
Navigating Development Assistance Uncertainty, and the Road Ahead for Funding

JOINT DIALOGUE WITH THE EXECUTIVE BOARDS
7 MAY 2021



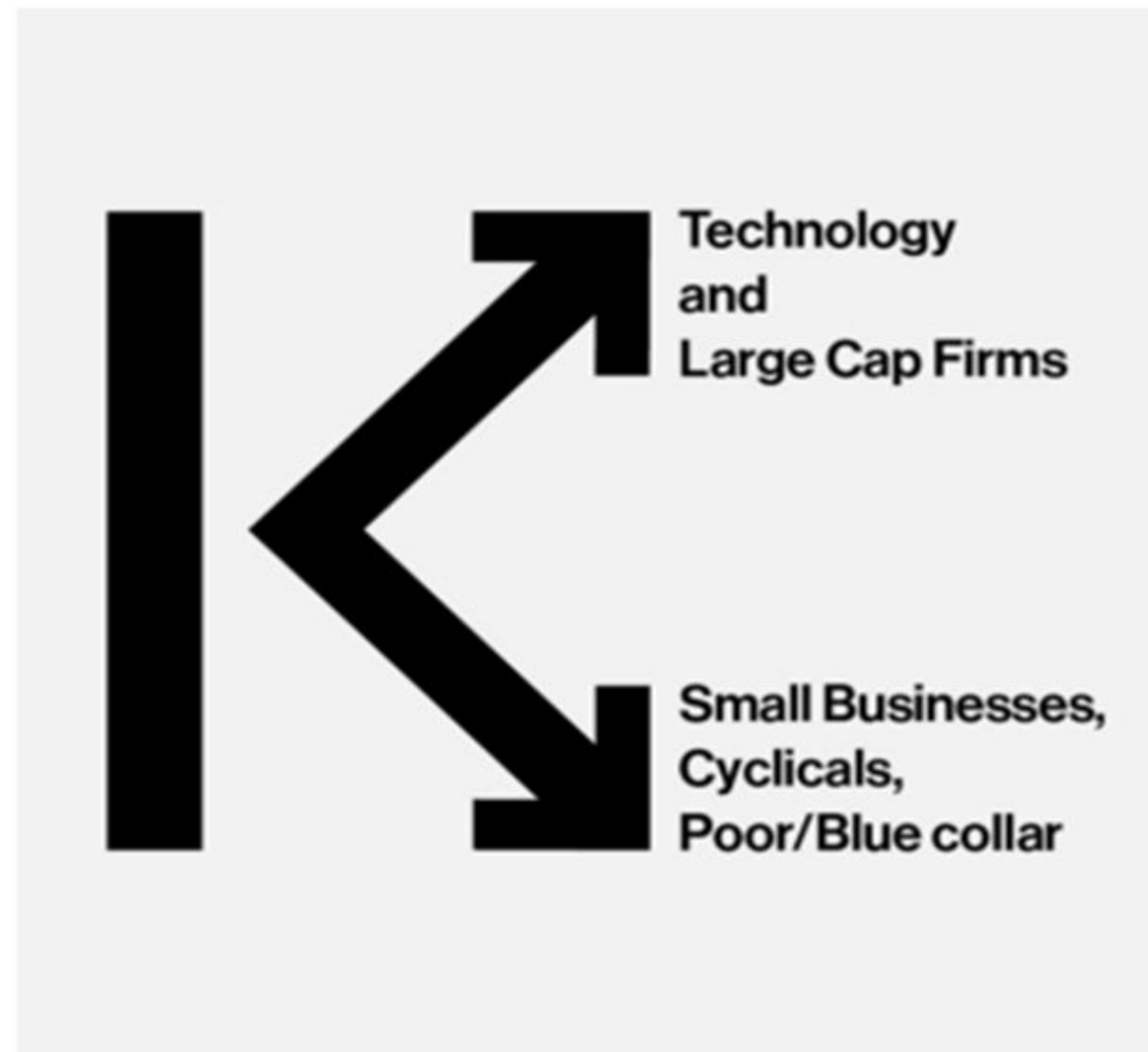
- ❑ The impact of COVID-19 on development funding
- ❑ How are agencies adjusting to the impact?
- ❑ How do agencies plan to cope with potential funding decreases in 2021?
- ❑ How can Executive Boards support agencies and Member States?



OVERVIEW



COVID-19 herd immunity unlikely in 2021 despite vaccines



The "K-shaped" recovery curve, exacerbating inequality



A Great Fracture with shifts in global geopolitical dynamics and systems



Falling 'public confidence' and deepening 'trust deficit' remain a challenge to respond to crisis



Impact of COVID-19

Global Context

Extreme Poverty

207 million more people to be pushed into extreme poverty by 2030; in 2021 alone, 47 million women and girls to live in poverty

Children

The number of children living in monetary-poor households to increase by 142 million by the end of 2020

Gender

30% spike in countries with exacerbated gender-based violence, child marriages, disruption in family planning services, and intensified women's unpaid care and domestic workloads

Unemployment

Total working-hour losses averaged about 8.8% in 2020, which represents about 255 million full-time jobs



Impact of COVID-19

Reversal in Human Development



Record high global debt of \$281 trillion in 2020, with global debt-to-GDP ratio surging by 35 percentage points to over 355% of GDP.



Domestic resource mobilization playing an increasingly important role for development financing but threatened by the COVID-19 crisis.



ODA increased by 3.5% in real terms from 2019; but sectoral shifts and loan over grants; the prospect for 2021/22 remains uncertain.



Remittances are expected to decline 14% by 2021 compared to the pre COVID-19 levels in 2019.



Global FDI collapsed by 43%, from \$1.5 trillion in 2019 to \$859 billion in 2020.



Impact of COVID-19

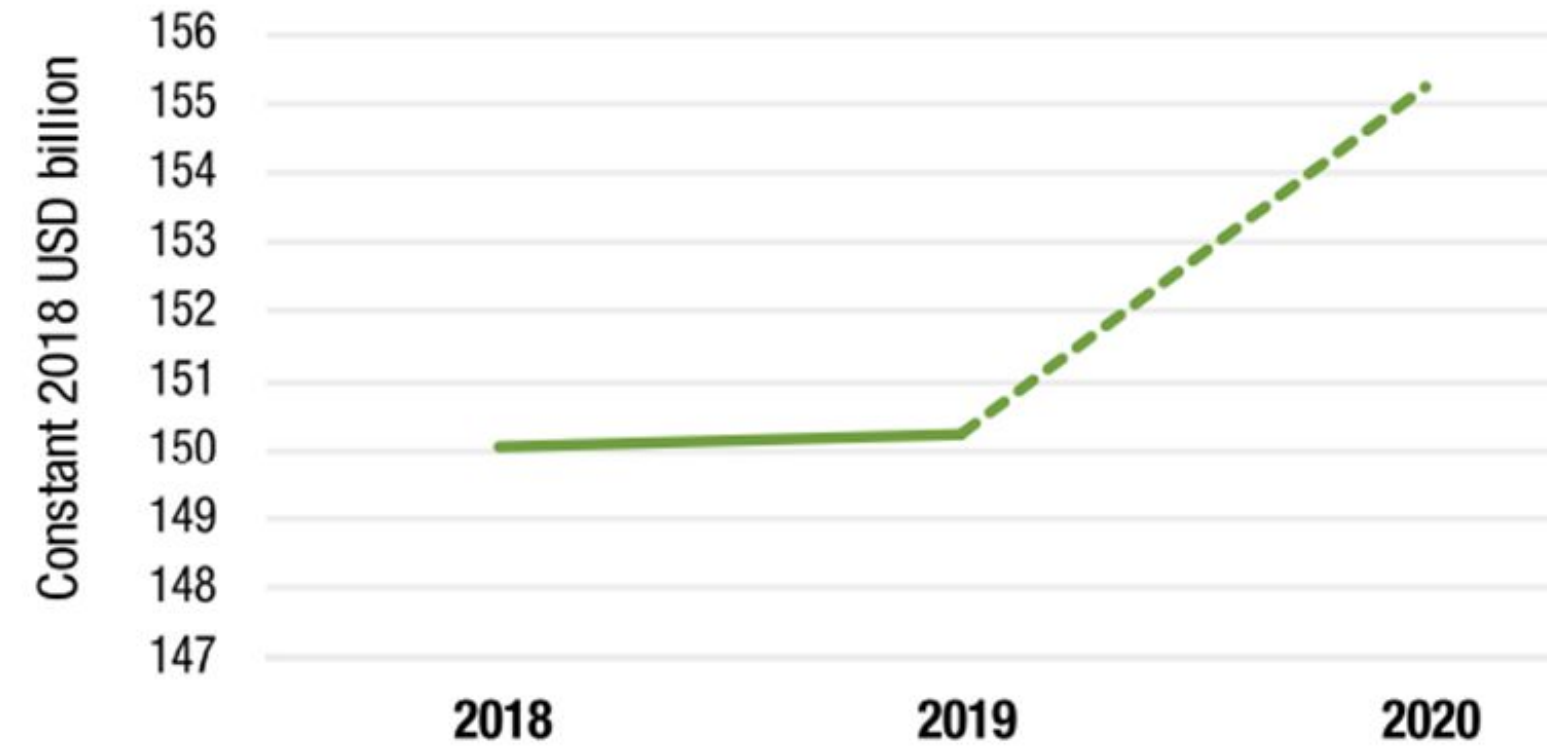
Shock to Development Finance Landscape

Optimistic Scenario

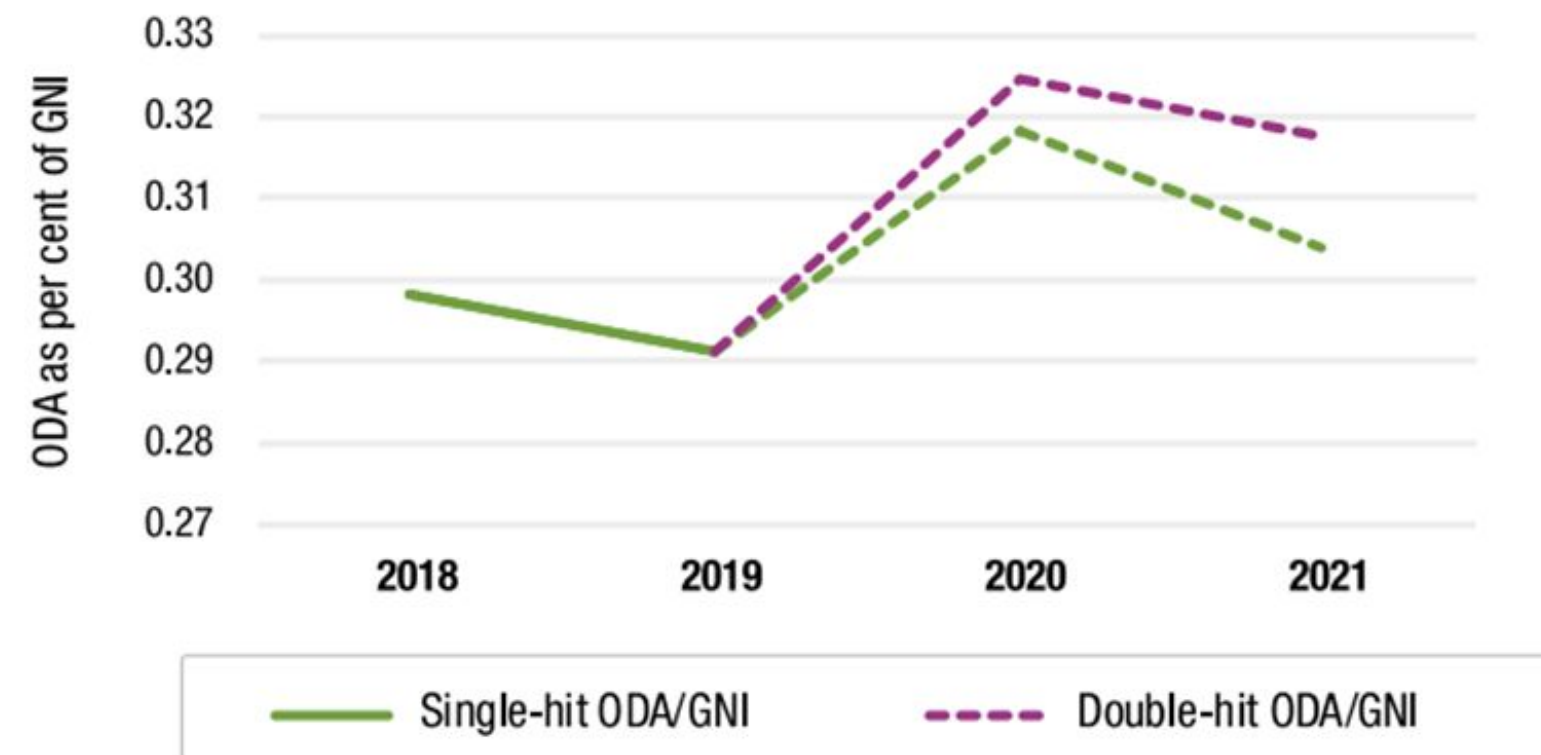


Pessimistic Scenario

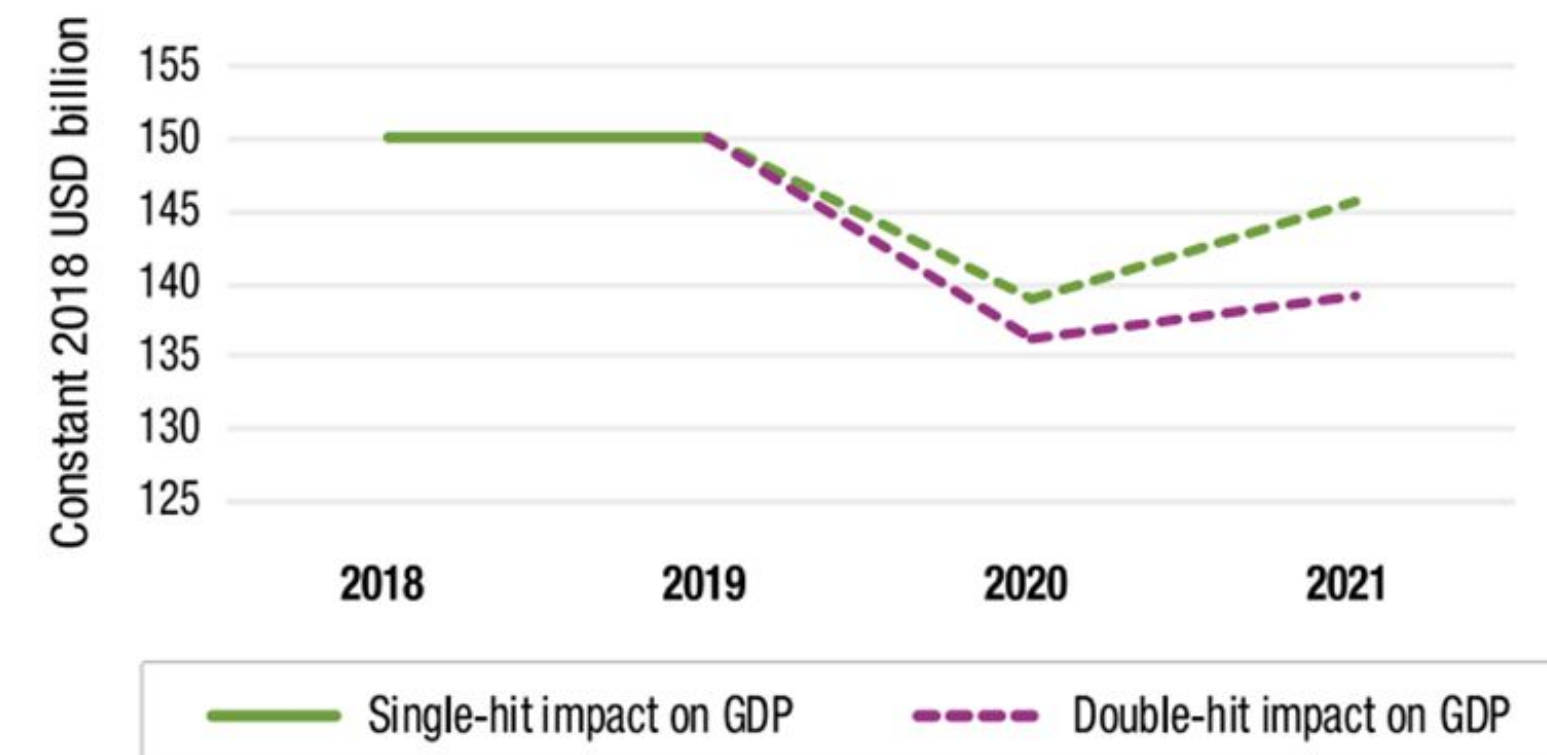
SCENARIO 1: Countries provide new, additional ODA*



SCENARIO 2: Countries protect and maintain 2019 ODA volume



SCENARIO 3: Countries peg ODA as a share of GNI at 2019 levels



Impact of COVID-19

ODA flows projection scenarios

COORDINATION

Effective coordination among UN entities enabled the UNDS to deliver better, quicker and more effective COVID-19 responses



UNDP, UNICEF & WHO

- COVID-19 vaccine roll out in India, developed eVIN supply chain and temperature monitoring for 28,500 vaccine storage centres
- Trained 50,000 healthcare workers



UNDP & UN WOMEN

- Launched the COVID-19 Global Gender Response Tracker that monitors gender-aware policy measures enacted by governments worldwide



UNFPA & UNICEF

- 6 million adolescent girls reached with child marriage prevention and care actions in 45 countries
- In 13 of the 45 countries, 10,000 girls with disabilities were reached



How are Agencies Adjusting?

FLEXIBILITY

Flexibility in work arrangements, implementation and resources underpinned quick, lifesaving COVID-19 responses



FLEXIBLE FUNDING FOR COVID-19 RESPONSE AND RECOVERY

UNDP	\$982m re-programmed and mobilized, \$103m in core
UNICEF	\$131.4m in flexible funding, over \$75m in core
UNFPA	\$98.8m mobilized, one-fourth from UN entities
UN-WOMEN	\$105m re-programmed and mobilized, \$14m in core

How are Agencies Adjusting?

AGILITY

Agility was required to find new ways of working, collaborating and connecting in response to COVID-19 changes and challenges



UN entities are managing and mitigating disruptions caused by the pandemic, streamlining and simplifying policies, procedures and adjusted workplans and work arrangements



UNDP

- Supporting RC Offices with critical backbone services (i.e. ICT, procurement, logistics)
- In Syria, UNDP worked with the RCO to establish a UN and Government coordination structure to support multi-sector COVID-19 responses



How are Agencies Adjusting?

COMPARATIVE ADVANTAGE

Mandate-driven COVID-19 responses ensured comparative advantage in UN entity responses



UNFPA

- Conducting rapid needs assessments and mappings for specific population groups to identify and reach under-served communities with GBV, sexual and reproductive health, and psychosocial services



UNICEF

- Working with local governments and communities to deliver essential services to build resilience of service delivery systems. In Sudan, UNICEF improved community-based surveillance structures that will be used to report on other disease outbreaks for years to come



UN-WOMEN


- Advancing gender equality financing :
 - ✓ Influencing IFI approaches, financing and programming
 - ✓ engaging with FfD to ensure gender priorities in the SGs build back better agenda and MPTF
 - ✓ advocating for gender-responsive national fiscal stimulus packages




How are Agencies Adjusting?

FISCAL PRUDENCE

Fiscal prudence through income review, planning and projections

 Undertook regular reviews of income, the potential impact of the crisis on exchange rates and resulting effect on available budgets

 Worked with funding partners to support early payments of their contributions to stabilize the situation

UNFPA

- ✓ Quickly distributed additional resources received mid-year to programmes in countries to help with response plans
- ✓ Adopted a prudent approach to safeguard unspent core resources to be used in 2021 as well as planned for the next Strategic Plan cycle, 2022-2025



How are Agencies Adjusting?

A challenging Strategic Planning Background



- Uncertainties in ODA scenarios and funding environment
- Leading to difficult to predict income forecasting
- ... while delivering on UN Reform & Funding Compact

Developing 4-year Strategic Plan & Budget under those circumstances requires:

- flexible and fiscally prudent responses
- drawing on entity-specific comparative advantages
- building on good practices tested in previous and at the peak of this crisis



How do agencies plan to cope with a potential ODA decrease ?

Prudent planning and budgeting approaches



APPROACHES

- Ambitious yet prudent and intelligence-based income projections, and budgets
- Flexible business models, agile programming and results frameworks to cope with unforeseen changes
- Readiness to implement course corrections, including austerity measures, if necessary.



How do agencies plan to cope with a potential ODA decrease ?

Funding and financing measures



MEASURES

- Hedge against foreign exchange rate fluctuations
- Incentivize more multi-year funding agreements
- Conduct revenue projections in a more refined manner, factoring various funding scenarios for budget planning
- Diversify revenue sources beyond ODA
- Develop “investment cases” to accelerate the achievement of results.



How do agencies plan to cope with a potential ODA decrease?

Effectiveness and efficiency measures



MEASURES

- Deploy a global goods approach in generating and sharing knowledge and solutions
- Harness digitization for cost-effectiveness and increased impact
- Foster co-creation and scale up local innovation for innovative solutions
- Enhance South-South and triangular cooperation to leverage resources



How do agencies plan to cope with a potential ODA decrease?

Joint approaches generating resources & economies of scale



JOINT
APPROACHES

- Joint UN advocacy efforts for predictable levels of core, pooled, thematic and quality funding in support of Strategic Plans
- Joint resource mobilization at country level by UNCTs
- Scale-up promising integrated approaches



How do agencies plan to cope with a potential ODA decrease ?

Funding Compact commitments enshrine **consistent, predictable and flexible funding** by:

- Addressing the **imbalance between core and non-core funding**
- **Increasing multi-year funding** commitments; and,
- Capitalizing on flexible funding mechanisms such as **thematic and pooled funds**.

Good donorship practices suggest:

- Matching contribution levels to **Executive-Board endorsed budgets**;
- **Indicating anticipated contribution amounts**, *particularly in the case of cuts* to programmes, or decreases;
- **Making payments as early in the year** as possible; and
- Supporting funding streams that **support joint design and implementation**.



1. **How can Executive Boards support agencies and Member States?**

Flexible, predictable funding is critical to coordinated equitable and predictable response to COVID

Urge member states to:

- **Protect their investment** to sustainable development and **refrain from cutting** United Nations life-saving programmes
- **Honor commitments** and contractual obligations
- **Transparently and swiftly engage** with concerned agencies and programme countries counterparts on their budgetary plans
- Ensure that **reductions are temporary, reversed asap,** and **do not set the trend for others to follow**



1. How can Executive Boards support agencies and Member States?

STRUCTURED

FUNDING

DIALOGUE



Q&As
