EXECUTIVE BOARD
UNDP FUNDING ISSUES

UNDP Funding Priorities

PRIORITIES
- Protect core and reverse its downward trend
- Increase quality of non-core resources
- Diversify the funding base, to a wider range of governments, and beyond governments

ACTIONS TAKEN
- Advocating for core resources to support countries with greatest needs
- Launch of funding windows for better management of thematic funding
- Harnessing UN and multi-stakeholder partnerships to help countries achieve the SDGs
- Helping countries access, leverage and make good use of all financing available

Scenarios and Implications of Funding Trends
**UNDP Financial Performance**

**REGULAR RESOURCES: COMPARISON OF 2012-2013 AND 2014-2015 ACTUALS**

In US$ millions

<table>
<thead>
<tr>
<th></th>
<th>2012-2013 actuals*</th>
<th>2014-2015 actuals*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programmatic</td>
<td>58% $1,058</td>
<td>62% $958</td>
</tr>
<tr>
<td>Institutional</td>
<td>42% $757</td>
<td>38% $586</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100% $1,815</td>
<td>100% $1,544</td>
</tr>
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</table>

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<thead>
<tr>
<th></th>
<th>2012-2013 actuals*</th>
<th>2014-2015 actuals*</th>
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</thead>
<tbody>
<tr>
<td>Development effectiveness</td>
<td>17% $128</td>
<td>21% $119</td>
</tr>
<tr>
<td>United Nations coordination</td>
<td>17% $129</td>
<td>25% $149</td>
</tr>
<tr>
<td>Management</td>
<td>62% $472</td>
<td>49% $289(***</td>
</tr>
<tr>
<td>Special Purpose</td>
<td>4% $28</td>
<td>5% $29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100% $757</td>
<td>100% $586</td>
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(*) per audited financial statements.
(**) Management expenditures of $29m include transitional measures of $132m.

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**Status of Funding 2015**

**2015 RESOURCES**

- **$704M** 16%
- **$3,782M** 84%

Total contributions: $4.48bn, 5% lower than 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>vs 2014</th>
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<tbody>
<tr>
<td>Regular resources</td>
<td>$704</td>
<td>-11%</td>
</tr>
<tr>
<td>GLOC and in-kind contributions</td>
<td>$48</td>
<td>+7%</td>
</tr>
<tr>
<td>Programme Governments</td>
<td>$920</td>
<td>0%</td>
</tr>
<tr>
<td>Bilateral</td>
<td>$2,020</td>
<td>-8%</td>
</tr>
<tr>
<td>Multilateral</td>
<td>$1,540</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Total expenses: $5.06bn, continues to draw upon accumulated surplus which at end-2015 was $3.93 billion, 1% higher than 2014

**UNDP's financial statements** have been given an unqualified audit opinion for the 11th year.

**UNDP recognizes** all its liabilities in its balance sheet, with a positive net position.

**UNDP continued to maintain** a positive net asset position on the balance sheet, and a year-end core liquidity position above the minimum threshold of 3 months requested by the Executive Board.
Challenges

Continued decline in regular resources

Implications of Less Flexible and Unpredictable Funding

Strategic
Lower ability to invest in long-term development
Funding gaps for key Strategic Plan areas and countries

Development
$234.5m less to fund development programmes in 2015, compared to 2014
Less programmable core to LDCs (-4%) and LICs (-2.3%), compared to 2014
Diminished ability to respond quickly to crisis
Less funding to support UN coherence and coordination at country level

Institutional
Limited resources for policy innovation & quality assurance and oversight
Increased fragmentation and cost inefficiencies
Lower ability for UNDP to retain its multilateral character
### Opportunities

**ACCELERATION, DIVERSIFICATION AND INNOVATION**

- Increased contributions and number of core contributors
- Funding Windows and UN pooled funds for SDGs
- Expanding domestic resource mobilization
- Helping countries access, leverage and use all financing available

### Helping countries access, leverage and use all financing available

- **Green Climate Fund (GCF)**
  - The GCF Board approved 6 projects proposed by UNDP to support mitigation and adaptation goals in Armenia, Malawi, Maldives, Sri Lanka, Tuvalu, Viet Nam.

- **Global Islamic Finance and Impact Investing Platform**
  - Platform that connects Islamic impact investors and public or private funds with impact enterprises.

- **UN Social Impact Fund**
  - A multi-agency blended co-investment platform to finance the achievement of SDGs hosted by UNDP.

- **Malawi Innovation Challenge Fund**
  - Financing instrument to unlock innovative business projects with potential to grow and generate social and financial returns.

- **Connecting Business Initiative**
  - Private sector solutions for disaster risk reduction, emergency preparedness, response and recovery.

- **Green mortgage scheme, Uzbekistan**
  - Designing, combining and sequencing multiple instruments and sources of financing.

- **De-risking renewable energy, Tunisia**
  - UNDP’s innovative ‘De-risking’ methodology, helps identify the most cost-effective combination of public measures to address investment risks for private sector investment in renewable energy.

- **Rhino Impact Investment**
  - Develop and demonstrate a new payment-by-results financing mechanism that draws on private impact capital to fund conservation.
Looking Forward

Shared opportunity to eradicate poverty and reduce inequality

STRATEGIC PLANNING
- 2030 Sustainable Development Agenda
- Strategic Plan
- Integrated Results and Resources Framework
- Integrated Budget

ORGANIZATIONAL EFFECTIVENESS
- Continued leadership on transparency
- Improving planning and budgeting
- Ensuring quality assurance and oversight
- Better results and resources reporting

FUNDING
- Improving adequacy & quality of funding:
  - Greater flexibility
  - More predictability
  - Greater diversification

Sustainable Development Results