Co-chair Summary

Expert Meeting

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

CEB Secretariat, Palais des Nations

Geneva, 20-21 January 2011

Background

The United Nations Department of Economic and Social Affairs (UNDESA) and Chief Executives Board for Coordination (CEB) Secretariat convened an expert meeting from 20 to 21 January 2011 in Geneva to discuss ways to modernize, simplify and strengthen system-wide reporting on funding for the UN system, with particular focus on operational activities for development. The Secretariat of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC), which prepares an annual report on multilateral aid, also participated in the meeting with a view to promote enhanced coherence among the three entities on system-wide reporting on funding for the UN system.

The UN entities which participated in the expert meeting represented a cross-section of specialized agencies, funds and programmes as well as the Multi-donor Trust Fund Office (MDTFO) of UNDP and the UN Secretariat. The Aide Memoire, agenda, list of participants, copies of presentations and links to background documents can be found on the below website of the Office for ECOSOC Support and Coordination of UNDESA: (http://www.un.org/esa/coordination/dcpb_stat.htm).

Purpose

An important objective of the expert meeting was to discuss how to further enhance the effectiveness of system-wide reporting on funding for the UN system through harmonization or simplification of data collection processes and improved analysis of funding-related information for the benefit of all stakeholders.

Conclusions and way forward: next steps, action items

During the wrap-up session on the second day of the meeting, the following areas of agreement and next steps/action items were identified:

- The meeting had come together around the topic of system-wide reporting on funding for the UN system, with particular focus on operational activities for development,
which account for nearly two-thirds of all UN-wide activities; the importance of such reporting was generally recognized although possibly not as yet sufficiently articulated, understood and/or paid attention to by all UN entities; consequently, providing data/information to “service” the requirements of the CEB, UNDESA and OECD/DAC is often seen as a burden without full realization of how the quality of system-wide reporting, including its inherent comparative analyses, are of immediate interest to individual UN organizations as well;

- It seems important that the topic of system-wide reporting becomes a more regular item on the agenda of relevant inter-agency taskforces, working groups etc. that operate under the auspices of the CEB and UNDG; this will help to identify and understand implications of the work of such task forces and working groups on system-wide reporting and vice-versa; examples could be existing groups on IPSAS and cost and expenditures classifications and harmonized results reporting; despite the focus on funding and use-of-resources aspects, the particular nature of the UNDESA and OECD/DAC reports possibly warrants the involvement of the High-level Committee on Programmes (HLCP) and the UNDG and possibly programme and external-relations offices of individual entities;

- The meeting looked in fact at three system-wide reporting “projects”, i.e. by UNDESA on UN operational activities for development; OECD/DAC on multilateral aid; and CEB on the budgetary and financial situation of the organizations of the UN system, including the recently launched initiative of the CEB in support of its own reporting mandate to develop an IT-based financial statistics database and reporting system;

- Participants in the meeting, based on increased familiarity with the unique perspectives of each of the three system-wide reports, concluded that they complemented each other but felt that there was need to fully explore and exploit obvious overlaps and commonalities relating to data/information requirements, collection processes and management and accessibility; this would significantly facilitate matters from the perspective of individual data/information providers and by implication enhance the overall quality of the three reports;

- The seemingly inconsistent meaning and use of terminology, concepts and classifications was identified as an important constraint for system-wide reporting on funding for the UN system; caution was raised concerning the high costs and impracticability of pursuing full harmonization at the level of individual entities in this regard; focus would need to be on an approach whereby entities would be able to map their own data/information against terminology, concepts and classifications used in system-wide reports; in this regard there would seem to be scope for UNDESA, CEB and OECD/DAC to pursue further alignment among themselves;

- To the extent possible, future system-wide approaches to data collection and reporting on funding should take maximum advantage of information technologies (IT); the sizeable investment that the CEB is making to develop its financial statistics database and reporting system provides a unique opportunity in this regard; CEB itself is open to
broadening the scope of its project to capture data that could service UNDESA and (indirectly) OECD requirements as well; this approach would also greatly facilitate overall reconciliation of information contained in each of the three reports;

- The CEB report should remain at high-level of aggregation, while programme/recipient country-level data would be more relevant in the UNDESA report. It was felt that UNDESA is well-placed to become the authoritative source for disaggregated statistics on the destination of UN funds for operational activities for development used by the OECD/DAC;

- The discussions in the meeting helped identify and frame key system-wide reporting issues pending follow-up in other platforms within the CEB framework; the current group will be maintained as an informal reference group for immediate follow-up to the meeting; video-conferencing could be used where possible;

- A summary report of this meeting would be prepared and serve as reference for the participants to solicit feedback from both their respective organizations as well as the relevant inter-agency processes in which they participate; this could also include feedback from other functional areas (e.g. programme and external relations);

- The report would already incorporate some clarifications on the different revenue and expenditure (use of resources) categories that are currently being applied by UNDESA, CEB and OECD/DAC; it was argued that those may seem at first to be more inconsistent than they are in practice (e.g. in the case of UNDESA and OECD/DAC);

- UNDESA, CEB and OECD/DAC will work together to further clarify revenue and expenditures categories and other data/information requirements that concern each of the three reports; the results of these discussions (together with the outcome of the expert meeting) would feed into subsequent consultations to be conducted by the CEB Project Manager for the new financial statistics database and reporting system with UN entities in the coming months (starting from February 2011); a note/questionnaire to help focus those consultations on matters discussed during the current meeting, in particular with regard to data/information requirements and categorizations will be prepared;

- It was also highlighted that the introduction of the International Public Sector Accounting Standards (IPSAS) will have an impact on analysis of trends in expenditures and contributions in system-wide reports due to change in accounting methods. It was suggested that UN entities be requested to provide a brief explanation of such impact when submitting data to system-wide reports at the time of the switch to IPSAS.
Following is a brief summary of key points raised in different sessions of the meeting:

**First Session: current situation and perspectives**

The first session provided participants with an overview of the mandates, roles and responsibilities of the three key system-wide reports on funding, namely those prepared by OECD/DAC, UNDESA and CEB. Both the presenters and participants were encouraged to share their perspectives on the relevance and quality of the three reports.

The following high-level issues/challenges were identified:

- There are many revenue and expenditures classification systems in use in the UN system. The CEB, UNDESA and OECD/DAC could explore whether such classification systems could be further streamlined.
- The present system-wide reporting requirements place a heavy burden on UN entities. It is important that further improvements in system-wide reporting aim to reduce such burden on the entities concerned;
- It is important to elicit further feedback from key stakeholders on the value-added of system-wide reporting on funding for the UN system;
- There is no system-wide acceptance of key terms such as “operational activities for development” or “contributions” (e.g. core, non-core, regular, extra-budgetary);
- The business models of the funds and programmes are different from the specialized agencies, resulting in use of differing financial terminology, definitions and reports.

During the first session, there was consensus on several key elements, including:

- Harmonization of reporting doesn’t mean that agencies must change their terminology and definitions, but, rather, the UN system should agree on common categories which would allow all UN entities to “map” their own data to a common platform such as the new central financial statistics database and reporting system;
- The new CEB data collection “system” should also preferably be able to meet the information requirements of UNDESA;
- For enhanced transparency and accountability it is important that data collection, analysis and reporting on the work of the UN system is performed in a timely manner;
- Future arrangement for data collection for system-wide reporting should take maximum advantage of IT-based solutions.

The following items were felt to require further discussion:

1. Should system-wide reporting include analysis of annual expenditures versus approved budgets?
2. What are the likely implications of introduction of IPSAS on system-wide reporting on funding for the UN system?
3. How can principles such as those advocated by the International Aid Transparency Initiative be mainstreamed into system-wide reporting on funding for the UN system?

4. How to handle inter-agency funding transfers in system-wide reporting?

5. Should specialized agencies and funds and programmes be treated differently in system-wide reporting on funding for the UN system?

Second Session: system-wide reporting – SWOT analysis

In the second session, participants discussed the different experiences of UN entities with system-wide reporting, with a view to identify areas for further improvements.

Some of the issues raised by participants included the following:

- UN entities are “comfortable” with their own classification systems of income and expenditures and therefore not keen to see major changes;

- It is not well-articulated how improved system-wide reporting on funding will be of value for the work of the UN system at the country-level;

- The impact of the shift from using UN System Accounting Standards (UNSAS) to IPSAS on analysis of funding trends would need to be explained in system-wide reports;

- It is not well understood what will be the impact of initiatives such as the recently approved CEB/Funding and Budget Network eight expenditures categories and the new results reporting framework of UNDP/UNICEF/UNFPA, on system-wide reporting;

- UNDESA and OECD/DAC need more detailed information from UN entities on both the use of resources, e.g. broken down into categories such as programme, programme support and management and administration, and level of earmarking of contributions;

- The issues of efficiency and effectiveness are becoming more important in system-wide analysis and reporting;

- Despite the use of different classification systems for revenue and expenditures/use of resources by the CEB, UNDESA and OECD/DAC, it is important to be able to reconcile the differences in the three reports;

- UN entities need to be kept well informed on the development of the new CEB financial statistics database and reporting system;

- It is important for UN entities to know how the data they provide to entities preparing system-wide reports will be interpreted.

Third Session: way forward: including the CEB financial statistics database

The third session began with both UNDESA and OECD/DAC outlining their information requirements for the purpose of system-wide reporting.
UNDESA requirements

UNDESA reporting requirements are driven by resolutions of ECOSOC and the General Assembly. Member States are increasingly interested in more detailed system-wide funding information on issues such as the following:

- Restrictions on use of contributions and implications for governance;
- Burden-sharing;
- Predictability of funding flows (core and non-core);
- Subsidization of non-core resources by core funding;
- Project-specific earmarking versus pooling of earmarked contributions under for instance multi-donor trust funds and thematic funds;
- Breakdown of resources use along broad cost groupings, e.g. programme, programme support and management and administration;
- Efficiency and effectiveness of UN development system;
- Country programmable aid;
- Fragmentation versus concentration;
- Cost and benefits of coordination.

Data collection processes of the CEB and UNDESA should be harmonized around the new CEB financial statistics database and reporting system. The CEB report is expected to continue to focus on “bottom-line” totals for the UN system, while the UNDESA report will provide disaggregated analysis of contributions and use of resources, including at the country-level.

OECD/DAC requirements

OECD/DAC collects information on contributions to the UN system directly from donor countries. On the expenditure side, OECD/DAC collaborates with UN entities to obtain data on how funds are allocated and spent for development, and includes this information under their statistics on recipient countries. It is on the expenditure side that OECD/DAC is particularly keen to enhance collaboration with UNDESA and the CEB. OECD/DAC requires more detailed information from UN entities at the level of:

- Project;
- Country, region;
- Grants versus loans;
- Sector expenditures;
- Purpose of aid;
- Delivery channels.

OECD/DAC is interested in knowing which development programmes and/or projects are eligible as official development assistance (ODA). In the UN system, this ratio ranges from 0 per cent for some UN entities to 100 per cent for others. The OECD/DAC concept of country programmable
aid is calculated by exclusion, i.e. not including in the ODA calculation expenditures relating to categories such as humanitarian aid, debt relief and administration, to name a few.

OECD/DAC recognizes that data variations exist between the UNDESA report and its own and would welcome UNDESA becoming an authoritative source for expenditures relating to operational activities for development of the UN system.

In the first phase of the implementation of the new CEB financial statistics database and reporting system, it is unlikely that the needs of the OECD/DAC can be accommodated in the time available. However, it may be desirable that the data collection and analytical work of UNDESA evolve in a manner that the department could become the primary source of information for OECD/DAC reporting on UN operational activities for development. The promotion of greater coherence in the use of definitions on expenditures and contributions between UNDESA and OECD/DAC could be an important first step in that direction.