

Sustainable Development Goals Fund Spain - UNDP Meeting Minutes

Madrid, February 13, 2017, 10.30 a.m.

Location: Casa de América, Madrid

Participants

For Spain

1. H.E. Mr. Fernando García Casas, Secretary of State for International Cooperation and Iberoamérica
2. Ms. Cristina Pérez Gutiérrez, Special Adviser to the Secretary of State for International Cooperation and Iberoamérica
3. Mr. Javier Hernández Peña, Deputy Director General for Development Policies, Spanish Cooperation, MOFA
4. Ms. María Larrea Lorient, Assistant Deputy Director for Development Policies, Spanish Cooperation, MOFA
5. Mr. Fernando Latorre García, Chief of Section, Multilateral Development Organisms, Spanish Cooperation, MOFA
6. Mr. Borja Rengifo Lloréns, Director Multilateral Organisations, AECID
7. Ms. Lola Martín Villalba, Multilateral Organisations, AECID.

For UNDP

1. Mr. Michael O'Neill, Director of the Bureau of External Relations and Advocacy
2. Ms. Alessandra Bassi, BERA/UNDP

For SDG Fund

1. Ms. Paloma Durán, Director, SDG Fund Secretariat
2. Ms. Catherine Wong, Programme Specialist, SDG Fund Secretariat
3. Mr. Raul de Mora, Communications Specialist, SDG Fund Secretariat

Agenda

1. Welcome and introductions
2. Overview of the work of the SDGF (September 2015-December 2016)
3. Update on governance and institutional arrangements
4. Financial update
5. Update on joint programmes
6. Update on partnerships
7. Resource mobilization
8. Update on knowledge management
9. Update on communication and advocacy
10. AOB

I. Welcome and introductions

The meeting started with introductions. Fernando García Casas recognized the importance of the meeting to rebuild the relationship with the SDG Fund, after his recent appointment as Secretary of State. Michael O'Neill thanked Spain for hosting the meeting and congratulated García Casas on this appointment. He noted that his first visit as ASG was to Madrid for the SDG Fund Steering Committee in March 2014. He noted that since then the former UNDP Associate Administrator had participated instead in all the other meetings concerning the SDG Fund thus far. He acknowledged that it had been necessary and sensible to postpone the meeting, to allow the new Spanish leadership to settle in. He shared his vision of this meeting as an important basis to rebuild the partnership between the SDG Fund with Spain, taking into account that the last official Steering Committee meeting had taken place in September 2015, with different members.

2. Overview of the work of the SDGF (September 2015-December 2016)

Paloma Durán, Director of the SDG Fund, thanked Spain for its participation in the meeting. She briefed participants on the work of the Secretariat. Taking into account that this was the first official meeting on the SDG Fund for some participants, she explained the Fund's objectives and how it worked (presentation attached). She stressed that joint programmes were the main area of work, together with engagement of non-traditional development actors, particularly the private sector (a specific Private Sector Advisory Group has been established to this end), universities and creative industries. The Fund, a multi-agency and multi-donor mechanism established by UNDP with an initial contribution of the Government of Spain to achieve the SDGs, was already working with 14 UN Agencies, in 22 countries, with a total programmes budget of around US\$ 70 million.

Durán described the differences between the SDG Fund and the MDG Fund, highlighting that use of matching funds was proving very effective for sustainability and scalability of joint programmes. While the MDG Fund operated with two accounts (one managed by the Secretariat/UNDP, one by the MPTF), all financial disbursements for the SDG Fund were managed by the MPTF and therefore should adhere to UNDG/MPTF rules. Durán presented the distribution of resources by UN Agencies, with UNDP followed by FAO and UNICEF as the largest implementing partners (by SDG Fund allocation). She explained that more than 20 other donors are contributing through matching funds to the SDG Fund's joint programmes. She listed the main decisions since the Fund's creation in March 2014, when the SDG Fund Framework document was approved.

Durán briefed on implementation of the SC decisions of September 2015: approval of new JPs, updated visual identity guidelines, She explained the process by which the SC's ToRs were elaborated, the co-designing of new public-private partnerships following the abovementioned decisions and acknowledged other contributions to various initiatives of the Fund.

Durán described the SDG Fund's different reporting mechanisms (MPTF annual progress report, Secretariat reports, JP monitoring reports, online reporting platform, MPTF Gateway, JP final evaluations). She highlighted the Fund's commitment to transparency and accountability. She gave an overview of the interagency audit due in 2017 which was an opportunity to review and improve Fund processes. In addition to information in the SDG Fund report prepared for the meeting, Durán advised that the financial information in the MPTF Gateway was being reviewed for errors (particularly on the Philippines JP) and with regard to implementation of UN Partnerships with UNDP RBLAC/SICA. Based on the report provided by RBLAC just before the meeting, financial implementation of the first tranche stood at 72%.

3. Update on governance and institutional arrangements

García Casas said Spain had reviewed the draft ToRs. O'Neill highlighted three elements: The Fund's interagency nature, the interagency audit, and Spain's leadership as the initial and largest contributor to the Fund so far. García Casas noted UNDP's formulation of a new Strategic Plan, upcoming appointment of a new UNDP Administrator and the newly appointed Secretary-General. He said that in this evolving scenario, the SDGF was doing great work to implement Agenda 2030, through innovative tools especially engaging the private sector and UN agencies. O'Neill recalled the SC decision to expand its membership, saying this meeting afforded an opportunity to discuss its composition and ToRs and how to implement the MPTF guidelines. He noted guidance on this from the MPTF Office, and said in future meetings it would be necessary and helpful to include the MPTF-O.

Durán said the SC report would be circulated one week before the next SC meeting in July (actual date to be confirmed). In addition, draft SC ToRs would be circulated before the meeting.

Javier Hernández said Spain did not consider the SC had approved composition of an expanded SC. There were two proposals: one from the Secretariat and MPTF, and a counterproposal from Spain. Spain was keen to open the door to other donors, but considered that Monaco should not be considered a donor to the Fund, but rather a donor to a specific project, similar to a matching contribution. It was agreed that new sovereign donors to the Fund should become SC members but that a decision should be taken in each case by the SC. Javier Hernández said Spain had only just learned that its counterproposal of 4 February did not adhere to UNDG Guidelines for Multi-Partner Trust Funds in regard to inclusion of multiple UN Agencies and the MPTF. He said Spain was ready to amend its counterproposal to include UNDP and Spain as Co-Chairs, any additional sovereign donors and two UN Agencies – he proposed FAO and UNICEF as the second and third largest UN Agency recipients of SDG Fund resources – as well as MPTF ex-officio participation and the SDG Fund Secretariat as Secretariat of the SC.

In response to García Casas's question, O'Neill said the meeting in New York in May 2016 was an informal, information meeting only.¹ He agreed in principle to Spain's amended proposal but noted the need to confirm with the MPTF that it complied with UNDG/MPTF guidelines. García Casas reiterated that Spain did not consider Monaco a SC member, but was open to sovereign donors contributing financial resources to the Fund. Durán commented that Monaco's funding was a direct contribution to the Fund to advance sports for development initiatives. Cristina Pérez said Spain was cautious over political implications of potential new members. Durán confirmed that as stated in the draft SC ToRs, new members should be approved by existing SC members. Fernando Latorre requested more information on the SDG Fund's legal framework, in addition to the Administrative Agreement signed between UNPD and Spain in December 2013, in particular any UNDG guidelines and agreements that may apply to the SDG F.²

On frequency of SC meetings, Spain proposed that the SC convene at least twice a year. July 2017 was given as a potential date to explore, on the sidelines of the High Level Political Forum in New York. The expanded SC could then reconvene, once its membership was confirmed.

It was agreed that the SDG Fund's legal framework would be adjusted, as needed, in addition to reflecting expanded SC membership in other documents, under MPTF guidance, to include at a minimum the Administrative Agent agreement, SDG Fund ToRs and SC ToRs. The SDG Fund Secretariat would inform the Co-Chairs if other legal documents should be revised or developed.

4. Financial update

García Casas expressed a perception of lack of adequate information flow and requested that information be sent with greater frequency. O'Neill noted that changes in personnel may have affected flow of information, and acknowledged the SDGF Secretariat's efforts to provide reports and information in a timely fashion. He also welcomed better arrangements for the future. It was agreed that, with SC meetings taking place twice a year, information flow should improve.

Hernández requested a more detailed breakdown of expenses, including direct costs. He explained that Spain needed to know what was currently available and not committed for UN partnerships and all other budget lines, for the SC to decide on allocating available funds. He commented that financial implementation on UN Partnerships was more difficult to track and that joint programmes were a good example to follow. He queried information from the MPTF that SDGF resources were fully committed. O'Neill recalled the SC decision of September 2015 that all remaining funds should be allocated to PPPs, but noted that each individual project was subject to approval by the SC. Nevertheless, he acknowledged that the SC can always revisit any

¹ Participants included: Spain, Colombia, Viet Nam, EU, UNDP, ILO, ITC, Sahara Group, representative of GWA, MPTF and SDGF.

² MPTF and UNDP Legal Services have recommended review of the current Administrative Agreement so it can be adapted to the decisions of the SC.

past taken decisions to adjust to new priorities. Hernández recalled that the PPP line was initially created with 7.5 million USD from MDG F remaining balance but that currently the total amounted to 11.6 million UDS which merited a revision of the funds allocation.

It was agreed that the Secretariat would prepare an Action Plan with updated financial information (expenses incurred and available funds per budget line/initiative) including use of direct costs. O'Neill proposed that the Secretariat organize regular video-conferences to provide more information, and appointment of focal points for communications in the Spanish Mission to the UN, AECID and the Ministry of Foreign Affairs and Cooperation.

García Casas and Cristina Pérez raised two potential uses of unallocated funds: a) for a Core contribution to UNDP and b) to transfer funds to the new MDTF Post-Conflict Fund in Colombia managed by UNDP. Spain also requested clarifications on the rules which prevented a direct reallocation of funds from the SDG Fund to UNDP as a Core contribution, and noted that the alternative suggested earlier of first returning funds to Spain was not considered feasible.

O'Neill said the SDG Fund operated in accordance with UNDG guidelines and the MPTF should be consulted on these matters. O'Neill recalled that the MPTF had advised a transfer to core is not the best option but UNDP would check again with MPTF about that. Spain asked for expediency in allocation of a contribution of US\$ 500,000 from the SDG Fund budget line 'UN Partnerships' to the Colombia Post Conflict Trust Fund. It was agreed, to facilitate next steps, that Spain should make a request in writing as soon as possible.

Financial update MDG Fund and transfers to the SDG Fund. Durán explained that, following SC instructions in 2014, at end-2016 the Secretariat had requested transfer to the SDG-F of unspent funds received over the past year from the MDG-F. This transfer was made in December 2016 and communicated to Spain. Only two Agencies – UN Habitat and UNEP – had yet to report on unspent funds. According to the MPTF Gateway, the total amount with these two agencies was US\$294,198. UNDP expected these Agencies to report in 2017 as which point the MDG Fund could be operationally closed. It was noted that as per the SC decision in 2015, these funds should be used for public private partnerships. Spain suggested that given the significant amount transferred from the MDG Fund in addition to the original transfer of 7,5 million the budget for this initiative needed to be revisited and the decision of the SC in September 2015. It was agreed that the next SC will adjust the figures of this budget line to the total amount budgeted for the approved projects.

a) **Financial update - SDG Fund. State of accounts year-end 2016: financial report with particular attention to Staff and Communications.** Durán recalled that the SC approved in 2014 a budget and activities for 2014-2016. In 2015 it approved extension of this budget and activities to December 2018. Direct costs included miscellaneous operational expenses as well as staff costs, eg global programmes and operational expenses. The total and details for staff were approved by the SC in 2014 and 2015, in approving the extension of

activities to end-2018 (US\$9.5 million for five years). Durán said the Secretariat had made savings in direct costs in previous years, by using online volunteers and interns to implement some activities – 16 interns and eleven UNVs since the Fund’s inception – and by using AECID resources, eg the 2015 grant for knowledge management, communication and advocacy. She said direct costs included global programmes (K&M, C&A, chair for Development, etc), staff and operations. In addition, she presented a breakdown of expenses for 2015 and 2016. Javier Hernández stressed the need to have a state of accounts with expenses and available funds for all budget lines/initiatives.

- b) **Financial implementation of Joint Programmes.** Durán advised that overall financial implementation of the 21 JPs was 57%, based on the last round of biannual reporting, but with variations at country level. Programmes that started at the beginning of 2015 and would close in Q2 2017 showed implementation of over 70%. The last four JPs – Vanuatu, Samoa Fiji and Cuba – were approved by the SC in 2015 and started in 2016, and so showed a lower level of financial implementation, bringing down the average. Of the 18 programmes first approved, 16 JPs showed strong implementation in line with their original work plans approved by the SC, while those in Sierra Leone and Côte D’Ivoire showed slow implementation so far due to capacity issues at local level. Incorporation of matching funds for JPs was proving a key element in national ownership and potential sustainability of the programmes.
- c) **Information on interagency audit process.** Durán described the Secretariat’s informal meeting with the auditors. The audit would focus on three areas: the MPTF; the SDG Fund governance structure; and programmes, including JPs but also ad-hoc contribution to RBLAC. She said there was no final decision on countries to be visited by the auditors, although Peru, Colombia, Guatemala had been discussed along with the regional programme SICA. On the latter, the auditors planned to visit Panama as the programme was led by RBLAC. The following Agencies’ audit services would participate: UNDP, UNICEF, FAO and ILO.

5. Update on Joint Programmes.

Durán presented an overview of joint programmes. She advised that some countries requested no-cost extensions due to extenuating circumstances (without making substantive changes to programme results): in accordance with the usual procedures the Secretariat endorsed them. The only case pending a SC decision was Paraguay, where the RC had proposed substantive changes, requested by the national government, based on new policy priorities. The National Steering Committee had unanimously approved the changes and the Secretariat had included this approval in the annual report for 2016. It was agreed to grant this extension.

Maria Larrea explained that Spain was currently reviewing the ToRs for the final evaluations of the Joint Programmes and that in the following weeks written comments would be sent to the Secretariat.

6. Update on partnerships

Durán briefed on the four current UN Partnerships and ad-hoc contributions to UN Agencies:

- **UNDESA:** financial support provided for the organization of Samoa Conference on SIDS. DESA had sent a formal request to use these funds for other activities related to SIDS. The Secretariat advised using these resources for advocacy activities related to the SIDS JPs and SIDS summits where the Secretariat could explain experiences and lessons learned about the work with these countries. This proposal was agreed.
- **BPPS:** financial support provided for Post-2015 activities including a secondment to the Post-2015 secretariat. The BPPS Director had sent a formal request to use these funds for other activities related to Agenda 2030. The Secretariat had endorsed this recommendation. This was agreed accordingly.
- **RBLAC:** financial support provided for a programme in Central America on SICA. The SC had approved an initial US\$4 million contribution, in addition to a separate US\$2 million contribution provided directly by Spain. RBLAC had provided a financial report indicating financial implementation of 72% of the first tranche and asking for a no-cost extension of another year. The SDG-F could therefore proceed with release of the second tranche. This proposal was agreed and the second tranche will be disbursed accordingly.
- **Partnerships as knowledge.** This was being implemented by the Secretariat. Durán noted that an update was provided in 2016, and a final report would be produced in 2017 following the timeline and requirements of the grant stipulated in AECID's resolution.

Hernández asked what remaining funds were available from the budget of 7 million USD allocated to the line UN partnerships. He further added that if there were any remaining funds in the budget line UN Partnerships (per the information provided at Table 5 of the Report, page 219), it would be strategic, from Spain's point of view, to channel US\$ 500,000 to Colombia's Post Conflict Trust Fund. The Secretariat would confirm with MPTF-O if this was possible.

On private sector partnerships, García Casas said he was impressed with the partnership with Telefonica and ProFuturo and the event in December 2016 at the Telefonica Foundation – his first public appearance as Secretary of State – when Cesar Alierta announced its collaboration as Global Advisor for Digital Education and Sustainable Development on a pro-bono basis.

Discussion moved to Public Private Partnership proposals the Secretariat had developed in 2016 with UN Agencies, private sector and governments, following the SC decision in September 2015. Durán explained the process for designing these concept notes, recalling that the SC had noted the value of innovative partnerships that could contribute to the SDGs without geographical limitations. Durán described the due diligence process to guarantee that these partnerships fully adhered with UNDP rules and guidelines, explaining that of the 100 companies initially considered

for Private Sector Advisory Group, the SDG Fund decided to partner only with 13 that passed the due diligence process, taking into account geographic and sectoral representation.

There was agreement on the following proposals: Food Africa (US\$1,500,000), Food LatAm (US\$1,500,000), Food India (US\$900,000), Youth Jobs in Garment Industry (US\$1,000,000), Lasting Peace in Colombia (US\$773,000), Dry Corridor (US\$1,000,000) and Sustainable Housing (US\$1,000,000). The Secretariat would ensure that partners developed full-fledged proposals in accordance with its rules, and disburse funds accordingly. Spain requested more information on three projects – Youth, Sport, Social Inclusion and Development, SIDS Ocean pollution, and Women’s Empowerment in Mali. Spain agreed in principle the digital education project being developed together with a private public partnership project under this window. Regarding the three projects for which additional information was requested, it was agreed that more information would be provided, particularly to illustrate the added value of the SDG Fund.

O’Neill thanked the Secretariat for developing these innovative proposals, noting the limited guidance available from the SC over the last 18 months. He noted that if the three projects above were for any reason not approved by the SC, it would be important that partners be informed as soon as possible, given the potential reputational issues for Spain and UNDP. García Casas said the Secretariat could also consider smaller-scale initiatives, based on original feedback from AECID. Maria Larrea explained the reasons for not approving the three projects, and suggested participation of Spanish technical country offices and other units from the Agency involved, would be useful to strengthen the proposals.

Durán briefly described the successful work of the Private Sector Advisory Group and suggested creation of a similar group for philanthropic organizations. The SDG-F Secretariat will provide more information on this proposed initiative. On engagement with academic institutions, Durán gave an overview of the work of the SDG Chair for Development and other academic activities. As per the suggestion of URJC and the Secretariat, the activities of the Chair would be implemented by the Secretariat, engaging universities around the world. Durán highlighted the invitation to the Secretary of State for the launch of the new publication, “International Society and Sustainable Development Goals”.

7. Resource Mobilization

Pérez raised questions on the Resource Mobilization Action Plan, in particular potential risks and budget implications. Durán said this Plan was essential to attract additional resources to launch a call for new proposals. It was agreed the Secretariat should start mobilizing resources from other donors but should provide a more focused and realistic RM action plan, and identify actions that required SC approval, with any related resource implications. Durán said no additional costs would be incurred because of the plan, which would be financed through the already approved budget.

8. Update on Knowledge management

No additional comments were provided on this item.

9. Update on communication and advocacy

Durán reported on communications and advocacy work, including with Goodwill Ambassadors the Roca Brothers, creative leaders and the Public Diplomacy initiative. García Casas stressed the need for greater visibility for Spain while acknowledging the SDG Fund as a multi-donor, multi-partner fund. Durán said the Secretariat did its utmost to ensure the proper visibility of donors, and had created visual identity guidelines to this end. AECID was always fully informed and engaged at country level in events in-country, and the Secretariat invited the Spanish Mission to the UN to all activities in New York. Spain had a different view on information flow and visibility, but it was agreed that both sides had to make a greater effort to improve the situation.

10. AOB.

García Casas and O'Neill thanked the Secretariat for its work. Following Cristina Perez's suggestion, it was agreed to consider the report only for information and not for approval. Documents that needed approval needed to be singled out, considered in the SC and, if appropriate, approved.

With no more items on the agenda, the meeting was adjourned.