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**Operational activities for development: operational activities
for development of the United Nations system**

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Agenda item tbd

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

Report of the Secretary-General

**Implementation of General Assembly resolution 71/243 on the
quadrennial comprehensive policy review of operational activities for
development of the United Nations system (QCPR): Funding analysis**

Summary

The analysis contained in the present addendum is submitted pursuant to General Assembly resolution [71/243](#) on the quadrennial comprehensive policy review of operational activities for development of the United Nations system. It provides an overview of the overall status of the funding of operational activities for development, with a focus on 2018. The analysis includes a review of the progress made in addressing the funding-related challenges highlighted in that resolution, as well as in Assembly resolution [72/279](#).

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Introduction

The analysis contained in the present addendum is submitted pursuant to General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR). This addendum examines the funding situation of the UN development system (UNDS), presents the latest trends and reviews the extent of progress made in relation to funding-related issues highlighted in the QCPR. The analysis complements the section on funding for operational activities which is an integral part of the report of the Secretary-General on QCPR implementation, and which provided key highlights in funding trends and a comprehensive update on the implementation of the Funding Compact that was agreed between Member States and entities of the UN development system in 2019.¹

The analysis is anchored around three inter-related dimensions: i) Transparency of funding flows; ii) quantity and quality of funding; and iii) allocation of resources.

The scope of the analysis is operational activities for development, which accounts for 71% of all UN system-wide activities. Funding for operational activities for development grew by some 8% between 2017 and 2018 to reach \$36.4 billion. The UNDS still depends on a few large donors for most of its funding, although there has been notable growth in funding from programme countries in recent years.

Only 21% of contributions to the UNDS in 2018 were in the form of core/unrestricted contributions, continuing the imbalance between core and non-core funding. However, a noticeable improvement can be observed in multi-year core funding. Contributions to “core-like” funding mechanisms such as inter-agency pooled funds and loosely earmarked thematic funds also increased significantly since 2016. UNDS entities are actively engaging in funding dialogues with Member States to find ways to improve the overall quality of funding provided to the system and to accelerate implementation of the Funding Compact.

About three-quarters of the funding received for operational activities for development was spent at the country level, with the global and regional level accounting for about one-quarter of spending. Expenditures at the country level were concentrated in a small number of countries with over three-quarters of resources being spent in the 30 largest programme countries.

The data underlying this analysis has been collected in accordance with the new set of financial data and reporting standards adopted by the UNSDG and the High-Level Committee on Management (HLCM) of the Chief Executives Board (CEB) in 2019. The new standards include new definitions that have resulted in system-wide funding data that is more reliable and comparable across entities.

A. Transparency of financial flows

Both the 2016 QCPR and the General Assembly repositioning resolutions call for greater transparency and accountability in the funding of operational activities for development. As mentioned, transparency is a central theme in the Funding Compact through which UNSDG entities commit to clarity on how they spend resources entrusted to them. A key premise is that greater

¹ See Chapter IV of A/75/xx-E/2020/7

visibility of results and a strong link between results and resources will initiate a shift towards higher quality funding to UNDS.

1. *System-wide funding data*

Reporting on system-wide funding flows has traditionally been hampered by lack of clear definitions and harmonized classifications for different types of funding UNDS entities receive. Recognizing this, the General Assembly requested the Secretary-General to continue to strengthen the analytical quality of system-wide reporting on funding. It called for more timely, reliable, verifiable and comparable system-wide and entity-level data, definitions and classifications.²

In response, a UN inter-agency team co-chaired by the CEB Secretariat and the Multi-Partner Trust Fund Office (MPTFO) was established in 2017 to formulate and agree on key funding-related terms, and data categories and data-collection approaches, that would strengthen the reliability and comparability of information coming from individual UNDS entities. This work, dubbed “the Data Cube initiative”, resulted in ***a set of data and reporting standards adopted by UNSDG and HLCM in early 2019***.³ UNDS entities began reporting on their 2018 funding flows against these new standards in 2019. CEB organized two inter-agency workshops in Geneva and New York to train UN staff involved in annual reporting of funding data. The information provided by UNDS entities is entered into the CEB database and reporting system, which forms the data basis for most analysis in this chapter.

The new standards include new definitions for functions carried out by UNDS entities. This facilitates consistent reporting of expenses against the primary functional areas of the UN system: (a) development assistance; (b) humanitarian assistance; (c) peace operations; and (d) the global agenda and specialized assistance. Operational activities for development include points a and b.

The funding analysis included in previous editions of this report worked around the lack of common, system-wide definitions of ‘development activities’ and ‘humanitarian activities’. As a result, activities were classified by entity, depending on mandate.⁴ To improve comparability and harmonization of system-wide reporting and information on funding data, the present report disaggregates entities’ reporting to the CEB, which is based on the newly agreed standards, so more reliable information on UN development and humanitarian activities supports our analysis. The higher proportion of expenditures on humanitarian-related activities within overall operational activities compared to previous editions of this report can partly be attributed to the refined distinction between the humanitarian and development activities.⁵

The UNDS is positioned to better understand and track the allocation of its resources to specific SDGs.

² A/RES/71/243 OP 80

³ <https://www.unsystem.org/content/data-standards-united-nations-system-wide-reporting-financial-data>

⁴ Exceptions were made in the cases of UNICEF, UNFPA and WFP. See the technical annex to A/74/73-E/2019/4 (<https://www.un.org/ecosoc/sites/www.un.org/ecosoc/files/files/en/oas/SGR2019-Addendum2-TechnicalNote-Final.pdf>)

⁵ Trend analyses of humanitarian and development flows across multiple years can still be presented in the current report in a comparable fashion since aggregate data for past years was adjusted in alignment with the refined methodology. The online technical note contains further details <https://www.un.org/ecosoc/en/content/2020-secretary-general%E2%80%99s-report-implementation-qcpr>

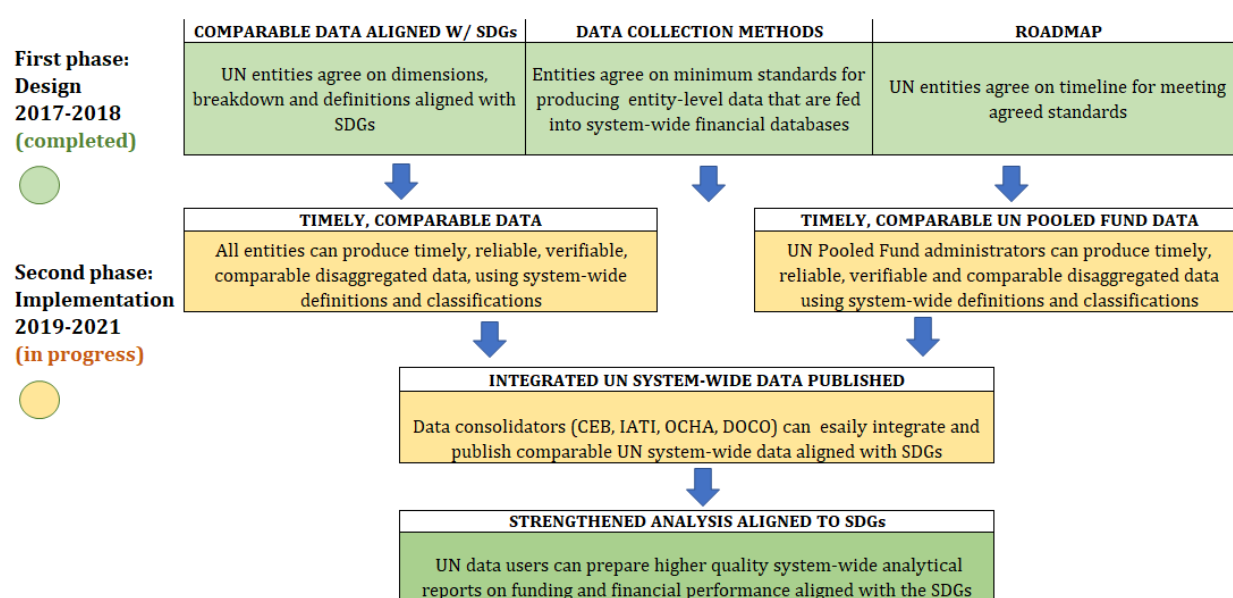
The new data standards have been designed to align with the SDGs. They include a common UN methodology and format for tracking the contribution of UN activities to the 2030 Agenda by defining the way funding information must be reported against each of the 17 SDGs and the 169 targets. This part of the data standards will take 18-24 months to implement fully across the system, as not every entity has the mechanisms in place to report against SDGs and the targets at this stage. The Funding Compact sets a target of 2021 for all entities to allocate their expenses by SDGs. Currently 10 UNDS entities do so.⁶

All UNDS entities have submitted their funding data to the CEB guided by the new reporting standards. About three-quarters of entities with operational activities at country level report their expenditures in each country. This is a notable improvement compared to 2018 when less than half of entities provided this level of granularity. Still, until all entities report this information, there will be some under-reporting of expenditures in programme countries.

In addition to reporting expenses against the SDGs, another key next step includes integrating and aligning entity reporting to the system-wide inter-agency database on inter-agency pooled funds into the CEB database and reporting system.

The chart below outlines the work of the ad hoc Data Cube team.

Figure I
Results framework for the Data Cube Initiative



Source: UNDP/MPTFO

To further strengthen the reliability and comparability of entity reporting on expenditures, the new data standards have been defined to ensure reporting by UN entities to the CEB database is aligned to their reporting to the International Aid Transparency Initiative (IATI) and OECD/DAC.

⁶ IFAD, ILO, UNDP, UNFCCC, UNFPA, UNICEF, UNOPS, UNRISD, UN-Women, WFP.

As of early 2020, 19 UNDS entities were publishing information on their resources in accordance with the IATI standard. This represents an increase of five entities compared to the end of 2017. Those 19 entities accounted for 96% of expenditures on operational activities for development.

2. Cost Recovery

Cost recovery refers to the basic requirement that non-programme costs need to be covered to ensure the stable financing of an organization's critical backbone functions. As all donors should contribute proportionally to the financing of these critical functions, an entity's cost recovery policy sets the parameters through which these contributions and other related elements are determined. Through the Funding Compact, UNSDG entities commit to full compliance with these established cost recovery policies.

General Assembly resolution 71/243 underscores two essential concepts to guide cost recovery frameworks: core resources form the bedrock of operational activities for development owing to their untied nature; and core resources should not subsidize non-core resources. With non-core funded activities growing considerably faster than core-funded activities over the past 15 years, it makes the collection of non-programme costs associated with non-core funded activities ever more important. As such, cost recovery frameworks have considerable implications for institutional transparency and resource mobilization.

The headquarters survey reveals that all but two UNDS entities have adopted a cost-recovery framework or policy,⁷ and just over two thirds of entities reported on the implementation of their cost recovery policy to their governing body in 2019. As part of this reporting, entities are expected to provide the estimated amount of financial resources to be recovered in their budgets, and report on actual cost recovery amounts. While two thirds of entities include estimated budget amounts, less than half include actual amounts recovered through their cost recovery principle.

Cost recovery support-fee waivers grant donors an exemption from paying the standard support cost rate specified in a UNDS entity's cost recovery framework. As such, these waivers have been discouraged both in General Assembly resolution 71/243⁸ and the Funding Compact. In 2018, an average of 14 agreements per UNDS entity were still tied to such waivers, an improvement from 2017 when the average was 17 waivers. The total value of the agreements for which a support-fee reduction was granted amounted to an estimated \$800 million (down from \$1.3 billion in 2017).⁹

UNDP, UNICEF, UNFPA and UN-Women harmonized their cost recovery in 2013. The joint policy included a harmonized cost-recovery rate of 8 per cent of non-core contributions, with the agreement that the rate would be reviewed three years later. In 2017, the executive boards asked the entities to continue consultations with Member States on the cost recovery policy and to present proposals for consideration. The four entities submitted a joint paper to their boards in 2018 containing a proposal to move to a new modular approach that would be more explicit about reserving a fixed amount of core resources to fund what the boards deemed the most essential activities.

⁷ Though not exempt from the cost recovery mandate, this excludes Secretariat departments since their cost-recovery policies are defined centrally and are approved by the General Assembly for the entire Secretariat.

⁸ OP 35.

⁹ Note that this is the value of the agreements, not the fee waived. If the average waiver permitted a donor to a 1% reduction in the support fee, then the amount of programme cost support income lost system-wide would have been \$8 million in 2018.

A preliminary comprehensive proposal was subsequently shared at the first regular sessions of the boards in 2020 that identified three key goals for the joint policy: (a) to maximize the policy's transparency and ease of understanding; (b) to acknowledge the broader reform context, including the direction provided by the QCPR and the Funding Compact; and (c) to promote pooled funding and joint, inter-agency efforts. The four entities are currently developing their final comprehensive proposal for decision by the boards at the second regular sessions in 2020.

Recognizing the potential progress and benefits from entities sharing overarching cost recovery principles, the CEB Finance and Budget Network established an inter-agency working group¹⁰ in late-2019 to look at harmonized principles for cost recovery that could be agreed on and applied across the UNDS more broadly. Included in the group's workplan is consideration of a UN common principle for UN agreements, which can be problematic when the two entities involved have different cost recovery rates. The group, which began meeting at the time this analysis was issued, is expected to consider the Funding Compact and the importance of collaborative work into its discussions.

B. Quantity and quality of funding

1. Funding trends

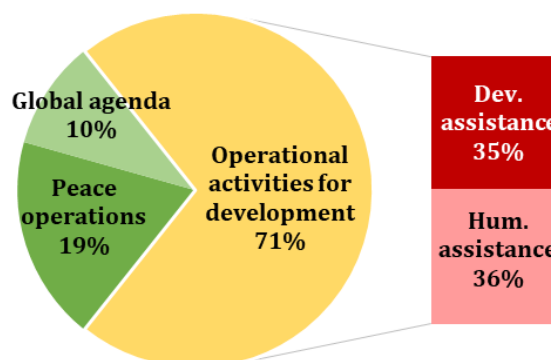
In 2018, UN operational activities for development accounted for 71% of all UN system activities: 35% in development and 36% in humanitarian assistance.

Peace operations accounted for 19% and global agenda and specialized assistance accounted for 10% (Figure II).

Funding for operational activities for development totalled \$36.4 billion in 2018, of which 21.2% was in the form of core/unrestricted contributions.

Core contributions include assessed and unrestricted voluntary funding. The other 78.8% of resources were non-core, or earmarked to specific projects, countries or thematic areas.

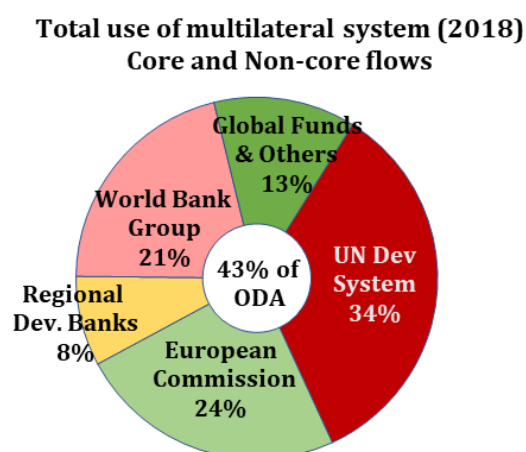
Figure II
Funding of UN system-wide activities: 2018



Source: UNDESA/OISC

¹⁰ Led by UNICEF with the UN Secretariat, UNHCR, UNDP, UN-WOMEN, UNFPA, UNOPS and WFP agreeing to participate.

Figure III
Channels of multilateral aid: 2018



Source: OECD Stat, 2019.

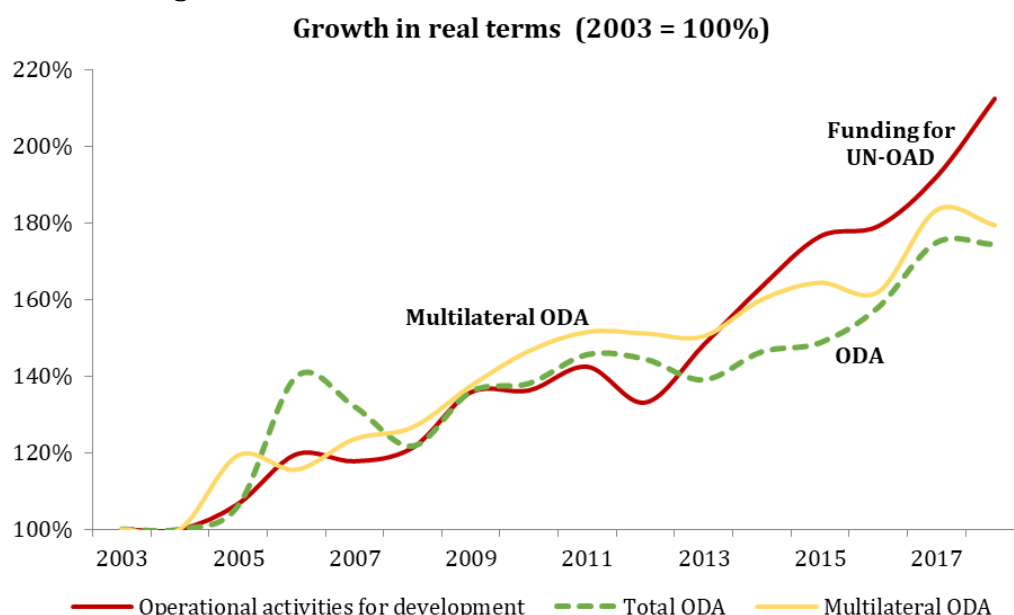
The UNDS remains the largest single channel of multilateral aid, receiving over one third of all multilateral flows.

As shown in Figure , the relative volume of resources flowing through the main channels of multilateral systems account for 43% of total ODA.

Funding of operational activities for development increased by 8.2% between 2017 and 2018, continuing the trend of robust growth in funding that has prevailed over the long term.

Figure IV compares the trend in funding to UNDS with the trend in multilateral ODA and total (multilateral + bilateral) ODA. The graph shows that since 2003 funding to UNDS has increased more rapidly than ODA and multilateral ODA. The growth happened primarily during the 2013 to 2018 period. And, on closer examination, it has affected differently the various funding components of the UNDS – with an imbalance in the growth rates between humanitarian and development funding, core and non-core.

Figure IV
Trend in funding to the UNDS relative to ODA



Source: UNDESA/OISC

Indeed, funding used for development-related activities amounted to \$17.8 billion in 2018, which represents a modest 17% increase compared to 2010. Within the same timeframe,

resources used for humanitarian activities more than doubled and now roughly equal the amount of funding for development activities.

Given the high number of conflict and post-conflict situations, it is not surprising that resources devoted to humanitarian assistance activities have increased faster than those to development assistance activities.

Figure V
Trend in funding flows, by type of activity (2010-2018)

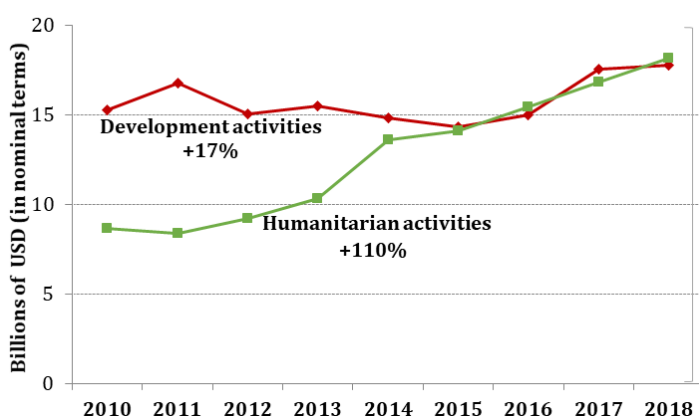


Figure VV shows the trend in the use of funding by type of activity.

Source: UNDESA/OISC

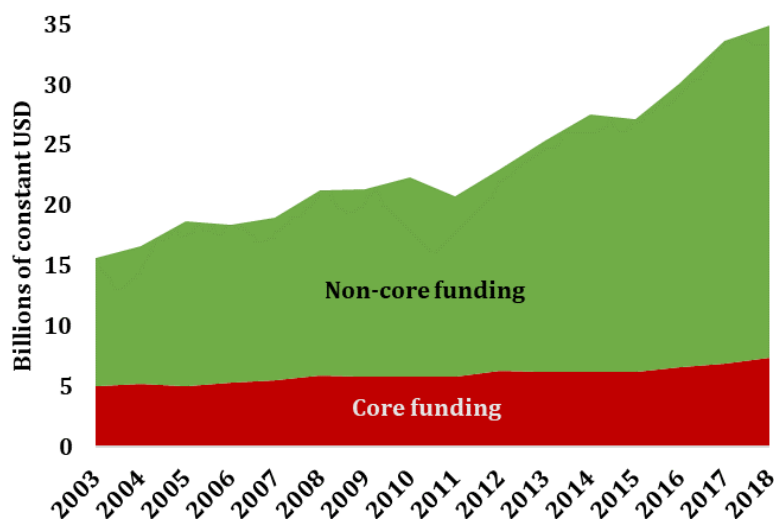
Both the 2016 QCPR and the Funding Compact recognize the importance of core funding, which provides UN entities the flexibility to allocate funds to priority areas in their strategic plans, including underfunded areas.

Most of the growth in funding for operational activities for development can be attributed to the growth in non-core resources, as shown in Figure VI.

Since 2003 non-core funding has increased more than three times as fast as core funding. This has resulted in a decline in the share of total core funding from 32% in 2003 to 21% in 2018.

Figure VI

Trend in core and non-core funding (real terms,¹¹ 2003-2018)



Source: UNDESA/OISC

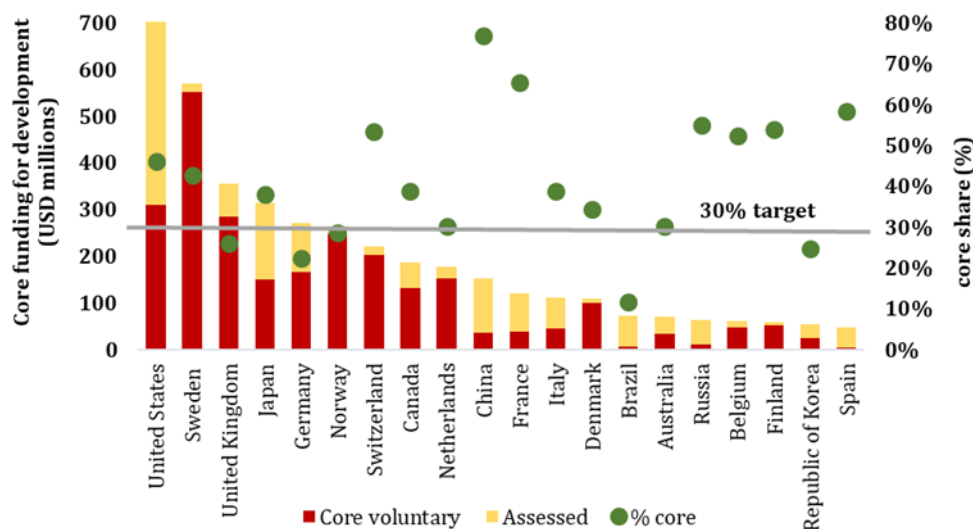
Core funding and funding for development activities have been the two slowest growth areas over the long term (Figure VV and Figure VII).

In 2018, 28% of funding for development activities was in the form of core resources. Excluding assessed contributions, only 21% of voluntary funding for development activities was core. Member States committed through the Funding Compact to increase these shares to 30% by 2023.

Among all Member States, 114 provide at least 30% of their development funding (assessed and voluntary) as core. Of the top 20 contributors to development funding, 15 already surpass the 30% core share target when their assessed contributions are included (Figure VII).

¹¹ Taking account of inflation and exchange-rate fluctuations

Figure VII

Top 20 core contributors in 2018 (development funding only)

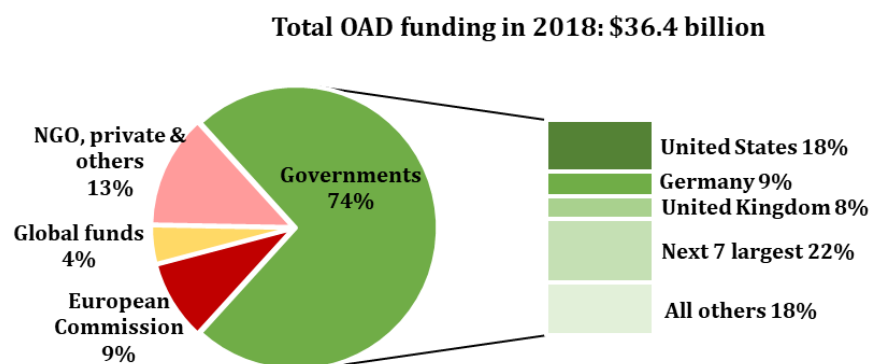
Source: UNDESA/OISC

When looking only at voluntary contributions, 71 Member States provide at least 30% of their contributions as core, including 8 of the top 20 contributors to UNDS.

2. Contributor base

Government contributors account for just over three quarters of all funding to operational activities for development. This does not include the European Commission, which increased its funding by over 30% between 2017 and 2018 to account for 9% of total funding.

Figure VIII

Main groups of funding sources, 2018

Source: UNDESA/OISC

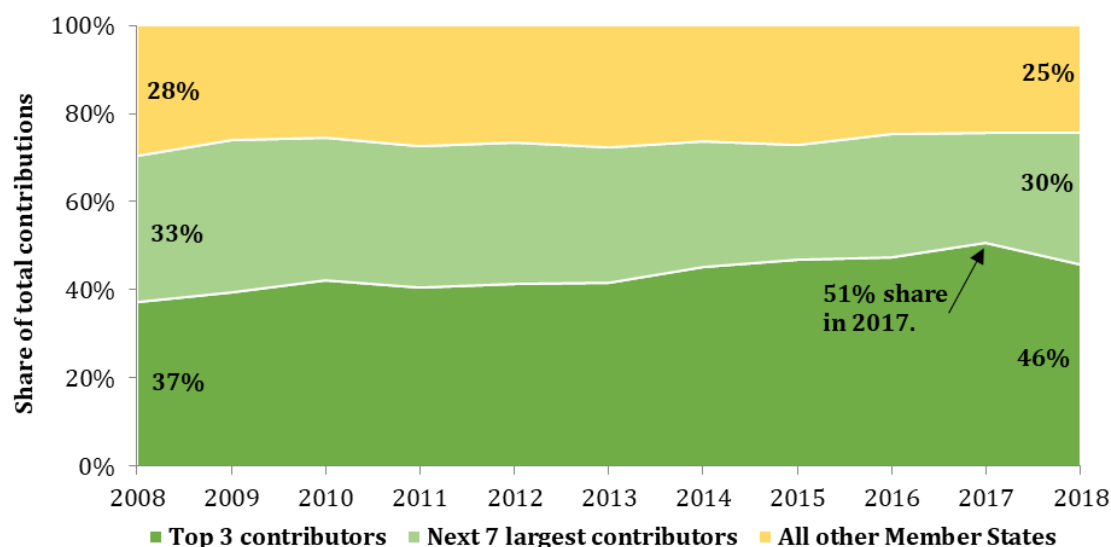
Funding channelled through global funds decreased slightly in 2018 and now account for 4% of all funding. The remaining group of donors, comprising NGOs, the private sector and other non-state contributors, account for a significant 13% share of all resource flows to UNDS.

The contributor base is an important indicator of Member States ownership of UNDS. The 2016 QCPR recognizes the narrow contributor base as an issue, as does the Funding Compact in which Member States commit to broadening the sources of funding.

The top three government contributors (the United States, Germany and the United Kingdom) accounted for 46% of all contributions made by Member States in 2018, and the next seven largest contributors accounted for another 30% share. The share provided by the top contributors has steadily increased over the past decade, though this dependency decreased somewhat in the past year. In 2017, the top 3 contributors accounted for over half of all Member State contributions. Figure IX shows this trend.

Figure IX

Top contributors' share of total Member State contributions, 2008 to 2018

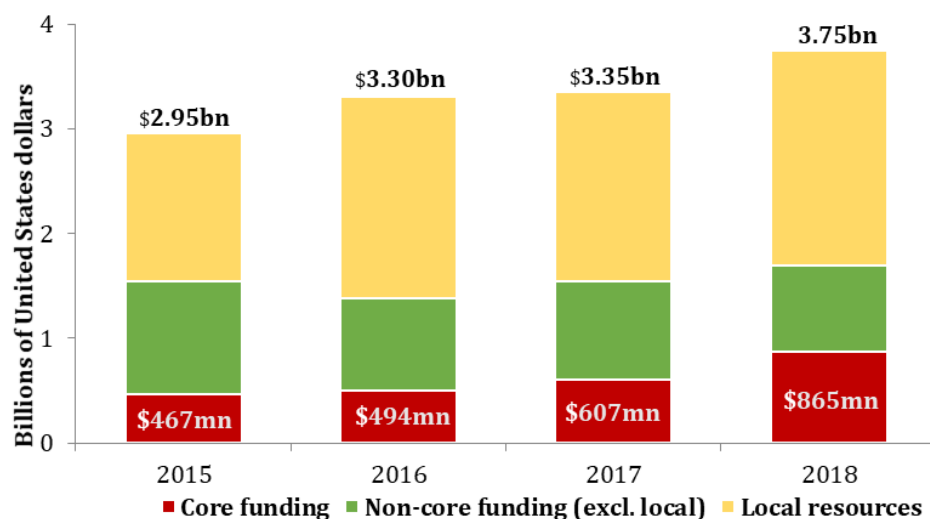


Source: UNDESA/OISC

Core funding remains heavily dependent on a limited number of contributors. The top three providers of *core resources* (Sweden, the United Kingdom and the United States) accounted for 34% of all core contributions made by Member States in 2018. The next seven core contributors accounted for another 34% of the total. In 2018, 69% of UNSDG entities saw an increase in the number of contributors of voluntary core resources compared to 2016.

In 2018, funding from programme countries to UNDS increased by a 12%, or a total of \$3.75 billion, and by 27% since 2015. More notably, core funding from programme countries has increased by 85% since 2015, growing the core share of total contributions from programme countries from 16% to 23%. Included in programme countries' funding are local resources (national-level contributions to support UNDS activities in their country), which amounted to \$2.05 billion in 2018.

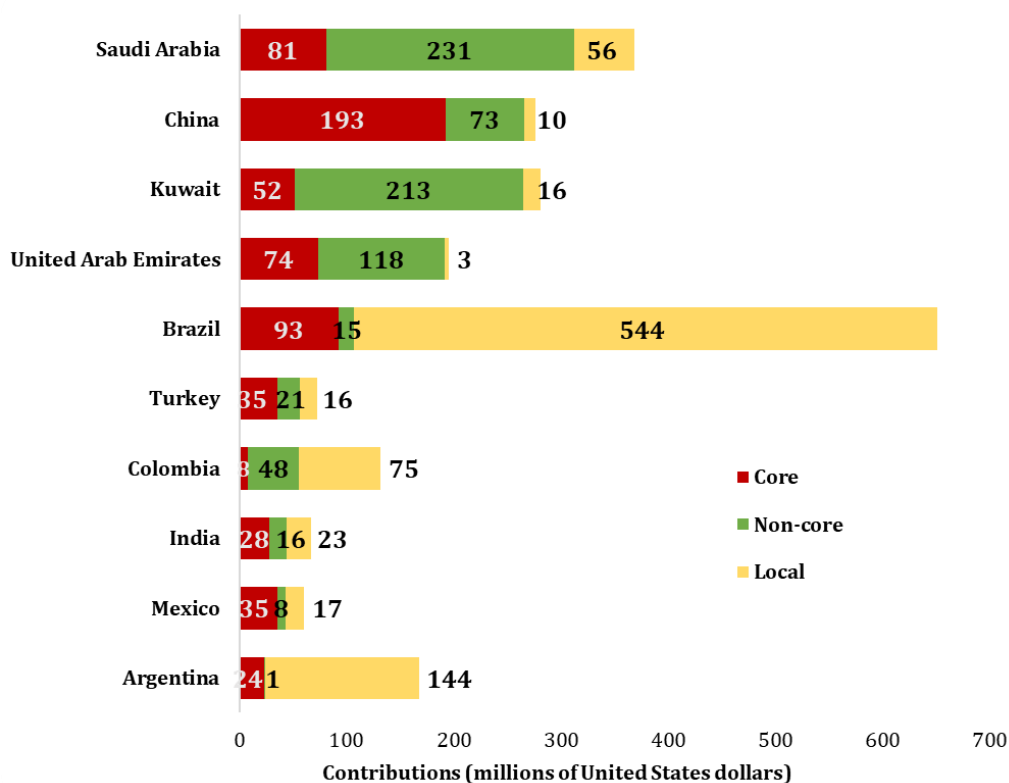
Figure X

Trend in funding received from programme countries, 2015-2018

Source: UNDESA/OISC.

Figure XI shows the top 10 programme country contributors sorted according to total contributions provided, excluding local resources which are shown for reference.

Figure XI

Top programme country contributors: 2018

Source: UNDESA/OISC.

23 of 28 UNDS entities indicate they report annually to their governing bodies on measures to broaden the donor base. Several also say they are developing an engagement strategy to deepen their collaboration with non-traditional partners, including the private sector and international financing institutions. Other measures include enhancing efficiency, raising visibility of the purpose and needs for funds, and providing evidence of its institutional strength and results achieved.

3. Predictability of funding

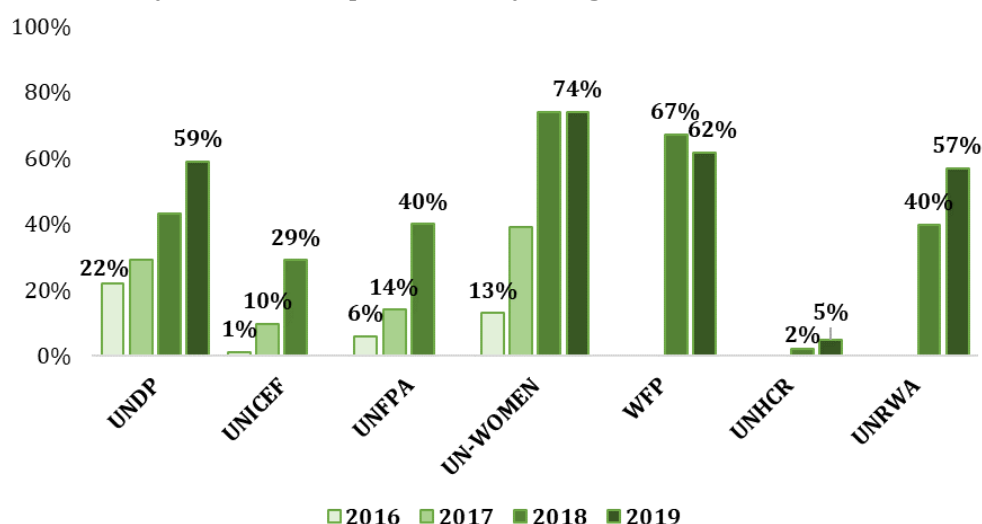
The QCPRs have repeatedly stressed the importance of predictable funding, in particular core contributions. Annual changes in donor voluntary contributions can be quite significant, making it challenging for UNDS entities to plan for the medium or long term.¹² The Funding Compact therefore calls for increasing multi-year contributions to improve the predictability of funding, recognizing that multi-year contributions help mitigate the negative effect of annual fluctuations in revenue and enhance the ability of UNDS entities to respond to country priorities. In addition to reducing programme fragmentation, multi-year funding can improve an organization's efficiency, as it facilitates planning and management of resources, thus decreasing costs of programme delivery and operations, and reducing administrative burden on donor and organization.

A noticeable improvement can be observed in multi-year core funding.

Multi-year core funding has been essential for UNDS entities to move away from funding smaller individual projects to financing transformative change through strategic and joint programming. Figure XII shows the recent trend in multi-year core funding received by seven entities that account for over 85% of all voluntary core funding received by the UNDS. Six out of these seven entities have seen a recent increase in the proportion of core funding that is part of a multi-year agreement. In several cases, the increase has been significant.

Figure XII

Share of core voluntary contributions part of multi-year agreement



Source: UNDESA/OISC

The flexible, predictable nature of multi-year core contributions better enables organizations to avoid funding gaps in their strategic plan. Gaps between strategic plan cost projections and actual

¹² E.g. A/71/63-E/2016/8

financial resources received represents missed opportunities to better support countries to implement the 2030 Agenda.

4. Pooled funding

The Funding Compact extends well beyond the core versus non-core dichotomy by strongly underscoring the importance of pooled funding. Though classified as non-core, pooled funding is seen as higher quality funding than more traditional non-core funding that targets a particular activity.

The Funding Compact focuses on two kinds of pooled funds: *Inter-agency pooled funds*, which push entities to engage more in joint activities, and *entity-specific thematic funds*, which possess core-like attributes that better enable UN entities to flexibly allocate resources to underfunded high-priority areas within their strategic plans.

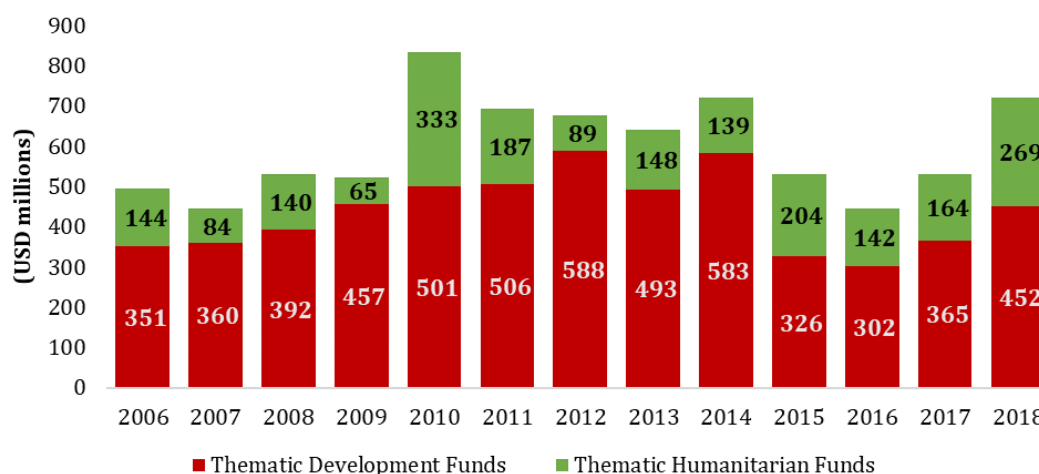
Commitments on both sides of the Funding Compact relate directly to pooled funds. Member States commit to doubling the share of non-core contributions provided through development-related inter-agency pooled funds and single-agency thematic funds. UNDS entities commit to increase recognition to Member States financially supporting inter-agency and thematic pooled funds and enhance the visibility of results achieved from such contributions.

The QCPR also recognizes the importance to scale up financial resources to single-agency thematic funds.

In 2018, an estimated \$720 million was contributed to entity-specific thematic funds, representing an increase of 36% compared to 2017, though similar to levels reached in 2010-2014 (Figure XIII). This includes \$452 million for funds with a development-related theme, which translated to 3.4% of all non-core funding to development activities in 2018. The Funding Compact sets a target of a 6% share by 2023.

Figure XIII

Volume of funding for entity-specific thematic funds, 2006-2018

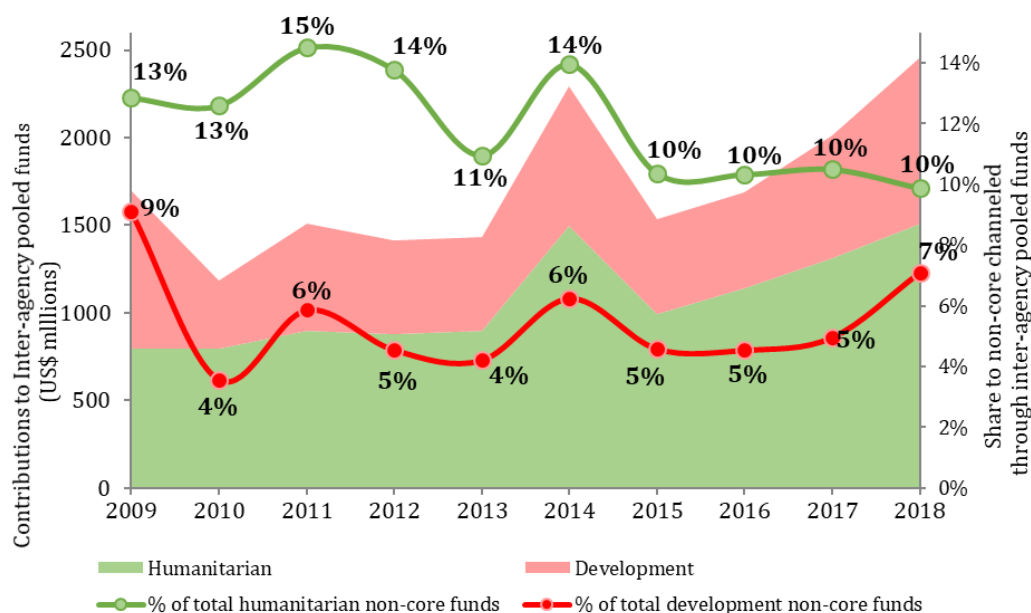


Source: UNDESA/OISC

UN inter-agency pooled funds support multi-entity operations and are administrated by a single UNDS entity: the ‘administrative agent’. The administrative agent leads in making fund allocation decisions and in managing the fund. The most well-known administrative agent is the Multi-partner Trust Fund Office in UNDP, which provides administrative services to 80% of all UN inter-agency pooled funds, including the Joint SDG Fund.

Contributions to inter-agency pooled funds totalled \$2.46 billion in 2018, an increase of 19% compared to 2017. This represents 8.6% of all non-core funding to UNDS. Most (62%) 2018 contributions went to funds with a humanitarian focus. However, funding to development-related inter-agency pooled funds has increased significantly since 2016. Contributions now represent 7.1% of all non-core funding to UN development-related activities. The Funding Compact has set a target of 10% by 2023.

Figure XIV
Contributions to UN inter-agency pooled funds, 2009 to 2018



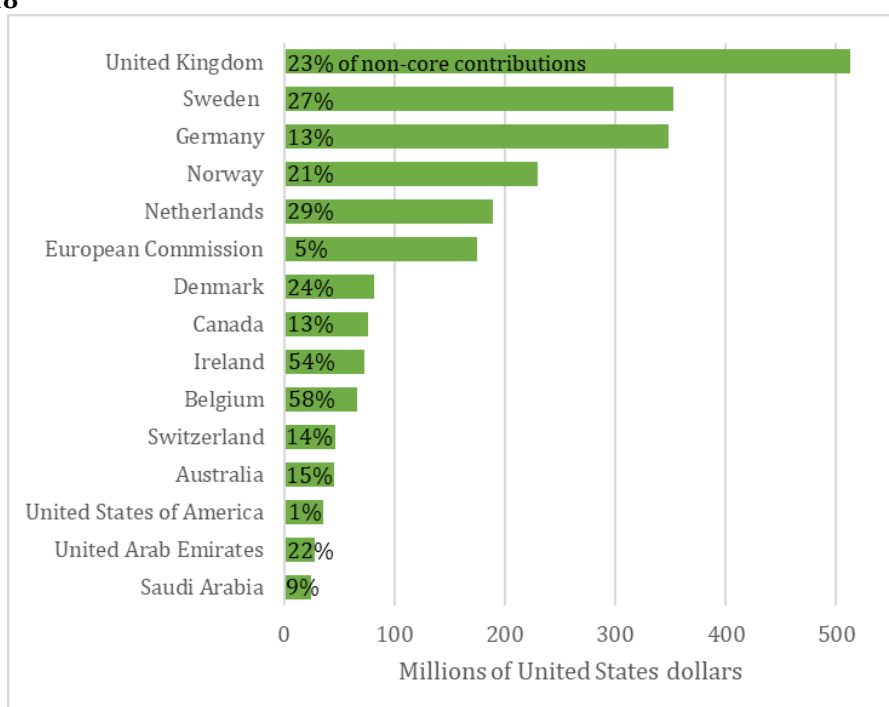
Source: UNDESA/OISC - Database on UN inter-agency pooled funds.

Overall, 27 Member States provided at least 10% of their non-core funding to inter-agency pooled funds, including 16 of the top 20 contributors.¹³

¹³ See online statistical annex for details (<https://www.un.org/ecosoc/en/content/2020-secretary-general%E2%80%99s-report-implementation-qcpr>).

Figure XV

Top contributors in volume of funding to inter-agency pooled funds, and their share of total non-core funding, 2018



Source: UNDESA/OISC.

In late-March 2020, the Secretary-General established the United Nations COVID-19 Response and Recovery inter-agency finance mechanism to help support low- and middle-income programme countries overcome the health and development crisis caused by the COVID-19 pandemic. Early projections of the financial requirements of the Fund amount to \$1 billion in the first 9 months, which will be reviewed with the evolution of needs resulting from the pandemic.¹⁴

5. Joint programming

To maximize effectiveness and efficiencies, the 2016 QCPR asked UNCTs, under RC leadership, to strengthen joint programming. In the UNDS repositioning resolution, the General Assembly called on the system “to allocate, where applicable, at least 15% of non-core resources for development to joint activities”. At present, joint programming is defined by the UNSDG to include “two or more organizations and (sub-)national governmental partners”.

Encouragingly, 13 of 29 UNDS entities¹⁵ say they allocate more than 15% of their non-core resources to joint activities, an improvement from 9 in 2018. 2 entities pointed to methodological challenges: one, there is not yet an agreed definition of joint activities, and two, there is lack of an adequate tracking system, which is currently being established.

¹⁴ For updates, visit <http://mptf.undp.org/factsheet/fund/COV00>

¹⁵ The following entities indicated that over 15% of their non-core resources were allocated to joint activities: UNFPA, UN-WOMEN, UNEP, UNRWA, UNOPS, WHO, UNECA, UNECE, UNESCWA, UNESCAP, PBSO, UN-HABITAT and UNODC.

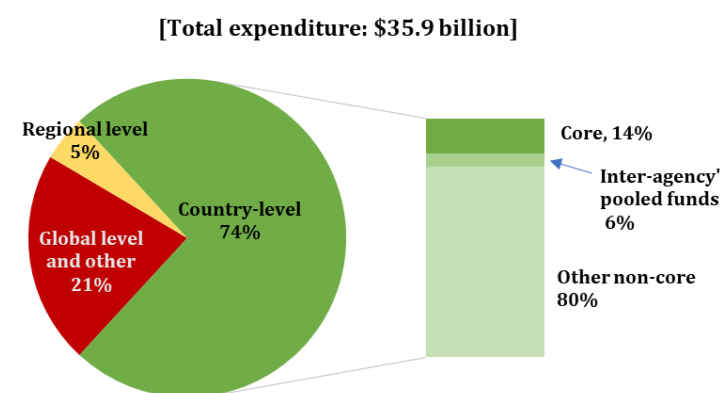
90% of RCs report rising interest in joint programming among UNDS entities at country level compared with two years ago, with more than half saying the increased interest is significant.

The increased willingness to consider joint programming is a result of the UNDS reform efforts. Central to them is the Cooperation Framework and the agencies' repositioning efforts that followed the adoption of this new joint programming tool. For example, some entities with substantial field presence such as WFP include in the job profiles of their country representatives "*joint programming efforts and delivery on your organization's respective areas of the CF/UNDAF and 2030 Agenda*". In addition, there has been an increase in the number of entities that empower country-level representatives to commit funds for joint programming, which facilitates engagement in joint programming at country level. In 2019, 14 entities – an increase from 11 in 2018 – report that their country representatives have this authority or can (in defined circumstances) assume it.

C. Allocation of resources

1. Overview of expenditures

Figure XVI
High-level breakdown of expenditures in 2018



Source: UNDESA/OISC

In 2018, expenditures on operational activities for development totalled \$35.9 billion, of which 74% was spent on programme activities at country level and 5% at regional level. The remaining 21% of total expenditures related to global programme activities, programme support, and management costs and activities that could not be attributed to a country or region (Figure XVI).

In terms of country-level expenses by resource type, under 15% of country-level expenditures are financed from core resources, which is notably lower than the core share of overall funding.

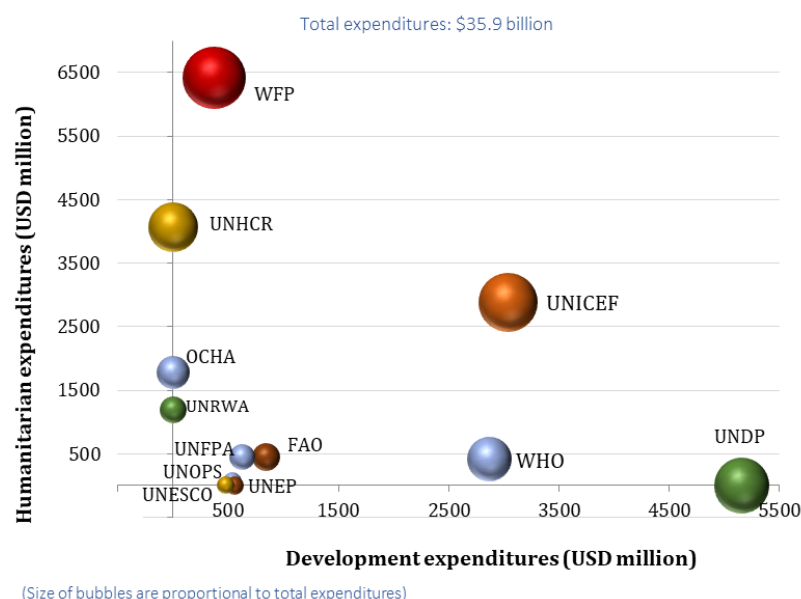
This is partly because cost recovery policies recognize certain global functions, integral to the existence and advancement of an entity's mandate, may be largely or entirely funded from core resources. As a result, resources left to fund country-level programmes are more heavily dominated by earmarked/non-core resources than the overall core share. This further underscores the importance of pooled funds and other forms of loosely earmarked funding that enable greater flexibility for entities in how funds are used.

2. Distribution of funding across entities

Funding flows for operational activities for development are concentrated in a relatively small number of UN entities, with the top 12 accounting for 90% of all spending on operational activities for development in 2018 (Figure I).

With the adoption of new standards for system-wide financial reporting, there is a clearer picture of the type of activities in which each entity engages. As Figure XVIII shows, out of the 12 entities accounting for 90% of operational development activities spending, a number of them engage in both development and humanitarian assistance activities.

Figure III
Expenditures, 2018 (development and humanitarian)

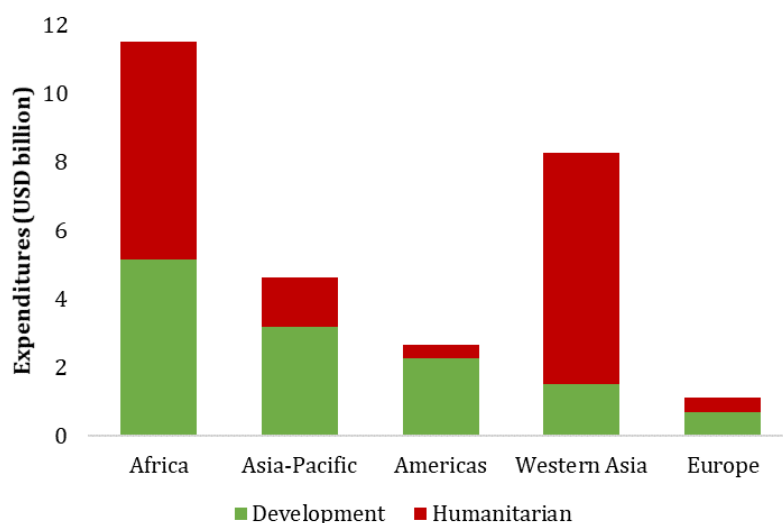


Source: UNDESA/OISC

3. Expenditures at regional and country level

A total of \$11.5 billion was spent on activities in Africa, corresponding to 41% of total country and regional expenditures in 2018. Western Asia was second in rank, with just over \$8 billion spent on activities in the region, over 80% of which were for humanitarian-assistance activities.

Figure XVII
Regional breakdown of expenditures in 2018



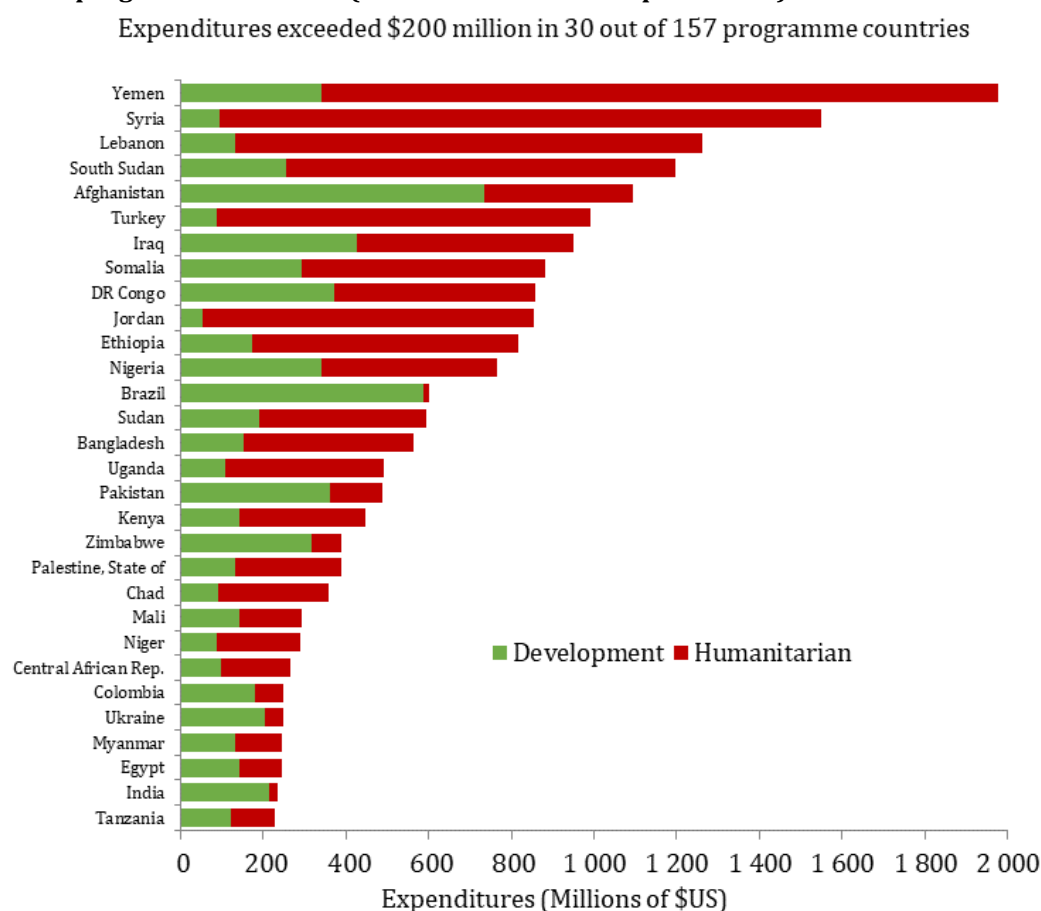
Source: UNDESA/OISC

30 countries accounted for just over three quarters of all country-level expenditures in 2018, exceeding \$200 million (Figure XIX).

As in previous years, expenditures at country level in 2018, were concentrated in a small number of these large-sized programme countries. 27% of all country-level expenditures, exceeding \$1 billion, was concentrated in five countries: Yemen, Syrian Arab Republic, Lebanon, South Sudan and Afghanistan. Similarly to the situation at regional level, it is clear that humanitarian assistance dominated operational activities spending.

Figure XIX

Large-sized programme countries (over \$200 million in expenditures)

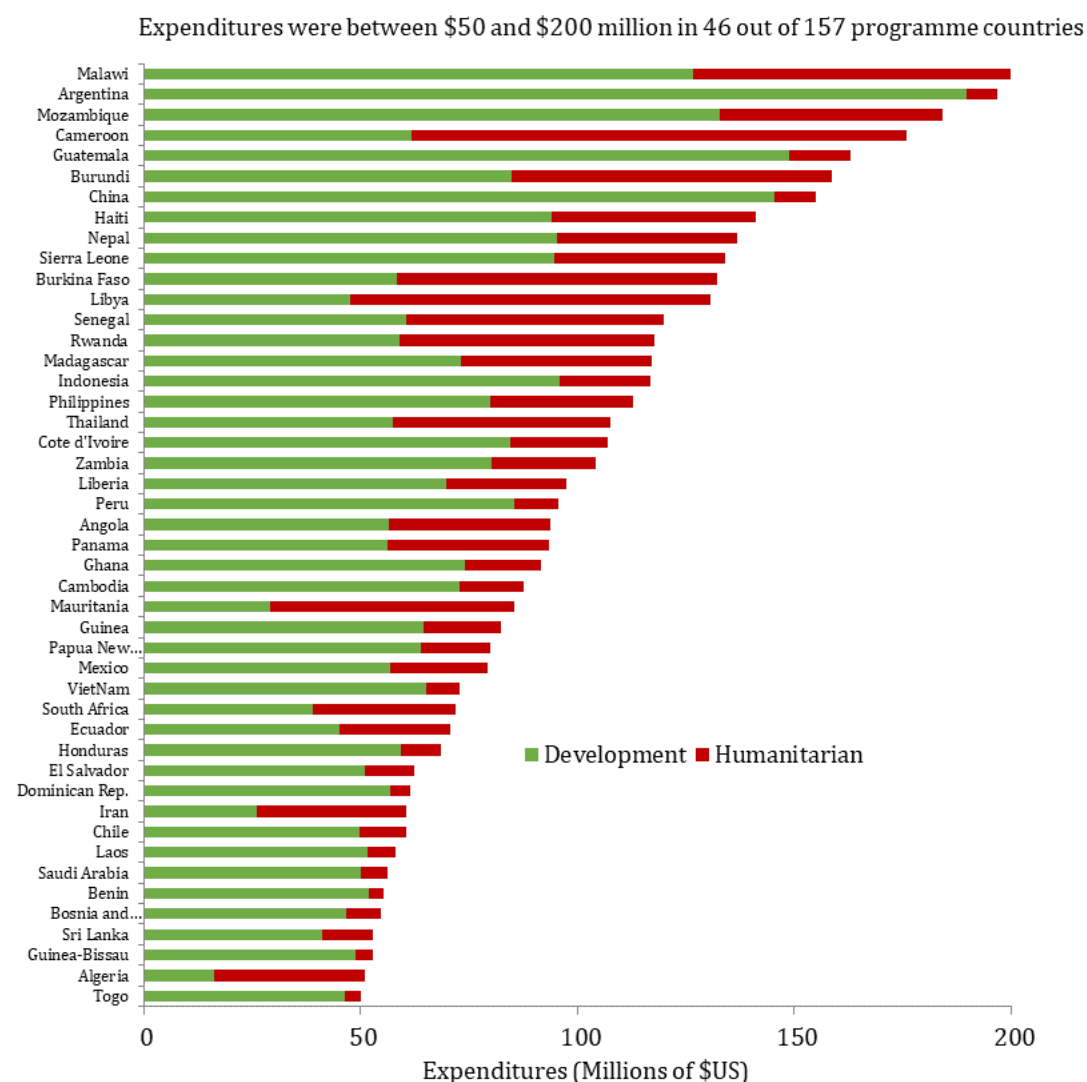


Source: UNDESA/OISC.

Between \$50 and \$200 million were spent on operational activities for development in 46 medium-sized programme countries in 2018. These countries account for 17% of total country-level expenditure. In all but six, expenditures on development assistance exceeded expenditures on humanitarian assistance.

Figure XX

Medium-sized programme countries (under \$200 million and over \$50 million in expenditures)

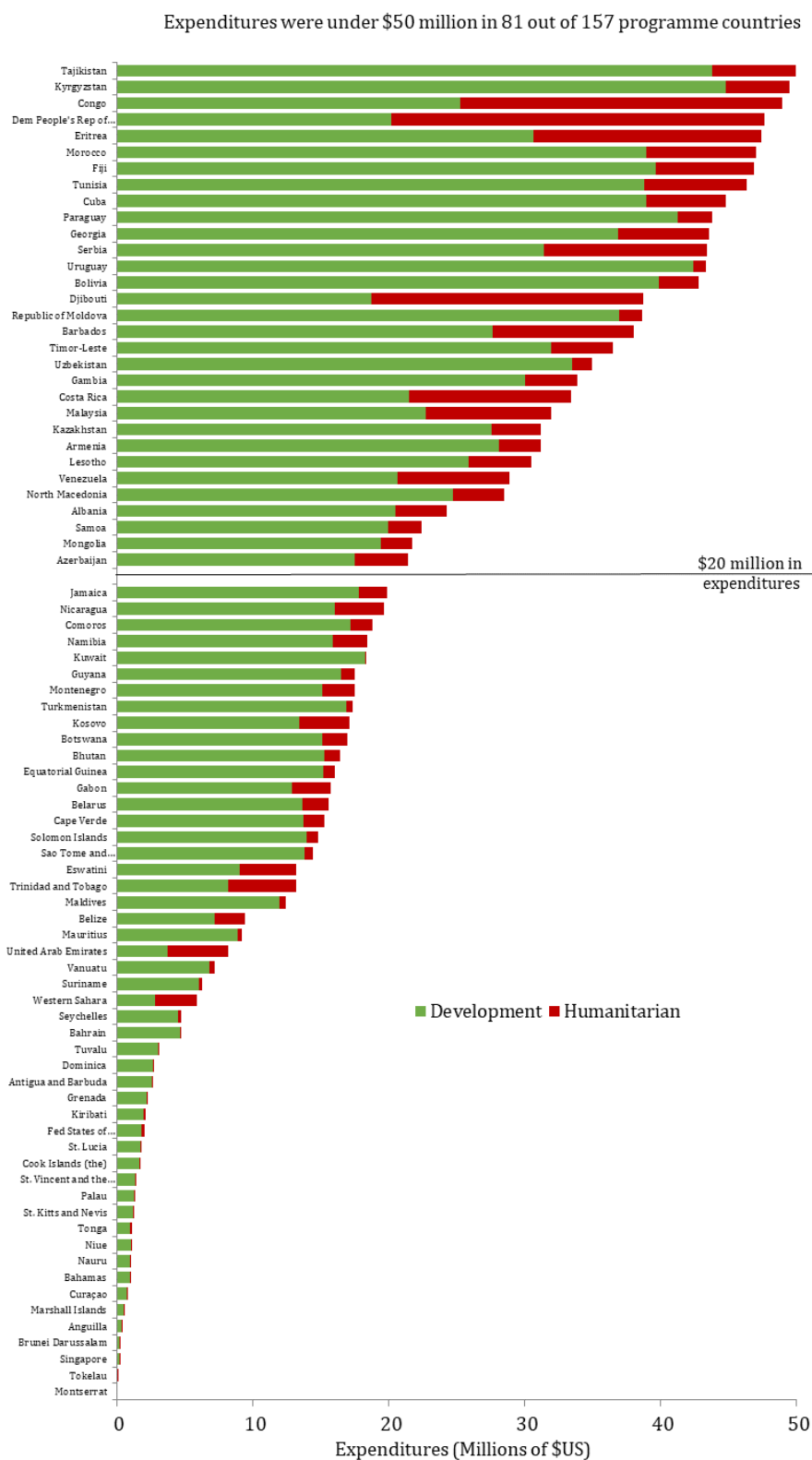


Source: UNDESA/OISC

In most (81) programme countries, expenditures were under \$50 million. Combined, these 81 countries accounted for under 6% of total expenditures at country level.

This includes the 50 smallest programme countries where UN expenditures are under \$20 million. Together, expenditures in these 50 countries account for 1.5% of all country-level expenditures. As with medium-sized programme countries, most resources spent in small-sized programme countries were on development assistance (as opposed to humanitarian assistance).

Figure XXI
Small-sized programme countries (under \$50 million in expenditures)



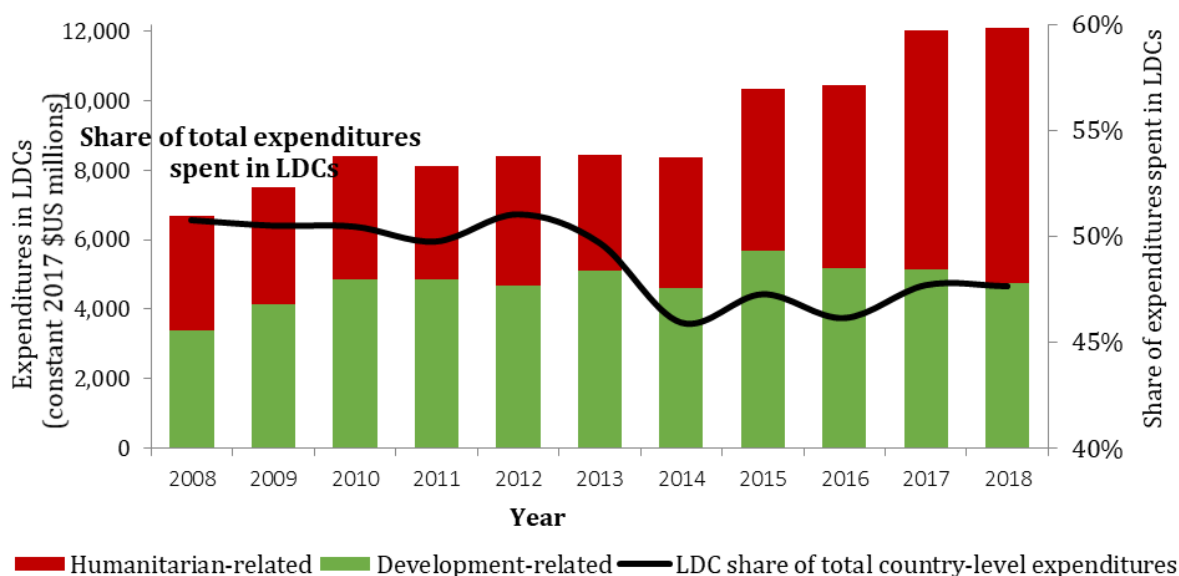
Source: UNDESA/OISC

4. Resource allocation to countries in special situations

The 2016 QCPR called on the UNDS to address the special challenges facing the most vulnerable countries. The UNDS has placed continuing emphasis on providing targeted support for countries in special situations, including least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing states (SIDS), all countries in Africa and those in crises and emergency settings.

The latest data on expenditures for UN operational activities for development indicate that **of the \$26.5 billion in total country-level expenditures in 2018, 48%, or \$12.6 billion, were spent in LDCs**. This is a slight increase from 46% in 2016. A higher share of humanitarian expenditures was recorded in LDCs, or 51%, while 44% of all expenditures on development activities were in LDCs.

Figure XXII
Expenditures in LDCs, 2008 to 2018



Source: DESA.

Looking at trends over five years, expenditures increased by 54% in SIDS, 40% in LDCs, 26% in LLDCs and 30% in Africa.

Table 11
Expenditures in country groups

Group	Number of countries	Share of total population %	Share of total expenditure %	Total expenditure USD million	Average expenditure per country (million USD)		5-year expenditure trend	Expenditure per capita \$
					2018	2013		
SIDS	39	0.90%	2.7%	\$719	\$18	\$12	+54%	\$12.12
LDCs	47	15.70%	47.6%	\$12,621	\$269	\$192	+40%	\$12.54
LLDCs	32	7.90%	24.9%	\$6,591	\$206	\$163	+26%	\$12.95
Africa	55	19.70%	41.4%	\$10,975	\$200	\$153	+30%	\$8.64
All programme countries	155	100%	100%	\$26,493	\$171	\$120	+43%	\$4.12

Source: DESA

Note: The country groups in the table are not mutually exclusive.

D. Conclusion

The preceding analysis has highlighted some real progress by the UNDS in relation to the funding-related mandates in the QCPR. The Funding Compact highlighted new areas that need strengthening by the UNDS to incentivize the shift in funding practices of Member States. Still, more needs to be done to bring about the significant changes in funding that are imperative to successfully implement the repositioning of the UNDS, and to ensure that we achieve a more collaborative, streamlined and efficient system. The Covid-19 pandemic is going to place even further demands on the UNDS while also putting strain on resources as large financial contributors cope with potentially devastating economic fallouts in their own countries.