



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. MOHAMED GAD, MINISTER PLENIPOTENTIARY, DEPUTY PERMANENT REPRESENTATIVE OF EGYPT TO THE UNITED NATIONS: QUESTIONS AND COMMENTS ON FUNDING COMPACT, AT THE BRIEFING ON THE REPOSITIONING OF THE UNITED NATIONS DEVELOPMENT SYSTEM, IN PREPARATION FOR THE OPERATIONAL ACTIVITIES FOR DEVELOPMENT SEGMENT OF THE ECONOMIC AND SOCIAL COUNCIL (New York, 12 February 2018)

The Group of G77 and China would like to note that the comments expressed today reflect the preliminary thoughts on Funding Compact.

Allow me at the outset to express the Group appreciation for the efforts of the Secretary General in articulation of Funding Compact.

The Group reiterates that a more stable, predictable, and sustainable funding for United Nations operational development activities is key to poverty eradication, which is the overarching goal of 2030 agenda and the cornerstone of UNDS activities. Such funding must be aligned with national development priorities and strategies of program countries with a view to reflect national ownership of their development trajectory. In this vein, the overall funding of the UNDS, especially for areas related to poverty eradication, should be increased and accelerated.

We express our concern at the continuing decline of core contributions to the UNDS, which negatively affect the efficiency and effectiveness of its functions. Reversing this trend, along with enhancement of core contributions to UNDS entities, will ensure achieving of the objectives of operational activities for development. Likewise, the group emphasizes the need for increasing the flow of non-core contributions, and improving their quality as well as the relevant funding practices with a view to align with the real need and priorities of the target countries.

On Section A of the Funding Compact

The group views that the insights included in this section regarding increasing core and non-core contributions to UNDS as well as improving the funding patterns of voluntary contributions reflect the challenges facing the operational activities for development. In this context, the Group would like to make some specific comments on this section.

para 146 mentions that core functions of the UNDS must be adequately and reliably funded by core resources. In this regard, we need to recall that scope of QCPR entails all functions of UNDS, not only core functions.

para 148: we agree that there is a need to improve funding practices to make voluntary contributions less earmarked in favor of funding pattern aligned with national priorities. Nevertheless, we need to know whether the secretariat conducted studies about inefficiencies stemming from fragmentation and undue competition among entities referred to in this para. Furthermore, we need more elaboration on the means whereby the UNDS could ensure better alignment with countries' national priorities.

para 149: while the group supports pooled funding mechanisms, we should recognize at the outset

that pooled funds is a complimentary funding mechanism. The group seeks clarification on what is meant by the role of pooled funding in providing better incentives for collaboration "across pillars". In this connection, the group stresses that pooled funds should focus on the economic pillar of the SDGs. We need to be informed about any studies undertaken by the secretariat regarding the effectiveness of pooled funding with regard to enhancing sectoral focus on economic areas.

para 150: while the para cites certain global challenges, there is a need to mention the priority areas of developing countries that are underfunded, especially within the context of the Funding Compact.

para 151 (a) refers to reporting on system-wide support to the SDGs at country level. While we reiterate the significance of transparency in this regard, it is not clear whether such reports will be submitted to the concerned countries.

para 151 (b) refers to system-wide enrollment into in the International Aid Transparency Initiative. Question arises about whether the UNDS, as part of the intergovernmental machinery of the UN, could join voluntary multi-stakeholder initiative that does not reflect universal representation of UN member states.

para 151 (c) addresses system-wide evaluations that will be undertaken to assess the results achieved. We need further details about the entity that will be responsible for conducting evaluations? What the role of the Joint Inspection Unit in this regard?

para 151 (e) addresses allocation of non-core resources to "joint activities". The group would like to get more details about the target areas of those activities, and whether this reallocation will flow into earmarked specific projects or core-funding activities? Do those activities entail any component other than development? In this regard, we express our concerns about any reallocation of resources without focusing on the priority areas of the developing countries. How this allocation would address unserved priority areas of the developing countries.

151 (f) the Groups stresses that visibility should not affect finance for development, particularly, the resources for programmatic activities.

para 152: We seek clarification on the relevance of mentioning the Peacebuilding Fund in the context of UNDS reform that exclusively addresses operational activities for development. We reiterate again that repositioning of UNDS should focus on development issues in accordance with QCPR mandate. The group also needs more elaboration on the "Joint Policy Fund" for the 2030 Agenda.

On Section B

Generally, the group stresses that strengthening funding mechanisms, as proposed in this section, should not put any financial burden on the developing countries and LDCs. We need further elaboration on the modalities of the funding mechanisms proposed under this section.

Specifically,

para153: refers to burden-sharing solution to reverse the decreasing trend in the share of core resources to the entities of the UNDS. The group seeks more clarity on what is meant by "burden-sharing solution". Further clarity is required as to the proposal in para 155 regarding allocation of assessed contributions from the regular budget to cover the costs of a reinvigorated resident coordination system. In this regard, we reaffirm that any increase in assessed contributions should

not have financial implications for the developing countries and LDS.

The group seeks more clarity on "entity-specific thematic fund" referred to in **para 154** as well as "Joint policy fund" mentioned in **para 156**. What is the relevance of referring again in **para 156** to the peacebuilding fund in the context of the UNDS reform?

on **para 159**: on the proposal of "funding dialogue" with member states; the group seeks further elaboration on this proposal? What is the timeline envisaged for such dialogue? Further clarity is required also on the "joint integration fund"

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