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Private Sector Financing of UN Funds and Programmes

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Following the adoption of the 2030 Agenda for Sustainable Development, the United Nations Economic and Social Council (ECOSOC) embarked on an effort to harmonize UN Development System (UNDS) activities with the 2030 Agenda and its SDGs as well as system-wide pressure for greater country ownership of in-country activities. Part of this process includes the 2017 Quadrennial Comprehensive Policy Review (A/RES/71/243) and ongoing reform proposals for the UNDS, all aimed at improving the quality of development and meeting the needs and priorities of host countries and donor governments.

Exploring these reforms as debated at meetings of ECOSOC and the Executive Boards of UN Funds and Programmes highlights issues of accountability and transparency, as well as quality of funding available to the UNDS. This was especially true in their perception of how donor priorities dramatically impacted UN agencies' interest in the private sector as a partner in development.

ECOSOC holds an annual stock-taking on the performance of the UNDS and shapes priorities. At its last such session in May 2021, Ib Petersen, Deputy Executive Director of UNFPA chaired the session on the UN Funding Compact. Noticing the system-wide concerns regarding a lack of flexible, core resources, he remarked that "we get the UN that we fund".

This briefing examines how the UNDS is addressing its current funding challenges with a focus on the UN Fund for Children (UNICEF), the UN Development Programme (UNDP), UN Women, and their various programmatic initiatives and engagements.

Background on UNDS Reform

Each year, the Executive Boards of the different UNDS Funds and Programmes meet to discuss a variety of agenda items, including those related to the UNDS Reform, in line with the 2017 Quadrennial Comprehensive Policy Review (A/RES/71/243). This takes the form of "Structured Funding Dialogues" with Member States to assess progress on funding the activities approved in each entity's Strategic Plan.

Over the past several years, the Funds and Programmes have raised concerns regarding the unequal distribution of core and non-core resources. Core resources, also known as regular resources, are unrestricted and unearmarked, critical for funding and staffing general operations and much of the norms and standards work for which the UN is well-known.

The Funding Compact

The Funding Compact, established in 2019, is an agreement between the development system and Member States, including financing commitments for both donors and UN entities with a view to enhance delivery on the SDGs. However, the compact is a voluntary and non-binding document, making enforceability challenging. The commitments, targets and indicators within the Funding Compact utilize 2017 figures as a baseline, with targets set to be achieved by 2023.

Among the commitments applicable to Member States as donors: increasing the share of core funding to 30% of overall UNDS funding, doubling the total amount of non-core resources for the UNDS by 2023 through the use of interagency pooled funds and thematic funds, predictable funding to the specific requirements of UNSDG entities and country-level including the Resident Coordinator System, and to harmonize and make transparent reporting guidelines for the UNDS entities.

For UN Funds and Programmes, commitments include: greater cooperation with other UN entities in-country settings, support and adherence to new frameworks like the Resident Coordinator System and the UN Development Cooperation Frameworks, harmonized enhanced coordination through shared offices and greater communication between various entities, and increased and improved joint programming and reporting to Member States.

Overall, the Funding Compact exists with a view to promote collaboration amongst the Funds and Programmes within the UNDS and seeks to hold Member States accountable to the financing necessary to do so. However, as this briefing will explore, as Member States fail to meet their commitments, UN Funds and Programmes are left to meet not only their programme-related commitments, but also find ways to secure the funding critically needed to support the reform process.

At the most recent Second Regular Sessions of the Executive Boards, UN Staff all painted a bleak funding picture, indicating that the percentage of core resources is falling far below the 30 percent target set forth in the Funding Compact. For this reason, Funds and Programmes have turned to private fundraising initiatives to supplement their annual budgets. As these efforts grow, Member States warmly welcome them, obfuscating Member State responsibilities as laid out in the Funding Compact while enhancing the role of the private sector.

UN Fund for Children (UNICEF)

UNICEF's 2020 Annual Report highlights USD 717 million in contributions from the private sector, amounting to 21 percent of their overall income. Corporate partnerships include Unilever, LIXIL, Louis Vuitton, and Microsoft while foundation partners include Bill and Melinda Gates Foundation, Mastercard Foundation, Conrad N. Hilton Foundation, Stavros Niarchos Foundation, Qatar Charity. It also cites relationships with the World Economic Forum and the International Chamber of Commerce. Further UNICEF engagement with the private sector is through its national committees, which fundraise from individual donors and corporations at the national level, with a view to supporting UNICEF globally.

A Closer Look: UNICEF's United States National Committee

This committee structure is quite unique, where national committees effectively function as non-governmental organizations in their own right, soliciting donations to UNICEF from individuals through fundraising appeals and programmes.

Notably, the US National Committee's Trick or Treat for UNICEF has gained substantial ground as a fundraising effort for young children around Halloween in the United States. These individual donations are considered private sector income and contribute a meaningful supply of core resources to UNCIEF overall. Additionally, however, these national committees also initiate partnerships with corporate entities.

The US National Committee's 2020 Annual Report notes a long list of corporate donors that have contributed over US 1 million including: American Airlines, Clarios foundation, Disney, Facebook, Johnson & Johnson, Kimberly-Clark, Marriott, Merck, Microsoft, Prudential, SAP, UPS, and Xylem.

Collectively, corporate donors made up 29.8 percent of the US National Committee's income in 2020.

In a special 2020 report titled "Core Resources for Results", UNICEF reports that of its top 10 regular contributors, 6 are national committees. The report details total income in 2020 as USD 7.22 billion, USD 1.47 billion or 20 percent of which as "regular" or "core" resources (RR). It states: "Of this, USD 592 million was contributed by public sector partners, and USD 717 million by private sector partners. The remaining USD 162 million included income from interest, procurement services, and other sources." In all, 49 percent of UNICEF's "regular" or "core" resources in 2020 came from the private sector.

Top 30 RR partners by contributions received, 2020

PARTNER	USD (MILLIONS)
United States	154
Japanese Committee for UNICEF	133
Germany	102
Korean Committee for UNICEF	82
Sweden	70
Spanish Committee for UNICEF	65
German Committee for UNICEF	57
United Kingdom	51
Swedish Committee for UNICEF	48
French Committee for UNICEF	48
Dutch Committee for UNICEF	40
Italian Committee for UNICEF	39
Norway	39

UNICEF wants to thank the top partners who give to RR, as well as all the millions of donors who each year give generously to achieve the greatest possible impact for children.

Figure 1.1 UNICEF Top Regular Resource partners

At the Second Regular Session in September 2021, under the agenda item "Private Fundraising and Partnerships", Carla Haddad Mardini, Deputy Executive Director of Partnerships gave a presentation on 2020 achievements including: "Partnerships with business maximize results for children delivering income of USD 211.6 million, 2,859 businesses engaged for core assets; child rights and business; and advocacy, 133 million children reached through engagement with business".

During the Structured Funding Dialogue and Private Funding and Partnerships session, Haddad Mardini also called for enhanced engagement with corporations stating, "[W]e need to completely shift from simple transactional funding relationships to a spectrum of engagement with business to better influence their own practices." She also highlighted a UNICEF initiative titled, "Business for Results (B4R)", under which UNICEF hosted a special event in September 2019, outlining the various ways in which they partner with business and philanthropy, highlighting "shared value partnerships".

UNICEF is also currently partnering with the World Bank on the World Bank Instrument for Sustained Private Sector Investment, designed to boost private sector fundraising in UN country programme locations. It "consists of an issuance of notes by the World Bank under its Capital at Risk Notes programme and a forward flow arrangement between UNICEF and the World Bank, under which UNICEF will make payments to the World Bank in respect of such issuance, for an amount expected to be approximately USD 50 million". Given a lack of predictable and flexible core/regular resources, UNICEF proposes to utilize unearmarked private sector contributions to finance this investment.

UN Development Programme and UN Population Fund (UNDP/UNFPA)

The UNDP 2020 Annual Report details various initiatives to engage the private sector including: The Lion's Share, the Connecting Business Initiative, and Youth Co: Lab while also naming "new ones including the COVID-19 Private Sector Global Facility, partnering with the United Nations Global Compact and the International Chamber of Commerce (ICC) to develop innovative public partnerships for COVID-19 recovery".

Figure 1.2 UNDP private sector initiatives featured in the 2020 UNDP Annual Report

The Report also highlights UNDP's COVID-19 Private Sector Global Facility, the aim of which is "to foster and enhance public–private partnerships and solutions at both the global and national levels."

The UNDP webpage dedicated to private sector engagement features a quote from Achim Steiner, UNDP Administrator: "While the private sector can bring both agility in delivery and new approaches to financing the SDGs, the UN has an important role to play in creating an enabling environment for business to contribute."

In contrast to UNICEF, UNDP's 2020 Funding Compendium indicates that private sector funding comprises only 1 percent of total income (approx. USD 81 million) though the report does not disclose whether this funding was for core resources or earmarked for specific projects. UNDP's top 10 private donors in 2020 include: Bill and Melinda Gates Foundation, Coca Cola Company, Education Above All-AlFakhoora, BRA-Instituto Bras. Do Algodao, BRA-Fund Sup Recovery Eco Acti, Stiftung Auxilium, Aliko Dangote Foundation, Paltel Group Foundation, Citi Foundation and AIESEC.

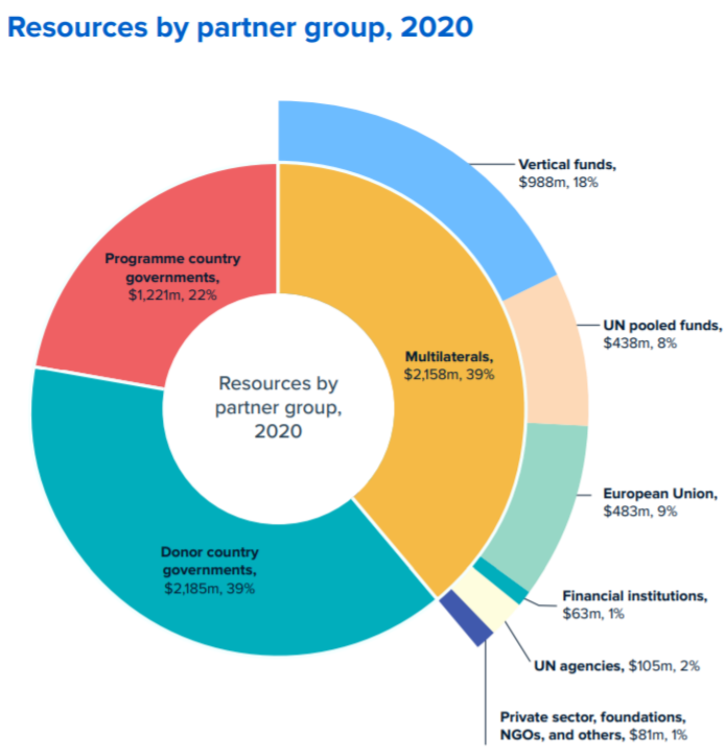

Figure 1.3 UNDP Annual Report 2020 – Resources by donor type

UNDP's Executive Board (jointly held with UNFPA and UNOPS) held the Annual Session 7-11 June and its Second regular session 30 August-3 September. At the last session, UNDP Staff presented a report on the Structured Funding Dialogue. Ulrika Modeer, Director of Bureau of External Relations and Advocacy at UNDP highlighted uneven progress on the Funding Compact, as despite UNDP progress, Member States are not meeting their commitments. She noted that core "resources continue to account for only 13 percent of total resources, far below the funding compact target of 30 percent by 2023".

The UNDP 2022-2025 Strategic Plan approved by the Board also cites that UNDP will be "partnering with governments and the private sector to align capital flows with the SDGs and mobilize finance at scale". UNDP's 2018-2022 "Private Sector Strategy" states:

> "Given the current emphasis on UN reform and harmonization, the time is also ripe to develop deeper cooperation and sharper synergy related to private sector development efforts of UN agencies…The intent will be to move towards a coherent UN approach in supporting private sector and market development at the country level, delivering support to countries as one synergistic system. By better pooling resources and expertise in this way, the UN could be a more influential actor in the area of private sector development."

One private sector initiative is its Lion's Share Fund , launched in 2019, through which "the corporate world can now make a contribution each time an animal appears in their ads, raising money for wildlife conservation, habitats, and animal welfare". UNDP presents this as a "win-win-win" partnership, which like UNICEF's "shared value" partnerships, "sells" the Fund through its values "while elevating brands to resonate with audiences in a more meaningful way – thereby positively impacting the brand's growth, trust, and profitability". In this way, UNDP legitimizes the role of the private sector in development and allows businesses to view engaging with the UN as a profit-generating opportunity.

UNFPA Segment of UNDP/UNFPA/UNOPS Executive Board

Concerns about regular/core resources were echoed in the UNFPA presentation as well. Klaus Simoni, Director, Division of Communications/Strategic Partnerships stated: "UNFPA has met 95 percent of commitments while Member States have only met 62 percent". He said, given the impact of COVID-19, "flexible and core resources remain critical to sustain operations and achievement of our objectives".

The UNFPA report on Structured Funding Dialogue includes a section titled, "Private sector and other strategic partnerships" which cites that "In 2020, UNFPA continued strengthening its partnerships with non-traditional partners, securing about USD 41.6 million in private-sector contributions and collaborating with 100 partners". The report also includes reference to the "UNFPA corporate resource mobilization strategy" but this strategy is not currently available to the public. While not included in the 2020 Annual Report, UNFPA's "Private Sector Spotlight" webpage features an interactive map listing corporations in partnership with UNFPA. These include: Philips, Johnson & Johnson Foundation, Bayer, The Bill and Melinda Gates Foundation, and the UN Foundation.

UN Women

UN Women has also struggled to obtain adequate core/regular resources to sustain its mandate. At the Second Regular Session 14-15 September 2021, Deputy Executive Director Anita Bhatia remarked that UN Women "will continue to pursue a diverse range of channels to address gender financing globally".

Unlike other organizations, UN Women did meet its 30 percent regular resources target as outlined in the UN Funding Compact. However, UN Women Director of Strategic Partnerships Daniel Seymour noted that while UN Women is "happy with exceeding the 30 percent core target… It's not UN Women's belief that 30 percent is the right target. We believe 50/50 is the correct target for our mandate."

UN Women's latest 2020-2021 "Highlights" report states that "22 New private sector partnerships" and "1,630 Businesses signed the Women's Empowerment Principles. Additionally, the 2020 Financial Statements indicate that UN Women's top private sector contributors were the Bill and Melinda Gates Foundation and the BHP Billiton Foundation. In 2020 both contributed non-core (also known as earmarked) resources—BHP giving USD 4.7 million and Gates giving USD 4 million. At the Second Regular Session of the Executive Board in 2021, Daniel Seymour reported that the contributions from the private sector totaled 2 percent of UN Women's income overall throughout 2020.

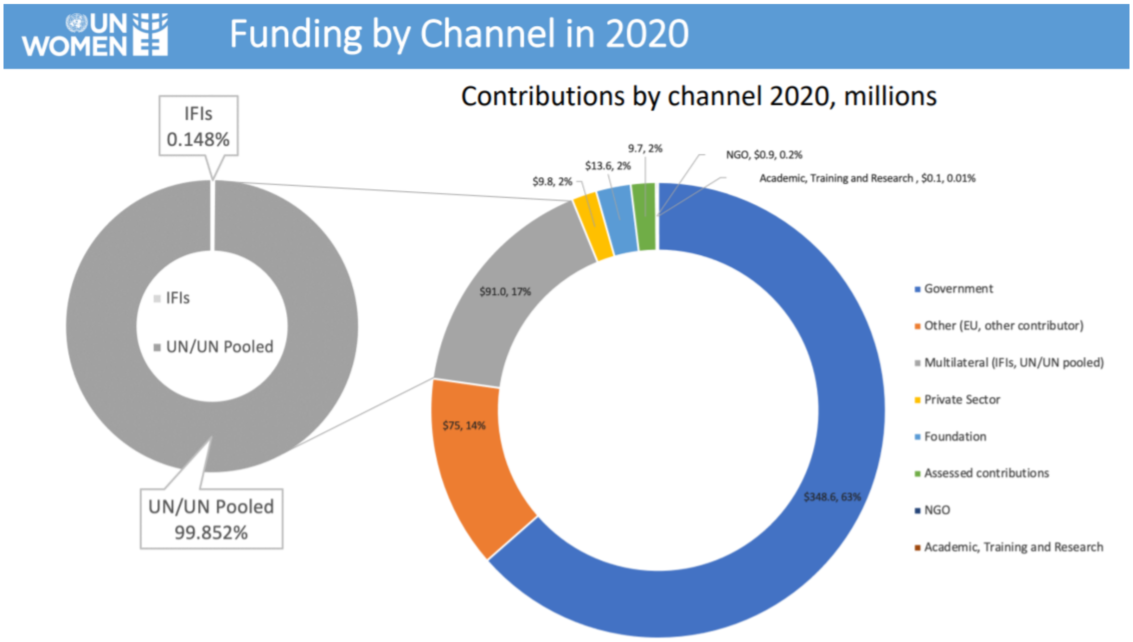

Figure 1.4 UN Women Executive Board's Structured Funding Dialogue – Resources by donor type

However, interest in engaging the private sector is building within UN Women against the backdrop of the UNDS Reform push for Funds and Programmes to pursue thematic and pooled funding mechanisms. Of note is UN Women's championing of the UN Trust Fund to End Violence against Women which engages the private sector through direct donations and cause-marketing partnerships in programmes related to ending violence against women and girls with partners including: Mary Kay, AVON, Benetton, Johnson & Johnson, Tag Heuer, Omega, Verizon and Viacom.

UN Women's presentation on Structured Funding Dialogue at the Second Regular session also outlined plans to increase private sector engagement for the upcoming decade, including: "Building partnerships with IFIs to influence their financing and programming to expand resources for SDG5, Supporting Gender Bonds as an innovative financing instrument to support gender equality, in line with coordination mandate, a global 5-year action on gender equality, underwritten by billions in new funding commitments through GEF."

Conclusion

As the 2017 Quadrennial Comprehensive Policy Review (QCPR) and ongoing reform proposals have brought about Structured Funding Dialogues and enhanced transparency regarding the financial situations of the various UN Funds and Programmes, they also shed light on the increasing dependency on the private sector. Across the UN Funds and Programmes examined here (UNICEF, UNDP, UNFPA, and UN Women), all actors are positioning private sector fundraising as an area of enormous potential.

While the different entities hold varied levels of engagement and reliance upon the private sector as a contributor to their annual budget, leadership at the highest levels of these organizations are welcoming an expansion of private sector fundraising.

> "We are innovating and exploring new ways to support children and young people. From digital fundraising tools, to frugal innovations. We are seeking out the private sector and opening doors to a true cross-pollination of ideas and solutions, from children and young people themselves, technology companies, vaccine manufacturers, foundations and governments." – Henrietta Fore, Executive Director of UNICEF at the Second Regular Session of the UNICEF Executive Board in September 2021.

> "Our partnerships are not static. We are constantly looking not just for new partners but for new ways of collaborating. Our partnerships with IFIs and the private sector are evolving through pioneering models and new financing for development…. We do not take our partnerships for granted. Governments have a huge array of potential partners, public and private. We want UNDP to be a partner with purpose, offering the greatest value to those we work with." - Achim Steiner, Administrator of UNDP at the Second Regular Session of the UNDP Executive Board in September 2021.

> "We also seek to expand financing for gender equality, which has been chronically under resourced to date, including by expanding partnerships with International Financial Institutions and the private sector." - Anita Bhatia, Assistant Secretary-General of UN Women at the Second Regular Session of the UN Women Executive Board in September 2021.

While entity leadership turns to the private sector as a vital source of funding to sustain the UNDS, many questions raised by CSOs remain unanswered. At what cost—in terms of UN norms and standards? in terms of validating their activities in developing countries--are these partnerships being embraced? Whose interests are these partnerships truly serving?

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