



## EXPERT MEETING

### *“Strengthening system-wide reporting on funding for UN system”*

CEB Secretariat, Palais des Nations, Conference Room 15

Geneva, 20-21 January 2011

## AGENDA

### Day 1 – Thursday, 20 January

#### Morning

9.30 – 10.00 am Introduction of participants

Purpose of meeting/introduction to agenda  
Kristinn Sv. Helgason, co-chair, UNDESA  
Richard Barr, co-chair, CEB Secretariat

#### **First session**      **Current situation and perspectives: *key system-wide reports***

The first session will provide participants with an overview of the mandates, roles and responsibilities of three key system-wide reports on funding for the UN system prepared by UNDESA, CEB and OECD/DAC respectively. The three presentations will particularly focus on the current status and issues that have bearing on system-wide reporting and quality thereof (now and future) and explain key stakeholders and constituencies, including their interests, demands and expectations.

Representatives of funds and programmes, specialized agencies and UNDG/DOCO will share their perspective on the relevance and quality of the three reports; difficulties encountered in responding to information requests from the three entities; and other related issues.

Possible discussion questions:

- How effective are the UNDESA, CEB and OECD/DAC reports in meeting the expectations of Member States and UN system entities? If not effective, what kind of improvements are required in the performance of the three reports?
- Could data collection processes of the UN and OECD/DAC relating to operational activities for development be harmonized?



Moderator: Ad de Raad, UNDESA consultant and former Budget Director of UNDP

10.00 – 11.00 am Presentations

UNDESA [Kristinn Sv. Helgason](#)  
[Andrew MacPherson](#)

OECD/DAC [Julia Benn](#)

CEB [Richard Barr](#)

11.00 – 11.15 Coffee break

11.15 – 11.45 Discussants (5-7 minutes each)

UNDP Odette Anthoo

UNAIDS Joel Rehnstrom

UNDG/DOCO Jean-Yves Le Saux (UNESCO)

11.45 – 12.30 Discussions

12.30 – 14.00 Lunch (sandwiches will be provided)

Special presentations

*“Harmonizing business practices in support of delivering-as-one”*

Remo Lalli, CEB, will report on the outcome of the joint UNDG/HLCM mission on transaction costs in the context of DaO countries

Ronnie Lindstrom, CEB, will discuss current status and lessons learned from harmonization of business practices in DaO countries

Key background documents:

1. Analysis of the funding of operational activities for development of the UN system in 2008, Report of the Secretary-General, UNDESA, 2010 ([A/65/79-E/2010/76](#))
2. [UNDESA funding updates 1 \(June 2010\)](#) and 2 (January 2011)
3. Budgetary and financial situation of the organizations of the UN system, Note by the Secretary-General, CEB, 2010 ([A/65/187](#))
4. [2010 DAC report on multilateral aid](#)

**Afternoon**



**Second Session      System-wide reporting: *strengths, weaknesses, opportunities, threats***

In this session, participants will undertake a *strengths-weaknesses-opportunities-threats* (SWOT) analysis of system-wide reporting on funding for the UN system. This will include examining the potential of several ongoing inter-agency initiatives such as: (a) IPSAS, (b) harmonization of cost definitions and (functional) classification groupings and development of single, integrated and results-based budget, (c) harmonized financial reporting and budget code system for multi-donor trust funds (MDTFs) and joint programmes<sup>1</sup> and (d) harmonization of expenditures categories, to improve system-wide reporting including the effective establishment of the CEB financial statistics database and reporting system.

This session will also review challenges and opportunities in several other areas with impact on the effectiveness of system-wide reporting including the following:

➤ *Substantive coverage*

The 2010 UNDESA report for the first time distinguished between development-related activities and humanitarian assistance; data was collected from 36 UN entities that received contributions for operational activities for development in 2008; report provided improved analysis of four non-core funding streams as well as sources of funding; preliminary analysis was provided of funding issues such as cost recovery, fragmentation, burden-sharing, predictability and local resources contributions

➤ *Major definitional issues*

Consultations conducted as part of the preparations for the 2010 UNDESA report have led to better definitions of key funding terms such as core and non-core contributions and development-related funding vis-à-vis humanitarian assistance; HLCM/FBN could consider establishing system-wide terminology for core and non-core contributions

➤ *Operational activities for development versus other system-wide activities*

The work of the UN system can be divided into four main types of activities: (a) development-related, (b) humanitarian assistance, (c) peacekeeping and (d) global policy, advocacy, norms and standards. The UNDESA report provides analysis of funding flows for development-related activities and humanitarian assistance, or UN operational activities for development. The CEB report provides “bottom-line” totals for funding for the UN system, but no reconciliation of differences between the two reports. DPKO provides information on funding for peacekeeping operations, but no entity reports explicitly on system-wide normative, advocacy and standard-related activities of the UN

➤ *Data and information integrity, quality, timeliness, reliability, comparability, complementarity, reconcilability*

UNDESA started in 2010 to issue biannual funding updates to improve timeliness of information to Member States on operational activities for development; important changes were introduced in the

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<sup>1</sup> The undg WG on Joint Funding, Finance and Audit Issues endorsed on 10 December 2008 the “2008 Reporting Specifications for Participating UN Organizations developed by the MDTFO. This led to the MDTFO automation of the financial reporting process by using the UNEX web-interface (reporting portal) for electronic uploading and processing of financial data.



2010 survey questionnaire on 2009 funding flows with a view to enable better reconciliation of information in the UNDESA report with “bottom-line” totals compiled by the CEB (e.g. better distinction between programme expenditures, programme support costs and administration and management); methodology for distinguishing between development-related activities and humanitarian assistance is being further refined; a process has been instituted to reconcile UNDESA data with information contained in OECD/DAC reports; consultations have started with key specialized agencies on how to calculate share of operational activities of assessed contributions; UNDESA has begun developing pilot indicators to better assess fragmentation, predictability and cost-effectiveness in the work of the UN system; reporting by UNDP and UNICEF on trust fund income is not consistent; more meaningful comparison of core ratios is now possible with better distinction between development-related activities and humanitarian assistance; discussion is needed whether original ACC sector classification should be updated to better reflect current mandates of UN entities

➤ *Data and information versus interpretation and analysis*

In the past two years, UNDESA has shifted its reporting from emphasis on presentation of data and information to interpretation and analysis, with Member States generally appreciating this change

➤ *Mandates, roles, responsibilities and interdependencies of the three reports*

How do the mandates, roles and responsibilities of the three reports relate to each other?

➤ *Centralization versus decentralization of reporting*

Should reporting on funding flows to the UN system be centralized through one main report or is the current decentralized arrangement more effective?

Through the SWOT analysis, participants will identify specific issues to be discussed on the second day on which further action is required if the objective of improved system-wide financial reporting is to be realized.

Possible discussion questions:

**a. Joint UNDP/UNFPA/UNICEF roadmap to an integrated budget; cost classification and results-based budgeting<sup>2</sup>**

- To which extent does this initiative achieve the objective of harmonizing cost definitions and (functional) classification groupings, including facilitating enhanced comparability of funding-related information?
- How will the new UNDP/UNICEF/UNFPA harmonization initiative improve differentiation between programme and development effectiveness expenditures in financial reporting?
- Should cost definitions such as: (a) direct costs, (b) fixed indirect costs and (c) variable indirect costs be considered in the context of harmonizing reporting systems?

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<sup>2</sup> UNDP, UNICEF and UNFPA accounted for some 41 per cent of total contributions for operational activities for development in 2008.



- Do other UN entities with significant engagement in operational activities plan to adopt similar harmonization of cost definitions and (functional) cost classifications? If not, what will be the impact on system-wide reporting?

**b. Financial reporting and budget code system for multi-donor trust funds and joint programmes**

- What are the lessons learned from the establishment of the MDTFO system that can benefit the development of the new CEB database and reporting system?
- Could the MDTFO financial reporting system serve as a model for the CEB financial statistics database and reporting system?
- Can the expenditures codes used by MDTFO for inter-agency reporting to donors be harmonized with those recently adopted by the CEB WG on Harmonized Financial Reporting in time for the establishment of the new CEB system in 2012?

**(c) International public sector accounting standards (IPSAS)**

- What will be the impact of IPSAS, in the short and long-term, on system-wide analysis and reporting on funding flows to the UN system?

**(d) Harmonization of expenditures categories**

- What will be the impact of harmonization of expenditures codes<sup>3</sup> on UN system-wide reporting?

Moderator: Richard Barr, CEB

14.00 – 14.30 pm Discussants (5-7 minutes each)

MDTFO Mahrukh Nalavala

UNICEF Thomas Haettenschwiller

UNDP Odette Anthoo

UNDG/DOCO Jean-Yves Le Saux (UNESCO) – *harmonized country-level expenditure reporting*<sup>4</sup>

WHO Hans Baritt

14.30 – 16.00 Discussions

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<sup>3</sup> To take effect 1 January 2012.

<sup>4</sup> UNDG/DOCO representative will discuss issues raised by UNCT in Pakistan during a recent retreat on the need to put in place a system-wide approach to expenditures reporting at the country-level, including how this objective can be best pursued in the context of current system-wide reports.



16.00 – 16.15            Coffee break

16.15 – 17.30            Discussions (cont.)

Key background documents:

1. [Road map to an integrated budget; cost classification and results-based budgeting](#) – joint report of UNDP, UNICEF and UNFPA (July 2010)
2. [UNDG guidance note on financial report and budget code system, WG on joint funding, finance and auditing issues, Task Team on financial issues](#) (February 2010)
3. [International Public Sector Accounting Standards, Note by the Secretariat, UNIDO](#) (October 2006)
4. [Harmonization of expenditures categories, CEB Finance and Budget Network](#) (September 2010)

## Day 2 – Friday, 21 January

### Morning

9.30 – 9.45 am            Stocktaking from Day-1

Rapporteur:    Richard Barr, CEB

The rapporteur will summarize the findings of the SWOT analysis performed on the first day and identify 5-6 critical issues for enhanced system-wide reporting and the effective establishment of the CEB financial statistics database and reporting system.

### **Third session            *Way forward: including establishment of CEB financial statistics database and reporting system***

The discussions will focus on 5-6 issues considered critical for improved system-wide reporting, including the successful establishment of the new database and reporting system.

This session will also discuss how the establishment of the new CEB database and reporting system offers an opportunity to enhance the quality of system-wide reporting, particularly on operational activities for development,<sup>5</sup> e.g. through the development of indicators on specific policy issues such as efficiency and effectiveness, cost recovery (e.g. “subsidization” of core funding by non-core resources), costs and benefits of coordination and country programmable aid. Equally important will be the focus on data analysis, not just collection and reporting.

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<sup>5</sup> Operational activities for development are estimated to account for 60-65 per cent of all UN system activities.



An important objective of this discussion will be to identify concrete steps to move the system-wide reporting agenda forward, including the new database and reporting system (what, why, how, who, where, when).

Possible discussion questions:

- Based on the SWOT analysis, what are key strategic priorities for further strengthening system-wide reporting on funding for the UN system, including the establishment of the new financial statistics database and reporting system?
- What is the timeline for establishing the CEB financial statistics database and reporting system, including the launch of the main survey instrument?
- What are the key success factors for the successful establishment of the new database and reporting system?
- How can system-wide reporting on funding, including the new financial statistics database and reporting system, contribute to informed deliberations of Member States on policy issues such as coherence, effectiveness and efficiency of the UN system? What elements of data analysis could enhance this process?

Moderator: Jayantilal Karia, Department of Management

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|-----------------|--------------------------------|
| 9.45 – 10.00 am | Presentation                   |
| CEB             | Armands Cakss                  |
| 10.00 – 10.30   | Discussants (5-7 minutes each) |
| WFP             | Anthony Tyrrell                |
| FAO             | Michelle Lockwood              |
| MDTFO           | Anders Thomsen                 |
| 10.30 – 11.00   | Discussions                    |
| 11.00 – 11.15   | Coffee break                   |
| 11.15 – 12.30   | Discussions (cont.)            |
| 12.30 – 14.00   | Lunch                          |

Key background documents:

1. [CEB Financial Management Initiatives](#)



## Afternoon

### Fourth session      *Way forward: next steps, actions items*

Key discussion questions:

- What is the next set of priorities for further advancing the system-wide reporting agenda?
- How to ensure that those priorities are effectively mainstreamed into the work of relevant inter-agency processes?
- How to strengthen coordination among different processes within the UN system promoting harmonization of financial reporting?

Moderator:      Ad de Raad, UNDESA consultant and former Budget Director, UNDP

14.00 – 16.00 pm      Discussions

Participants will identify the specific follow-up action required to move the system-wide reporting agenda forward, including the launch of the CEB database and reporting system.

Participants will also discuss how to mainstream system-wide reporting issues into the harmonization agendas of different inter-agency bodies, including appropriate entry points.

Closing remarks

Kristinn Sv. Helgason, co-chair, UNDESA

Richard Barr, co-chair, CEB Secretariat