



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 and remittances.

Upward revisions

The war in Ukraine and a broadening of price pressures are expected to elevate inflation for longer than previously forecast.

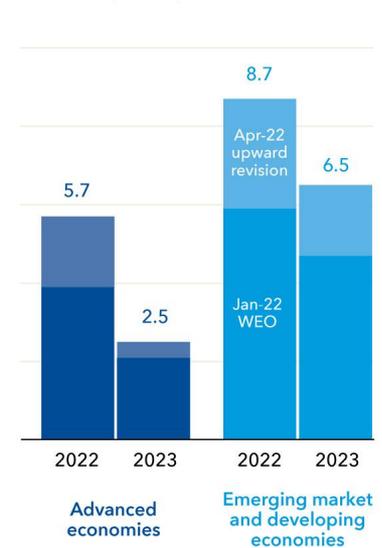
Inflation trends

(consumer price index, three-month moving avg; annualized percent change)



Inflation forecast

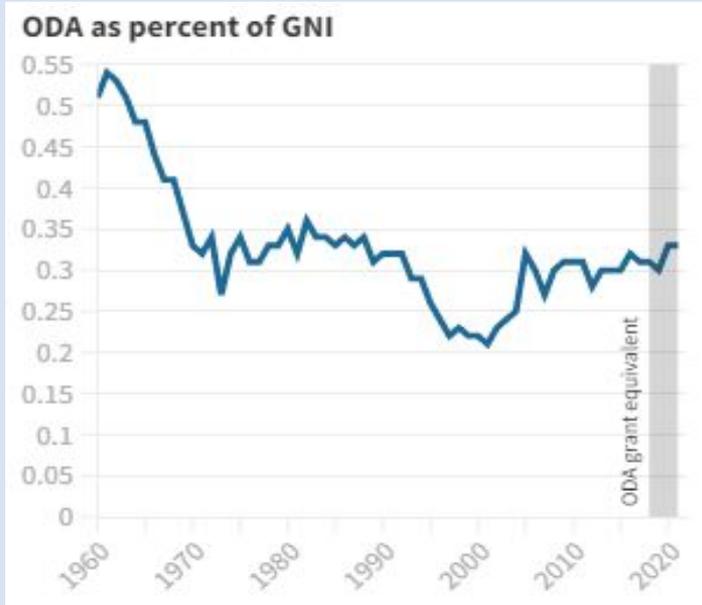
(consumer prices, percent)



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.

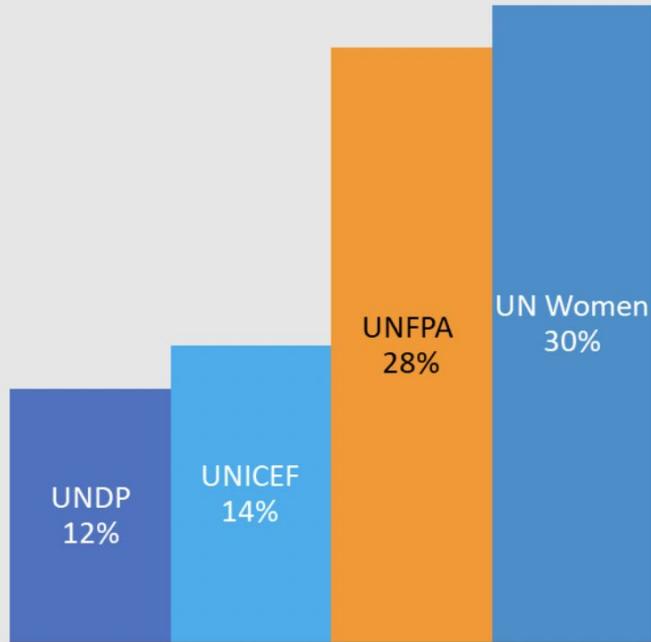
01 IMPLICATIONS OF HUMANITARIAN CRISES ON INTERNATIONAL AID



- 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.

102 MULTILATERAL DEVELOPMENT SYSTEM UNDER STRESS

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



*preliminary financial figures

- UN agencies appreciate donor commitment to humanitarian support. While several crises received considerable attention and funding in 2021, many forgotten crises faced significant funding gaps.
- 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.
- 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.

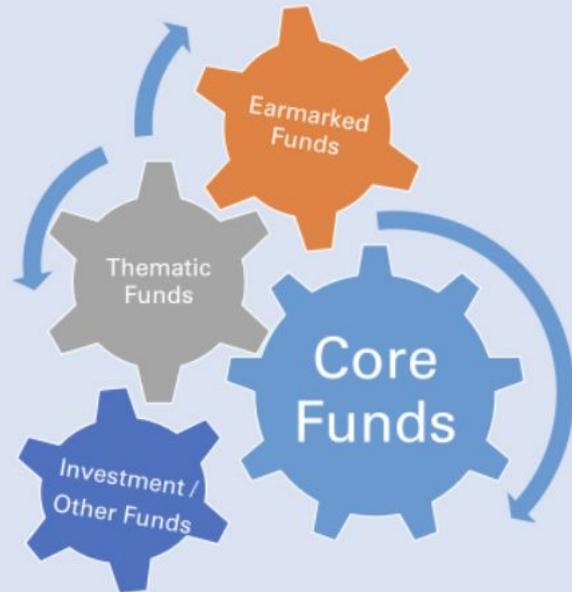
02

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.

103 UN DEVELOPMENT SYSTEM RESPONSE

How does core make a difference?



- Enables essential institutional functions (transparency, audit, evaluation, oversight).
- Supports the most vulnerable and hardest to reach, in line with getting back on track with our SDG commitments.
- Facilitates flexible and rapid response to crises and allows us to manage risk, particularly in unstable, changing environments.
- 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 than 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



Delivering support to address the socio-economic impacts of the Ukraine war.

UNFPA



Delivering essential supplies and services to ensure that SRHR is integrated into responses.

UNICEF



Delivering life-saving emergency response to support children and families, particularly in forgotten crises.

UN WOMEN



Supporting front line women's organizations and mainstreaming gender in humanitarian responses.

05 DISCUSSION



THANK YOU