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A "MULTI-PARTNER FUNDING INITIATIVE"? UN SUPPORT FOR THE SDGS

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How can the "second UN" of international secretariats support the SDG agenda of the "first UN" of governments?

The Sustainable Development Goals (SDGs), commencing implementation in January 2016, are an agenda of UN member-states.[1] In the form agreed in September 2015, the goals are aspirational and much more ambitious than the Millennium Development Goals (MDGs) that preceded them. Aspirations will not be enough, however.

Once the Millennium Declaration had been agreed in September 2000,[2] nothing stirred in the secretariat for several months. This delay was ironic because the MDGs were pulled together by a handful of UN officials to consolidate previous agreements from UN conferences of the 1990s. It was as if—like many well-intentioned UN declarations—success only needed to be measured by a consensus over wording. Then early in 2001, the UN system (led by the UN Development Programme, UNDP) awoke to the realization that the MDGs could be the basis of a renewed push for development, which had the backing of the major donors. The new acronym was coined with the publication of the first country monitoring report (for Tanzania) which appeared in February,[3] and which helped identify the challenges of having adequately measurable indicators. For most of 2001, UN funds and programs worked on refining the seven goals, and their associated targets (eventually 18) and indicators (48). The "means of implementation" through aid, trade, and other measures were bundled into Goal 8. Moreover, at the Financing for Development (FfD) summit in 2002, a grand bargain was struck: a commitment by the global South to seven MDGs and by the North to the eighth.

In important respects, the SDGs are different. The world has begun the arduous journey away from the dichotomous North-South alignments that have characterized—some would say "paralyzed"—UN conversations since the 1960s. All member-states are expected to be engaged, to varying degrees, with all the goals, which are also far broader in scope. The majority are concerned with aspects of natural resource management. But there are explicit references to inequalities, and there is one goal (number 16) that for many contemporary development thinkers is the most fundamental of all: inclusive and transparent institutions, reducing corruption and stemming asset theft, promoting the rule of law, and ending violence.

In spite of these differences, experience with the MDGs contains important lessons for the fate of the SDGs. The September 2015 outcome statement anticipates monitoring progress, and the new High-Level Political Forum for Sustainable Development, meeting every year for 10 days, is the locus of scrutiny. The Third Financing for Development (FfD) conference in July 2015 has helped to identify the means of implementation.[4] The identification and refinement of indicators will be taken up in early 2016. And unlike with the MDGs, which were slow to catch on with much of the UN development system, individual organizations have verbally committed themselves to the new goals, having helped to influence them through the deliberations of the Open Working Group.

So far, so good. But a list of aspirations needs two more things if it is to constitute a meaningful roadmap. It needs plans of action and an identification of the "second UN" of organizational responsibilities. In particular, how can international secretariats support an agenda formulated by the "first UN" of member states?

THE WORLD HAS CHANGED

In fragile and conflict-prone states the UN will be a key player with a hands-on, operational role. But while reconstruction and peacebuilding are essential and undoubtedly expanding tasks, they are not part of the SDGs, which are characterized by mainly technical solutions for the majority of countries. The responsibility for attaining the goals lies principally with the countries themselves: their governments, but also key non-state actors. Like other external development organizations, the UN does not "do development" and its supporting role has been diminishing for a number of reasons:

- A growing number of middle-income countries less dependent on traditional forms of development assistance, a trend underlined by the UN's own research;[5]
- The UN's declining share of aid, and within that share, a concentration on donor-inspired projects reflecting a shift towards bilateralism;

Future UN Development System supports and helps accelerate change in the UN development system to increase effective responses to global development challenges—especially after 2015, the target date for the Millennium Development Goals. Recognizing the many frustrations that have accompanied UN reform efforts, FUNDS envisages a multi-year process designed to help build consensus around necessary changes. Financial support currently comes from the governments of Denmark, Norway, Sweden, and Switzerland, and UNDP.

- An increasing disillusionment with the atomization of the UN development system and its sluggish bureaucratic practices;

- A growing preference of donors for more narrowly focused, transparent and results-driven aid programs, epitomized by global vertical funds.

The UN development system has been slowly recognizing these seismic changes, and the challenges of the SDG era invite dramatic reform based on the comparative advantages of the UN.

Again, experience with the MDGs, and in particular the MDG Achievement Fund (MDG-F) offers lessons for the future.

THE MDG-F EXPERIENCE

At the end of 2006 the Government of Spain and the UNDP signed an agreement to create the Millennium Development Goals Fund. Unprecedented in size ($800 million), the MDG-F was designed to promote the advancement of the MDGs as well as to foster reform initiatives aimed at increasing the effectiveness of development cooperation: promoting the Delivering as One (DaO) reforms and the Organisation for Economic Co-operation and Development's Paris Principles.[6]

The MDG-F tapped into the ongoing calls for change in the UN development system. In particular, it empowered UN resident coordinators (RCs) and their country teams (UNCTs) in helping to identify and develop project proposals in consultation with the main stakeholders (including civil society and the private sector). It encouraged inter-agency collaboration on substance and better understanding of comparative advantages; and it enriched projects through multi-disciplinary approaches while mobilizing a range of UN competencies. It also helped convergence by prescribing joint programming with a minimum number of UN organizations and by fostering harmonized procedures. For beneficiary countries, the MDG-F encouraged local ownership and promoted whole-of-government approaches. An elaborate oversight system helped to emphasize the importance of results, which were captured through a knowledge management system.

At country level, as more UNCTs are endorsing the DaO principles, there is evidence of more joint programming. Across the system, newly-agreed standard operating procedures seek to foster greater program harmonization. UN organizations continue to plead for more core resources, but they are resigned to donor preference for earmarking. In response, individual organizations are drawing up integrated program budgets, matching the totality of their programs with all available resources, core and non-core. In the name of "full-cost recovery," and in order to reduce the effective subsidies of non-core by core resources, UN organizations are moving to charge the same overhead rates. There are also attempts to encourage more pooling, and many multi-donor trust funds are being administered through the Multi-Partner Trust Fund Office (MPTF).

AN SDG "MULTI-PARTNER FUNDING INITIATIVE"

The lessons drawn from the MDG-F must be interpreted in light of changing development realities and amidst the pressure for UN reform. Together, they constitute practical boundaries that circumscribe proposals for any future funding mechanism to support the post-2015 development agenda. Five key considerations emerge and are discussed below: country ownership; governance and partnerships; country eligibility; next DaO phase; and knowledge management.

The central starting point for any "multi-partner funding initiative" is the alignment of ***country ownership*** of the development process with the SDGs. Thus, its overriding purpose is to identify and define the requirements, priorities, and sequencing at national level for the achievement of the global goals, taking fully into account local realities and constraints. While the SDGs provide a general framework for the activities of the initiative, countries requesting support will begin with assistance to prioritize their own specific actions and sequencing of aid and investment in line with their own national planning frameworks. In essence, the initiative will facilitate the mediation of the UN development system in aligning global goals with local realities. UNCTs should work together to identify, develop, and implement joint UN projects working in conjunction with counterparts and beneficiaries.

Two specific objectives arise for any new fund. The first is to support requesting countries in the development of their own national strategies to accomplish the 2030 sustainable development agenda. The second is to draw up and mobilize funding for more specific operational plans through which the UN development system and its constituent organizations—acting together and drawing on operational and comparative advantages—can contribute to their achievement.

These two objectives will determine the nature of the two windows of the new multi-partner initiative. Window One will provide direct support to countries for the development of appropriate national strategies and would:

- Help member states introduce the details of the new SDG agenda in each country, and incorporate specific goals and targets into national planning mechanisms.

- Facilitate coming together by relevant national partners (government, parliament, civil society, and private sector) to design and implement the SDGs, including identifying the most appropriate partners and funding sources. The UN system should play the role of honest broker in, for example, protecting member states from the potentially negative consequences of public-private partnerships and identifying potential bilateral and multilateral donors as well as investors.

- Assist countries to build the capacity to measure, monitor, and report on progress in complying with universal norms and standards, including finding new ways to use IT and big data.

Window Two of the new fund would be concerned with UN support to implementation of the national strategies designed to help meet the goals. Recognizing that the UN development system is just one among many domestic and external development partners, Window

Two would emphasize the design and implementation of UN-wide programs of support to each country—in effect, new-style UN Development Assistance Frameworks (UNDAFs). The objective would be to draw on the specific functions and expertise of the UN development system, including in particular compliance with its own universal norms and standards.

A future "multi-partner funding initiative" should have a balanced representation of donors on a central Steering Committee composed of member-state governments (donors and program countries), civil society, private sector and UN organizations. A model for such ***governance and partnerships*** is provided by the boards of the vertical funds—including the Global Fund and GAVI—whose memberships rotate around a workable number of participants but remain representative of key stakeholders and constituencies. Experience has shown that these boards operate through consensus, with no individual members exerting undue influence on the workings of the funds.

At country level, the new initiative should emulate the MDG-F in building on the procedure of national steering committees (NSCs), which were co-chaired by the UN resident coordinator and a government counterpart but included other essential local stakeholders: beneficiaries, civil society, private sector, and bilateral donors. The NSCs would be responsible for identifying and developing projects and overseeing their implementation, reporting to the central Steering Committee in line with pre-determined criteria.

The Steering Committee of the new multi-partner initiative would be responsible for signing off on projects and monitoring progress on the basis of clear results indicators. The mechanism would have no geographical restrictions. The new funding mechanism would be open to all countries requesting support via UNCTs. ***Country eligibility*** would also necessarily be aligned with results: beyond initial support, additional funding would be provided to countries delivering the best results. As with the MDG-F, a small percentage of Window Two could be set aside to finance UN program development work.

The continuing process of change in the ***next phase of DaO*** should better reflect the comparative operational advantages of individual organizations, including the UN system's unique breadth of functions and activities and its universality, as epitomized by the norms, principles, and standards that it has helped shape and codify. The inspiration for the UN's support for the 2030 sustainable development agenda should reflect the SDG Outcome whose preface proposes an alliteration of five clusters as a way to simplify the many themes: People, Planet, Prosperity, Peace, and Partnerships.

These clusters should frame the support that the UN development system can provide to national strategies. Thus, Window Two would foster the One UN programs anticipated by DaO and provide the One Funds to support them. The new multi-partner funding initiative would make a multi-year commitment to a respective country program and be a significant and integral part of that country's programming budget—genuine "One Funds" but within a uniform global envelope.

Another essential aspect of the MDG-F to be emulated by the new initiative would be joint programming to promote greater system coherence, drawing on the best available experience. The new fund should require a minimum of two UN entities for each project. Of particular relevance would be the expertise of smaller UN organizations, which typically do not have the same breadth of field presence or fund-raising wherewithal as larger ones.

Individual projects should be coterminous with the respective programming cycles, normally implying up to five years. To reduce high transaction costs associated with joint projects, each would have a UN "lead" organization with full responsibility for the overall management of a project and hire or borrow staff from other UN organizations. If such a system were in place, the number of UN organizations participating in a project could increase but with the addition of expertise and not of administrative oversight and reporting—i.e., no parallel management arrangements. UN organizations would be paid for their services through the existing "pass-through" mechanism managed by the MPTF Office. The overall aim of the new fund should be the devolution of funding authority to the UN resident coordinator in each country.

The multi-partner initiative should encourage inter-agency networking and ***knowledge management*** during and after project implementation. This process would be assisted by a comprehensive progress monitoring mechanism and independent evaluations of impact and lessons learned. The findings should be banked and, along with the existing MDG-F library, built into a system-wide knowledge-sharing system to guide and inform ongoing and future assistance.

The structure of the possible multi-partner funding initiative is depicted in Figure 1. Any new mechanism should, like the MDG-F, have substantial ***resources*** if it is to have an impact. Both for reasons of size, as well as multilateral practice, the new fund should attract as many donors as possible. Figure 2 depicts profiles of the main OECD/DAC donors and their respective multilateral proclivities. This simplified scheme is not meant to exclude any possible sources but merely to identify those potentially the most amenable to considering a new funding mechanism under conditions that satisfy not only their taxpayers and parliaments but also the needs of target countries and UN organizations.

Figure 1: Proposed Structure for the Multi-partner Funding Initiative

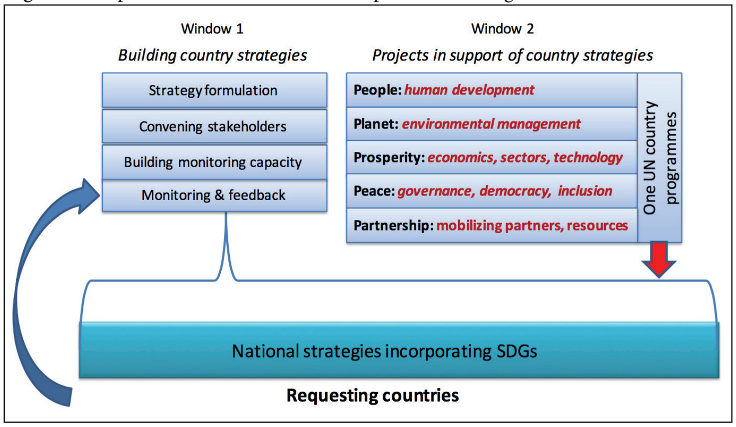
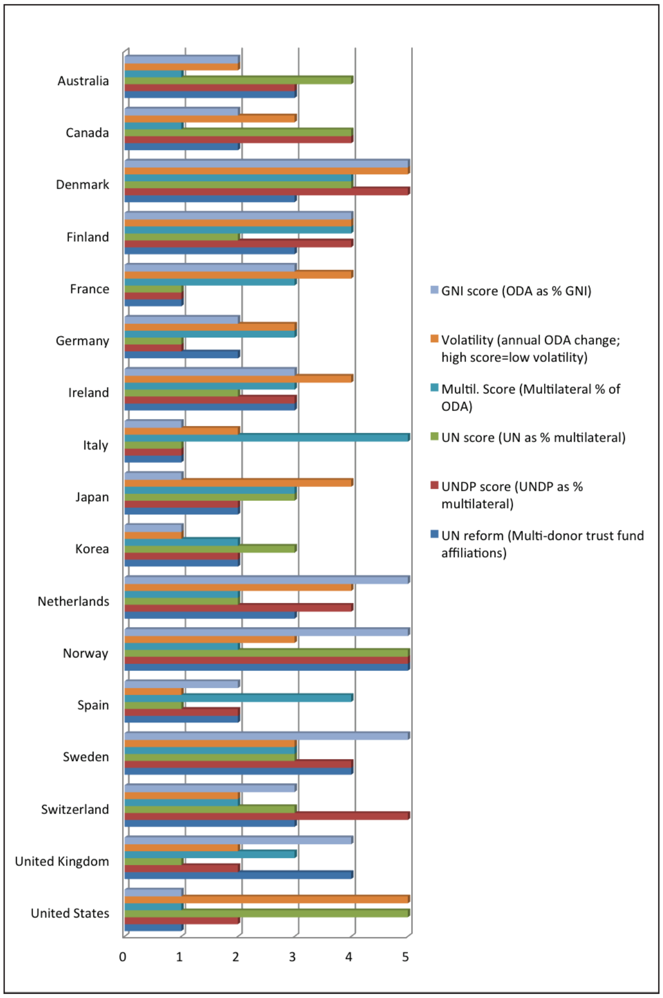


Figure 2: DAC donors: multilateral scores



In addition to OECD/DAC donors, the new initiative should aim to attract resources from the seven largest sources of ODA among non-DAC countries (Brazil, China, India, Saudi Arabia, South Africa, Turkey, and United Arab Emirates)[7] as well as private sources and foundations. While funds would be pooled, individual donors could earmark allocations to one of the five development domains (People, Planet, Prosperity, Peace, Partnership) in which they would like their funds to be disbursed. But an essential component would be no designation of specific target countries. The UNDP or the UN Development Group—in their dialogues with donors—would be responsible for trying to ensure that each of the five "Ps" be adequately resourced. Pledges to the fund would ideally be multi-year to ensure continuity and facilitate medium- to longer-term projects.

The resources of the fund should be administered by the UN's Multi-Partner Trust Fund Office, but UNDP should consider not executing projects under Window 2 in order to safeguard its role as honest broker. The new fund would be expected to contribute to a further rationalization and consolidation of trust funds, including the existing One Funds and Delivering Results Together Fund. The incentive for donors to contribute to the new mechanism would be the attraction of the two-part agenda: encouraging the development of SDG-compatible country strategies; and financing system-wide country programming. Those activities financed would exclude those covered by other sources, including the GEF, GF, GAVI, and the Green Fund. Day-to-day management of the resources assigned to each country would be the responsibility of the resident coordinator and the UNCT, with the former accountable for the use of the funds and the results engendered.

Donors wishing to foster the 2030 sustainable development agenda or the reform of the UN development system could find the new mechanism of potential interest, even to reluctant parliaments.

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NOTES

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