



**General Assembly
Economic and Social Council**

Distr.: General
[date]

Original: English

Advance unedited version

**General Assembly
Seventy-Fourth session
Operational activities for development: operational
activities for development of the United Nations system**

**Economic and Social Council
2019 session
Agenda item #
Operational activities of the United Nations
for international development cooperation:
follow-up to policy recommendations of the
General Assembly and the Council**

Funding Compact

**Report of the Secretary-General
Addendum**

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I. Introduction

1. The 2030 Agenda for Sustainable Development sets forth ambitious goals and timelines, bringing sustainable development to the center of our action for the people, the planet and prosperity.
2. Achieving the Sustainable Development Goals (SDGs) by 2030 calls for transformative, collaborative action. The nature and scale of today's global challenges, from rising inequality to climate change, from stresses on food systems to entrenched poverty, call for a reinvigorated multilateral response. The United Nations must be at the heart of this response, by delivering cohesive and high-quality support, at scale, to Member States. To do so, however, a fundamental shift in behavior is required.
3. Significant changes in funding are imperative. Current funding patterns are characterized by a decline in core resources relative to overall funding, unpredictability and a rising share of tightly earmarked funds for specific activities. These patterns increase transaction costs, fragmentation, volatility and competition among entities. They also constitute lost opportunities, by hindering the system's ability to respond in integrated, flexible and dynamic ways to Member States' demands and national priorities. Ultimately, they compromise the multilateral nature of United Nations support to the 2030 Agenda.
4. At the same time, the United Nations development system needs to be more transparent and accountable for its spending. It also needs to be more effective and efficient in the use of limited resources and communicate more clearly on what it does and what it achieves. It must work more towards collective results within the United Nations and with other actors. These are commitments that the Secretary-General has placed at the heart of his reform agenda for the United Nations development system.
5. These shifts on both sides are inter-dependent and mutually reinforcing: progress on each enables progress on all. Individual and collective Member State's behaviors, governing body's decisions, and specific United Nations entity actions all matter. They all shape the extent to which the United Nations development system can meet the challenges and aspirations of the 2030 Agenda.
6. This inter-dependence is captured in this Funding Compact, called for by Member States in the historic General Assembly (GA) resolution 72/279 and responding to Member States' request for 'whole of UN' approaches through GA resolution 71/243 on the Quadrennial comprehensive policy review of United Nations operational activities (2016 QCPR resolution). Developed through inclusive Funding Dialogues and focused on development activities and funding, this Compact articulates concrete actions on both sides, by Member States and all entities of the UN Sustainable Development Group (UNSDG), to implement these shifts and thus fully realize the organization's development strengths.
7. These actions are anchored in the principles and parameters of the 2016 QCPR resolution and mandated by General Assembly resolution 72/279. They reinforce the broader set of expectations defined in these two landmark resolutions.
8. The Funding Compact reflects the trust, the value and the expectations that each Member State places in the United Nations as a key multilateral development actor. In turn, this Compact must yield better, and more efficient results on the ground, in support of Member States' own efforts to ensure that sustainable development takes hold everywhere, for everyone.
9. It is against this sole imperative that the Compact's value should be judged. It is also a true measure of a shared commitment to the United Nations Charter and the 2030 Agenda.

II. Parameters of the Funding Compact

10. The Funding Compact was developed, and its implementation will be guided, by the following parameters:
11. Shared purpose: Strongly anchored in the principles and parameters of the 2016 QCPR resolution and mandated by General Assembly resolution 72/279, the Funding Compact must allow the UNSDG to better support the 2030 Agenda and meet the expectations of Member States and peoples around the world;
12. National ownership and leadership: In line with the 2016 QCPR resolution and GA resolution 72/279, the Funding Compact must serve to ensure that the UNSDG responds to country development needs and priorities, and that operational activities for development are carried out for the benefit of Member States, at their request and in accordance with their own policies and priorities for development;
13. Mutual accountability: The Funding Compact must include tangible commitments by all parties, entities of the UNSDG and Member States;
14. Transparency: The development of the Funding Compact must meet the highest degree of transparency, both in terms of process and content, including in relation to the data that will support the Funding Dialogues;
15. Diversity: The Funding Compact must account for a wide diversity in funding needs, models, structures, rules and regulations within the UNSDG, as well as within the Membership. Such diversity must inform the commitments and their targets;
16. Results/field focus: The commitments need to be formulated in a manner that clearly indicates how their fulfillment will contribute, in meaningful and concrete ways to the realization of the 2030 Agenda and the SDGs;
17. Ambition: The United Nations development system repositioning represents a historic opportunity to enact far reaching improvements in the way the UNSDG provides support to Member States in implementing the 2030 Agenda. As a key element of the repositioning, the Funding Compact must be bold, and seek to incentivize a funding relationship that is truly fit for purpose. As such, the Funding Compact aims to instigate behavioral change on both sides;
18. Innovation: To remain relevant, the UNSDG must continue to be innovative. The Funding Compact should ensure the space for the United Nations to innovate, whilst carefully managing risks;
19. Complementarity: The Funding Compact should be consistent with, and informed by, on-going funding dialogues at the UNSDG entity level. The Funding Compact should also set an enabling framework for future consultations at the level of the UNSDG;
20. Synergies: The commitments in the Funding Compact should be designed and implemented with a view to fostering greater synergies and cooperation within the UNSDG.

III. The Funding Compact narrative

21. The proposed Funding Compact is a result of a series of in-depth Funding Dialogues between the Member States of the United Nations and the UNSDG. It contains a set of commitments each with relevant indicators to measure compliance.¹
22. The commitments apply to actions to be taken by all UNSDG entities², in their development roles, and to the funding provided for the implementation of their development activities.
23. For Member States, the commitments are framed as collective by nature. They respect the wide disparity in current funding approaches and capacities, as well as in rules, regulations and policy frameworks on the part of Member States. Member States' ability to meet various commitments will vary accordingly and different Member States may pursue different elements of the Compact, from different starting points, progressively and at different speeds.
24. Furthermore, the commitments on both sides vary by levels of specificity, technicality, ambition, and place of application. They are all essential, however, as stand-alone actions and as a whole. And they all fall under three simple imperatives on both sides:
25. Through this Compact, the UNSDG commits to accelerating results for countries, through more collaboration. It will do so while reporting on needs and results more clearly, consistently and transparently; and it will continue to be more efficient in doing so.
26. In parallel, Member States commit to aligning their funding with the requirements of the UNSDG entities: both in terms of quantity and quality. Such funding must also be provided with more stability. And Member States will facilitate United Nations coherence and efficiency.

A. The need for a major development funding shift

27. Improvements in the quantity and quality of funding lie at the heart of the Funding Compact. This imperative applies to both core and non-core/extra budgetary resources for United Nations development activities, since both types of funding are critical to the realization of the 2030 Agenda.
28. A simultaneous effort on core and quality non-core is also linked to the diversity in funding needs and models across the UNSDG entities, with several entities relying primarily or exclusively on non-core voluntary funding, while other entities require a higher share of core resources to fulfill their mandates.
29. Considering current operating models and a common imperative for flexibility, major shifts are required along various funding modalities.
30. Therefore, through this Compact, Member States commit to bringing core resources to a level of at least 30 per cent in the next five years, increasing the share of multi-year contributions and doubling the levels of resources channeled through development related inter-agency pooled funds and single agency thematic funds³.

¹ See page 9

² See UNSDG composition in annex 1

³ Development-related inter-agency pooled funds: co-mingled contributions to multi-entity funding mechanism, not earmarked for specific United Nations entity; funds are held by United Nations fund administrator and fund allocations are made by United Nations-led governance mechanism for activities specifically aimed at promoting sustainable development of programming countries with the focus on long term impacts (see annex 1 for current list of UNSDG members).

31. These commitments are voluntary in nature and based on several positive trends: the steady increase in overall resources provided to the United Nations development system; the stability of the United Nations development system's share of overall Official Development Assistance; and the rapid growth of funding from new contributors including an expanded number of Member States, other multilateral organizations and the private sector.
32. At the same time, they are designed to respond to the increasing imbalance, experienced by the United Nations development system as whole, between the share of core resources and non-core resources⁴. This growing gap presents significant challenges for many United Nations development entities, affecting their ability to play to their strengths as multilateral development actors, and to deliver quality results at scale on the ground.
33. Core funding is indeed essential for results on the ground; they are critical to the United Nations development system's ability to offer the type of cross cutting, holistic development solutions that the 2030 Agenda requires. Due to their flexible nature, they provide the means to bridge siloes across SDG responses.
34. Sufficient and predictable core resources give many UNSDG entities the ability to respond to rapidly changing and new country priorities, deliver on global mandates, strengthen development enablers, and support global public goods and normative responsibilities that are not project specific. They afford an appropriate country presence at the request and in support of national governments. Core resources also provide the means to fulfill one of the system's most recognized comparative advantages: its convening power. They also fund critical programming funding that can 'crowd in' non-core resources and act as a catalyst for innovation and partnership development.
35. Non-core resources are also critical, and their impact is enhanced when they are predictable and flexible. These attributes are best achieved when funding is multi-year, disbursed in a timely fashion, and/or provided through development-related pooled or entity-specific thematic funds. This type of funding allows UNSDG entities to engage more in joint activities, a key demand from Member States. For development purposes, tightly earmarked resources can be useful in very specific instances. However, their current share in UNSDG funding can undermine coherence and the pursuit of common results.
36. The imperative to achieve common results underlies the Funding Compact's focus on pooled and entity-specific thematic funds, in line with the 2016 QCPR resolution's request to focus on "developing well-designed pooled funds, as a complement to agency-specific funds".
37. These instruments provide the type of quality funding that allows the United Nations development system to integrate expertise and capacities across the system, as demanded by the 2030 Agenda. They also provide the flexibility needed to respond to rapidly changing and new country priorities. For country-level funds, they enable greater government-United Nations-donor collaboration, facilitate policy and programmatic coherence, and minimize adverse effects of funding volatility. These advantages are further realized when contributions are provided with adequate predictability and flexibility.

Development-related single-agency thematic funds: Co-mingled contributions to single-entity funding mechanism designed to support high-level outcomes within strategic plan; single UN entity is fund administrator and takes the decisions on fund allocations for activities specifically aimed at promoting sustainable development of programming countries with the focus on long term impacts.

⁴ Since 2002, core funding has increased by 23% while non-core funding has increased by 150% in real terms.

38. In this regard, recent positive trends in the capitalization of such instruments⁵, notably with the Spotlight Fund, the Peacebuilding Fund and the Joint Fund for the 2030 Agenda, must be further encouraged, accelerated, and further capitalization of other qualitative funding instruments both at global and country level should follow.

B. Enabling the shift

39. Many actions are required on the part of the UNSDG entities if Member States are to intensify and sustain these funding shifts. These actions need to be concrete, tangible, and far-reaching.

40. First and foremost, the UNSDG must do more and deliver more together. Given the integrated nature of the 2030 Agenda, more together, is better together.

41. In fact, the UNSDG commitments on joint activities and common results build on repeated requests on the part of Member States to see the United Nations development system work more collaboratively and undertake common initiatives, at all levels, and in accordance with paragraph 24 of the 2016 QCPR resolution. Several indicators in the QCPR monitoring framework attest to these expectations.⁶

42. The objective of pursuing joint activities, notably in the areas of analytical work, the formulation of operational support and policy options for SDGs acceleration and evaluations, is to ensure that United Nations support is coherent and efficient, across economic, social and environmental issues. Accountability for common results, notably through the United Nations Development Assistance Framework (UNDAF), and cohesive engagement with partners will be strengthened through full implementation of a new Mutual Accountability Framework (MAF). This should translate into reduced costs for host governments, and greater returns for Member States' investments.

43. The commitment towards common results also reflects the new primacy of the UNDAF process and framework at the country level, with UNDAF outcomes as shared United Nations country team (UNCT) results, to which individual UNSDG entities contribute.

44. Doing more together will also mean learning more together. Joint activities will be supported by joint and system-wide evaluations to ensure greater accountability, further incentivize collaboration and reinvest lessons learned into programming with countries.

45. At the same time, the ability to provide the right level of core and non-core resources also hinges on the UNSDG's increased efforts to present and report on its funding needs in a clear, compelling and coherent way. In particular, strategic plans at the global level and UNDAFs at the country level will articulate funding requirements more clearly, including by type of funding, and funding dialogues must be strengthened.

46. To incentivize quality non-core resources, management of development related inter-agency pooled funds and single agency thematic funds will be improved, accompanied by efforts to improve coordination among such instruments to mitigate any risks of duplication. The management of these funds will strengthen coordination with other financing instruments within the United Nations, to maximize the support for the revitalized UNDAF and for the achievement of collective outcomes.

47. Beyond expressing funding requirements, greater transparency and clarity on what the United Nations then does with the resources it has been entrusted with, and what is achieved with these resources, is essential. If Member States are to sustain their investments and provide the United Nations with the type of funding needed to respond to the SDGs opportunities, they need to know what they are investing in, and for what results.

⁵ See notably the increase in United Nations development-related inter-agency pooled funds from \$550 million in 2016 to \$706 million in 2017 and the growth in entity specific thematic fund from \$447 million in 2016 to \$529 million in 2017 of which 60% went to development focused instruments.

⁶ Status reflects the number presented in the Report of the Secretary General on the Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2018.

48. Results produced must be credible, accessible, and better communicated. And the UNSDG must evaluate and report with equal transparency and credibility to the entire membership of the United Nations, notably through the United Nations system-wide strategic document, and at the country level, through the UNDAF and the function of the Resident Coordinator.
49. The UNSDG entities therefore commit to accelerating entity specific and collective efforts to improve transparency, reporting and system-wide evaluations. These include efforts towards data standardization and compliance with international standards for financial reporting, the quality changes to be made to the UNDAF, its evaluation, and to country level reporting to national governments. Addressing outstanding gaps, inconsistencies, and weaknesses in these areas is a condition for increasing the trust of Member States and the general public in the value of the United Nations development's work.
50. Greater transparency will also be sought in the UNSDG approach to cost recovery. In addition to full compliance with established cost recovery policies, UNSDG entities commit to improving comparability of cost classifications and definitions. This will enhance transparency and enable a better-informed dialogue between UNSDG entities and its partners on the true cost of delivering mandates, programmes and projects. It will also incentivize greater collaboration amongst UNSDG entities even as they apply different recovery rates according to their different business models.
51. The commitments recognize the primacy of cost recovery policies and discussions within the governing bodies of United Nations development system entities and the need, in some cases, to review existing policies to allow comparability with the rest of the system. Cost recovery approaches must continue to also take into consideration and further support country engagement with the United Nations development system, including through South-South Cooperation.
52. Different cost recovery policies, including rates, are often required to capture the diversity of activities and business models across the United Nations development system⁷. This in no way contradicts the need for better transparency and comparability of cost, and for consistent implementation of cost recovery policies by all members of the UNSDG.
53. Clarity on all costs related to fulfilling mandates brings into sharp focus the need for intensified efficiency measures. Such efforts are essential in securing and increasing Member States' and public confidence in the United Nations development system's ability to use resources according to the highest standards of fiduciary management.
54. Over time, efficiency gains enable both higher quality services in support of mandate implementation and potential financial gains that can be reinvested in programming, including coordination.
55. UNSDG commitments on efficiency gains take, as a starting point, the 2016 QCPR resolution which "recognizes the significant progress made by the United Nations development system in promoting harmonized business practices, including shared premises and joint back-office procurement, and the resulting efficiency savings achieved, and in this regard requests the entities of the United Nations development system to explore further opportunities for collaborative procurement at the global, regional and country levels".
56. They also build on the recently agreed High Level Statement of Mutual Recognition, an important milestone that will enable efforts towards efficiency gains amongst participating entities.
57. They also acknowledge that, depending on their nature, efficiency gains may at times mean achieving greater results towards the SDGs at current levels of resources. Efficiency gains have the potential to further facilitate progress in

⁷ Recognizing the requirement for different rates that reflect different activities and business models amongst the UNSDG, the Compact also notes that the UN's cost recovery framework includes a harmonized rate between UNDP, UNFPA, UNICEF and UN Women.

the areas of accountability, reporting and joint activities, building in turn increased support for better quality funding, including adequate core and non-core funding, but they require significant initial investments with some savings being one-off and others realized over a period of years.

58. Considering the diversity and complexity associated with efficiency gains, it is essential to institute robust baselines and credible tracking mechanisms. These mechanisms will help maintain an open line of communication between the United Nations development system and Member States on sources and uses of such efficiency gains as they are realized over the coming years, as well as on any implications regarding staff and delivery capacity.
59. Finally, the United Nations will offer greater visibility to those contributions that support the shift. Such recognition, alongside implementing agency visibility identifiers, is critical to sustaining political and funding support for the UNSDG.
60. In this regard, the commitments here imply a broad perspective on ‘visibility’, referring not just to the use of visual identifiers to acknowledge contributions, and providing better disaggregated data and statistics in relevant reports. Further, the commitments intend to complement information on where resources are coming from and where they are going, with better analysis on development impacts achieved and recognition of shared results enabled by these partnerships.
61. To date, and with this definition in mind, various funding models, instruments and types have provided various degrees of visibility, with pooled funding, thematic funding and core funding offering less prominence to contributing partners than project specific, tightly earmarked non-core funding.
62. In seeking to address this imbalance, which in turn affects funding behavior, the Funding Compact commitments respect the need for visibility for host countries as well, in line with the principle of national leadership and ownership, for tailoring requirements to country context, and for reducing transaction costs associated with donor visibility requirements.

C. Facilitating UNSDG commitments: mutually-reinforcing actions

63. Beyond funding, Member States also recognize that their behaviors, individually or through governing bodies, can shape to varying degrees the ability of UNSDG entities to effect these changes. The Compact therefore also includes a limited set of actions, on the part of Member States, to facilitate the achievement of UNSDG commitments.
64. Member States have a responsibility in supporting UNSDG efforts by streamlining and harmonizing, to the extent possible, reporting and visibility requirements, notably at the country level, in line with the principle of national ownership, as such requirements often carry significant transaction costs for the United Nations and for host governments.
65. Based on the Secretary-General’s proposals and drawing on preliminary work from the Business Innovation Group, the commitments acknowledge that achieving the ambitious efficiency goals in the next few years will require substantial upfront investment and support from Member States.
66. The UNSDG’s commitment to fully implement established cost recovery policies, and develop common cost definitions and classifications will also be facilitated by a commitment on the part of Member States to reduce requests for exemptions from policies and rates beyond those agreed by the respective governing bodies. Such requests undermine the ability by UNSDG entities to recover actual costs, leading to cross-subsidies across various types of funding and potentially incentivizing inter-agency competition.
67. Finally, the Compact recognizes that a fully funded United Nations development coordination architecture, with independent and empowered Resident Coordinators at its center, is essential if the various strands of the reform are to be successfully implemented. Any gap would undermine the commitments to increase the quality, predictability

and scale of support to Member States, notably in the areas of SDG focused, integrated support and the identification of innovative partnerships and financing options for SDG acceleration.

68. The funding of the Resident Coordinator’s system also needs to reflect broad ownership across the Member States and within the United Nations development system. All have stakes in and will benefit from its success.
69. On this basis, and in line with the 2016 QCPR resolution and with GA resolution 72/729, the Funding Compact proposes the following specific commitments:

Member States	UNSDG entities
<i>Aligning funding to entity requirements</i>	<i>Accelerating results on the ground</i>
<p>1. To increase core resources for the UN development system</p> <p><i>Indicator (QCPR - new):</i> Core share of voluntary funding for development-related activities; Baseline (2017): 19.4 %; Target (2023): 30%</p> <p><i>Indicator (QCPR - new):</i> Core share of funding for development-related activities (including assessed contributions); Baseline (2017): 27.0 %; Target (2023): 30%</p> <p>2. To double the share of non-core contributions that are provided through development related inter-agency pooled funds and single agency thematic funds</p> <p><i>Indicator (QCPR):</i> % of non-core resources for development related activities channeled through inter-agency pooled funds; Baseline (2017): 5% Target (2023): 10%</p> <p><i>Indicator (QCPR):</i> % of non-core resources for development related activities channeled through single agency thematic funds; Baseline (2017): 3%; Target (2023): 6%</p> <p><i>Indicator (MPTFO):</i> Annual capitalization of the Joint Fund for Agenda 2030; Baseline (2018): \$43 million; Target (2020): \$290 million</p> <p><i>Indicator (MPTFO):</i> Annual contributions to the Peacebuilding Fund; Baseline (2018): \$129 million; Target (2020): \$500 million</p>	<p>1. To enhance cooperation for results at the country level</p> <p><i>Indicator (QCPR)</i> <i>Indicator (QCPR):</i> Percentage of Programme Country Governments that ‘agree’ that there is an improved focus on common results amongst UNSDG entities at the country level; Baseline (2017): 85%; Target (2021): 100%</p> <p><i>Indicator (QCPR):</i> Fraction of programme country Governments that “agree” that the United Nations development system provides integrated (where appropriate) policy advice tailored to national needs and priorities; Baseline (2017): 79%; Target (2021): 100%</p> <p><i>Indicator (QCPR – new):</i> Fraction of UNSDG entities reporting at least 15% of development related expenditures on joint activities; Baseline (2017): 9/29 or 31%; Target (2021): 75%</p> <p><i>Indicator (QCPR – new):</i> Percentage of Resident Coordinators that state that at least 75% of country programme documents are aligned to the UNDAF in their country¹⁸; Baseline (2017): tbd¹⁹; Target (2021): 100%</p> <p>2. To increase collaboration on joint and independent system-wide evaluation (ISWE) products to improve UN support on the ground</p> <p><i>Indicator (QCPR – new):</i> % of UNSDG Evaluation Offices (EO) engaging in joint or ISWE; Baseline²⁰ (2018): 10/35 or 29% of EOs have engaged in joint evaluations; Target</p>

¹⁸ Information to be collected in upcoming DESA survey

¹⁹ Information to be collected in upcoming DESA survey

²⁰ JIU/REP/2014/6

(2021): 75% of EOs will have engaged in a joint evaluation; Baseline (2018): 7/35 or 20% have engaged on an ISWE product; Target (2021): 50% of EOs will have engaged in at least one ISWE

Providing stability

3. To broaden the sources of funding support to the UN development system

Indicator (QCPR - new):

Number of UNSDG entities reporting an annual increase in the number of contributors of voluntary core resources; Baseline (2017): 12/18⁸ or 66%; Target (2023): 100%

Indicator (MPTFO/DCO):

Number of Member State contributors to development related inter-agency pooled funds and to single agency thematic funds; Baseline (2017): 59 and 27; Target (2021): 100 and 50

Indicator (MPTFO/DCO):

Number of Member State contributors to the RC system budget; Baseline (2019): 28⁹; Target (2021): 100

4. To provide predictable funding to the specific requirements of UNSDG entities, as articulated in their strategic plans, and to the UNDAF funding needs at country level

Indicator (DCO):

Funding gaps in UNSDG strategic plan financing frameworks¹⁰; Baseline (2018): tbd; Target (2021): tbd

Indicator (DCO):

Funding gaps in UNDAF financing frameworks¹¹; Baseline (2018): tbd; Target (2021): tbd

Indicator (QCPR):

Fraction of UN development system entities indicating that at least 50% of their contributions are part of multi-year commitments; Baseline (2017): 12/25¹² or 48%; Target (2023): 100%

3. To fully implement and support the functioning of the new Resident Coordinator system

Indicator (QCPR):

Percentage of programme country Governments that 'agree' that the resident coordinator has sufficient prerogative to effectively fulfill her/his mandate; Baseline (2018): 83%; Target (2021): 100%

Indicator (DCO):

Variance between amounts collected on the 1% coordination levy (see footnote 15) and expected amounts (see footnote 16) based on agreed guidelines; Baseline (2018): n/a; Target (2021): 0%

Improving transparency and accountability

4. To improve reporting on results to host governments

Indicator (QCPR):

Programme Country feedback on UNCT annual reports – Baseline (2017): see annex 2; Target (2021): 90% for all criteria

Indicator (DCO):

Number of programme countries with UN INFO operational; Baseline (2018): 32; Target (2021): 100

5. To present clear funding frameworks for each UNDAF, with levels and types of funding required

Indicator (DCO):

Fraction of new UNDAFs designed each year that include funding frameworks disaggregated by funding type/source; Baseline (2018): n/a; Target (2020 onward): 100%

6. To strengthen the clarity of entity-specific

⁸ Baseline excludes entities that do not receive voluntary core and entities that only implement humanitarian activities

⁹ Paid-in contributors (the contribution has been transferred to the SPTF)

¹⁰ Methodology and data to be developed by DCO by September 2019

¹¹ Methodology and data to be developed by DCO by September 2019

¹² Excludes entities that are primarily humanitarian

5. To provide adequate, predictable and sustainable funding to the RC system budget

Indicator (DCO):

Variance between amounts collected on the 1% coordination levy¹³ and expected amounts¹⁴ based on agreed guidelines; Baseline (2019): n/a; Target (2021): 0%

Indicator (DCO):

Voluntary contributions to the SPTF; Baseline (2019): \$46million; Target (2019 onwards): \$144 million¹⁵

Facilitating coherence and efficiency

6. To facilitate and support the implementation of efficiency measures where relevant and possible

Indicator (DCO):

% of cost of common premises covered by additional financial and/or in-kind contributions); Baseline (2019): tbc¹⁶; Target (2020 onwards): 100%

7. To fully comply with cost recovery rates as approved by respective governing bodies

Indicator (QCPR):

Average # of cost recovery support fee waivers granted per UNDS entity per year; Baseline (2018): tbc¹⁷; Target (2019 onwards): 0

8. To harmonize reporting and visibility requirements for earmarked contributions at the country level, in line with the principles of national ownership and leadership

Indicator (DCO):

Percentage of RC/UNCT that report an increase in Member State harmonization of reporting and visibility requirements on development related contributions at the country level; Baseline (2018): n/a; Target (2020 onwards): 50%

strategic plans and integrated results and resource frameworks and their annual reporting on results against expenditures

Indicator (QCPR):

Fraction of UNSDG entities that in their respective governing bodies held structured dialogues in the past year on how to finance the development results agreed in the new strategic planning cycle; Baseline (2017): 17/27 or 62%; Target (2021): 100%

Indicator (DCO/CEB):

Centralized, consolidated and user-friendly online platform with disaggregated data on funding flows at entity and system-wide level in place (Y/N); Baseline (2018): n/a; Target (2020): Y

7. To strengthen entity and system-wide transparency and reporting, linking resources to SDG results

Indicator (QCPR):

Fraction of UNDS entities individually submitting financial data to CEB; Baseline (2017): 27/39 or 69%; Target (2021): 100%

Indicator (QCPR):

Fraction of UNDS entities publishing data as per the highest international transparency standards; Baseline (2017)²¹: 14/39 or 36%; Target (2021): 100%

Indicator (QCPR):

Fraction of UNDS entities with ongoing activities at country level that report expenditures disaggregated by country to the CEB Baseline (2017): 18/39 or 46%; Target (2021): 100%

Indicator (QCPR):

Fraction of UNDS entities that report on expenditures disaggregated by SDG; Baseline (2017): 6/29 entities or 20%; Target (2021): 100%

Indicator (QCPR – new):

Aggregated information on system-wide support to the Sustainable Development Goals and system-

¹³ Per A/RES/72/279, the 1% coordination levy does not apply to local government cost-sharing and cooperation among programme countries

¹⁴ Amounts calculated on basis of DESA+ CEB reporting on tightly earmarked third party contributions

¹⁵ Estimated annual requirement after deducting estimated levy revenue (\$60 million) and agency cost sharing (\$77million) from RC system budget of \$281 million

¹⁶ To be determined following data collection from the UN Business Innovation Group in 2019 and in consultation with Member States

¹⁷ Question to be asked for the first time in the 2018-2019 DESA HQ survey

²¹ Baseline from the QCPR Monitoring Framework, tracking compliance with the IATI standard; future determination of standard to be used by the UNSDG may be addressed by the UNGA

wide results presented to ECOSOC by 2021 (Y/N);
Baseline (2018): n/a; Target (2021): Y

Indicator (QCPR):

Fraction of UNCTs that have conducted a gender scorecard exercise in the past four years, and met or exceeded requirements in at least half of the performance indicators; Baseline (2017): 9/35 or 26%; Target (2020 onwards): 75%

Indicator (DCO):

Online platform providing real time tracking of sources and uses of Special Purpose Trust Fund (Y/N); Baseline (2018): n/a; Target (2019): Y

8. To improve the quality and utility of UNDAF evaluations

Indicator (DCO)

% of UNDAF evaluation reports with good or excellent rating on methodology used; Baseline (2016): 10/36 or 28%; Target (2021): 75%

Indicator (DCO):

% of UNDAF evaluations that contain all the following: actionable recommendations, with a clear target audience and timeframe for implementation, and a management response; Baseline (2016): 10/36 or 28% (23/62 for management response); Target (2021): 100%

9. To increase accessibility of corporate evaluations and of internal audit reports, within the disclosure provisions and policies set by governing bodies at the time of report issuance

Indicator (DCO):

% of UNDS entities authorized within disclosure provisions and policies who have made their corporate evaluations available on the UNEG website; Baseline (2018): 10/48, or 21%; Target (2019): 100%

Indicator (QCPR – new):

% of internal audit reports issued in line with the disclosure provisions and policies set by the relevant governing bodies, which are available on a dedicated searchable UN-RIAS platform/ website, pending availability of resources; Baseline 2018: 0; Target (2021): 100%

Indicator (FMOG):

% of inter-agency pooled funds posting evaluation reports on the UNEG website Baseline; Baseline (2018): 0%; Target (2019): 100%

10. To increase visibility of results from contributors of voluntary core resources, pooled and thematic

funds and for program country contributions

Indicator (Entity specific):

Specific mention of voluntary core fund contributors pooled and thematic fund contributors, and program country contributions in UNCT annual results reporting and entity specific country and global reporting (Y/N); Baseline (2018): n/a; Target (2020): Y

Indicator (UNSDG / MPTFO / Fund Administrators):

Specific mention of individual contributors in all results reporting by pooled fund and thematic fund administrators and UNSDG recipients (Y/N); Baseline (2018): n/a; Target (2020): Y

Increasing efficiencies

11. To implement the Secretary-General's goals on operational consolidation for efficiency gains

Indicator (QCPR):

Consolidation of common premises; Baseline (2017): 430 common premises (or 17% of all premises); Target (2021): 1,000 common premises (or 50% or all premises)

Indicator (QCPR - new):

Percentage of UN Country Teams that have an approved business operations strategy in place, to enable common back offices where appropriate; Baseline (2017): 20%; Target (2021): 100%

Indicator (QCPR - new):

% of UNSDG entities that report to their respective governing bodies on efficiency gains; Baseline (2017): 12/29 or 41%; Target (2021): 100%

Indicator (QCPR - new):

% of UNSDG entities that have signed the High-Level Framework on Mutual Recognition; Baseline (2017): 11/39 or 28%; Target (2021): 100%

12. To fully implement and report on approved cost-recovery policies and rates

Indicator (QCPR):

Fraction of UNDS entities that report annually on the implementation of their approved cost recovery policies and rates to their respective governing body; Baseline (2017): 15/29 or 51%; Target (2021): 100%

13. In consultation with respective governing bodies as appropriate, to improve comparability of cost

classifications and definitions and enable greater transparency across time and between UNSDG entities

Indicator (DCO):

UNSDG development of a system-wide approach on cost definitions and classifications (Y/N); Baseline (2018): n/a; Target (2021): Y

14. To increase the efficiency and effectiveness of development related inter-agency pooled funds

Indicator (FMOG):

Common management features across all inter-agency pooled funds ²² (Y/N); Baseline (2018): n/a; Target (2021): Y

IV. The Funding Compact follow-up

70. The Funding Compact is submitted by the Secretary-General, on behalf of the United Nations Sustainable Development Group as a complement to his Annual Report to the ECOSOC for consideration in the Operational Activity Segment. It represents a non-binding instrument for voluntary adherence by individual Member States and other contributing donors.
71. Formal follow-up to, and tracking of, progress made in the implementation of the Funding Compact will also involve two tracks:
72. A) System-wide reporting by the Department of Social and Economic Affairs (DESA) on the Compact as part of the Secretary-General's Annual Report on the QCPR, including tracking of relevant indicators through the QCPR monitoring framework
73. B) Entity-specific tracking and reporting on commitments and indicators, in the appropriate manner, through entity-specific reporting mechanisms to respective governing bodies.
74. Successful implementation of the Funding Compact will require sustained engagement with and by the governing bodies of the UNSDG entities. Many commitments on the part of the UNSDG entities, including those related to improving comparability of costs or broadening accessibility to internal reports entail decisions that rest solely with these governing bodies.
75. It is therefore essential for all members of the UNSDG governing bodies to ensure consistency and alignment of specific UNSDG entities with the vision and ambition of the 2016 QCPR resolution and GA resolution 72/279, as articulated through the specific commitments of the Funding Compact.
76. In support to these mechanisms, the Development Coordination Office (DCO) will coordinate regular tracking of the Funding Compact commitments, in collaboration with DESA, the Chief Executives Board Secretariat, the

²² Including: a well-articulated strategy, including innovation features where relevant, clear theories of change, solid Results-Based Management systems, well-functioning governance bodies supported by effective secretariats, quality assurance on issues of United Nations norms and values; risk management systems and strategies; operational effectiveness/reporting/visibility/transparency standards; and planning and funding for joint and system wide evaluations that meet UNEG norms and standards.

Multi-Partner Trust Fund office and other UN working groups and tasks forces as required. DCO will collect and coordinate data and information to track those indicators that are their responsibility to measure. In doing so, DCO will draw on public and official data normally included in relevant SG reports or financial data collected by individual UN entities, and it will closely coordinate with DESA for consistency with the Secretary-General's annual report on the implementation of the QCPR.

77. DCO tracking will retain the collective character of Member States' commitments by providing aggregated rather than individual data; while allowing for dissemination of individual Member States data only upon request²³. Such tracking will inform an inclusive, informal system-wide consultation convened by DCO with interested Member States until the 75th General Assembly. These informal consultations will be held twice a year, to support entity-specific dialogues by providing updates on implementation, notably as they relate to the tracking of efficiency gains over time and their redeployment for programming, including coordination.
78. DCO will also work closely with Resident Coordinators and UN Country Teams to implement the country level components of the Compact, in full consultation and collaboration with host governments.
79. Finally, for this Funding Compact to have an impact, it must benefit from widespread and sustained political support, which itself requires quick and tangible results. The two are ineluctably linked. Therefore, Member States and the UNSDG commit to taking the Compact to countries, at capital level and in the field, to both advocate for it and implement it at once.

²³ Reporting of individual Member State data (upon request) will include assessed contributions

Annex 1: Composition of the UNSDG

UNSDG Members		
No.	United Nations Entity	
1	FAO*	Food and Agriculture Organization of the United Nations
2	IAEA+	International Atomic Energy Agency
3	ICAO+	International Civil Aviation Organization
4	IFAD	International Fund for Agricultural Development
5	ILO*	International Labour Organization
6	IMO+	International Maritime Organization
7	IOM	International Organization for Migration
8	ITC	International Trade Centre
9	ITU	International Telecommunication Union
10	OCHA ²⁴⁺	Office for the Coordination of Humanitarian Affairs
11	OHCHR*	Office of the High Commissioner for Human Rights
12	UNAIDS	Joint United Nations Programme on HIV/AIDS
13	UNCTAD	United Nations Conference on Trade and Development
14	UN DESA*	United Nations Department of Economic and Social Affairs
15	UNDP* • UNCDF • UNV	United Nations Development Programme United Nations Capital Development Fund United Nations Volunteers
16	UN DPA	United Nations Department of Political Affairs
17	UN ECA*	United Nations Economic Commission for Africa
18	UN ECE*	United Nations Economic Commission for Europe
19	UN ECLAC*	United Nations Economic Commission for Latin America and the Caribbean
20	UNEP*	United Nations Environment Programme
21	UN ESCAP*	United Nations Economic and Social Commission for Asia and the Pacific
22	UNESCO*	United Nations Educational, Scientific and Cultural Organization

²⁴ Noting that OCHA does not undertake operational activities for development. Also, OCHA's participation in the UNSDG shall be without prejudice to its role and responsibilities pursuant to General Assembly resolution 46/182 and related resolutions.

23	UN ESCWA*	United Nations Economic and Social Commission for Western Asia
24	UNFPA*	United Nations Population Fund
25	UN Habitat	United Nations Human Settlements Programme
26	UNHCR* ²⁵	United Nations High Commissioner for Refugees
27	UNICEF*	United Nations Children's Fund
28	UNIDO	United Nations Industrial Development Organization
29	UNISDR	United Nations Office for Disaster Risk Reduction
30	UNODC	United Nations Office on Drugs and Crime
31	UNOPS	United Nations Office for Project Services
32	UN PBSO	United Nations Peacebuilding Support Office
33	UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
34	UN Women*	United Nations Entity for Gender Equality and the Empowerment of Women
35	UNWTO	United Nations World Tourism Organization
36	UPU+	Universal Postal Union
37	WFP*	World Food Programme
38	WHO*	World Health Organization
39	WIPO+	World Intellectual Property Organization
40	WMO	World Meteorological Organization

* Members of the UNSDG Core Group; the Regional Commissions are jointly represented on the UNSDG Core Group with a rotational seat

+ Membership confirmation pending

²⁵ UNHCR's contribution is without prejudice to the responsibilities conferred on it by the General Assembly, including those outlined in the Statute of the Office and relevant legal instruments such as the international refugee and statelessness conventions.

Annex 2: QCPR indicator on Programme Country Feedback on UNCT reporting (Baseline 2016)

Fraction of Programme Country Governments that confirmed receipt of a report on the results achieved by the UNCT as a whole in the last annual cycle	66/110
% of Programme Country Governments, in respect of annual reports provided to them, that 'agree' ^a that: <ul style="list-style-type: none"> i. they receive reports regularly enough to meet their needs ii. the information is up-to-date iii. the results of the whole UN system are included iv. sufficient financial data is included v. reporting is structured around UNDAF outcomes vi. reporting is linked to national development results <p>“% of UNCTs that have a fully operational CBF that is updated annually</p>	<ul style="list-style-type: none"> i. 63% ii. 68% iii. 58% iv. 45% v. 74% vi. 63% <p>28%</p>
% of UNCTs that have made their annual results report publicly available	87%