

2024 United Nations Pledging Conference for Development Activities

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Statement of Ms. Jennifer Topping

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Talking Points: The importance of flexible and predictable funding, recent trends in funding of inter-agency pooled funds, partnership/innovation/leveraging for SDG acceleration through inter-agency pooled funds. Ms. Jennifer Topping, Executive Coordinator, Multi-Partner Trust Fund Office

Excellencies,

Distinguished delegates, esteemed colleagues,

Ladies and gentlemen,

It is a privilege to address you today on a topic of profound significance - the importance of flexible and predictable funding to the United Nations system, and the transformative role of inter-agency pooled funds - as we collectively strive to accelerate progress towards the Sustainable Development Goals.

Flexible and predictable funding is the cornerstone of an effective United Nations. Such funding enables the UN system to plan, implement, and sustain long-term initiatives with predictability. It allows swift, coordinated and efficient response to emergencies, crises and national development and peacebuilding priorities without the delays associated with tightly earmarked contributions. When funding is flexible, resources can be allocated where they are needed most, ensuring that no one is left behind.

It also fosters innovation, allowing the UN to pilot new approaches and scale up successful initiatives, as well as to partner more effectively and leverage other sources of funds more seamlessly.

As clearly highlighted in this year's Secretary General's QCPR report of the funding of the UNDS, "it is therefore essential that Member States take concrete and timely steps to improve the quality of their funding to the UN development system, in particular through: (1) strengthening core funding and increasing the flexibility and predictability of non-core funding; (2) increasing contributions to interagency pooled funding; (3) aligning contributions to priorities and needs outlined in strategies and budgets, and Cooperation Frameworks at country level; and (4) harmonizing requirements across donors.'

UN inter-agency pooled funds represent a unique, strategic, and innovative funding practice that has consistently facilitated joint action across the UN system for the last 20 years, since 2004. These funds are designed to leverage the strengths of various UN entities, fostering collaboration and coherence in our efforts to support countries to achieve the Sustainable Development Goals (SDGs). Inter-agency pooled funds are particularly effective in addressing complex, multidimensional issues that no single actor can tackle alone.

As emphasized in the Secretary-General's report, strong multilateralism requires strong funding mechanisms. Inter-agency pooled funds, by promoting more flexibility and predictability, are crucial for adapting to dynamic global challenges and ensuring sustained support for joint actions aligned with the SDGs.

A foundation of strong accountability and governance grounded in oversight and accountability frameworks of the different UN entities, and equipped with the necessary flexibility and innovation to meet the needs of the UN system, pooled funding serves as a flexible financing

instrument which is more than the sum of its parts, enabling the execution of versatile development strategies, involving multiple United Nations agencies and other partners, to accelerate transformations in line with the collective aim of achieving the SDGs.

Looking at a **few recent fund evaluations** of inter-agency pooled funds we see that they confirm the appropriateness of these instruments in the UNDS reform to fund coordinated programmatic implementation for SDGs.

At the country level, inter-agency pooled funding facilitates interaction and coordination of UNCTs, providing RCs with a partnership platform to coordinate joint action, establish strategic dialogue with stakeholders on key issues, and facilitate transformative policy shifts to accelerate the achievement of the SDGs.

At the global level, the inter-agency pooled funding model leverages the comparative advantages of UN agencies while pursuing a diversified portfolio linking global to country-level efforts playing a critical role in financing mainstreaming efforts.

This is why, (again citing the Secretary General's QCPR report) 'inter-agency pooled funds are key instruments for more strategic, efficient and coordinated action.'

In spite of the demonstrated benefits of pooled funds, and in spite of the achievement in 2021 of the 10% Funding Compact target proposed of percentage of non-core resources for development related activities channeled through inter-agency pooled funds, contributions and resources of pooled funds remain concentrated in terms of number of contributors, and it is troubling to observe a considerable decrease in the overall volume of development related pooled funding in 2022.

(As noted in the QCPR report) 'It is concerning indeed, that, after six consecutive years of growth, contributions to development-related inter-

agency funds declined by 22 per cent to \$1.27 billion in 2022. These contributions accounted for 8.9 per cent of all non-core funding for development activities, below the original funding compact target of 10 per cent.’ The observed reduction in contributions to development pooled funds starting in 2022 has also affected flagship pooled funds such as the Joint SDG Fund and Peacebuilding Fund, which have not seen the expected growth nor met the growth targets indicated by the Funding Compact.

As highlighted in the QCPR report, looking at the relative proportion of contributions made to different types of inter-agency pooled funds in 2022, **“funding for country-level development funds amounted to \$383 million, accounting for just 12 per cent of total funding to inter-agency pooled funds.** United Nations country teams use this flexible funding instrument to consolidate resources and carry out joint action for priority Sustainable Development Goals outlined in a country’s Cooperation Framework. Additionally, the fund supports the response to development emergencies.

Contributions to **country development funds** have stagnated in recent years and the contributions provided to such funds in 2022 covered just 19 countries. In contrast, funding for country-level humanitarian funds totaled \$1.3 billion in 2022, an increase of 55 per cent since 2020.’

‘Global development inter-agency pooled funds received 12 per cent of total contributions to inter-agency pooled funds in 2022. These global pooled funds bring together UN entities and a variety of partners to address cross-border challenges that a single country cannot tackle alone. The Peacebuilding Fund is a global fund that supports countries transitioning away from conflict towards stability and peace through the application of state and peacebuilding practices.

Contributions to the Peacebuilding Fund declined for the second consecutive year to in 2023, well below the funding compact annual target of \$450 million.’

Yet, we do see, in the Multi-Partner Trust Fund portfolio, an increased dynamism and diversity in UN inter-agency pooled funds, catering to more and more inclusive platforms of partners for more impactful solutions, we see a diversified portfolio of pooled funds with climate, development, and peace focus, and often bridging across the triple nexus as key financial instruments. And again, innovative programmatic initiatives with enhanced potential for leveraging diverse funding and financing streams for SDG acceleration. We also see more and more emphasis and support to Climate and environment funds, which have grown from a modest US\$ 43 million in 2015 to US\$ 231 million in 2022. And we continue to emphasize strong investments in quality standards, knowledge management, and innovation, as well as operational efficiency and effectiveness solutions, including through digitalization.

The revised Funding Compact underscores the need and commitments for high-quality, diversified funding to effectively support sustainable development. These efforts are crucial for a coordinated UN system response to global needs, and they reconfirm our dedication to maintaining high standards in fund management and administration on inter-agency pooled funds, and to continued investment in maintaining and enhancing the common management features of pooled funds embedded in the Funding Compact.

To accelerate progress towards the SDGs, we must harness the power of partnerships and innovation. Inter-agency pooled funds are instrumental in this regard. They provide a platform for diverse stakeholders, including governments, IFI's, the private sector, civil society, and international organizations, to collaborate and pool resources.

Innovation thrives in an environment where ideas can be tested and scaled. With flexible funding provided through pooled funding and allocated through transparent, agile and inclusive governance mechanisms, and partnerships with a diverse array of actors who can leverage further

funding, we can invest efficiently in innovative solutions that have the potential to transform lives.

Leveraging resources through inter-agency pooled funds also means maximizing impact. By coordinating our efforts, we can avoid duplication, reduce inefficiencies, and ensure that every dollar spent delivers maximum value. This approach is essential for achieving the SDGs, given the vast scale of the investments required.

In conclusion, flexible and predictable funding is not just a financial necessity. It is the way to effectively empower the United Nations to fulfill its mandate. The recent new Funding Compact commitments towards an increase of inter-agency pooled funds as one of the cornerstones of flexible financing for the UN, are a testament to the shared commitment and ambition to working together for a better world.

I encourage all Member States and development partners to increase their investments and engagements in inter-agency pooled funding in line with the UNDS Funding Compact as critical mechanisms for joint UN action. Your support is vital as we continue to innovate and expand our pooled funding mechanisms, which are essential for meeting the complex challenges of today's world.

As we look towards a future where the promises of more flexible, quality funding are realized, the MPTF Office remains committed to supporting the acceleration of United Nations sustainable development goals agenda. Through collaboration, transparency, accountability, and high standards of efficiency and excellence, we will continue to service and to champion multi-stakeholder engagements through UN inter-agency pooled funds as robust partnership platforms.

I thank you for your attention, leadership and support.