts remain very low.

The development community’s first choice should be to mobilise without subsidy and de-risking, where possible. This has been the MDBs and DFIs’ modus operandi for more than 75 years, with anaemic US$ 21 billion private investment mobilised per annum (0.5% of SDG investment needs) - around 15 cents for every dollar of their own commitments.[21]

In practice, the MDBs and DFIs are to deploy their capital in good development impact and climate impact projects, with private investment mobilisation a tertiary activity. The US$ 1 billion ILX Fund is an excellent recent example of mobilising without de-risking: the private investment fund co-invests in A–B loans arranged by MDBs.[22]

Currently, the amount of development and climate finance deployed to de-risk developing country investment risk and mobilise private investment remains low and few MDBs, DFIs, OECD-DAC members and multi-donor climate funds have meaningful mobilisation targets. Reasonable estimates of public sector funds employed to formally de-risk developing country investment risk include:

- 2% of the US$ 140 billion annual financial commitments from MDBs (eg US$ 3 billion from the Multilateral Investment Guarantee Agency (MIGA));
- almost none of the US$ 15–20 billions of financial commitments from national DFIs;
- less than 2% of the US$ 200 billions of Official Development Assistance - the Swedish International Development Cooperation Agency's (Sida) Guarantee Program is one of the few donor programmes that mobilise private investment through de-risking);[23] and
- less than 5% of the US$ 70 billion of the climate finance.

As a result, private investment mobilisation amounts remain very low eight years into the SDGs and Paris Agreement: the OECD Mobilised Private Finance for Sustainable Development Report estimates all public sector development finance has mobilised $48 billion on average in 2018–2020 (only 1% of SDG investment needs).

The OECD Climate Finance for developing countries report estimates all public sector climate finance mobilises US$ 13 billion (only 1% of climate investment needs).[24]

Beneficially, the past 15 years have demonstrated how to mobilise private investment at scale and achieve minimum concessionality. New innovations are not required – all that is required is to implement the best proven solutions broadly and deeply.[25]

How to Mobilize Private Investment at Scale in Blended Finance[26] presents a summary of effective approaches to mobilise private investment, with the International Finance Corporation (IFC) – Sida Managed Co-lending Portfolio Program (MCPP) Infrastructure Program[27] an excellent MDB-led example and the Blackrock Climate Finance Partnership an outstanding private sector-led example.[28] The Convergence Historical Deals Database captures 1000+ blended finance transactions that have deployed concessional funds to mobilise US$ 200 billion.[29] This evidence has been used to design the Action Plan which aligns with the UN's 2023 *Financing for Sustainable Development Report* statement that the objective of blended finance is 'to make SDG investments that the private sector might not have done on its own, competitive with other investment opportunities – and to do this with minimum concessionality or subsidy (ieq, just enough to make a project attractive to commercial investors)'.[30]

Action Plan for Climate and SDG Investment Mobilization

Experts recently collaborated to agree and publish The Action Plan for Climate and SDG Investment Mobilization that identifies simple, implementable actions to increase private investment using existing development and climate finance resources and existing institutions.[31]

The Action plan identifies how to mobilise US$ 280 plus billions of private investments in the short term – a six-fold increase over existing amounts and it fully adheres to the five OECD Blended Finance Principles.[32] Further to it describes how to deploy non-concessional development finance (e.g. MDB and DFI financing commitments) optimally, minimising the need for concessional funds (eg ODA). To date, too much blended finance has drawn on scarce concessional funds (ODA) when non-concessional funds (MDBs) should have been deployed.

Experts agree that the optimal deployment of public sector concessional funds should happen at three levels:

1. *Develop viable projects in the project development phase.* Fund output-driven project development in partnership with private investors to transform projects from theoretical feasibility to practical viability. Most concessional funding has been deployed at input-driven preparation that too frequently has not led to implementation.

2. *Transform viable projects into commercially investable projects by de-risking at project level.* Even if a project is developed to viability, it will likely not to attract debt or equity investment due to: 1) limited domestic resources; 2) unacceptable project investment risk; and 3) high country/currency risk. De-risking at the project level is often required to attract a bank to make a loan or an investor to make an equity investment. MIGA is the only MDB that de-risks projects directly to mobilise private investment.

3. *Increase the supply of investment at portfolio level flowing to commercially investable projects.* Most investors are prepared to invest in developing countries only through portfolio investments (funds) where an intermediary (eg fund manager) invests directly in projects (loans and equity investments). Diversification helps overcome the perceived high risk of individual projects (eg the Big Three rating agencies' risk methodologies can yield a two-notch uplift from diversification), while aggregation overcomes the contrast between small investment needs for an individual project and investor requirements for a sizeable investment (US$ 50 plus million). In addition, financial structuring at the portfolio vehicle level (eg fund) can help mobilise private investment, ideally with three-tiers of capital: private investors in a senior position; MDBs and DFIs in the mezzanine position; and concessional donors in a junior position. This well-established approach has been demonstrated to be highly effective to mitigate project risk, country risk and credit risk in one vehicle..

The Action Plan – five pillars and two complementary activities:

- **Pillar 1: Increase the supply and collaboration of concessional catalytic funding**. The Action Plan identifies how US$ 13–15 billion concessional funds could mobilise US$ 280 billion private investments (ie 20 times leverage), thereby allowing all other concessional ODA and climate finance to be allocated without consideration for mobilisation.
- **Pillar 2: Make MDBs and DFIs catalysts of mobilisation**. Shareholders should assign MDBs and DFIs with key performance indicators total SDG and climate investments and 2) private investment mobilisation. Good practice governance includes balance sheet capital in development assets and investment mobilisation activities are maximised. Such investment mobilisation requires: 1) more project-level risk mitigation; 2) some MDB and DFI inancial commitments in mezzanine positions; and 3) mobilising for both private sector and public sector projects.
- **Pillar 3: Maximise investable pipelines and impacts through more integrated development finance and climate finance systems**. Concessional ODA and climate finance funds to the best investment mobilisation proposals globally.
- **Pillar 4: Provide private investors access to the best developing country investment information, risk analytics and investment opportunities.** 1) Most private investors are not used to investing in developing countries; 2) the Big Three rating agencies' high-risk country ratings and 3) the perceived risk is higher than the actual risk observed over the past 40 years. The MDBs and DFIs' Global Emerging Markets Risk Database demonstrates this lower-than-expected risk and should be available to private investors.[33]
- **Pillar 5: Empower local capital markets and financial intermediaries in LICs and MICs**.
- **Two complementary activities: Link the supply of global capital to priority projects** (projects aligned to integrated national financing frameworks, nationally determined contributions and country platforms) and **improve investment climate**.

United Nations initiatives

The United Nations is leading several initiatives aligned with increasing the supply of private investment:

- **The Principles for Responsible Investment** are important to accelerate global investors' prioritisation of 'purpose' investments like climate investment and impact investment.
- **United Nations Development Programme-led Integrated National Financing** Frameworks should include how

developing countries will mobilise private investment, including financing commitments to de-risk at the project level for priority projects such as Just Energy Transition Partnerships (JETPs), country platforms and nationally determined contributions (NDCs).
- **UNDP and the United Nations Department of Economic and Social Affairs (UNDESA)** global convening of both developed countries and developing countries' input into MDB and DFI governance for mobilisation, including key performance indicator (KPI) commonality.
- **The UN system** spends US$ 60–65 billion donor funds per year, 150% of MDB and DFI financing commitments with the private sector in LICs and MICs. Some of these funds, especially UNDP and the United Nations Capital Development Fund (UNCDF) spending, could be deployed as concessional funding to mobilise private investment.

Conclusion

It is imperative to increase SDG and climate investment in developing countries. The Action Plan identifies how to combine concessional and non-concessional development and climate finance to maximise private investment mobilisation subject to minimum concessionality.

A combination of US$ 15 billion of concessional funds and governing MDBs and DFIs to allocate more of their non- concessional financing commitments to private investment mobilisation can mobilise US$ 280 billion in private investments. It is critical to minimise the amount of concessional funds deployed to mobilise private investment, and to allow ODA grants and concessional development and climate finance to be allocated to public sector projects with no mobilisation considerations.

No major innovations are required and no new institutions are required – the existing development finance architecture can be fit-for-purpose if governed towards the overall SDG and climate investment objective – allowing scaled investment to be achieved in the short term, while any deeper or broader reforms can be pursued in the medium term.

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Localisation and scaling: Two movements and a nexus

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Introduction

'Localisation' and 'scale' – two of the most dominant themes in recent development debates – are born of separate but related frustrations with the legacy and architecture of international development. In localisation's case, this frustration begins with a rejection of the proposition that the wisdom and legitimacy to shape the destiny of a country, organisation, community or individual can come from the outside.

In the case of scaling, the frustration reflects a recognition that donor-funded projects and philanthropy are rarely, if ever, sufficient to produce sustainable development outcomes at scale. Although the constituencies and arguments in support of the movement supporting localisation and the movement supporting scaling continue to be quite separate, we argue that the two frustrations – and therefore the two movements – should be seen as flip sides of the same coin.

Localisation and local leadership

As currently used, the term 'localisation' encompasses three overlapping, yet distinct, objectives: enhancing the use of local institutions as implementing partners for donor projects; strengthening the capacity of local institutions; and advancing local ownership and leadership of the development process. Among these, the latter is by far the most fundamental, incorporating the first two objectives plus a sea of changes in the distribution of power.

The impetus for locally led development reflects a desire to effect a fundamental power shift that will nurture sustainability; prioritise the perspectives and preferences of national stakeholders like recipient governments, private businesses, civil society organisations, local communities and host country professionals; reflect current ethical sensibilities; and incorporate the voices of vulnerable groups. In the public sector, it implies moving from government 'concurrence' to genuine government 'ownership'; while in the private sector, it implies moving from donor priorities to the priorities of communities, clients and consumers. Current discussion about 'decolonising aid' figures prominently in this debate.

While the focus on locally led development includes a clear differentiation between 'local' and 'external', it sometimes lacks comparable clarity about what constitutes 'local'. Particularly in contexts where governments are authoritarian, corrupt or otherwise unaccountable, or where instability and identity-based conflict is prevalent, the concept of local voice and leadership can be fraught.

Similar challenges exist in settings where multi-national corporations or local elites have outsized influence. While observations about the central role of local leaders and local institutions in achieving results at scale are no less true in these settings, the crosswalk to an inclusive vision of locally led development is more complex.

Pathways to scale must pass through local leadership

One of the fundamental insights from over 20 years of research on scaling is that, with few exceptions, only governments and markets – often working together – have the capacity, resources and incentives to deliver goods, services and outcomes sustainably at scale.[1] Philanthropy and donor-funded projects can contribute to these results only to the extent that they catalyse permanent changes in the actions of host governments, local markets or both, or by offering sustained support for a relatively small number of individuals unserved by established systems.

A related learning from research on scaling is the importance of identifying and cultivating the institutions that will serve as 'doer' and 'funder' at scale.[2] In the case of a pure public service, government performs both roles. In the case of a purely commercial venture, the roles are performed by buyers and sellers.

In cases of subsidised service provision, it is often governments that provide some or all of the funding, while private firms or non-governmental organisations (NGOs) provide the service delivery. In addition, governmentally established policies play important roles in virtually all service delivery at scale. IImportantly, the concept of 'local' has deep significance and unique dynamics regarding the funding, leadership, management and accountability associated with each of these institutions.

We have, in other publications, identified a total of ten pathways to scale, distinguished in part by the role eventually played by the organisation that initiated the new product, practice or service (See Figure 1).[3]

In the case of those pathways classified as *Expansion*, the originating organisation expands dramatically to match the scale of the need. In the pathways referred to as *Replication*, funding and operational responsibility are transferred to the government or other actors able to deliver, fund and sustain these changes at scale. And in the case of *Collaboration* pathways, the originating organisation remains involved but does so in partnership with other actors who make the funding and/or delivery at scale possible. All these pathways ultimately require local engagement, leadership, capacity and ownership if successful and sustainable scaling is to take place.[4]

Scaling experience also suggests the essential role usually played by 'intermediary organisations' in facilitating the transition of improved practices from small to large scale. Analogous to venture capitalists and investment bankers in the private sector, these institutions perform functions such as investment packaging, convening, marketing and advocacy. But unlike analogous organisations in the private sector, these organisations face difficult business models in the public arena, and their absence in lower- and middle-income countries has been described as the 'broken part of the business model' in taking development outcomes to scale.[4]

External actors, in particular United Nations agencies such as the UN Development Programme (UNDP), UN Environment Programme (UNEP), and UNICEF; international NGOs such as CARE and Catholic Relief Services (CRS); and large multilateral and bilateral funders such as the multilateral development banks, German Agency for International Cooperation (GIZ) and the United States Agency for International Development (USAID), have played the role of intermediaries, but their engagement has generally been limited in duration and not sufficiently focused on building local intermediation capacity. This is, however, beginning to change. Organisations such as CRS are now focusing precisely on this task.

Figure 1: Pathways to scale

Direct Approaches

Type	Method
Expansion	Growth
	Restructuring
	Franchising
	Spin-off
Replication	Policy Adoption
	Grafting
	Diffusion
	Licensing
Collaboration	Partnerships and Strategic Alliances
	Networks and Coalitions

Indirect Approaches

1. Shared Identity
2. Standards of Practice
3. Knowledge Base
4. Leadership and Grassroots Support
5. Funding and Supporting Policy

Source: Management Systems International[1]

The Scaling Community of Practice's 2021 publication on scaling principles further details the role of local leadership based on lessons drawn from two decades of scaling research and practice, and as documented in a variety of case studies.[5] These insights include:

- successful scaling requires a vision of a scale, long-term engagement, a viable business model, reliable funding, institutional capacity, and ongoing political commitment beyond the limited time horizon of individual projects;
- each of these factors in turn requires that local actors and organisations are committed to leading scaling through to success, willing to make decisions, and able to mobilise and coordinate others to support scaling goals, strategy and tactics;
- the intermediary role is generally best carried out by a national or local organisation but is often either ignored entirely or inadequately filled; and
- monitoring, evaluation and learning (MEL) needs to be participatory, with local interests and capacity fully engaged to ensure ownership, as well as effective learning and adaptation.

The obstacles to localisation and scaling are similar and best overcome by addressing the two issues together

Official donors and private philanthropies have undertaken a wide array of efforts in recent years to promote and enhance localisation, including the World Bank's drive to end reliance on special project implementation units; UN agencies' emphasis on local implementation; and actions by numerous funders to decentralise their administration, strengthen local consultation, and increase their reliance on local professionals and organisations.

In the view of many, however, these internal reforms have had limited impact in genuinely shifting power to local leaders and organisations. This is in part due to political and institutional realities whereby donor objectives and priorities combine with a perceived need to show quick disbursement and results while avoiding embarrassing failures or a breakdown in fiduciary standards. Collectively, these pressures create pervasive incentives to maintain traditional project and programme modalities, which include maintaining donor control over most aspects of the project cycle.[6] These challenges are compounded in countries where political instability, endemic corruption and gaps in local institutional capacity have undermined donor trust in local leadership.

Similar factors undermine donor efforts to focus more systematically on scaling and militate against a longer-term perspective on supporting systemic change and creating the preconditions for successful, sustainable scaling of development interventions. These include reluctance to cede power to host country governments and private sector actors, combined with a focus on short-term project results, the one-off nature of project engagement for many donors ('pilots to nowhere'), frequent shifts in donor priorities, rotation of donor personnel, and the employment of international implementing partners.[7]

The strong links between localisation and scaling, and the implications of both for traditional donor practices, suggest the value of reframing objectives in terms of goods, services and outcomes delivered sustainably at population scale through local organisations able and willing to deliver them on a sustainable basis. Reconceptualised in this way, donor-funded projects and private philanthropy can assist and sometimes catalyse, but cannot substitute for, initiatives by these permanent local institutions – primarily governments and businesses, but also social enterprises, NGOs and community organisations – to create a 'new normal' through permanent changes they are financially able and willing to implement at scale and over time.

Although local resource mobilisation, local institutions and priorities sit in the centre of this formulation, potential contributions by external funders remain significant, particularly in providing the disposable resources needed to transition from established arrangements. In this regard, experience from the Scaling Community of Practice suggests the particular added value of reducing the risk to early adopters, advocating for supportive policy regimes and strengthening the intermediary functions needed to achieve the scaling of improved practices.

While the headwinds remain considerable, a growing sense of urgency and anxiety about achievement of the SDGs and Paris Agreement climate targets is providing new incentives for tackling the scaling agenda in a meaningful way.[8] Linking this imperative to the recent policy initiatives on localisation has the potential to bolster the resolve needed to overcome the obstacles blocking the path to both objectives. In that regard, there are important lessons to be learned from vertical funds such as the Global Fund and President's Emergency Plan for AIDS Relief (PEPFAR) that have combined a systematic focus on sustainable scale with explicit efforts to engage on a long-term basis with, and recognise the leadership roles of, local institutions, officials and communities.

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Part Three

Building resilience

Chapter 2

Building resilience

8 Co-authored by the Office of the Secretary General's Envoy on Youth, and the United Network of Young Peacebuilders (UNOY)

The fine art of building trust: Integrated National Financing Frameworks, institutions and financing for development

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Sida is Sweden's government agency for development cooperation. We strive to reduce poverty and oppression around the world. In cooperation with organisations, government agencies and the private sector, we invest in sustainable development for all people.

Introduction

Officially, the world has a working plan to root out poverty. The 2030 Agenda and its Sustainable Development Goals (SDGs) represent the plan of action for people, planet and prosperity, while the Addis Ababa Action Agenda (AAAA) provides the framework for financing these collective ambitions.[1] However, in reality the plan has been running into difficulty. International cooperation, including development cooperation, is increasingly hampered by a loss of trust between high-income countries and the Global South. A sense of indignation, strongly linked to the intrinsically unequal power relationship between giver and receiver, has grown alarmingly during the last few years.

The Global South has witnessed how wealthy countries spent trillions to mitigate the economic effects of the COVID-19 pandemic and the rising cost of energy in their own countries but have been reluctant to share COVID-19 vaccines. More recently, high-income countries have swiftly delivered enormous sums to support Ukraine in defending itself from the Russian invasion. Simultaneously, acute issues pertinent for the Global South, such as responding to climate change-related loss and damages, humanitarian crises in the Sahel, the Horn of Africa and Yemen, and the general pace of financing for development, have received relatively little attention and almost every part of the 2030 Agenda is severely underfinanced from a Global South perspective.

The solution to changing this unfortunate and unproductive momentum is multi-faceted. We argue that it should include re-building trust through bold, actionable plans agreed between parties that address institutional and market weaknesses, with strong financial backing – not with loose commitments. To address these problems of both perception and action, donor countries must clearly signal they are responding to the developmental needs identified by their partners.

Donors need to refine their offer to partner countries. Financing discussions need to recognise the importance of country ownership and country context, taking the development challenge as the starting point and seeing financing instruments or a specific actor as part of the solution. This means shifting the current conversation about mobilising capital from the supply-side to the demand-side and looking at it from the perspective of partner countries. Domestic and international private sectors must be integrated into the conversation if the world is to achieve private investment at scale to meet financing needs – needs that far exceed the world's combined overseas development assistance (ODA).

The Integrated National Financing Framework (INFF) facility

The Swedish International Development Cooperation Agency (Sida) supports the Integrated National Financing Framework (INFF) facility because it contributes to precisely this set of needs. INFFs are a tool that countries use to strengthen their planning and delivery processes and overcome obstacles to financing action for the SDGs at the national level (Box 1).[2] INFFs, which are developed at country level, also provide a platform to forge the necessary reforms and institutional strengthening needed to attract both public funding and private investments.

The INFF facility supports country-owned and -led INFF processes. A country's INFF lays out how the priorities identified in a country's national sustainable development strategy will be financed, and where the financing will be mobilised from among the full range of public and private sources. It also identifies capacity needs, institutional weaknesses, market failures and policy gaps, as well as how to address these constraints. The resulting framework provides partner countries with a strong basis for taking the lead in talks with potential donors, private sector partners and financiers.

With a country's INFF in hand, donors and other financiers are in a better position to understand ongoing reforms, take stock of the realistic costing of development plans and make concrete commitments to realise those plans. Mutual accountability is a further byproduct of a well-constructed INFF.

Box 1: **What are Integrated National Financing Frameworks?**

Mobilising resources, both domestic and global, to support sustainable development remains a key challenge for many developing countries. In 2015, world leaders met in Addis Ababa, Ethiopia, to agree upon a new global framework for financing the 2030 Agenda and the 17 Sustainable Development Goals (SDGs).

At the heart of the Addis Ababa Action Agenda are national sustainable development plans and strategies supported by integrated national financing frameworks — or INFFs. A country's sustainable development strategy lays out what needs to be financed. INFFs are planning and delivery tools that spell out how the national strategy will be financed and implemented, drawing on the full range of public and private financing sources.

Source: https://inff.org

Mobilising domestic and global resources to support sustainable development remains a key challenge for many partner countries. To achieve the SDGs, countries need increased financing, as well as fit-for-purpose national and international institutions that can enable economic, social, political and environmental stability and sustainable development.

It is Sida's contention that institutional development, which has always been at the heart of the development agenda, is still very much in focus. However, the way we look at and approach institutional development must be adapted to new and emerging priorities. Understanding the interaction between institutions and financing is fundamental to maximise the quantity of financing and its development impact.

Building institutions and capacity are integrated throughout the AAAA, but these themes are too often discussed separately in the context of the 2030 Agenda. The 2030 Agenda recognises that sustainable development cannot be realised without peaceful, just and inclusive societies that are based on respect for human rights, effective rule of law, and transparent, effective and accountable institutions.

Correspondingly, the AAAA underlines effective, accountable and inclusive democratic institutions at the subnational, national and international levels as central to enabling the effective, efficient and transparent mobilisation and use of resources. In addition, it explicitly emphasises systemic issues related to for example the need for non-financial means and an enabling environment for trade, research and development, capacity building and institutional strengthening.

Development financing challenges

Looking at financing for development on an aggregate level, there are two immediate challenges pointing in the same direction. Both challenges reference the need to take institutions into account, as these are essential for increasing the quantity and quality of development finance – that is, the ability to turn increased financing into spending that efficiently moves the SDG agenda forward.

- **Challenge 1: Decreasing financial flows.** Total external financing to developing countries declined by 10% between 2013 and 2021 according to Organisation for Economic Co-operation and Development data. While there are several factors behind these patterns, weak institutions and capacity at both the global and national level have been identified as major constraints.

- **Challenge 2: Poor targeting of financing.** Most capital flows, including global trade and foreign direct investments, do not go to those most in need. A country's available financing depends on the presence and quality of its institutions, which to a large extent correlates with the country's income-per-capita level. Not only does private investment not flow to the countries most in need, but international development cooperation is in some respects exacerbating the discrepancy by improving business climates mostly in countries that already receive more investment.

Functioning institutions and an enabling environment are fundamental both for maximising the quantity of financing flows and ensuring the quality of flows. Effective use of financial and other resources – public or private – is contingent on functional financial institutions at both the global and country level.

At the global level, this enabling condition includes the need for well-functioning finance regulators, rating agencies and development finance institutions (DFIs), as well as more general institutions such as international agreements (the World Trade Organization provides a good example). At the country level, this enabling condition includes institutions in the business and financial sector, such as central banks, tax authorities, investment promotion institutions and credit bureaus.

In addition, business service functions such as accounting, project design and feasibility studies are crucial for creating a conducive business and investment environment, as well as strong demand for capital – in other words, the elusive pipeline of investible projects. Functional public institutions are necessary for the efficient use of public money, overseeing private service providers, and regulating and monitoring investors and their externalities. The enabling environment at country level also includes – in the broadest of terms – a peaceful, stable and open society, with institutions ranging from educational systems and efficient customs to functioning rule of law and anti-corruption, as well as the actual implementation of policies.

Conclusion

We at Sida remain convinced that in many countries, there is significant scope for making structural reforms aimed at lifting unnecessary barriers to trade and private investments in support of the SDGs and developing accountable and efficient service institutions.

As described above, the system supporting development finance and institutions is self-reinforcing. It is possible to create a virtuous circle of interaction and mutual adaptation between all partners. Multi-stakeholder dialogues, which act as a feedback loop from the private sector and investors to partner countries and donors, are key. Such dialogues are at the heart of the INFF process. Building linkages and interdependencies between sources of additional resources and necessary institutional strengthening efforts can generate a perpetually reinforcing movement of people, engagement and, ultimately, financial flows.

But, in a situation where waning trust and stagnant resources for development and capacity building are predominant, the risk of creating a vicious circle that exacerbates the declining trends noted above is very real.

Action is therefore urgently needed to deliver on all aspects of the AAAA and rebuild trust between all parties in the global SDG partnership. For partner countries, avoiding negative scenarios involves working out robust, implementable and credible reform agendas. In the case of donors, it requires rethinking and revitalising their approach so that they are simultaneously looking at catalysing additional private financing while also extending support for institution strengthening. The one cannot happen without the other, and both sides have work to do – which is why the new INFF tool has the potential to be an important contribution to achieving the flip from vicious to virtuous circle.

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Blended finance for nature: The call for diversified conservation capital

By Briony Coulson and Pierre Bardoux

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Introduction

Biodiversity encompasses the rich variety of life on Earth and the abundant services its ecosystems provide. While the primary Sustainable Development Goals (SDGs) addressing nature are 14 and 15, to conserve and sustainably use the marine and terrestrial environment, the achievement of all 17 SDGs is ultimately dependent on thriving biodiversity.

In recent decades the health and extent of nature has continued to decline. Studies estimate that wildlife populations of mammals, birds, amphibians, reptiles, and fish have seen an average decline by 69% since 1970.[1] The lack of action to save Earth's remaining biodiversity is viewed as one of the most rapidly increasing global risks over the next decade.[2] As acknowledgement of the shared risks associated with the collapse of ecosystems has risen within public and private realms, so has the understanding of the private sector's potential to help close conservation funding gaps.[3]

In biodiversity forums, the role of the private sector in identifying, financing, and scaling sustainable solutions that address biodiversity loss is taking centre stage. From blended finance mechanisms to blue and green bonds, debt-for-nature swaps, and biodiversity credit systems, conservation finance tools are on the rise.

The Kunming-Montreal Global Biodiversity Framework (GBF) adopted by 196 nations in December 2022 emphasises the need for diversified conservation funding sources.[4] Notable is GBF Target 19 aiming to mobilise at least US$ 200 billion annually in domestic and international biodiversity-related funding from all sources – public and private – by 2030.[5] This will be contributing to the goal of protecting 30% of terrestrial and inland water areas and marine and coastal areas. The text further emphasises the promotion of blended finance and encouragement for the private sector to invest in biodiversity, including through impact funds and calls on the international community to increase biodiversity financing to Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

Blended Finance SDG Investment Pathways

This sweeping agreement to accelerate financial flows from all sources has resulted in the identification of blended finance vehicles being a key catalyst. In the midst of the December 2022 Convention on Biological Diversity (CBD) Conference of the Parties (COP15), thirteen donor countries and the European Union (EU) committed to 'encourage investments in biodiversity by the private sector, including through blended financing mechanisms and other innovative approaches which mobilise public and private finance'.[6] The statement further went on to identify investment-ready mechanisms, including the Global Fund for Coral Reefs (GFCR).

The GFCR was launched in September of 2020 by founding partners Paul G. Allen Family Foundation, Prince Albert II of Monaco Foundation, International Coral Reef Initiative (ICRI), United Nations Capital Development Fund (UNCDF), United Nations Development Programme (UNDP), and the United Nations Environment Programme (UNEP). The initiative features a private equity fund managed by Pegasus Capital Advisors and an UN-managed grant fund. The GFCR has convened a powerful coalition of coral nations, donor states, philanthropies, impact investors, strategic partners, and UN agencies to increase the protection of Earth's most climate-resilient coral reefs.

GFCR blends public and private capital at multiple levels. At the global level, both philanthropic and state donors have joined forces to capitalise the grant fund. The grant fund, a UN multi-partner trust fund, is a pooled finance vehicle equipped with catalytic functions including recoverable grants, performance-based grants, concessional loans, and technical assistance. GFCR's grant fund programmes are designed to bolster local community and conservation benefits from larger private equity investments, including through connectivity of small and medium-sized 'reef-positive' enterprises into the supply chain of larger ventures.

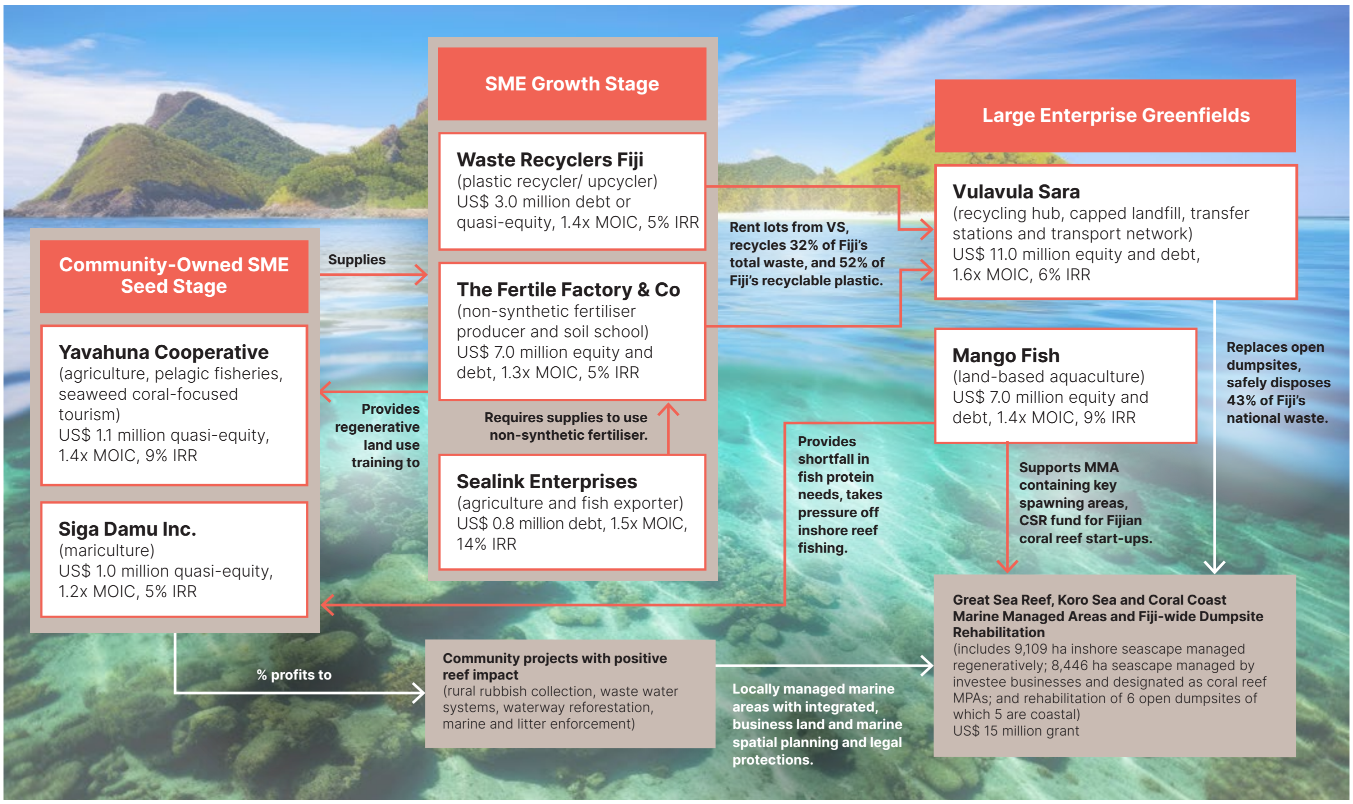
As GCF's first at-scale private sector initiative in the blue economy, the commitment is intended to de-risk investments for private investors at the fund level, thereby bridging the gap between public and private investors.

Through a lens of sustainable reef-positive economic transition, GFCR utilises a resilience-based management (RBM) strategy to guide programme design and implementation. Programmes focus on identifying, incubating, and scaling bankable solutions and financial mechanisms that help address local drivers of coral reef degradation, unlock sustainable conservation funding flows, and increase coastal communities' resilience to climate impacts. While RBM does not prevent the damaging impacts of climate change, it may offer coral reefs the best chance of avoiding functional extinction in the 21st century.[7]

At the time of writing the GFCR's growing portfolio has blended finance programmes underway for over 20 countries, more than 60% of which include SIDS and LDCs harbouring Earth's most climate-resilient reefs. Supported solutions include waste treatment and recycling facilities, coral reef insurance, sustainable aquaculture and agriculture, ecotourism enterprises, blue carbon credits, and sustainable finance mechanisms for Marine Protected Areas (MPAs).

In Fiji, the first programme launched by GFCR, grant funding and co-financing from the Joint SDG Fund are deployed to support a local incubator, Matanataki, to identify, support and scale locally driven conservation solutions. Two transactions underway in the initial programme phase include an organic fertiliser company to reduce eutrophication and sedimentation from the sugar cane sector and a waste management facility with a recycling component to reduce land-based solid waste leaching onto Fiji's coral reefs. Both initiatives have attracted great interest by local and international investors with a further influx of private

Interconnected deal flow: Example of how GFCR programme portfolios interconnect for greater impact and financial return



Source: Matanataki Pte Ltd. www.matanataki.com investment capital expected in 2023. Additional solutions in Fiji, including shark-based ecotourism tied to MPA finance, are now receiving support to expand conservation impact and community benefits.

Catalytic UN Multi-Partner Trust Funds

The design of a UN multi-partner trust fund to de-risk, attract, and bolster private investment for conservation impact has been highly welcomed by leading international donors. The catalytic use of funds enables donors to support initiatives that increase sustainable livelihoods, local resilience, and conservation impacts, without requiring long-term dependence on aid. By using grant funds to reduce specific investment risks, donors are unlocking pioneering investments in regions which would normally be overlooked through a strictly commercial scope.

As one of the largest donors to UN multi-partner trust funds, the Government of the United Kingdom (UK) recently increased its commitment to the GFCR to GB£ 33 million via a contribution from the country's GB£ 500 million Blue Planet Fund. By exploring and supporting innovative solutions, such as blended finance mechanisms the Blue Planet Fund, jointly led by the UK Department for Environment and Rural Affairs (Defra) and the Foreign Commonwealth Development Office (FCDO) supports a portfolio of programmes that protect and enhance marine ecosystems. The Blue Planet Fund promotes the conservation and sustainable management of ocean resources, ensuring long-term impacts for the most vulnerable communities while accelerating action to tackle the biodiversity crisis and reduce critical funding gaps.

As the largest donor to the GFCR, the UK has continued to demonstrate global leadership on the ocean, by scaling blended finance in developing countries. It is through its partnership with the GFCR that the UK has found an opportunity to fund critical projects strategically linked with its international objectives and the ambitions of the Blue Planet Fund, whilst also supporting the GFCR to leverage millions of dollars of blue finance to further protect coral reefs and the communities that depend on them.

As a key part of the GFCR Coalition and as co-chair of the Executive Board, working through a UN Multi-Partner Trust Fund enables the UK to support delivery of bold initiatives and push for higher ambitions within coral reef conservation and sustainable development through the protection, enhancement, and sustainable management of marine resources. The GFCR has made a wealth of progress since its inception in 2020, with a total of 18 programmes currently in implementation or under development, and fundraising efforts coming into fruition with the UK's GB£ 33 million complementing the new Minderoo Foundation contribution of AU$ 5 million to the investment fund.

Overall, there is a great deal that still needs to be done to encourage global private finance flows to become 'nature-positive' and support climate resilience in developing countries. Development assistance positioned through pooled finance vehicles designed to complement and enhance impact of private investment can play an important role in accelerating biodiversity-related funding from all sources.

As we face one of the biggest threats ever witnessed in modern times, the deterioration of our natural environment, we have before us hope and opportunity through blended finance pathways. The 10 Point Plan for Financing Biodiversity, developed by the UK, Ecuador, the Maldives, and Gabon, provides a clear roadmap defining the role of finance sources needed to deliver the Global Biodiversity Framework.[8] The plan is endorsed and heavily supported by over 42 countries, however continued collaboration and innovation is vital to sustain ambition, to mobilise resources from all sources and to focus collective efforts to deliver on the Global Biodiversity Framework.

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A high impact United Nations financing model for eliminating violence against women and girls and accelerating progress on the Sustainable Development Goals

By Heran Ayele and Alessandra Roccasalvo

Heran Ayele is the Capacity Development and Knowledge Management Specialist at the Spotlight Initiative Secretariat. She oversees the knowledge management portfolio, which includes providing technical advisory services for over 25 Spotlight Initiative country programmes on violence against women and girls. Heran Ayele has more than 12 years of experience within the United Nations on gender and violence against women and girls, including pertinent expertise in programme design and implementation, knowledge management, monitoring and research, with the aim of maximising programme impact, policy objectives and strategic partnerships. Prior to the UN, she has worked for various non-governmental organisations on social justice issues in Africa.

Alessandra Roccasalvo is the Spotlight Initiative Secretariat's Head of Management Unit. Previous assignments include managing the Kosovo United Nations Development Programme (UNDP) Office and being part of UNDP's internal management consulting team, facilitating change processes globally. Alessandra Roccasalvo joined UNDP in 2005 as a Programme Officer at UNDP Indonesia, focusing on the post-tsunami recovery portfolio. In addition, she served several times as Surge Adviser in Afghanistan and Sudan. She started her career at McKinsey & Company in Germany and India. She holds a Master of Science in Development Studies from the London School of Economics, as well as a Master's degree in economics and history from the University of Tübingen in Germany and the University of St. Andrews, Scotland.

Introduction

Violence against women and girls remains a low priority in global financing and development agenda

Violence against women and girls (VAWG), the most pervasive human rights violation in the world, remains endemic and devastating and continues to be a significant barrier to development. Despite the progress made over the past three decades, the latest figure remains largely unchanged with 1 in 3 women worldwide subjected to violence in their lifetime.[1] More than 4 million girls are at risk of female genital mutilation by 2023.[2]

The converging and multi-faceted crises of the COVID-19 pandemic, climate change, conflict, growing economic inequalities and the rise of anti-rights tendencies are exacerbating all forms of violence. This toll has had ripple effects throughout society, impeding collective progress and many of the hard-won victories in education, justice, poverty reduction, and the Sustainable Development Goals (SDGs) as a whole are at risk.

Achieving gender equality (Goal 5) is a prerequisite for attaining all the 17 SGDs. Despite the recognition that violence against women is a serious obstacle to development, it continues to have an unjustifiably low priority in assistance efforts. Noticeable cuts have been made to official development assistance (ODA) at a time when demand and needs have reached an all-time high. Programmes dedicated to gender equality remain at 4% of the total bilateral average ODA per year, and financial assistance for ending violence against women and girls has in fact decreased.[3]

Experts are unanimous in estimating that the resources required to eradicate violence against women amount to a fraction of the costs arising from its ramifications. The global cost of violence has previously been estimated at US$ 1.5 trillion, and it is expected to increase in the aftermath of the pandemic.[4]

The United Nations system strives for improved financing on gender equality and VAWG, as it is foundational to the efforts to build and deliver on the SDGs. Since a 2017 external review estimated only 2% of expenditures on gender equality, a series of measures have been taken, beginning with an overall increase in resource allocations within the UN entities and pooled funds.[5] For example, the UN COVID-19 Response and Recovery Fund and the Peacebuilding Fund have seen notable increases in resources allocated to programmes with gender equality as a primary target.

Despite this progress, UN and development financing currently directed towards violence eradication, and violence against women and girls in particular, remains disproportionate to the scale of the problem. Thus, there is a clear need for scaled-up, targeted financing and new approaches to funding.

Financing the UN development system reforms and SDG 5 to accelerate progress across the SDGs

Repositioning the UN to deliver on gender equality, and through this the whole 2030 Agenda, demands bold changes to the UN development system, enabling an entire-system approach which leverages the right capacities, coordinates for greater efficiency and effectiveness, and is backed by more coherent funding. In the past, most UN financing for gender-based violence took a siloed approach, delivering projectised, small-scale programming through bilateral or concentrated partnerships.

The **Spotlight Initiative** is a unique opportunity to move beyond the siloes to a comprehensive approach backed by significant funding and it is firmly placed within national development priorities and placing women and girls at the forefront of a new way of working across partnerships.[6] It is the first large-scale initiative working on eliminating violence against women and girls and is a demonstration fund of the UN reforms.

Backed by seed investment of €500 million by the European Union (EU), the initiative was launched in 2017 in more than 25 countries across five regions, gathering the UN, governments, civil society organisations and the EU. The initiative is historic in size, scope and ambition, and led from the highest UN and EU political levels. By bringing together collective expertise, institutional knowledge, existing resources and coordination mechanisms under a '**one UN**' interface under the leadership of the Resident Coordinator (RC), the Spotlight Initiative facilitates an integrated model that fosters coherence and accountability. In doing so, it provides a flagship showcasing the UN reforms aimed at maximising the effectiveness of efforts to end violence against women and girls.

Central to its work the Initiative applied UN reform tools – including the Business Operations Strategy – to identify new and innovative ways to of increase operational and programmatic efficiency. A recent review of the initiative found that the closer collaboration among UN agencies has led to greater efficiency – representing a competitive advantage compared to other joint UN programmes.[7]

This model is a testament to the effectiveness of implementing programmes through the UN reform mechanism. It echoes the findings of the Quadrennial Comprehensive Policy Review (QCPR), which decisively underscored the value of pooled funding in bringing entities together to deliver collective results, as well as the effective leadership of Resident Coordinators.[8]

Box 1: **Knock-on effects: Spotlight Initiative in Tajikistan and Samoa**

The Spotlight Initiative has had significant knock-on effects, influencing the broader UN system to adopt key Spotlight Initiative principles. For example, in Tajikistan, the Joint Programme of the Migration Multi-Partner Trust Fund adopted several Spotlight Initiative approaches, including instituting a Civil Society Reference Group, interagency task forces, and a new, more joined-up way of working across agencies. In Samoa, the UN country team engaged the Spotlight Initiative Civil Society Reference Group to facilitate community consultations on the UN Sustainable Development Cooperation Framework.

Sources: Spotlight Initiative, 'Global Annual Narrative Progress Report, 01 January 2021–31 December 2021' 2022; and Spotlight Initiative, 'Annual Narrative Programme Report: Spotlight Initiative Samoa, 01 January 2022–31 December 2022', 2023

Innovative financing of civil society partners for transformative change: A model for localisation

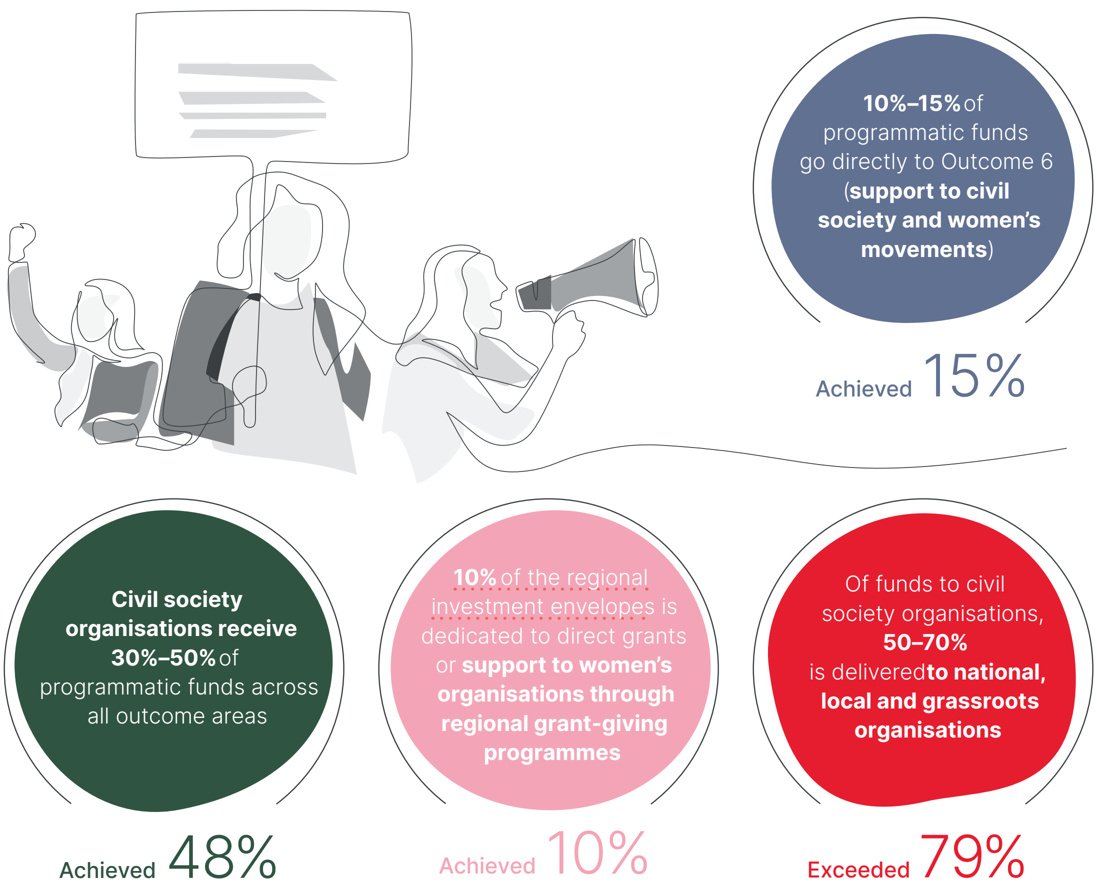
While funding for local civil society has long been recognised as a key element of localisation and shifting of power within development efforts, nowhere is the evidence base for transformative and sustainable impacts stronger than in the role of women's rights organisations in relation to ending gender-based violence.

For decades, civil society organisations have called for a paradigm shift when it comes to resourcing their activities, including greater flexibility and sustainable, long-term core funding. Oftentimes, their contribution is under-resourced, consigning them to the implementation of small-scale, projectised work, and being donor-driven rather than delivering on self-defined and constituency priorities. Lessons from the Spotlight Initiative demonstrate the UN's capability to design innovative financing models.

The partnership with civil society is a fundamental dimension of the Spotlight Initiative's structure and functioning. Guided by a desire for broad-based national ownership and the principle of **leaving no one behind**, representatives of civil society and women's rights groups have been critically engaged in shaping the Initiative through governance, advisory roles and holding the initiative accountable to its commitments.

This approach has modelled a new way of working with civil society, ensuring meaningful engagement in governance, giving space for political influence and decision-making, and strengthening civic space. Furthermore, by earmarking a certain percentage of the funding – through a dedicated pillar on women's movements, as well as through cross-cutting investment across other pillars – the initiative has allocated **half of its activity funds (US$ 190 million) to civil society organisations**. Some 79% of this has reached national, local and grassroots organisations, while 34% has gone to new partners of the UN diversifying the civil society base.[9] By shifting power and localising resources, this intentional investment in women's organisations is accelerating transformative changes in the lives of women and girls, with ripple effects across society.

Figure 1: Civil society funding commitments



Source: Spotlight Initiative, 'Global Annual Narrative Progress Report, 01 January 2022–31 December 2022', 2023

An SDG model fund: Placing VAWG at the heart of development priorities

Prioritising gender-based violence at the heart of national development plans and through a whole society, government, and taking a UN approach, with the full partnership of civil society, has the potential to move the needle on SDG 5 and all the SDGs.

For example, the Spotlight Initiative's advocacy for greater budget allocations for women's rights and ending violence against women and girls as a priority for national development has resulted in a tenfold increase in national budgets in some countries.

In Timor-Leste, there was a drastic reduction in state funding for gender equality from 0.6% to 0.1% of the national budget in 2020. Through the Spotlight Initiative, the budget allocation for women's rights and ending violence against women and girls significantly increased, with more than 12% of the 2022 national budget allocated to gender equality and women and girls' social inclusion. The initiative has also provided clear data on the relationship between investments in women and girls and accelerated progress on the SDGs more broadly.

For example, a recent impact modelling study on the Spotlight Initiative indicated preventing and addressing violence against women and girls can contribute to millions more girls completing school, reduction of household poverty, greater health for millions of women and girls, and strengthened institutions and resilience of communities.[10]

Spotlight Initiative's **comprehensive approach**, which is predicated on multiple, mutually reinforcing pillars such as laws, institutions, prevention, services, data and the women's movement in a manner that is locally informed and meaningfully engages the whole of society and government, magnifies the impact of each intervention.

The modelling study highlighted that the initiative is **70–90% more effective** in reducing the prevalence of violence compared to a model focused on a single pillar. Additionally, the initiative's model, centred around women and girls' experiences and needs, enables adaptability across contexts. Faced by the devastating consequences of the COVID-19 pandemic, natural disasters and conflicts undercutting the prospects of sustainable development, the initiative has demonstrated its unique ability to work across the development–humanitarian–peace nexus, supporting gender-responsive efforts, reallocating funds to meet immediate needs and shifting delivery modality.

In calling for increased financing to end violence against women and girls, UN programmes must vocalise, above all else, the unparalleled position of gender equality in driving forward progress on the 2030 Agenda.

'Let's consign violence against women and girls to the history books.'

UN Secretary-General António Guterres

Box 2: **Unprecedented results of the Spotlight Initiative since 2019**

- Conviction rates for gender-based violence doubled across 12 countries.
- 477 laws or policies were signed or strengthened to end violence against women and girls.
- National budgets to address gender-based violence increased tenfold across 14 countries.
- 2.5 million women and girls have accessed gender-based violence services.
- 260 million people were reached by gender-based violence prevention campaigns.

Source: Spotlight Initiative, 'Global Annual Narrative Progress Report, 01 January 2022–31 December 2022', 2023

Conclusion

What is at stake?

Women and girls continue to be subjected to violence everywhere and every day. When half the global population do not live a life free from violence, with freedom and a sense of dignity, the question of realising the SDGs and SDG 5 is inconceivable. While global funds such as the Spotlight Initiative has been a transformative demonstration and innovative fund for the reform and the SDGs, the required investment for eradicating violence against women and girls is enormous.

Today, more than ever, urgent and sustained action and investment is needed to transform the structures, institutions and norms that are holding back progress. The Spotlight Initiative has been selected as one of the 12 'High Impact Initiatives' in the lead-up to the SDG Summit and the midway point on the SDGs in September 2023.[11] As the only cross-cutting initiative, it offers a unique opportunity for a transformative change and to accelerate progress on the whole 2030 Agenda. The time to invest for the elimination of violence against women and girls once and for all is now!

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Moving from climate crises to peacebuilding solutions

By United Nations Department for Political and Peacebuilding Affairs – Peacebuilding Support Office (PBSO) and Diane Sheinberg

The **Peacebuilding Support Office (PBSO)** within the United Nations Department for Political and Peacebuilding Affairs (UNDPPA) works to enhance coherence and collaboration across the UN system and, with partners, support nationally-owned efforts to build sustainable peace. It draws together expertise to advance impactful action, policies and guidance, and fosters an integrated and inclusive approach to prevention and sustaining peace. PBSO assists the Peacebuilding Commission (PBC) with technical support and strategic advice. On behalf of the UN Secretary-General, PBSO manages the Peacebuilding Fund (PBF), the organisation's financial instrument of first resort to provide fast, flexible and catalytic funding to sustain peace in countries or situations at risk if or affected by violent conflict. The PBSO serves as a 'hinge' or 'connector' between the peace and security pillar and the wider UN system on peacebuilding action. It plays a leading role in advancing implementation of the Youth, Peace and Security-related Security Council resolutions.

Introduction

The impact of the climate crisis continued to worsen around the world in 2022 and 2023: flooding in Pakistan and the United States, wildfires in Europe and Canada, severe drought in Africa, and record ice melt at the poles are just some examples. While climate change is rarely – if ever – the primary cause of conflict, it can act as a risk multiplier, exacerbating underlying social, economic and environmental vulnerabilities. In doing so, it can compound existing grievances, leading to potential displacement and forced migration, raising food and water insecurity, threatening communities' livelihoods and stalling economic growth.

The impacts of climate change are felt by everyone, but not equally. Gender norms and power dynamics shape how women and men of different backgrounds experience or contribute to insecurity in a changing climate.[1] The effects of global warming and environmental degradation can compound other conflict drivers or become additional security risks. They also undermine prevention efforts.

The World Bank estimates that climate change will create up to 86 million additional migrants in sub-Saharan Africa, 40 million in South Asia and 17 million in Latin America as agricultural conditions and water availability deteriorate across these regions, leading to an anticipated total of 143 million climate migrants anticipated by 2050. Population displacement on this large scale creates resource pressures on host communities, which exacerbate existing instabilities and increase the potential for conflicts.[2] How best to respond to these so-called 'climate security' challenges is still an emerging area of practice within the peacebuilding field. Despite growing research around the interlinkages between climate change and peace and security, country and regional scans of such risks and their impact, there is limited funding and or programmatic responses addressing these correlated challenges.

Peacebuilding investments

Over the past five years, the Secretary-General's (PBF) has **received increased demand from around the world** to respond to these emerging challenges that differ from region to region.

In **Colombia**, conflict impacted the environment negatively for decades through illegal mining, deforestation for extensive agriculture, the establishment of illicit crops, and land grabbing, fuelled by the financing needs of illegal armed groups. Here, the United Nations Development Programme (UNDP), the United Nations Enviroment Programme (UNEP) and Fundacion Estudios Superior (FESU) received PBF support to implement projects on forest and biodiversity preservation, with private sector engagement. Peacebuilding Fund support helped mobilise private sector investments in carbon emission offsets as a way of improving development prospects, increasing peace dividends, reducing potential recruitment by armed groups, and ensuring environmental protection in the most conflict-affected communities.

In **Mauritania**, a decline in both rain and pasture, combined with an influx of refugees from Mali, is putting pressure on the diminishing natural resources. This in turn is causing a multiplication of conflicts between communities for access to natural resources, including water and grazing fields. Climate change adaptation measures were implemented by UNDP, the UN High Commission for Refugees (UNHCR), the Food and Agricultgural Organization (FAO) and the International Organization for Migration (IOM) as a peace-building tool. This as a means of to encouraging social cohesion and cooperation, positing that greater community resilience against climate change also strengthen conflict prevention.

In addition, PBF supports a UNDP and UNHCR programme to restore degraded land, which has led to the reforestation of 35 hectares, transplanting of 20,000 plants and rehabilitation of water points, gardening and fodder areas, thereby supporting the management of pastoral areas and other natural resources in the region. The initiative created temporary employment opportunities for 500 women and young people, while also fostering stronger relations between refugees and host communities.

In the Pacific region, climate change is perceived as the single most critical security threat to the islands, drawing together risks associated with sea-level rise, droughts, and an increase in the frequency and intensity of tropical storms. A climate-security project was piloted by IOM and UNDP, with PBF funding based on a prevention perspective. In the process, food security was improved, resilience to climate-related food security issues and conflicts over natural resources addressed. Another element of the work involved integrating climate security risks into the small islands' policy and budgetary processes. In addition, climate security risks assessments were finalised and used for advocacy purposes, including at the Conference of the Parties (COP) 27.

In **Yemen** – one of the most water-scarce countries in the world and one of the most challenging operating environments in terms of governance and conflict dynamics

– FAO and IOM supported water-related peacebuilding programming with PBF funding. A combination of natural ecological features, exploding population growth, overuse of water-intensive cash crops such as qat, and poor water infrastructure and management means that the water crisis, and other sources of environmental degradation, are not only casualties of the conflict, but also contribute to conflict drivers.

The competition for land and water have long been reported as major sources of lower-level conflict in this country where the FAO and IOM, with PBF support, worked to strengthen the role of women in water management. Other initiatives is the investment in resources to implement dispute resolution in the rural areas of Sana'a and Lahj governorates through the support or reactivation of Water Users Associations (WUAs). These local community associations, are created to address local water management issues, includes creating Conflict Resolution Committees within the WUAs, the latter of which had to have a composition that was 50% female. The Conflict Resolution Committees and WUAs received training and access to other capacity building support covering conflict resolution strategies and skillsets, social cohesion, and natural resource management. The Yemen projects adopted an innovative approach to women's inclusion in both local water management and dispute resolution, which succeeded despite substantial gender barriers. The results suggest that 'bottom-up' peacebuilding around local natural resource issues may be among the most promising areas for peacebuilding in these difficult conflict environments, offering opportunities to alleviate local conflicts and sources of vulnerability and also offering entry points to work on other trenchant social issues, such as women or youth exclusion.

These are just illustrations of the growing PBF portfolio on climate, peace and security. Between 2016 and 2022, PBF invested more than **US$ 167 million** towards climate security and environmental peacebuilding efforts through **74 projects in 33 countries** implemented by 17 UN entities and 13 civil society organisations.

The projects operate in contexts that range from those in which climate change has already contributed to active conflict, to those that raise awareness about the existential threat of climate change, aim to prevent future conflict by nurturing social cohesion, or encourage regional climate change adaptation as an integral part of peacebuilding strategies. These projects further test integrated responses to gender issues, climate and security; promote youth inclusion in natural resource management; and emphasise cross-border or transnational programming approaches. The projects focus on farmer–herder conflicts, competition over natural resources including conflict and disputes over water, climate change adaptation strategies, and other initiatives that contribute to sustaining peace.

Thematic review on climate security and peacebuilding[3]

In the context of this growing portfolio, PBSO commissioned an independent Thematic Review on Climate Security and Peacebuilding, in partnership with FAO, UNICEF and the UN Climate Security Mechanism, in 2022 with additional support from the United Kingdom. Led by UN University's Centre for Policy Research (UNU-CPR), the thematic review is informed by primary research in the Liptako-Gourma border region between Burkina Faso, Mali and Niger; Yemen; as well as the Pacific islands of the Marshall Islands, Kiribati and Tuvalu.

The thematic review found that we can address the climate, peace and security nexus even in active conflict contexts. It also revealed that PBF invests in areas or situations other donors may deem the risk to be too high. Of the ten countries that received the most PBF climate security funding, nine were the most vulnerable to climate change according to the Notre Dame Global Adaptation Initiative National Index (ND-GAIN Index), six countries were ranked among the most fragile states (Fragile States Index).[4] The PBF plays a critical role when investing in the climate, peace and security space, as well as pulling climate financing and donors into otherwise neglected conflict-affected and fragile areas.

Investments in improving agriculture, water sources, pastoral routes and other natural resource infrastructure get to the heart of what many communities view as both the most pressing human security concerns, and the factors that contribute to conflict and competition in many fragile and conflict-affected environments. The interventions supported by PBF suggest that climate security and environmental peacebuilding approaches may offer novel entry points for addressing other trenchant issues, such as gender inequality and elite capture, strengthening modes of local governance even in the most volatile environments.

The reviewers further noted that the PBF's cross-border work is crucial in the climate, peace and security area, given the transnational nature of climate-security threats and should continue, despite implementing challenges.

While the PBF's climate security-related work has a strong focus on cross-border approaches, this is not true for climate financing and funding as a whole. Other climate adaptation funds, and also other broader peacebuilding approaches, tend to operate on a country-specific level. By supporting cross-border and regional initiatives, PBF provides a unique and relevant entry point to mainstream climate-related peacebuilding initiatives, with a cross-border approach and contributing to the codification of good practice. For example, the Liptako-Gourma case study illustrates how environmental pressures on regional transhumance patterns, in combination with active trans-national armed groups, trafficking, and weak or absent governance, has fuelled violence and contributed to dire conditions.

Whereas these dynamics created stark challenges for project implementation, PBF investments in climate security offered some promise in terms of being able to address the root causes, shifting the narrative from overly militarised approaches, offering a more regionalised lens to peacebuilding, and focusing on peacebuilding approaches that address the needs of vulnerable populations. The review found that cross-border climate security programming needs to further build political engagement and dialogue between countries around this issue.

Conclusion

The climate, peace and security nexus demands more attention from partners in terms of joint programmatic solutions to address and anticipate pressure points on social cohesion and the livelihoods of communities around the world. This is a growing area of work where more investments are needed, not least given that only a very small share of climate finance currently flows to conflict-affected contexts, as highlighted in the Secretary-General's policy brief on a New Agenda for Peace. We need to deepen knowledge and understanding of pathways to address combined grievances, gender and youth dimensions, in-country and at a regional and cross-border level. COP 28 represents an opportunity for Member States and partners to recognise the importance of this agenda and the need to invest more, in particular in conflict-affected states. PBF investments prove this is possible and that scaling-up opportunities await.

As demands continue to grow, PBF will continue to explore this area of work with support from its partners around the world, applying the findings of the thematic review in a new generation of projects at national and cross-border levels through strengthening and reinforcing project design, learning and innovation. The PBF will further take into account recommendations from the New Agenda for Peace, and engage with larger climate funds and donors, private sector and international financial institutions, leading on climate change adaptation, disaster risk reduction and resilience.[5] The goal will be to identify potential synergies with their portfolios, to enable more climate security and peacebuilding projects to be taken up with a particular focus on more fragile environments.

Endnotes

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Advancing financing of the Youth, Peace and Security Agenda in the United Nations system: Beyond commitments

Co-authored by the Office of the Secretary-General's Envoy on Youth, and the United Network of Young Peacebuilders (UNOY).

The **Office of the Secretary-General's Envoy on Youth (OSGEY)** works with and for young people globally to strengthen meaningful youth engagement at the UN and in inter-governmental policy and decision-making processes. Guided by the system-wide Youth 2030 strategy[1] and carrying out global-level advocacy and outreach efforts, OSGEY is led by the Secretary-General's Envoy on Youth, Jayathma Wickramanayake.[2]

The **United Network of Young Peacebuilders (UNOY)** is a global network of 130 youth-led organisations in 70 countries. It is dedicated to building and sustaining peace from the ground up across a wide range of peace and security topics, and at all stages of the conflict cycle. This includes working towards ending the violence of young people's exclusion by transforming the power structures that exclude them from decision-making; building sustainable spaces for young people to shape the decisions that affect them; and connecting people so that they can partner for peaceful and inclusive societies.

Introduction

Young people play a critical role in efforts for building and sustaining peace. A growing body of evidence demonstrates their importance as mediators, community mobilisers and advocates collaborating across borders to prevent conflict and maintain peace.[3] Through these roles, they strengthen the reach and credibility of peacebuilding programmes within marginalised communities; mobilise powerful social change movements; and employ innovative, intersectional approaches to peacebuilding and conflict prevention. The adoption of three Youth, Peace and Security (YPS) resolutions by the United Nations Security Council (UNSC) is strong recognition of the important positive roles and intersectional approaches by which young people contribute to building and maintaining peace.[4] As such, the resolutions place meaningful participation and inclusion of young people at the front and centre of peace and security.[5] UNSC Resolution 2250 also urges Member States to increase 'their political, financial, technical and logistical support [for] the needs and participation of youth in peace efforts'.[6]

Additionally, the UN General Assembly adopted the Financing for Peacebuilding Resolution in 2022, which recognises the persistent challenges young people face in accessing resources. Specifically, it calls for 'efforts to address existing financing gaps for youth-led initiatives and youth organisations to ensure the full, effective and meaningful participation of youth in the design, monitoring, and implementation of peacebuilding efforts at all levels, and encourages all financing stakeholders to increase coordination and collaboration with youth on financing national priorities'.[7]

The current global population count sets the number of youth aged 18–29 at more than 1.8 billion – the largest age group in the world.[8] Moreover, youth often constitute most of the inhabitants in conflict-affected contexts.[9] Ensuring that young people's participation in peace efforts is coupled with sufficient resources is therefore crucial.

Renewed investment by Member States and other donors is necessary to ensure that the UN meets its commitments on engaging young people as equal partners in peacebuilding. Additionally, the allocation of existing funds within the UN system should be increasingly directed to YPS. Therefore, this article provides a brief analysis of the current state of financing for the YPS agenda, including youth-led peacebuilding, within the UN system, and outlines recommendations to strengthen these investments.

Where are we at?

Data on financing of the YPS agenda in the UN system

The funding landscape for YPS within the UN system is limited, concentrated in only a few funds, with very little support for youth-led efforts. While existing data is limited, Figure 1 gives an overview of several sources of investment, providing insight into YPS investments within the UN system.

Altogether, the five funds included in the Secretary-General's Peacebuilding Funding Dashboard allocated US$ 1.083 billion towards peacebuilding during the period 2015–2021.[10] However, only 10.63% of these resources went towards youth empowerment and participation, with significant fluctuation from year to year.[11] Although there is no disaggregated data on how much of this percentage specifically went towards youth-led efforts, it is likely to be a very small proportion – a recent survey demonstrated that 49% of youth-led organisations operate on less than US$ 5,000 annually.[12]

Accessibility of UN's funding mechanisms to youth-led organisations

Most of the existing financing modalities within the UN system incorporate stringent eligibility criteria and fiduciary requirements, as well as overburdensome application and reporting requirements. These requirements remain challenging for youth organisations, which usually lack the structures and capacity to access and report on the funds. Especially youth who are left behind are less likely to access funding.[13]

These young people are those who are the furthest left behind while they face added barriers to the social, political and economic opportunities enjoyed by their peers.[14] This group includes young women and gender-diverse youth,

Figure 1: YPS investments within the UN system

The UN Development Programme (UNDP) Global Funding Window on Governance, Peacebuilding, Crisis, and Resilience

has allocated US$ 42 million to 53 projects with specific components supporting youth engagement or an enabling environment for their agency, as of October 2021.

The Women Peace and Humanitarian Fund (WPHF)

funded **18 young women-led civil society organisations** in 2022.

43% of organisations were first time funding recipients from UN system funds.

The Secretary General's Peacebuilding Fund

including the Youth Promotion Initiative (YPI), invested nearly.

US$ 220 million

between 2018 and 2022 towards the implementation of the Youth, Peace, and Security Agenda.

127 projects in **46** countries

UN Democracy Fund (UNDEF)

has invested **US$ 11.786 million** towards youth engagement since 2017.

The Multi-Partner Trust Fund for Sustaining Peace in Colombia

has allocated

US$ 9.05 million

in projects exclusively focussing on YPS since 2016.

The United Nations Alliance of Civilizations Youth Solidarity Fund

has invested **US$2.49 million** in **73** youth-led projects in over ***42 countries*** since 2008.

UNICEF

Spent approximately US$ 43 million

in 2020 in support of **adolescent participation** and civic engagement across humanitarian and development programming.

Source: Data provided by the individual funds listed rural youth, indigenous youth and young people with disabilities. Additionally, most of the funding available to youth-led organisations is project-based and short-term. This forces youth-led organisations to adapt to donor priorities rather than responding to the needs of their local context. It also undermines the sustainability of youth-led civil society, as the lack of predictable funding limits organisational growth.

In addition, conceptualisation and design processes for UN system programmes and strategies – including among UN agencies and funds – frequently lack meaningful engagement of diverse youth, which should be the starting point. At the country level, lack of financing for youth-inclusive consultation processes places a significant limitation on UN country teams' efforts to meaningfully engage young people in programme and strategy design. This results in frequent mismatches between how available funding is allocated and the priorities raised by young people in peacebuilding contexts. Only 40% of UN entities have at least some resources allocated to meaningful youth engagement.[15]

There are positive examples within and outside the UN system that can guide future efforts to make funding more accessible and responsive to young people's needs. As an example, the Women's Peace and Humanitarian Fund has adopted a model in which civil society organisations are integrated into the fund's governing board and in-country steering committees.[17] This allows for greater influence in defining priorities for the allocation of resources.

Outside the UN system, the use of participatory grant-making models engages young people in funding process design and decision-making. Results so far have demonstrated greater responsiveness to young people's needs and consequential ownership. As an example, since 2020, the Global Resilience Fund has channelled over US$ 1 million in bilateral, multilateral and philanthropic funds to organisations led by girls and young feminists. The fund has rapidly distributed resources based on the funding needs, priorities and perspectives identified by community-level actors.[18]

Data gap on financing the YPS agenda

One of the largest barriers to advancing financing of the YPS agenda is a lack of data. This limits analysis of the amount, quality and focus of funding allocated to supporting youth-led and youth-focused peacebuilding. However, existing data indicates that both youth-led and youth-focused peacebuilding are not sufficiently resourced.

Figure 2: Percentage of UN entities meeting criteria for meaningful youth engagement in 2021

Policies and processes for meaningful youth engagement (KPI 18.1)	No. of UN entities	Percentage (of 40)
Institutionally mandated	30	75
Designated (youth advisory councils/ boards or equivalent bodies)	21	53
Informative	18	45
Resourced	16	40
Rights-based and safe	15	38
Transparent, accessible and voluntary	13	33
Accountability of UN entity to youth	13	33
Accountability of youth to UN entity	10	25

Source: OSGEY, 'Youth2030: A Global Progress Report, 2022'[16]

To date, the UN system does not disaggregate collected data on financing peacebuilding based on age. This significantly limits the evidence base available for identifying the financing needs of youth-led community service organisations (CSOs). In order to ensure no one is left behind, there is a particular need to incorporate marginalised youth groups within future data collected by the UN system. Despite efforts by some UN entities to improve data disaggregation and tracking, more needs to be done to strengthen data disaggregation using a diverse youth lens.[19]

Improved data collection would not only allow informed policy, strategy and financing regarding the YPS agenda, it would also enable greater coordination and integration of YPS perspectives across the humanitarian, peace and development nexus. For example, adoption of the Organisation for Economic Co-operation and Development (OECD) Gender Equality Marker has helped inform analysis, including an OECD paper that 'provides guidance and actions derived from promising practices that can be taken to strengthen the role of gender equality within members' nexus strategies'.[20]

What is needed?

How do we move towards strengthened coordination and joint programming?

In September 2021, the UN Secretary-General launched Our Common Agenda, outlining a vision for how the UN system can accelerate implementation of existing agreements, including the Sustainable Development Goals (SDGs). This comes at a time when the world is facing multiple emerging global challenges, including multi-pronged crises, growing inequalities, ongoing conflicts and diminishing official development assistance (ODA).

To successfully tackle these challenges, it is crucial to transform the financing landscape. Strategic, long-term, and flexible approaches are required from the donor community. However, the practice of strict earmarking of funds within the UN system disincentivises these approaches. The percentage of funding within the UN system which is earmarked has grown from 51% in 2010 to 60.7% in 2022.

The UN system-wide Youth 2030 strategy seeks to ensure that the UN's work on youth issues is pursued in a coordinated, coherent and holistic manner. It provides a strategic framework for reinforcing cooperation and joint programming among diverse UN entities across all pillars of the organisation, including peace and security, human rights, and sustainable development. Under the Youth 2030 thematic priority area of building peace and resilience, initial steps towards joint programmatic efforts are already being taken. As an example, the UN Population Fund and the Peacebuilding Fund (PBF) have partnered with the UN Development Programme, UN Women and the UN Children's Fund (UNICEF) to strengthen the capacities of UN staff in designing and delivering better gender-and-youth-responsive peacebuilding programmes. This was done through two trainings in 2022 that targeted UN staff from PBF-eligible countries.[21]

However, strengthened coordination and cooperation between UN entities is still needed to ensure efficient, strategic use of limited resources, and to effectively respond to interconnected crises in an intersectional manner. This requires further intergenerational collaboration with CSO partners on joint YPS programming to foster a more collaborative environment.

Recommendations and opportunities

Financing of the YPS agenda needs to be strengthened if the UN is to meet its responsibility to young people and unlock their potential to accelerate implementation of the SDGs. To do so, it is critical that donors and UN entities build on their commitments and make concrete, evidence-informed investments in YPS, including young people's role in peacebuilding.[22] With this in mind, the recommendations (below) identify concrete next steps to: improve the quantity and quality of funding; integrate young people into programming and strategy development; improve data on funding; and strengthen coordination and collaboration between UN entities and civil society partners, including youth-led civil society.

Improve the quantity and quality of funding: Member States and UN entities should ensure flexible, long-term and sustainable investment in youth-led and youth-focused peacebuilding and prevention efforts. For Member States, this could include setting aside minimum allocations of their ODA. These funds should be accessible to youth-led organisations, including those led by young women and gender-diverse youth.

Integrate meaningful engagement of young people into programming and strategy development: Networks of youth organisations can play an important role in facilitating access to diverse youth organisations. However, this engagement must be properly resourced in order to facilitate meaningful access for a diverse array of youth groups, including marginalised youth.[23]

Improve data on funding: Member States and UN entities should develop data systems that track investments in young people similar to those tracking funding for gender equality.[24] In addition, multilateral actors should increase investment in data that can help in understanding the impact of youth-led and -serving peacebuilding.

Increase investments in, and strengthen incentives for, joint programming and improved collaboration between UN entities and civil society partners: To meet the complex and context-specific challenges faced by young people, donors must increase flexible funding and incentivise both strengthened coordination within the UN system and collaboration with young people.

Sustainable and youth-inclusive peacebuilding will only be guaranteed if the listed recommendations are put into action.

We would like to express our deepest gratitude to the following entities and organisations, all of which contributed to this article: Dag Hammarskjöld Foundation, Department of Political and Peacebuilding Affairs, Global Partnership for the Prevention of Armed Conflict, Search for Common Ground, United Nations Alliance of Civilizations and UNICEF.

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Acronyms and Abbreviations

AAAA	Addis Ababa Action Agenda
ACTS	African Centre for Technology Studies
AI	Artificial Intelligence
APC-Colombia	Colombia Presidential Agency for Cooperation
CATD	Citizen Aid Transparency Database
CBD	Convention on Biological Diversity
CBPF	country-based pooled fund
CEB	Chief Executives Board for Coordination
CERF	UN Central Emergency Response Fund
COP	Conference of the Parties
COVID	'CO' stands for corona, 'VI' for virus, 'D' for disease
CRS	Common Reporting Standard
CSM	Climate Security Mechanism
CSO	community service organisation
CSO	civil society organisation
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
DAC	Development Assistance Committee
Defra	Department for Environment, Food and Rural Affairs (United Kingdom)
DFI	development finance institutions
DFI	direct foreign investor
DPO	Department of Peace Operations
DPPA	Department of Political and Peacebuilding Affairs
DRC	Democratic Republic of the Congo
DSSI	Debt Service Suspension Initiative
EBRD	European Bank for Reconstruction and Development
ECOSOC	Economic and Social Council – the United Nations
ERP	Enterprise Resource Planning
ERT	Emergency Response Team(s)
ESG	Environment, Social and Governance
EU	European Union
FAO	Food and Agricultural Organization
FBN	Finance and Budget Network
FCDO	Foreign, Commonwealth and Development Office
FCSSC	Finance Centre for South-South Cooperation
FESU	Fundacion Estudios Superior (Foundation for Higher Education)
FMOG	Fiduciary Management and Oversight Group

GBF	Global Biodiversity Framework
GCF	Green Climate Fund
GDP	gross domestic product
GEEWG	gender equality and the empowerment of women and girls
GEM	gender equality marker
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GFCR	Global Fund for Coral Reefs
GIIN	Global Impact Investing Network
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Corporation for International Cooperation)
GNI	gross national income
GPEDC	Global Partnership for Effective Development Cooperation
GPG	Global Public Goods
GPPAC	Global Partnership for the Prevention of Armed Conflict
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
HLAB	High-Level Advisory Board on Effective Multilateralism
HLCM	High-Level Committee on Management
IAEA	International Atomic Energy Agency
IARC	International Agency for Research on Cancer
IASC	Inter-Agency Standing Committee
IBRD	International Bank for Reconstruction and Development
IBSA	India, Brazil and South Africa
IC-VCM	Integrity Council for the Voluntary Carbon Market
ICAD	Inter-Agency Coordination Group against Trafficking in Persons
ICAO	International Civil Aviation Organization
ICC	International Criminal Court
ICRI	International Coral Reef Initiative
IDA	International Development Association
IDOS	German Institute of Development and Sustainability
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
INFF	Integrated National Financing Framework
IOM	International Organization for Migration (UN Migration)
IPMR	Integrated Planning, Monitoring and Reporting
IRMCT	International Residual Mechanism for Criminal Tribunals
ISA	International Seabed Authority
IT	Information Technology
ITC	International Trade Centre
ITLOS	International Tribunal for the Law of the Sea
ITU	International Telecommunication Union
JETP	Just Energy Transition Partnership(s)
JP	Joint programme

KPI	Key Performance Indicator
LDC	least developed countries
MCC	Millennium Challenge Corporation
MCPP	Managed Co-Lending Portfolio Program
MDG	Millennium Development Goal
MEL	monitoring, evaluation and learning
MIGA	Multilateral Investment Guarantee Agency
MPAs	Marine Protected Areas
MPTFO	Multi-Partner Trust Fund Office
MPTF	Multi-Partner Trust Fund
ND-GAIN	Notre Dame Global Adaptation Initiative National Index
NDC	Nationally Determined Contribution
NGO	non-governmental organisation
OAD	operational activities for development
OAS	Operational Activities Segment
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPCW	Organisation for the Prohibition of Chemical Weapons
PAHO	Pan American Health Organization
PBSO	Peacebuilding Support Office
PEPFAR	President's Emergency Plan for AIDS Relief
PGTF	Pérez-Guerrero Trust Fund for South-South Cooperation
PPI	World Bank Private Participation in Infrastructure
QCPR	Quadrennial Comprehensive Policy Review
RBM	resilience-based management
REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
RLDC	Regionally and Locally Determined Contribution
SDG	Sustainable Development Goal(s)
SDR	Special Drawing Right
SGBV	Sexual and Gender Based Violence
Sida	Swedish International Development Cooperation Agency
SIDS	Small Island Developing States
SME	small or medium enterprise
SSHF	South Sudan Humanitarian Fund
SSTC	South-South and triangular cooperation
TOSSD	Total Official Support for Sustainable Development
UDHR	Universal Declaration of Human Rights
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAOC	United Nations Alliance of Civilizations
UNCCD	United Nations Convention to Combat Desertification
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDCO	United Nations Development Coordination Office
UNDESA	United Nations Department of Economic and Social Affairs

UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UN-HABITAT	United Nations Human Settlements Programme
UNICEF	United Nations International Children's Emergency Fund
UNICRI	United Nations Interregional Crime and Justice Research Institute
UNIDO	United Nations Industrial Development Organization
Unitaid	Unitaid is a global health agency
UNITAR	United Nations Institute for Training and Research
UNOAD	United Nations Operational Activities for Development
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNOSSC	United Nations Office for South-South Cooperation
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNSDG	United Nations Sustainable Development Group
UNSSC	United Nations Systems Staff College
UN-SWAP	United Nations System-wide Action Plan on gender equality and the empowerment of women
UNU	United Nations University
UNU-CPR	United Nations University Centre for Policy Research
UNV	United Nations Volunteers
UN Women	United Nations Entity for gender equality and the empowerment of women
UNWTO	United Nations World Tourism Organisation
UPU	Universal Postal Union
USAID	United States Agency for International Development
VAWG	Violence against women and girls
VCMI	Voluntary Carbon Markets Integrity Initiative
VLR	Voluntary Local Reviews
VNR	Voluntary National Reviews
WBG	World Bank Group
WFP	World Food Programme
WGEO	World Green Economy Organization
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological organisation
WTO	World Trade Organization
WUA	Water Users Association
YPS	Youth, Peace and Security

Dag Hammarskjöld Foundation

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.

www.daghammarskjold.se

United Nations MPTF Office

Multi-Partner Trust Fund Office

The Multi-Partner Trust Fund (MPTF) Office is the United Nations centre of expertise on pooled funding instruments. Hosted by the UN Development Programme, it provides fund design and fund administration services to multi-stakeholder coalitions inclusive of the UN system, governments and non-governmental partners. The MPTF Office administers pooled funds in over 130 countries and manages a total cumulative portfolio of over US$ 18 billion, involving over 200 public and private sector contributors and over 180 participating organisations.

mptf.undp.org

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Financing the UN Development System: Choices in Uncertain Times, is the 9th edition of this report series and provides a comprehensive overview of the financing dynamics of the UN Development System. The 2023 Edition maintains its dual focus on financial data and expert insights from contributors spanning international financial institutions, the private sector, UN experts, government officials, civil society, and academia. The goal is to support readers in navigating the range of options to strengthen the financing of the multilateral system and ensure that it can effectively respond to today's needs.

Hard-won achievements in development are now at risk, and the 2030 Agenda for Sustainable Development is facing new demands. Conflict, climate crises and food insecurity are having a compounding impact on the livelihoods of billions, including on energy, inflation, and debt. To effectively address these global challenges, it is crucial to enhance multilateral collaboration and secure quality funding at-scale.

Global crises can present opportunities to reinforce investment in the multilateral system and address existential risks. They can prompt the channeling of resources to build resilience, mitigate risks, prevent crises and armed conflicts. Such bold financial commitments are instrumental for realising the 2030 Agenda. The choice is evident, and it defines the challenges of our uncertain times.