



# THE CORE ISSUES ABOUT CORE FUNDING

JOINT STRUCTURED FUNDING  
DIALOGUE WITH THE EXECUTIVE  
BOARDS

9 MAY 2023



# AGENDA

1. Centrality of core to Our Common Agenda and UNDS Reform
2. Diversification of core funding
3. The consequences of reduced core funding
4. How can we help you to help us?
5. Discussion



unicef   
for every child



 UN  
WOMEN 

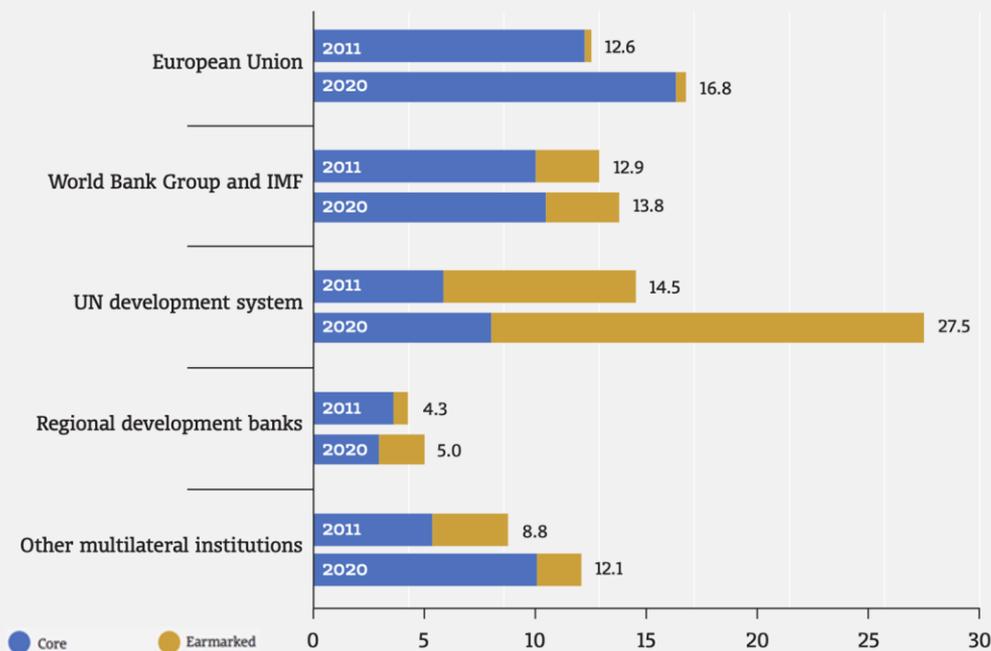
# 01

## CORE IS CENTRAL TO OUR COMMON AGENDA AND UNDS REFORM

- In a resource constrained environment, **quality** of funding is as important as **quantity** of funding.
- UNDS largest and fastest growing channel for multilateral ODA from OECD-DAC.
- UNDS receives more highly earmarked funding than other multilaterals (UNDS 71%, WBG/IMF 24%, EU 3%)
- The Funding Compact is the blueprint for improving the effectiveness and efficiency (priorities: core, multiyear, flexible non-core)

Channels of multilateral assistance from OECD-DAC countries, core and earmarked, 2011 and 2020 (US\$ billion)

(Figure 24 from Part One)



# 01

## CORE IS CENTRAL TO OUR COMMON AGENDA AND UNDS REFORM



**Uphold international norms and standards:** Serves as the bedrock for the UNDS to fulfil normative mandates.



**Strong & sustainable UNDS:** Underpins essential business functions and systems, risk management practices and personnel capacity and allows entities to plan ahead.



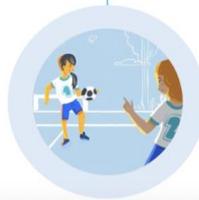
**Leverage additional resources & partnerships:** Supports greater results and impact, including improved coordination and effectiveness through joint work and partnerships.



**Crisis response:** Allows flexible and rapid responses to crises and allows UNDS to manage risk, particularly in unstable, evolving environments.



**Reach the most vulnerable:** Supports the most vulnerable and hardest to reach, in line with getting back on track with SDG commitments.

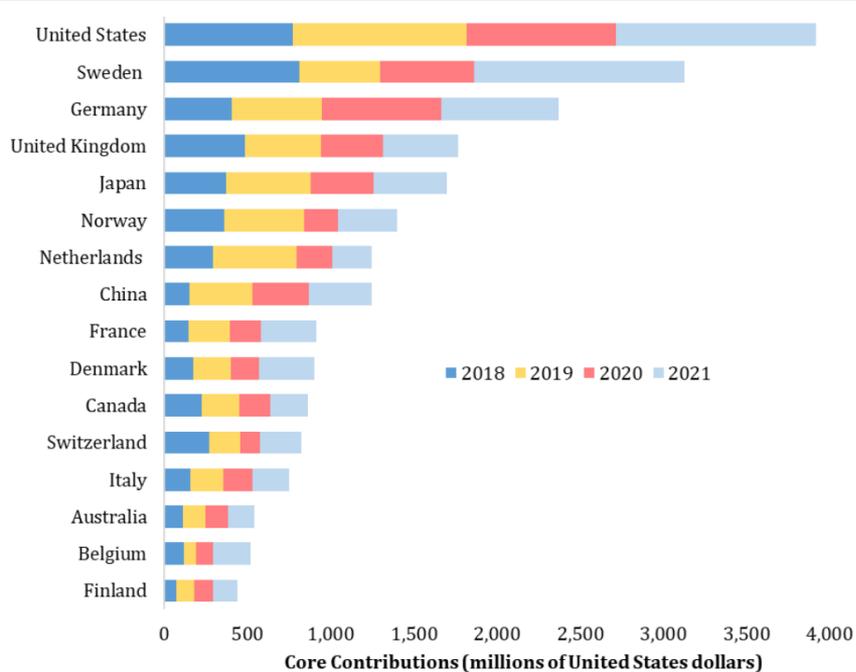


**Integrated and joined up programming:** Enables strategic, multisector, integrated interventions for long-term and sustainable programming.

# 02

## DIVERSIFICATION OF CORE FUNDING

Top Government Contributors to Core Funding (UNDS) (2018-2021)



Source: Department of Economic and Social Affairs, 2023

- Despite intense efforts to diversify, all four agencies have seen a decline in the number of government donors to core over the past decade.
- Last year alone, three agencies saw declines. Only UN Women saw a slight increase.

# 02 DIVERSIFICATION OF CORE FUNDING

- Agencies are committed to diversification.
- As UN entities, Member States will always be the main source of core funding.
- Despite diversification efforts, there is reliance on OECD-DAC donors for core.
- IFIs and private sector corporations are not a realistic source of core funding, but individual giving programmes from the public are a source.
- Agencies call on all Member States to commit to core.



# 03

## THE CAUSES OF REDUCED CORE FUNDING

- Politicization of foreign aid
- Taxpayer's demand for accountability

- Policy alignment and priorities
- Channels and instruments of aid
- Earmarking and fragmentation

Political

Economic

Policy

Systemic

- Economic performance
- Budget consideration
- Trade and market access

- Competition and efficiency
- Greater availability and accessibility of earmarked funding at the country level

# 03

## THE CONSEQUENCES OF REDUCED CORE FUNDING

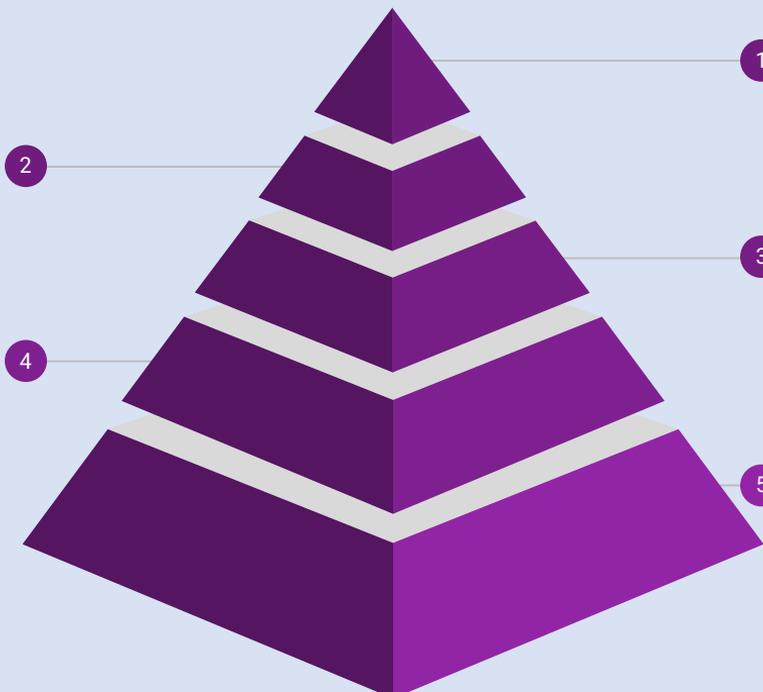
### Less core means:

#### High risk of competition and less funding to uphold normative mandates

Project-based funding encourages competition, where resource mobilization becomes driven not by mandate, but rather by funding opportunities (MOPAN 2020)

#### Less ability to leverage partnerships and resources

Core resources remain critical to design and pilot innovative programmes that can be scaled up and generate additional funding from donors, IFIs, private sector.



#### 1 Less programmable funding at the country level

Core funding provides the most flexible funding for designing projects and initiatives.

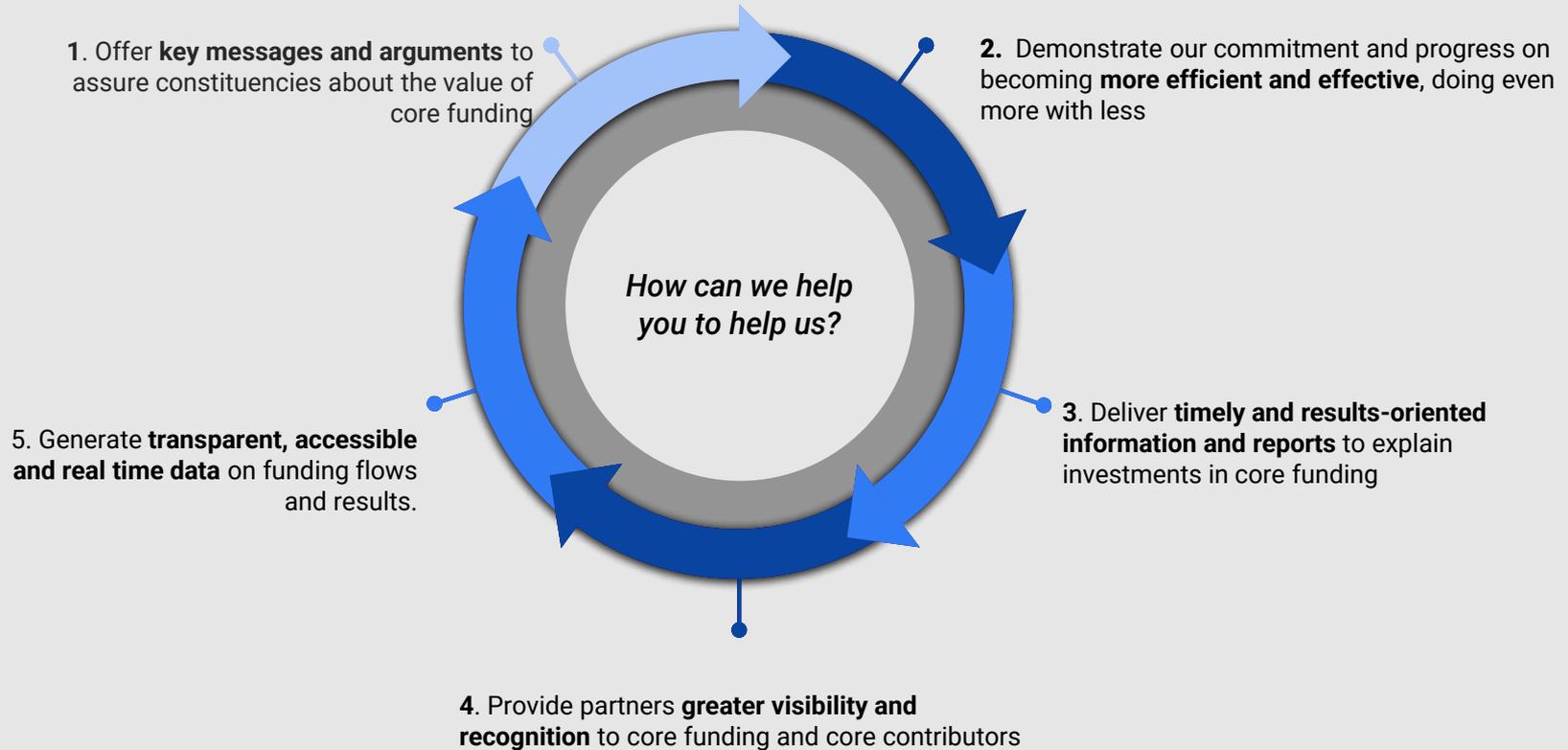
#### 2 Challenges to respond to crisis effectively and quickly

Without adequate levels of core funding the UN system will face challenges in being present on the ground before, during and after emergencies.

#### 3 Less funding to bolster oversight functions

Core funding helps UN agencies to meet the highest standards in transparency, oversight, evaluation and accountability

# 04 HOW CAN WE HELP YOU TO HELP US?



# 05 QUESTIONS FOR DISCUSSION

1. With a declining trend in core funding, how can UN organizations **uphold their normative mandates**?
1. **What specific lessons and experiences have donor and programme countries had** in convincing decision makers of the value of core that might inspire other governments?
1. Given the relatively high capitalization of other multilateral commitments, such as IDA or global funds, **what does it take for the UN development system to attract a similar degree of political and financial commitments?** What incentives can the UNDS offer to secure such support?