PRIORITIZING DEVELOPMENT FINANCING AMIDST MULTIPLE CRISES

JOINT STRUCTURED FUNDING DIALOGUE WITH THE EXECUTIVE BOARDS

5 MAY 2022

AGENDA

01 Implications of the growing and complex humanitarian crises on international aid

02 What do these crises mean to the multilateral development system that is already under stress

03 How is the UN development system responding and coping

04 What is needed from Member States

05 Discussion

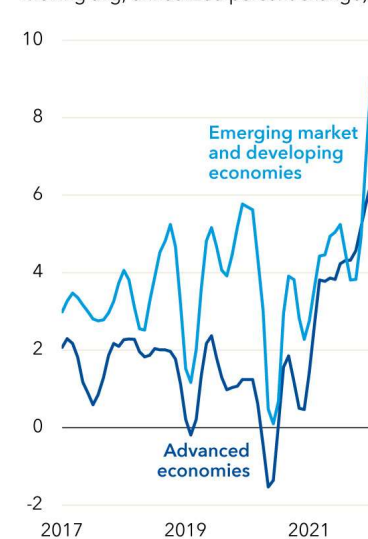# 01 IMPLICATIONS OF HUMANITARIAN CRISES ON INTERNATIONAL AID

- Heightened geo-political tension and socio-economic fallouts to add to the lasting scarring from COVID-19 and multiple crises

- The sluggish global economic recovery from COVID hit new breaks from the Ukraine crisis, forcing a downward revision to growth forecasts for the global economy

- Indirect effects of rising commodity and energy prices fueling inflationary and default risks, and raising the prospect for instability and unrest in some countries

- Multiple crises dampening investor confidence, negatively impact FDI, portfolio flows, remittances

Upward revisions
The war in Ukraine and a broadening of price pressures are expected to elevate inflation for longer than previously forecast.
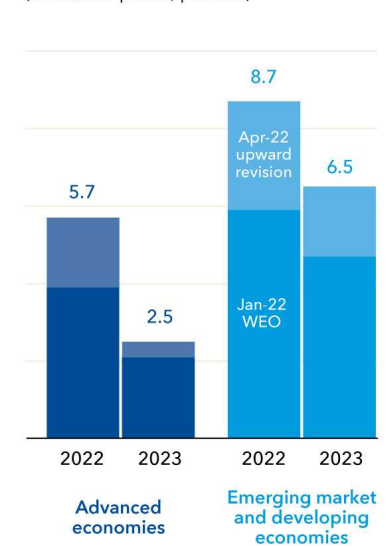
Inflation trends
(consumer price index, three-month moving avg; annualized percent change)
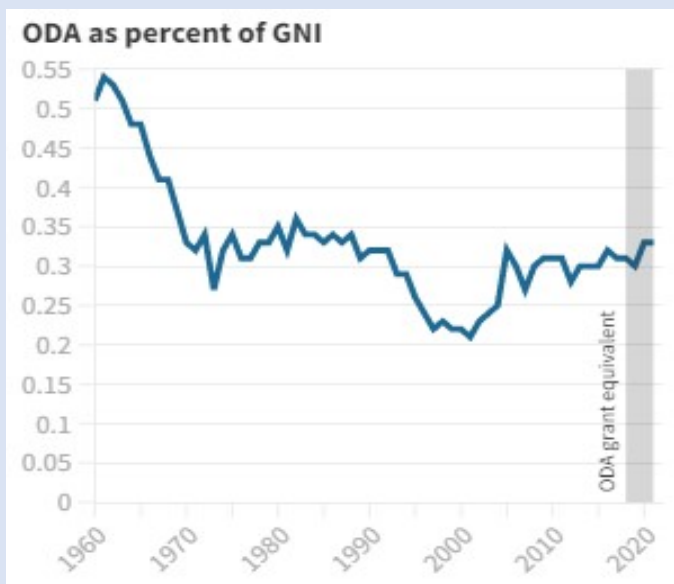
Inflation forecast
(consumer prices, percent)

Sources: IMF, *World Economic Outlook*; and IMF staff calculations.
Note: Left panel average inflation rates by economy group are purchasing-power-parity GDP-weighted averages.
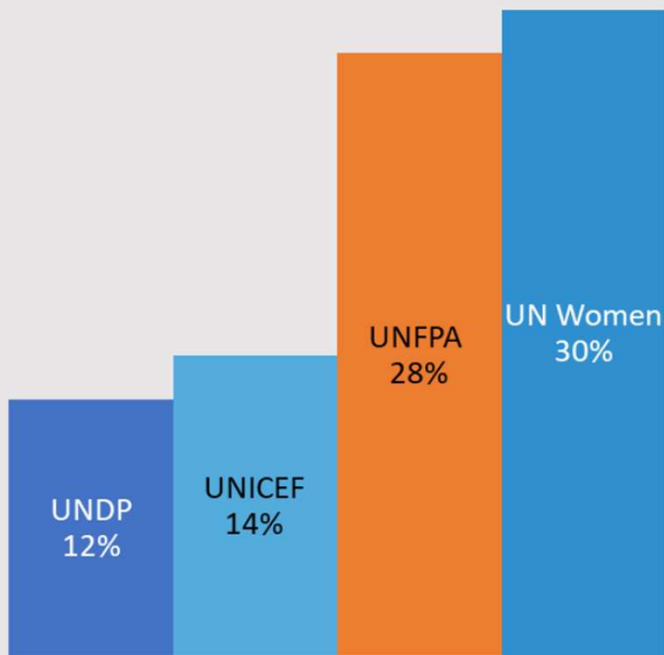
|01 IMPLICATIONS OF HUMANITARIAN CRISES ON INTERNATIONAL AID

ODA as percent of GNI

- With war in Ukraine intensifying, already sidelined crises (Yemen, Afghanistan, Syria, Myanmar, etc.) could become peripheral

- As humanitarian needs rise steeply requiring more funding, investment in long-term development could be undermined

- ODA rose by 4.4% to reach $179 billion in 2021, though most of the increase came from COVID-19 vaccines to LMIC; ODA as a share of GNI remained at 0.33%, below the 0.7% target

- Recent policy shifts on defense, security and aid budgets, rising in-donor refugee cost, to impact ODA and contributions to UNDS

|02 MULTILATERAL DEVELOPMENT SYSTEM UNDER STRESS

Funding Compact target of 30% core to non-core funding: 2021

UNDP 12%

UNICEF 14%

UNFPA 28%

UN Women 30%

- UN agencies appreciate donor commitment to humanitarian support.

- The growth in humanitarian funds has led to an overall increase in revenue at agencies with a larger humanitarian footprint, but this has not been experienced by all agencies.

- Unfortunately, all four agencies saw a reduction in core resources in 2021.

MR

- All agencies have made efforts to diversify the core funding base with some success in increasing donors from the private sector and non-traditional government donors.

MRB1

MRB0   Dan Seymour: Can we have a slide showing the extent of the reductions by entity or would people not be comfortable with that? It's not intended to be comparative, rather so we can show them that the reductions were significant.
Meagan Rhys Bovell, 2022-04-26T19:59:03.312

MRB1   Dan Seymour: Data?
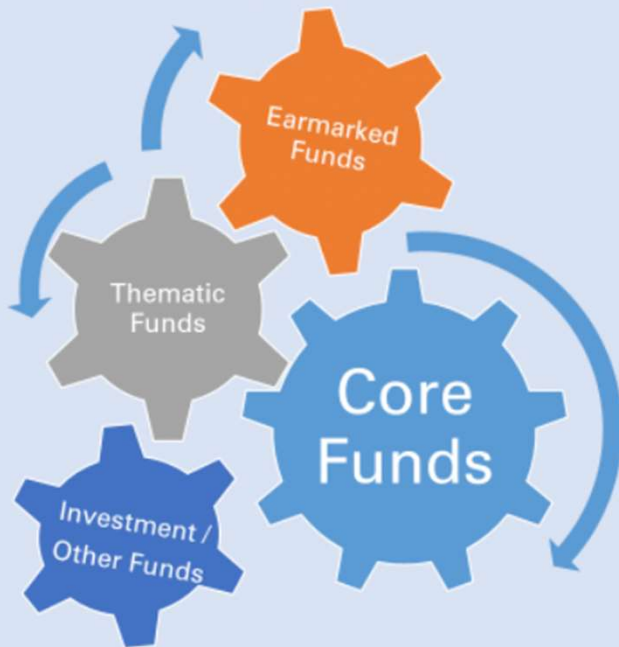Meagan Rhys Bovell, 2022-04-26T19:59:39.368

|02 MULTILATERAL DEVELOPMENT SYSTEM UNDER STRESS

- Decline in revenue from other important flexible instruments, such as thematic funding and UN pooled funds.

- UN funds and programmes are feeling the pressure of increasing and competing donor conditions which are challenging our Country Offices' focus on delivering.

- We are concerned that funding is quite highly concentrated around several key crises.

- This is leading to declining flexibility to deliver on our mandates, development and normative roles, as well as our support to the achievement of the SDGs.

How does core make a difference?

- Enables essential institutional functions (transparency, audit, evaluation, oversight)

- Supports the most vulnerable and hardest to reach

- Facilitates flexible and rapid response to crises

- Allows for multi-sector, integrated interventions for long-term and sustainable programming – work that is often not possible with project-based funding.

- Lays the foundational work, including research, to underpin programming design that attracts additional financing.

|03 UN DEVELOPMENT SYSTEM RESPONSE

Has three flexible humanitarian funding mechanisms to respond to needs in more that 50 country offices. The Humanitarian Thematic Fund served as the primary instrument for UNFPA's response to the COVID-19 pandemic.

Redirected $105 million in 2020 to respond to COVID-19; $14 million of that came from core.

When COVID-19 hit in early 2020, UNDP repurposed and mobilized US$100 million in core resources to quickly respond to the needs of countries to cope with the socio-economic fall out and leverage additional funding.

In 2021, US$179 million in core resources were utilized to support humanitarian programmes and the provision of life-saving support in 128 countries; Additionally, $50 million was allocated to 27 countries for critical emergency response through the core-funded Emergency Programme Fund.

|04 WHAT IS NEEDED FROM MEMBER STATES

For the UN development to play the role it was intended to play in the multilateral system, we need Member States to:

Not let the short-term obscure the medium and long term: Protect investments to the UN development system from serious cuts

Stick to the Funding Compact at the heart of an effective United Nations: Meet commitments on flexible and predictable resources

Finance ongoing UN reform in line with Our Common Agenda: Support long-term investments in the UN Development System as an essential actor in an unstable world.

|04 WHAT IS NEEDED FROM MEMBER STATES

UKRAINE DEMONSTRATES THE RESULTS OF FLEXIBLE & PREDICTABLE FUNDING IN CRISES

UNDP	UNFPA	UNICEF	UN WOMEN
Delivering support to address the socio-economic impacts of the Ukraine war.	Delivering essential supplies and services to ensure that SRHR is integrated into responses.	Delivering life-saving emergency response to support children and families, particularly in forgotten crises.	Supporting women's org. on front line and mainstreaming gender into humanitarian response.

05 DISCUSSION

THANK YOU