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**Panel: “How to ensure coherence in the funding of operational activities of the UN system for effective realization of the post-2015 agenda”**

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Thank you very much. It is an honour to be part of the panel. I appreciate the opportunity to share some views on how the funding of UN development activities could be strengthened as an instrument to achieve the visions and results we want, including through enhanced coherence.

First some general remarks before I turn to the four questions presented to the panellists:

I would like to stress that the fact that the post-2015 agenda will be much broader, does not mean that the UN Development System should do everything. On the contrary, the UN should focus on areas where it has a comparative advantage and can make a difference.

We sometimes get the impression that the adoption of the new sustainable development goals will require that the UN needs to do everything in a different way. We doubt that this is the case. To a large extent, we believe that it rather is a question of building on what already exists and of making further improvements as necessary.

As we all know, the emphasis on coherence is not new with the post-2015 agenda. Taking the QCPR resolution as our common point of reference, the resolution calls for enhanced coherence in various ways: In individual organizations by requesting for overarching priority setting and accompanied by integrated budget frameworks. The resolution further calls for stronger linkages between UN’s normative and operational work. Enhanced coherence

between UN agencies with the aim of contributing to better results in the programme countries is exactly what the Delivering as One approach is about. In complex and fragile contexts, the demand for coherence goes beyond the UN Development System and includes an expectation for collaboration also with the humanitarian side of the UN as well as better linkages with its peace and security pillar.

Turning to funding, the QCPR and subsequent resolutions on its implementation calls for enhanced use of funding modalities that, among other things, can serve to foster coherence: increased core and softly earmarked thematic contributions to individual organizations, and increased use of pooled funding mechanisms covering multiple organizations.

The good funding modalities called for in the QCPR will, we believe, continue to be good funding modalities also in the future. The challenge is to ensure that those funding modalities actually will be used to a much larger extent than is the case today.

It might be useful to remind about our starting point, which is very challenging: According to the Secretary General's report on implementation of the QCPR in 2013, it emerges that

- core resources accounted for 31% and earmarked contributions 69 % of the total funding of UN development activities,
- only 8 % of the earmarked funds consisted of what the QCPR refers to as 'qualitatively better' earmarked funding that is, thematic support to the entities and pooled funding mechanisms,
- 92 % of the earmarked funds was strictly earmarked, mainly in the form of single-donor project-specific support (73 %) but also through heavily earmarked support from global funds (8%) as well as funding from programme country governments in the form of local cost sharing (11 %).

Moreover, it appears that over the years, the wanted developments of increased total resources and a broadened donor base, have resulted in increased fragmentation in the funding of the UN Development System.

What funding is concerned, it is therefore obvious that there is a very long way to go before the UN Development system is 'fit for purpose'. Clearly, there is a mismatch between what we expect from the UN Development System and how it is funded.

***1. What changes are needed in the funding architecture of the UN development system at country and global levels if the Organization is to contribute both coherently and effectively to the implementation of the post-2015 development agenda?***

It emerges from what I have already said, that what is needed is to realize what the QCPR asks for with regard to reversing present funding trends: More core resources and more flexible and softly earmarked funding, at the expense of project funding.

First on core resources: Core-resources constitute the backbone of individual organizations for reasons we all now. For our purpose today, I would like to underscore three advantages: the ability to ensure coherent implementation of the priorities in the strategic plans and the ability to transfer funds to programme countries, thereby reducing the need for local resources mobilization that often leads to competition between agencies. The flexibility of core resources also allows the organizations to use such funds for collaborating with others. We believe that core funding will become even more crucial with the new development agenda's stronger call for coherence and partnerships. Successful collaboration requires, we assume, strong and healthy organizations.

Then on softly earmarked thematic contributions to the organizations: In this regard, we would like to advocate for funding corresponding to a particular outcome in the strategic plan of the organizations. We believe that such thematic funding is the most 'core-like' earmarking that we could think of. Unfortunately this is a type of funding which is not much in use. Among the UN funds and programmes, it is so far only UNICEF that has established this kind of funding windows. Few donors have so far made use of this option although some others provide thematic funding to be used in particular countries. Norway has for some years provided support to different outcomes of UNICEF's strategic plan, in particular to education (NOK 500 mill. a year equivalent to approximately USD 70 mill. a year). For UNICEF, there are no strings attached - except of course that the money in this case has to be used for education purposes as defined in UNICEF's strategic plan. For us, the advantage is that it can be documented that the high priority given to education by our Government is followed up.

We have recommended to other UN funds and programmes to establish similar types of funding windows but it remains to be seen what they will come up with.

We see the integrated results and resources frameworks accompanying the 2014-2017 strategic plans of the UN funds and programmes as an important step forward in order to promote better interconnections between priorities and funding. Moreover, it is our view that the structured dialogues on funding of the priorities of the respective strategic plans that have started up in the Executive Boards, are a good opportunity to discuss how core resources and earmarked funding can be used in combination to support priorities of the strategic plans.

In the time to come, we need to discuss further how core contributions and softly earmarked thematic contributions can be increased. As emerging from the UN statistics, the discussion cannot be limited to traditional donors alone. We think it is also a question about contributions from 'other countries in a position to do so' – to borrow a phrase from the QCPR. With regard to core funding in particular, it is for us also a question of arriving on a better burden sharing among member states. Lastly, the organizations are faced with the challenge of convincing non-state providers of funds to move away from strictly earmarked funding.

A prerequisite for convincing all kinds of fund providers to provide more core funding and thematic support is, we believe, that the organizations are good in resultsbased management and can document results.

I will comment on pooled funding mechanisms involving multiple UN organizations under question 4.

***2. Is the current imbalance between core and non-core resources for operational activities of the UN system and heavy reliance on programme and project-specific funding compatible with the integration requirements of the post-2015 development agenda?***

From what I have already said, the brief answer to this question is 'no'. While project funding might be justified in some cases, we believe that the heavy reliance on such funding makes it difficult to promote coherence in general and integration of three aspects of sustainable development in particular. Project

funding is thus likely to become an even less suitable funding modality in the future.

**3. What role could increased supply of core resources to the UN development system play in enabling the Organization to leverage additional funding from other development cooperation actors for the realization of the post-2015 development agenda? Could this leveraging ability of the UN development system become an important source of comparative advantage of the Organization in the post-2015 era?**

I would rather suggest that it is the *convening power* of the UN that could be used to leverage additional funding from other sources. Substantially increased core funding is still a distant dream. That said, experience tells us that the UN has a leveraging ability, as seen from the hosting of issue-based global alliances. *Every Women, Every Child; Energy for All* and *Scale up Nutrition* are examples.

**4. What role can pooled funding mechanisms play in enhancing the coherence in the delivery of operational activities of the UN system, particularly in least-developed countries and those in transition from relief to development, where the objectives of humanitarian assistance and development often need to be pursued in combination?**

There are already around 100 pooled funding mechanisms that are administered by the Multi-Partner Trust Fund Office which is hosted by UNDP. We believe that both issue-based joint programmes and the broader multi-partner trust funds have the potential of enhancing coherence across UN agencies working on development related issues. In complex development contexts, multi-partner trust funds may also contribute to enhanced coherence between long-term development and humanitarian assistance, and between

the operational pillar of the UN and the peace and security and human rights pillars.

Norway provides quite substantial support to pooled funding mechanisms. Advantages include clear governance structures and very transparent real-time financial information. Moreover, common results frameworks are being improved, and we understand that joint work is going on in the UNDG to improve risk management as well as joint auditing.

We do not think, however, that multi-partner trust funds have a role to play only in the least developed countries and in transition countries.

Even today there are global multi-partner trust funds. From the perspective of coherence, I would like to mention one, the *Delivering Results Together Fund*, which provides gap funding for joint normative work by members of UN country teams in Delivering as One countries. The support goes to the One Fund in each country, with the Resident Coordinator in charge.

In Delivering as One Countries, we consider the optional One Fund, in combination with the Common Budgetary Framework, to be a crucial instrument to ensure coherent implementation of the common priorities in the One Programme. With the increasingly positive perception of Governments towards the Delivering as One modality, it is unfortunate that the amounts channelled through the One Funds appear to be declining. This seems to be the case not only in middle-income countries experiencing an overall reduction in the support from the UN.

Although contributions to the One Fund ideally should be un-earmarked, we believe that the provision in the *Standard Operating Procedures* of providing earmarked contributions at the outcome or sector level could serve as an incentive for donors to transfer funds to the One Fund instead of through bilateral agreements. This is because bilateral donors normally would need to adhere to the political priorities of their governments.

We also wonder whether it could be possible for programme countries to consider providing support to the One Fund, replacing present local cost-sharing arrangements in the form of project-specific support. We would assume that support from the Government would serve as an additional incentive for donors.

Thank you very much. I am looking forward to the discussion.