



**Executive Board of the
United Nations Development
Programme, the United Nations
Population Fund and the
United Nations Office for
Project Services**

Distr.: General
4 August 2016

Original: English

Second regular session 2016
6-9 September 2016, New York
Item 2 of the provisional agenda
UNDP funding issues

**Status of regular resources funding commitments to the
United Nations Development Programme and its associated
funds and programmes for 2016 and onward**

Summary

This report presents the status of regular and other resources funding commitments for 2016 and onward, as well as a summary of the contributions to regular and other resources received in 2015 for UNDP, the United Nations Capital Development Fund (UNCDF), and the United Nations Volunteers programme (UNV). In response to Executive Board decision 2015/16, the report discusses UNDP incentives and mechanisms to broaden its donor base and encourage a shift to less restricted other resources aligned to the strategic plan, 2014-2017.

In 2015, total contributions to UNDP fell by 5 per cent, to \$4.486 billion, from \$4.731 billion in 2014. Contributions to regular resources decreased by 11 per cent, to \$704 million, from \$793 million in 2014. Fifty-one Member States contributed to regular resources in 2015, five fewer than the 56 in 2014. Other resources contributions fell by 4 per cent, to \$3.782 billion, from \$3.938 billion in 2014. The ratio of regular to other resources was 16:84 in 2015, compared to 17:83 in 2014.

During the first two years of the strategic plan, 2014-2017, total contributions received were 94.5 per cent of the target set for the corresponding period, or \$9 billion as opposed to \$9.5 billion. Regular resources, however, met only 85.5 per cent of the target, at \$1.5 billion (against the \$1.75 billion target), having fallen at an annual rate of 11 per cent since 2013.

As of June 2016, UNDP has received \$271 million, or 45 per cent of the regular resources projected for 2016. Subject to confirmation by some Member States and exchange rate fluctuations, 2016 regular resources are projected at approximately \$600 million, a \$100 million decrease from the 2015 level. A continued downward trend in regular resources will constrain the ability of UNDP to ensure global development effectiveness and make forward-looking, strategic choices and investments.

Elements of a decision

The Executive Board may wish to:

- (a) take note of documents DP/2016/21, DP/2016/20 and DP/2016/20/Add.1;
- (b) note the importance of regular resources, which remain the bedrock of UNDP support to programme countries, particularly the poorest and most vulnerable, and support the coherence and effectiveness of the United Nations development system;



- (c) urge Member States to prioritize regular and other resources that are flexible, predictable, less earmarked, and aligned to the outcomes of the strategic plan, 2014-2017;
- (d) recall the importance of funding predictability and timeliness of payments to avoid liquidity constraints in regular resources;
- (e) urge Member States that have not yet done so to contribute to regular resources for 2016, and encourage those who have not contributed to regular resources in the past to consider doing so;
- (f) urge Member States to adhere to multi-year pledges and payment schedules; and
- (g) urge Member States to continue their dialogue with UNDP on shifting from highly earmarked to less-earmarked other resources.

Contents

<i>Chapter</i>	<i>Page</i>
I. Introduction	3
II. Overall resource trends and update on 2015 performance	3
A. Total contributions to UNDP	3
B. Contributions to UNDP regular resources	5
C. Contributions to UNDP other resources	6
III. 2016 outlook and predictability	9
IV. Shifting from highly earmarked to less-earmarked other resources	10
V. Diversifying the donor base	11
VI. The United Nations Capital Development Fund and the United Nations Volunteers programme	12
VII. Conclusion	14

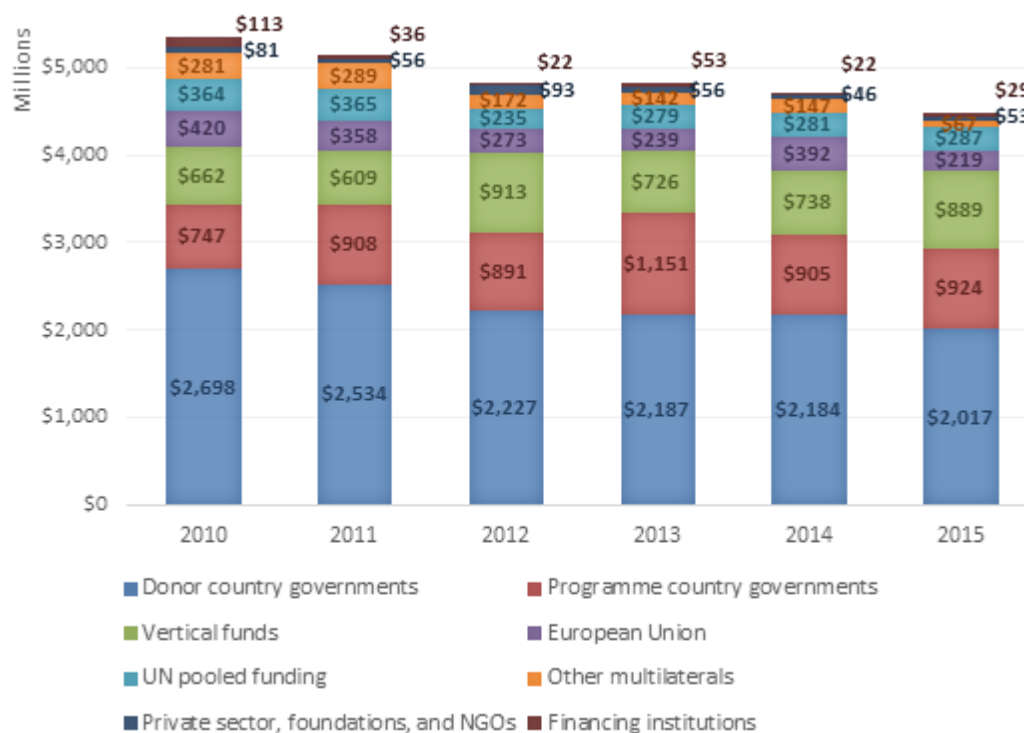
I. Introduction

1. As prescribed by Executive Board decision 98/23, this report presents the status of regular resources funding commitments for 2016, as well as a summary of contributions to regular and other resources received in 2015.
2. In its decision 2015/16, the Executive Board noted with serious concern the decline in contributions to regular resources and the increasing imbalance between regular and other resources, emphasizing that regular resources are essential for maintaining the multilateral, neutral and universal nature of the UNDP mandate. The Board encouraged UNDP to further mobilize regular and other resources to respond to the needs of all programme countries, particularly the poorest and most vulnerable. The Board requested UNDP to explore incentives and mechanisms such as the 'funding windows' to broaden the donor base and encourage donors to prioritize regular resources contributions and shift to less-restricted other resources aligned to the strategic plan.
3. This report provides an overview of trends in funding from 2010 to 2015, the status of contributions received in 2015, and the status of regular resources funding commitments for 2016. It also covers actions taken by UNDP to protect regular resources and reverse their downward trend; shift from highly earmarked to less-earmarked other resources; and broaden the donor base.
4. Finally, the report provides information on the status of funding for UNCDF and UNV.

II. Overall resource trends and update on 2015 performance

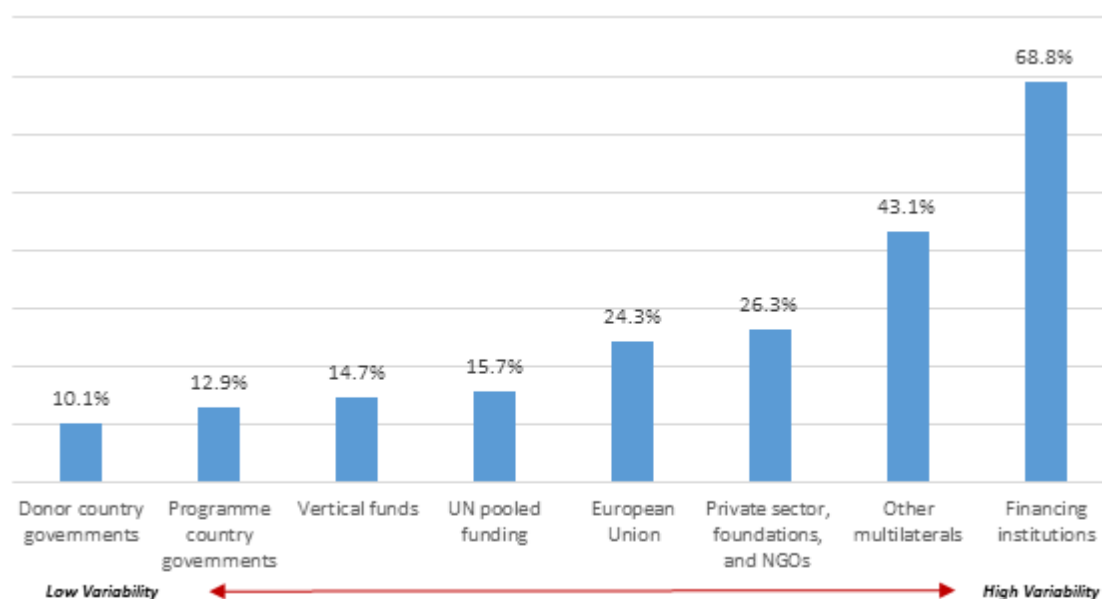
A. Total contributions to UNDP

5. Total contributions amounted to \$4.486 billion in 2015, compared to \$4.731 billion in 2014, representing a drop of 5 per cent. In 2015, the ratio of regular to other resources moved to 16:84 from 17:83 in 2014.
6. UNDP remains a multi-funded organization, with resources mobilized from a broad range of partners. Total contributions have declined, from \$5.49 billion in 2010 to \$4.486 billion in 2015. Over the same period, there have been shifts in the sources of funding as a percentage share of total funding.
7. Of total contributions received in 2015, 45 per cent were funded by donor country governments (down from 50 per cent in 2010); 21 per cent by programme country governments (up from 14 per cent in 2010); 20 per cent by vertical funds (up from 12 per cent in 2010); 6 per cent by United Nations pooled funding (down from 7 per cent in 2010); 5 per cent by the European Union (down from 8 per cent in 2010); and 3 per cent by the private sector, foundations, financial institutions, non-governmental organizations, and other multilateral organizations combined (down from 9 per cent in 2010). Figure 1, below, shows the overall resource trend by funding sources.

Figure 1. Overall resource trend by funding sources, 2010-2015

NGOs – non-governmental organizations

8. The predictability of funding can be measured by the degree of variability of contributions received, by funding source. Over the 2010-2015 period, contributions by donor country governments, programme country governments, vertical funds, and United Nations pooled funding were less variable, while those from financial institutions, other multilateral partners, the private sector, and the European Union had higher variability, as shown in figure 2.

Figure 2. Degree of variability by funding sources, 2010-2015

B. Contributions to regular resources

9. Numerous decisions of the Executive Board¹ stress the importance of regular resources for UNDP, which remain the bedrock of the organization and constitute a pillar of support to the poorest countries. The ability of UNDP to support country implementation of the 2030 Agenda for Sustainable Development, and the strategic plan, depends on a sustainable funding base.

10. Regular resources allow UNDP to invest in systems of accountability, transparency and quality assurance – including oversight functions such as audit, investigation and evaluation – and coordination of the United Nations development system. Declining regular resources constrain the ability of UNDP to ensure global development effectiveness and make forward-looking, strategic choices and investments.

11. Since 2008, contributions to regular resources have been declining, on average, by 7 per cent annually. In 2015, contributions decreased by 11 per cent, to \$704 million – from \$793 million in 2014 – due to reduced contributions and foreign exchange losses amounting to \$95 million, offset by volume increases of \$6 million.

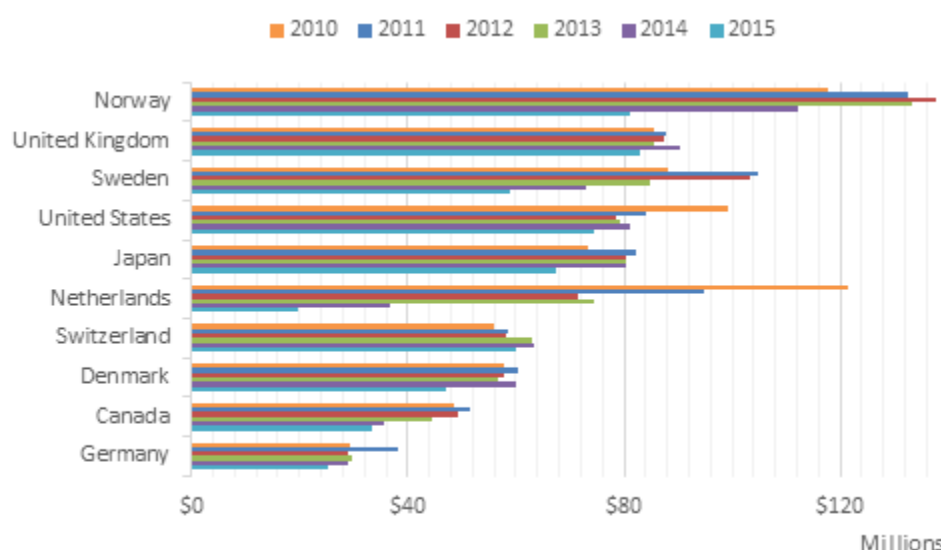
12. In 2015, UNDP received regular resources contributions from 51 Member States. Five increased their contributions in dollars or local currency; 18 reduced their contributions in local currency; and 22 maintained their contributions at the 2014 level. Six resumed contributions to regular resources in 2015. UNDP received government contributions to local office costs, in cash and in kind, amounting to \$25 million.

¹ Decisions 98/23 and 99/1 and 23, reaffirmed in 2002/9 and 2009/18, 2003/24, 2004/14, 2005/20, 2006/24, 2007/17, 2008/16, 2009/10, 2010/14, 2011/15, 2012/10, 2013/13, 2014/24 and 2015/16.

13. The largest contributors to regular resources in 2015 were: the United Kingdom, Norway, the United States, Japan, Switzerland, Sweden, Denmark, Canada, Germany, and Belgium. China, India, Russia, Saudi Arabia, and Turkey maintained their contributions of over \$1 million to regular resources in 2015.

14. In its decisions 98/23, 99/1, 2010/14, 2013/13 and 2014/24, the Executive Board recognized that a limited number of Member States contribute to UNDP regular resources and requested UNDP to continue exploring incentives and mechanisms to broaden the donor base, and to support donors in increasing their regular resources contributions. Figure 3 shows the top 10 contributors to regular resources from 2010-2015. In 2015, their contributions made up 83 per cent of total regular resources.

Figure 3. Top 10 contributors to regular resources, 2010-2015



C. Contributions to UNDP other resources

15. Other resources are earmarked to specific themes, programmes or projects, and represent a critical complement to the regular resource base. Total other resources contributions from cost-sharing, trust funds, reimbursable support services and miscellaneous activities amounted to \$3.782 billion in 2015 (4 per cent lower than the \$3.938 billion received in 2014). Of this, \$1.335 billion was from donor country governments (a 5 per cent decrease from 2014), \$901 million from programme country governments (as in 2014), and \$1.546 billion from multilateral partners (a 5 per cent decrease from 2014). Table 1, below, shows the figures in detail.

Table 1. Other resources contributions by funding partners, 2014-2015
(in millions of dollars)

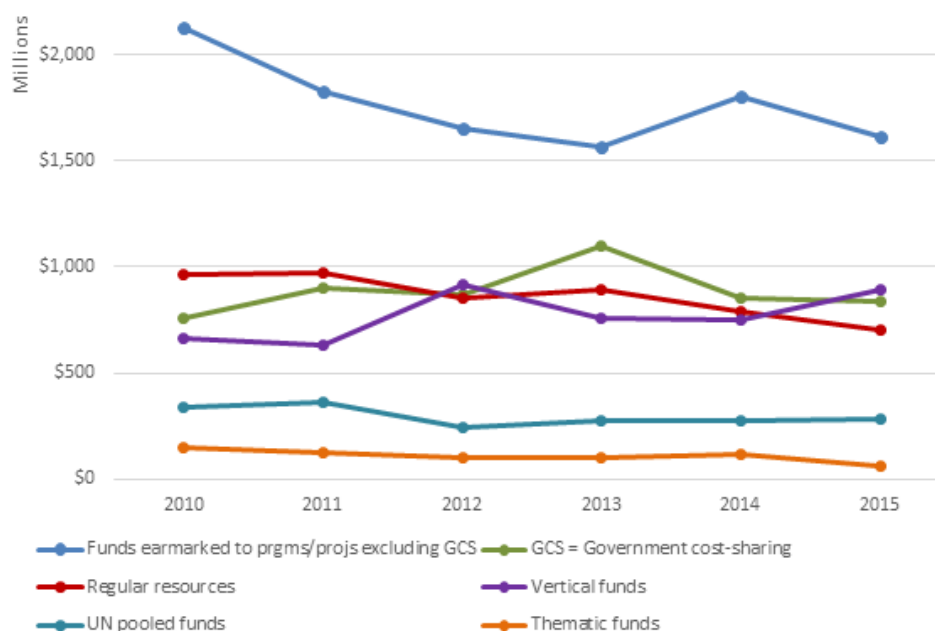
Year	Donor country governments				Programme country governments				Multilateral partners				Total
	Cost-sharing	Trust funds	RSS	Subtotal	Cost-sharing	Trust funds	RSS	Subtotal	Cost-sharing	Trust funds	RSS	Subtotal	
2015	773	522	40	1,335	887	8	6	901	974	527	45	1,546	3,782
2014	840	524	47	1,411	879	5	17	901	1218	346	62	1,626	3,938
\$ change	-76				0				-80				-156
% change	-5%				0				-5%				-4%

RSS – reimbursable support services and miscellaneous activities

16. In its decision 2015/16, the Executive Board welcomed Member States' continued dialogue with UNDP on funding issues, including how to facilitate a shift from highly earmarked to less-restricted resources, and urged Member States to prioritize the provision of regular and other resources that are flexible, less earmarked, and aligned with the strategic plan.

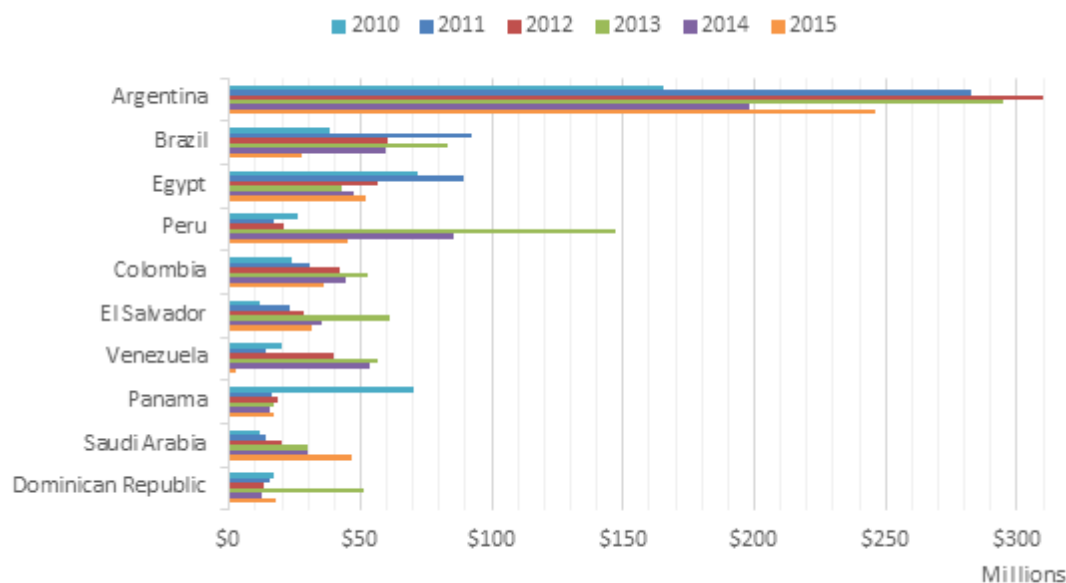
17. In terms of the degree of earmarking, next to regular resources, contributions channelled through thematic funds offer the most flexibility, followed by funds earmarked to programmes or projects (including government cost sharing), United Nations pooled funds, and vertical funds. Comparing the levels of contributions of other resources funding channels between 2010 and 2015, thematic funds and funds earmarked to programmes or projects are on the decline; vertical funding and government cost sharing are increasing; and United Nations pooled funds are stable.

Figure 4. Contributions by funding channels, 2010-2015

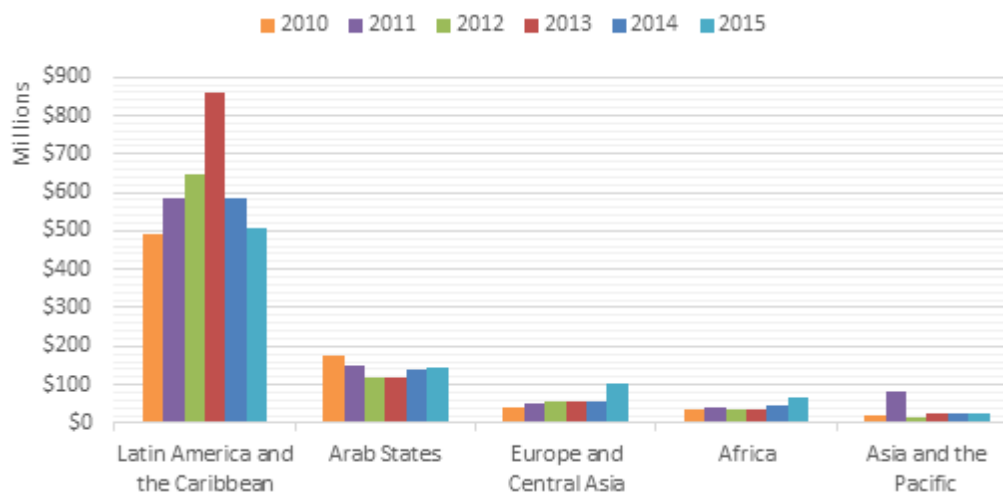


18. In its decision 2015/16, the Executive Board recognized that domestic resources, or government cost-sharing, constitutes an earmarked funding mechanism that strengthens national ownership and contributes to the achievement of country programmes. In 2015, out of the \$901 million total contributions to other resources from programme governments, \$840 million was for programmes or projects in their own countries (a 1 per cent decrease, from \$852 million in 2014). Figure 5, below, shows the top 10 contributors to government cost sharing from 2010-2015.

Figure 5. Top 10 contributors to government cost-sharing, 2010-2015



19. Member States from Latin America and the Caribbean have contributed 69 per cent of total government cost-sharing funds received by UNDP since 2010. Compared to 2014, however, in 2015 government cost sharing from Latin America and the Caribbean decreased by 13 per cent, to \$506 million (2014: \$585 million); Europe and the CIS increased by 84 per cent to \$101 million (2014: \$55 million); Africa increased by 41 per cent, to \$65 million (2014: \$46 million); the Arab States increased by 4 per cent, to \$144 million (2014: \$138 million); and the Asia and the Pacific region decreased by 10 per cent, to \$24 million (2014: \$27 million). Figure 6 shows the distribution of government cost-sharing, by region, from 2010 to 2015.

Figure 6. Government cost-sharing, by region, 2010-2015

III. 2016 outlook and predictability

20. As reflected in General Assembly resolution 67/226, and in several Executive Board decisions, Member States are encouraged to maintain and substantially increase their voluntary contributions to regular resources and to contribute, on a multi-year basis, in a sustained and predictable manner.

21. Current projections suggest that, subject to confirmation by some Member States and exchange rate fluctuations, particularly concerning the Euro and the British pound, contributions to regular resources in 2016 are expected to total around \$600 million, 15 per cent lower than the \$704 million received in 2015.

22. Global political and economic developments are expected to continue to impede the ability of some Member States to make multi-year commitments in 2017. With continued steady support from current and new contributing Member States, however, and subject to exchange rate fluctuations, UNDP is determined to reverse the downward trend in regular resources so as to at least maintain the level received in 2015.

23. If regular resources continue to decline, it will not be possible for UNDP to maintain the protections for the programme budget now in place. Reduced support for development effectiveness and management could also accentuate organizational risks due to adverse effects on its institutional capacity for quality assurance, monitoring, accountability and oversight.

24. In its decision 2015/16, the Executive Board urged Member States in a position to do so to provide their contributions to regular resources as early as possible, and encouraged Member States to consider making multi-year pledges for future years. As of June 2016, 41 Member States had indicated their pledges or had already paid their 2016 contributions, as shown in table 1 of the statistical addendum.

25. In its decision 98/23, the Board determined that the predictability of regular resources would be strengthened if Member States announced their payment schedules, with early payment encouraged to ensure effective programming and to

avoid liquidity constraints in regular resources. As of June 2016, most Member States had not provided fixed payment schedules. However, 24 had paid their contribution in full, or made partial payment towards their 2016 pledges, as shown in table 2 of the statistical addendum.

26. UNDP notes with appreciation the efforts of Member States that have paid their contributions early and in full, communicated their payment schedules, made multi-year pledges, resumed their contributions or contributed to regular resources for the first time. Member States that have not already done so are encouraged to inform UNDP of their intended payment schedules and to adhere to them. Predictability is essential for the organization, and for programme countries, to plan strategically.

27. As of June 2016, UNDP had received \$271 million, or 45 per cent of the projected regular resources contributions for 2016, from 25 of the 57 Member States expected to contribute. UNDP values the increased contributions from Germany, Italy, Japan, the Netherlands, Saudi Arabia, and Sweden; the new or existing multi-year commitments from Australia, Canada, the Netherlands, New Zealand, Switzerland, Turkey and Viet Nam; and the resumption of contributions from Cuba, Romania, and Ghana.

28 With respect to other resources, from January to June 2016, UNDP received \$1.538 billion, including contributions from vertical funds and United Nations pooled funds. UNDP expects to receive close to \$2 billion from the Global Environment Funds and the Global Fund to Fight AIDS, Tuberculosis and Malaria, by the end of 2018. The Green Climate Fund – the newest fund to which UNDP is an accredited entity – has approved a total of six projects to be implemented by UNDP in Armenia, Malawi, the Maldives, Tuvalu, Sri Lanka, and Viet Nam.

IV. Shifting from highly earmarked to less-earmarked other resources

29. In its decision 2015/16, the Executive Board noted the importance of enhancing the quality and predictability of contributions to other resources and their alignment to the strategic plan, 2014-2017, as an important complement to the regular resource base.

30. In response to Member States' requests made in the Quadrennial Comprehensive Policy Review and through the Executive Board for more predictable, flexible and adequate funding for development, UNDP established the 'funding windows', designed to encourage a shift to less-earmarked, more integrated and flexible funding.

31. The 'funding windows' were designed to promote an integrated approach and allocate resources to critical or emerging needs at national, regional and global levels, and to align development effectiveness principles of ownership, harmonization, results, and mutual accountability. They focus on development outcomes rather than project outputs and ensure strategic engagement with partners, leading to better targeting, results and learning; and they allow the pooling of funds for greater impact and reduced transaction costs to support implementation of the strategic plan.

32. As of June 2016, five Member States made contributions or committed to contributing to the 'funding windows': Germany, Luxembourg, the Republic of Korea, Slovakia, and Switzerland). UNDP has received \$4.7 million to date, with a minimum total of \$18 million expected to be received between 2016 and 2018.

V. Diversifying the donor base

33. In its decisions 98/23, 99/1, 2010/14, 2013/13 and 2014/24, the Executive Board recognized that a limited number of Member States contribute to UNDP regular resources, and requested UNDP to continue to explore incentives and mechanisms to broaden the donor base and to support donors in increasing their regular resources contributions, as well as shifting to less restricted other resources funding.

34. In response to those Board decisions to ensure a stable, predictable and more diverse regular resources funding base, UNDP launched the ‘100 Partners for Development’ campaign, to reach a target of 100 Member States contributing to regular resources by the end of 2017.

35. Through concerted engagement and support from Member States, UNDP expects the number of contributors to regular resources to increase from 51 in 2015 to 57 in 2016, and is pleased with Member States like Cuba, Ghana, and Romania, which responded to the campaign by resuming their contributions.

36. UNDP continues to emphasize the importance of regular resources for investment aimed at eradicating poverty and reducing inequalities and exclusion, for the coherence, effectiveness and transparency of the United Nations development system, and to support the most vulnerable and enable prompt responses to crises.

37. In its decision 2015/16, the Executive Board requested UNDP to respond to evolving development opportunities in a transparent and coordinated manner to widen its partnerships with the private sector, civil society organizations, philanthropic organizations, the broader public, multilateral organizations, international financial institutions, and global public-private alliances.

38. Although the amounts received from the private sector and foundations are relatively small in comparison to the overall UNDP resource envelope, private-sector companies and foundations contribute through other means as well, such as through the use of their core competencies in different development areas, and by providing access to knowledge, technology and innovation. They also provide leveraging opportunities.

39. In 2016, at the World Humanitarian Summit, UNDP, the United Nations Office for the Coordination of Humanitarian Affairs and the United Nations Office for Disaster Risk Reduction launched the Connecting Business Initiative, providing a mechanism for the private sector to engage in a coordinated manner with the United Nations system, national governments and civil society on crisis risk reduction, emergency preparedness, response and recovery.

40. UNDP is investing in individual fundraising by scaling-up efforts to engage with ‘high net worth’ individuals through its Major Gifts Programme, and developing a digital goods platform that allows individuals worldwide to take direct action towards the sustainable development goals and to contribute to UNDP regular resources.

41. UNDP is increasing its engagement at the global, regional, and country levels by developing an operational strategy for international financial institutions, as well as bank-specific action plans to revitalize cooperation and accelerate progress towards the sustainable development goals. The first action plan was launched with the Islamic Development Bank Group in May 2016, along with the UNDP-Islamic Development Bank Group Global Islamic Finance Impact Investment Platform. To

facilitate operational collaboration at the country level, new financial agreements are being developed with the African Development Bank, the European Investment Bank, the Islamic Development Bank, the KfW Bank, and the World Bank.

VI. The United Nations Capital Development Fund and the United Nations Volunteers programme

United Nations Capital Development Fund

42. In 2015, total contributions received by UNCDF reached \$58.9 million (including \$0.89 million received from UNDP for programme support), down from \$89.6 million in 2014. The diversification of UNCDF donors remained high, however, with 38 development partners contributing in 2015 (compared to 29 in 2010).

43. Contributions in 2015 included \$9.9 million from private sector foundations, corporations and non-governmental organizations, representing 17 per cent of total income and 21.3 per cent of other resources. The top overall donors to UNCDF were the United Nations multi-donor trust fund, Australia, Sweden, the European Commission, Belgium, Switzerland, the Bill and Melinda Gates Foundation, The MasterCard Foundation, the United States, Denmark, and Luxembourg.

44. Contributions to regular resources reached \$12.5 million in 2015 (including \$0.89 million received from UNDP for programme support), down from \$14.9 million in 2014. In 2015, the top regular resources donors to UNCDF were Switzerland, Sweden, Belgium, Luxembourg, the United States, Norway, Australia, Austria, Liechtenstein, and China. Two least developed countries, Myanmar and the Lao People's Democratic Republic, in addition to Thailand, supported UNCDF through regular resources contributions.

45. Despite increased donor diversification in recent years, UNCDF continues to be dependent on a limited number of donors for contributions to its regular resources. Regular resources contributions remained well short of the \$25 million per year required to extend UNCDF operations to 40 of the 48 least developed countries, as envisaged in the UNCDF strategic framework, 2014-2017, presented to the Executive Board in 2014. The \$12.5 million shortfall in regular resources poses significant challenges for UNCDF to increase its presence to 40 least developed countries.

46. By the end of 2015, UNCDF was able to maintain programmes –sometimes with a very thin presence – in only 31 least developed countries. Without a reversal of the downward trend in regular resources (further exacerbated by the expected impact of currency exchange losses), up to 10 programmes may be subject to further reduction by the end of 2016, and 2016 risks being the first year in which UNCDF falls short of the 40 per cent capital target against total programme resources. The shortfall constrains strategic UNCDF engagement at the country level, as well as its ability to pilot new approaches that could become flagships.

47. While other resources reached \$46.4 million in 2015 – a decrease of 37 per cent from 2014 – they have increased steadily over the past 8 years, by more than 250 per cent (they stood at \$13 million in 2007), and are expected to continue to grow in 2016.

48. The ratio of regular to other resources is approaching 1:4, while the ratio of regular resources to follow-on investments is averaging 1:10 – increasingly

originating from the domestic resources of least developed countries (institutional and private investors and governments), thus raising levels of capital to support the development objectives of least developed countries.

49. With its capital mandate and instruments, UNCDF offers ‘last mile’ finance models, through financial inclusion and localized investments that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. Using grants, soft loans, targeted credit increases, and innovative business and public-private partnerships, UNCDF tests financial models to show how strategically placed official development assistance can drive domestic resource mobilization for local economic development and financial inclusion. UNCDF innovations, blended finance approaches, and ‘last-mile’ finance models are relevant for the implementation of the 2030 Agenda, the Addis Ababa Action Agenda, and the Istanbul Programme of Action, as well as the Paris Agreement on climate change.

United Nations Volunteers

50. In 2015, the second year of the implementation of the UNV strategic framework, 2014-2017, programme resources amounted to \$185 million, almost 2.9 per cent of which was financed from the Special Voluntary Fund.

51. Donor contributions continued to be critical in the development of volunteerism programming and mobilizing volunteers. In 2015, in line with its budget strategy, UNV continued its efforts to deepen, widen and diversify partnerships, with a particular focus on the Special Voluntary Fund, cost-sharing, and fully funded volunteers.

52. The Fund enables the UNV programme to cultivate diversified approaches that widen volunteer opportunities and deepen the programmatic integration of volunteerism for peace and development. Although it is a modest fund, its importance cannot be overstated, taking into account the lack of access to regular resources programme funding of UNV. From research-based projects to pilot interventions in areas such as youth volunteering and sustainable development, the Special Voluntary Fund is a catalyst for innovation and for leveraging additional external resources, serving as a vital foundation for the evolution of the voluntary sector.

53. Contributions to the Special Voluntary Fund decreased by 11.9 per cent, from \$4.2 million in 2014 to \$3.7 million in 2015, reflecting the historical fluctuations of annual contributions to the fund. A further slight decrease, of 4 per cent, is anticipated in 2016, with total of received to date and pledged contributions amounting to \$3.5 million. Given the critical role of resources from the Fund, the UNV programme is continuously seeking to increase contributions to enable it to further explore, expand and strengthen the role of volunteerism and its contributions to development.

54. UNV is strengthening its relationships with the Member States that have contributed to the Special Voluntary Fund in past years, and seeks to gain the support of additional Member States. Thanks to the Fund, among other elements, UNV was able to demonstrate, through its second State of the World’s Volunteerism Report, launched in 2015, how volunteers are champions of change at the local, national and global levels.

55. Contributions (including multi-year contributions) received for fully funded United Nations Volunteers, including contributions for fully funded United Nations

Youth and University Volunteers, decreased by 27.8 per cent, from \$9.7 million in 2014 to \$7 million in 2015. UNV continued to diversify its funding sources through various partnership initiatives, including South-South cooperation. Capitalizing on the successful 2014 Partnerships Forum, UNV will organize a second UNV partnerships forum, convening partners from both the North and the South, revitalizing existing partnerships, and brokering new ones.

VII. Conclusion

56. Achieving effective development results requires a clear link between development results and financial and other resources. In its decision 2016/4, the Executive Board concurred that the vision and expected results of the strategic plan, 2014-2017, are generally aligned with the 2030 Agenda for Sustainable Development and the sustainable development goals.

57. The midterm review of the strategic plan reaffirmed the commitment and readiness of UNDP to support implementation of the 2030 Agenda, and showed that, two years into implementation, UNDP has made solid progress in delivering results.

58. Total contributions received were at 94.5 per cent of the target set for the corresponding period, or \$9 billion (as opposed to \$9.5 billion). Regular resources met only 85.5 per cent of the target, at \$1.5 billion as opposed to \$1.75 billion, having fallen at an annual rate of 11 per cent since 2013. To sustain the progress made and meet the targets enumerated in the strategic plan, adequate and predictable funding is required to ensure strategic focus, tactical flexibility and the ability to respond to crises and opportunities.

59. UNDP is funded from a variety of sources – Member States, multilateral partners, non-governmental organizations, private and philanthropic actors, and financial institutions – and continues to value all types of funding that allow the organization to deliver on its commitments. The ability of UNDP to perform at a high level is nevertheless heavily reliant on regular resources, not least because they form the pillar of its support to the world's poorest countries.

60. Regular resources provide for the most effective delivery of transformational results; support the most vulnerable; promote equity; enable prompt response to crises; and promote the coherence, accountability, transparency and quality assurance of the United Nations development system – all priorities both of Member States and of UNDP. Declining regular resources and a concentration of earmarked funds make it difficult to ensure that UNDP has the capacity to implement its programmes effectively.

61. To address the impact of reductions in regular resources, and guided by Executive Board decisions, certain lines under both the programmatic and institutional components of the integrated budget were protected from significant cuts. Protecting those budget lines, however, meant significant reductions in other areas, including regional and global programmes and overall management activities. Further reductions in funding for development effectiveness and management may pose organizational risks due to their adverse effects on institutional capacity for quality assurance, monitoring, accountability and oversight.

62. The absence of multi-year commitments from some partners remains a concern for UNDP and its ability to plan ahead and sustain its multilateral and universal character. In addition, lack of predictability or early payment increases the vulnerability of the organization to exchange rate fluctuations, negatively affecting its liquidity position.

63. UNDP is committed to working with its partners to diversify its funding base and reverse the fall in regular resources. The roll-out of the ‘100 Partners for Development’ campaign to increase contributions from existing partners and the number of contributors to regular resources, and the launch of the ‘funding windows’ to encourage a shift from highly earmarked to more flexible resources, can succeed only with the full support of Member States.

64. UNDP has incorporated substantive opportunities for partnerships with the private sector, foundations, financial institutions and individuals into its areas of work. It will continue to promote public-private partnerships using partners’ core competencies and access to knowledge, technology and innovation.

65. UNDP will continue to engage with the Executive Board and seek the support of Member States to ensure that the principles of predictability, universality and progressivity can be sustained.

66. UNDP urges Member States to: (a) increase or provide their voluntary contribution in a manner consistent with their capacities; (b) contribute on a multi-year basis in a sustained and predictable manner; (c) shift their contributions from highly earmarked to less-earmarked resources; and (d) advocate among Member States to contribute to UNDP regular resources in a timely and predictable manner, to enable UNDP to deliver the expected results of the strategic plan, 2014-2017, and lead the United Nations system in implementing the 2030 Agenda for Sustainable Development.
