

Proposals for Redesigning the New Zealand Funding Window UN Pacific Strategy Fund

Report for the United Nations in the Pacific



April 2023

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1. Acronyms

| | |
|--------|--|
| ADB | Asian Development Bank |
| Bn | Billion |
| CF | Cooperation Framework |
| CIP | Country Implementation Plan |
| COVID | Coronavirus |
| CROP | Council of Regional Organisations of the Pacific |
| CSE | Comprehensive Sexuality Education |
| DBS | Direct Budget Support |
| DCO | Development Coordination Office |
| DP | Development Partner |
| ECOSOC | Economic and Social Council |
| EU | European Union |
| EVAWG | Elimination of Violence Against Women and Girls |
| FAO | Food and Agriculture Organization |
| FDI | Foreign Direct Investment |
| FfD | Finance for Development |
| FLE | Family Life Education |
| FSM | Federated States of Micronesia |
| GE | Gender Equality |
| GEM | Gender Marker |
| GNI | Gross National Income |
| HLPF | High-level Political Forum |
| HoA | Head of Agency |
| IFI | International Financial Institution |
| IMF | International Monetary Fund |
| JP | Joint Programme |
| JSC | Joint Steering Committee |
| LDC | Least Developed Country |
| LNOB | Leave No One Behind |
| M | Million |
| M4C | Markets for Change |
| MCO | Multi-Country Office |
| MDB | Multilateral Development Bank |
| MDTF | Multi-Donor Trust Fund |
| M&E | Monitoring and Evaluation |
| MERL | Monitoring, Evaluation, Learning and Research |
| MFAT | Ministry of Foreign Affairs and Trade |
| MICS | Multiple Indicator Cluster Surveys |
| MoU | Memorandum of Understanding |
| MPTF | Multi-Partner Trust Fund |
| MPTFO | Multi-Partner Trust Fund Office |
| MTR | Mid-term Review |

| | |
|----------|--|
| NCD | Non-communicable Disease |
| NDP | National Development Plan |
| NGO | Non-governmental Organisation |
| NZ\$ | New Zealand Dollar |
| ODA | Official Development Assistance |
| OECD | Organisation for Economic Co-operation and Development |
| PFM | Public Financial Management |
| PICs | Pacific Islands Countries |
| PICTs | Pacific Islands Countries and Territories |
| PIF | Pacific Islands Forum |
| PIFS | Pacific Islands Forum Secretariat |
| PMT | Programme Management Team |
| PUNO | Participating UN Organisation |
| RC | Resident Coordinator |
| RCO | Resident Coordinator's Office |
| RM | Resource Mobilisation |
| RMS | Resource Mobilisation Strategy |
| RMI | Republic of the Marshall Islands |
| SC | Steering Committee |
| SDG | Sustainable Development Goals |
| SIDS | Small Island Developing State |
| SMART | Specific, Measurable, Achievable, Relevant and Time-Bound |
| SPC | Pacific Community (Secretariat of) |
| SPREP | Secretariat of the Pacific Regional Environment Programme |
| SRHR | Sexual and Reproductive Health and Rights |
| UN | United Nations |
| UNCAC | United Nations Convention Against Corruption |
| UNCT | United Nations Country Team |
| UNDCO | United Nations Development Coordination Office |
| UNDP | United Nations Development Programme |
| UNDS | United Nations Development System |
| UNFPA | United Nations Population Fund |
| UNICEF | United Nations Children's Fund |
| UNODC | United Nations Office on Drugs and Crime |
| UNPS | United Nations Pacific Strategy |
| UNPSF | United Nations Pacific Strategy Fund |
| UNSDCF | United Nations Sustainable Development Cooperation Framework |
| UN Women | United Nations Entity for Gender Equality and the Empowerment of Women |
| USA | United States of America |
| USAID | United States Agency for International Development |
| US\$ | United States Dollar |
| VAWG | Violence against Women and Girls |
| WB | World Bank |
| WHO | World Health Organisation |

2. Structure of the Report

The present report is a companion piece of the main report presented to the UN in the Pacific and the UNPSF Steering Committee, which had a broader remit. This report focuses on the New Zealand Funding Window of the newly redesigned UN Pacific Partnership Fund. The content of this report has been merged into the main report for the sake of coherence. This report is the content specifically dedicated to the contribution the MFAT would make, as a second cycle financing, to the new Fund. The consultations and the analytics for both reports were conducted in parallel over the same period.

The report commences with a description of the **background to the development work of the UN in the Pacific**, the UN's programmatic objectives for the next cycle (2023-2027), and the principles that inspire strategic partnerships with development partners who share and support the United Nations' priorities in the region. The second section defines the **scope of work** for the redesign of the New Zealand Funding Window. The following chapters briefly list the **development priorities of the Governments** in the Pacific and describe the **ODA context** of the PICTs.

To arrive at the proposed redesign of the Fund, the report takes stock of **the UN** engagement with the architecture of **Pacific Regionalism**. The substantive backbone of the Fund is the United Nations Sustainable Development **Cooperation Framework** (2023-2027) which is analysed in the following segment of the paper, giving way to brief reflections on the **Funding Compact** and other principles that guide the design of the proposal.

The document articulates the recommendations for the reconfiguration of the New Zealand Funding Window after **taking stock of the Fund's past performance**. The proposal itself is organised around **the legal requirements** to redesign the Fund, **governance arrangements**, operations, **reporting on results**, external visibility and **communications**, the specific solutions offered for the **New Zealand funding window**, an analysis of New Zealand's development priorities in the light of the UN's Cooperation Framework in the Pacific, rules governing **projects and their selection procedure**, desirable **partnerships** for the implementation phase and the Fund's **results framework**.

An Index of Contents and Tables, a Disclaimer, a List of Abbreviations, an Executive Summary and this synopsis of the structure precede the text, which ends with some conclusions, methodological considerations, the interview guide that structured the consultation process, the terms of reference for the assignment and a list of individuals and documents consulted.

3. Executive Summary

The 14 PICTs covered in this document (Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Nauru, Niue, Palau, Republic of Marshall Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu) received approximately 3.4Bn of foreign aid *per annum* over the past quinquennium. The UN works with Development Partners to assist Pacific governments and identify the funding gaps for their SDG and national development strategies, assessing in parallel the UN's own funding gaps in the United Nations Sustainable Development Cooperation Framework (UNSDCF) for 2023-2027. The United Nations Country team (UNCT) in the Pacific will continue to embrace internally and advocate the adoption of the **Funding Compact principles** by all partners entrusting resources to the UN in the region. The United Nations and the **Council of Regional Organizations in the Pacific** (CROP) will join efforts in programme resource mobilisation, design and implementation to maximize value for money in all joint initiatives. The RCOs in Fiji, Micronesia and Samoa will continue to mobilise resources from relevant DPs and provide guidance as to how UNCT members can become Participating UN Organisations (PUNOs) in funding platforms and access such funds.

The Pacific's **main development challenges** require much needed economic, climate policy and governance reforms. **The region remains off-track on all 17 SDGs.** It is also in need of promoting human rights, gender equality and social inclusion so that no one is left behind. The Pacific Governments' development priorities are encapsulated in the **2050 Strategy for the Blue Pacific Continent**. The UN restates its engagement with Pacific Regionalism and the regional architecture, in particular by strengthening the UN-CROP partnerships.

The important roles and responsibilities that DPs, RCs and UNCT members have in promoting strategic partnerships and coordinated resource mobilisation efforts are described in the light of the proposed design for the new Pacific Partnership Fund (PPF). This document sees added value in **the PPF as the UN's mechanism for pooled funding in the Pacific**, at the same time a powerful instrument for development action, a tangible support to the UN reform, and a mechanism to further joint programming as a best practice of the UN.

The funding gap in the Pacific, for the UNSDCF period 2023-2027, has been assessed between US\$437M and US\$542M, or US\$87-109M per annum. The financing infrastructure to implement the CF situates the PPF at the helm of its architecture. The Fund makes the case for increased funding for the region, with the UN as the partner of choice, and for an increase of aid channeled through multilateral mechanisms. It proposes to add to existing Agency funding a significant layer of **pooled resources that would boost the joint work of the UN**. The document proposes a deliberate visibility effort to highlight the existing partnerships, forge new ones and **communicate results**. The paper develops the argument that **the UN needs to work smarter to perform better**. This includes sharper institutional arrangements and M&E systems to offer confidence to donors and transparent information to the public.

The proposal to redesign the New Zealand Funding Window contains guidance on legal requirements and new governance arrangements, suggests the creation of a Technical Panel and a reinforced quorum for decision-making, in particular when allocating funds to projects. The document suggests six main themes, consistent with the development priorities of the donor, and aligned with outcomes 2, 3 and 4 of the UNSDCF.

Recommendations are offered on eligible grantees, a transitional arrangement between current PUNOs, signatories and potentially interested new UN participants, desirable minimum budget envelope and number of projects to be financed, number of implementing agencies, number of countries per project, and partnerships with CROPs. The grantmaking process is developed as a dual track system, one for ongoing projects and another for new ideas, cocreated either through a competitive procedure or via a challenge-type process. The proposal finally suggests improvements to the Secretariat structure, the results framework and reporting, external visibility and communication functions.

The document ends with an annex containing the interview guide which structured a homogeneous **consultation** of UN leaders and development partners, in particular New Zealand senior officials in MFAT. This Executive Summary, a list of acronyms, the terms of reference for the assignment and the references of documents reviewed, complete the structure of the paper.

The main finding is that the New Zealand and other likeminded donors have an excellent opportunity to further develop, together with the UN, an effective and powerful multilateral mechanism for joint programming in the Pacific that will at the same time support the region's development priorities, **increase the volume and quality of resources available to tackle complex development problems**, and provide the donor taxpayer with a compelling narrative about the **value for money** obtained through this investment.

4. Background

With the adoption of the new United Nations Sustainable Development Cooperation Framework 2023-2027 by all 14 governments of the Pacific Island Countries and Territories under the purview of the UN Multi-Country Offices in Fiji, Micronesia and Samoa, the implementation of the framework across the 4 pillars – Planet, People, Prosperity, and Peace – will contribute to a better future of the region. This document proposes the redesign of a key instrument for the funding of the Framework in partnership¹ with likeminded allies: the transformation of the old UN Pacific Strategy Fund into the UN Pacific Partnership Fund (UNPPF, or PPF)². The UNPSF commenced operations in earnest in September 2020, and will expire, after one extension, on 30 June 2023. The new design proposal should be submitted in time to set in motion the processes that would allow the successor fund to be in place without any business discontinuity.

Understanding the importance of consistency between national, bilateral and multilateral investments for development, this document derives from the **Pacific countries' financing needs** for the implementation of the 2030 Agenda as reflected in specific National Development Plans (NDP), the **resources needed for the Pacific UNCT** to deliver results aligned with national development objectives, within the new Cooperation Framework (CF). Each country's financing needs will be reflected in an Integrated National Financing Framework, which has become a requirement in the 2030 Agenda Voluntary National Review (VNR) submission to the High-Level Political Forum (HLPF) at the ECOSOC. The United Nations is one of many development partners that support programme countries. Strengthening coherence among all actors' financial decisions is a prerequisite for the success of the Cooperation Framework Fund.

As a joint commitment with the governments, civil society, private sector, academia and other stakeholders, **the Cooperation Framework aims to complement ongoing investments in the SDGs** in the 14 Pacific Islands Countries and Territories (PICTs), whether funded by domestic resources, debt and loans, bilateral or multilateral development cooperation, as well as national and international private financing. The UN will work with governments, identify the technical funding gaps for their SDG and national development strategies, and identify in parallel the UN's own funding gaps to implement the UNSDCF.

¹ For the purpose of this report, partnership refers to a collaborative and cooperative relationship between parties based on mutual interests and objectives. Resource mobilisation refers to the actions taken by the UNCT to ensure that programme results are met through direct material or human resource support to the UNSDCF, as well as through indirect means, such as advocating for support of partners or for activities contributing to planned results not implemented by the UNCT.

² Renaming the Fund is one of the issues under discussion. For the duration of the narrative, the preferred name and acronym have been used throughout the text. The proposed renaming to UN Pacific Partnership Fund, to be tabled for formal adoption by the Steering Committee, was deemed to speak to the values and delivery methods of the modality.

The UNCT in the Pacific will continue to advocate adoption of the **Funding Compact**³ principles by all partners entrusting resources to the UN in the region. The United Nations Pacific Partnership Fund (UNPPF) was initially established under the name “United Nations Pacific Strategy Fund” as a pooled mechanism supported by New Zealand, led by the Resident Coordinator Offices (RCOs) with the assistance of the Multi-partner Trust Fund Office (MPTFO), for UN Agencies, Funds and Programmes to accelerate joint programme implementation under the UNPS 2022-2018. The new UNPPF will be the **central joint financing instrument for the Cooperation Framework 2023-2027**, to enable the UNCT to expand the joint programme portfolio as relevant and strengthen coherence and effectiveness of the UN in the Pacific. The United Nations and the **Council of Regional Organizations in the Pacific** (CROP)⁴ will join efforts in programme resource mobilisation, design and implementation to maximize value for money in all joint initiatives, including through the PPF.

In this context, the UN will implement the recommendation of the UNPS Evaluation to “Further Promote Joint Activities and Programming Among UN Agencies”. The redesign of the Fund and its New Zealand Funding Window is aimed at making it easier for the UNCT and the RCOs to identify “**incentives that could improve the attractiveness of joint programming** for the agencies. This process should take into account and **respect the agencies’ respective mandates** and rules and procedures. In those cases when the development of joint programmes is coordinated by the RCOs, the latter need to provide the agencies with greater clarity for criteria and processes they use in incentivizing joint activities. **The UN agencies, from their side, need to display greater willingness** and effort in forging joint programmes among themselves. This will require a great degree of will in working together, recognizing each other’s comparative advantages and strengths.”

The proposal acknowledges **UN agencies’ specific financing frameworks** linked to their Pacific Multi-Country Development Programmes and their efforts in mobilizing resources for initiatives, research, policy advice, projects and programmes and other development work falling within their mandates and contributing to the results of the CF. This document suggests the need to add to this bedrock of resources a significant volume of additional financial means to promote effective and coordinated joint programming between the UN Agencies in the Pacific.

³ <https://open.un.org/resources/un-development-system-funding-compact>

⁴ Council of Regional Organisations of the Pacific include the Pacific Aviation Safety Office, Pacific Islands Development Programme, Pacific Islands Forum Fisheries Agency, Pacific Islands Forum Secretariat, Pacific Power Association, Pacific Community, Secretariat of the Pacific Regional Environment Programme, South Pacific Tourism Organisation, and the University of the South Pacific.

5. Scope of the Document

The UN Pacific Strategy Fund (UNPSF) is a collaboration between the United Nations working in the Pacific, led by the UN Resident Coordinators in the Fiji, Micronesia and Samoa Multi-Country Offices (MCOs), **the Government of New Zealand as the initial donor to the Fund**, and the Participating UN Organizations, currently UNDP, UNFPA, UNICEF, UNODC and UN Women. Funding support from New Zealand and operations of the Fund, initiated mid-2020 and originally set to conclude end-2022, have been extended to 30 June 2023, which will bring the first cycle of the Fund to a period of three years.

From its start, the UNPSF has provided resources to deliver the UN's Pacific Strategy (UNPS) 2018-2022 and specific projects under it. In the new cycle, the Fund would now support the objectives and outcomes of the recently approved Cooperation Framework (CF) 2023-2027. It is intended to complement other financial resources available to Pacific Island Countries and supports activities agreed by the respective Governments and the UN as outlined in the regional strategy, contributes to the implementation of UN Resolution 72/279 on UN Development System Reform of the General Assembly, and aims to enhance coordination and coherence within the UN system while facilitating new partnerships. The intention is for the UNPSF to be **a mechanism for donors to invest effectively and efficiently in delivering development results** for the Pacific.

This document makes recommendations for the **substantial redesign of the Fund** based on consultations with key stakeholders and international best practice in the management of multilateral and bilateral development funds. It is premised on the strong and shared commitment by the UN and New Zealand to the Funding Compact and on the need to preserve the UNPSF's overarching objectives, that remain valid after two years of piloting: to support **the reform of the UN's development system** and at the same time the implementation of **the UN's regional strategy in the Pacific**. It defines the new PPF as the centerpiece of the CF's resource mobilisation efforts for joint programming, attentive to its founding development partner's priorities and open to other donors who could define their own funding windows or make contributions under more benign earmarking modalities.

The New Zealand government has expressed initial interest for a second phase of support and potential availability of funding for a window of the new UNPPF over the coming two to two-and-a-half years. The longer period of the bracket (56 months) has been considered as the baseline and work hypothesis for this document's purposes. The resources expected to be disbursed would be similar in volume as those of the first phase (NZ\$20-25M in total).

The Fund in general, and its New Zealand Window more specifically, will address significant **challenges that require a holistic solution, delivered by multiple UN agencies**, working usually in collaboration with **Council of Regional Organisations of the Pacific (CROP)** agencies, that cannot be efficiently funded on a bilateral single-Agency contract basis. Options will be offered as to what **themes could be considered**, such as women's empowerment, data management capacity development, sexual and reproductive health and

rights of adolescents, the public integrity agenda, food security, the prevention and control of NCDs, and several others.

This report is the result of **research and consultations** and the background for a presentation of main findings, recommendations and proposals to the UNPSF Steering Committee at the end of March 2023. It includes suggestions to **modify the funding mechanism**, after analysing the successes and challenges of other pooled funds in particular of the UN. It offers instruments to **improve the administration and governance** of the PPF, with the dual purpose of meeting the expectations of New Zealand and remaining open as a funding option to other DPs, as initially foreseen in its establishment as a multi-partner trust fund.

The new design proposes modifications of the governance arrangements for the Fund based on experience to date, which would require amendments of the Fund's rules and regulations, introducing other new elements of the governing structure, like a **Technical Panel**, and strengthening minimally the composition of the Secretariat. The proposal delves on how the redesign would strengthen UN Reform and CROP engagement.

6. The Pacific Governments' Development Priorities

The visionary **2050 Strategy for the Blue Pacific Continent** represents the ongoing commitment of the region to develop long-term approaches to critical challenges such as climate change, sustainable development and security. It sets out the short-, medium- and long-term objectives for dealing with many of the region's key priority areas, including climate change, oceans, governance, fisheries, education and economic development. The main aspirational statements are grouped under clusters of political affairs, oceans and natural environment, people-centered development, resources and economic development, and technology and connectivity.

Under the political pillar, the Pacific countries and territories while fully recognising their national sovereignty, commit to working together to safeguard the Blue Pacific continent and achieve regional priorities through **an effective regional architecture**, by 2050, that involves the region's non-state actors and external partners to strengthen economic, social and environmental outcomes, thereby ensuring the safety, security and well-being of all Pacific people. On resources and economic development, by 2050, the region would have achieved a sustainable model of development that balanced investment, international trade, **low carbon commitments, import substitution, equity and value addition, and private sector development** while bringing improved socio-economic wellbeing for all Pacific people by ensuring their access to employment, trade and investment in the region.

On technology, by 2050, the region's connectivity and commitment to regionalism would be sustained through access to more affordable, safe and reliable up-to-date **air and sea transport** infrastructure, systems and operations, and the adoption of **innovative ICT infrastructure**, while ensuring adequate user-protection and cyber security. Through people-centered development, in 2050, the region would thrive based on its unique and positive cultural values and identities, its commitment to ensuring full inclusivity, equity and equality for all people, its defense and promotion of **human rights, gender equality and social inclusion** so that no one is left behind; and the provision of quality, affordable and accessible education, health, training, financial and other services for all Pacific people.

The United Nations in the Pacific fully embraces the 2050 Strategy for the Blue Pacific Continent and pledges to support its implementation under national ownership and regional leadership of the Pacific's sustainable development process. The Cooperation Framework of the UN in the Pacific for 2023-2027 matches the development priorities set out in the 2050 Strategy.

7. The Pacific ODA Context

The Pacific nations are the priority development partners of **Australia and New Zealand**, and in Micronesia, **the USA** is a very significant contributor of development finance. **Japan** features in the leading quartet providing ODA to the region. The Pacific has been by and large successful in attracting financial flows from overseas to support its development priorities. FDI, ODA, in particular Climate Finance, concessional loans from MDBs, and growing government revenues and foreign earnings from key strategic sectors have combined more traditional resources with a growing SSC, innovative financing and other sources of FfD. According to OECD data, SIDS bilateral ODA represents 5% of the total global aid. In these countries, ODA is **delivered at a cost 4.7 times higher** than in any other development contexts, primarily due to remoteness, reduced size of government agencies and absorption capacity, and impact of natural hazards. Despite the relatively high costs of doing development and the comparatively limited number of development partners, these have remained committed, new arrivals have been registered and aid flows remain significant.

The 14 PICTs covered in this report received approximately 3.4Bn of foreign aid per annum, 2.7Bn in grants and 700M in ODA loans between 2018 and 2022. Effective disbursements represent around 60% of these magnitudes. The largest lenders to the countries considered in this document are the Asian Development Bank (ADB) followed by Japan and the World Bank. Australia is the top donor to the region and represents approximately 40% of grant ODA, followed by the United States, New Zealand (around 10% each), and China. Development assistance plays a critical role in funding public expenditure in most of the Pacific. The Pacific is also one of the most aid-dependent regions in the world, where ODA represents the highest proportion of national income. For the biennium 2019-2020, a total of 1,796 development partner-funded projects were active in the 14 PICTs, including **direct budget support agreements, which represent about 40% of the aid flows**.

Australia, New Zealand, the World Bank and the Asian Development Bank were the first four donors/lenders by volume, followed by the USA (and USAID), Japan, UNDP, the EU, UNICEF, WHO, UNCDF, UN Women, FAO and UN Pooled Funds in the top dozen, in that same order. The biennium is representative of the last decade, where **China** has featured as the Pacific's fastest growing development partner. The European Union is one of the region's most attentive humanitarian actors. The dynamic between development partners is a mix of collaboration and coordination, not exempt of elements of competition, especially when geopolitical considerations strongly influence development funding. During the pandemic, development partners' support has been vital, as economic downturn left PICTs with little if any fiscal space to strengthen health and other essential services, acquire vaccines, testing and protective equipment or fund stimulus packages. Of the PICTs covered in this report, Solomon Islands, Fiji, Vanuatu and Samoa continued to be the main ODA recipients in the last decade in absolute terms. The aid by sector noted an increase in ICT connectivity and network infrastructure development; road construction or upgrades; urban water supply and waste management; aviation upgrade; economic and social sector development and police development.

The Pacific’s top bilateral donors are its most consistent grant providers and also UN Member States committed to multilateralism, supporters of the UN Development System’s reform and dedicated funders of numerous UN Development Agencies and multilateral climate finance entities. They are finally development actors who share approaches and principles contained in the Funding Compact, as indicated below. For instance, New Zealand describes its development programmes as based on countries leadership of their own development, aligning donor support to “our partners’ priorities, and making good use of their systems for planning, implementation, financial management, monitoring and reporting”; sustainability of interventions; “focus on delivering measurable results – this includes taking a systematic approach to collecting quality data so we know what changes are occurring”; coordinating aid “effectively with other donors, led by partner governments”; seeking to “strengthen international and regional organisations”; and continuing “... to make information on aid investments and forecast budgets more accessible”.

8. UN Principles of Dialogue and Engagement with Pacific Regionalism

The United Nations is since its inception a strong supporter of **regional integration** and has been a constant ally of Pacific Regionalism. The UN General Assembly has stressed the importance of the “Resident Coordinators and United Nations Country Teams in the region (...) strengthening consultations with (...) relevant stakeholders, including the Pacific Islands Forum...”⁵. Today there are over 30 regional organisations for Pacific cooperation and regional integration. The **Council of Regional Organisations of the Pacific (CROP)** functions as a coordination mechanism between the heads of the regional organisations in the Pacific, and as a high-level advisory body, to provide policy advice and facilitate policy formulation at national, regional and international level.

In the development of the CF, the UN in the Pacific benefitted from an **ample consultation process** with governments, civil society, academia, private sector and development partners in the region and beyond. The Pacific Island Forum Secretariat and the Council of Regional Organizations in the Pacific have been invited for the first time to present their views on the regional and country priorities that the United Nations should consider for the next 5 years and the opportunities for partnerships that may emerge from continued consultations. The UN and the CROP agreed to formalize their collaboration using the Programme Management Team (PMT) of the Pacific UNCT and the results focused discussions of the PMT as the dialogue mechanism towards future collaboration.

The Secretary-General of the Pacific Islands Forum Secretariat (in his role as CROP’s Permanent Chair) and the United Nations Resident Coordinators, conscious of the critical and complementary roles that both groups play in the region, have committed to continue to **strengthen CROP and UN partnership** and collaboration in support of the 2030 Agenda for Sustainable Development and 2050 Strategy for the Blue Pacific Continent. Strong partnerships and shared expertise are essential for the success of the 2050 Strategy that depends on enhanced cooperation, strong leadership, and the continued coherent participation at all levels of society in its effective implementation, monitoring and reporting.

Both development actors believe that “Close collaboration between the United Nations and CROP promotes a more effective and sustainable response to regional challenges by linking diverse organizational strategies and capacities within the Pacific with the longer-term development perspective and thematic expertise.” CROP and the UN would like to see streamlined engagements, maximizing resources and technical expertise to deliver better and sustainable outcomes that are aligned to national and regional priorities.

It has been determined to focus this collaboration on the seven key thematic areas identified by the 2050 Strategy: Political Leadership and Regionalism; People-Centered Development;

⁵ Resolution of the UN General Assembly of 22 June 2021. Cooperation between the United Nations and the Pacific Islands Forum. A/RES/75/288.

Peace and Security; Resource and Economic Development; Climate Change and Disasters; Ocean and Environment; and Technology and Connectivity. The four outcomes of the UN Pacific Cooperation Framework for 2023- 2027 directly contribute to all the seven thematic areas of the 2050 Strategy. Additionally, the “strategic pathways” outlined in the Forum Leaders’ 2050 Strategy solidly conform to the enablers and mainstreamed principles identified in the UNSDCF, particularly with regard to **inclusion and equity, leaving no one behind, resilience and wellbeing.**

CROP and the United Nations have therefore committed to further strengthen their strategic partnership in line with mutually agreed principles of engagement as equal partners, collaborators, and complementary contributors to the implementation of the 2050 Strategy. The Evaluation of the UNPS has identified “... opportunities for closer cooperation between the UN system and regional structures such as CROP on resource mobilization. Greater coordination will avoid unnecessary competition for resources and will contribute to better efficiencies.” The CROP Charter, in turn, calls for a separate, structured meeting between the UN and CROP Heads prior to the annual CROP Heads meeting, to consider UN contributions to discussions on strategic regional issues facilitated by CROPs.

9. The UN Sustainable Development Cooperation Framework in the Pacific (2023-2027)

The United Nations Sustainable Development Cooperation Framework (UNSDCF) represents the most important instrument for planning and implementation of the UN development activities in a country. It outlines the UN development system's support to the achievement of the Sustainable Development Goals (SDGs) in an integrated manner, with a commitment to leave no one behind (LNOB). In the Pacific, the United Nations system, together with the 14 Pacific Island Countries and Territories (PICTs), resolved to develop an overarching CF in line with the 2050 Strategy for the Blue Pacific Continent. The UNSDCF captures **high-level outcomes** to be achieved in 2023–2027 with the United Nation's contribution. Country Implementation Plans (CIPs) will define UN actions and deliverables on the ground, adapting the outcomes to the country-level setting. Agency Country Programme Documents are fully aligned with the CF. The UN, together with national and regional partners, has developed change pathways towards the fulfilment of the 2030 Sustainable Development Agenda. The pathways are articulated around the 2030 Agenda's main pillars: **People, Prosperity, Planet, Peace and Partnership**. The partnerships pillar features as an enabler and a means of implementing programmes under each of the thematic areas. The four outcomes are unpacked into a number of more precise **sub-outcomes, which are all linked to a robust M&E system** that allows to measure results, in part because the attainment of the 2030 Agenda espouses the locally available metrics of the Sustainable Development Goals. Ultimately, the UN is interested in forging partnerships with development actors whose strategies converge towards the strategic importance of the following development objectives in the region:

- Protecting, Managing and Restoring Ecosystems; Eradicating Unregulated Fishing, Protecting Forests and Managing MPAs
- Effective Disaster Risk Management Strategies
- Strengthening Social Protection
- Enhancing WASH services
- Quality Health Services
- Better Education and Skills Development
- Reducing Food Insecurity and Malnutrition and Transforming Agrifood Systems
- Eradicating GBV and Violence against Children
- Access to Electricity and Renewable Energy
- Decent Jobs and Livelihoods
- Sound Public Fiscal Management
- Bridging the Digital Divide
- Inclusive Political Institutions
- Access to Justice, Strengthening the Rule of Law and Promoting Human Rights
- Stronger Oversight, Accountability and Transparency
- Financial Inclusion
- Greater Youth and Women's Leadership Roles
- Strengthening Data and Statistical Capacities
- Improving Housing Conditions and Accessibility

10. Funding Compact and other Guiding Principles

The foundation of the original UNPSF and of the proposal for its redesign lies in the UN Development System Funding Compact, as defined in GA Resolution 72/279. The UNCT in the Pacific will continue to advocate the adoption of the Funding Compact principles by all partners entrusting resources to the UN and will make every effort to implement the commitments of the UN contained in the compact. This includes, on the one hand, the increase of core resources for the UN development system; the increase of non-core contributions to development-related inter-agency pooled funds⁶ and single-agency thematic funds; the broadening of sources of funding support; the increase in predictability of funding through multi-year commitments; efficiency gains; harmonized visibility and reporting requirements at the country level; and on the other, enhancing cooperation for results at the country level through joint activities, integrated policy advice and alignment of programmatic work; engaging in system-wide evaluations of development results; presenting clear funding frameworks; transparency; and increased visibility for the development partners, among others. Global trends have however evolved towards an **increase of bilateral funding, to the detriment of multilateral organisations**⁷, tighter earmarked funding, away from the Funding Compact principles, and new aid modalities – especially vertical funding mechanisms set up along thematic lines or with a single country focus. These realities turn resource mobilisation for pooled multilateral funds into a difficult exercise.

The **guiding principles** that inspire the design of the new UNPPF include:

- **National ownership** and government leadership, ensuring that the UN’s development activities respond to national priorities, international commitments of the Member States and the promotion of international standards. The UN will continue supporting government and donor coordination and substance-driven resource mobilisation dialogues, leading to contributions to pooled funding mechanisms and to the identification, formulation and implementation of JPs.
- **Coherence and transparency**: The Fund targets agreed UNSCDF development objectives that match recipient governments and development partners’ priorities.
- **RC leadership**: RCs are primarily (and collectively) responsible but engage in collaborative fundraising initiatives with relevant Heads of Agency (HoA) to endow pooled funds. The UN Country Team (UNCT) oversees the entire resource mobilization process for the UN. The Resident Coordinators are responsible for effectively managing the process of resource allocation at the country level—including promoting, facilitating and supporting the relationship between UNCT members and

⁶ The target for Member States is that 10% of their non-core resources for development related activities are channelled through inter-agency pooled funds. The target for UN development entities, is that at least 15% of development related expenditures are implemented through joint activities; and that they present funding frameworks to fund the UNSCDFs and apply common management features across pooled funds.

⁷ New Zealand for instance dedicates 18% of its aid programme to international financial institutions, United Nations agencies and Commonwealth agencies. 60% of New Zealand’s ODA is invested in the Pacific. When computing decentralised support to multilateral development aid providers in the region (2018-2021) on that 60% of Pacific aid (around US\$813M), US\$34M (4%) will be “allocated through multilateral commitments”.

major donors in the country. Resident Coordinators also take leadership of the UN pooled funds in collaboration with Participating UN Organizations and provide strategic leadership to the funds in consultation with the UNCT. The Resident Coordinators are accountable for the overall management of the funds. Pooled funds should only be promoted if significant resources and efficiency can be achieved.

- **Flexibility:** the UN's allocation system is premised on the preference of predictable, multi-year contributions. Funding mobilised should ideally be unearmarked and deposited in the UNPPF; or earmarked specifically for a joint programme or joint initiatives in a thematic area and deposited in the Fund care of the lead UN agency, where a joint programme is formally established. In all cases, accountability for financial reporting and timely delivery of results rests with the individual agency that received a funding allocation.
- **Complementarity:** Pooled funds do not replace but complement agency-specific resource mobilisation efforts. No funding platform will be used as a vehicle to centralise entities' resources and partnerships in support of the CF.
- **Timely information:** the Resident Coordinators Offices (RCOs) shall liaise and define among them how to maintain and share, on a regular basis, an up-to-date overview of CF's funding status, including a financial overview of the funding gap and status of resource mobilization for the CF Fund.

13 Performance of the UNPS Fund

13.1 Development Impact

The Fund's declared objective was to further the UN Pacific Strategy's pursued outcomes on Gender, Equitable Basic Services, and Good Governance by providing financial resources to high-impact interventions in these areas. One of the unanimous conclusions of all analyses on the performance of the Fund is that it successfully financed **projects with high impact that have become flagship initiatives** for the region. MICS, the census, the regional anti-corruption initiative, ECE, ECD and immunization work, the gender focused M4C initiative are all high-profile programmes in the Pacific. Their impact is substantial and far reaching.

The UNPS Fund's support for M4C was able to show development impact, as evidenced by the number of women (and men) vendor farmers who have benefitted from training and business continuity support during the COVID-19 pandemic. Increased appreciation of the importance of birth registration by stakeholders, better management and decentralization of birth registration services, improved coverage of birth registrations of newborns and of issuance of birth certificates were some of the results in this area. Increased government recognition of the importance of ECD, ECE, FLE, and youth SRHR resulted from the activities financed by the Fund. Further implementation of international law obligations by PICs were followed by major national policy changes and professional investigative reporting on anti-corruption. Statistical capacity was developed in the conduction of surveys and data interpretation, resulting in reliable and updated vital statistics and innovation in data management, including cost reduction. The work of UNDP, UNFPA, UNICEF, UNODC and UN Women was of high quality in the different projects for which they received support.

The Fund "has prioritized the promotion of inclusion through improved access to basic services, social protection and cash transfers in the context of the COVID-19 pandemic; people mobility and urbanization; and human rights and gender equality. The partnership has supported two highly regarded regional projects and has built on their successes, and there is evidence of the use of innovative strategies that have the potential to result in the cross-pollination of projects."⁸ The impact of the Fund was however limited by two factors: size and reach. It **did not manage to attract the other major development partners** to the region. These donors chose other avenues, mostly outside of the UN, to channel their financial assistance. One respondent indicated that the split by one of the lead donors in a major mandate area was 7% to the UN and 93% through other delivery channels to PICTs (DBS, bilateral projects, support to CROPs, IFIs and INGO). The Fund's architecture allows it to absorb much larger financial means than the ones received. Conversely, its governance was somewhat heavy for the resources it finally managed in its two first years of operation. In terms of geographic coverage, several respondents noted that the Fund had invested resources in Kiribati and supported regional projects in **Micronesia**, whereas its center of gravity had remained in Melanesia and Polynesia.

⁸ UN Pacific. February 2022. End-of-Cycle Evaluation of the United Nations Pacific Strategy 2018-2022.

13.2 Coherence

Evaluators have signaled that the partnership between the UN and New Zealand which “enables UNDP, UNFPA, UNICEF, UNODC and UN Women to access financing for their programmes under the UNPS (...) enhances stakeholder **coordination and coherence for financing and implementing UN programmes** that address priorities laid out in the UNPS.” The difficulty of attracting contributors has to be kept in mind, enhancing the value of New Zealand’s commitment. The UNPSF is the first-ever UN pooled fund established in support of a regional strategy, the first joint fund in the region, and also the first ever regional fund for the UN globally.

For a first, many were the breakthroughs. Agencies adapted to working under the same modality, sharing the resources, discussing how to work together, agreeing to charge the same overheads, drawing the money at the same time. Most respondents have emphasized the **principled support to the UN Reform provided by New Zealand** by resourcing the Fund. This was also an innovative proposition for any donor to engage with the UN, a new way of doing business – hence a learning curve for both New Zealand, the UN RCs and Agency Heads. The initial level of ambition that all sides had deposited in the Fund rapidly met a reality check. The planned funding was significantly reduced. The Fund was not considered per se as a game-changer by many of the respondents interviewed. Agencies did not work differently than they had before in many aspects of their organisational culture. The fundamental change was that the Pacific Region acquired a potentially far-reaching One-UN funding mechanism that it did not have before, while many countries were already well-ahead in experimenting with this kind of architecture. Optics and intentions were excellent, and the framework offered additional opportunities and incentives for UN Agencies to work together. Several respondents praised **the RCs’ tireless efforts to mobilise resources, encourage joint work and provide policy direction.**

The Fund was set up with the laudable intention of supporting at the same time development impact on key issues, some of the UN Agencies’ work in the region, some joint programming and the Reform of the UN Development System. **Time and budget constraints led to more limited results** than hoped for. The fact that no other donor contributed effectively turned the New Zealand window into the whole of the Fund’s operation.

13.3 Alignment with MFAT

The UNPSF aligns with and is coherent with MFAT’s intended goals and outcomes. It did not, however, use the appropriate modality with respect to its declared objectives, as discussed below. In spite of this mismatch, the Fund delivered outputs of high quality, and appeared to be producing effective, efficient, and sustainable results on the scale of the resources invested in it. Some Fund activities were less coherent and tended to proliferate.

13.4 Geographic Focus

Official policy statements and related documents make it clear that the Pacific region is the most important part of the world for New Zealand in development work, and multilateralism one of the firmest and long-standing commitments of New Zealand's foreign policy. There is a clear development case for the provision of aid to PICTs. **A UN Fund for the Pacific makes eminent sense for New Zealand**, as it does for the UN to partner with New Zealand when mobilising resources for a broad Development Fund in this region. There is therefore a high degree of alignment between the Fund and MFAT's intended foreign and development policy geographic focus.

13.5 Principles of the Fund Consistent with Development Policy Standards

New Zealand and the UN embraced since its beginnings the **Global Partnership for Effective Development Co-operation** principles, including the ownership of development priorities by developing countries; a focus on lasting results with respect to poverty eradication, inequality reduction, and capacity building; inclusive development partnerships that recognise complementary roles of actors; and transparency and accountability to the intended beneficiaries of development cooperation as well as to citizens, organisations, and others involved in its delivery. **SDG 17** encapsulates the same principles and develops the notions of policy and institutional coherence; data monitoring; and multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources. The design of the Fund is fully consistent with these principles. No inconsistency was noted in design, whereas in practice of delivery, inconsistencies exist regarding the modality appropriateness.

13.6 Modality Appropriateness

The Fund was established inter alia, and instrumentally, to **support the wider UNDS reform** in the Pacific and to promote the joint work of the UN in the region. The declared modality was to channel New Zealand's development assistance to the peoples of the Pacific through the joint work of UN Agencies. One of the questions that centered the performance assessment of the consultation process related to the value-add of the Fund, thought to be less if what the Fund financed could have been supported through more executive, straightforward processes and modalities, like direct core or non-core funding to lead Agencies for project implementation. The Fund could have on the other hand generated added value by increasing quality as the result of a selection process that would have initiated a conversation about the best development solutions to certain challenges, and continued with a competitive grantmaking process, assessing relevance and other desirable attributes of the proposed intervention, like **jointness and convergence of mutually reinforcing, complementary capacities of different parts of the UN**.

While the identification of complex problems that do not fall squarely within one single Agency mandate was well targeted, **the decision on what to fund was considered by many respondents, including the donor, suboptimal**. Only 3 out of the 9 projects funded were actually JPs. The other 6 were single agency projects, which justified much less the use of the Fund as the financing mechanism. Funding decisions were considered “a fait accompli” by many respondents. Two Agencies didn’t understand why a JP was imposed given that transaction costs were too high for the project budget amounts involved. Other Agencies reflected on the fact that the same donor funds their programmes and could have avoided the transaction costs of the Fund. A group of UN leaders whose Agencies were not funded consider the conceptualization of the Fund as a UNPS funding mechanism, a misnomer.

However, there is a consensus among the RCs that the Fund supported work that could not have been entirely tackled with bilateral New Zealand single Agency contracts. Many “One UN” and “Delivering as One” Funds explicitly accept funding Agency work and projects, as long as such work is a direct contribution to the UN’s Cooperation Framework, that no group of entities would be better placed to offer than the specialised one. Several respondents referred to the little innovation the Fund required from its grantees but considered that the UNPSF had intelligently bridged funding gaps of ongoing activities, that had initiated with the funding of other development partners. While it allowed to “do more, elsewhere, and some joint activities”, the design was never original to the Fund. Neither did the fund create the “jointness” element, as the projects funded were already JPs before the UNPSF decided to allocate resources to them.

In sum, in many of the cases, **the modality used was traditional parallel funding**. The Pacific Strategy was, in the terms used by one respondent, “linked to the projects selected, but not the driving force behind the selection”. Other Agencies believe that **they worked alongside more than together**, and when they did so, it was “**less because of the Fund and more because of the funding**”. While most respondents emphasized that there was also value to working complementarily, and that this could be considered part of the learning curve facilitated by the Fund, some who did not participate in the first cycle mentioned their impression that the Fund had been “created for specific agencies”. The **retrofitting of projects** was unanimously considered a bad practice by the donor, the Agencies and the RCs alike. Despite the criticism towards the modality, the mere existence of the Fund and funding of a few JPs was considered a huge step forward by all respondents consulted.

13.7 Efficiency, Effectiveness and Sustainability

The projects are considered to have delivered, by and large, outputs and expected short-to-medium-term outcomes across a range of sectors and countries. The fragmentation of interventions was considered moderate, although some missed a “Golden Thread” that would have explained the **unifying logic behind the Fund’s choices**. The Agencies funded by the UNPSF are considered to be some of the highest-capacity and sharpest within the UN system, including operational capabilities, logistics, established relationships and effective

coordination with national counterparts, management robustness, substantive and specialised expertise in the field of intervention. Most respondents lauded the work of the Secretariat in spite of its diminished human resources and high turnaround, as well as the quality of the independent evaluation and MTR. They also highlighted the flexibility of the donor, the adaptive nature of the funding, and the principled stance to fund issues that are usually found less attractive.

13.8 Delivery

2020-2021. **The donor's delivery was timely as per agreed commitments.** New Zealand contributed US\$16,643,420 as of 31 December 2021 and US\$6,987 were earned in interest. The cumulative source of funds was US\$16,670,407. The Fund was able to commence operations very soon after the set date (1st June 2020), given the expeditious deposit of the first tranche of funds by MFAT in August 2020.

Table1: UNPSF US\$ Net Funded Amount and Reported Expenditures by PUNO end-2021

| PARTICIPATING ORGANIZATION | APPROVED AMOUNT | NET FUNDED AMOUNT | EXPENDITURE | | | DELIVERY RATE % |
|----------------------------|-------------------|-------------------|-------------------------------|---------------------------|------------------|-----------------|
| | | | Prior Years as of 31-Dec-2020 | Current Year Jan-Dec-2021 | Cumulative | |
| UNDP | 1,650,636 | 1,650,636 | 299,759 | 787,981 | 1,087,740 | 65.90 |
| UNFPA | 1,790,942 | 1,790,942 | 183,746 | 779,407 | 963,152 | 53.78 |
| UNICEF | 4,602,602 | 4,602,602 | 795,956 | 952,254 | 1,748,210 | 37.98 |
| UNODC | 967,545 | 967,545 | 215,864 | 256,046 | 471,910 | 48.77 |
| UNWOMEN | 1,133,549 | 1,133,549 | 174,705 | 102,969 | 277,674 | 24.50 |
| GRAND TOTAL | 10,145,275 | 10,145,275 | 1,670,029 | 2,878,657 | 4,548,686 | 44.84 |

While the first 18 months showed a relatively low **Agency delivery rate**, data extracted for an updated cumulative period of implementation 2020-2023⁹ show a general improvement in this regard.

Table 2: UNPSF Net Funded Amount, reported Expenditures and Implementation Rate by PUNO 8/2020-3/2020

| PUNO | MUS\$ Funded | MUS\$ Delivered | Delivery Rate % |
|--------------|--------------|-----------------|-----------------|
| UNICEF | 6.6 | 2.8 | 44 |
| UNDP | 3.5 | 1.8 | 51 |
| UNFPA | 2.7 | 1.8 | 67 |
| UN Women | 1.6 | 0.88 | 55 |
| UNODC | 1.2 | 0.47 | 41 |
| Total | 15.6 | 7.8 | 52 |

⁹ <https://mptf.undp.org/fund/up100>

13.9 Visibility and Communications

A second aspect that will need to be addressed in the future is the visibility and communications strategy of the Fund. There was a consensus among respondents that the visibility of the Fund and the donor could have been higher. As an instrument of the UN working together, the profile of the donor who contributed significant taxpayer money to the Fund, and the visibility of the Fund's activities as a whole, could have been enhanced. The projects awarded by the UNPSF and the Agencies implementing these projects as well as their counterparts enjoyed the usual and accustomed visibility of development work. Several respondents reflected about the causes of this situation, expressing the consensus view that it happened not because of a deliberate decision but because of routine behaviour, in the face of more urgent management tasks.

The Fund was well-known by those who were directly involved in its creation, management or delivery, but not so well by others. Several non-PUNO respondents didn't recall a UNCT level discussion on the Fund or its priorities, except at the UN Retreat. Externally, **New Zealand's much-valued partnership could have been rewarded more with a greater public acknowledgement of its role**, although not emphasizing donorship, coordinators and implementers was also seen as a nod to national ownership. The fact that programmes funded by the UNPSF were preexisting also diminished the visibility of the Fund. Communications had to be managed carefully given the responsibilities of the donor in the region. Notwithstanding this caveat, and with the exception of the Annual Reports, the external projection and materials of the Fund were few and far between. It was noted with concern that often, the implementing agencies did not inform New Zealand Posts about work in their countries under the Fund, which led to miscommunications and reduced the donor's ability to leverage the work. This will need to be addressed prior to the second phase. The planned branding and visibility guidelines were not produced due to work overload and lack of budget in the Secretariat. Compared with other Funds and Joint Programmes (Spotlight Initiative, Joint SDG Fund, for instance) where the visibility aspects are felt to be well managed, this was a clear shortcoming of the UNPSF that needs to be addressed in the future.

13.10 Lessons Learned

The 2021 Annual Report of the Fund mentions the following three: "1) all change management exercises, including asking the PUNOs to adapt to a new way of working, take time to become fully embedded; 2) while the PUNOs work successfully together on the ground in the delivery of joint programming, integrated communications and reporting require the active support of the Fund Secretariat, and 3) the Resident Coordinators' role in promoting the results of the UN system as a whole is crucial to delivering in an integrated manner, and their success depends upon constant communication and back-up from agencies."

The initial objectives of the UNPS remain valid for the new design and the second cycle of the Fund: with respect to development impact, facilitate investment in priority development needs, as agreed with Pacific governments, and enable demonstrable development impact. For greater harmonisation, support coherent implementation of the (UN Cooperation Framework), ensuring alignment with “Delivering as One” standards; enhance cooperation and collaboration among internal and external stakeholders (including Pacific regional organizations). In this regard, the MTR assuaged some concerns indicating that “UNPSF-funded activities have in general promoted UN’s engagement with regional cooperation organisations and processes. Any concerns that some individual representatives of regional bodies might have had at the inception of the UNPSF that it might detract funding from regional organizations have not been confirmed. UNPSF funding has been channeled towards ongoing and well-established initiatives that have promoted regional cooperation.” Finally, regarding cost and risk reduction, the Fund’s new design will continue to enhance efficiency and reduce transaction costs, including information, coordination and administrative costs, through joint activities, partnerships and resource mobilisation.

13.11 Overall Conclusion

The Fund is on balance fit for purpose. The redesign of the Fund should bolster New Zealand’s declared strategic goals and medium- and short-term outcomes, such as “The multilateral development system is strengthened, protected and used to deliver development outcomes and the SDGs”, “The UN System plans and governs its joint work effectively across three multi-country offices in the Pacific”, “Multilateral development partners deliver effective, timely and targeted development outcomes for developing countries, and have efficient systems for reporting achievements”, “UN reform demonstrates increased integration of the UN Development System”, and “Positive examples of UN reform delivering improved coordination in the UN Development System, including for Pacific Island Countries”. Despite its limitations on appropriateness of the modality chosen and visibility, **the Fund has represented a significant step forward** for the financial sustainability of the UN in the region. It has signaled the future for joint action and resource mobilisation.

11. Proposal to Redesign the Fund

14.1 Legal Requirements to Redesign the Fund

The redesign of the Fund requires **amendments of the Fund’s ToR, Steering Committee ToR, Operational Manual and MoU**. Even without a redesign, all documents would need to be updated to reflect, at a minimum, the new period of operation, the new UNSDCF and its outcomes and sub-outcomes, as well the newly established figure of an RC in Micronesia.

As per the MoU, *“the Participating UN Organizations, the Multi-Partner Trust Fund Office (are) (hereinafter referred to collectively as the “Participants”)*”. This means UNDP, UNFPA, UNICEF, UNODC and UN Women, in addition to the MPTFO. According to the Fund ToR: *“This Arrangement may be modified only by written agreement between the Participants to the UNPSF”*. In this case, agreement of the RCs is not legally required to modify the Fund ToR but would be nevertheless strongly advisable.

The Operational Manual can be modified by agreement between New Zealand, the RCs and PUNOs. *“This Operations Manual is not a legal document. The Manual describes the governance structure and the operating principles, guidelines, and procedures for the day-to-day operations of the NZ-UNPSF. In case of conflict, the terms set out in the Memorandum of Understanding take precedence over this Manual. This manual can also be modified when needed to suit new arrangements.”* The same applies to the Steering Committee ToR.

As for the MoU, *“This Standard Memorandum of Understanding has been agreed upon by the members of the United Nations Sustainable Development Group (UNSDG). Any substantial ('substantial' would imply changes that are linked to the legal relationships described in the Memorandum of Understanding, the governance mechanisms, reporting arrangements or equivalent) modification to the Memorandum of Understanding requires the prior written agreement of the Participating UN Organizations and the Administrative Agent of the particular Fund, and needs to be cleared by the Fiduciary Management Oversight Group through the UN Development Coordination Office (DCO).”*

14.2 Governance Arrangements

The Steering Committee (SC) is defined in its composition by the Fund ToR, even if it needs to be updated to the new PUNO and RC configuration: *“The Steering Committee (SC) is co-chaired by the Resident Coordinators’ (RCs) of Samoa and Fiji Multi-Country Offices (MCOs). In addition to the RCs, the SC is comprised of fund contributors, Participating UN Organizations (currently four: UNDP, UNFPA, UNICEF and UN Women) referred to as PUNOs. The MPTF Office/Administrative Agent and the Fund Secretariat are ex-officio members.”*

The SC has been managing, at the highest UN and Donor leadership levels, all matters – financial, programmatic and administrative – that pertain to the Fund. To specialise functions, and establish a rational division of labour, a **Technical Panel of the Fund** is proposed, chaired by the Fund Manager, where contributors and PUNOs will be represented, and regional organisations and other stakeholders could be invited to participate. In this way, external partners to the Fund can be associated to its governance arrangements. The main responsibility of the Panel will be to engage substantively on the development solutions that should guide each of the themes (*thematic dialogues*), shortlist project proposals for SC approval, prepare and clear Annual Reports and deal with all administrative matters.

14.3 Chair of the Fund, Quorum and Decision-making

The Operational Manual establishes that *“The Steering Committee is co-chaired by the Resident Coordinators (RCs) of Samoa and Fiji Multi-country Offices (MCOs).”* Furthermore, *“The Steering Committee has a quorum when the two co-Chairs and 50% of Participating UN Organizations and donors are present. Funding and programming decisions are made by consensus. In the case of non-consensus, the co-Chairs will decide, based on consultation with Committee members.”* It also determines that *“Final allocation decisions should be consensual but, if necessary, will be taken by the Co-Chairs of the Steering Committee.”* These regulations are mirrored in the Fund and the Fund Steering Committee’s ToR.

During the consultation process, the options of collective leadership vs. rotational chair arrangements were discussed. An ample majority preferred a **rotational chair, whereby each RC would chair the Fund’s SC for a period of six months** to one year. The shorter period was said to generate more attentive collaboration between the incumbent and the incoming Chairs, and to maintain the non-chair RCs seized of the Fund’s business at all times. A rotational Chair was believed to be a fairer arrangement that would guarantee better burden-sharing and clearer accountability lines at any given point in time. Some respondents thought that a rotation system would “reduce transaction costs between RCs and RCOs by two thirds” and referred to the amount of time triple chair systems and regional coordination took. A **Delegation of Authority** from the two other RCs to the chairing RC would simplify enormously some of the administrative and financial paperwork, where it is now necessary to “get the three signatures”, for matters that can be decided by one executive.

Regarding the **quorum**, it is suggested to strengthen it where it is necessary to have a more robust presence and relax it wherever possible. The formula proposed is to require **two of the three RCs** (and not all three); maintain **50% of the PUNOs**; and **require the attendance of the concerned donor** when the matters to be discussed entail disposition or allocation of funds contributed by this donor (and not, in a hypothetical situation of the Fund having more than one contributor, be satisfied with the attendance of 50% or half of them). For **decision-making**, while the **consensus** formula is always the most desirable, final decisions should be made at least by **two of the three RCs**, in the absence of a consensus. **Allocation decisions**

could be made by two of the three RCs always in concurrence with the donor or donors whose funds would be awarded to recipients. Standard Operating Procedures could effectively regulate the processes and interactions between the three RCs, including the Delegation of Authority to the Chairperson, to expedite business.

14.4 Priorities for the New Zealand Funding Window

Table 3: Priorities of New Zealand's Aid Programme and of the UN's Cooperation Framework in the Pacific

| New Zealand Aid Program | UN Cooperation Framework |
|--|--|
| Renewable energy - expand access to affordable, reliable and clean energy | Access to Electricity and Renewable Energy |
| Agriculture - increase economic and food security benefits from agriculture | Reducing Food Insecurity and Malnutrition and Transforming Agrifood Systems |
| Information Communications Technology (ICT) - expand ICT connectivity, access and use in the Pacific | Bridging the Digital Divide |
| Fisheries - increase economic and food security benefits from sustainable fisheries and aquaculture in the Pacific | Protecting, Managing and Restoring Ecosystems; eradicating unregulated fishing, protecting forests and managing MPAs |
| Tourism - increase economic benefits from tourism in the Pacific | Expansion of the blue, green and creative economy |
| Trade and labour mobility - increase economic benefits from trade and labour mobility in the Pacific | Decent Jobs and Livelihoods |
| Economic governance in the Pacific | Stronger Oversight, Accountability and Transparency. Financial Inclusion. Sound Public Fiscal Management |
| Strengthen law and justice systems in the Pacific including Strengthen democratic and national integrity systems | Access to Justice, Strengthening the Rule of Law and Promoting Human Rights. Inclusive Political Institutions. |
| Improve the health of people in the Pacific | Quality Health Services |
| Education - improve knowledge, skills and basic education | Quality Education and Skills Development |
| Resilience - targeted disaster risk reduction and climate change adaptation | Effective Disaster Risk Management Strategies. Strengthening Social Protection |
| Response to humanitarian emergencies. Support economic recovery from emergencies. | Included in the sub-outcomes above |

To arrive at a sound set of options for the redesign of the New Zealand funding window, a brief analysis was made of the country's declared development priority sectors: Renewable

Energy, Agriculture, Information Communications, Fisheries, Tourism, Trade and Labour Mobility, Economic Governance, Law and Justice, Health, Education, Resilience (DRR and Environmental Protection) in addition to Humanitarian Response. As seen below, these sectors cover most of the outcomes and sub-outcomes of the new UN CF. The levels of convergence are very high.

Recovery and humanitarian work is considered in the UN framework under the resilience and social protection outcomes with a humanitarian-development nexus approach. The UN Framework unpacks WASH services, GBV and violence against children, Youth and Women's Leadership, Data and Statistical Capacities and Housing as separate sub-outcomes, which New Zealand considers as cross-cutting issues or includes under other broader development priorities. For example, WASH is New Zealand's 5th specific spending sector in 2021-2022¹⁰, after Health, Government and Civil Society, Agriculture, Forestry and Fishing, and Education (if one excludes DBS, multi-sector, scholarships, trade and emergency response). It is in any case recorded as a separate development sector and development objective. New Zealand's Gender Action Plan 2021-2025 identifies "Women in Governance and Leadership" and "EVAWG" as the two main areas of their GEWE development work, together with social protection.

UN leaders in the Pacific would like New Zealand to continue funding development work on "the most difficult issues", taking advantage of the UN's capacity to deliver in complex environments where the donor would like to avail itself of the UN's neutral stance, or on sensitive issues, where the UN is a standard-bearer. A call was made to request New Zealand to fund indispensable development work that is not "sexy" or the "flavour of the month" like data and statistical capacity development, hard issues on rights, governance and sexual and reproductive health, regional public goods that are worth supporting and implementation-intensive sectors of intervention, where the UN machinery can support small government administrations.

The following themes have been proposed to frame the New Zealand Window (Note that some of these blocks could be merged to have fewer themes for funding, or that fewer than six could be prioritised to concentrate resources on larger programmes and fewer development outcomes):

Outcome 2 of the UNSDCF

By 2027, more people, particularly those at risk of being left behind, benefit from more equitable access to resilient, and gender-responsive infrastructure, quality basic services, food security/nutrition and social protection systems.

(Sub-outcome 2: stronger, inclusive, resilient and high-quality public health systems)

¹⁰ Minister of Foreign Affairs' report on the International Development Cooperation non-departmental appropriation within Vote Foreign Affairs 2021–22.

THEME 1

Sexual and Reproductive Health and Rights (SRHR) and Comprehensive Sexuality Education (CSE)/Family Life Education (FLE) furthering the agenda of adolescent health and well-being, support to children's basic needs and rights, to children's health in their first years of life, by facilitating access to youth-and childhood-friendly government services.

THEME 2

Prevention and control of NCDs. Reduction of risk factors and monitoring of trends. Promotion of healthy lifestyles, physical activity, healthy diets and reduction in the prevalence of tobacco use and the harmful use of alcohol. Strengthening of the public health systems' capacity to detect, screen and treat NCDs, as well as provide palliative care. Comprehensive approaches including taxation, transport, food imports, agriculture, education, planning and health policies.

(Sub-outcome 3 addressed drivers of food insecurity and all forms of malnutrition)
Linked to Outcome 3, Sub-outcome 3: Transformation of agri-food systems. Transformation of Food Production, Value Chains and Livelihoods linked to Food.

THEME 3

Prevention of food insecurity and malnutrition, and of stunting among children. Support to the social protection systems' response to food insecurity shocks. Provision of food security diagnostics and information, identification of food insecure populations and underlying causes. Support to the food supply chain, food stability, availability, physical and economic access. Transformation of agri-food production systems, value chains and livelihoods linked to food.

Themes 2 and 3 could be merged in programme approaches that would link both issues.

Outcome 3 of the UNSDCF

By 2027, more people, especially those at risk of being left behind, contribute to and benefit from sustainable, resilient, diversified, inclusive and human-centered socio-economic systems with decent work and equal livelihoods' opportunities, reducing inequalities and ensuring shared prosperity.

(Sub-outcome 4 Equal opportunities for decent jobs and livelihoods)

Linked to outcome 2

(Sub-outcome 7 Effective systems to prevent, mitigate and respond to discrimination, gender-based violence and violence against children)

THEME 4

Combining innovation, microfinance, engendered disaster preparation and resilience, initiatives promote women's economic empowerment, leadership development, and the prevention of and response to violence against women, including GBV response services.

Outcome 4 of the UNSDCF

By 2027, people enjoy and contribute to more accountable, inclusive, resilient and responsive governance systems that promote gender equality, climate security, justice and peace, ensure participation, and protect their human rights.

(Sub-outcome 3 Strengthened multilevel governance, institutions and processes)

THEME 5

Strengthening the national statistical capacities and data, systems and cost management, including birth registration and vital statistics. Support to censuses, household surveys – MICS, DHS, and national civil registration systems. Surveys with added value data on Sexual SRHR and VAW and children provide reliable and accurate data for evidence-based public policies.

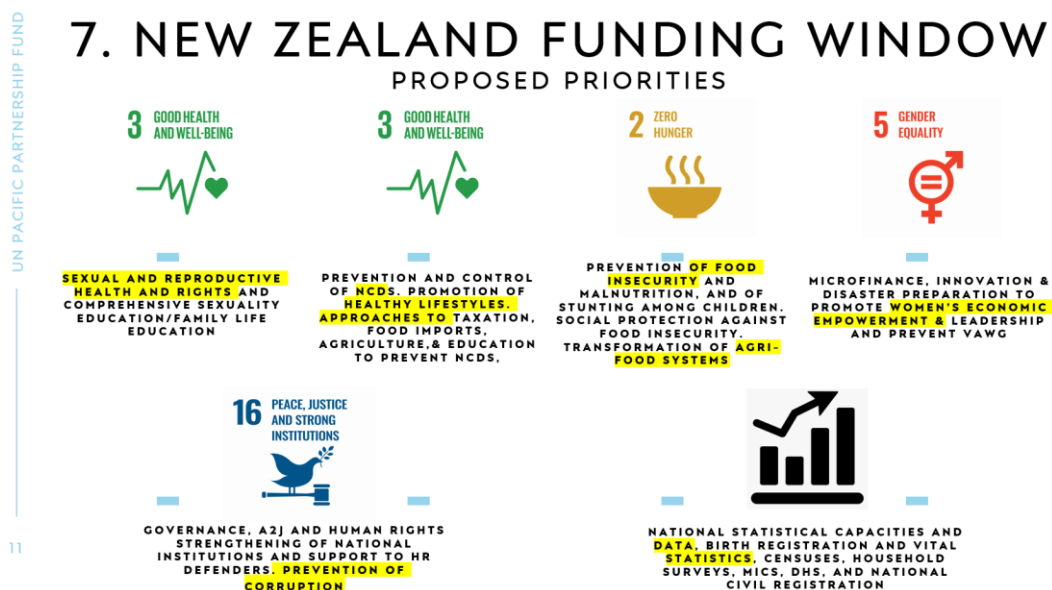
(Sub-outcome 1 Improved access to justice, rule of law and human rights)

(Sub-outcome 4 Stronger Human Rights Protection, Oversight, Transparency and Accountability Systems)

(Sub-outcome 5 Effective Public Resources Management)

THEME 6

Governance, A2J and Human Rights protection and promotion through the strengthening of national institutions and support to defenders. Expansion of civic space, protection of freedom of speech. Prevention of corruption, promotion of the integrity agenda, the Right to Information, and good business practices, in partnership with entrepreneurs, national institutions and non-state actors including the private sector, news media corporations and journalists, civil society and academia, with a specific focus on the active involvement of women and youth. Progress in State implementation of UNCAC.



Other themes for the Window were suggested by respondents. Only those which are clearly inscribed within the Cooperation Framework have been mentioned here.

Outcome 1

(Sub-outcome 1: Better protected, managed and restored biodiversity, environment, ecosystems)

Oceans, Marine Protected Areas, Biodiversity Management

(Sub-outcome 4 Scaled-up climate change mitigation)

Climate Change Planning, Circular Economy and Waste Management

Outcome 2

(Sub-outcome 1: Stronger, more inclusive, gender- and shock- responsive social protection)

Social Protection and Poverty Eradication

(Sub-outcome 2: stronger, inclusive, resilient and high-quality public health systems)

Mental Health

(Sub-outcome 4: Increased access to safe and affordable water, sanitation, hygiene services in communities and institutions)

WASH

(Sub-outcome 6: Adequate and equitable housing conditions and accessibility)

Informal settlements upgrading. Urban Agenda. Localisation of SDGs.

Outcome 3

(Sub-outcome 2: Expansion of blue, green and creative economy)

Economic recovery. Recovery of the sector and redesign of a more sustainable touristic offer.

(Sub-outcome 3: Transformation of agri-food systems)

Transformation of Food Production, Value Chains and Livelihoods linked to Food

(Sub-outcome 4 Equal opportunities for decent jobs and livelihoods)

Employment

(Sub-outcome 6: Bridging the Digital Divide)

Digitalisation and e-Government

Outcome 4

(Sub-outcome 3: Strengthened multilevel governance, institutions and processes)

Labour migration, skills development, remittances, brain drain avoidance, diaspora engagement.

(Sub-outcome 4: Stronger human rights protection)

Rights of the Persons Living with Disabilities

(Sub-outcome 6: Expanded women's and youth's leadership and role in decision-making roles)

The Demographic Dividend, Youth Leadership and Empowerment. Women's political representation.

Each of the proposed areas/outcomes/ sub-outcomes have well-defined lead agencies and custodian agencies as per the CF, who have the mandate, technical expertise, counterpart relationship and programming experience in this field.

14.5 Eligible Project Proposals

14.5.1 Size and Number

The Operational Manual recommends not going below US\$100,000 per annum and Agency for programmes managed by the MPTFO. *“The minimum size of individual transfers from the Administrative Agent to the Participating UN Organizations should be at least \$100,000 per project per transfer to reduce transaction costs.”* The same rule is contained in the Fund ToR, with the clarification that the payments are usually annual. For project cycles of 2 ½ years, this would be tantamount to a project floor of US\$250,000 per PUNO. Practice shows that the smallest project funded in the past cycle is worth US\$400,000 for a 6 month implementation period. In other words, a projected figure of US\$1M over 2 ½ years.

To recommend a minimum project size or financial floor for funding, several factors need to be taken into account: the minimum impact expected in a region where the cost of doing development business is very high; the management capacity of the SC and Fund Secretariat to avoid proliferation of small projects; the desire to **avoid pulverization** and fragmentation by spreading resources across many recipients and/or projects; the number of countries in which the projects would operate; and the reasonable number of Agencies that should work together to ensure complementarity while remaining effective.

With numerous exceptions, the following assumptions can be made: most respondents identified the **ideal number of collaborating agencies under a JP as 2 or 3** (some referred good experiences with higher numbers, depending on the mix and the kind of intervention: the “sweet spot” on large projects is 3-5 entities). The ideal number of countries for a project to be successful was said to be from one to five (also depending on which PICTs). A bracket is proposed with a higher end that would **invest an average of US\$4M in 4 projects** and a lower end of a **“Minimum Million” (US\$) per year and US\$2.5M projects, allowing to fund 6-7 projects** under the New Zealand Window. Corporate UN guidance for JPs establishes the minimum threshold at one million US\$ per Agency in four-year projects. One respondent proposed a lower threshold to allow for smaller projects under US\$500,000 for normative support, public policy design, strategic planning engagements, readiness diagnostics and the like, leading to larger programmes.

For these calculations, Agency Programming Manuals have been consulted: one of them identifies the financial need per project outcome @US\$250,000 per country and year. Projects have usually two or more outcomes. Another Agency quoted the figure of US\$1M per implementer and year for a 2 countries project, and a critical minimum of US\$2.5M per project. As mentioned above, small size grants may disincentivize both large agencies, for whom size matters, and small ones who can’t afford the paperwork investment. Another risk is that projects for small purses would focus on limited research or training initiatives with no project staff and minor impact. One Agency managing a large portfolio was advised by their evaluators to avoid small sized calls for proposals, and would only participate for the sake of partnerships, not finding any other incentive in such funding opportunities.

14.5.2 Number of Implementing Agencies

At its October 2022 meeting, the Steering Committee of the Fund adopted the criterion that projects should “*Involve at least 2 agencies participating in the UNPS Fund, namely UNDP, UNFPA, UNICEF, UNODC, and UN Women*”. In other words, it decided to depart from what had been the practice of funding single-Agency projects (two thirds of the proposals granted since the start of operations). For future awards of the Fund, the question has been raised **whether JPs should be a requirement** (two or more agencies presenting a proposal together), or flexibility should be the norm, and quality and relevance the determining factors at the time of grantmaking. Most respondents were inclined to favour JPs, and to establish them as a requirement for funding. “Otherwise, what’s the point of the fund?” was a question several times asked during interviews. One respondent indicated that these funds are set up for “what the UN can do better together. Otherwise, leave it alone.” Some voices were however in favour of a more flexible solution: “JPs where JPs make sense”, “Not for the sake of JPs: there could be single-Agency projects where the issue is narrow”, or simply where the lead Agency can deliver quickly and effectively; it was said that the decision “depends on the issue”, and two creative proposals were made, to “only accept single-Agency proposals when in coalition with a CROP” or to “open space for Agencies who work on heavily underfunded development issues”.

The question discussed in the preceding section on themes for funding is that **no narrow issues are ideally suited for this kind of Fund**, as per the consensus between RCs and the donor. If the declared objectives of such a funding instrument are to address complex development issues that require multifaceted development solutions which by definition can’t be tackled by one Agency, to support the reform of the UN Development System towards more joint work of its entities, and not to substitute what could be more easily achieved through direct funding to Agencies, then **the Fund needs to agree that it will only finance Joint Programmes**. As one respondent said, “to change things, programmes have to be joint.”

If this assumption stands, the follow-up issue is to define an ideal number of Agencies coalescing to implement a JP. How many is enough is easy: two. How many is too many draws on prior experience of JP effectiveness. The old MDG Fund had projects with up to 12 implementing Agencies. Most respondents opined that **two or three agencies were the ideal grouping** (no more than 5 in any case) to make sure there was a complementary contribution of different skills and capacities, a holistic approach from different angles to solve a protracted problem, and a good operational mix that wouldn’t become unwieldy or a mere juxtaposition of single-Agency projects with a common and rather vague chapeau. Many respondents referred the good experience of the Fund itself, where two Agencies have worked together towards a common objective (UN Women and UNDP, UNDP and UNODC, UNICEF and UNFPA). In this ideal convergence of two or three agencies, many respondents saw one or two large, resident Agency coming together with smaller, specialised and/or non-resident entities that would complement skills and capacities.

14.5.3 Partnerships

According to the Fund’s Operational Manual “*Programme documents indicate if/how the Council Of Regional Organization in the Pacific (CROP) agencies will be considered in the design/implementation of the programme.*” The same rule is found in the SC’s ToR. The criteria endorsed at the October 2022 Steering Committee Meeting include for project proposals to “*Demonstrate engagement with CROP agencies*”. Should then a partnership with one or more CROPs be a distinct advantage - or a requirement? All respondents without exception saw the benefits of such a partnership and committed to it, “where it makes sense”, but only one was in favour of making it a requirement, advocating **flexibility and active encouragement**. In one consultation, the idea of “distinct advantage if the partnership demonstrated optimization of resources” was mentioned. To note that this proposal includes a Technical Panel on which a representative of the CROP could serve, tasked with screening projects before consideration for awards, The UN’s engagement with regional institutions would be strengthened if the projects supported by the Fund were implemented in partnership with CROPs, and the UN’s expertise would be seen as assistance.

CROP partnerships were considered strategic for sustainability and complementarity reasons, and to avoid discoordination and overlaps. Several respondents, however, mentioned operational difficulties such as higher overheads and lofty management costs charged by CROPs. They also expressed the idea that CROPs and UN Agencies should both receive the same message to collaborate from Development Partners, highlighting the advantages of working towards universal standards and availing the region with global expertise. In sum, this report advises not to make partnerships a must, as empirically, it has been demonstrated that they will be sought frequently by UN Agencies. *When it makes sense* is a good rule complemented by considering such alliances strong assets when appraising proposals. **The redesign does not recommend imposing CROP partnerships**, but encourages them, not letting this become a dogmatic issue, but one guided by **judgment on a case-by-case basis**. It does however recommend a **CROP consultation** during the project design phase and during implementation to ensure coordination and avoid duplications.

14.5.4 Geographic coverage

The Fund has the option of granting country projects, multi-country projects and regional programmes, or all of the above, with flexibility. Given that the Fund covers a framework agreed with 14 PICTs, **geographic balance would be desirable**, one respondent suggested capping each country at a maximum of 20% of the Fund’s total resources, but development imperatives, division of labour between donors, and the existence of other funding sources in some of the PICTs will presumably direct funding towards a mix between greater needs and donor priorities. It is however recommended that the Secretariat keep track of funding streams across countries and regional balance. One interesting suggestion was made to give a level of precedence to projects targeting LDCs (Kiribati, Solomon Islands and Tuvalu).

Several respondents would like to see projects presented for funding connected to the CIP results framework. One respondent suggested a limit of three countries per project.

The prevalent view was that **flexibility** should preside over this matter, no limitations should be imposed a priori, with a **slight preference for country and two-three country projects** over large country numbers or regional efforts – although it was conceded that this too depended on the nature of the proposed support (e.g., capacity building could easily be a regional offer). One voice strongly requested that no regional programme be funded unless it had a very clear set of country plans. Another conditioning factor of how many countries could be targeted by a proposal was said to be the size of the funding envelope. With the lower end of the bracket (2.5M projects), 2-3 countries would be a maximum reach. This also depended on which these 2-3 countries would be.

14.6 The Grantmaking Procedure

The proposal to redesign the Fund takes stock of the challenges experienced by its governing body at the time of addressing the key issue of **awards**. While **grantmaking** was the essential duty the Steering Committee was supposed to discharge, according to the MTR “The only exception to the list of functions that the Steering Committee has not exercised (...) is the “*allocation*” function (...); the decision on funding allocations was made at the inception of the Fund by New Zealand, with limited input by the agencies and the RCOs. While such an approach is understandable, in light of the fact that the Fund started operations half-way into the implementation of the UNPS (September 2020) and targeted ongoing projects, in the upcoming phase there is an opportunity for **adjusting the selection method**.”

This is precisely what this report is proposing: an adjustment of the project appraisal and selection procedure, devolving it to the SC of the Fund. In doing so, it has taken note of the lessons learned during the first cycle of operations. A competitive system based on a call for fresh proposals is immediately appealing and the established way to go. **The experience of the UNPS Fund with preexisting projects, which it allowed to extend and expand, has been very positive.** Work on MICS, ECE and 1,000 Days by UNICEF, on Census and SRHR by UNFPA, on M4C by UN Women and UNDP, and on Transparency by UNDP and UNODC preceded the Fund, which then supported these projects, with even better results. There is no reason to ignore that experience. Comparative practice shows that several other UN Funds (Tanzania, Rwanda, PNG, Albania) while making efforts to redirect resources towards CF outcomes, work with ongoing initiatives amidst heavy earmarking to continuing projects.

“Most MTR participants, especially agency representatives, indicated their preference for a two-track approach – continued UNPSF funding for well-established and high-visibility projects like those of the current cycle, combined with a competitive selection process for new promising projects based on pre-determined criteria.” Some of the respondents in this consultation process expressed the view that **two tracks** would dilute the funding capacity

and therefore, the size and impact of projects in both tracks. Others advocated for a single system with an ample **call for proposals**, so that the decision-making on allocations would be returned to the SC. The idea was to start afresh, with new projects and full ownership by the Fund partners over this decision-making process. Unsurprisingly, Agencies that have been funded prefer continuity, while Agencies that did not participate in the first cycle would like a new grantmaking system to be put in place as the only way to allocate resources.

The report believes that there is merit in both views, and that they are not irreconcilable. It is possible to establish a dual track grantmaking system, without diluting the impact of the funding, **carrying on with the legacy of first phase investments, and at the same time welcome new ideas to the Fund** through an appraisal procedure based on merit. This dual track system is proposed below. It has to be noted that this system would have to be run by the Secretariat, responsible for organising calls for proposals and appraisal processes, as per corporate guidance.

14.6.1 Track 1: Scaling Up

This track would fund projects ready to go or already under implementation, including but not limited to projects previously funded by the UNPSF which would be **reformulated and scaled up** to requested additional 2nd cycle funding from the Fund. One of the criteria endorsed at the October 2022 Steering Committee Meeting was to “*Complete or extend the work that was carried out during the 2.5 years of UNPS Fund implementation.*” This would allow current PUNOs to present working projects, **widening their scope, adding outcomes, expanding territorial reach or intensifying actions** – as long as the themes selected for the New Zealand Funding Window would include the areas of work on which these projects focus. The rationale for this track would be to **boost the impact of deliverables already defined**.

Instead of having UN Agencies investing effort in designing proposals that eventually don’t get funded, it would finance field-tested projects that require or could benefit from additional work streams. Respondents from the PUNOs understandably supported this idea of a Scaling Up Track. They added the reasoning that **allocating resources to existing projects reduces considerably the transactional business of having to select new ones**. Running projects would in any event be subjected to the quality tests the SC may wish to establish, and to the clearance of the Technical Panel, if this “second chamber” is created. Running projects needn’t be those previously funded by the UNPSF. They could be running on other funding. Another original suggestion was to allow Agencies who were implementing projects to present **modification proposals**, turning those into JPs by associating with other Entities.

If this track was considered, it would have to avoid the problem identified in the first cycle when grants were awarded to preexisting programmes which already had a governance and accountability structure and set reporting mechanisms. Agencies would have to **adapt governing arrangements, reporting obligations and results frameworks** to the Fund’s requirements.

14.6.2 Track 2: Collaborative Cocreation

The second track, for window themes not selected in the first cycle, could be organised around the well-known system of a **“Call for Proposals”** or a **“Pacific Challenge” modality**, that would allow Agency coalitions to present either concepts in a competition, or in the Challenge scenario, a Development Solution to the challenge posed. It was suggested to reserve 30% of the funding for this track. A **small grant for project development** could be offered to Agencies preselected to work further on their initial ideas. The Technical Panel could lead on the **thematic dialogues**, where the coalitions of Agencies would debate with other UN Entities, the RCOs and the donor(s) at the technical level, on the evidence, the data and the proposed solutions to the Challenge.

A key issue is not to generate a workload of proposal presentation or appraisal for which the Agencies and the SC don't have the time nor the Secretariat the capacity. The Fund does not have, nor should it, the administrative machinery to process numerous concept notes. It would rather engage in a **process based on a substantive discussion** on needs, alternatives and solutions. Such a cocreation track would be one way of influencing the Agencies' strategic decisions around joint programming and implementation instead of only supporting predetermined programmatic decisions.

In the Challenge modality, the RC chairing the SC would determine, after consulting the other RCs and the UNCT, which **Lead Agency** or Agencies would present a proposal to the challenge, inviting among the signatories of the MoU, those who are the **Custodian Agency/Agencies of the sub-outcome** that captures the issue and Agencies with mandate, capacity to deliver and expertise on the issue, to form a coalition and propose a concept for discussion with the Technical Panel. RCs would ensure that Agencies lacking the necessary technical or operational capacities before being funded for the purpose, or outside their mandate, do not participate in or present projects.

Briefs for decision would be **short abstracts** which would allow the Technical Panel or the Steering Committee to assess if the proposal is of strategic interest and meets the funding criteria. A full proposal would be developed (with discreet funding) for the SC's consideration if the preliminary criteria are met by the brief. There could be more than one coalition and more than one proposal per challenge if there are several groups of Agencies wishing to work on the issue with differing approaches or subsets of geographic locations for the proposed intervention.

14.6.3 The Technical Panel

For the Challenge or technical appraisal phases of the grantmaking process, a Technical Panel comprising representatives of the donor, the RCOs and the PUNOs who serve on the Results and Thematic Groups of the CF, as well as the Fund Manager, could be instituted. **The Technical Panel would convene thematic dialogues** on the development issue under

examination, invite Agency coalitions to present the direction of an intervention, the data that justify it, the baselines and expected results, and the proposed partnerships to strengthen the impact. It remains of the essence that the grant award phase is managed with agility and speed but allowing for a substantive engagement on the issue at hand. The length of time **the process takes from application to disbursement** and start of implementation **should never exceed six months**. The process should also attempt to minimize the risk of dissatisfaction from unsuccessful applicants who invested time in preparing proposals, inter alia by creating a databank of projects for submission to other sources of funds.

14.6.4 Funding Criteria

Criteria such as innovation, digital transformation impact, LNOB or impact in addressing root causes of vulnerability, capacity development of national counterparts, sustainability and exit strategies, could become criteria for awards in a checklist used by the Technical Panel to assess each proposal or structure the probing phase of the thematic dialogues. UN guiding principles of a human rights-based approach to development and human rights mainstreaming, gender equality and women's empowerment, 15% or more of resources programmed with gender equality as their principal objective in line with the QCPR, resilience, sustainability and accountability to affected populations need to be kept in mind. Other Commonly used criteria for fund allocation may include¹¹ relevance in view of the Fund's strategic priorities; demonstrated value for money; overall quality of proposal; realistic implementation period within Fund's end date; recognized comparative advantage of PUNOs; scope for leveraging additional resources. Subsequent allocations or approvals may include criteria such as the programmatic performance, financial disbursement and expenditure rate for previously approved allocations.

14.7 Operations of the Fund: The Secretariat

It is assumed that the Secretariat of the Fund will remain based in Suva. While it was noted above that the Fund did not plan to be equipped with a heavy machinery, ready to process a call for proposals and selection procedure, the initial design established a Secretariat staffed with a number of posts against expected **functions that are standard features of all One-UN Funds: management, results reporting and external communications**. Administration, partnerships and coordination across the region were supposed to be delivered through support "in-kind" provided by the RCOs. The Operating Manual established the following: *"The Fund Secretariat will be hosted at the UNRCO Fiji and is comprised of the following technical experts: Head of the Secretariat based in the UNRCO Fiji; Data Management, Results & Reporting Specialist Officers of UNRCO Fiji and Samoa; United Nations Partnership Specialists from UNRCO Fiji and Samoa; and Communication and Advocacy Analyst from UNRCOs Fiji and Samoa."* The MTR noted the gap between

¹¹ Consider also alignment with UN system-wide strategies and action plans on gender equality, youth, disability inclusion and indigenous persons.

what was planned and what actually happened: “While on paper the Secretariat consists of a plethora of positions, in practice it includes only one dedicated full-time coordinator, who has been hired only recently after a protracted recruitment process (...) Based on the feedback of MTR stakeholders, the Secretariat appears to have been the weak link in the Fund’s governance structure.”

Discussions between the UN and New Zealand on how to fund and deploy the necessary functions for the Secretariat were inconclusive. Some positions proposed to the donor were declared ineligible, others seen as vague in their functions or not mission critical. The fact remains that **a Secretariat** – and more so in the proposed redesign of the Fund, with slightly more demanding procedures – **cannot be staffed only by a Fund Manager, with the occasional and part-time support of RCO employees** who have other main duties. Options for a better structure have been analysed, including the proposal submitted by the Fund’s own Secretariat. The conclusion this report has arrived at is that the single function most needed by the Secretariat, which would also offer best value for money, is one focused on **results monitoring, reporting and evaluation, and communications**. In the proposal of the Secretariat, a Results, Reporting and Communications Officer was assessed at US\$62,000US\$/year if recruited at the UN Volunteer Specialist Level. During the consultation process, it was clearly indicated by several respondents familiar with the Fund operation that the M&E function was perceived by Agencies to be something the RCO would provide for, but RCOs did not have the time or the staff to deliver. The need to visit projects and do spot-checks was repeatedly mentioned. Projects themselves severely underfunded both monitoring and communications budget lines, something that might have to be corrected in future project designs.

Ideally, the two officers, one senior (Fund Manager) and one more junior (RRC Officer) would be supported by an administrative assistant. Other positions fall in the category of nice to have but not a must, such as cooperation with CROPs, or additional coordination officers. These are functions that are not eligible as expenditure of the Fund and can be covered by RCO staff and budget as part of *“the RCOs support services (...) agreed during the programme development process and (...) incorporated as direct cost in the overall programme budget administrative cost (as a separate direct cost project) (that) would normally not exceed 3%”*, as per Fund ToR.

14.8 Fund Results Framework and Results Reporting

The initial design of the Fund as the financial bedrock of the UN’s Cooperation Framework had foreseen that the results framework of the Fund would be the same as the results framework of the Pacific Strategy. This made eminent sense under the principle of non-duplication and coordination. The problem encountered was **the weakness of the UNPS’ framework, which was carried over to the Fund itself**. The evaluation of the Pacific Strategy has established stringent improvement guidelines for the UNSDCF’s results framework, so that there is no reoccurrence of such difficulties in monitoring progress and reporting results.

“The Fund does not exist in isolation. It was created to support the implementation of a UN regional strategy, which adopts development priorities of the Pacific governments and converges with the development priorities of likeminded donors, especially New Zealand. The Fund needs therefore to integrate within CF structures, including its results framework and reporting mechanisms. **One weakness of the current UNPSF design** identified by several of the interviewees for this MTR **has been the M&E system that underpins the Fund.** The lack of baselines and a strong results framework has actually been one of the reasons for the delayed launch of the Fund. The donor requires a robust M&E system that provides clarity and transparency for the results achieved by UNPSF contributions in the region. The UNPSF M&E framework, however, does not exist in isolation from the UNPS M&E system – it is actually an integral part of it. For monitoring and evaluation functions, UNPSF is largely dependent on the structures put in place for the UNPS. strengthening of the DMEG group, improvement of data collection and aggregation, operationalization of the UN-INFO system, production of joint annual reports, etc. The UNPSF Steering Committee should institute stricter standards and requirements for the M&E framework of the UNPSF initiatives. The results framework underpinning the UNPSF should be strengthened and fully integrated with the UNPS framework in the upcoming cycle. Also, the data tracking mechanism used by the Secretariat will have to be integrated with the UN-INFO framework being operationalized by the UNCT under the UNPS.”¹²

The main proposal of the redesign exercise is not to duplicate frameworks because of this unsatisfactory first experience, but to **use the CF’s baselines, indicators, targets and datasets, that are now much sharper** than in the previous iteration. The Fund ToR established that “*UNPSF monitoring systems should be aligned, to the extent possible, to the systems established for monitoring the UN Pacific Strategy.*” The new UNSDCF results framework is designed to capture useful information and uses similar SMART performance assessment indicators than those utilized in the New Zealand Report on the International Development Cooperation (non-departmental appropriation within Vote Foreign Affairs 2021–22)¹³. The current results framework of the UN, ready to be used by the Fund, also uses a similar indicator set in that sector than the MFAT Child & Youth Wellbeing Strategic Action Plan 2021-2025 (Appendix A Pacific Island Country Profiles Status of Child and Youth Indicators). More specific indicators for gender mainstreaming that could be applied are the UN Gender Marker¹⁴ and the SDG engendered indicator sets (14 indicators of SDG5 and more for other SDGs). In any event, the results framework of the Fund will also have the

¹² Mid-Term Review of the UNPS, *op. cit.*

¹³ Number of people directly benefitting from activities which aim to increase resilience to climate change and environmental degradation; Number of people supported to improve their livelihoods; Number of people directly benefitting from improved infrastructure and services. Number of people benefitting from sexual and reproductive health services. Number of people benefitting from enhanced learning through ICT.

¹⁴ A Gender Marker (GEM) is defined as a tool used to track planned or actual financial investments in gender equality within MPTFs, and programmes or projects within MPTFs. The standard, system-wide Gender Marker has a scale with four levels: GEM 0 (no contribution), GEM 1 (limited contribution), GEM 2/2a (significant contribution) and GEM 3/2b (principal objective). While UN entities are allowed to use entity specific definitions, they must be able to map their scale against a standard UN-wide 4-point scales and hence use those when working under UN interagency pooled funds.

possibility of using the **country-specific results frameworks of the CIPs**, applying them to activities implemented in each given country.

Not duplicating results frameworks does not mean that the Fund itself wouldn't have a specific RF, which can be a subset of the CF's full results. It means that both RFs are completely aligned and that the subset represents the portion of impacts, outcomes and outputs the Fund's resources will allow bringing about. The results summarise the change that the fund aims to bring at three levels, as per corporate guidance¹⁵: Fund impacts, the long-term effects on identifiable population groups produced by an intervention, directly or indirectly; Fund outcomes: changes in institutional performance or behavior among individuals or groups; and Fund outputs: changes in skills or abilities, or the availability of new products and services that are achieved with the resources provided within the time period specified. Outputs are the level of result in which the comparative advantages of individual agencies emerge, and accountability is clearest. The RRF would be made visible through a simple **dashboard summarising performance, implementation, spent and risk**. UNINFO, a corporate monitoring tool which the UN in the Pacific will roll out in 2023, would allow real time monitoring of all the Fund's supported projects under the Cooperation Framework outcomes and sub-outcomes and their visualization on the basis of inputs provided by PUNOs. This would require adjusting UNINFO to the needs of the Fund to serve as a real time dashboard. Information eventually captured that could be seen on the dashboard includes processes and deadlines, programmatic activities, partnerships, financials and results themselves.

With a much better results framework, **reporting on results** should be an easier exercise than it has been over the past two years. The MPTFO provides financial information that offers budget utilization results. The Fund report templates are excellent documents, easy to read and comprehensive in coverage. The Steering Committee reviews and approves the periodic progress reports consolidated by the Fund Secretariat based on the progress reports submitted by the PUNOs and financial statements provided by the MPTFO. What needs to be improved is the usual propensity to hermeticism and jargon, the tendency to writing reports for other bureaucracies, rather than for a wider audience, and the focus on process, instead of describing results illustrated by human interest stories. The production process needs to be firmed up so that tardiness in publication (August of the following year) does not leave the Annual Reports as a ticking-the-box exercise and a document that is better shelved than disseminated at such a late time. In sum, Annual Reports of the Fund with a consolidated narrative and financial information have to be submitted to donors by 31 May after the end of the calendar year (hence prepared to be approved by the SC ahead of that deadline). They have to become more readable and amene, and the process to produce them less of a painstaking exercise, through a more committed participation of the PUNOs and a workplan with realistic timelines.

14.9 External Visibility and Communications

¹⁵ UNSDG (2011). Results-Based Management Handbook: Harmonizing RBM Concepts and Approaches for Improved Development Results at Country Level.

One of the functions where a serious effort is needed to improve on the previous record, is communications. As stated in the MTR, “The UNCT lacks a strong communications strategy and mechanism for the UNPS which has limited the visibility of the donor. This is something that needs to be fixed.” A transparent discussion in the SC between the RCs, the donor(s) to the Fund and the PUNOs should clarify each of the partners’ expectations on the Fund’s external messaging. Options include **a higher profile for the Fund itself, for the donor(s), the UN, the participating Agencies, the Governments** who partner in the projects, or the impact of **the activities**. These options are not mutually exclusive, but priorities must be clearly set. As per corporate guidance¹⁶, “All stakeholders should take appropriate measures to promote the Fund. Information shared with the press regarding fund beneficiaries, official notices, reports and publications shall acknowledge the Fund role. More specifically, the Administrative Agent shall ensure that the role of the contributors and relevant stakeholders is fully acknowledged in all external communications related to the Fund.”

The Fund requires **a professional Communications Plan and Branding Guidelines**, and probably a professional communications service provider that identifies key messages, preferred communication channels, and implements an external visibility strategy. The Fund ToR stated that *“A Communications Plan for the UNPSF is essential to ensure that the UNPSF is visible as a key UNPS fundraising mechanism and that its value for worthwhile investments and partnerships is recognized. A Communications Plan for the UNPSF will focus on designing and delivering activities that aim to strengthen the reputation of the UN Country Teams (Fiji and Samoa MCOs) as trusted development partners; and promote the results of UNPS jointly delivered programmes with lifechanging impacts on the people that the UN serves. The ‘UNPS Fund’ Communications Plan will be developed alongside programme documents, and it will include a Branding Guideline to support integration into programme communications and visibility aspects. Upon establishment of the Fund, the Resident Coordinators/Secretariat will coordinate the development of a UNPSF communications protocol.”*

The MTR regretted that “Interviews with national partners benefitting from the UNPSF indicated that they have limited awareness about the Fund and role of New Zealand in the provision of financing. They primarily see the implementing agencies at the interface of their interaction with the UN system. **There is clearly a need for improving the visibility of New Zealand in the operations of the Fund**, especially vis-à-vis its national counterparts. UNCT should institute specific requirements and protocols for ensuring this visibility both at the implementation stage and in the reporting arrangements.”

The Operating Manual includes under the key tasks and responsibilities of the Secretariat *“Establishing a communication team working group comprising communication specialists from the Fiji and Samoa RCOs, donors, and the PUNOs. The communication team working group's role will be to develop a standard approach to the recognition and visibility of partners, and donors, for review and endorsement by the Steering Committee.”* “Each

¹⁶ MDTF United Nations Development Group. October 2015. Multi-Donor Trust Fund (MDTF) Generic Terms of Reference.

PUNO will take appropriate measures to publicize the United Nations Pacific Strategy Fund and give due credit to other PUNOs. All related publicity material, official notices, reports, and publications, provided to the press or Fund beneficiaries, will acknowledge the role of donors, UN coherence in the Pacific, and the host government following their respective regulations, rules, policies, and procedures.” The same regulation is contained in section IX.1. of the MoU.

A Branding, Visibility and External Communications manual or guideline, and a plan, are needed. The Fund needs to be recognizable through a logotype affixed on all its activities and communications materials. Ideally, national government partners, implementing partners, donors(s), and each PUNO in a pooled funding arrangement should be duly recognized in key external joint communication. The Funding Compact recommends that **all funds specifically mention individual contributors in all results reporting**. Development Partners have the right to expect full acknowledgement as supportive donors, so that they capture foreign policy dividends, and so that the record is set straight. In short, contributions made with taxpayers’ money need to provide the contributing Government with a “bigger bang for the buck” through smart and respectful communication products. **The Fund should become more visible**, and not remain backstage, obscured by the other parts of the implementation architecture.

15 List of Consulted Officials

1. RCs: Sanaka Samarasinha (Fiji, Solomon Islands, Tonga, Tuvalu and Vanuatu), Simona Marinescu (Cook Islands, Niue, Samoa and Tokelau), Jaap van Hierden (Palau, FSM, RMI, Nauru and Kiribati).
2. New Zealand MFAT: Adele Plummer, Unit Manager, Partnerships, Humanitarian and Multilateral Division. Joanna Heslop, Lead Adviser, United Nations Development System, Partnerships, Humanitarian and Multilateral Division. Kate Fraser, Policy Officer (Multilateral) in the Partnerships, Humanitarian and Multilateral Division. Mr.- John Egan, Senior Policy Advisor.
3. UNFPA: Iori Kato, Director for the Pacific Sub-Regional Office & Representative in Fiji; Saira Shameem, Deputy Director, Pacific Sub-Regional Office and Deputy Representative in Fiji. Dr. Sandra Paredez, Chief of Cooperation Development, and Dr. Jaya, Head of JPs.
4. UNDP: Jorn Sorensen, Resident Representative, Verena Linneweber, Deputy Resident Representative, Samoa; Dawn del Río, Resident Representative, Yemesrach Workie, Deputy Resident Representative and OIC (at the time of the interview), Pacific Office in Fiji; Levan Bouadze, former Resident Representative, Pacific Office in Fiji. Kevin Petrini, Country Director and DRR in Micronesia. Berdi Berdiyev, Country Director and DRR in Solomon Islands.
5. UN Women: Corneliu Eftodi, Deputy Programme Manager in Fiji.
6. UNICEF: Rochni Basu, Deputy Representative in the Pacific (and co-chair of the PMT); Emma Coll, Partnerships Specialist.
7. ILO: Matin Karimli, Director, Office for Pacific Island Countries.
8. UN-Habitat: Bernhard Barth, Pacific Regional Coordinator
9. IOM: Salvatore Sortino, Head of Micronesia Office
10. UNESCO: Nisha, Director Office for the Pacific
11. OHCHR: Heike Alefsen, Regional Representative, Regional Office for the Pacific
12. FAO: Xiangjun Yao, Representative and Subregional Coordinator for the Pacific Islands
13. WFP: Alpha Bah, Country Director for the Pacific Multi-Country Office and Emma Conlan, Deputy Country Director and co-chair of the PMT)
14. WHO: Mark Jacobs, Representative and Director, Pacific Technical Support
15. UN Pacific Strategy Fund Manager: Kerry Mara
16. Heads of RCOs: Jan Nemecek (Fiji); Kay Schwendinger and Muradh Mohideen (Micronesia); La-Toya Lee (Samoa)
17. MPTFO: Jennifer Topping, Executive Coordinator. Mari Matsumoto, Fund Portfolio Manager (Development)
18. PIF Secretary General, Henry Puna.
19. SPC Director General, Dr. Stuart Minchin
20. SPREP Director General, Mr. Sefanaia Nawadra
21. MFAT Senior Consultant, Mr. John Egan

Annex I Interview Guide

I. Setting the stage to redesign the NZL UNPS Funding Window:

1. What are your general thoughts about the Fund, from a substantive and impact perspective? What are in your experience its major successes and perceived shortcomings? What criticism of the Fund do you share, or have you heard?
2. Has the Fund supported the wider UNDS reform? If yes, how?
3. How true is it that the Fund has supported work that could not be tackled with bilateral NZL single agency contracts?

II. What should an operational and governance redesign of the Fund look like?

1. Staffing. What was the real staffing situation in the Secretariat, in particular for the functions of data management, results reporting, communications and partnerships? How did the RCOs, especially in Fiji, support the Fund with in-kind workforce? How many people would be needed to staff the Fund adequately, in addition to a General Manager?
2. Would a rotational Chair of the Fund between the three RCs be a good idea (for burden-sharing and fairness) or a bad idea (because of business discontinuity and lack of coherence)? Would this have to entail a rotation of RCO support? Would a “collegial” chair be preferable? Would it be effective?
3. Quorum and decision-making: is the current formula (the (3) co-chairs and 50% of the donors & PUNOS) effective? Should it be altered to require a more agile decision-making?
4. External visibility and communications (in particular, visibility of the donor). Is a branding, visibility and external communications manual or guideline needed (i.e., logo)?
5. How can external partners to the Fund be associated to its governance arrangements? Observers in a technical committee, etc.

III. What other key issues need to be redesigned for the Fund’s 2nd cycle?

1. Should this be compatible with more specialised windows focused on a few outcomes and even sub-outcomes to allow for a “deeper dive”?
2. Which would be strategic priority areas for the New Zealand Window?
3. Should a “contingency/crisis recovery” sub-window be considered? Humanitarian-development nexus, recovery, post humanitarian response. Could it be funded with a % of each donor’s contribution?
4. With the same budgetary envelope ... should more/all Agencies be allowed to access?
5. If a gradual expansion (to more Agencies) is preferred, should the first addition include the other signatories (UNESCO, ILO, IOM, UN-Habitat)? Or should access be universal, with signatories or the 4 initial PUNOs becoming lead Agencies (and initial recipients of funds)?

6. Will smaller grant requests (less than 100,000US\$) trend if more Agencies are eligible with the same budget envelope? In the affirmative, should a project floor size be established? How much should it be per agency/per annum or per project?
7. Should the fund only award grants to JPs (2 or more Agencies) or earmark a % of the available funds for JPs and allow single-agency projects with the rest of the funding? What are too many agencies per JP? How can a system that makes collaboration the easy choice and the effective solution be achieved?
8. Should CROP partnerships be a distinct advantage or a requirement?
9. Should funded projects/activities be country-based, multi-country, regional? Or all of the above (flexibility)?
10. Should ongoing projects continue to be eligible for funding? Should a two tracks system be instituted? Under track 1, a “projects ready to go” (or under implementation) modality, under track 2 a “call for proposals” modality? Or should all projects financed by the Fund result from a selection procedure / “call for proposals”? Is there a risk of dissatisfaction from unsuccessful applicants who invested time in preparing proposals?
11. Should criteria such as innovation/digital transformation impact, LNOB or impact in addressing root causes of vulnerability become criteria for awards? Any other criteria?
12. What should the Fund’s results framework be? What would a better MERL statement and system look like? How does the Fund’s indicator, target and results framework relate to the UNSDCF’s results framework?
13. Any other issue or area that needs to be redesigned?
14. Reading advice

Annex II Terms of Reference



**Reconceptualization of the New Zealand Funding Window of the UNPS Fund
Terms of Reference (TOR)
16 February 2023**

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Introduction and Context

The Pacific United Nations Sustainable Development Cooperation Framework

The Pacific United Nations Development Cooperation Framework 2023-2027 (hereafter referred to as the “CF”) outlines the UN development system’s support towards the achievement of the Sustainable Development Goals (SDGs) in the Pacific.

Aligned with the 2050 Strategy for the Blue Pacific Continent, which was endorsed by the region’s leaders in June 2022, it captures the high-level outcomes to be achieved over the next five years with the UN’s contribution. The change pathways of the CF have been articulated around the 2030 Agenda’s main pillars, and comprise People; Prosperity; Planet; Peace, and with Partnership as an enabler. Country Implementation Plans (CIPs) will define the UN development system’s contribution to each country by adapting the outcomes of the CF at the national level. The CIPs are currently being developed through a country-led process and will be finalized by 31 March 2023. They will capture all UN activities in each country for the two year period 2023-2024.

The UN Pacific Strategy Fund

The UN Pacific Strategy Fund (UNPSF) is a collaboration between the United Nations working in the Pacific, led by the UN Resident Coordinators in the Fiji, Micronesia and Samoa Multi-Country Offices (MCOs), the Government of New Zealand as the initial donor to the Fund, and the Participating UN Organizations, currently UNDP, UNFPA, UNICEF, UNODC and UN Women. Funding support from New Zealand, originally set to conclude on 31 December 2022, has been extended to 30 June 2023.

The UNPSF has provided funds to deliver the UN’s regional strategy, which was the UN Pacific Strategy (UNPS) from 2018-2022. The Fund, soon to be rebranded, now supports the objectives and outcomes of the UNPS which consisted with the CF 2023-2027. It is intended to complement other financial resources available to Pacific Island Countries and supports activities agreed by the respective Governments and the UN as outlined in the regional strategy, contributes to the implementation of UN Resolution 72/279 on UN Development System Reform (as mandated by the UN General Assembly), and aims to enhance coordination and coherence within the UN system and facilitate new partnerships.

The intention is for the UNPSF to be a mechanism for donors to invest effectively and efficiently in delivering development results for the Pacific.

Functions of the UN Pacific Strategy Fund

The UNPSF aims to ensure:

Development impact: to facilitate investment in priority development needs, as agreed with Pacific governments, and to enable demonstrable development impact.

Coherence: to support coherent implementation of the UNPS, ensuring alignment with Delivering as One standards.

Cooperation: to enhance cooperation and collaboration among internal and external stakeholders (including Pacific Regional organizations) and to maximise complementary expertise and mandates to deliver the UNPS, including leveraging of resources.

Cost and Risk Reduction: to enhance efficiency and reduce transaction costs, including information, coordination and administrative costs, through joint activities, partnerships and resource mobilisation.

Delivery as One UN: The Fund supports UN Reform and aims to incentivize participating UN agencies to work closely together on joint programming under the leadership of Resident Coordinators.

Programmatic Scope of the UN Pacific Strategy Fund

As stated above, the UNPSF was established as multi-party trust fund to support the implementation of the UN Pacific Strategy and its outcomes, including: 1) Climate Change, Disaster Resilience, and Environmental Protection, 2) Gender Equality, 3) Sustainable and Inclusive Economic Empowerment, 4) Equitable Basic Services, 5) Governance and Community Development, and 6) Human Rights. It has specifically supported Outcomes 2 (Gender Equality), 4 (Equitable Basic Services), and 5 (Governance and Data/MIS), which were the outcomes that were identified by NZ and the UN as requiring extra investment and focus in order to ensure achievement.

The five participating UN agencies work together, with the leadership of the Resident Coordinators, to co-deliver projects and programs in support of those outcomes.

As the Cooperation Framework 2023-2027 is now the framework for all UN activities in the Pacific, the Fund is currently supporting activities that contribute to results under the four pillars of Planet, People, Peace, and Prosperity. Six new joint projects, designed by participating UN organizations, were selected by the UNPS Fund Steering Committee for implementation from January through June 2023 using excess funds from the Direct Cost Budget and the unallocated programming balance. The joint programmes that were funded from 2020-2022 through the Fund are all aligned to the pillars of the CF and have been extended at no cost to 30 June 2023.

Background to the Consultancy

The October 2022 UNPSF Steering Committee took several key decisions on the future of the UNPSF¹⁷, including:

No Cost Extension

¹⁷ For convenience and clarity, and despite an imminent rebranding, this ToR refers to the UNPS Fund or UNPSF. The Fund's name will be changed to reflect the new strategy.

The New Zealand Funding Window of the UNPSF was set to conclude on 31 December 2022. The Steering Committee agreed that it should be extended by six months, at no additional cost, to 30 June 2023.

Use of the Balance of Funds

The Steering Committee also agreed that all unspent funds already with agencies should be rolled over for the duration of the Fund, and that the unallocated balance of funds would be allocated for use by 30 June 2023.

While the extension was mainly to ensure that activities delayed due to the COVID-19 pandemic can be finished, and the underspend from the direct cost budget can be utilized, it also provides time for a redesign, and NZ Government approval and funding, of a redesigned New Zealand window of the UNPSF.

It should be noted that all ongoing work financed through the Fund that was aligned with the UNPS is also aligned with the CF. The six extension projects approved in December 2022 and designed for implementation in 2023 are also fully aligned with the CF.

Engagement of a Consultant

The UNPSF Steering Committee also decided that the UN and the UNPSF's first donor, New Zealand, should work together with a consultant to redesign the Fund and explore options for the New Zealand Funding Window.

Objectives of the Consultancy

The main objective of the consultancy is to gather all pertinent information and, drawing on the 2050 Strategy for the Blue Pacific Continent, the UN Sustainable Development Cooperation Framework, and draft UN Country Implementation Plans, the available evidence, and the senior consultant's expertise in the field of development, knowledge of the Pacific Islands region, and understanding of best practice in terms of pooled funds, explore possible concepts for a revised New Zealand Funding Window of the UNPSF.

The consultant will work closely with the UNPS Fund Secretariat, the UNPS Fund Steering Committee, the Resident Coordinators, the Resident Coordinator Office's Team Leaders and staff, and representative of the Government of New Zealand in February- March 2023 to present carefully considered options for a theme.

Available Evidence and Key Inputs

The final UNPS Evaluation was received in June 2022, and the UNPSF Mid-Term Review (MTR), presented as an annexure of that evaluation, was finalized in early October 2022. The MTR provided several recommendations to improve the performance of the Fund. Members of the Steering Committee found the Mid-Term Review to be balanced and well-researched and are open to considering its recommendations.

A mid-September 2022 mission to Suva by New Zealand's Lead Adviser, Humanitarian and Multilateral Partnerships, involved over a dozen separate consultations with UN agencies and other stakeholders and provided MFAT with information (additional to that found in the MTR) on the possibilities for a revised NZ funding window.

In January 2023, New Zealand indicated that they are very interested in exploring what type of holistic outcomes would be possible with the an indicative funding amount of NZD 10 million per annum and a time period of two to two and a half years. Broad thematic areas in which they have expressed interest are women's empowerment and data, and they would expect joint programmes addressing those themes to involve either UNDP, UNICEF, UNFPA, or UN Women.

Scope of the Consultancy

The consultancy, to commence in February 2023, will propose themes for the New Zealand Funding Window in consideration of the following:

- 1) the UN and NZ share a strong commitment to the Funding Compact;
- 2) the UNPSF's overarching objectives- to support UN Reform and the implementation of the UN's regional strategy- will remain the same;
- 3) the UNPSF will be the centrepiece of the CF's Funding Framework and will be open to other donors with their own funding windows¹⁸;
- 4) NZ has indicated that their future support for a funding window of the UNPSF will be span two to two-and-a-half years, and the resources they expect to have available for this window amount to approximately NZD 20-25 million in total (or NZD 10 million per annum);
- 5) NZ intends for the Fund to address a significant challenge/challenges that require a holistic solution, delivered by multiple UN agencies working in collaboration with CROP agencies, that cannot be reasonably or efficiently funded on a bilateral contract basis. Themes currently being considered include women's empowerment and data, but they are open to other themes suggested by the Consultant.

The Consultant will undertake research and consultations (as described above) starting in February 2023 which will form the basis of an analytical report.

At the Steering Committee Meeting scheduled for March 2023, the consultant will present a synopsis of their written report and explain their recommendations to the Steering Committee. They

¹⁸ The expansion of the UNPSF to include other donors (with their own funding windows) is a significant development, in that it is 1) consistent with the intent of the UNPSF, established as it was as a multi-party trust fund, and 2) required to ensure that the Fund has sufficient resources to support the entire regional strategy and all 14 of the countries.

were suggesting well-researched suggestions on themes and holistic outcomes that would be achievable in 2-2.5 years for the New Zealand funding window of the UNPSF.

Following the presentation, the Steering Committee will agree on a high-level concept for the New Zealand funding window.

Sixteen point six working days have been allocated for this work.

Methodology

The methodology should be based on mixed methods and involve the use of documentary reviews, interviews, surveys (optional and at the consultant's discretion), information triangulation, analysis and synthesis.

The consultant is expected to interview and engage with stakeholders extensively throughout the consultancy. These consultations will be virtual (using Teams or Zoom) and will include meetings with MFAT in Wellington and Suva, UN agencies, and other stakeholders (including government representatives and representatives of CROP agencies). Administrative support limited to making introductions and arranging meetings will be provided by the UNPSF Secretariat.

Reporting and Deliverables

The Consultant is expected to deliver the following:

A Report on Possible Themes for the New Zealand Funding Window that addresses New Zealand's foreign policy priorities, the scope and focus of the CF, the time and resource constraints noted by New Zealand. The report should include clear rationale for addressing the proposed theme through a pooled funding mechanism. The report needs to include i. a statement of problem, ii. outcomes, iii. delivery partners (UN/CROPs), iv. some key expected outputs v. how the Fund will link to broader UNPSF governance and vi. a statement on MERL that provides confidence it will be stronger and better integrated with outcome groups/strategic reporting.

The consultant should meet with with key contact persons at New Zealand's Ministry of Foreign Affairs and Trade, and any external consultants contracted by them. to ensure that proposed concepts for the New Zealand funding window address New Zealand's needs and that the report clarifies all required elements.

Selection of the Consultant

Given the tight timeframe for this exercise, the UNPSF Steering Committee intends to directly engage a senior consultant with extensive experience in the Pacific, within the UN system (at senior executive- Resident Coordinator or Resident Representative-level), and with UN Reform. The final selection will be subject to the approval of New Zealand and the Steering Committee Co-Chairs.

Required and Desirable Skills and Experience

An international consultant with extensive experience in the Pacific Islands region, within the UN system, and with UN Reform.

Required Skills and Experience of the International Consultant:

At least a master's degree in economics, sociology, international development, public policy, project management or a related area;

At least 20 years' experience working in development, including at senior level within the UN system;

Fluency in English and the ability to produce well-written reports;

Facilitation skills and the ability to manage diverse views and different cultural contexts;

Demonstrable integrity through the modeling of the UN's values and ethical standards;

Sensitivity and adaptability with regard to culture, gender, religion, race, nationality and age, and

Familiarity with the political, economic and social situation of Pacific Island Countries.

Desirable Skills and Experience of the International Consultant:

Experience designing successful pooled funds.

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