

UNFPA draft proposal to the Executive Board

Structured Financing Dialogues

Context

Securing adequate levels of predictable financing is the linchpin for the success of UNFPA's new Strategic Plan (2018-2021) and its programmes, and is critical to UNFPA's ability to keep pace with the growing demands for its services to the countries it serves, to fully integrate the ICPD agenda into national development strategies, and the comparative advantage it brings to support the implementation of Agenda 2030 for Sustainable Development.

However, UNFPA continues to face challenges for predictable funding: sexual and reproductive health and reproductive rights, family planning and maternal health remain under-funded. The funding outlook remains challenging for both Member States and UNFPA now and in future years. UNFPA's donor base for large contributions remains narrow, hence the need to expand UNFPA's donorship towards a less vulnerable funding situation, and a more balanced community of contributors.

With the adoption of the new Strategic Plan 2018-21, there is great momentum to boost the political and financial support of member states for predictable and sustainable financing in order to achieve the three ambitious transformative results¹ of the Strategic Plan, and to contribute to the implementation of the 2030 Agenda for Sustainable Development.

In line with the QCPR 2017 (A/RES/71/243), relevant decisions of the UNDP/UNFPA/UNOPS Executive Board, and ongoing reform proposals for the UN Development System, UNFPA has developed this proposal to improve the functioning and effectiveness of the structured dialogues on how to fund the development results agreed in the Strategic Plan, through a broader and stronger coalition of committed partners.

Guiding principles for enhancing Structured Financing Dialogues (SFD)

- Regularity of dialogues throughout the year;
- Structured, yet interactive and flexible;
- Framed in the context of the UN Secretary-General's funding reforms as proposed in the report: "Repositioning the UN development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet";
- Reflective of the evolving UN financing context: from funding to financing the SDGs;
- Ownership of the dialogues by all member states, ie: traditional, emerging donors and program countries;
- Focused on:
 - predictable and sustainable funding for the duration of the Strategic Plan, with core funding as the bedrock of UNFPA;

¹By 2030: (1) End unmet need for family planning; (2) End preventable maternal deaths; (3) End gender-based violence and harmful practices against women and girls.

- quality of non-core resources, including factors of fragmentation and compliance to cost-recovery policy;
- aligning resources with needs, demonstrating and giving visibility to results achieved with donor funding;
- Consistency of approaches with the other Funds and Programmes.

Structured Financing Dialogues: Proposal for 2018 and beyond

The proposal is based on the guiding principles as laid-out in the Secretary-General’s report “Repositioning the UN development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet, including a Funding Compact; ECOSOC segments on operational activities; decisions of, and consultations with the Executive Board on SFDs, budget and related matters. It is inspired by models and practices used by other UN agencies’, including WHO.

The SFD represent a key element in the reform process of the UNDS. They aim at providing greater clarity on how much it costs to meet the expected outcomes and impact outlined in the strategic plans and the resources available or needed to finance them. The Dialogue process has the potential to significantly strengthen current funding practices, and in turn the governance of the Funds and Programmes. With the goal to secure adequate resources for the Strategic Plan, the SFD would connect Executive Board approval of Funds and Programmes’ strategic priorities to a discussion on financing, including on potential joint initiatives², and prospects for joint resource mobilisation.

Recognizing that funding and governance are linked, the Dialogues should also address ways and means to ensure strong ownership of Strategic Plans and their implementation by all member states, transparent budgeting processes, and accountable management practices and reporting³.

UNFPA proposes a series of Dialogues with member states aiming at gaining greater understanding of the funding situation and needs at various points in the year, presenting UNFPA’s work to expand its funding base, and strengthening member states’ commitment for predictable and sustainable funding.

Frequency: UNFPA proposes to organize three meetings per year, in the margin of or close to the Executive Board’s formal sessions, as follows:

- After the First regular session (February) – Informal meeting
- Before the Annual session (May) – Informal meeting
- At the Second regular session (September) – Formal item of the session
- One additional joint meeting with the other Funds and Programs, under the leadership of the Deputy Secretary-general as Chair of the UNDG⁴

² As suggested in the Common Chapter of the Strategic Plan: Working together to support implementation of the 2030 Agenda.

³ Based on ECOSOC 2017 session: Implementation of GA resolution 67/226 on the QCPR: Funding Analysis (A/72/61-E/2017/4).

⁴ As proposed in the UN Secretary-General’s Report on “Repositioning the UN development system to delivery on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet”, under VIII: A Funding Compact.

Format: The format of the SFDs should be **dynamic, evidence-based and interactive**, typically structured around a formal agenda and documentation available at least 2 weeks in advance of the meeting. It should include a short presentation by UNFPA, followed by an exchange with member states.

It should be **inclusive**, i.e. not necessarily limited to the official membership of the Executive Boards for a given year, but rather open to a broader UNDS constituency, including delegations engaged in discussions on financing for the UNDS, and/or interested in and politically committed to UNFPA's mandate and thematic priorities.

The SFD should contribute to strengthening the **ownership** of member states over the Strategic Plan and its funding, pointing to funding gaps and potential impact on implementation of the Plan. As appropriate, some sessions could be open to representatives from the other UN Funds and Programs, other UN agencies with which UNFPA has a close partnership, as well as other relevant non-governmental, private and other funding partners.

Content: The content of each session would vary depending on circumstances, challenges faced and opportunities arising throughout the year. To reflect the evolving nature of the financing landscape of the UNDS in general and UNFPA in particular, the SFD should cover a variety of financing-related topics, as well as funding sources and streams. Aligned to the funding architecture accompanying UNFPA's strategic Plan 2018-21, the scope of the SFD should encompass core resources, non-core resources (thematic funds, joint-funding instruments, humanitarian funding, blended financing), private sources of funding, strategic partnerships, digital tools etc.

Sequencing: In order to structure the SFDs in a logical and relevant manner throughout the calendar year, UNFPA proposes to sequence sessions as follows:

- **First regular session:** Main highlights of past year, funding situation at the beginning of year, funding gaps and funding perspectives, latest development on thematic/non-core funding, and innovative financing;
- **Annual session:** Funding situation at mid-year, projections for the rest of the year including priority funding gaps, any other relevant aspect of financing;
- **Second regular session:** Annual Report on Contributions (Report on contributions by Member States and others to UNFPA and revenue projections for the current and future years), progress achieved, main challenges per funding instrument, funding gaps, focus on additional pledges needed, perspectives for upcoming year.

Those 3 sessions could be complemented by specific briefings with missions and/or regional groups as needed, as well as with other UN agencies. Additionally, in his report "Repositioning the UN development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet", the Secretary-General proposes one annual joint meeting to operationalize the Funding Compact and address broader related UNDS financing aspects as well as update Member States on progress against system-wide reporting, enhanced transparency and access to financial information across all entities. Further extraordinary meetings⁵ could be envisaged as deemed necessary.

⁵ As example in 2017, UNFPA organized an extraordinary meeting and several briefings following the defunding from one of its top donor.

Annex 1 – 2017 Executive Board Decision on Structured Funding Dialogue

2017/25

UNFPA structured funding dialogue

The Executive Board

1. *Takes note* of the report on contributions by Member States and others to UNFPA and revenue projections for 2017 and future years (DP/FPA/2017/11);
2. *Emphasizes* that regular resources are the bedrock of UNFPA and essential to maintaining the multilateral, neutral and universal nature of its mandate and to carry out its work, and *encourage* UNFPA to further mobilize these resources while continuing to mobilize supplementary resources for thematic funds and programmes;
3. *Requests* that UNFPA improve future structured funding dialogues and in that regard, *also requests* UNFPA to present a proposal to the Board no later than the second regular session of 2018 on how it plans to use structured funding dialogues as a tool to improve the quality and transparency of funding and better match resources to the outcomes of the strategic plan 2018-2021;
4. *Encourages* UNFPA to present to the Board, for the structured funding dialogues, an overview of funding gaps and an analysis of their impact on the implementation of the strategic plan, taking into account both regular and other resources;
5. *Encourages* all Member States to increase their contributions to regular resources, not least to ensure that UNFPA can cover the current critical gap in core resources, and *also encourages* countries in a position to do so to make contributions during the first half of the year and to make multi-year pledges in order to ensure effective programming;
6. *Also encourages* all programme country Governments to expand their contributions to programmes in their own countries;
7. *Requests* UNFPA to continue to further explore incentives and mechanisms to encourage donor countries and Member States in a position to do so to increase and prioritize regular resources contributions, including through continued improvement in transparency in the use of resources and linking of funding to results, to facilitate a shift to less restricted other resources, aligned to the Strategic Plan, and to broaden the donor base and attract new sources of funding, including through new approaches to resource mobilization and new forms of support from diversified sources;
8. *Further requests* UNFPA to continue to elaborate proposals for predictable and sustainable funding of the strategic plan and to regularly engage with the Executive Board on funding issues throughout the year;
9. *Emphasizes* that UNFPA needs strong political and increased financial support as well as predictable regular resources, in order to enhance its assistance to countries, to fully integrate the agenda of the International Conference on Population and Development into national development strategies and frameworks, to achieve the internationally agreed development goals, and to support countries in advancing the 2030 Agenda for Sustainable Development.
10. *Notes* the negative impact of currency fluctuations on both regular and other resources, welcomes the efforts taken to manage exchange rate fluctuations through hedging and *urges* UNFPA to further develop its response to currency fluctuations;
11. *Encourages* UNFPA, in collaboration with UNDP, UNICEF and UN-Women, to find effective and practicable ways to harmonize administrative and financial systems to facilitate joint programming and implementation, and to present information on progress made in this regard to the Executive Board.

11 September 2017

Annex 2 – An illustration of UNFPA Proposed Structured Financing Dialogues

