The UN development system and its operational activities for development: Updating the definitions

A report prepared for the United Nations Department of Economic and Social Affairs for the 2016 Quadrennial Comprehensive Policy Review

What's in a name? that which we call a rose
By any other name would smell as sweet.¹

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¹ Shakespeare, Romeo and Juliet, Act II, Scene II
Introduction and Background

1. ECOSOC is conducting a Dialogue on the longer-term positioning of the United Nations in light of the 2030 Agenda for Sustainable Development. During the first phase of the Dialogue, the need was expressed for “a reflection” on the meaning of two key terms, or expressions, regarding the UN’s support for development, viz. (i) the United Nations development system, or UNDS\(^2\) and (ii) operational activities for development (OAD).

2. These terms have essentially evolved through the convenience of their usage, but have never been formally defined to the point that there exists an agreed understanding on what they mean. This has now led to considerable confusion as the discussions around the SDGs and the QCPRs evolve.

3. A clearer understanding of the constituents of the UN development system and of the nature of operational activities for development is particularly needed in light of the universal and integrated nature of the 2030 Agenda for Sustainable Development. This agenda brings together not only the social, economic and environmental aspects that allow all societies to thrive, but also the peace and humanitarian components of the path to sustainable development. The agenda is also new, in the sense that it encompasses all members of the United Nations. Historically, the expressions have been used to describe actions by the United Nations that whilst supported by all members were designed to reflect the needs of some (albeit a majority) of its members. The universalisation of the 2030 Agenda introduces the need to reconsider the usage of the expressions.

4. The present paper is intended to contribute to this reflection by recalling how the expressions have evolved over time and by proposing clearer definitions, including possible new terminology, with the ultimate objective of general acceptance by Member States. Accordingly, Part One of this paper will describe when and why these terms emerged into common usage, how their meanings have evolved over time and the issues associated with the current usage of the two terms. Part Two of the exercise is intended to offer options, in light of Part One, for better defining “UN development system” and “operational activities for development” in order to capture the implications of the universal and integrative nature of the 2030 Agenda.

\(^2\) There is considerable ambiguity as to whether the expression is capitalised, as in United Nations Development System) or not, as in United Nations development system. The latter is the norm in legislative terminology – for example in General Assembly resolutions. The former is often the norm in secretariat documents (UN, UNDG or UNDP, and in academic and NGO documentation. This is not a minor point, as will become clearer. The present report will use the decapitalised version and in accordance with convention uses the acronym UNDS.
Part One:

Origins, Evolution and Use of the expressions UNDS and OAD

5. The three sections which follow cover, first, the origins, evolution and current usage of the expression UNDS; second, the origins, evolution and current usage of the expression OAD; third, the issues and problems associated with the twin expressions. Paragraphs 33 and 34 summarise this presentation and lists the several elements inherent in any redefinition of the expressions.

A. Origins, evolution and current usage of the expression United Nations development system (UNDS).

6. The expression UNDS was first used in 1969 in the eponymous study: “A Study of the Capacity of the United Nations Development System” conducted by Sir Robert Jackson. The Study had been initiated by the Administrator of UNDP, Paul Hoffman, as follow-up to an earlier review of the pre-investment needs of developing countries. Hoffman felt that UNDP would need the capacity to effectively use a doubling of resources that might become available for such purposes following the “Grand Assize” of 1968 and the launch of the contemporaneous (Pearson) Commission on international development.

7. The UNDP Governing Council and executive heads of specialized agencies endorsed the initiative for the study. At the June 1968 session of the Council, member states proposed that the study should also encompass not only UNDP, but the wider UN system’s work for development.

8. The recommendations of the Capacity Study, which were highly pertinent to the issues then at hand, were radical and controversial. On the matter which concerns this paper, Jackson proposed that country programming under the leadership of the UNDP resident representative would be inclusive of all sources of UN multilateral development assistance, viz., UNDP, UNICEF, WFP and the regular and other funds of the specialized agencies. Accordingly, the Study defined the UN development system as covering: “the organs of the United Nations including UNICEF and WFP and the professional and technical secretariats which serve them and the Specialized Agencies concerned in the promotion of economic and social development. Where the IBRD and IMF are included, this is specifically indicated. Because the inherent indivisibility capacity has been accentuated in the case of UNDP by the practice of operating indirectly through other arms of the UN development system, it would have been impossible to carry out the Study by examining UNDP only. For this reason, all the various components and inter-relationships of the UN development system had to be considered as a whole.”

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6 See footnote 2, page 3, Vol I and Appendix Four, Definitions and Abbreviations, page 471, Vol II of the Capacity Study. The World Bank and IMF operations were to be “taken account of” but not included in the UN Development Cooperation Cycle proposed by the Capacity Study of which country programming was the first phase.
9. In essence then, in the view of the Capacity Study, the UN development system comprised all activities financed by UNDP, UNICEF, WFP and the regular and trust funds of the United Nations and specialized agencies.

10. The Study’s definition of the UN development system would have been unambiguous if the recommendations had been accepted by member states and executive heads. This was by no means the case. Notwithstanding this critical lacuna, the UNDP Governing Council, and subsequently the General Assembly decided to use the expression as the title of 1970 resolutions endorsing the outcome of the inter-governmental negotiations on the recommendations of the Jackson report. In their decisions, the inter-governmental bodies agreed that the first phase of the UN Development Cooperation Cycle would be the formulation of the UNDP country programme based on UNDP assistance alone: in other words, not the wider country programming envisaged by Jackson. Nowhere in General Assembly resolution 2688 (XXV) other than the title is the expression UNDS to be found.

11. Thus the expression UN development system was born in ambiguity: the title of the enabling resolution was based on a report some of whose principal recommendations had not been accepted by member states. It was perhaps not surprising that no attempt was made then, or later, to clarify matters and define the meaning of the term “UNDS”. The expression has thus been used by member states and secretariats as convenient shorthand without any firm legal, political or managerial definition.

12. The expression was not greatly used by the General Assembly in the 1970’s and 1980’s. It was not used for example in the 1975 report of the Group of 25 on restructuring of the economic and social sectors of the United Nations system (see paragraphs 17-18 below), nor in the subsequent restructuring exercises of the 1970’s, nor by the Director-General for Development and International Economic Co-operation (ODG/DIEC).

13. The General Assembly and ECOSOC began to re-use the term in the 1990’s and thereafter with increasing frequency, in the context of the successive triennial policy reviews of operational activities. The use of the term presumably reflected the need for the GA and ECOSOC to assign responsibility for the implementation of system-wide mandates to a “tangible” entity consisting of those organizations carrying out “operational activities”. However, the expression remained vague and undetermined: in the resolutions on the outcome of the policy reviews, the expression UNDS appears to be used more or less interchangeably with the expression “organizations of the United Nations system”, thus suggesting there was no real difference.

7 Pour memoire: operational activities in the area of population were handled through a trust fund. UNFPA was established in the 1970’s.
8 General Assembly resolution 2688 (XXV) of 11 December 1970 “The Capacity of the United Nations Development System”. It is this resolution that is widely known as “The Consensus”.
9 See footnote 6.
10 The present author was then a member of the Office of the Director-General handling issues related to operational activities. The then Director-General, Ken Dadzie, when asked in 1980 why he did not use the expression smiled and requested an unambiguous and politically acceptable definition of the terminology.
11 As part of the Annan reforms of the late 1990’s, the United Nations Development Group was established to promote the coordination of system-wide operational activities and to backstop the work of the resident coordinator. Apparently some member states do not want to cite the UNDG as the entity accountable for the implementation of GA mandates on the grounds that it was not established by member states: thus the expression UNDS is preferred.
between the two terms. Moreover, and although the expression is the same as in 1969, there has been significant evolution in its meaning in the sense that in 1969, the term covered 3 UN programmes and 11 specialized agencies (including the IBRD and IMF), IAEA and GATT, whereas the list is now much longer (see next paragraph).

14. Of course, the situation now almost 50 years after the Capacity Study is significantly different from then: the nature and understanding of development has evolved in many respects, there are more UN organizations involved in development-related work and the volume of activities has increased enormously. Nevertheless whilst the expression UNDS remains useful as shorthand, it has remained undefined at the inter-governmental level and unclear in legal and managerial terms. In its Background Note for the April 2015 ECOSOC dialogue on functions, the Department of Economic and Social Affairs explains that the “United Nations Development System” comprises those “entities that receive contributions for operational activities for development”, namely 12 UN funds and programmes, 13 specialized agencies of the UN system, 5 regional commissions, 2 secretariat departments and 2 “other entities”. Section C below comments on this definition.

B. Origins, evolution and current usage of the expression operational activities for development (OAD)

15. The expression “operational activities” has been in use ever since the United Nations first started to provide technical assistance in the late 1940’s. The expression was defined by the Capacity Study as “activities or organisations in the UN development system designed to achieve, in cooperation with a government or governments, a defined development objective within an established timetable. Such activities are chiefly implemented in the field but also include related programmes, backstopping, supervisory and administrative functions performed at headquarters”. This definition, although it incorrectly lumped together activities and organisations, was useful at the time.

16. The expression has been used consistently over the years, especially when juxtaposed with non-operational aspect of the UN’s work in favour of development, namely the policy and normative work of the United Nations and the specialized agencies. This was especially the case during those periods when the General Assembly and other UN entities such as UNCTAD and ECLAC, for example, were actively promoting international economic policy measures responsive to the particular needs of developing countries.

17. It was in this later context that the expression “operational activities” was used by the 1975 Group of Experts appointed by the Secretary-General at the request of the General Assembly to conduct a study on “structural changes within the United Nations system so as to make it fully capable of dealing with problems of international economic co-operation in a comprehensive manner”. The resultant report dealt with both aspects of the UN’s support for development,

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12 See also paragraph 21
13 Box 1, ECOSOC Dialogue on the longer-term positioning of the UN development system in the context of the post-2015 development agenda, Background Note, for Workshop I on Functions, 13 April 2015. This definition excludes the training institutions from the UNDS: see paragraphs 25 (d) and 26(d).
15 Paragraph 5, General assembly resolution 3343 (XXIX) of 17 December 1974.
namely measures to enhance the capacity of the United Nations as regards international economic policy-making and proposals to consolidate operational activities and funds into a single UN Development Authority accompanied by the integration of associated intergovernmental bodies and secretariats.

18. Member states were not able to agree to these recommendations. However, pursuant to the Report, they did establish in 1977 the above-mentioned post of Director-General with significant system-wide responsibilities in the area of development and international economic co-operation including operational activities. Policy measures in the latter area included arrangements for the designation of a single official with overall responsibility for, and coordination of, operational activities for development at the country level and the conduct of periodic comprehensive policy reviews of operational activities.

19. As it turned out, an important component of the policy reviews has been the provision of statistical information regarding voluntary or assessed contributions to organizations of the system for operational activities and expenditures financed from such contributions. As a result of increasing comprehensiveness in the provision of such information, it is now possible to more fully appreciate the definition of operational activities as reported by the Secretary-General to ECOSOC and the General Assembly.

C. Issues and problems associated with the expressions: do definitions matter?

20. The most recent policy review of operational activities by the General Assembly culminated in resolution 67/226 of 21 December 2012. In the more than 200 paragraph resolution, the expression “UNDS” occurs on 129 occasions; that of the “UN system” an additional 68 times; that of “OAD” 34 times and that of “operational activities” a further 18 times. A careful reading of the operative paragraphs of the resolution would suggest that member states (a) regard the UNDS as something that is tangible, pliable and responsive to legislative decisions; and (b) consider that OAD is what the something does. This section of the paper seeks to shed light on the nature of such assertions.

21. It is perhaps unnecessary to belabour the rather obvious point that if inter-governmental decisions are fuzzy or unclear, then policy directives, management directives and accountability are that much more difficult. Given that the language is not always clear and precise, it is not always clear who is responsible for follow-up and implementation of the policy directives of member states. In the circumstances, UNDG by default has assumed the responsibility for follow-up, with DESA retaining responsibility for reporting to member states through the QCPR arrangements.

22. The following paragraphs will try to illustrate the lack of clarity if not ambiguity in the definitions and in how the expressions are used. This issue will become more complicated as a consequence of the 2030 Agenda and the SDGs. As mentioned in paragraph 3, the agenda is not only universal and integrated but also much more comprehensive than the predecessor set of MDGs. The Agenda covers wide-ranging issues that do not fall within the typical, classical

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17 Subsequently designated “Resident Coordinator”
understanding of development. And if the definitions of the UN’s work for development are not clear, how can member states and secretariats make the Organization “fit for purpose”?

23. The following is a summary of the major anomalies in the current usage.

24. General Assembly and ECOSOC resolutions invariably decapitalise the expression, as in United Nations development system. Secretariat documents, however, very often if not invariably capitalize the same expression, as in United Nations Development System. The discrepancy itself points to the need for a re-think. Capitalization implies that the “development system” exists as such, with its own specific identity and can thus be described as “a set of connected things or parts”18. Of course, the elements of a tangible system do exist and do work together, but few observers would concur with this as a description of the system.

25. The list of UN agencies, funds and programmes that comprise the UN development system is not coherent.

(a) The list of Specialised Agencies as part of the UNDS engaged in operational activities is partial, in that two SAs with major impact on development are not included, viz., the World Bank and IMF. It is well-known that this is a controversial issue, but given the significance and comprehensiveness of the new development agenda and of the SDGs it might be appropriate now to revisit the issue in order to understand better the rationale for their non-inclusion.19 “Whilst the World Bank and the IMF are formally part of the United Nations system – and cooperate in a wide range of programmes and activities – there remains a clear separation between New York and Washington on both national and international economic and development policy issues. The UN tends to take the lead on social and environmental issues, but the gap between the institutions constitutes inefficiency and not effectiveness, and given the focus on ‘development as transformation’, economic policies have to be integrated and harmonised with social policies.”20

(b) Likewise, the World Trade Organisation is not listed among the UNDS constituent parts. WTO is of course not a specialised agency, but the 1995 exchange of letters between the United Nations Secretary-General and the WTO Director-General commit the two organisations to work together. Pursuant to that exchange, the Director-General is a member of the Chief Executives Board. WTO’s work on “aid-for-trade” and the Enhanced Integrated Framework for Least Developed Countries, both of which are essentially trade-related capacity-building programmes, and the more general issue of how the multilateral trading system is supportive of development, confirm the need for WTO to be very closely associated with the post-2015 agenda21.

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19 It should be recalled that from 1981 through 1996, the statistical reports on operational activities contained World Bank and IDA provided information on their net transfers and on their technical cooperation (see for example A/36/478). Such reporting was discontinued as from 1997, for reasons which are not clear.
20 The United Nations and its Functions, paper by John Burley and Khalid Malik, ECOSOC informal Dialogue on Longer-term Positioning of the UN development system, 13 April 2015.
21 See https://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review15prog_e/global_review15prog_e.htm and https://www.wto.org/english/tratop_e/devel_e/teccop_e/if_e.htm
(c) The DESA list\textsuperscript{22} includes IAEA as a specialised agency: it is of course a “Related Organisation”\textsuperscript{23}.

(d) The same definition states that the six UN research and training institutions (UNICRI, UNIDIR, UNITAR, UNRISD, UNSSC and UNU) are not bound by the QCPR on grounds that they do not undertake operational activities but are nevertheless members of the UNDS. Given paragraph 26 (d), the institutions should be listed as members of the UNDS.

26. The current presentation of the statistical information, which implicitly defines operational activities for development, prompts the following comments:

(a) The relationship between the definition and reporting on official development assistance (ODA) and “operational activities for development” (OAD). ODA is defined by OECD/DAC as those flows which are “administered with the promotion of the economic development and welfare of developing countries” as their main objective. Accordingly all operational activities of the United Nations system financed through voluntary contributions constitute ODA.

(b) However, this is not the case as regards activities financed through assessed contributions to the United Nations and to the specialised agencies. Some such activities do qualify as ODA, and thus as OAD: for example, regular programmes of technical co-operation; or development-related research. Others, for example the preparation of world-wide norms, cannot be reported as ODA, although assistance to countries in implementing agreed norms would qualify as such\textsuperscript{24}. The Secretariat, in consultation with OECD/DAC, has established a list of agreed percentages of assessed contributions defined as qualifying for ODA and thus OAD\textsuperscript{25}. These percentages range from 100% for UNIDO, 76% for WHO, 60% for ILO and UNESCO, 51% for FAO to 0% for ICAO, IMO and UNWTO. The UN itself does not appear to be listed. However (see Part Two below), these percentage shares may well need to be revisited in case the post-2015 development agenda changes any aspect of the methodology.

(c) The issue of humanitarian assistance and relief qualifying as OAD. OECD includes as ODA contributions to, and expenditures by, the UN humanitarian and relief programmes (UNHCR, UNICEF, UNOCHA, UNRWA, and WFP). The General Assembly has on occasion sought to distinguish between the development-related work and humanitarian programmes, particular as regards the issue of potential diversion of contributions away from longer-term development to pressing urgent relief needs. At the same time, the Assembly has recognised the intimate relationships between relief, reconstruction and development and the consequential need for effective coherence and coordination. Statistical reporting on operational activities now follows the DAC model whereby all contributions and expenditures are regarded as OAD whether they are humanitarian and relief-related or development-related. A suggestion is made on this point in paragraph 34.

\textsuperscript{22} See footnote 13
\textsuperscript{23} The 1957 agreement between the UN and the Agency defines their mutual relationship in terms other than of a specialised agency. See also \url{http://www.un.org/en/aboutun/structure/pdfs/UN_System_Chart_30June2015.pdf}
\textsuperscript{24} See \url{http://www.oecd.org/dac/stats/49194441.pdf}
\textsuperscript{25} Unpublished note by DESA on The United Nations development system and the QCPR, undated.
(d) DAC/OECD regards contributions to and expenditure on development-related research as qualifying for ODA. This would therefore suggest that the UN research and training institutions (UNICRI, UNIDIR, UNITAR, UNRISD and UNU) should be included in the constituents of the UN development system and in the statistical reporting on operational activities.

27. The definition of membership of the UN development system also needs clarification in the following respect. Does membership mean that all activities of a member entity are part of the work of the UNDS? Or is it just the operational side of the work of member entities that should be regarded as constituting the UNDS? 26 In which case, where is this so defined? In other words, the present definition appears to conflate functions and organisations in a manner which is misleading. To those not aware of the details of the matter, the expression UNDS would appear to be inclusive of all the work of each member entity.

28. Thus the problem of what really constitutes the UNDS raises a number of issues. A considerable part of the work of the United Nations, and of its agencies, funds and programmes in support of development is not “operational” in the sense used in the expression “OAD” and is thus not included in the statistical reporting. Ever since the launching of the Expanded Programme of Technical Assistance in 1949, the UN’s operational activities have progressed in a manner largely distinct from the non-operational work in support of development, and vice-versa for that matter. The reasons for, and the consequences of, such trends lie beyond the scope of this paper. Suffice it to mention here numerous examples of such work carried out on a regular basis today: the normative functions of the specialised agencies, the promotion and protection of human rights through the work of OHCHR, the considerable analytical work of secretariats reflected in major reports 27, the regular programme work of UNCTAD, UNEP, UN-Habitat, UN-Women and the regional commissions and the support for inter-governmental deliberations in the GA, ECOSOC and other organs (for example, UNFCCC) on international policies that directly affect development prospects.

29. But all such work is not perceived as OAD because the support is not in the form of direct assistance to countries and groups of countries that is the focus of the quadrennial policy review of operational activities. This is a complex and sensitive issue and member states understandably wish to keep such matters separate from the QCPR. However, because of the link between QCPR and UNDS and because UNDS is essentially “operational”, such issues are not regarded as part of the “UN development system”. But how can any sensible intergovernmental consideration of the functioning of the “development system” ignore such important and essential contributions of the United Nations to development?

30. This latter point is a very difficult issue as it reflects the long-standing dichotomy in the United Nations referred to in paragraph 28 between the two strands of the UN’s support for development: namely, the operational side and the analytical/policy related side. There is no easy way of reconciling such diverse trends.

26 As originally proposed by the Capacity Study: see paragraph 9.
27 Some of the work of UNDP and UNICEF also falls into this category. The analytical work underpinning the annual Human Development Report from UNDP, or the State of the World’s Children from UNICEF is in essence no different than other UN flagship reports, e.g. the annual (DESA) World Economic Survey, or the series of UNCTAD reports (the Trade and Development Report, for example). The former, because produced by operational bodies are presumably regarded as part of “UNDS”. The latter are not. This is another anomaly that needs correction.
31. All of the above discussion is essentially about the legal and technical issues regarding terminology as seen at the global level. One may question the relevance of this discussion to the realities of UN operations at the country level. The question is very pertinent. In practice, for example, the content of the UN Development Assistance Framework (UNDAF) is based on prevailing local circumstances and needs, as of course should be case. The membership of UN Country Teams and how they function in practice will likewise reflect individual and specific local circumstances. It is unlikely that a UN-HQ based discussion on the definition of the constituent parts of the UNDS or the finer points of statistical reporting to the UNGA will unduly disturb government staff or UN officials at the country level. They would probably ignore such a discussion for understandably judicious reasons.

32. However, it would be wrong to conclude, therefore, that the definitions whatever they may be have no application in operational terms either globally or nationally. Greater clarity at the global level as to the meaning of these expressions would help clarify responsibilities at the country level for the implementation of policy directives emanating from member states and thereby help make the United Nations “fit for purpose”.

33. In summary, the United Nations has adopted an ambitious new development agenda and has promulgated a series of sustainable development goals. The agenda is comprehensive, universal and integrated. Given the new circumstances, it is time to reconsider the meanings and usage of two related expressions, the “UN development system” and “operational activities for development”:

a) The expression “UN development system” originated with the Capacity Study of 1969. The Study defined UNDS as inclusive of UNDP, UNICEF, WFP and the regular and trust funds of the specialized agencies. This suggestion was not accepted by member states, who nevertheless retained the expression in the Consensus resolution 2688 (XXV) endorsing some of the other recommendations of the Study. The expression was little used in the 1970’s and 1980’s. It came back into general usage in the 1990’s and thereafter, in the context of the UNGA triennial (now quadrennial) policy reviews of operational activities. The expression is now understood to cover 34 entities of the UN system that receive contributions for operational activities for development.

b) The expression “operational activities” began to be used when the United Nations initiated technical assistance programmes in the late 1940’s. The expression draws its credibility from its juxtaposition with the non-operational work of the UN system in support of development, namely inter-governmental policy-making on development issues together with the secretariat’s analytical work. The expression takes a specific meaning in the detailed statistical reporting on contributions for and expenditures on operational activities.

34. The main issues associated with the two expressions each of which requires further consideration in light of the post-2015 agenda are as follows:

- The list of specialised agencies members of UNDS does not include the Bretton Woods institutions, in spite of their obvious relevance to development issues; nor does membership include WTO that undertakes important operational programmes; (Paragraphs 25 (a) and 25 (b))
Humanitarian assistance programmes are reported as part of “operational activities for development” when there is merit in clearly distinguishing the two components of UN-ODA; (Paragraph 26 ©)

The implications for DAC reporting on multilateral ODA in light of the new development agenda; (Paragraphs 26 (a), 26 (b) and 26 (d))

The expression UNDS conflates functions and organisations. Does the UNDS encompass all of the development-related work of each member entity, or just its operational side? If so, this distinction should be made clear. However that in turn would raise the issue of how better to link the discussions on operational activities in the QCPRs with the “non-operational” development related work that is not regarded as part of UNDS but which is nevertheless central to the achievement of the SDGs; (Paragraphs 27-30)

And finally, the small but important point about whether UNDS should be capitalised as in secretariat documents or decapitalised as in legislative decisions. Perhaps this point summarises rather neatly the confusion regarding the use of the expression (para 24).

Part Two

Updating the definitions

35. This second part of this discussion paper is divided into three sections that attempt three tasks:
   A: to clarify the two terms United Nations Development System (UNDS) and Operational Activities for Development (OAD) as they are currently used and understood. No agreement is required on the current use of the terms since new approaches will be recommended. However, they do form the starting point for this analysis;
   B: to engage in an initial exploration of the implications of the 2030 Agenda that might require changes to the definitions; and
   C: to present two possible new terms with their corresponding definitions, definitions which in the medium term should be seen as a work-in-progress and subject to possible change as the new agenda becomes more clearly understood.28

A. Current utilization of the two terms

36. Before addressing the two terms, it is useful to briefly review the use of the term Official Development Assistance (ODA). ODA is a critical concept since it underpins global reporting on development assistance provided to developing countries from official sources29 which forms the internationally comparative statistical base for aid activities. Both the definition of ODA and the management of the statistical underpinnings for it have historically resided with the Organization for Economic Cooperation and Development’s (OECD) Development Assistance Committee (DAC). Although there are some differences, the United Nations’ use of the term OAD is closely linked to DAC’s definition of ODA. The ability to report financial assistance provided as ODA is an extremely important consideration for most developed country donors to the United

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28 This paper uses a draft copy of “Transforming Our World: The 2030 Agenda for Sustainable Development” as contained in A/69/L.85
29 While the definition of ODA includes only flows from official sources, the annual UN funding reports for operational activities for development also show flows from non-official source such as NGOs or philanthropic foundations
Nations’ development and humanitarian entities. However, the membership of the United Nations goes far beyond the membership of the OECD/DAC – and includes all DAC countries, so it is legitimate for the United Nations system to develop terminology and definitions that reflect its own principles and requirements. It is further noted that GA and ECOSOC resolutions address funding appeals to both traditional donors who are mainly DAC members as well as to “countries in a position to do so”.

37. The DAC definition of ODA is as follows:

Official Development Assistance is defined as those flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions which are:

i. provided by official agencies, including state and local governments, or by their executive agencies; and

ii. each transaction of which:

a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and

b) is concessional in character and conveys a grant element of at least 25 per cent (calculated at a discount rate of 10 percent).30

38. Three more detailed interpretations of this definition are of related interest.31

a) Peacekeeping. The enforcement aspects of peacekeeping are not reportable as ODA. However, ODA does include the net bilateral costs to donors of carrying out the following activities within UN-administered or UN-approved peace operations: human rights, election monitoring, rehabilitation of demobilised soldiers and of national infrastructure, monitoring and training of administrators, including customs and police officers, advice on economic stabilisation, repatriation and demobilisation of soldiers, weapons disposal and mine removal. This interpretation of the ODA definitions concerning peacekeeping indicates that there may be activities within various peacekeeping operations that are ODA eligible and which may not be reported in the Secretary General’s annual funding reports. Member States might wish to review the desirability and feasibility of reporting such items in the future, a review that goes beyond the scope of this paper.

b) Assistance to refugees. Assistance to refugees in developing countries is reportable as ODA. Temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to the developing country of origin are also reportable.

c) Research. Only research directly and primarily relevant to the problems of developing countries may be counted as ODA. This includes research into tropical diseases and developing crops designed for developing country conditions. The costs may still be counted as ODA if the research is carried out in a developed country.

39. Before turning to the current utilization of the two terms in the United Nations system, one important point needs to be clarified. As noted in Part 1 of this paper, due to the historical lack of clear definitions, the two terms UNDS and OAD sometimes get used interchangeably - which

30 Source: information notes “Is it ODA?” from the OECD website.
31 Ibid: for further details of five other interpretations please see the referenced document.
should not be the case since they are substantively different. To clarify this discussion, part Two of this paper clearly differentiates between the two terms as currently used. The “United Nations development system” consists of the United Nations entities that together form the “who” – which entities within the broader United Nations system are we talking about. While “operational activities for development” is the “what” – what activities across the United Nations system are we talking about. Applying this differentiation, the UNDS is simply a list of United Nations entities that carry out operational activities for development. The percentage of an entity's activities that consist of operational activities is not relevant to the question of whether or not an entity is a member of the UNDS. If an entity carries out any OAD it is automatically a member of the UNDS.

40. That leads then to the question – what “are operational activities for development”? The 1969 Jackson Study first defined operational activities for development (as noted in Part 1 of this paper) as “activities... in the UN development system designed to achieve, in cooperation with a government or governments, a defined development objective...” No formally endorsed definition of the term appears to exist. In practice today, operational activities for development are essentially those activities that are included in the annual Secretary General’s report of funding for operational activities for development. In the technical note provided in the SG's regular funding reports, operational activities for development are defined as “those activities of the United Nations development system entities which support the sustainable development and welfare of developing countries and countries in transition”.

41. All voluntary contributions to United Nations entities for development and humanitarian purposes are reported as OAD. However, some non-voluntary contributions are also reported. The main example is the inclusion of the portion of the assessed contributions to the specialized agencies of the United Nations that is reportable as ODA. The allowable percentage of assessed contributions to the United Nations specialized agencies that can be reported as ODA is calculated through an entity by entity review by the DAC Working Party on Statistics of three major considerations: 1) the mandate of the agency, 2) the activities of the agency, and 3) the budget of the agency. Within the regular budget of the United Nations, the funds allocated to the Development Account and the Regular Program of Technical Cooperation are also reported. The UN’s OAD reporting also includes funds received from private sources that are not reported as ODA by DAC as they do not come from “official sources”.

42. An associated question raised in Part One of this paper is – if operational activities constitute only part of the work of an entity that is part of the UNDS, what is the applicability of the QCPR to those entities? In general today, all provisions of the QCPR are mandatory for the entities that report to the General Assembly. For entities with an independent (of the General Assembly) constitution, the QCPR generally “calls upon” those entities to adopt the QCPR’s provisions voluntarily. To answer the question raised in Part 1 of this paper, since voluntary compliance is requested of these entities and since all of their work is clearly not defined as operational activities, then when the QCPR is voluntarily accepted, it would appear logical that the QCPR provisions would only apply to those activities that meet the definition of operational activities for development.

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32 See Annex 1
34 This practice, while understandable, is somewhat inconsistent with the last QCPR resolution (A/67/226) which states in paragraph 4 “Reaffirms that the fundamental characteristics of the operational activities of the UN system should be, inter alia, their...voluntary...nature...”
43. Since both of these terms will require adjustment and redefinition in light of the new development agenda, including ongoing discussions in the OECD/DAC on developing the new measure of Total Official Support for Sustainable Development (TOSSD)\(^{35}\), intended to complement ODA, it is not necessary to embark on defining clear and agreed definitions based on current practice.

B. **Implications of the new development agenda**

44. As noted in paragraph 3 of this paper, the new development agenda is of a universal and integrated nature, bringing together social, economic and environmental considerations, including the humanitarian and peace components of the path to sustainable development. It is also applicable not just to developing countries, but to developed countries and to other stakeholders and non-state actors as well.

45. In the light of such sweeping scope, it could be argued that all of the United Nations’ activities now form part of the UN system’s sustainable development activities. It is unlikely that this is an interpretation of operational activities for development (to use for the moment existing terminology) that Member States would consider. Practical, operable interpretations that can be backed up with the required statistical backstopping are still required to have sufficiently focused and meaningful discussions. Given the universal nature of the new development agenda, a key consideration for Member States will be how broadly they wish to ‘cast the net’ in including new activities into the definition that replaces “operational activities for development”.

46. Although differences exist as illustrated earlier, the development activities of the United Nations system have historically been closely related to international discussions and reporting on ODA. An issue for Member States is the extent to which that historical relationship can or should be maintained. Discussions about the implications of the 2030 Agenda are taking place in many forums around the world, including in the OECD/DAC which has historically played the major role (in consultation with many partner organizations including the United Nations) on the definitions, procedures and statistical underpinnings for ODA.

47. In the communique issued after the DAC High Level Meeting (December 2014), the meeting recognized that “there is a need to capture in OECD/DAC statistics the wide array of support we are providing beyond concessional finance through a measure of Total Official Support for Sustainable Development (TOSSD)”. In the briefing note associated with this communique,\(^{36}\) it was noted that the purpose of TOSSD was not to supplant ODA but to complement it, that it could potentially cover private resources mobilized through public schemes, and that it would generally contribute to monitoring resources that will finance the SDGs. The briefing note states further that “the UN and leading regional groupings will have a special role to play in the discussions to forge the new measure and to facilitate its use for monitoring support for the post-2015 agenda”.\(^{37}\) Supplementary areas that may be reported under TOSSD would include: “1) activities promoting and enabling sustainable development, including contributions to global public goods where these are deemed relevant for development and aligned with

\(^{35}\) discussed in more detail in later paragraphs of this paper


\(^{37}\) This meeting was held before approval of the term “2030 Agenda for Sustainable Development”
developing countries’ priorities, recognizing that providers themselves may benefit from such activities; 2) activities relevant for any provider of development finance, including the private actors that take part in blended investment schemes; and 3) both concessional and non-concessional financing and capture all financial instruments, including those generating reflows to provider countries, but clearly distinguish between flows and contingent liabilities”.

48. If there are important takeaway messages from these statements of the DAC High Level Meeting they might be the following: 1) the OECD DAC clearly recognizes that new approaches to statistical reporting are necessary in responding to the requirements of the new development agenda which go far beyond the traditional concept of ODA and which therefore have implications for how UN Member States conceive of the UN system’s development activities, 2) that these new approaches include the concept of sustainability, 3) that contributions to the achievement of common challenges requiring collective action could possibly be included even if these contributions also benefit donor countries, and 4) that consultations are required on these new approaches with all stakeholders, including in particular with the United Nations. It is important to underline that these new approaches are not for a redefinition of ODA, but for a supplementary reporting modality – the TOSSD. Since the TOSSD is a supplementary listing of developing country-related expenditures, it does not impact at present on the OECD/DAC definition of ODA and therefore does not at this point call into question the general linkage between the UN system’s reporting of Operational Activities for Development and the DAC’s reporting of ODA.

49. The true implications of the 2030 Agenda may only emerge clearly with time, but a few of the key considerations for the United Nations in looking at its own terminology and definitions could include the following:

a) what specific normative and policy activities of the United Nations should now be considered to be part of the system’s new “sustainable development activities” and is that the term that should now replace “operational activities for development? Such activities should be clearly identifiable and statistically “trackable”;

b) should humanitarian activities be seen as an integral part of sustainable development activities;

c) should private flows through the United Nations system be counted and reported. There appears to be no reason why the United Nations’ past practice of reporting such flows should change – in fact they become even more justified by the scope of the new development agenda;

d) should contributions to common challenges requiring collective action including international economic cooperation now be included in the statistical support base for the new definition. This is held out as a possibility for the new DAC supplementary reporting mechanism (the TOSSD), but does not appear to be under consideration for ODA reporting; and

e) how to engage with OECD/DAC with two objectives: 1) to represent United Nations thinking on the reporting and statistical issues under discussion, and 2) to the extent possible, to minimize the gaps (where appropriate and possible) between the reporting methodologies of the two organizations?

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38 Total Official Support for Sustainable Development (TOSSD), OECD/DAD briefing note, March 24, 2014

39 Often referred to as “global public goods”
1. New definitions

50. The first key question for Member States given the universal and integrated nature of the new development agenda will be how broadly they wish to ‘cast the net’ in including new activities into the definition that replaces “operational activities for development”. Member States are unlikely to agree that a definition that covers all UN system activities would be practical. An important element in considering this issue will be what to do – if anything – about the concept of the “operational nature” of the activities to be included. If the concept of the “operational nature” is to be softened, then the definition becomes open to the inclusion of a wide range of activities such as very general work on development policy and analysis. Such an approach might be more consistent with the universal and integrated intent of the 2030 Agenda, but does pose difficult questions for Member States about where to draw the line between all activities and a more limited definition. Setting clear criteria for the inclusion of new activities will be difficult and is beyond the scope of this paper. These criteria will also depend on whatever new terminology and definitions are eventually embraced.

51. A second key question for future reporting is the extent to which Member States wish to separate reporting on development activities from reporting on humanitarian activities. Humanitarian activities are currently included in the reporting on OAD in the Secretary General’s annual funding reports and are also reportable as ODA. It is understood that for some United Nations entities, clearly differentiating between development and humanitarian activities may present certain definitional and statistical challenges. The linkage between the QCPR and the United Nations system’s humanitarian activities would also need clarification. The key question to be answered here is – are humanitarian activities essentially part of the sustainable development continuum and should therefore be considered as part of sustainable development activities, or are they distinctly different and should be treated separately? The answer to that question would largely determine the answer to the question of the applicability of the QCPR to humanitarian activities. If humanitarian activities are not seen as part of the sustainable development continuum, then the funding reports should focus only on the sustainable development activities, perhaps with reporting on humanitarian activities provided for supplementary informational purposes only. If humanitarian activities are not seen as part of sustainable development activities, then presumably the QCPR would not apply to those activities.

52. On this issue, Member States may wish to be guided by the report of the first phase of the ECOSOC Dialogue which states that “the UN development system must drive for greater integration of long-term development and resilience with humanitarian and security responses”.

53. Turning now to the possible new definitions and terminology, Member States may wish to consider replacing the term “United Nations Operational Activities for Development (UNOAD)”, or, in shortened form “Operational Activities for Development (OAD)” with the term “United Nations Sustainable Development Activities (UNSDA)”, or, in shortened form “Sustainable Development Activities (SDA)”.

54. Two possible definitions of “Sustainable Development Activities” (SDA) are presented here for discussion, recognizing that there are many possible alternatives to these two. The first definition is based on the current practice of the Secretary General in the annual funding
reports, but is intended to leave open the possibility of a broader inclusion of activities based on the “universal and integrated nature” of the 2030 Agenda:

definition 1. - “those activities of the United Nations system which have as their primary objective support for the sustainable development and welfare of developing countries and countries with economies in transition. Such activities are financed by both regular and extra-budgetary contributions from governments and other sources to the entities of the UN system”. This formulation clearly opens the definition to a broader range of activities that could be included and where deciding the inclusion parameters might create difficulties for the Member States.

The second definition is intended to be somewhat more limiting, in order to preserve some measure of the meaning of “operational”:

definition 2. – “those activities of the United Nations system, individually and collectively, which have as their primary objective direct support for the sustainable development and welfare of developing countries and countries with economies in transition. Such activities are financed by both regular and extra-budgetary contributions from governments and other sources to the entities of the system”. This definition would likely lead to results that are very similar to the current definition of “operational activities for development”.

55. In line with the above definitions, Member States may wish to have further discussion on whether it is desirable to replace the term “United Nations development system (UNDS)” with one of the two following or some other option

1) United Nations Sustainable Development System (UNSDS); or
2) United Nations System for Sustainable Development Activities (UNSSDA).

56. Regardless of the name eventually adopted for the “system”, any United Nations entity which carries out any activities that qualify under the definition of activities as eventually adopted would automatically be considered a member of the “system”.

57. The primary implication of such new definitions would be the need to re-examine within the United Nations a number of policy, normative and economic cooperation activities that might not currently be considered as “operational activities for development” but which might meet the intent of the 2030 Agenda through the broader definition of “sustainable development activities”.

58. Applicability of the QCPR to those entities whose mandates include activities other than those that fall under the definition of United Nations Sustainable Development Activities would continue, as at present, whereby they would be asked to voluntarily adopt the provisions of the QCPR in respect to their Sustainable Development Activities only.

59. Member States might also wish to endorse formally whatever terms and definitions are agreed in order to minimize in the future the use of conflicting terms and definitions throughout the system. Member States might also wish to endorse formally how they wish to treat humanitarian activities within the broader definition of sustainable development activities.

40 These do not include the UN Secretariat. It is about funds, programmes and specialized agencies
41 These do not include the activities of the UN Secretariat.
## Annex 1

**Current Composition of the United Nations development system**
*and Applicability of QCPR*

[Mandatory where entity reports to the GA]

<table>
<thead>
<tr>
<th>Funds and Programmes</th>
<th>Specialized Agencies</th>
<th>Applicability of QCPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN Habitat</td>
<td>FAO</td>
<td>Mandatory</td>
</tr>
<tr>
<td>UN Women</td>
<td>IAEA</td>
<td>Voluntary</td>
</tr>
<tr>
<td>UNCTAD (+ITC)</td>
<td>ICAO</td>
<td>Mandatory</td>
</tr>
<tr>
<td>UNDP (+UNV,CDF)</td>
<td>IFAD</td>
<td>Voluntary</td>
</tr>
<tr>
<td>UNEP</td>
<td>ILO</td>
<td>Voluntary</td>
</tr>
<tr>
<td>UNFPA</td>
<td>IMO</td>
<td>Voluntary</td>
</tr>
<tr>
<td>UNHCR</td>
<td>ITU</td>
<td>Voluntary</td>
</tr>
<tr>
<td>UNICEF</td>
<td>UNESCO</td>
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<tr>
<td>UNODC</td>
<td>UNIDO</td>
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<tr>
<td>UNRWA</td>
<td>UNWTO</td>
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</tr>
<tr>
<td>WFP</td>
<td>UPU</td>
<td>Voluntary</td>
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<tr>
<td><strong>Sub-total # of entities</strong></td>
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</tr>
<tr>
<td><strong>Regional Commissions</strong></td>
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<td>Voluntary</td>
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<tr>
<td>ECA</td>
<td>WM0</td>
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</tr>
<tr>
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<tr>
<td>ESCAP</td>
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<td>ESCWA</td>
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<tr>
<td>OCHA</td>
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<td><strong>Sub-total # of entities</strong></td>
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<td><strong>Research and Training Institutes</strong></td>
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<td>UNRISD</td>
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<tr>
<td>UNSSD</td>
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<tr>
<td>UNU</td>
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<tr>
<td><strong>Other Entities</strong></td>
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<td>UNISDR</td>
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<td><strong>Total # of entities</strong></td>
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<tr>
<td># of entities that reported funding for OAD in 2013</td>
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<tr>
<td># of entities for which QCPR compliance is mandatory</td>
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</tr>
<tr>
<td># of entities for which QCPR compliance is voluntary</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

*The World Bank Group and the International Monetary Fund, although Specialized Agencies, are not members of the UNDS. However, they do cooperate extensively with the UNDS in carrying out their respective mandates and do take into account, as they deem appropriate, the findings and recommendations of the QCPR.*
Annex 2: UNDG Membership

Membership

To be eligible for UNDG membership, an entity must be:
1. Member of the UN System Chief Executives Board for Coordination (CEB), in recognition of the fact that the UNDG is a subsidiary pillar of the CEB;
2. Part of the UNDS as defined in the reports of the Secretary-General (i.e. it must receive contributions for operational activities for development);
3. Fully engaged in the UNDG, and importantly in field operations through UNDAFs and UNCTs; and
4. Contributor to the global UNDG cost-sharing arrangement in support of the Resident Coordinator system.

The following special provisions apply:
- UN entities that are classified as “Other Entities” in the UN system are also eligible for UNDG membership and are otherwise treated analogously to UN funds, programmes and specialized agencies;
- UN Secretariat departments and offices and the UN Regional Commissions, are eligible to become UNDG members in their own right, provided they are part of the UNDS;
- The International Organization for Migration (IOM), shall be invited to UNDG meetings when programmatic issues of common concern are discussed.
- UNDG working mechanisms at headquarters may decide to extend participation rights to additional UN entities that have a relevant role in the respective area of the associated working mechanism (i.e. Working Group or Task Team). The membership of the global UNDG shall remain unaffected by these arrangements.

Observer Status

The following entities are eligible for UNDG observer status:
1. UN entities that are members of the CEB but not part of the UNDS;
2. UN research and training institutes;
3. Subsidiary bodies of UNDG member entities.

UNDG observer rights:
- UNDG members and observers enjoy equal rights regarding information sharing and participation in UNDG working mechanisms and meetings;
- UNDG observers can be formally invited to be members of Working Groups whose TORs extend beyond the UNDG even if they are not members at the UNDG level;
- UNDG observers may be requested to provide input to specific products, policy positions as appropriate;
- Observers do not take part in UNDG decision-making and do not have voting rights regarding endorsement of UNDG guidance products, position statements etc;
- Observers cannot become members of the UNDG Advisory Group;
- Observers are not expected to contribute to the global UNDG cost-sharing arrangement.

UNDG membership and observer criteria shall also apply to UNDG working mechanisms, Regional UNDG Teams and UN Country Teams.

42 https://undg.org/home/about-undg/members/
Members and Observers

FAO Food and Agriculture Organization of the United Nations
IFAD International Fund for Agricultural Development
ILO International Labour Organization
ITU International Telecommunications Union
OHCHR Office of the High Commissioner for Human Rights
OSAA Office of the Special Adviser on Africa
OSRSG-CAC Office of the Special Representative of the Secretary-General for Children and Armed Conflict
UN-ESCWA United Nations Economic and Social Commission for Western Asia
UN Habitat United Nations Human Settlements Programme
UN-OHRLLS Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries & Small Island Developing Countries
UN Women United Nations Entity for Gender Equality and the Empowerment of Women
UNAIDS Joint United Nations Programme on HIV/AIDS
UNCTAD United Nations Conference on Trade and Development
UNDESA United Nations Department of Economic and Social Affairs
UNDP United Nations Development Programme
UNEC A United Nations Economic Commission for Africa
UNECE United Nations Economic Commission for Europe
UNECLAC United Nations Economic Commission for Latin America and the Caribbean
UNEP United Nations Environment Programme
UNESCAP United Nations Economic and Social Commission for Asia and the Pacific
UNESCO United Nations Educational, Scientific and Cultural Organization
UNFPA United Nations Population Fund
UNHCR United Nations High Commissioner for Refugees
UNICEF United Nations Children’s Fund
UNIDO United Nations Industrial Development Organization
UNODC United Nations Office on Drugs and Crime
UNOPS United Nations Office for Project Services
UNWTO United Nations World Tourism Organization
WFP World Food Programme
WHO World Health Organization
WMO World Meteorological Organization

DSG Director, Office of the Deputy Secretary General (observer)
OCHA Office for the Coordination of Humanitarian Affairs (observer)
Office of the Spokesperson for the Secretary-General (observer)
UNDP United Nations Department of Political Affairs (observer)
UNDP United Nations Department of Public Information (observer)
UNFIP United Nations Fund for International Partnerships (observer)
World Bank World Bank (observer)