

# Funding Compact

for UN support to the SDGs

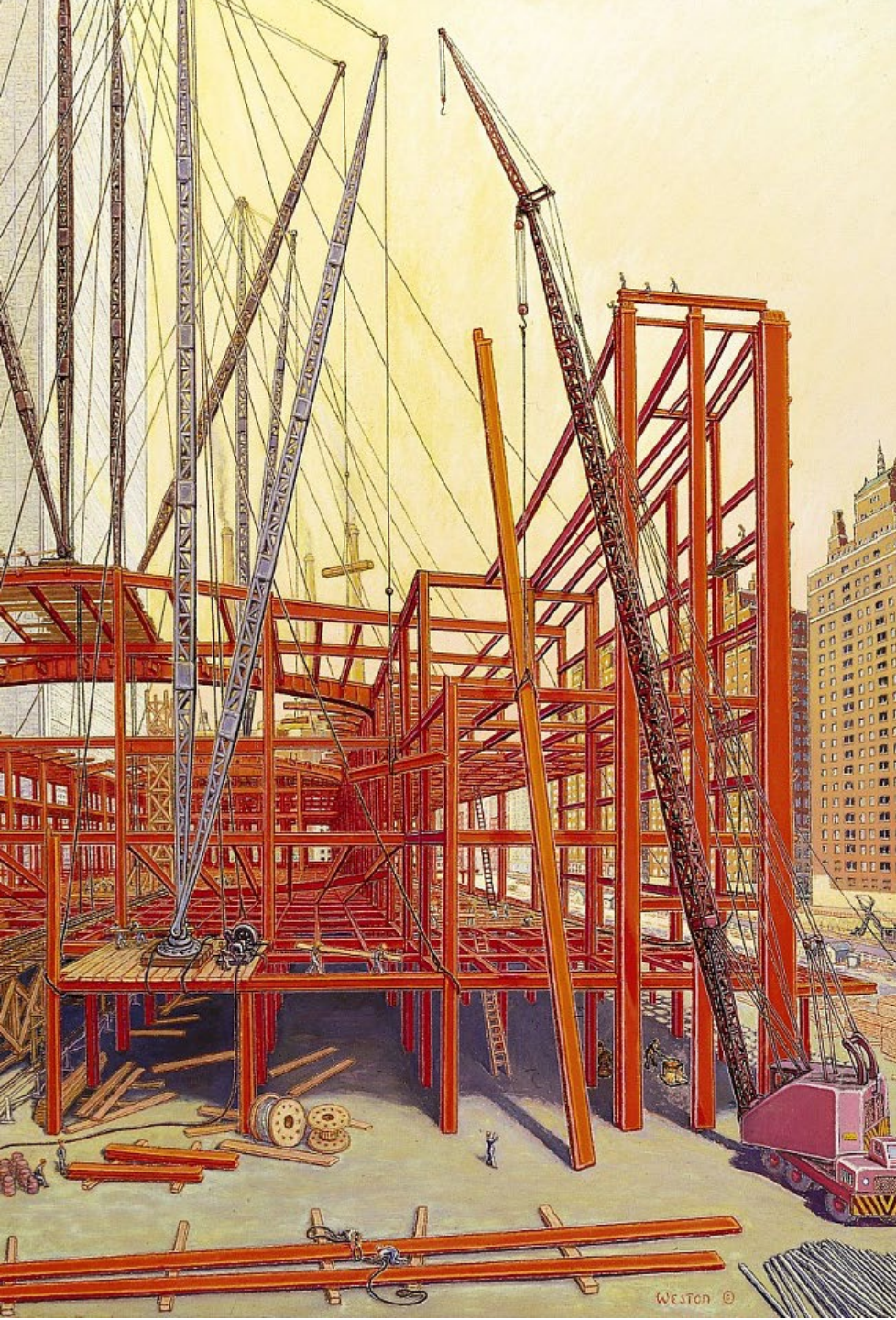
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June 2024



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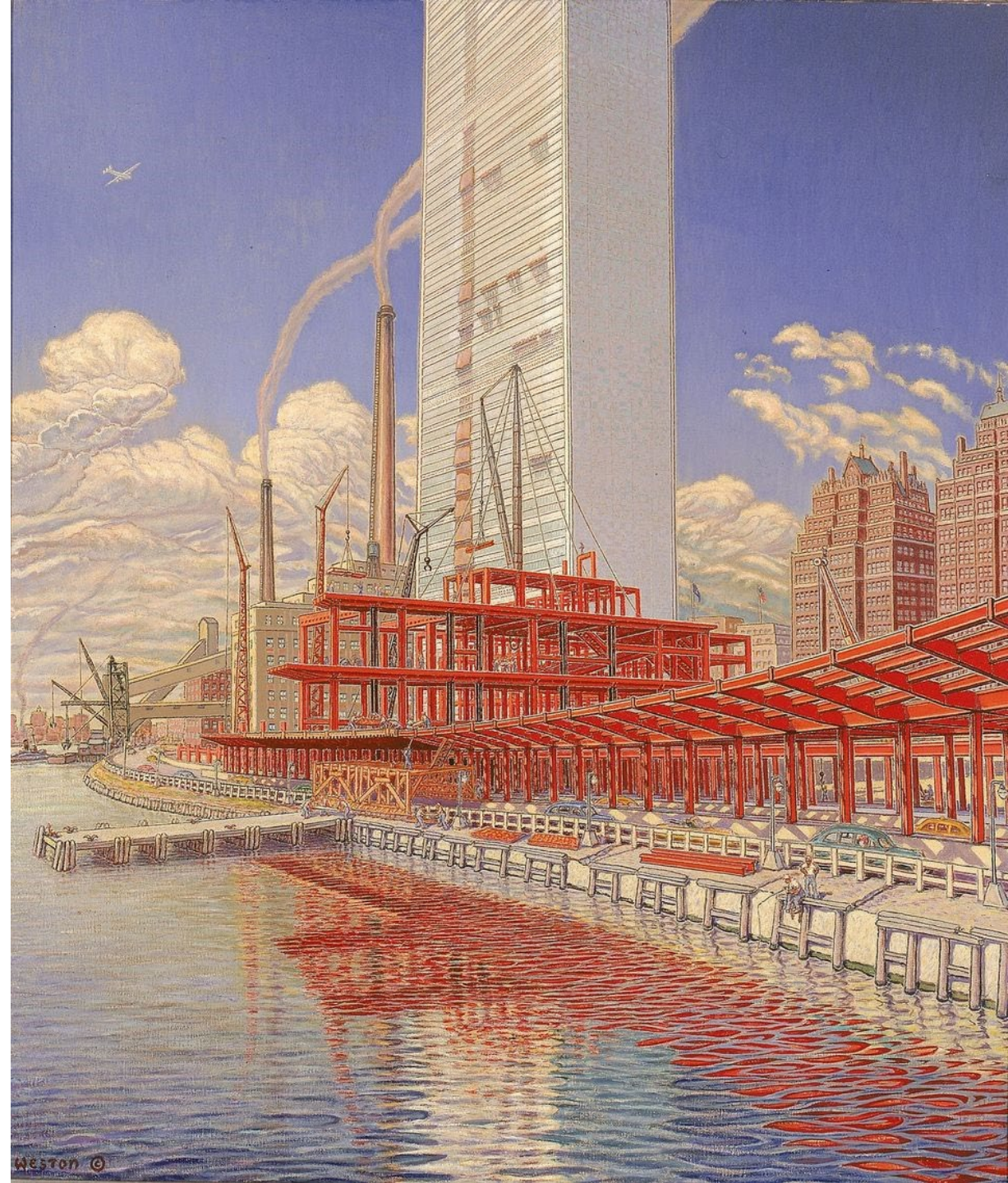
DECADE  
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ACTION

## Why have a Funding Compact?

- Achieving the SDGs by 2030 calls for transformative, collaborative action.
- For the UN to provide cohesive and high-quality support at scale, significant changes in funding are needed.
- Funding patterns have been characterized by a decline in core resources relative to overall funding, unpredictability, and a rising share of tightly earmarked funding for specific projects.
- The Funding Compact acknowledges that quality funding is a prerequisite for a more effective, efficient, and coherent UN development system.
- It speaks to the need to build trust and confidence of Member State contributors to the UNDS, incl. through results reporting, transparency, visibility and efficiencies.
- The Funding Compact establishes mutual commitments for Member States and the UNSDG entities to take concrete steps to substantially shift the funding picture.

## The new Funding Compact:

- Was the product of a **highly inclusive consultation process** with Member States and UNSDG entities over five months (Nov 2023 – April 2024)
- Was **presented by the UN Secretary-General** alongside his report to ECOSOC on QCPR implementation, in May 2024.
- Is **expected to be endorsed** by ECOSOC and the General Assembly in 2024.
- Is **to be implemented by both Member States and UNSDG entities** at country, regional and HQ levels, on a voluntary basis.





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# Funding Compact

for the UN's support to the Sustainable Development Goals

The Funding Compact contains a set of **mutual commitments between UN Member States and the UN development system**. It acknowledges that quality funding – including core, pooled, and softly earmarked funding, is a prerequisite for a more effective, efficient and coherent UN development system, supporting SDG acceleration at scale. At the same time, it speaks to the importance of building trust and confidence of Member States in the UN, particularly through improved results reporting, transparency, visibility and achievement of efficiencies.



**THE MEMBER STATES WILL:**

- 1** Increase predictable **CORE/UNMARKED** resources
- 2** Enhance **FLEXIBILITY** of non-core funding

- 3** Increase contributions to interagency **POOLED FUNDS**
- 4** Ensure funding to the **RESIDENT COORDINATOR SYSTEM**

- 5** Enhance **DONOR COORDINATION**
- 6** Ensure align of **NON-CORE FUNDING** to strategic priorities and needs



**THE UN DEVELOPMENT SYSTEM WILL:**

- i** Clearly demonstrate the UN's contribution towards **SDG RESULTS**
- ii** Ensure **VISIBILITY, RECOGNITION** and **TRANSPARENCY**

- iii** Enhance **JOINT RESOURCE MOBILIZATION** and pooled funding
- iv** Fully support **COORDINATION OF UN DEVELOPMENT ACTIVITIES**

- v** Strengthen the achievement and reporting of **EFFICIENCIES**
- vi** Ensure **ALIGNMENT OF PROGRAMMES AND CAPACITIES** to strategic priorities and needs



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## Changes since the old (2019) Funding Compact

- 1) **Shorter, simpler, more strategic and accessible** to any audience
- 2) **More flexible and adaptable to context** so it can be more useful at country level and in individual governing bodies
- 3) **Increased level of ambition** (especially on pooled and thematic funding)
- 4) Takes a **more nuanced approach to 'earmarked contributions'**, better recognizing the full range of possible levels of flexibility (includes annex of typologies)
- 5) **Updated to build further on work of UNDS over last 5 years** to increase trust and confidence of MS in areas like efficiencies, results reporting, transparency, and visibility
- 6) **Strengthened mutual accountability for implementation** (incl. scorecards for donors, tailored dialogues and monitoring frameworks, enhanced provisions for monitoring and review)

## Annex to the Compact

- Clearly showing different typologies of funding and degrees of earmarking.
- Includes definition for ‘soft earmarking’ for both single-entity and pooled funding.

ANNEX – TYPOLOGIES OF FUNDING MODALITIES & LEVELS OF EARMARKING FOR SUSTAINABLE DEVELOPMENT

	SINGLE ENTITY CONTRIBUTIONS	INTERAGENCY CONTRIBUTIONS
Unearmarked	<b>Assessed contribution</b> (DAC aid type B02 or B021) <i>Fixed amount contribution calculated based on agreed formula that UN Member States undertake to pay when signing a treaty</i>	
	<b>Voluntary core (unearmarked) contribution</b> (DAC aid type B02 or B021) <i>Voluntary untied contribution to the UN entity budget, fully flexible (within boundaries set in mandates, gov. body regulations, etc)</i>	
	<b>Voluntary core (unearmarked) in-kind untied contribution</b> <i>Revenue transactions recorded for donations of goods and/or services, in accordance with accounting policies of the organization</i>	
Softly earmarked	<b>Single-agency thematic funds</b> (DAC aid type B032; recipient 998) <i>Co-mingled contributions to single-entity funding mechanism to support high-level outcomes within strategic plan; single UN entity is fund administrator &amp; takes decisions on fund allocations</i>	<b>Flexible contribution to a global level MPTF</b> (DAC aid type B022 or B031; recipient 998, combined with <u>ChannelCodes</u> for UN pooled funds) <i>“Core” financial contribution to an interagency global pooled fund (eg: Joint SDG Fund, PBF, Spotlight), fully flexible within the <u>ToRs</u> of the fund</i>
	<b>Regional funding</b> (DAC aid type B032; recipient regional) <i>Financial contribution to a single agency, fully flexible within the boundaries of a region (eg: Africa, South Asia)</i>	<b>Unearmarked contribution to a regional level MPTF</b> (DAC aid type B031; recipient regional) <i>Financial contribution to an interagency Multi-Partner Trust Fund for a specific region</i>
	<b>Country programme funding</b> (aid type B032; recipient country specific) <i>Financial contribution to a single agency, fully flexible within the boundaries of a country or multi-country <u>programme</u></i>	<b>Unearmarked contribution to a country level MPTF</b> (DAC aid type B031; recipient country specific) <i>Financial contribution to an interagency Multi-Partner Trust Fund for a specific country or multi-country cooperation <u>programme</u></i>
Earmarked	<b>Earmarked to a sub-theme or target</b> (DAC aid type B033; recipient 998) <i>Financial contribution directed to sub-categories of strategic objectives (eg: environment/decarbonization or education/teacher training) but without geographic limitations</i>	<b>Thematic earmarking to a theme in an MPTF</b> (DAC aid type B033) <i>Financial contribution to one or more specific objectives, sub-objectives or themes in an MPTF based on the type of earmarking allowed in the TOR of the Fund (regardless of geographical level)</i>
	<b>Country-specific thematic funding</b> (DAC aid type B033; recipient country specific) <i>Financial contribution to a specific outcome or outcomes within an entity’s country program, without further restrictions</i>	<b>Joint Programme</b> (DAC aid type B031 or B033; recipient any) <i>Financial or in-kind contributions to a joint <u>programme</u> between two or more participating UN organizations working together at a country, regional or global level.</i>
Tightly earmarked	<b>Project funding</b> (DAC aid type C01) <i>Financial or in-kind contribution to a specific project in a specific country</i>	
	<b>Tied-funding</b> <i>Financial contribution tied to certain conditions in terms of purchase restrictions, directed to a specific country/region and to a specific objective</i>	

# Implementation

- **UNSDG implementation plan** to be developed to ensure concrete actions on all relevant commitments:
  - **Strengthen system-wide reporting on SDG results;**
  - **Increase transparency of country-level information;**
  - **Ensure high quality evaluations of Cooperation Frameworks;**
  - **Work with major donors to agree common visibility standards;**
  - **Apply common management features on all interagency pooled funds;**
  - **Increase joint resource mobilization and partnership approaches;**
  - **Strengthen implementation of the MAF;**
  - **Accelerate joint efficiency initiatives;**
  - **Support RCs and UNCTs in organizing country level dialogues;**
  - **Improve quality and availability of data on funding.**
- **Webinars** to be held with to ensure familiarity & understanding
- Entities to **hold funding dialogues** with governing bodies and develop **tailored monitoring frameworks**
- Member States and UN entities to **ensure familiarity of key staff at all levels** with the Funding Compact
- **Joint partnerships and resource mobilization efforts** to be organized by UN entities

# Tools

- **Funding Compact webpage** on the UNSDG website (<https://unsdg.un.org/funding-compact>) includes:
  - the **global monitoring framework**;
  - a **FAQ** document;
  - a guidance note on **country-level dialogues**;
  - an overview of the most **recent trends in funding** of UN's operational activities from 2018-2022.
- We will also develop a "**common song sheet**" with key messages for all actors, making the case for core, flexible and pooled funding.

