

## **Supplementary note to Addendum 2 - Analysis on Funding**

### **Technical note on definitions, sources and coverage**

#### **The UN development system**

To align with the spirit and the letter of the quadrennial review and repositioning resolutions – and in the absence of formal, inter-governmentally agreed definitions of ‘United Nations development system’ and ‘operational activities for development’ – this report uses the designation ‘United Nations development system’ to identify the United Nations entities that undertake operational activities for development and are eligible for official development assistance (ODA).

#### **Operational activities for development**

Among the entities that constitute the United Nations development system there has been no commonly agreed definition of key terms such as “operational activities for development”, “humanitarian activities” and “development activities”.

The Secretary General’s 2019 Report on the QCPR defines operational activities for development (OAD) as those activities carried-out by UNDS entities for the promotion of development and the welfare of developing countries as the primary objective. They cover both longer-term development-related activities as well as those with a humanitarian-assistance focus and relate to the work of those United Nations funds, programmes, specialized agencies, departments and offices which have a specific mandate in this regard.

Common, system-wide definitions of ‘development activities’ and ‘humanitarian activities’ were approved by the HLCM and UNSDG in autumn 2018, after the collection of the latest round of funding data used in this report. Given the lack of common definitions at the time 2017 funding data was collected, all activities of UNHCR, UNRWA, and OCHA are considered humanitarian. In addition, emergency operations of UNICEF, humanitarian emergencies of UNFPA and humanitarian operations of WFP are also considered to be humanitarian-related. Accordingly, all other operational activities are treated as development-related.

Based on consultations with the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC), the UN specialized agencies as well as some other UNDS entities have estimated the proportion of their assessed or regular budget revenue that is spent on operational activities for development (see <https://www.oecd.org/dac/stats/annex2.htm>). These shares have been applied to all the data presented in the SG’s funding analysis.

Funding data on contributions refers to actual funding for OAD received in a given calendar year from Governments and other public and private sources by organizations in the UNDS. Data on resource transfers from one entity of the system to another are excluded wherever possible to avoid double counting. Data on expenditures represent the support provided by the organizations of the UNDS for OAD in programme countries. Contributions and expenditures are expressed in current United States dollars, unless otherwise stated.

Included within the data on expenditures are programme support costs<sup>1</sup>. These are costs of activities of a policy-advisory, technical and implementation nature that are needed for achievement of the objectives of programmes and projects in the development focus areas of the organizations. These inputs are considered essential to the delivery of development results, and are not included in specific programme components or projects in country, regional, or global programme documents.

### **System-wide reporting: opportunities and challenges**

The funding analysis that is an addendum to the Secretary General's 2019 Report on the Quadrennial Comprehensive Policy Review (QCPR) depends largely on data obtained from the financial statistics database and reporting system that is managed by the CEB<sup>2</sup>. In a few cases data could not be obtained through the CEB's financial database. Funding data for UNDESA were collected through a separate request, and data on inter-agency pooled funds were obtained from the system-wide inter-agency pooled fund database.

### **Core and non-core resources**

Many UNDS entities do not use the terms "core" and "non-core" when classifying contributions. Harmonization of the terms "core" and "non-core" within the UNDS is difficult to achieve owing to the different business models adopted by agencies, funds and programmes. For system-wide reporting purposes, "core" resources refer to un-earmarked funding that is used at the sole discretion of the respective UNDS entity and its governing board, and "non-core" resources refers to earmarked funding that is directed by donors towards specific locations, themes, activities and/or operations.

### **Official development assistance (ODA) and other aid**

The funding analysis makes some references to Official Development Assistance (ODA) when analyses are made to compare funding for operational activities for development (OAD) in 2017 with other development assistance. Data on 2017 ODA flows are taken from the OECD/DAC database (aidstats.org). The figures reported through the OECD/DAC database are continually being refined. For the purposes of this report on the QCPR implementation, the amounts used are those that were presented in February 2019<sup>3</sup>.

### **Current versus real terms**

In this report on QCPR implementation, comparisons and trend analyses in "real terms" are based on amounts expressed in constant 2016 United States dollars by applying deflators published by OECD/DAC. These deflators consider the combined effect of inflation and exchange rate movements.

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1 Referred to by some UN entities as "development effectiveness costs"

2 In compliance with General Assembly resolution 63/311 (OP 16) which requested the Secretary-General to create a central repository of information on the funding of operational activities for development. This central repository of information became operational in 2012 as part of the financial statistics database and reporting system that was developed by the CEB.

3 At this time, total 2017 ODA provided by DAC countries was reported as \$146 billion.