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**Operational activities of the United Nations for international development cooperation: follow-up to policy recommendations of the General Assembly and the Council**

**Implementation of General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, 2019**

**Report of the Secretary-General**

*Summary*

General Assembly resolutions 71/243 on the QCPR and 72/279 on the repositioning of the UN development system recognized the level of ambition of the 2030 Agenda and set the bar high for the UN development system to transform in order to rise to the challenge. The UN development system has responded with renewed vigor and has taken bold, though at times difficult steps, to realize the vision of Member States.

In line with the mandates contained in the QCPR and the resolution to reposition the UN development system, the present report illustrates the initiatives, processes and structural changes that have been put in place over the course of our ongoing journey of change, presents the outcomes of the reviews of our multi-country offices and of the UN regional assets, and offers the foundational elements upon which the system-wide strategic document is being built as Member States consider the outcomes of the reform initiatives they have called for.

The report also presents the outcome of the funding dialogue that culminated with a Funding Compact, aimed at shifting funding practices towards better quality and increased quantity of funding, along with increased transparency and accountability for results.

At the heart of our efforts for a renewed UN development system rests a fundamental cultural shift, rooted in transparency, accountability and a truly collaborative approach. This is a shared responsibility that brings together the system and Member States alike, as we continue to advance in our efforts for a stronger UN.

As I exhort all entities to continue on this path, I also count on our membership to continue to support these efforts with the same resolve they have shown in adopting the 2030 Agenda and the reform resolution to make the system fit to deliver on its ambition.

I am committed to continue to keep up on our progress, maintaining the high level of ambition the membership has set, and I am determined to firmly implement the provisions contained in the QCPR and GA resolution 72/279. I call on Member States to endorse my proposals for further change in response to their mandates and I count on the system to continue to embrace this process of change and walk together as we renew our commitment to the people we serve.

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### Addendums

- 1 . The Funding Compact (A/74/73/Add.1 -E/2019/4/Add.1)
2. Funding of the operational activities for development (A/74/73/Add.2 -E/2019/4/Add.2)
3. QCPR Monitoring and reporting framework (A/74/73/Add.3 -E/2019/4/Add.3)

## **I. Introduction: a transformed UN development system for the 2030 agenda**

1. We are now well advanced in the transformative journey that was launched in September 2015, when world leaders adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals.

2. This is an ambitious and challenging journey. It demands a new way of responding to our shared global challenges. It demands integrated responses, new and enhanced skills and knowledge, and coherence of action across diverse stakeholder groups – government, parliaments, civil society, the private sector, academia, international organizations, amongst others. This includes the United Nations development system that is now well advanced on its own journey to reposition itself to best support member states in making this agenda a reality.

3. Building on the Economic and Social Council discussions on making the UN “fit for purpose”, the General Assembly adopted the landmark QCPR resolution 71/243 in December 2016 calling for a UN development system that is more strategic, accountable, transparent, collaborative, efficient, effective and results-oriented. In response, I initiated a deep review from my first day in office to reposition the UN development system to better service the 2030 Agenda - together with a reorganized approach to preventing crises and sustaining peace, and supported by a new management paradigm that decentralizes decision-making with strengthened accountability, and empowers women throughout the Organization.

4. From the early days of my mandate, I have endeavoured to put development back at the centre of the work of the Organization, grounded in rights and in the realization that sound investments in sustainable development form the basis for peaceful and prosperous societies that provide access to opportunities for all, without harming the planet. Sustainable development is an objective in itself; but it is also the best prevention investment to mitigate risks, avoid conflicts, accelerate transitions out of crises and sustain peace. In March 2017, I entrusted the Deputy Secretary-General with the responsibility to coordinate UN activities in the field of sustainable development, assuming the leadership of the UN Sustainable Development Group (UNSDG). By December 2017, we conveyed to Member States a set of proposals that would significantly transform the UN development system.

5. At their core, I proposed we build a new generation of UN Country Teams, led by an independent and empowered Resident Coordinator system, and supported by a revitalized regional approach. I proposed measures to strengthen strategic guidance, transparency and accountability. I have launched several workstreams to ensure the UN has enhanced skillsets and mechanisms to help countries take partnerships to scale and realign financing to achieve the SDGs everywhere. Working closely with the UNSDG, we are taking a much more ambitious approach to advance common services and more efficient operations in countries, to ensure that more resources are allocated to development activities rather than administrative structures. In addition, I proposed a Funding Compact between Member States and the UN development system for a fundamental shift in the way the system is funded and to realign skewed incentives, to realize the full potential of the Organization and re-enter an era of renewed trust.

6. Following an intensive consultation process, the General Assembly agreed to a package of unprecedented reforms through resolution 72/279 to reposition the UN development system. At the heart of both the QCPR and resolution 72/279 is a quest to leverage the unique and diverse expertise of UN entities towards a more integrated and cohesive UN development system that is more effective, efficient and accountable to member states as they respond to the 2030 Agenda.

7. Close to a year on from the General Assembly resolution, I am working closely with the UN development system to move ahead and implement all mandates. This is a far-reaching and fast-moving effort, the benefits of which will continue to unfold over the next 12 to 18 months. But by working in partnership with Member States, leveraging the unique assets of the UN development system, and keeping our eye on the ultimate prize – transformation and results on the ground - we are already making considerable progress.

### *Stocktaking on progress*

8. This report elaborates on the path we have charted thus far. It highlights structural changes, new policies and early progress. It sets out the further changes expected over the coming period. It also outlines a set of proposals for member state consideration, in response to GA resolutions 71/243 and 72/279.

9. By all standards, we have made significant progress in repositioning the UN development system where it matters most: at the country level. The system's reconfiguration is on a positive and firm path, with strong cooperation between the newly established DCO, the Transition Team, UNDP, and the full UNSDG.

10. With the transition on 1 January to a **reinvigorated Resident Coordinator system**, we have begun the transformation towards a new generation of UN country teams. We are working with Governments and other partners to identify needs and capture priorities through a much more robust and accountable joint planning process, and aligning the system's capacities to countries' expectations to realize the 2030 Agenda. We are also strengthening cooperation across the system's entities while realizing efficiency gains including through common offices and improved business operations.

11. The **separation of the functions of RC and Resident Representative of UNDP** had two immediate effects – it has allowed RCs to fully focus on the critical task of coordinating the UN's support to the 2030 Agenda; while also ensuring that UNDP can focus its undivided attention to reassert its role as the world's leading poverty eradication programme, a thought leader with unique assets to support action across all dimensions of sustainable development.

12. In parallel, we **are also working to strengthen RC system capacities, tools and skillsets required for the paradigm shift to sustainable development**. This applies to the imperative to support economic transformations and development processes that are context-specific, rights-based and risk informed, to truly leave no one behind. This also requires increased ability to respond to the specific challenges of LDCs, LLDCs, SIDS and sustain the development gains of middle-income countries, who at times are victims of their own success, even as they cope with persistent vulnerabilities.

13. Critically, we are now ready to take action to improve the development services of our **multi-country offices** that support some 41 countries and territories. This calls for a prioritization of support to small island developing states whose needs have long been bypassed in efforts to advance sustainable development. Following an extensive review, I have included in this report a series of steps that I believe will significantly strengthen our multi-country offices (MCOs) to ensure that no-one is left behind in our efforts to advance the 2030 Agenda

14. It is abundantly clear, however, that success at the country level is intertwined with transformations at the regional and global levels.

15. The **UN assets at the regional level** need to be organized and deployed in a different manner for greater impact. Countries need high-quality and integrated policy support, a better articulation of our normative and operational assets, stronger cross-border analysis, disaggregated and reliable data for informed decision-making. And, with deep and lasting

change, the regional level offers the best option for meeting those needs in an efficient and effective manner.

16. We have taken steps to optimize collaboration between and across our teams at global, regional and country levels. In doing so, however, it is as apparent as ever that deeper changes are needed. In this regard, following an extensive review of regional assets, **I am presenting in this report a series of proposals that can help us to build a UN regional architecture best suited to respond to the imperatives of the 2030 Agenda for Sustainable Development.**

17. A range of improvements are also underway at the **global level**, though here too, we must go much further.

18. The **Funding Compact** holds the key to realizing the full potential of the United Nations development system. At present, we lack the funding predictability, incentives and flexibility to tackle the global, interconnected challenges embodied in the SDGs. We recognize that the funding hinges on commitments, accountability and resolve to work and report together as a unified UN development system to deliver on the 2030 Agenda. A better funded UN development system will have increased ability and flexibility to support Member States in mobilizing financing for SDG achievement, in line with the commitments agreed in the Addis Ababa Action Agenda.

19. A **reconfigured UN Sustainable Development Group** is guiding strategic, policy and operational decision-making to enable a whole-of-system approach. The System-wide strategic document that you have asked for is now well advanced. The **Joint Steering Committee for Humanitarian-Development Collaboration** is bringing development to the centre of the conversation on humanitarian and peace interventions. The Deputy Secretary-General chairs the Joint Steering Committee, to ensure a direct link to the activities of the UNSDG, with the Administrator of UNDP and the Emergency Relief Coordinator as Vice-Chairs.

20. Through the efforts of the UNSDG, the UN Global Compact, and the UN Office for Partnerships, we are boosting efforts to leverage the assets and enthusiasm of a **broad range of partners eager to work with us for a better world**. The BAPA+40 reminded the world of the unique contributions of south-south cooperation as a complement to official development assistance. **The reform of DESA**, a central piece of the UN's development ecosystem, is also progressing. But, as elsewhere, much more remains to be done to rise to the level of Member States' expectations.

21. And we are taking steps to **strengthen our accountability to Member States and other partners on system-wide activities towards the SDGs**. A culture of transparency, results-based management and evaluation is steadily maturing system-wide, including through evidence-based monitoring and reporting on the QCPR and the UN development system repositioning. The ECOSOC Operational Activities Segment is upgrading its role as the accountability platform for system-wide efforts, and governing boards are working more in line with the guidance of ECOSOC and the General Assembly.

### ***Moving forward together***

22. This September, world leaders will gather for the first time to take stock of progress on our shared efforts to advance SDG implementation. The emerging evidence shows that we must urgently step up our response and embrace the paradigm shift that lies at the very core of the 2030 Agenda.

23. The UN development system is making the changes needed to ensure it plays its full part. I am grateful for the trust and support of member states for our repositioning journey.

24. If we are fully on track today, less than six months since the operationalization of the new Resident Coordinator system, it is also due to the leadership and to colleagues from across the system for engaging and contributing to the various workstreams relating to this reform. UN colleagues from across the UN development system and the Secretariat have contributed actively - at all levels and within tight timelines - to provide tangible inputs to all deliverables so far. The timely cost-sharing contributions by the system also have been decisive in our efforts to stand up a new coordination system and ensure a seamless transition to a repositioned UN development system.

25. I am fully aware that this far-reaching and intensive process requires additional investment in time and energy from colleagues at all levels – and also behavioural shifts that take us all out of our comfort zones. In many ways, this is also indicative of the high ambition set by the General Assembly. I trust we will all rise above our institutional space to meet the expectations of Member States and the people we serve.

26. Reform is not only about changing structures, but transforming ways of working and mindsets. We work for success, mindful that each element of reform is interlinked and builds upon the other. At the same time, reform comes with challenges and risks for which we are mutually accountable and must monitor closely and manage swiftly. We must all collectively take a leap toward the promise of a fit for purpose UN development system. And we must do so understanding that the process will have bumps in the road which we must navigate.

27. I am keenly aware of the pressure on governments as they grapple with global challenges and fiscal pressures in the context of growing scepticism towards multilateralism. I know that what ultimately counts is not reform but the improved results that those reforms help us to achieve.

28. I am confident that by the time of the 2020 ECOSOC Operational Activities Segment, those improved results will have become more and more apparent. I ask that Member States and the UN development system alike continue to stay the course and help us to advance, push us forward towards that ultimate destination.

## **II. Delivering results for countries and their people**

29. The contribution of the UN development system to ending poverty and achieving sustainable development will ultimately be judged by our impact at the country level. Over the past year, we have made significant progress in establishing new foundations, coordination and accountabilities at all levels. We have moved forward in generating efficiencies. And we have identified specific actions to strengthen our multi-country offices. This chapter elaborates on each of these issues.

### **A. A reinvigorated RC system**

30. A reinvigorated RC system, led by a strengthened resident coordinator, is at the centre of the repositioned UN development system. With strengthened authority and impartiality, full-time leadership and enhanced capacities of the supporting team, the Resident Coordinator can now truly lead the UNCTs' contributions to countries' implementation of the 2030 Agenda. This is why I have made a successful and timely transition into a new RC system a top priority.

31. With the support of the UN Development Programme and several Departments and offices of the Secretariat - including the Department of Management, the Office for Legal Affairs and the Transition Team for the repositioning of the UN development system - we have taken forward all actions I outlined in the implementation plan for the inception of a reinvigorated RC system, presented to member states in September 2018.

32. As further detailed in the complementary report to the ECOSOC Operational Activities Segment on the activities of the UN Development Coordination Office, all steps foreseen in the RC system implementation plan until this point have been successfully undertaken. This has allowed for a smooth operational transition on 1 January, with further measures and progressive reinforcement of the RC system unfolding throughout 2019.

**33. Key milestones included:**

- Approval by the ACABQ in 2018 of the creation of applicable posts of the new resident coordinator system in the Secretariat staffing structure, along with a recommendation to review the set-up after one year, as necessary.
- Signature of a memorandum of understanding between the UN Secretariat and UNDP, whereby UNDP continues to provide some operational services to the RC system during this transitional period on a fee-for-service basis.
- Designation letters sent to all governments hosting UNCTs to confirm the designation (or re-designation) of respective RCs, and the applicable legal framework for their operation.
- Creation on 1 November 2018 of a new Development Coordination Office (DCO), as a stand-alone office within the UN Secretariat; and launch of aggressive recruitment drive for the new DCO, which will be ongoing throughout the first semester of 2019, with a focus on ensuring gender parity and geographic balance.
- New and strengthened RC offices are being rolled out, with the approval by DCO of country-specific transition and staffing plans in each RC office, in line with the core functions and posts agreed by Member States. This is being organized in stages to ensure business continuity in the operations of the RC system, with the progressive strengthening of RCOs to ensure they can support and enable country-level action through enhanced strategic planning, economics, policy support, monitoring and evaluation, and strategic partnerships.
- Development with the Department of Global Communications of a plan for the progressive integration of UN Information Offices (UNICs) into RC Offices, to ensure more effective communications and efficiency in the deployment of Secretariat assets on the ground.
- The creation of a Special Purpose Trust Fund (SPTF) to receive funding from all three funding streams for the new Resident Coordinator system, as requested by the General Assembly. For the first time in the UN Secretariat, we have also created a publicly accessible web-portal with real-time information on all pledges, commitments and contributions to the SPTF.

34. A timely transition was also possible because of our collective efforts to secure the **necessary resources for the new RC system, estimated at \$281 million yearly, including the costs of all posts and basic operating costs for 131 RC Offices, in addition to a reinforced DCO and its new regional desk.**

35. Since the General-Assembly agreed on a compromise hybrid funding model, I have spared no effort to ensure that we mobilize sufficient funding, leveraging on these three funding streams: voluntary contributions by Member States, the UN entity cost-sharing contributions and the 1 per cent levy on tightly-earmarked donor contributions to projects of entities of the UN development system.

36. The UN entity cost-sharing arrangement has been implemented swiftly. The Fifth Committee approved a regular budget appropriation request in the amount of \$13,571,800, representing the UN Secretariat share of the UN entity cost-sharing arrangement for 2019. The other entities of the UNSDG followed suit and committed or have already disbursed their contributions, thanks to the active support by their governing bodies.

37. The response by Member States regarding voluntary contributions has also been encouraging. To date, close to 40 Member States have responded to my call for the rapid mobilization of voluntary resources, providing approximately \$120 million in contributions.

38. Finally, the 1 per cent levy is starting to materialize. Following an open and intensive consultations with Member States and the UN development system, a guidance note was shared in March 2019 with methodological clarifications on the levy's operationalization. Member States and other funding partners are now in the process of confirming their preferred modalities for collection and transfer of the corresponding amounts into the RC system SPTF.

39. Combined, the resources currently available for the reinvigorated RC system amount to approximately \$195 million. This is higher than the resource base previously available for coordination and has made possible a transition within the timelines and commensurate with our ambitions, given that the staffing of the new system is unfolding progressively.

40. I would like to deeply appreciate all Member States who have found ways to contribute to the SPTF within very tight timelines – including in some cases through multi-year commitments and frontloading funds to facilitate the transition. However, a gap remains to ensure a fully funded system by the end of 2019. I hence call on all Member States that are yet to contribute to the RC system to consider support as soon as possible. The RC system is the UN's critical infrastructure for sustainable development. Ensuring wide ownership across all regions around this critical function is paramount to reposition development at the heart of the United Nations. The 1% levy, now operational, should partly help to bridge the remaining funding gap; but we will also keep working closely with Member States to ensure a fully-funded system that allows us to deliver on the promises of a reinvigorated coordination system.

41. At the end of the day, Member States have opted for the hybrid funding model for the new RC system. It is our collective responsibility to ensure it works effectively and ensures the sustainability of funding over the coming years.

42. I will continue to track the outcomes of our resource mobilization efforts and report periodically through DCO updates, as well as annually to ECOSOC. As requested by General Assembly resolution 72/279, I will also submit a comprehensive review with my recommendations on the functioning of the RC system, including its funding arrangement, over the course of the 75th session of the General Assembly.

### **Operationalizing the new authorities and accountabilities of RCs/UNCTs**

43. To ensure clarity on new roles and accountabilities under a repositioned system, **the job description of Resident Coordinators has been revised to realign functions and responsibilities defined by the General Assembly.** The primary function of the resident coordinator is to coordinate the UN assets on the ground to advance sustainable development and leave no one behind, with the eradication of poverty in all its forms and dimensions as an overarching objective. As I have stated repeatedly, sustainable development must be in the DNA of a Resident Coordinator.

44. Since January, **Resident Coordinators have a direct reporting line to me - the Secretary-General - in a system managed by DCO.** Headed by an Assistant Secretary-General for Development Coordination reporting directly to the Deputy Secretary-General/UNSDG Chair, DCO has started to step up its capacities for enhanced oversight and support to the UNSDG and RCs/UNCTs, as well as to respond to its new management responsibilities for the RC system. All recruitments for staff at headquarters and in the regional DCO desks will be completed in the course of 2019.

45. **At the heart of a strong and successful RC system lie clear accountability lines across all actors in the UN development system at country, regional and global levels.** In consultation with the UNSDG, we have worked to achieve shared clarity on the new relationships between RCs and UNCT members. In this regard, the country-level aspects of the Management and Accountability Framework (MAF) of the UN development system were finalized in March 2019. The MAF is an important internal document that operationalizes the new RC/UNCT relationships within the UN system as defined in GA resolution 72/279. It is

founded on the dual accountability system defined by the General Assembly, which ensures that the UN development system country representatives remain fully accountable to their respective entities on individual mandates, while periodically reporting to the RC on their individual activities and respective contributions to the system-wide efforts of UNCTs towards the achievement of the 2030 Agenda. The MAF also includes an informal dispute resolution mechanism. The regional and global dimensions of the MAF are expected to be finalized later in 2019, following consideration by Member States of the regional review, at which point any necessary adjustments to the country-level chapter will also be considered.

**46. Ultimately, our success in implementing the new accountabilities within UNCTs will require continued leadership and close monitoring by both the system and Member States.** There is still some way to go before the new system of accountabilities – and a new, more collaborative culture - are fully consolidated. This is changing rapidly, as part of the ongoing reform efforts, but we will continue to count on all Member States and governing bodies across the Organization, to ensure that the UN development system makes the necessary transition from competition to collaboration. We will keep Member States informed as the process unfolds.

## **B. A new generation of UN Country Teams**

47. In addition to the implementation of a new system of accountabilities and reporting through the UN Development System Management and Accountability Framework, as well as new approaches to coordination and configuration of UNCTs, the success of the reinvigorated RC system at country level will be facilitated by a redesigned UNDAF. This document, which I am renaming the UN Sustainable Development Cooperation Framework (“Cooperation Framework”), will provide the basis for a realignment of the focus, composition and offer of UNCTs to nationally defined SDG priorities.

48. We also need to ensure that the relevant leadership, capacities and skillsets are available within the UNCT to support country needs, complementing and building national capacities. Ultimately, our effort is guided by the recognition in the 2030 Agenda that “each country faces specific challenges to achieve sustainable development”. Moving forward, we will ensure a tailored, demand-driven response to each country context. This will require integrated responses to the special challenges facing the most vulnerable countries, in particular African countries, least developed countries, landlocked developing countries, small island developing States and countries in situations of conflict. We are also renewing our approach to respond to the specific challenges facing middle-income countries.

### **Shaping the new UN Sustainable Development Cooperation Framework**

49. The UNSDG has taken decisive steps to implement the General Assembly decision in resolution 72/279 to elevate the UNDAF to “the most important instrument for planning and implementation of the UN development activities at country level in support of the implementation of the 2030 Agenda for Sustainable Development.”

50. Through the leadership of an UNDAF Design Team, co-chaired by UNFPA and UNESCO, the system is translating the mandates of the General Assembly into internal guidelines that will ensure a coherent approach across UN country teams as they develop new Sustainable Development Cooperation Frameworks under the leadership of the host government. The guidelines position the Cooperation Framework as a demand-driven articulation of the UN’s collective value proposition in country, supported by a single Common Country Assessment and national development plans, from which individual actors/ accountabilities for results will be derived.

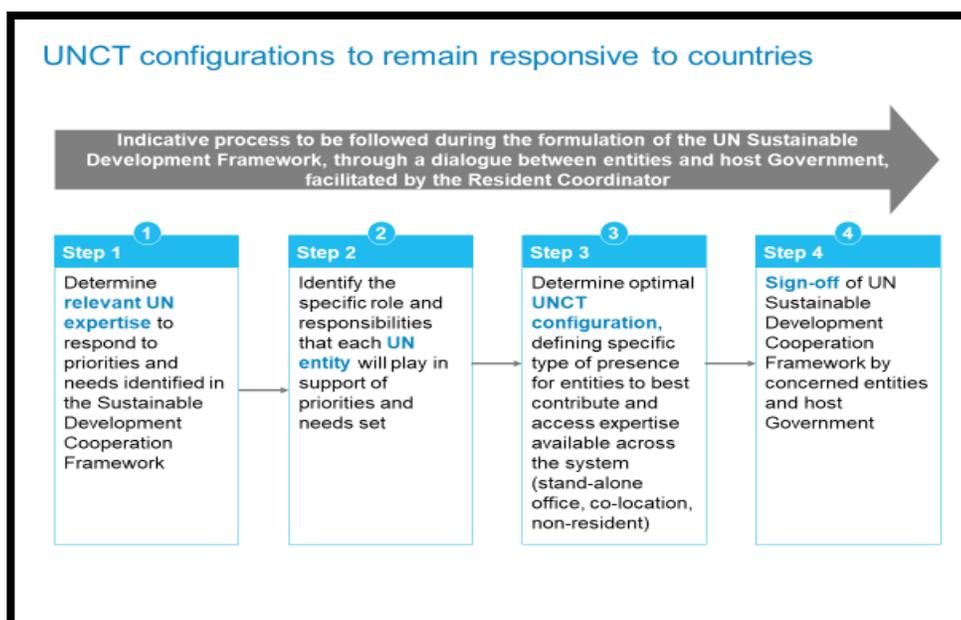
51. The new guidelines provide for the following:

- a shorter design period from the current 14.5 months global average to 6-9 months to better align to national planning cycles;
- more specific indications of the roles of, and expertise needed from UN development system members to deliver on the agreements made with government through the Cooperation Framework;
- a stronger link between the Cooperation Framework and entities' country programme documents;
- an explicit recognition of regional and transboundary elements within the country analysis, such as Ebola and tax avoidance or the governance of shared rivers, thereby creating an opportunity to engage the expertise and capacities of regional UN entities in supporting the Cooperation Framework's design and implementation;
- greater focus on the economic drivers of country-level development, among others, macro-economic policies that reinforce the objective of leaving no one behind;
- the identification of specific areas of priority, including supporting the design of fiscally sustainable social protection programs, encouraging job growth and promoting technological innovations and policies that promote inclusive green growth.

52. The new UN Sustainable Development Cooperation Framework will allow for a robust dialogue between UNCTs and the host government, facilitated by the RC, on whether the configuration of UNCTs remains responsive to national needs or if changes will be needed. In some cases, a different approach to physical presence may be sought, including the integration of offices or the strengthening of expertise available through non-resident agencies, or other capacities at the regional and global levels. The ultimate objective is to ensure that implementation of the Cooperation Framework is supported by the full range of capacities within the UN development system, regardless of location, and that UNCTs are capacitated to deliver on their Cooperation Framework commitments. A more collaborative UNCT model, with membership defined by the Cooperation Framework, will drive the shift in focus from the overly heavy focus on individual results to the collective value-add of the system.

53. It is clear a successful implementation of the Cooperation Framework will also heavily depend on national ownership and leadership of system-wide activities. Enhanced UNCT responsiveness to national priorities, for example, will largely depend on clear guidance by the host Government on its priorities and gaps in SDG implementation, and robust engagement by other national stakeholders in the preparation of Cooperation Frameworks. Additionally, the ability of UNCTs to raise the necessary resources to implement the agreed Cooperation Frameworks will rely on active support by Government counterparts to promote the importance of the UN's role in supporting their development priorities.

**Figure 1: UNCT configuration process as part of the design of Cooperation Frameworks**



54. As mandated by the General Assembly, the UNSDG is also taking steps to strengthen the alignment between entity-specific country programme documents (CPDs) and the Cooperation Framework. As I have stated in my previous report on the repositioning of the UN development system<sup>1</sup>, the individual programmes must derive directly from the Cooperation Framework, not the other way around. The Cooperation Framework can only serve as the most important planning document of the UN development system if it leverages the collective contributions of the system in support of a country. This is achieved by adequate sequencing of CPDs and through the enhanced prerogatives of the RC.

55. The new guidelines are expected to result in a true change in the way UN entities plan and programme their activities in a country. Entities should work in a coordinated and consultative way from the outset, fully engage in the elaboration of the Common Country Assessment (CCA) and the Cooperation Framework, align their activities with the Framework and include their programme in the Cooperation Framework as much as possible. In this respect, the role of the RC in leading the work and consultations with the host government on the elaboration of the overall UN development system support and presence in the country, ensuring alignment with the SDGs, is clear. Ultimately, the UN development system will align its collective country-level strategy to the UN system-wide strategic document.

56. Ensuring that the Cooperation Framework is fully responsive to national priorities remains a key objective. Whole-of-government engagement and inclusive approaches will be critical; and clear signals and leadership from host Governments and Member States in the governing bodies of all entities of the UN development system will be vital to ensuring that the new Cooperation Frameworks deliver on the expectations of the General Assembly.

<sup>1</sup> A/72/684-E/2018/7

## **Strengthening the leadership, capacities and capabilities of the UN development system**

57. In line with the 2030 Agenda, Member States have repeatedly called for UN development system entities to strengthen leadership, capacities, resources and skillsets. This implies building on comparative advantages and reducing gaps, overlaps and duplication in accordance with the System-Wide Strategic Document. Our efforts, thus far, have been advanced along three main pillars: coordination and standardization of learning tools; investment in leadership; and strengthening capacity, particularly in areas where there are gaps.

58. In relation to the standardization of tools, the **UN Learning Advisory Council** for the 2030 Agenda was established in December 2018. The Learning Advisory Council acts as the centre of gravity for system-wide thought leadership and an interdisciplinary body of expertise on contextual SDG knowledge and learning around key global and national development challenges. The council, for which DCO serves as secretariat, brings together 15 UN learning and training institutions across and beyond the UN system at the principal's level. An early output from the Learning Advisory Council is the SDG Primer - a knowledge certification on the 2030 Agenda. We expect to roll out the SDG Primer in the second quarter of 2019 .

59. **A new leadership strategy for the RC system has been developed to advance transformational and collaborative leadership capacities.** The strategy targets RCs and RCO officers, country directors and senior UN leaders. The concept of SDG Leadership Labs is also being developed. In 2018, pilot SDG Leadership Labs were launched in Uganda and Cambodia to test and evaluate new interventions to boost RC system capacity to improve multi-stakeholder engagement for the SDGs. DCO has also initiated leadership dialogues with RCs and UNCTs around systems-thinking, collaborative leadership and the application of foresight in the new Cooperation Framework process.

60. In terms of strengthening the UN development system capacity more broadly, specific efforts are being made in the following critical areas:

61. *Integrated Policy Support* – Since June 2018, a UNSDG Task Team on Integrated Policy Support has been working to devise tools and guidance for the system for providing integrated policy support to Member States to deliver on the SDGs; to review existing capacities in the system and develop an improvement plan to reach standards of excellence in key areas, inter alia inclusive economies, social protection and sustainable consumption and production; and to refine and synchronize the technical and analytical resources of the system, including refreshing the mainstreaming and acceleration policy support (MAPS) approach.<sup>2</sup> We are also strengthening capacities on crucial transboundary issues such as on migration, climate change and to ensure that our offer is responsive to the specific national contexts, including those dealing with crises and specific vulnerabilities

62. *Leaving No One Behind* – A new UNSDG Operational Guide for UNCTs on Leaving No One Behind was developed by the UNSDG to support RCs and UNCTs to integrate the principle of leaving no one behind to their work. The guide builds on UNDP's SDG mainstreaming acceleration and policy support (MAPS) guidance and will be tested and aligned to the new redesigned Cooperation Framework before full roll-out. Another mechanism for supporting the core principle to leave-no-one-behind is the deployment of human rights advisors to UNCTs, in partnership with the Office of the High-Commissioner for Human Rights (OHCHR). There is a clear demand for such expertise and, in 2018, 20 human rights advisors were deployed to RC offices at the request of UNCTs and their national government counterparts, in comparison to six in 2017.

<sup>2</sup> <https://undg.org/document/maps-mainstreaming-acceleration-and-policy-support-for-the-2030-agenda/>

63. As a complement to these efforts, I have recently mandated the development of a new *UN-System-wide strategy on Disability Inclusion*. The new Strategy establishes a clear accountability framework against which all UN entities will be judged as we endeavor, collectively, to strengthen our capacities and performance in this too long neglected area.

64. *Gender Equality* - In 2018, the UN adopted an updated system-wide gender accountability framework, called UN-SWAP 2.0, which anchored the plan within the 2030 Agenda and the repositioning of the UN development system. The new accountability framework supports country teams to self-assess and report against a set of 15 gender equality and women's empowerment performance indicators that are rooted in country team common processes. Twenty-three country teams have been trained on the new Gender Equality Scorecard and a global helpdesk provides on-demand support. A gender marker is also now included in UN-INFO country-level data and results reporting. In addition, the system-wide Strategy on Gender Parity, launched in 2017, targets gender parity at senior levels by 2021 and across levels, system-wide, by 2028. An important milestone was met when the UN achieved gender parity in the Senior Management Group (January 2018) and among resident coordinators (May 2018) for the first time in UN history.

65. *Data and Statistics* – While country team members have specialized statistical expertise, they often lack the full range of resources to help national statistical and planning offices monitor and report on the Goals. The UNSDG Task Team on Country-focused Data and Reporting is working to facilitate coherent country team support to national statistical systems in order to localize, monitor and report on indicators, targets and goals. In 2018, the Task Team developed an SDG monitoring and reporting toolkit for country teams<sup>3</sup> that provides immediate guidance and links to experts, as well as tools that help to monitor and display progress against the Goals at country level.

66. *SDG Financing* – Understanding the need to close the gap in financing the SDGs, I launched a Financing Strategy in September of 2018 to mobilize and galvanize support for finance and investment, both internationally and locally, to achieve the 2030 Agenda. As a contribution, the UN development system will step up country-level efforts to provide greater support and technical assistance to governments to create an enabling environment that can attract finance and investment. In this regard, the capacity of UNCTs is being strengthened through the introduction of an Economist position in each RC office, through toolkits to support the design of integrated national financing frameworks and through the establishment of UN system network of economists, coordinated by the UN Chief Economist; and through strengthening of the UN partnerships ecosystem, which will be discussed in a later section of this report.

## C. Improving business operations

67. **As Chief Administrative Officer, it is my responsibility to ensure the efficient and effective use of the Member State investment in UN activities.** Equally, I am keenly aware of the funding challenges that the UN development system faces and, even more importantly, of the shortfalls in available finance to invest in SDG implementation. That is why, in my December 2017 report, I committed to a series of actions to realize efficiency gains at the country level that could be redeployed to development activities. In Resolution 72/279, the General Assembly requested that the UN development system achieve these gains.

<sup>3</sup> <https://unstats.un.org/sdgs/unct-toolkit/capacity-building-and-coordination/>

68. Recent analysis by an independent management firm confirms that our initial estimate that hundreds of millions could potentially be saved through the implementation of common back-offices and common premises at the country level remains valid<sup>4</sup>. And less than one year after the GA's decision, I can confirm that, through the below actions and the determination of the all UN entities, including those leading the way in the UNSDG Business Innovations Strategic Results Group (BIG),<sup>5</sup> we are making steady progress.

69. First, we have accelerated efforts to ensure entities of the UN development system increasingly operate according to the **principle of mutual recognition**. At end of January 2019, 12 entities of the UN development system had signed a statement of mutual recognition,<sup>6</sup> which allows an organization to apply another's policies, procedures and contracts without further control checks or approvals. The statement focuses on the areas of finance, human resources, procurements, logistics, information and communication technology and facility services. In 2019, the BIG Project Team will focus on expanding the number of entities adhering to, and applying, mutual recognition and on how to operationalize mutual recognition through the design of country-level common back offices and a network of global shared service centres.

70. Second, over the course of 2018, we doubled the number of UNCTs that had **common business operations strategies**. While this is significant progress, BIG is currently developing revised guidance, which it expects to release in 2019, and will support the development of business operating strategies for the remaining 68 country teams by 2021.

71. Third, we are working to advance common back offices for all country teams by 2022. In 2019, the UNSDG will develop a model for shifting more location independent services to global shared service centres and consolidating location dependent services in common back offices at the country level, all equipped with a governance structure to drive consistency and standardization in the process. The testing of proposed approaches is planned for the second half of 2019 and will inform the subsequent roll out.

72. Fourth, the UNSDG is reviewing **UN common premises** as we work towards the target of increasing their proportion to 50% by 2021. In 2019, BIG will establish a common premises database and tracking tool. It will also establish a strategy and implementation guideline for common premises to become the norm for lease renewals and new locations. Such changes in the approach to physical presence could generate significant savings<sup>7</sup> – provided that the required initial investments are made - including through in-kind support by host Governments - to respond to costs of moving and discontinuing existing rental arrangements.

73. Fifth the UN development system has increased its **harmonization of banking and treasury services**. More than 300 individual banking relationships governed by master banking agreements are now in place across countries and regions. In addition, thirty countries have established common local banking agreements.<sup>8</sup> Overall, these agreements ensure a standardized fee structure, allow systematic improvement in service levels and provide uniformity and simplicity in legal documentation with UN privileges and immunities fully pre-negotiated and agreed.

<sup>4</sup> US\$ 310 million per annum in savings by 2022, conditional to specific parameters and premises, as per explanatory note #10 on efficiencies shared with Member States in 2018

<sup>5</sup> Co-led by UNHCR and WFP, the Business Innovations Group operates within the framework of the UNSDG. A BIG project team has been established with eight full-time project staff from UNDP, UNICEF, UNHCR, WFP and one cost-shared staff member from UNFPA.

<sup>6</sup> Including the Secretary-General on behalf of the Secretariat and the executive heads of ITU, IOM, ILO, UNDP, UNFPA, UNHCR, UNICEF, UNOPS, UN-Women, WFP and WHO.

<sup>7</sup> The 2018 explanatory note on efficiencies estimated that potential savings in moving to common premises could exceed US\$100 million by 2021, providing certain conditions are met.

<sup>8</sup> Based on information up to 30 January 2019.

74. Sixth, entities of the UN development system have further explored opportunities for **global and regional shared service centres and collaborative procurement**. The BIG is currently establishing a defined marketplace for providers and purchasers to offer and compare services provisions that could be delivered through a network of global shared service centres. Five entities have opted for global shared services centres for non-location dependent transactions.

75. In 2018, the High-Level Committee on Management (HLCM) continued to enhance mutual recognition and harmonization of business practices under the umbrella of the Global Marketplace, the **common procurement portal** that brings together UN procurement staff, the vendor community and non-profit institutions. As of October 2018, 29 entities of the UN development system maintained a vendor roster on the Global Marketplace and 16 had or planned enterprise resource planning and/or e-procurement integration. From November 2013, when an enhanced version of Global Marketplace was launched, until October 2018, the number of vendors on the Global Marketplace reached over 176,000, a 474 per cent increase.

76. In recent years, collaborative procurement has showed its potential in generating efficiency gains - 12 out of 29 entities have reported to their boards on savings from such gains. In addition, at the headquarters level, the 18 members of the Geneva Common Procurement Activities Group<sup>9</sup> reported savings of \$37.7 million for 2016 and 39.5 million for 2017 as a result of increased coordination and economies of scale. Such experiences need to be scaled up, expanded to other areas and, whenever relevant, transformed into the norm.

77. Finally, to reinforce these actions, the UN development system aims to bring about a significant culture change through the measurement of “client satisfaction” for all services. BIG is currently developing guidance for a common client satisfaction system for all business operations services that incorporates the use of case management tools for both key – which includes the development of performance indicators and qualitative feedback from external and internal UN entitypartners clients.

78. These efforts are a starting point. I am fully aware that we need to do more and ensure that we can more precisely quantify the savings that these changes are delivering.

79. The system’s size and complex, multi-faceted business operations represent a real challenge. It is important to note that current assessments identify many gains as organization-specific and largely non-cashable and non-transferable, with a mix of one-off and recurrent savings.

80. **A key factor to quantify such gains will be the UNSDG entities’ use of standardized measurement and reporting methodologies for financial and non-financial gains and detailed transactional analysis.** We are now developing a tracking system to monitor efficiency gains, and will continue to report on our efforts consistently and transparently.

81. Non-financial gains will be clearly defined and reported as they impact the overall achievements rates. **By 2021 each UNSDG member will report on specific efficiency measures to its respective governing body.** This will complement the regular updates on system-wide efficiency efforts, which DCO will provide as a follow up to the recently concluded Funding Dialogue.

82. Throughout these efforts, I remain committed to preserving the interests of our staff, and notably our national staff who are at the forefront of our efforts to support Member States’ development aspirations.

<sup>9</sup> The Geneva Common Procurement Activities Group includes 20 members: the Gavi Alliance, the Global Fund for Fight AIDS, Tuberculosis and Malaria, IBE-UNESCO, ICRC, ILO, IOM, ITU, ITC, UNAIDS, UNICEF, UNDP, UNHCR, UNITAR, UNICC, UNOG, UNOPS, WHO, WIPO, WMO, WTO.

83. We must also ensure that efficiency gains enhance rather than diminish the quality of our support in order to adhere to the ultimate purpose of improving and consolidating business operations - to transform the UN development system so that it is fit to respond to the 2030 Agenda.

#### **D. The multi-country office review**

84. Universality and leaving no one behind are two core principles of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. Multi-country offices have enabled global reach of UN operational activities for development for several decades.

85. For years, however, representatives from these countries and territories have bemoaned the inadequacy of the support they receive from the UN development system through MCOs. Addressing these concerns, the resolution on the repositioning of the UN development system called for a *review of the configuration, capacity, resource needs, role and development services of multi-country offices, in full consultation with the countries involved*, to improve the UN contribution to country progress in achieving the 2030 Agenda. This mandate reiterated a similar call in the QCPR, which also asked to consider, where possible and appropriate, limiting the number of countries under the coverage of each multi-country office.

86. In response, I have carried out a comprehensive review of the existing MCOs. The review has been guided by the 2030 Agenda and other global and regional intergovernmental frameworks, especially those of critical importance for SIDS.<sup>10</sup> The SAMOA Pathway, in particular, has represented a key guiding instrument for the MCO review, as it represents the latest global agreement that responds to the specific needs of 38 out of the 41 countries and territories covered by MCOs.

87. The review has been an extensive and inclusive exercise, rooted in evidence-based analysis. All countries and territories covered by MCOs have been consulted, either in-person and/or remotely by video or teleconference, as well as through a survey directed to governments. Fifteen countries and territories have been visited across the Pacific, the Caribbean and the Indian Ocean. All Resident Coordinators and UN Country Teams in the current MCO arrangements have shared relevant data, experience and ideas. In addition, the MCO Review Team interviewed a number of development partners on the ground, from donors to international financial institutions, civil society, academia and the private sector. The review also benefited from the support of a Senior Level Steering Committee co-chaired by the Chair of the Alliance of Small Island Developing States and the UN High Representative for LDCs, LLDCs and SIDS, as well as a Reference Group of select Resident Coordinators and representatives of agencies, funds and programmes.

88. This review has allowed us to fully appreciate both the commonalities and the specificities across the countries serviced by MCOs. While the countries and territories covered by MCOs have made significant development progress over the decades, these hard-fought gains are threatened. Most face entrenched sustainable development challenges combined with endemic economic, social and environmental vulnerability. Climate change, recurrent natural disasters with gaps in disaster management systems and capabilities, rising non-communicable diseases, gender-based and gang violence are reversing progress and remain high priority concerns of SIDS. Water and sanitation, terrestrial, coastal and marine

<sup>10</sup> These include the Plan of Implementation of the World Summit on Sustainable Development, the Addis Ababa Action Agenda, the Paris Agreement on Climate Change, the Sendai Framework on Disaster Risk Reduction, as well as the Barbados Programme of Action (BPOA), the Mauritius Strategy for Implementation (MSI), and the [SIDS Accelerated Modalities of Action \(SAMOA\) Pathway](#).

degradation, waste management, sustainable energy, migration as well as limited transport and communications network and infrastructure are also critical. Remoteness and isolation, paired with poor logistical connectivity, exacerbate challenges for some.

89. While many of these represent common challenges, the countries and the regions covered by the existing MCOs also differ considerably across a range of issues from population size, economic advancement and SDG progress, to national capacities, degree of remoteness, and local needs and priorities. It is important not to paint all countries and territories with the same broad brush and to ensure an effective custom-made presence, tailored development services and efficient delivery channels that can address the specificities of each country, in addition to their common regional and sub-regional agenda.

90. There is an urgent need for innovative and high-quality policy and technical support specific to SIDS, and adequate, predictable concessional development finance to tackle these and other issues related to inclusive and equitable economic growth and debt sustainability, toward more resilient societies. Yet, access to development finance is an ever-constant struggle. This review confirms my conviction that we must move beyond a country classification based on per capita income towards one that takes into full consideration the multidimensionality of poverty and the vulnerabilities that countries face.

91. Despite these challenges, and the increasing need for development support, notable differences exist in terms of UN presence. While MCO hubs such as Fiji and Barbados count a large presence of UN entities and staff, as well as of bilateral and other multilateral partners, several countries covered by MCOs host just a handful of entities and personnel and still others, none.

**92. The MCO review reinforces the calls of SIDS that we must do more and better to support all countries covered by MCOs, to advance the 2030 Agenda and meet the SDGs.**

93. Below, I set out a number of key findings that are connected to these requests as well as a set of actions to address each finding.

- a) First, to respond to the unique needs of every country covered by an MCO, it is critical to develop a clear agreement between the government and the UN development system through appropriate and relevant country-specific plans.

**I am requesting RCs to develop specific country plans that are aligned with national development plans for each country covered by an MCO in complement to the relevant regional strategies and frameworks, such as the UN Pacific Strategy and the Multi-Country Sustainable Development Framework for the Caribbean. Where country plans are already in place, the RC will engage governments and the UNCT as necessary to strengthen the UN agreement to ensure it adequately meets country needs.**

**Effective immediately, I expect UNCTs to start operating with dedicated country focus by convening regularly around country-specific issues, derived from national development plans, bringing together all relevant entities and staff, amongst others, through video and teleconference.**

- b) Second, ensuring strong and effective coordination capacities to respond to the needs of all countries covered by MCOs, particularly those that do not host the MCO hub, is vital.

**The RC job description for MCOs will be specifically tailored to give clarity on the**

**role and expectations of RCs in a multi-country setting and specific attention will be given to RC recruitment and induction to ensure the necessary leadership and skillsets to respond to the needs and priorities of all countries under the purview of the MCO.**

**Beyond the five core RCO staff assigned as standard under the new RC system, I have also requested DCO to present to me, by the third quarter of the year, a clear costed plan for making additional professional staff available to countries covered by MCOs, based on country sustainable development needs and particular vulnerabilities, number of countries covered, and connectivity of the MCOs.**

- c) Third, no current provision exists to grant MCOs additional resources to cover for recurrent costs of coordination activities and travel associated with the work across multiple countries.

**Drawing from the RC system Coordination Fund, I will increase resources for coordination activities of multi-country offices by allocating an additional \$25k per country or territory covered by an MCO Resident Coordinator, beyond the country in which the MCO is hosted.**

- d) Fourth, the configuration of the UN development system within and across MCOs and UNCTs differs greatly and the countries covered by the MCO are staffed with personnel who often have no or limited decision-making power, hampering their convening power, credibility and legitimacy vis-à-vis national authorities.

**I have therefore asked the UNSDG to identify, by end of 2019, specific actions to ensure a more coherent, effective and efficient coverage and collaboration for results vis-à-vis MCO settings, including potentially increased in-country physical presence, appropriate delegation of authority for decision-making to entity country personnel, and more adequate remote engagement using available technology.**

- e) Fifth, reprofiling, restructuring and strengthening the policy and technical resources that exist at both regional and global level are an essential, complementary backbone for a multi-country approach where policy, technical and operational assets are dispersed, and must be enhanced. Policy resources and technical capacities also exist outside the UN, particularly in regional and sub-regional intergovernmental organizations, and are often not utilized as effectively as they could be to support country efforts.

**I will therefore ensure that, as we operationalize the outcomes of the regional review, particularly the policy pillar of the proposed UN regional collaborative platforms, the existing knowledge resources and expertise relevant to the SIDS context are clearly mapped, urgently strengthened, and organized to become easily and quickly available on demand. DCO regional directors will serve as connectors and facilitate and foster access to the other capacities and issue-based networks and coalitions at regional or sub-regional level, in close consultation with governments and RCs. Additionally, RCs in sub-regional hubs, such as Fiji and Barbados, will be given distinct accountability and a clear mandate to be better partners and build stronger synergies with intergovernmental regional and sub-regional organizations for results on the ground.**

**I have also requested the UN Chief Economist, in collaboration with UNDP and the regional economic and social commissions, to engage directly with international financial institutions and partners to identify concrete solutions to the challenge of development finance, with a particular focus on SIDS. I will also ensure dedicated**

**funding rounds under the Joint Fund for the 2030 Agenda that are tailored to the issues that impact SIDS and their ability to achieve the SDGs and advance the SAMOA Pathway.**

- f) Sixth, at the global level, in line with the findings of the JIU review of the UN system support to SIDS, it is clear that more needs to be done to mainstream support to these countries particularly in terms of strengthening the delivery by DESA and the Office of the High Representative for LDCs, LLDCs and SIDS.

**I have therefore requested DESA to report back to me before the end of July as part of its ongoing reform on the measures it is taking to strengthen its substantive capacity in support of SIDS. I have also asked the High Representative for LDCs, LLDCs and SIDS to present at the high-level review of progress on the SAMOA Pathway in September 2019 a clear and detailed roadmap to increase its capacities and reach in support of SIDS.**

- g) Seventh, given that the limited presence of UN agencies in the North Pacific and the particular remoteness of those countries, exacerbated by logistical challenges to reach them, it is clear that the ability of the MCO hub based in Fiji that is supporting 10 countries is greatly hampered.

**I have therefore decided to establish, in close consultation with the governments of the Micronesian region, a dedicated MCO in the North Pacific to address the needs and priorities of the countries in the North and support their efforts to advance the 2030 Agenda and the SAMOA Pathway.**

**I will also reassess the Joint Presence Offices in the Pacific to ensure an empowered and impartial coordination function in each country and will report on progress on this front at the high-level review of the SAMOA Pathway in September 2019.**

- h) Eighth, countries in the Caribbean have been very clear that what they need is increased substantive support to tackle issues that affect them the most, from climate change and natural disasters to increased access to finance for development. Specific country needs requiring unique expertise also remain to be addressed in several islands. The current organizational setup of the MCOs in the region generally covers no more than five countries. The one exception is the Barbados-based MCO, which is aligned with the sub-regional arrangement of Eastern Caribbean countries. Increased support to the Caribbean region should therefore consist in additional staff capacity to RCOs, possibly located outside the MCO hub, in or closer to countries most in need, including by taking advantage of sub-regional logistical hubs. Some countries and territories may also be realigned to other MCOs based on commonalities in terms of development needs and sub-regional alignment, in full consultation with respective governments. Additional entity resources could possibly be deployed, and I expect the UNSDG process to look carefully at the programmatic resources required in the region.

**To identify the full range of available capacities in MCOs, I have asked DCO for detailed recommendations on the deployment of additional staff capacities in fully integrated RCOs in the Caribbean, located both in the hub and select countries covered, on the basis of regional, sub-regional and country needs, capacities, connectivity and costs.**

94. Finally, with a maximum of three countries covered, UNCT configuration and presence largely in line with development needs, and the additional RCO capacities to be deployed as part of the reinvigorated RC system, I believe the current arrangements regarding the MCOs based in El Salvador, in the Indian Ocean and in the South China sea are fit-for-purpose,

pending the DCO mapping of possible additional RCO capacities and UNSDG entities' considerations.

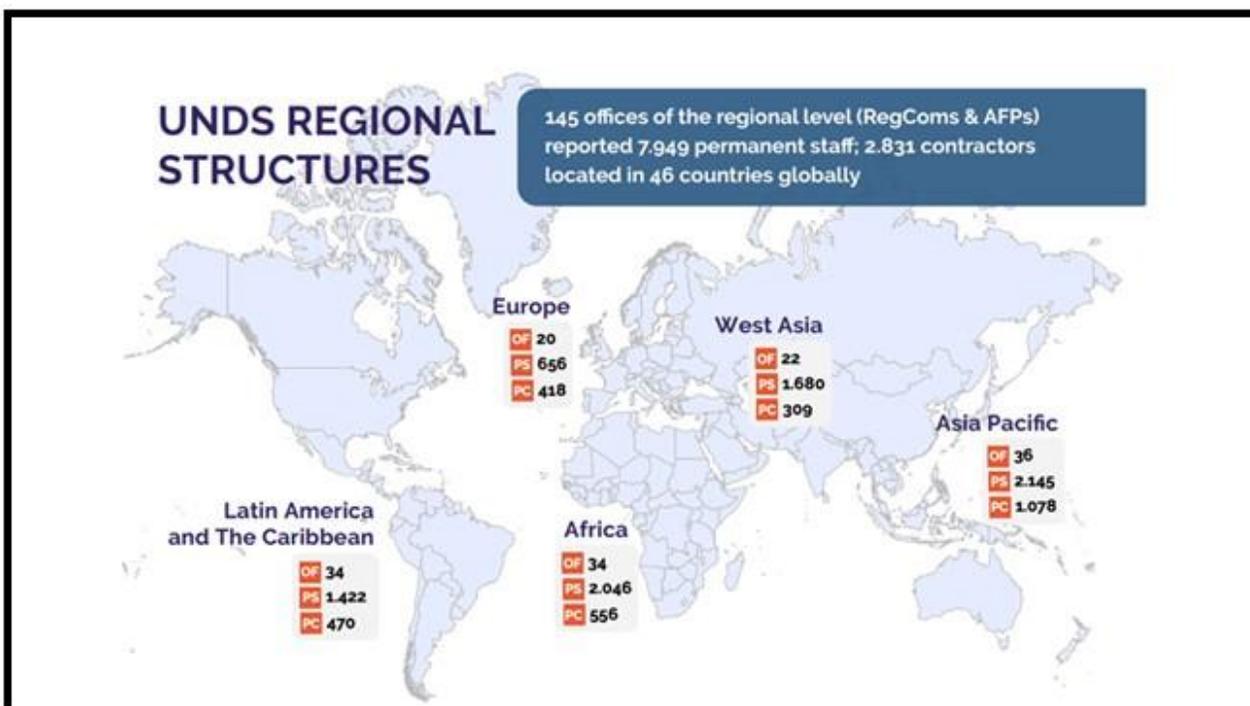
95. This long overdue review of multi-country offices, however, is not a one-time opportunity. I will report on progress in the implementation of my recommendations annually to ECOSOC, I will personally ensure increased attention to the needs of SIDS, and I will continue to adjust the UN response on the ground based on evolving needs.

## II. Making the UN regional response fit for purpose

96. **The delivery of strengthened results by a new generation of UN Country Teams very much depends on the support the system receives at regional level, where considerable capacities and expertise rest. This is especially so for MCOs – but not exclusively: if better deployed, UN regional assets can enhance country results across all UN activities on the ground.**

97. According to the latest available data, regional assets of the UN development system encompass approximately 7,900 permanent staff and 2,800 consultants, with an annual budget close to \$1.6 billion across 24 different entities. Most of these resources are allocated through agencies, funds and programmes, for a total of \$1.2 billion annually, with 5,671 personnel and approximately 1,500 contractors. The regional economic and social commissions (ReCs), with a larger normative profile and a relatively smaller resource base, have a total reported budget of \$308 million a year, with 2,278 permanent staff and over 1,000 contractors. It is important to note that some of these UN regional resources are in fact outposted units of entities of the UN development system performing HQ functions such as procurement, human resources or other services, which outputs are not visible at the regional level.

**Figure 2:** UN development system regional offices, permanent staff and contractors across all regions



98. Our regional assets need to be effectively and efficiently leveraged at country level, so that country programmes are anchored in regional contexts, take into account relevant cross-border dimensions and benefit from the large expertise that sits in regional hubs. This will require, as I highlighted in my December 2017 report on the repositioning of the UN development system, that we revamp the way the UN development system works and is organized at the regional level. **Regional structures and mechanisms need to be transformed to offer both the platforms we need to tackle multi-country, transboundary and sub-regional and regional challenges, and the integrated policy advice, normative support and technical capacity required to achieve the SDGs in countries.**

99. Through GA resolution 72/279, Member States endorsed the revamping of the regional architecture through a two-phased approach: starting by the optimization of our existing structures, while undertaking a review to present options for longer-term reprofiling and restructuring, on a region by region basis.

## **A. Optimizing functions and collaboration at the regional levels**

100. **The first phase of optimization of the current regional mechanisms and structures was initiated in the second half of 2018.** A set of key actions were agreed to improve collaboration between different UN actors at regional level, and their interface with the wider system at both global and country levels. As a result, the 2016 Statement of Collaboration between the ReCs and the Regional UNSDGs has been superseded by a series of updated, more robust arrangements for increased collaboration between the ReCs, regional teams of the UNSDG, the UNCTs and the RCs, including in the context of the UN Sustainable Development Cooperation Framework.

101. The optimization phase culminated in nine specific deliverables:

- a) **All UNSDG teams have put in place modalities to ensure more thorough and integrated analysis of regional and transboundary issues as part of the Cooperation Frameworks, through enhanced collaboration with regional economic and social commissions.** Some have already commenced support for the design of new common country analysis by UNCTs.
- b) **Familiarization visits by RCs to the ReCs and key regional offices within six months of their appointment have been systematized.**
- c) **Regional economic and social commissions in all regions have been invited to join regional UNSDG peer review mechanisms that ensure technical support and quality control of key joint planning documents of UNCTs.**
- d) **Resident coordinators are now systematically invited to take an active role in regional conferences and platforms.**
- e) **A protocol for country engagement by ReCs and other Secretariat or non-resident agencies has been devised, jointly with DCO, to ensure that resident coordinators are informed of all in-country development activities.**
- f) **Regional Coordination Mechanism (RCM) and R-UNSDG meetings are now held jointly or back-to-back in all regions.**
- g) **DESA is increasing its participation in RCMs, to maximize policy capabilities on sustainable development and reinforce the global-regional-country vertical backbone.**

h) **UNSDG members are increasing their participation in Regional Sustainable Development Forums under the auspices of the ReCs.**

i) **A mapping of publications and knowledge products is underway in all regions, to identify appropriate knowledge products for joint publication and enhanced collaboration in regional knowledge products.**

102. As an immediate result of these measures, we have witnessed **early signs of the benefits from strengthened collaboration between the ReCs and the regional teams of the UNSDG.** This was visible for example in the regional SDG forums held this year, with a level of engagement and contributions by the wider UN system that had not been seen to date. In addition, increased engagement among RCs, UNCTs and the ReCs, including through joint retreats and dedicated meetings with RCs convened by the Executive Secretaries of the ReCs in early 2019, have helped enhance awareness of the available assets in the regions to be leveraged by RCs in support of implementation of UN Sustainable Development Cooperation Frameworks. These measures have also helped reduce transactional costs of regional processes. For instance, back-to-back or joint RCM and R-UNSDG meetings have helped reduce logistical and time-related costs of organizing and participating in such events. Moreover, more active participation by the RCs and the entities of the UN development system in the regional platforms of the ReCs, including the Regional Forums for Sustainable Development, is contributing to increased policy coherence

103. **It is clear, however, that a focus on optimizing existing structures alone will not deliver the transformative shift that is required at the regional level to deliver on the heightened demands of the 2030 Agenda.** The regional review conducted over recent months provides us with the additional tools required for a deeper repositioning of our regional assets through in-depth analysis and insights.

## **B. Restructuring UN regional assets in support of the 2030**

104. The regional review responds to the General Assembly call for “options, on a region-by-region basis, for the longer-term reprofiling and restructuring of the regional assets of the United Nations<sup>11</sup>”. The review was carried out under the overall leadership of the Deputy Secretary-General, who acted on my behalf to ensure extensive consultations and evidence-based analysis. To ensure robust discussions on the way forward and strong ownership across the UNSDG, I established an Internal Review Team (IRT) with all ReCs and different entities of the UNSDG, convened by my Special Advisor on reforms. In addition, the Deputy Secretary-General personally visited all regional hubs in early 2019 to participate in the Regional Forums for Sustainable Development and hold consultations with regional directors, RCs and staff in each region.

105. To complement existing analytical work and the mapping of regional functions and capacities that took place in 2017, we engaged in an innovative partnership with a group of experts from different regions specialized on sustainable development and familiar with the different regional contexts, under the overall coordination of Cepei – a think tank based in Colombia and with strong track-record on the 2030 Agenda. Following visits to all regions and interviews with close to 400 stakeholders, Cepei has delivered rigorous analysis and recommendations that helped inform the work of our IRT.

106. **The overall outcome of the review is clear and consistent with previous analysis on the UN regional structures: there are invaluable UN assets and expertise at the regional level, which are essential to the achievement of the 2030 Agenda, but they are not currently deployed in an optimal manner.** We heard from several partners that

<sup>11</sup> GA resolution 72/279, OP 19(b)

the value added of the UN at the regional level rests largely on its convening power and its integrated multi-dimensional policy support for countries to deliver on the 2030 Agenda. Mindful of variations across different regions, the overall impact of the UN's regional work is however hindered by the lack of a clear system-wide value proposition in each region; insufficient focus - and communication - on system-wide results; sub-optimal mechanisms for coordination; unclear division of labour across entities - and between the global, regional and country levels; and insufficient collaboration across UN entities and with external stakeholders.

107. The consultations held as part of the review confirmed the high-expectations of governments and external partners regarding a more impactful UN development system at the regional level. The available human assets and knowledge products could help respond to increasing national demands for high-quality support on complex policy issues that require multilateral cooperation at the regional level, and transboundary challenges that will be critical to leaving no one behind on the road towards 2030. It is also at the regional level that an important share of available SDG data sits; but the UN data ecosystem is insufficiently robust, with lack of timely and real time data along with multiple data centres that co-exist with limited coordination.

108. The consultations also revealed a shared feeling across countries and different stakeholders that the UN's regional level has not received sufficient attention in recent decades, neither in tapping into its potential nor in previous efforts to enhance UN coherence. Some have described the regional as "the forgotten level". I am determined to change this reality and ensure we deliver a more cohesive, impactful, transparent and efficient regional response.

109. **Building on the work and recommendations of the regional review IRT, I have identified the following five key areas of transformation to guide the longer-term reprofiling and restructuring of the regional assets of the United Nations.** These actions are mutually-reinforcing and, further to agreement by ECOSOC on the overall direction of travel, I stand ready to work with respective regional set-ups to develop region-specific implementation plans.

110. **First, I intend to create a unified mechanism for coordination in each region – the "UN regional Collaborative Platform" (UNRCP) - to foster collaboration on sustainable development across UN development system entities operating at the regional level.** These platforms will absorb the different UN coordination mechanisms that currently exist, in particular the Regional Coordination Mechanisms (RCM) convened by the ReCs and the regional teams of the UNSDG, which bring together agencies, funds and programmes at the regional level providing backstopping support to entity in-country operations.

111. To ensure coherent leadership at all levels, **I will entrust the Deputy Secretary-General with the responsibility to chair the high-level meetings of the RCPs in all regions, as initially envisioned by ECOSOC in its landmark 1998 resolution on regional coordination**<sup>12[2]</sup>. DCO will serve as the secretariat for the RCPs, for consistent agenda-setting across the global, regional and country levels, with specific regional priorities being addressed in accordance with demands of countries from the region and the outcomes of the respective Regional Forums for Sustainable Development, and other regional intergovernmental processes. To maximize these interactions, I propose to hold back to back meetings between the RCPs and the Regional Forums for Sustainable Development.

<sup>12</sup> ECOSOC resolution 1998/46 (annex III paragraph 13), which "welcomes the efforts by the Secretary-General to improve coordination within the United Nations System, including his proposal of yearly meetings, to be chaired by the Deputy Secretary-General in each geographical area, among the relevant entities of the United Nations System engaged in regional and inter-country activities".

112. Across all regions, we will work towards organizing the work of RCPs around two pillars - **an SDG policy pillar**, focused on strengthening the system-wide policy ecosystem and multi-dimensional support to countries and developing a coherent regional data ecosystem; and **an operational pillar**, where regional directors will continue to perform functions related to backstopping and oversight of UNCT and agency-specific country programmes. We will also ensure that the RCPs will have a strong focus **on partnerships with other regional actors, through flexible, time-bound “issues-based coalitions” with UN, civil society organizations, businesses and academia, to respond to specific cross-border or sub-regional issues.**
113. **Second, I plan to establish strong knowledge management hubs in each region, by pooling together policy expertise, by or across sectors, available through our almost 8,000 human assets today.** ReCs and DCO will lead this effort, in close consultation with regional UNSDG teams. This will allow countries – and our UNCTs – to easily identify the expertise seating in each region in a unified system, making the offer more easily accessible to respond to emerging national needs related to the 2030 Agenda. As part of this effort, we will also establish rosters of expertise to ensure we can quickly deploy surge capacities on key policy issues to respond to specific national requests. This could include, for example, multidimensional visits to support the development of Cooperation Frameworks or national development plans, to address highly-specialized policy issues – including in countries in special situation – or for example to help bridge UNCT expertise in transition country contexts.
114. **Third, we will implement a series of initiatives to enhance transparency and results-based management at the regional level.** This will require strengthening of regional and sub-regional intergovernmental forums to further engage Member States and other stakeholders on regional-specific issues that may require collective action, such as trade, fiscal policies, technology, migration, and climate changes. We will also ensure annual reporting on system-wide results of the UN at the regional level in support of the 2030 Agenda, to be coordinated by the ReCs with support by DCO, to ensure that the full array of contributions of the UN development system are reflected. We will also work together to clarify the value proposition of the UN system in each region, with transparent information on funding allocation, results and impact achieved.
115. **Fourth, I propose to launch a region-by-region change management process that will seek to consolidate existing capacities around data and statistics - as well as other relevant analytical functions that may be currently duplicative.** This exercise will have to be unique to each region and will be detailed and fleshed out in full consultation with each ReC and respective regional UNSDG team. Any related changes to existing structures or budgets will be submitted to UN legislative committees for Member States endorsement ahead of implementation.
116. **Fifth, I am requesting the Deputy Secretary-General to work with entities of the UN development system to identify administrative services that could be provided more efficiently to regional offices through common back offices (HR, procurement, inter alia), similarly to our efforts at the country level. Where feasible, the colocation in common premises will also be sought.**
117. Such efforts will be geared towards ensuring more effective support to regions and greater focus on mandate delivery by respective UN entities, with reduced workload dedicated to administrative functions. Any savings emerging from the implementation of common back offices or consolidations of policy assets outlined above will be redeployed to other priority areas to advance sustainable development in the same region.
118. I am aware that this is an ambitious transformational package, at a time where we are collectively engaged in the most comprehensive reform in the history of the United Nations development system. I firmly believe, however, that the ultimate impact of our reforms

will not be maximized without a bold repositioning of our regional assets. The 2030 Agenda requires no less. I am confident that, together – and in consultation with each region – we can take this forward.

### **III. A strategic and coherent UN approach at global level**

119. I have previously noted that earlier reform efforts to strengthen the UN development system were hindered by the fact that changes on the ground were deeper and moved faster than structures, incentives and policy tools in headquarters. This time around, we have worked to advance reform at all levels simultaneously to allow our new generation of UNCTs – and their national counterparts – to benefit from an enabling environment across the system as they accelerate change towards the achievement of the 2030 Agenda. This better connects the work of the UN development system at the different levels. At the same time, it strengthens the managerial, strategic, operational and policy guidance and support that the global level can uniquely provide

120. In this chapter, I update on progress made on five areas that featured prominently in my December 2017 report – advancing a coherent system-wide response to the 2030 Agenda, strengthening the UNSDG coordination mechanism, ensuring operational synergies across humanitarian, development and peace action, bolstering the UN's offer on partnerships; and advancing the critical repositioning of DESA. Across each of these, we have taken solid steps in the right direction, but I am keenly aware that we still have a distance to travel.

#### **A. Advancing a system-wide response to the 2030 Agenda**

121. A first step towards transformation at the global level is to ensure a shared understanding of the collective offer of the UN development system, through the **system-wide strategic document (SWSD)**.

122. Mandated in the 2016 QCPR and further guided by the General Assembly resolution on the repositioning of the UN development system, the SWSD is expected to identify concrete actions and realign available assets to improve our collective support to the implementation of the 2030 Agenda, addressing gaps and overlaps that remain as the system has transitioned from an MDG to an SDG era.

123. The development of the SWSD has been one of the most challenging aspects of this reform process – a reflection of the inherent difficulty of developing, collectively, an overarching offer that cultivates complementarities, promotes synergies and draws on the respective strengths from a system that is complex, diverse and responds to many different mandates, governing bodies and funding imperatives. In this sense, this process has been beneficial in itself – it has created opportunities for extensive discussions – and a frank assessment – within the UNSDG of the steps required to accelerate its transition to the era of the 2030 Agenda.

124. After extensive efforts and detailed consideration of the different options, I believe we are close to achieving a shared vision on the SWSD, that responds to the mandate of the General Assembly. In consultations undertaken, it has also become clear that expectations towards the SWSD vary across the membership and some Member States have voiced the view that – to be adequately considered – the SWSD should be informed by the upcoming ECOSOC deliberations on the MCO review and regional repositioning.

125. **In this spirit, we are submitting alongside this report an annotated outline of the SWSD, on the basis of which Member States are encouraged to share comments and perspectives.**

126. In its current form, the SWSD seeks to clearly establish the collective comparative advantages and collective identity of the UN development system in the relation to the SDGs. It commits the UN development system to aligning respective development mandates in support of the 2030 Agenda and directs individual and collective efforts towards a higher quality response that is more demand driven, open and SDG focused; more integrated, across the SDGs and between global, regional and country levels; more joined up, cohesive and disciplined; and more transformative.
127. The SWSD annotated outline is also geared towards the operational. It presents various internal changes required by each entity and by the system to ensure that we can deliver on the UN development system offer, notably in terms of skills and capacities, partnerships, data and knowledge generation, and new regional and country configurations. It further emphasizes the system's collective commitment to innovate and work more closely together to accelerate delivery and become ever more efficient. Finally, it summarizes the mechanisms used to hold the system accountable to this strategy, both its in external dimension through the Funding Compact and in its internal dimension through the MAF.
128. In doing so, the annotated outline of the SWSD does not introduce new reform elements. Rather, it articulates the links between the various reform streams to demonstrate how each is designed to address specific gaps or manage overlaps and how they fit together to enhance the collective response of the UN development system to the requirements of the 2030 Agenda.
129. I am grateful for the engagement by Member States so far and request their continued support to finalize this critical piece of the reform architecture over the coming months.

#### *Reinvigorating the United Nations Sustainable Development Group*

130. **The United Nations Sustainable Development Group (UNSDG) plays a critical role in ensuring strategic direction, impartial oversight and accountability regarding the system's in-country contributions in the field of sustainable development.** Its leadership is even more crucial at a time of major transformations in the UN development system, with a sustainable development agenda that requires a bigger lift from all.
131. In my December 2017 report, I elaborated on the changes I made to the UNSDG to enhance its ability to support and provide oversight to UNCTs. In the intervening period, new working arrangements that emphasize collective leadership and solution-oriented collaboration have delivered important results. We have also seen Principals of all entities assuming their full role as UNSDG members, which is also critical to the system's collective accountability for results.
132. Working under the chairship of the Deputy Secretary-General, the leadership of the UN development system has come together, to work as one, to step beyond single entity mandates and to ensure we deliver shared results. Such leadership has facilitated unprecedented progress on some critical pieces of the reform – including the MAF, the realignment of our planning tools, progress on the SWSD, and the timely disbursement of cost-sharing contributions for the RC system – demonstrating what we can achieve together when we see coordination and collaboration as an opportunity, rather than a threat.
133. I am grateful to the Administrator of UNDP for his work and commitment as Vice-Chair of the UNSDG, with important responsibilities in ensuring the implementation of decisions by the full UNSDG and overseeing the day to day work of the UNSDG Strategic Results Groups. In this regard, I note that the four Strategic Results Groups on (a) SDG implementation; (b) strategic financing; (c) business innovation; and (d) strategic partnerships, have advanced much of the important work highlighted throughout this report.

134. I deeply appreciate the work of all the UNSDG leaders and their staff. Moving forward, I will reflect on how to further strengthen this foundational coordination mechanism, ensuring that the work of the UNSDG is fully attuned with country-level realities and that working arrangements are best calibrated to respond rapidly and efficiently to the needs of the day. UNSDG structures and processes will also need to be reviewed to reflect the outcomes of the regional review. I will also ensure a mutually reinforcing relationship between UNSDG and other inter-agency mechanisms, particularly the policy work of the Chief Executives Board of the UN System.

## **B. Strengthening the interlinkages between sustainable development, humanitarian action and peace building - a more integrated and contextual action**

135. **Implementing the SDGs universally is the most effective strategy to mitigate risks, prevent crises, and build resilience of communities and institutions.** Conversely, the 2030 Agenda will not be achieved if we do not ensure effective and integrated responses in countries emerging from conflict or facing humanitarian emergencies and other crises. We have stated repeatedly that a strengthened focus on the humanitarian-development nexus including, as relevant, its linkages to peace, must not lead to a diversion of funds or shift in focus from development to other objectives. If so, we would be bound to fail in our primary objective of making the world more peaceful and prosperous. Ultimately, this is about laying foundations for, and protecting sustainable development gains, and preventing the loss of peace dividends whenever a crisis or shock hits.

136. The numbers are clear: after decades of decline, the world is now registering more conflicts globally than at any point in the past three decades. By 2030, an estimated 80 per cent of the world's extreme poor may be living in fragile or crisis-affected countries, where these various risks coexist. It is in this context that the 2016 QCPR called on the UN development system to ensure greater collaboration and complementarity between humanitarian, development and peace actions.

137. **From the early days of my mandate, I have taken a series of measures to encourage those synergies and ensure more effective operational coordination on the ground between humanitarian, development and peace actors and in all sectors.**

138. The establishment of the **Joint Steering Committee to Advance Humanitarian and Development Collaboration (JSC)** in November 2017 is one such measure. The JSC is an integrated problem-solving mechanism providing high level support to UN country leadership dealing with crises. Chaired by the Deputy Secretary-General, with the UNDP Administrator and the Emergency Relief Coordinator as Vice-Chairs, the work of the JSC is informed by political, security, human rights and climate action considerations with a focus on removing bottlenecks to SDG achievement in countries marked by humanitarian emergencies and other crises. In its early days of operations, the JSC already demonstrated its value-added in bringing to the fore key enablers and systemic barriers to the nexus and will continue providing strategic guidance to the field.

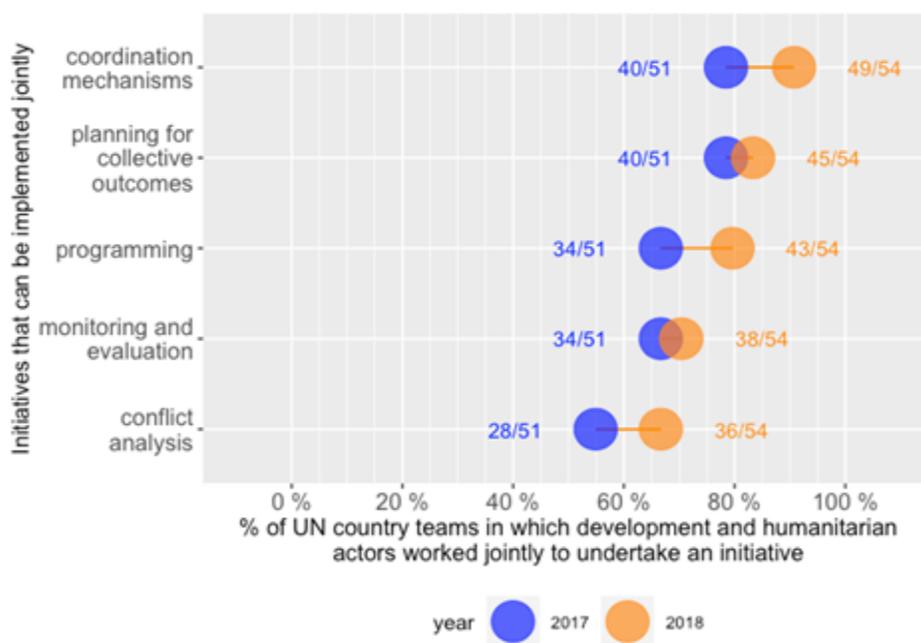
139. **As part of my broader reform agenda, the Peacebuilding Support Office, which acts as a hinge between the peace and security pillar and the UN development system, is also undergoing a process of revitalization, as mandated in the resolutions on the review of the UN peacebuilding architecture.** The Peacebuilding Fund (PBF), in particular, is a powerful tool to help advance integrated responses by UNCTs in countries in conflict and post-conflict. Thanks to increased support from Member States, the PBF has stepped up investments in activities to accelerate transitions, to prevent relapse into crises and towards youth empowerment and gender equality.

140. The PBF will also increasingly support the deployment of specialised capacity to support the new generation of UNCTs, embedded in Resident Coordinator offices in crisis-affected countries, complementing other mechanisms such as the Peace and Development Advisers supported by the DPPA – UNDP Programme on Building National Capacities for Conflict Prevention.

141. The UN system is also **enhancing partnerships with external actors to respond to specific crises situations**. This includes, for example, targeted partnerships with the African Union, the European Commission, the World Bank and other IFIs to enhance our support to recovery, transitions out of crises and peacebuilding, including through joint assessments and support. We are also stepping up our ability to partner with non-state actors, including to harness the assets that the private sector can deploy to responses in disaster risk reduction, emergency preparedness, response and recovery.

142. **I am acutely aware that much remains to be done.** Despite increased efforts in 2018 by UNCTs to improve joint planning and coordination with humanitarian country teams, Figure 3 demonstrates that we are still not investing sufficiently on joint analysis or joined-up programming, monitoring and evaluation at the country level.

**Figure 3**



Source: DESA, 2019, based on official data for 2017 and 2018 from DCO, IMS

143. A number of concrete measures are now being taken to improve our effectiveness in these areas.

144. **Recently, the JSC has sharpened its focus on a set of critical countries, embedding its work in existing strategies, frameworks and programmes and harvesting good practices and lessons learned. With a strengthened DCO now in place, we will ensure full coherence between the work of existing task-teams and working groups and the overall umbrella and strategic leadership of the JSC.** A joint support team comprised of UNDP, OCHA, and DCO serves as a Secretariat and technical arm for the JSC. DCO

membership in the joint support team helps to ensure a more robust system-wide contribution by the development pillar. DCO will also fully partake in the Transition Working Group and its specific task forces. We will also work to ensure greater awareness among country teams of the potential of the Peacebuilding Fund through stronger collaboration between the peace pillar and DCO.

145. **In relevant country contexts, the links between the new UN Sustainable Development Cooperation Frameworks and instruments such as the Humanitarian Response Plans and the Integrated Strategic Framework in mission settings will be reinforced, with a focus on preventing crisis, building resilience and mitigating risks to the achievement of the 2030 Agenda.** It is clear that these different planning documents respond to different mandates and will not – and should not – be identical or lead to the same outcomes. It is also clear, however, that all UN planning documents in country need to be coherent and contribute to the same overall objectives of sustainable development and sustained peace.

146. **As we proceed in fully staffing DCO and our new RCOs, we will also be better positioned to ensure that RC Offices can work closely with the UNCTs to ensure more robust cross-pillar collaboration and planning processes.** The simple fact that the entities now coordinating sustainable development, peace activities and humanitarian responses are all based in the Secretariat, creates a more favourable environment, with harmonized operational tools and accountabilities, to take this work to the next level.

### C. Partnerships for the 2030 Agenda

147. **The ambition and breadth of the Sustainable Development Goals make them simply unattainable without robust partnerships.** In my December 2017 report, I highlighted the need to address fragmentation in the UN system’s approach and for the UN development system to scale up its partnerships. I also noted the need to better manage risks and ensure oversight in a manner that protects UN values, yet allows space for innovation and expanded and diverse partnership arrangements. To do so, I announced a series of partnerships-related workstreams where specific action has been taken over the past 18 months.

148. The first workstream has centred on strengthening the **governance and performance of critical components of the UN development system partnership architecture.** The UN’s partnership ecosystem, including the UNSDG, the UN Office for Partnership (UNOP), DESA and the UN Global Compact, will thrive best if there are clear roles and responsibilities, as well as clear rules that allow various UN entities to engage partners to achieve the 2030 Agenda. This will ensure that the diversity of UN actors and partners is turned into an asset, rather than a source of confusion, and enable the UN to take a decentralized approach to developing and managing partnerships that respects existing partner relationships, while also having confidence that these are consistently aligned to core UN values, objectives, and purpose. Accordingly, **I launched internal reviews of the UN Office for Partnerships (UNOP) and the UN Global Compact (UNGC).**

149. **The review of UNOP revealed the potential of this office to serve as the Organization’s global gateway for partnerships and also identified changes to bring greater clarity to the role of the Office.** Moving forward, the UN Office for Partnership (UNOP) will be firmly established as the Organization’s global gateway – and not a gatekeeper - for partnerships and serve as a platform for more effective partner engagement of public and private sector stakeholders with the United Nations development system, including civil society organizations, businesses, philanthropy, trade unions, and academia. UNOP’s core features include: (1) being a center of excellence and repository for system-wide learning, as well as a responsive service center for strategic partnership activity across the UN system; (2) facilitating

partnerships with the wider UN system; and (3) supporting and leveraging the leadership, convening capacity, and catalytic thinking of the SG and DSG around Agenda 2030 and the UN's wider development priorities in order to spur impactful partnerships.

150. **The review of UNGC demonstrated that the organization provides the UN with a unique vehicle to facilitate transformative change in domestic economies aligned to the Addis Ababa Action Agenda through its extensive membership of private sector entities.** UNGC is the largest corporate sustainability organization in the world, whose core mission is to be a driver of responsible private sector engagement across the UN system and scaled business support for the SDGs. The review helped clarified the primary roles of the UNGC to include: (1) serving as an entry point for businesses that want to adhere to UN values and pursue the SDGs; (2) equipping companies, including small and medium enterprises, to be “partner ready” for deeper engagement with the UN, protecting the UN brand, and offering opportunities to innovate, learn, and engage to enhance corporate SDG impact; (3) better connecting UNCTs with the private sector, including small and medium enterprises, at the national and local levels; (4) working with the UNSDG to develop and support an interoperable approach to vetting of major private sector partners across the UN system, with appropriate connections to other mechanisms for due diligence and risk management handled elsewhere across the system; and (4) contributing to the efforts of UN development system entities, at all levels, to unlock private financing for the SDGs.
151. UNGC and DCO will now develop a Guidance Note for enhanced collaboration aimed between UNGC and RCs/UNCTs, with a focus on strengthening Global Compact Local Network collaboration with RCs and UNCTs to drive SDG progress. Our UN Country Teams will also be supported to ensure that they are able to access - and make available to national partners - the partnership capacities and tools scattered across the UN system.
152. DESA has primary responsibility for: (1) supporting intergovernmental processes in the area of sustainable development, including supporting intergovernmental discussions about partnerships developed in those contexts or that relate to them, drawing on expertise and advice from across relevant parts of the UN system, and providing a platform for diverse stakeholders to engage in them, as appropriate; (2) convening in collaboration with UNOP and other UN development system entities multi-stakeholder policy dialogue and knowledge sharing around critical issues that are on the agenda of major intergovernmental processes; (3) supporting the development of policy guidance related to partnership alignment with intergovernmental mandates and processes; and managing, housing, and preparing data, analysis, and related tools that support partnerships for the SDGs.
153. By the end of 2019, we will take steps to further elaborate these roles and responsibilities and the synergies across them. I will issue a Secretary-General's Bulletin to help Member States, stakeholders and UN staff across the Organization identify how, as a system, the UN will support and enhance coordination, scale partnerships and translate global collaboration into local impact.
154. A second work stream has been to strengthen the due diligence approach to partnerships. In the last several months, through the UNSDG, we developed a common approach to due diligence for private sector partnerships to guide resident coordinators and country teams on how to engage in joint partnerships with the private sector. A common legal template for multi-agency partnerships with the private sector is under preparation.
155. Additionally, as part of our commitment to greater transparency around partnerships, an online platform that registers and reports on some 4,000 voluntary commitments and multi-stakeholder partnerships in support of the SDGs has been

developed by DESA. A number of agencies also maintain functioning monitoring and reporting mechanisms that track the annual status and results of each partnership. These are all essential planks in efforts to de-risk, inform and maximize the potential benefits of these relationships.

156. Third, we **continue to develop and strengthen our cooperation with key institutional partners in the global effort to advance SDG Implementation.**

157. In January 2018, in keeping with the enhanced and mutually reinforcing partnership between the UN and the AU, I signed the AU-UN Framework for the Implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development at the 30th African Union Summit. This followed the signing of the Joint United Nations – African Union Framework for Enhancing Partnership on Peace and Security in April 2017. Internally, we will ensure these two agreements help enhance the synergies, coherence and monitoring of UN's response in Africa, including through a revitalized Inter-Departmental Taskforce on Africa. In this context, efforts are also ongoing aimed at maximizing the impact of a trilateral agreement between the AU-UN-EU that addresses a range of sustainable-development related issues.

158. In May 2018, the United Nations and the World Bank Group signed the Strategic Partnership Framework for the 2030 Agenda that demonstrates the joint commitment by both institutions to collaborate on implementing and financing the 2030 Agenda for sustainable development; climate action; the humanitarian-development nexus and its linkages to peace; and improving the collection, analysis and use of data for evidence-based decision making. We are now working to further deepen the coordination and coherence of the UN's engagement with the World Bank at the country level.

159. Also, as part of this broad effort to strengthen key partnerships, a Memorandum of Understanding for strengthened partnerships with the Commonwealth Secretariat is currently under preparation.

160. Fourth, I am determined to **reinvigorate our support and promotion of South-South and triangular cooperation**, as called for by Member States most recently in the Buenos Aires Conference on BAPA+40.

161. The UN development system is already leveraging innovative approaches available in the global South, including through communities of practices, virtual platforms for networking, centres of excellence, and financing mechanisms, which offer dynamic complementary resources for international cooperation for development. A growing number of innovative partnership arrangements promote, finance and implement south-south cooperation activities. South-South trust funds, which increasingly finance interregional development initiatives focused on poverty eradication, protection of migrants, food security and climate change, are leveraging the thematic expertise and operational capabilities of entities of the UN development system. In addition, knowledge products and action plans on South-South climate cooperation are being put in place, including to support the Climate Action Summit in September 2019.

162. The Buenos Aires conference provided a perfect reminder of the broader potential of South-South cooperation to support the realization of the SDGs in countries with limited capacities, as a complement to North-South cooperation. Important components will be to build developing countries' capacities to engage in South-South cooperation and seek potential cooperation and partners. I am convinced that we must embed additional knowledge and capacity at country level, through the Resident Coordinators and the UN Country Teams to foster and build capacities in countries to engage in South-South cooperation, as a complement to North-South cooperation. I will ensure that the UN development system steps up and accelerates the elaboration

of the system-wide South-South cooperation strategy, building on the provisions of BAPA+40.

163. The establishment and full operationalization of the Technology Bank for Least Developed Countries in 2018 is the first Sustainable Development Goal target to be achieved. To spur science, technology and innovation among the world's poorest countries, I am committed to ensuring the success of the Technology Bank and enabling concrete partnership efforts to strengthen the knowledge capacities and foster the development of national and regional innovation ecosystems. The efforts of the Technology Bank to attract relevant technology and spur the generation of homegrown research and innovation in developing local solutions towards achieving the SDGs will be prioritised.

#### **D. A repositioned UN DESA**

164. **A revitalized DESA is critical to strengthening the interface of our normative, analytical and operational work at regional and global levels.** The UN development system needs a DESA that is a source of quality integrated intergovernmental support on economic, social and environmental matters; a global home for data and statistics relating to the 2030 Agenda; a strong support for mobilizing financing for SDG implementation; a collaborative member of the UN development family; and an efficient and independent source of knowledge and technical advice on sustainable development.
165. **Responding to resolution 70/299 and as part of the broader repositioning of the UN development system, I have advanced a phased approach to the reform of DESA.** I updated Member States on progress made thus far in my letter dated 28 December 2018.
166. Working closely with the leadership of DESA, the first phase of the reform of DESA focused on immediate actions to align the internal work of the Department with the implementation of key development goals, including the 2030 Agenda, the Addis Ababa Action Agenda, and the Paris Climate agreement among others and the appointment of the new UN Chief Economist to strengthen the UN's economic thought leadership. The internal reorganization will ensure that there is (i) a single entry point to the HLPF; (ii) a single coordinating point to oversee the provision of substantive support to the implementation of SDGs and their thematic dimensions; (iii) integration of functions to support the various tracks on financing for sustainable development; (iv) dedicated analytical capacity overseen by the Chief Economists; and (v) better coordination and implementation of capacity development activities.
167. Phase two saw the establishment of an Internal Review Team (IRT), co-chaired by my Special Advisor on UN Reform and DESA's Under Secretary-General. Matching their findings with the broader vision for the UN development system, I identified the following additional and mutually-reinforcing areas where key measures could be immediately taken within existing mandates.
168. **First, as an immediate step, the Chief Economist has established a UN Network of Economists from the UN System** with a view to strengthening thought leadership, including in support of the RCs and RCO and to establish greater coherence and support to the countries in terms of analytical and research work required for effective policy making.
169. **Second, to ensure DESA's intergovernmental support draws on the expertise and experience of the wider UN development system, a dedicated UN-System Task Team was established with the initial focus on the substantive preparations for the September SDG Summit.** Co-chaired by DESA and UNDP, the task team has produced an overarching narrative for the sustainable development-related Summits and High-Level meetings that will take place during the upcoming General Assembly as an input to member

state preparations, and is working to produce a strong UN development system analysis of SDG implementation efforts thus far.

170. **Third, I have requested DESA to further strengthen its statistical capacities, including to fully leverage technology and big data for better decision making.** The Department is also now launching new initiatives with ECLAC and UNICEF, with the objective to ensure coherent support by the UN development system to country data and statistical development for the implementation and review of progress on the SDGs, and to promote evidence-based policy making and budgeting.
171. **Fourth, to maximize synergies, I have requested DESA to fully integrate its work on Financing for Sustainable Development into the broader work of the UNSDG.** DESA is now working closely with DCO and other UNSDG members in the development of common toolkits to support the design of integrated national financing frameworks. Other entities including UNDP, UNCDF and the UN Global Compact are also devising related products, which are all being coordinated to ensure they are complementary.
172. **Fifth, as part of this broader effort to strengthen the connection between DESA and UNCTs, a more structured engagement channel to feed normative and analytical work to RCs and UNCTs is under preparation.** This will also help bring the UNCTs closer to the intergovernmental work and ensure that they support the preparations and follow-up to intergovernmental guidance, as well as ensure global knowledge products and resources reach UN country teams for relevant application at country level. DESA's new and systematic engagement at the regional level as part of the regional review is also important as we strive to build integrated policy capacity that can be easily tapped into and deployed in support of country needs.
173. **A final area requiring immediate action is that of strengthening the DESA strategies and mechanisms to enhance external communications and strategic partnerships.** Changes in this area will serve to enhance transparency, knowledge management and strategic messaging around the Department's key analytical products, ensuring that they have a broader reach and are fully attuned to the needs of Governments and other partners.
174. The enhanced synergies between the country, regional and global dimensions required for country results need a strong Department of Economic and Social Affairs. Steps have been taken, but much remains to be done.
175. **I have asked the leadership of DESA to continue consultations with Member States to share information on these and other steps being taken, and to listen to the views and proposals for further strengthening. Member States will also be briefed by mid-year on further measures we are taking to strengthen DESA, including proposed revisions to the programme planning and structure of DESA for 2020, including in terms of optimizing reporting lines and structures. The reorganization will be reflected in the proposed programme budget for 2020 to be considered by the General Assembly at its 73rd session.. I have also requested DESA to prepare an information note outlining the measures taken to date and additional measures needed to strengthen the department. The information note will be available at the time of the introduction of DESA's budget fascicle.**

## **E. Other relevant reform efforts**

176. Beyond the major pieces outlined above, a range of other change processes are under way elsewhere in the UN development system. These changes reinforce the direction of the overall reform as outlined in Resolution 72/279. Several entities are leading their own internal repositioning exercises as exemplified by recent changes in three entities with very distinct roles within the UNSDG: UN-Habitat, UNDP and WHO.

177. UNDP is now well advanced in its own reform process, which aims to reassert its role as a sustainable development thought leader and major operational entity to lead the work on eradicating multidimensional poverty and leverage its new role in the repositioned UN development system, leading on the ground as an Integrator Platform for achieving the sustainable development goals of Agenda 2030. UN-Habitat is undergoing a deep reform, including of its governance, as mandated by GA resolution 73/239. As part of this process, it has defined new strategic directions for the organization - as reflected in UN-Habitat's draft strategic plan 2020-2025 - and is now amidst an internal change process that will unfold until the end of 2019. This process aims to realign the organization to the expectations of Member States in achieving the urban dimensions of the SDG's, the implementation of the New Urban Agenda and other global agendas, while also ensuring alignment with reforms of the UN development system. The World Health Organization recently approved far reaching reforms that will align its processes and structures with the "triple billion" targets of WHO's five-year strategic plan and the Sustainable Development Goals. A new structure and operating model have been adopted to align the work of headquarters, regional offices and country offices, and eliminate duplication and fragmentation.

178. Other recent initiatives that capture this spirit of transformation include the launch of the new UN Youth Strategy and the new UN Migration Network established in the context of the agreement of the Global Compact for Safe, Orderly and Regular Migration and my strategies on Climate Change and for financing the 2030 Agenda, championing and giving leadership, high level advocacy, and support to the work of the UN development system on these important agendas. All capture the need for collaborative action by the UN development system on issues that go to the core of the challenges and opportunities we face in implementing the SDG.

179. Achieving the 2030 Agenda means that all levels of UN development system must coordinate and mutually support each other. We can no longer ignore the gaps and disconnects between the global, regional and country levels that burden the system. And we can no longer allow the major global assets to go untapped due to lack of coordination, communication and an innovative, entrepreneurial spirit, which must permeate the Organization if we are to reach the SDGs.

180. Significant changes are afoot at the global level but, at the same time, it is clear that the transformation I am seeking at the global level needs to pick up pace. I am determined that over the coming year, we will see greater progress in this area.

#### **IV. Oversight and accountability for system-wide results**

181. The 2030 Agenda underscores the important contribution that the UN development system can make to SDG implementation and the role that Member States play in overseeing the coherence, effectiveness and efficiency of that contribution.

182. Since 2015, Member States have stepped up their engagement, not least via the QCPR and the extensive process in both the ECOSOC and the General Assembly that led to the UN development system repositioning resolution. General Assembly resolution 72/305 was another important milestone as it reinforced the ECOSOC's role as the central mechanism for coordination of the activities of the UN development system and strengthened its leadership and policy guidance functions. The governing boards have also worked to ensure a transformational shift in the approach of individual entities, in line with the resolution on the repositioning of the UN development system. Below I share some reflections on how Member States can further strengthen their guidance and oversight of the UN development system.

183.To support Member States in this role, I committed in 2017 to improve the transparency, accountability and reporting of the UN development system to Member States. Improved and transparent reporting on the system’s activities as well as independent system-wide evaluation are critical in that regard. Below I set out the changes we have made in line with the calls by the General Assembly in resolution 72/279 as well as our next steps.

184.The UN development system needs to demonstrate results to the governments and the people we serve across the world. I count on member states to continue to support our efforts in this area with the same leadership demonstrated so far.

### **A. Transforming ECOSOC Operational Activities Segment into an accountability platform**

185.The General Assembly, the Economic and Social Council, and the governing bodies of agencies, funds and programmes, constitute a three-tiered interlinked intergovernmental policy-making and oversight mechanism for the UN development system. It is critical to improve the way they perform on their respective functions so that they advance the changes requested by Member States in the operations of the UN development system.

186.The GA is the most universal intergovernmental mechanism for the formulation and appraisal of policy matters. The General Assembly is the platform for developing overall policy guidance to the UN development system on its support to the implementation of the 2030 Agenda and on its ways of working. It does this through the resolution on the QCPR and more recently the resolution on the repositioning of the UN development system, which are geared towards the same objectives of better results for the people.

187.ECOSOC for its part serves as the platform to ensure oversight and accountability for system-wide performance and results in relation to the 2030 Agenda. It serves to systematically review implementation by the UN development system of the directives from the General Assembly and to provide more hands-on guidance. Such guidance is critical for governing bodies. The Council should provide clear and precise feedback to governing bodies. These, in turn, should regularly report back to ECOSOC so that practice informs policy making, in a feedback loop that strengthens coordination and oversight.

188.Given this division of labor and the emphasis the General Assembly has placed on enhancing complementarity and avoiding overlap and duplication in the work of the GA and ECOSOC, it may be preferable for the GA to only adopt resolutions on the UN development system when it conducts the QCPR. ECOSOC, on the other hand, would adopt resolutions on the implementation of the GA guidance only in the years when there is no QCPR. This recommendation is made on the clear recognition that Member States retain the prerogative to adopt resolutions at any point they would deem necessary in either fora.

189.The next QCPR cycle, to be discussed and agreed in 2020, offers the opportunity to reflect on how to improve the effectiveness and impact of the Segment on Operational Activities for Development. Establishing a multi-year programme of work for the Operational Activities Segment, as has been done in other ECOSOC fora, could provide more focused deliberation and guidance on specific aspects of QCPR implementation. Annual reviews, focused on specific dimensions and challenges in operational activities for development, would allow for more in-depth analysis and deliberations where issues may demand it. This would also give Member States the opportunity to provide clarity and interim guidance on specific topics.

190.In addition, in line with resolution 71/243, Member States could consider requesting all governing bodies of the UN development system to report to ECOSOC on the decisions and steps they have taken to implement the resolutions on the QCPR and the repositioning of the UN development system. This reporting would enable improved monitoring of

overall system-wide progress and serve as the backbone of the dialogue with Executive Heads' session in the Operational Activities Segment.

## **B. Strengthening executive guidance and oversight of agencies, funds and programmes**

191. The role of the executive boards of agencies, funds and programmes remains more than ever a critical piece in the governance of operational activities for development. Governing bodies hold the key to accelerate efforts in support of the 2030 Agenda and to unlock the transformation of agencies, funds and programmes, towards the integrated, effective and efficient whole-of-system response.

192. I had proposed to gradually merge the New York-based Executive Boards of funds and programmes to better move towards increased coherent guidance and collective results. While this did not materialize, I commend these and all other governing bodies of agencies, funds and programmes for driving a shared approach on improving their working methods and, most importantly, in support of the repositioning of the UN development system, including by homogeneously ensuring that entities align with the provisions of GA resolution 72/279.

193. I applaud the swift action taken by all governing bodies to approve the doubling of the cost-sharing agreement in support of the reinvigorated RC system. Such prompt and unanimous action allowed us to ensure an important part of the necessary resources for a smooth transition to the new system on 1 January 2019 and for implementing a number of critical steps in the first quarter of the year.

194. I am also grateful for the clear directions and decisions at the 2018 annual sessions of the different governing boards to fully implement both the 2016 QCPR and the resolution on the repositioning of the UN development system. I am particularly grateful to the executive board of UNDP for so clearly ensuring full support for a smooth transition of the resident coordinator system, and other boards for having adopted "common chapters" with common guidance to UN entities.

195. I am also encouraged by the practical changes to further enhance the working methods of the Boards and their joint meetings to enhance system-wide coherence and efficiency, reduce duplication and build synergy across governing bodies of the UN development system.

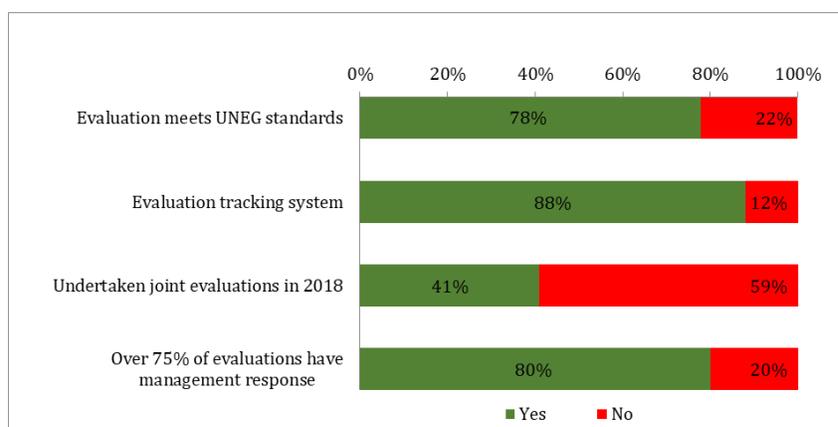
196. I encourage Member States to translate into reality discussions and proposals for stronger links between issues discussed at the respective Board meetings, increased focus on joint programming, coordination and coherence, more joint informal briefings on strategic cross-cutting and system-wide issues, increased transparency of deliberations, and engagement of non-governmental stakeholders. These are all important steps towards efficiency, effectiveness and overall quality of governance structures and should be put in place.

## **C. Improving system-wide evaluation and reporting**

197. The 2016 QCPR underscores the importance of a strengthened high-quality, independent, impartial system-wide evaluation mechanisms. In my December report on the repositioning of the UN development system, I reiterated the critical role of independent system-wide evaluation to strengthen oversight, transparency and accountability as well as joint work and collective learning, to enhance the contributions by the UN development system to the advancement of the 2030 Agenda.

198. Overall, there has been considerable success in establishing an evaluation culture within entities of the UN development system, but there has been much less progress with joint evaluations. 78 per cent of the evaluation units across the UN development system meet UNEG standards for independence; 88 per cent of entities of the UN development system have evaluation tracking systems that include the status of evaluations and management responses; but only 41 per cent have undertaken joint evaluations in 2018. 80 per cent confirmed that 76 to 100 per cent of their evaluations had a management response. (see figure 4).

**Figure 4: UN development system entity evaluations in 2018**



Source: DESA survey of HQ entities

199. The momentum for increasing the quantity and quality of system-wide evaluation has received added impetus over the course of the Funding Dialogue and the resulting Funding Compact annexed to this report. Commitments related to transparency, joint work and country level results feature prominently throughout the Compact<sup>13</sup>, with system-wide evaluation positioned as a core instrument to realize all three objectives.

200. In line with calls in the QCPR and the Funding Compact’s approach, I have coordinated the design of a new independent system-wide evaluation strategy. The strategy contains various elements. It foresees a revision of the independent system-wide evaluation policy, last developed in 2013, to embed a stronger focus on the 2030 Agenda, align with relevant aspects of the reforms of the UN development system, incorporate the lessons learned from the two pilot system-wide evaluations conducted, and reflect the relevant commitments from the Funding Compact.

201. The revised policy clarifies roles and responsibilities across the system for system-wide evaluation, and proposes ways to strengthen engagement with governing and legislative bodies to ensure that system-wide evaluation findings better inform decision and policy-making appropriately. In this regard, building on my initial proposal for a small system-wide evaluation unit, the strategy identifies options for a new mechanism that would further mobilize evaluation capacities and resources across the system to enhance the number, quality, accessibility and use of system-wide evaluations in support of the SDGs.

<sup>13</sup> See indicators 2, 8 and 9 on UNSDG commitments to increase collaboration on joint and independent system-wide evaluation products, to improve quality and quantity of UNDAF/Cooperation Framework evaluations, and to increase accessibility of corporate evaluations and internal audit reports.

202. The strategy also commits the UN development system to specific system-wide evaluations, with timelines, in line with our commitments made in the Funding Compact and to be aligned with the system-wide strategic document. It further articulates a set of actions designed to immediately improve the quality of evaluations of the UN Cooperation Frameworks, starting with interim guidance, which has now been developed to support upcoming Common Framework evaluations, a series of pilot evaluations and the finalization of comprehensive guidelines in early 2020. Finally, it proposes a dedicated funding mechanism that could pool resources to support SWE-related initiatives and other system wide oversight upgrades.
203. In addition to informative, independent system-wide evaluations, regular reporting and transparency on results remains critical to allow Member States to provide effective guidance. In fact, an additional important commitment of the Funding Compact is to improve reporting on results to host governments, including through the full roll-out of UN-INFO by 2021.
204. UN-INFO is an online tool that provides a clear system-wide overview of how the UN development system in each country is targeting resources towards national priorities, thematic sectors (including cross-cutting gender, human rights and humanitarian markers) and the SDGs. Its roll-out will allow easy, disaggregated access to information and enable the generation of standardized reports that double as organization tools and communication products. This is another important step towards transparency and accountability.
205. The introduction and improvement of capabilities to generate, retain, use and share knowledge, and move towards a system-wide open data collaborative approach for a common and accessible knowledge base, must remain a priority. To date, findings show that knowledge management remains a challenge, with few common practices implemented on a system-wide basis. A recent JIU report<sup>14</sup> observed that although there is extensive knowledge management experience in the UN system, it tends to be confined within individual organizations and even within different parts of a single organization. Among the JIU's recommendations is a proposal that the CEB be used to share relevant experiences across entities "with a view to gradually developing a common, system-wide knowledge management culture". We will take these and other JIU recommendations forward.
206. With one third of the journey to 2030 complete, it is apparent that we must step-up our collective commitment to each other and future generations. The Agenda demands deeper accountability, more transparency and stronger oversight. There is an imperative to ensure we have a UN development system firmly grounded in results, with a governance architecture that emphasizes leadership, accountability, collaboration, and efficiency. Although gradual, we have made tangible progress on this front in recent years and we continue to do so. A culture of results-based management and evaluation is steadily maturing. Institutionalizing system-wide evaluation and strengthening system-wide knowledge management will further enable this shift. For Member States cannot perform their oversight role without regular reporting and transparency on results, and the UN development system cannot operate without the guidance of Member States based on those results.

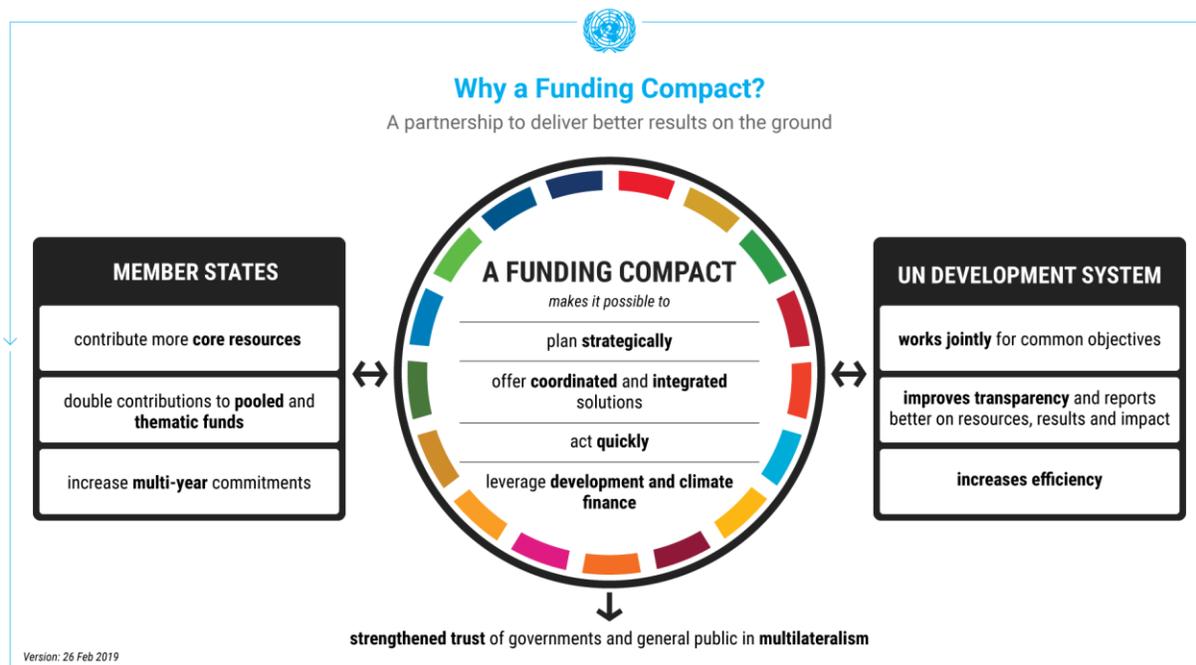
## V. Funding the United Nations development system

207. Next year will mark the ten-year countdown for the SDGs. Despite important efforts to date, we are not on track and there are many significant hurdles. We need to take bold steps to address the challenges holding back progress. One of the most important is funding. The funding to the UN development system is modest relative to the trillions of dollars required to implement the SDGs, but it makes a big difference for many countries who benefit from the support of the UN development system.<sup>15</sup>
208. Funding for operational activities for development in 2017 totalled \$33.6 billion, which represents an increase of 12.6% compared to 2016. This growth was primarily due to an increase in non-core funding resulting in a continuation of a trend that has prevailed for over two decades: growth in the quantity of funding to the UN development system, but with a corresponding decline in quality. Only about one-fifth of funding in 2017 was in the form of core resources, the lowest core-share ever. The UN development system heavily relies on just a few donors for a large portion of its funding. This makes the system vulnerable to policy shifts that may occur among the larger contributor countries.
209. The indivisible and interconnected nature of the SDGs has reinforced the imperative for more flexible and predictable funding. While this involves bringing a better balance between core and non-core funding, it also underscores the need to enhance ‘core-like’ resources, such as contributions to inter-agency pooled funds. Inter-agency pooled funds help strengthen coordination and collaboration across entities of the UN development system. They can also counteract some of the negative effects of strictly earmarked non-core contributions. Funding to inter-agency pooled funds has increased over the past two years, however currently such funding only comprises 7.5% of all non-core funding.
210. In 2017, I proposed a Funding Compact between Member States and the UN development system to improve the predictability, flexibility and overall quality of funding, and address the imbalance between core and non-core resources. As part of this, the UN development system would accelerate efforts towards greater transparency and accountability on how it uses resources entrusted by Member States. I also called for a funding dialogue to operationalize the compact, which Member States welcomed in GA resolution 72/279.
211. The funding dialogue officially began with a GA high-level plenary session convened by the Deputy Secretary-General on 31 July 2018. Three high-level plenary sessions then followed, supported by a technical track led by the Transition Team and a small group of Member States and four UNSDG entities. The meetings of the technical track focused on translating the objectives of the compact into commitments, targets and indicators, and a roadmap for implementation.
212. The full text of the Funding Compact outlines specific steps that Member States and the UN need to take for the system to be fit to address development challenges.<sup>16</sup>
213. The Compact consists of eight commitments by Member States and 14 commitments by the UNSDG. These 22 commitments will be monitored by 50 indicators and targets. The commitments are ambitious, mutually reinforcing and will require a significant shift in the way that the UN development system operates and the way Member States fund the system.

<sup>15</sup> See A/74/73/Add.2 -E/2019/4/Add. for a full overview of the latest statistics on ‘Funding of the operational activities for development’

<sup>16</sup> A/74/73/Add.1 -E/2019/4/Add.1

**Figure 5: Why a Funding Compact**



214. The UN development system commits to working towards joint results in an increasingly collaborative manner, pursuing common objectives and operating more efficiently. To solidify trust with Member States, the entities of the UN development system pledge to provide more clarity on results achieved with the resources entrusted to them through more transparent, consistent reporting, better system-wide and joint evaluations, and more accessible audits.

215. In return, Member States commit to improving the quality and predictability of voluntary funding to the UN development system, including by scaling up core funding and contributions to interagency pooled funds, ideally through multi-year commitments. This will strengthen the alignment of funding with the strategic objectives of entities of the UN development system and the UNSDCF, while enabling them to provide the holistic, integrated solutions needed to enhance their support for the 2030 Agenda.

216. DCO will coordinate regular tracking of Funding Compact commitments. Progress reporting against these commitments will follow two tracks: *entity-specific*, through individual entities' reporting mechanisms to their governing body, and *system-wide*, through subsequent editions of this report. We have already integrated the commitment indicators, along with baseline data, in the QCPR monitoring and reporting framework (annex xx) and have referenced them throughout this report in the relevant chapters.

217. DCO will convene inclusive, informal, system-wide consultations twice a year with interested Member States until the 75th General Assembly. The purpose of these consultations is to support entity-specific funding dialogues with updates on implementation, notably as they relate to the tracking of efficiency gains over time and their redeployment for development activities.

218. The Compact is designed to inform, and support entity specific structured funding dialogues. Such structured funding dialogues with Member States have already been taking place in several governing bodies of entities of the UN development system to address issues related to quality of funding, in particular the decline in core funding. In

2018, 17 out of 23 entities, including all nine UN funds and programmes, indicated that their governing bodies had held dialogues on financing the results agreed in their strategic plans. Common themes included transparency, quality and predictability of funding, and alignment of financial resources to strategic plans.

219. I am confident that the Funding Compact will gradually shift the current funding pattern of the UN development system, and enable the system to fulfil its core functions, including the normative support and guidance that Member States expect. I count on Member States to uphold their commitments in the Compact. To secure and sustain higher quality and quantity of funding, the entities of the UN development system will accelerate steps to work collaboratively towards collective objectives and to provide more transparent information about how they spend funds and what results they achieve.

## **VI. Delivering on expectations**

220. Informed decision-making plays a vital role in guiding the the UN development system in its journey of transformation and in delivering results. Both ECOSOC and the General Assembly, in the context of the QCPR and of the resolution on the repositioning of the UN development system, have called for regular reporting on progress in the implementation of their decisions. I am committed to keep Member States thoroughly informed as we continue to move towards a stronger UN.

221. This report already marks a shift in the way we inform on progress made, by aligning reporting on both the QCPR and the repositioning of the UN development system. In addition to capturing all steps undertaken by the system in following-up to the two resolutions, including through a survey targeting UN entities' headquarters administered by DESA, I have also updated the QCPR monitoring and reporting framework, in collaboration with the UN development system.

222. The monitoring and reporting framework ensures a comprehensive set of indicators that help to measure and track progress in implementation. Having undergone a number of revisions in light of evolving resolutions, the current framework is however the product of add-ons. Following the guidance from the next QCPR cycle, it may be advisable to develop a QCPR monitoring framework that will better align with the renewed spirit and mandates of the General Assembly resolutions on the new QCPR and GA resolution 72/279 on the UN development system.

223. Meanwhile, in 2019, DESA will update all its country-level survey products, including those directed at programme country governments, resident coordinators and operational management teams, to provide up-to-date data and analysis in advance of the 2020 quadrennial review.

## **VII. Conclusion**

224. Over the last two years, we have engaged collectively in the most far-reaching and comprehensive reform effort in the history of the United Nations. Today we have the mandates, the tools and political will to transform the Organization into the vehicle to bring prosperity by helping countries overcome the challenges of today and tomorrow.

225. Expectations are high for the repositioning of the UN development system and, collectively, we will be held accountable for lifting our ambition to the level of the 2030 Agenda and delivering results on the ground, where our ultimate responsibility rests.

226. As this report has shown, we are on track to deliver on all reform mandates. At the same time, this is a complex change process that will continue to unfold until all changes take root and the system fully pivots into a more collaborative way of working. We look at the

upcoming months with a sense of responsibility and determination to unlock the potential of these reforms and maximize the impact of the UN development system.

227. In these early days of transition into a repositioned UN development system, our work is inevitably centered around progressing with structural changes and setting up the tools and mechanisms for changing the way we operate. Moving forward, Member States can expect these changes to yield results, which will be harvested primarily in country. I look forward to continuing to report on our progress, first and foremost on our impact on the ground, with a clear indication of how things are changing for the people we serve.

228. In a year from now, when ECOSOC considers my next report at its Operational Activities Segment, we intend to demonstrate clear benefits. By then, you should expect to see an even stronger sense of momentum which will see an improved dialogue with governments and other national counterparts; a more united UN voice and response at all levels; innovations in our policy and technical support; more transparency and a clear strategy to make our work and presence in countries more effective and efficient.

229. To ensure we get there, I ask ECOSOC to embrace the comprehensive approach and proposals I have outlined in this report. Specifically, I count on Member States to:

- **Acknowledge the progress achieved so far in advancing all reform mandates;**
- **Endorse the way forward to reposition the UN regional assets and the multi-country offices to enhance and tailor support to all countries we serve;**
- **Request all governing bodies of all entities of the UN development system to facilitate any necessary adjustments to allow us to continue to move forward with the changes mandated by the General Assembly and leave no entity behind.**

230. Member States have asked me to maintain the ambition I set out in 2017 for ensuring the UN is fit for supporting countries to deliver on the 2030 Agenda. You can count on my promise and that of the entire UN development system to do so. From our part, we count on your continued leadership, engagement and commitment as the journey unfolds.