

Report of the Secretary-General

Implementation of General Assembly Resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR): 2016

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Summary

The present report is submitted in response to General Assembly resolution A/RES/67/226 as the annual overview of the progress achieved and challenges encountered in the implementation of the resolution. It also responds to the request contained in ECOSOC resolution E/RES/2014/14 to reflect in this report the discussions of the ECOSOC Dialogue on the longer-term positioning of the United Nations development system (UNDS).

The report was prepared in consultation with the UNDS, based on the strategic plans, Annual reports and other documents made available by the system. It also benefited substantially from four surveys administered by the UN Department of Economic and Social Affairs (DESA) and the new the UN Development Group (UNDG) Information Management System. With the support of the UNDG and the Development Operations Coordination Office, the DESA surveys reached record-high responses, thus providing a comprehensive source of information. Financial data was sourced from the databases and reporting system managed by the UN System Chief Executives Board for Coordination. The report also benefitted from the findings of DESA field missions to Colombia, Fiji, Rwanda and Samoa.

The Secretary General's recommendations will be provided in an update to the present report, to be issued following discussions during the ECOSOC Operational Activities Segment and the completion of the Council's Dialogue on the longer-term positioning of the UNDS.

I. Introduction

1. Seventy years ago, the events of 1945 challenged the world to respond with the UN Charter and the founding of the United Nations. Our world today is not only dramatically different from that era, but also very much changed from the years that marked the efforts to achieve the MDGs.
2. Many factors are at the heart of this new development landscape. They include changes in the geographical centres of economic growth, market volatility, the deepening influence of new technologies in society and economy, the changing profile of poverty and the rise in inequality, a growing number of middle income countries, and the continuing challenges faced by least developed countries along with many fragile and conflict-affected states. Other factors coming into play are increased pressure on planetary resources, a rethinking of the crucial role of Official Development Assistance (ODA) and an increasingly significant role for civil society, private sector and other non-traditional players in the development arena. Today's development landscape is also marked by growing global challenges that require collective action, such as climate change, pandemics and migration. At the same time, many development impediments remain rooted in a mix of exclusion and oppression of people, mismanagement of natural resources, corruption, and governance failures in both private and public sectors, and the frustration and alienation that accompany unemployment and the lack of decent jobs and opportunities.
3. Based on a vision and promise that no one should be left behind, and a common understanding that, in an increasingly interconnected world, the challenges faced by some confront all, the world responded in September 2015 with the adoption of the 2030 Agenda for Sustainable Development, a truly transformative, integrated and universal development path for the next fifteen years, with the aim to achieve the ambitious Sustainable Development Goals (SDGs).
4. To provide the means to implement this agenda, Member States adopted a financial and technological framework that aligns all financing flows and policies with economic, social and environmental priorities, through the Addis Ababa Action Agenda (AAAA). And in response to the threat of climate change, a global climate agreement was adopted at the 21st Session of the Conference of the Parties to the UN Framework Convention on Climate Change. The Sendai Framework on Disaster Risk Reduction agreed this year points the way toward resilience.
5. Together, these outcomes signal a new and ambitious vision of change, shaping how we must design, finance, implement and monitor the wellbeing of the people and the planet in the years ahead.
6. The changed development landscape requires a rethinking of the functioning of the United Nations development system (UNDS) to ensure it can best support Member States in realizing the 2030 Development Agenda.
7. This must start with a more precise agreement on the functions that the UN development system is best qualified for in different groupings of countries, particularly focusing on

the UN's normative, leveraging and convening role.¹ Problems and the solutions cannot be reduced to universal development templates, but need distinctive diagnoses and solutions. Growing capacities and differentiated needs of programme countries call for individual, "tailor-made" approaches by the UNDS, to reflect the specific circumstances of every country, and in line with obligations under international law. The challenges of the increasing number of middle-income countries, with their large youth populations and where most of the world's poor live today, call for targeted action to address the paradox between high economic growth and rising pockets of poverty, increasing inequality, gaps in human capital, technology, decent and productive employment. Adequate ODA is essential to realize the potential, while taking into account variables beyond per capita income.²

8. In this context, the UNDS needs to build on its potential, pooling its strengths and leveraging its limited resources to the strengths of partners to support the 2030 Agenda. The SDGs were informed with the experience of the MDGs, which showed how the UN system could spur global action by governments, international agencies, and many non-traditional actors, from NGOs to corporations. That it achieved so much in spite of the 2008 financial crisis and the military and political crises of this century, is a credit to the fundamental principles behind it.
9. Linking the UN development and humanitarian efforts more closely, together with the UN's peace, security, and human rights work, remains a challenge. As recent reviews and consultations in the peacekeeping, peacebuilding and humanitarian fields emphasize, the root causes of poverty are often also drivers of conflicts, disaster risks, humanitarian crises, and complex emergencies. Development activities must be an integral part of efforts to build resilience against disasters and violent conflicts, and support peacekeeping, peacebuilding and humanitarian interventions. A heightened focus on prevention is essential, and violations of human rights are often our best early warning signs of trouble. Prevention cannot be turned on and off; it needs to be an integral part of UN action in all contexts where with all UN entities concert their particular expertise and capacities.
10. The nature of the UNDS funding affects the functions Member States expects of it. The growing imbalance between core and non-core funding and lack of flexible, pooled non-core funding is resulting in the vast majority of resources received being tightly earmarked to specific projects and trust funds. This challenges efforts for UN system-wide response as it encourages siloed functioning, increases fragmentation and transaction costs, and fosters competition and overlap of UN entities' activities. Consequently, the functioning of the UNDS is increasingly dictated by the nature of the funding it receives.
11. The UNDS confronts the contradictions that a highly integrated development agenda poses for a still loosely integrated system, which might have to rethink how it can reposition itself for the new agenda. This may include some fundamental changes. Member States have been clear that "business as usual" is not an option³. Effectively addressing the changing dynamics requires a common UN narrative, common planning, programming,

¹ ECOSOC Dialogue Phase 1 Report

² A/RES/68/222, para. 5

³ ECOSOC Dialogue Workshop 1 summary.

implementation, monitoring and reporting, mirrored by changes in donors’ policies and funding practices.⁴

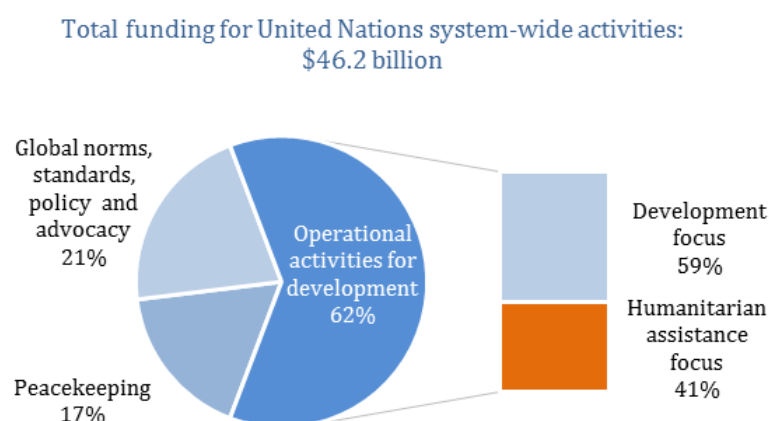
12. Efforts to date have primarily focused on increasing coherence and coordination. While coordination entails a logical sequencing of interventions primarily targeting efficiencies and minimized costs, it does not necessarily entail looking into the contents of the interventions themselves – whether strategies, plans, policies or other actions. In the same vein, the objective of coherence targets mostly increases in effectiveness, by ensuring that an intervention in one area or sector does not undermine or duplicate interventions in other areas.
13. Integration, however, entails a shared understanding of goals, their interlinkages and the normative frameworks that underpin them, with interventions that are based on a shared vision, strategy and plans to create synergies and address trade-offs, towards ensuring a whole that is bigger than the sum of its parts – in effect, an organizational response that mirrors the all-encompassing vision of Agenda 2030 whose separate components enmesh towards its shared goals.
14. In addition, it becomes difficult to characterize the activities of UN entities solely as “operational” in the word’s strict connotation, as UN entities carry out many development activities which are anchored in normative mandates. Similarly, the designation of “UN development system”, which rests on a rather loose definition derived from the funding of operational activities for development (OAD), is not in line with the nature of a universal and integrated development agenda, if it is to deliver on its promise. It might be timely to consider whether the current terminology adequately reflects the expectations of Member States, and how to define a system charged to deliver an integrated agenda.
15. ECOSOC acknowledged the need for a serious reflection on the building blocks of the UNDS, such as functions, funding practices, governance structures, organizational arrangements, capacity, impact and partnership approaches, to examine their applicability to an innovative development agenda. Only by addressing these vital areas through fundamental adjustments, can the UN system rise to the challenge of the new development landscape. The next QCPR cycle affords an opportunity to better position the system, offer the strategic guidance it needs as a whole, and define results beyond individual entities’ achievements.
16. The architect of the ECOSOC chamber in UN HQ famously left its ceiling unfinished because “the work of development is never completed.” This report reminds us that the organizational architecture of the UNDS is also a work that is always in progress. But while the architect of the ECOSOC chamber designed it as an integral entity, the development system was never the product of a coherent blueprint. It has grown over seventy years with its different components responding to disparate needs, both developmental and political. Despite those origins, the UNDS has adapted to new realities since its inception. It is evident that it is ready and willing to continue to do so.

⁴ UNDG “Note on the peace-humanitarian-development nexus in key post-2015 reviews, processes and frameworks”.

II. Funding of UN OAD

17. UN Operational activities for development (UN-OAD) are activities that UN entities carry out for the promotion of development and the welfare of developing countries as the primary objective. The UNDS is composed of the 34 entities⁵ that receive contributions for OAD. They are 12 funds and programmes, 13 specialized agencies and 9 other entities. The online technical annex⁶ contains further information and references related to funding definitions and comparisons.
18. UN-OAD cover activities with longer-term development objectives as well as activities with a shorter-term humanitarian assistance focus. As reflected in figure I below, funding to UN-OAD in 2014 accounted for 62% (\$28.4 billion) of the total revenue for UN system-wide activities (\$46.2 billion).

Figure I
Financing of UN system-wide activities: 2014



19. With regard to the distinction between development-related and humanitarian assistance-related activities, no harmonized system-wide classification exists. For purposes of the present report, and pending the introduction of a harmonized classification system, all activities of UNHCR, UNRWA⁷, the Office for the Coordination of Humanitarian Assistance, emergency operations of UNICEF (some 32% of all UNICEF activities) and humanitarian operations of the World Food Programme (WFP) (some 93% of all WFP activities) are considered to be humanitarian assistance-related. Accordingly, all other operational activities are treated as being development-related. Many of the more detailed analyses contained in the current report deal with the development-related activities in particular.

⁵ 37 entities if the UNV, UNCDF and ITC were counted separately.

⁶ http://www.un.org/en/ecosoc/newfunct/qcpr_implement.shtml

⁷ UNRWA's mandate encompasses both humanitarian assistance and human development services in education, health, social protection and human rights for refugees.

Core and non-core resources

20. UN-OAD are funded by a combination of so-called core and non-core resources⁸. Core resources are those that are not earmarked and co-mingled without restrictions. Their allocation and use are directly linked to the multilateral mandates and strategic plan priorities of entities as legislated by their governing bodies through an established intergovernmental process.
21. In contrast, and as determined by the contributors, non-core resources are earmarked and thus restricted with regard to their allocation and application. There is therefore not necessarily a direct link between activities financed by non-core resources and the multilateral mandates and strategic plan priorities legislated by governing bodies. In some instances, governing bodies formally approve the use of core resources while only “taking note” of the use of non-core resources. Some 6% of non-core resources are in the form of so-called local resources, which are resources that programme countries and local partners contribute to entities for programming in their own country.⁹ Whenever so indicated and deemed appropriate, this component is excluded in some of the analyses presented in this chapter.
22. While non-core resources represent an essential component of the UNDS, restricted aid earmarked to specific projects is seen as contributing to fragmentation, competition and overlap among entities and providing a disincentive for pursuing UN system-wide focus, strategic positioning and coherence. Given the integrated nature of the 2030 Agenda, it will be imperative that contributions have the flexibility which enables the UNDS to carry out the horizontal activities cutting across multiple target areas. As such, it will be important to ensure that non-core funding will become more flexible/less earmarked, and be supported by a healthy core funding base and that core resources are not used to help finance non-programme costs associated with non-core activities. This would help ensure that funding flows from an agreement on functions of the UNDS and not the other way around.

A. Overview

1. Funding in 2014 and current trends

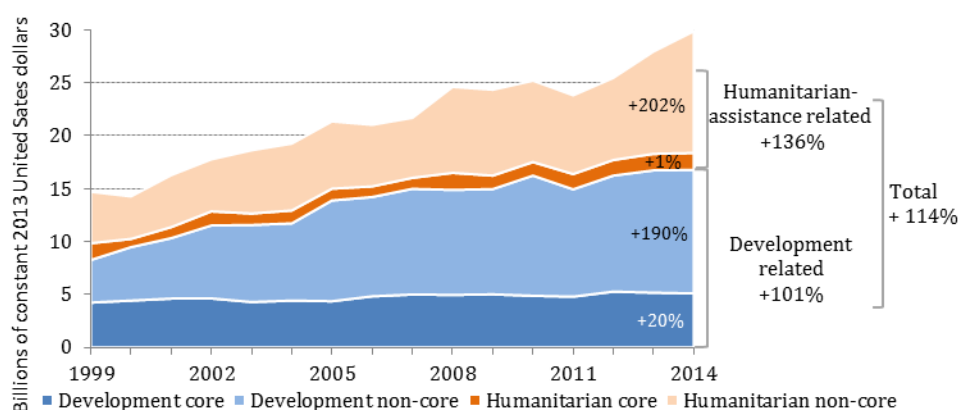
23. Total contributions for UN-OAD amounted to \$28.4 billion in 2014, representing an increase of 6.9% in real terms compared to the previous year. The increase was entirely due to an increase in non-core funding to humanitarian assistance activities. Core contributions actually declined by 0.5%, in real terms, and constituted only 24% of the overall funding in 2014. Accordingly, over three-quarters of the funding for UN-OAD were in the form of non-core resources. Funding to humanitarian assistance activities accounted for 41% of the total volume of funding to UN-OAD in 2014. By comparison, in 2012, the share was 33%.
24. Looking at the longer-term trend (see Figure II) shows that real-term growth of funding for UN-OAD has generally been positive over the past 15 years for both development and humanitarian assistance-related activities. Growth in core resources has, however, been

⁸ Except for UNOPS, which is 100% self-financed

⁹ Sometimes referred to as “self-supporting contributions”

minimal compared to growth in non-core resources for both development-related activities and humanitarian assistance activities. As such, the core share of total funding for UN-OAD dropped from 44% to 24% and the core share of funding for development-related activities in particular dropped from 51% to 30% during this 15-year period.

Figure II
Real change over time of funding for UN-OAD, 1999-2014
 (Percentage change relative to 1999)



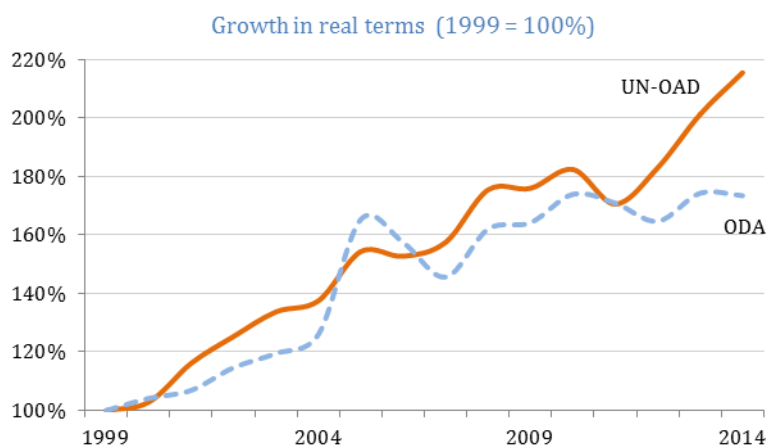
25. While it should be recognized that the rapid growth in non-core funding has allowed UN entities to expand their activities beyond what would have been possible through core resources alone, this development has also had significant implications for the UNDS. For example, having a substantial increase in non-core financed projects also requires a larger core funding base to support if the programme support cost rate does not cover all the non-programme costs (which include administration and management costs) associated with non-core funded projects. The growing imbalance between core and tightly earmarked non-core resources has also led to a series of structured financing dialogues within several UN entities, as requested by the QCPR, to attract more predictable, flexible and adequate quality funding.

2. UN-OAD and Official Development Assistance (ODA)

26. When core and non-core flows are combined, funding for UN-OAD accounted for 18% of total Official Development Assistance (ODA) in 2014.¹⁰ Figure III shows that since the adoption of the MDGs, the growth in funding for UN-OAD followed a similar trend to the growth in ODA until 2011, after which funding for UN-OAD increased more rapidly largely due to an increase in humanitarian assistance activities.

¹⁰ Local resources channeled through the UNDS are also excluded as they do not fall within the definition of 'ODA'.

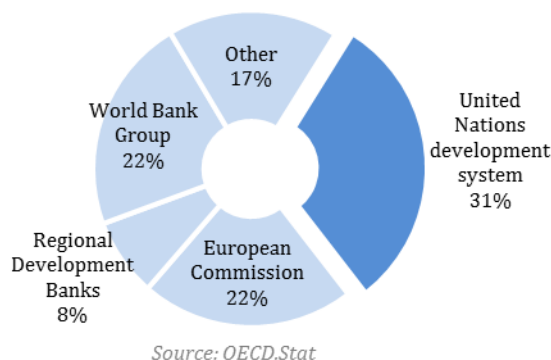
Figure III
Growth in ODA and funding for UN-OAD, 1999-2014



27. Overall use of the multilateral system (core + non-core) rose from a 36% share of total global ODA to a 41% share between 2007 and 2013 mainly due to increases in non-core funding. The UNDS accounts for some 31% of multilateral ODA as reported by OECD/DAC (see Figure IV)¹¹.

Figure IV
Channels of multilateral aid: 2013¹²

Total use of multilateral system: \$59.2 billion



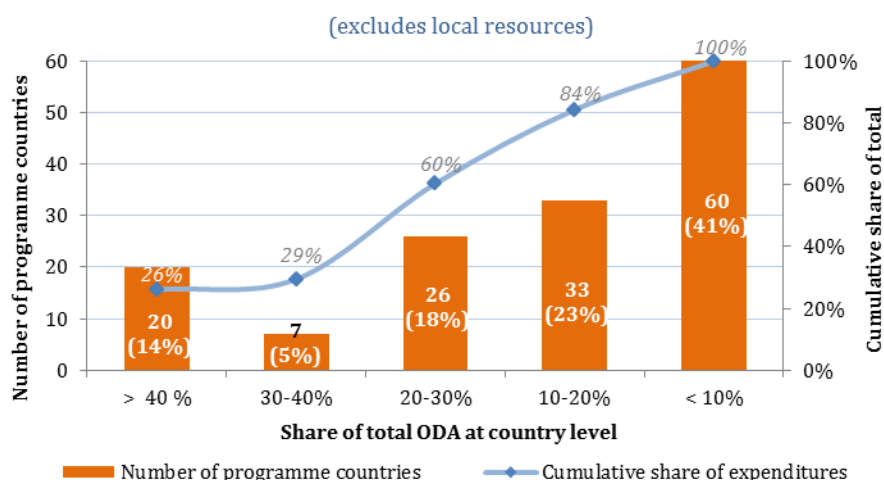
28. Figure V presents a comparative analysis of total UN-OAD expenditures and total ODA disbursements at the country level. The figure shows that UN-OAD expenditures accounted for less than 10% of total ODA in 60 programme countries. These 60 countries combined accounted for some 16% of total country-level UN-OAD expenditures. It should be noted that the information provided represents the combined financial flows of the entire UNDS. On average there are 9 UN entities present in each of these 60 programme countries where UN-OAD expenditures account for less than 10% of total ODA. The majority of expenditures, or

¹¹ To avoid double-counting, ODA flows between any two multilateral organizations are excluded.

¹² The data is for 2013 as the DAC Statistics report for 2014 only comes out in late December 2015

55%, were in programme countries where UN-OAD accounted for between 10 and 30% of total ODA.

Figure V
Country-level UN-OAD expenditures as a share of ODA: 2013¹³



29. The above analysis can be seen, from a funding perspective, as indicative of the importance of the UN system in overall development cooperation at country level. UN expenditures account for over 20% of ODA in nearly half, or 23 least developed countries and in 57% of fragile, post-conflict countries¹⁴. As such, the UNDS tends to have a higher financial relevance in least developed countries and/or post-conflict countries than programme countries in general.
30. Despite the growth in both funding for UN-OAD and global ODA since the turn of the century, these totals represent only a small share of total international resources flows to developing countries which is currently estimated at some \$2 trillion annually.¹⁵ Official development assistance and funding for UN-OAD, accordingly, has fallen as a share of total international resource flows to developing countries, accounting for about 7 and 1.3%, respectively. However, in terms of directing aid to the poorest and most vulnerable people, ODA and funding for UN-OAD have significant impact as these flows are generally more targeted towards development objectives including IADGs.¹⁶ Furthermore, such flows have the potential to play an important catalytic and leveraging role in attracting and mobilizing the additional resources, in particular domestic resources, required in the post-2015 era, and thereby potentially having a multiplier effect. Fulfilling this potential will be vital for the UNDS to remain highly relevant in the context of the 2030 Agenda for Sustainable Development. A challenge in this regard will be demonstrating this multiplier effect in order to properly reflect the UNDS true impact from a financial perspective.

¹³ The data is for 2013 as the DAC Statistics report for 2014 only comes out in late December 2015

¹⁴ According to WB list of countries in fragile situations.

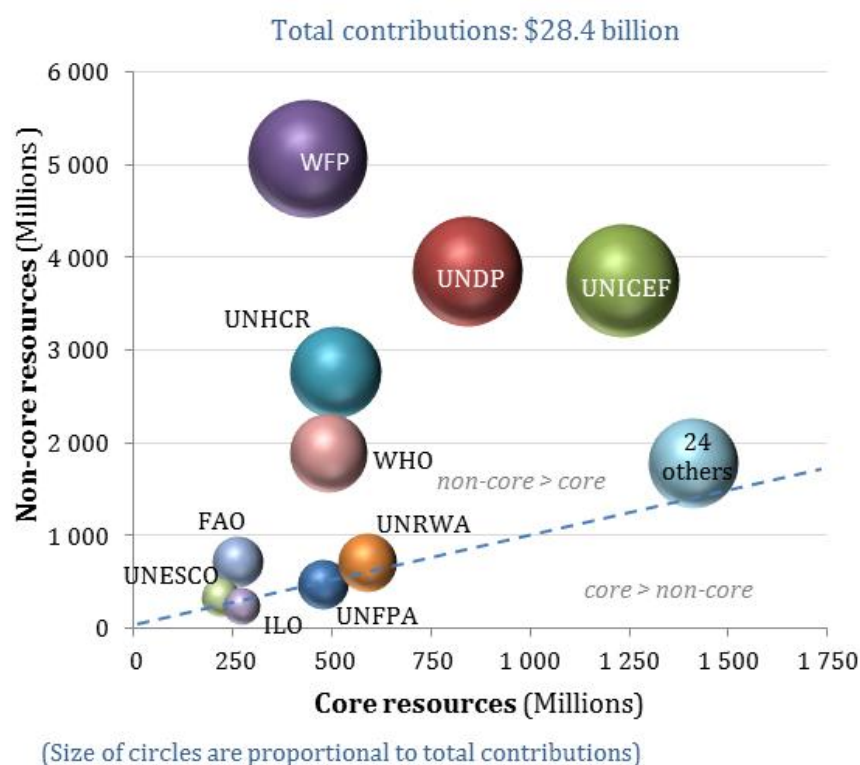
¹⁵ "Investments to End Poverty"

¹⁶ "Improving ODA allocation for a post-2015 world"

3. UN entities

31. Funding is concentrated in a relatively small number of UN entities, with the top 10 (WFP, UNICEF, UNDP, UNHCR, WHO, UNRWA, FAO, UNFPA, UNESCO and ILO) accounting for 89% of all contributions in 2014.¹⁷ For the 5 largest entities, the non-core component exceeded the core component by a significant margin (see Figure VI). A full list of contributions since 2005, by entity and type of funding is provided in table A-2 of the online statistical annex.

Figure VI
Contributions received by UN entities: 2014



32. For the second successive year, contributions to WFP, UNHCR, UNRWA and humanitarian assistance related activities of UNICEF increased significantly. Overall contributions for humanitarian assistance activities increased by an estimated 48%, in real terms, since 2012 compared to just a 2% increase in funding for development-related activities over the same period. This trend corresponds to a dramatic increase in the demand for humanitarian aid due to a number of factors ranging from protracted conflicts to impacts of climate change. To meet this rise in demand for humanitarian aid, the Secretary-General has established a High-Level Panel on Humanitarian Financing to examine humanitarian financing challenges and to work on generating a solution around the issues of more timely and predictable funding. The

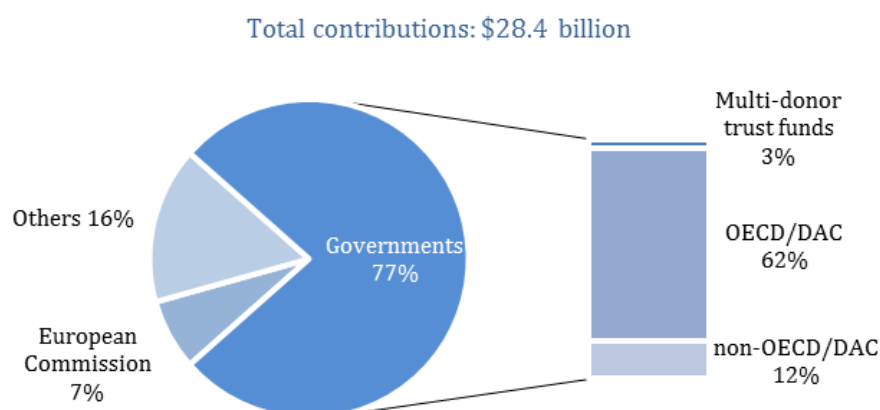
¹⁷ The \$439 million received by WFP in flexible, un-earmarked funding in 2014 is considered its equivalent of core resources and reflected as such in figure VI.

Panel will propose recommendations that will help inform the discussion at the World Humanitarian Summit in May 2016.

4. Sources of funding

33. The sources of funding for UN-OAD can generally be grouped into 3 broad categories: government contributions, contributions from other multilateral institutions (including the European Commission) and non-state contributions. Some 77% of total contributions in 2014 were received directly from Governments (figure VII). This includes the contributions made by Governments to the UN multi-donor trust funds. The remaining 23% is accounted for by (i) the European Commission, other multilateral institutions and global funds which themselves are mostly financed by Governments and by (ii) non-governmental and private sources.

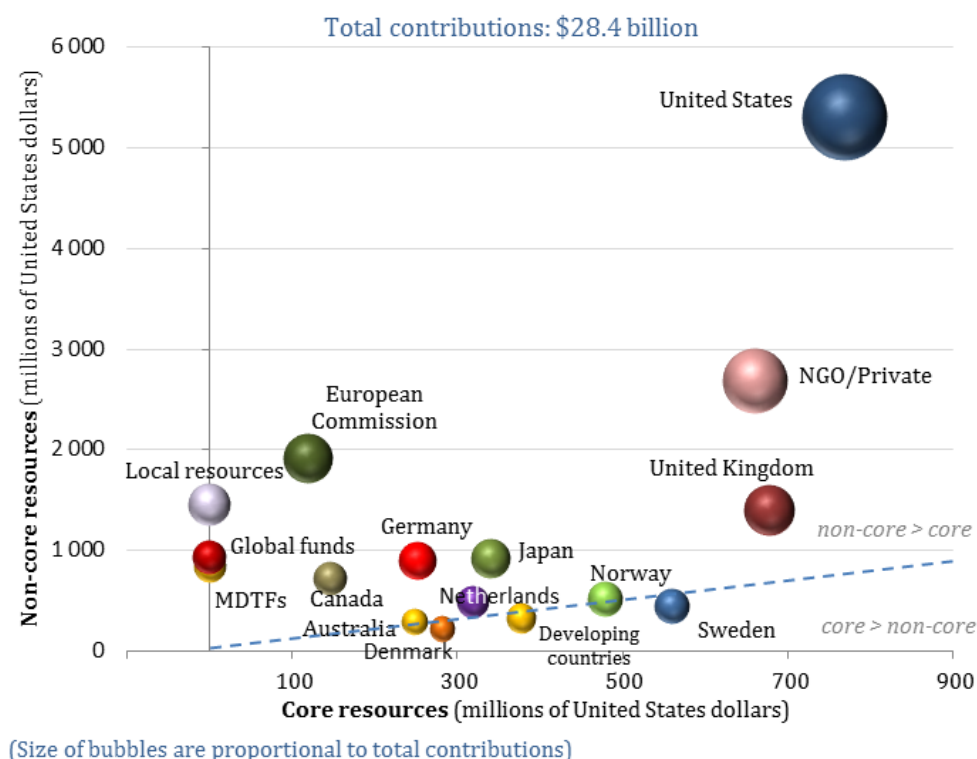
Figure VII
Main groups of funding sources: 2014



34. Figure VIII below shows this information for the group of main contributors that together account for 87% of total funding. Information on individual donors excludes their “indirect” contributions that flow through multi-donor trust funds, the European Commission and other multilateral institutions (including global funds). These are combined into groups and shown separately. A complete list of contributions by donor, type of activity and type of funding is provided in table A-3 of the online statistical annex¹⁸.

¹⁸ <http://www.un.org/en/development/desa/oesc/qcpr>

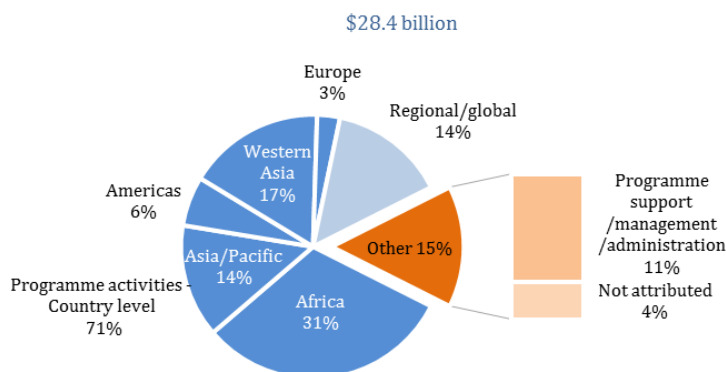
Figure VIII
Main contributors: 2014



5. General distribution and degree of concentration/ fragmentation

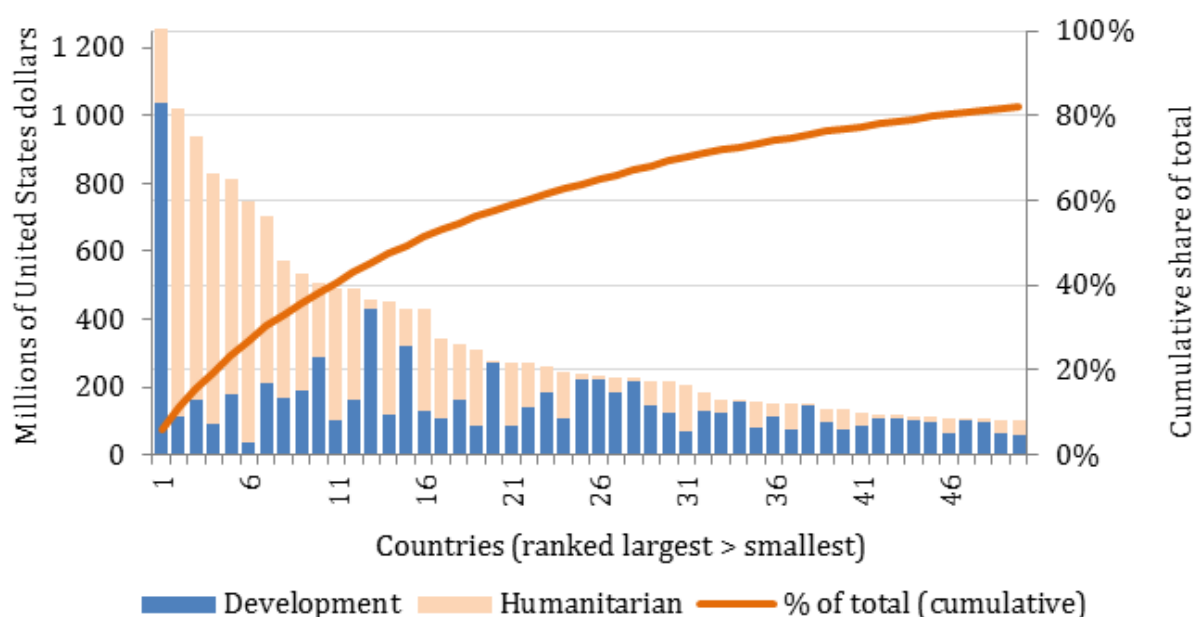
35. Some 71% of the \$28.4 billion in expenditures for UN-OAD in 2014 (including local resources) were used for programme activities at the country level (see Figure IX) of which \$8.9 billion were in Africa. Notably, the share of UN-OAD carried out in Western Asia has increased recently, rising from 8% in 2011 to 17% in 2014, largely due to the humanitarian crises in Syria and Iraq.

Figure IX
Expenditures by region: 2014



36. Accordingly, 29% of total expenditures related to (i) programme activities at the regional and global levels; (ii) programme support and management/administration; and (iii) activities that could not be attributed to any of the above categories. Programme support, development effectiveness and management costs are those that in QCPR-related discussions on cost recovery have been referred to as non-programme costs.
37. As far as the distribution and degree of concentration of total 2014 country-level programme expenditures is concerned, the top 50 programme countries accounted for 82% of the total with the top ten¹⁹ alone accounting already for some 38% (Figure X). Programme expenditures in Afghanistan were the highest (\$1.3 billion), 63% of which were on account of UNDP.

Figure X
Expenditures in the top 50 programme countries: 2014



38. Except in the case of Afghanistan, humanitarian assistance dominated the activities in countries with the highest total programme expenditures. Of the 10 countries with the highest programme expenditures, 7 are considered to be in fragile situations²⁰. A full list of programme expenditures by programme country, type of activity and type of funding is provided in table B-2 of the online statistical annex.
39. Figure XI provides an overview of how country-level development-related programme expenditures were distributed among different country groupings and income levels (World Bank 2014). Low-income countries accounted for 45% of total expenditure at country level.

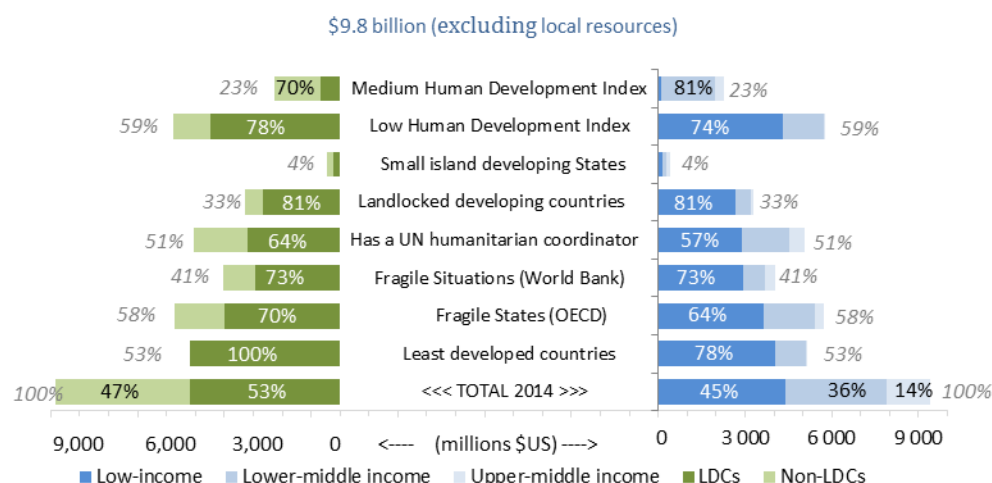
¹⁹ Afghanistan, Syrian Arab Republic, Occupied Palestinian Territory, Ethiopia, South Sudan, Jordan, Iraq, Somalia, DR Congo and Lebanon

²⁰ According to WB classification.

Expenditures in least developed countries totaled \$5.2 billion in 2014 which represents some 53% of total country-level expenditure. Countries with a low human development index rating accounted for 59% of expenditures, over three quarters of which were in least developed countries.

Figure XI

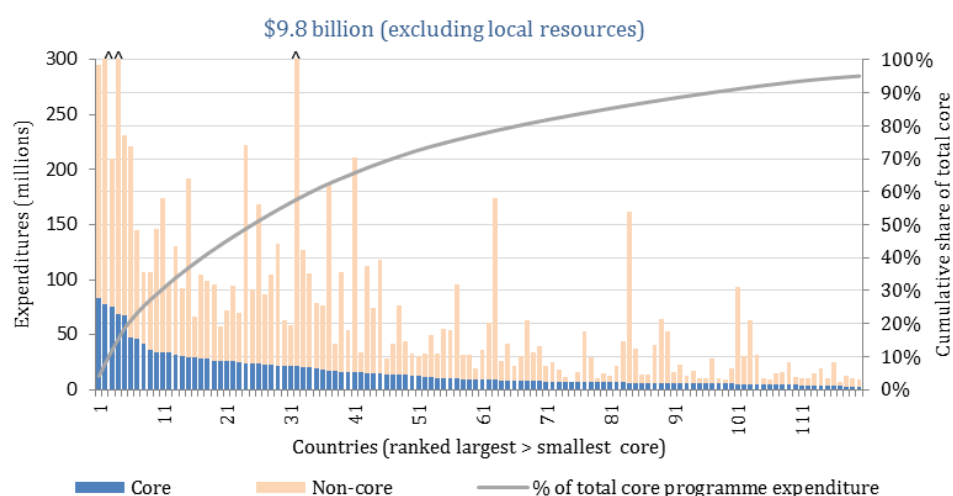
Development-related expenditures by major country grouping: 2014



40. Figure XII provides an overview of the general distribution and degree of concentration of 2014 development-related programme expenditures (excluding local resources) by country and by type of funding (core and non-core) ranked according to decreasing core resources expenditure. For presentation purposes, expenditures in excess of \$300 million are not shown. The top 10 programme countries together accounted for close to 30% of total development related expenditures in 2014.

Figure XII

Development-related expenditures - top 120 countries ranked according to core resources: 2014



41. In this connection it is worthwhile to review the results of a recent OECD survey of DAC donors.²¹ These reveal that donor decision-making on earmarked funding is largely scattered – either split across various ministries and departments, different units within a single department, and/or decentralized to the field. As such, most donors do not have a comprehensive view of the totality of the support they provide to the major multilateral organizations and many turn to the funded organization itself to obtain this information. One conclusion therefore is that in reactive or response-driven contexts, donors do not necessarily have an overarching strategy in place on the allocation of their resources to any particular multilateral agency, and between core and non-core resources, with the result that distribution, as reflected in Figure XII, is to a significant degree the result of an aggregation many single-point decision-making processes. This adds importance to discussions about (i) the actual alignment of activities financed by non-core resources with the multilateral mandates and strategic plan priorities of entities as they are legislated by governing bodies; and, related to that, (ii) the extent to which programme support and management/administration costs (non-programme costs) are appropriately attributed to such non-core funding sources, and (iii) good multilateral donorship and the ability to explicitly track the balance between core multilateral and bilateral aid allocations for horizontal policy integration.

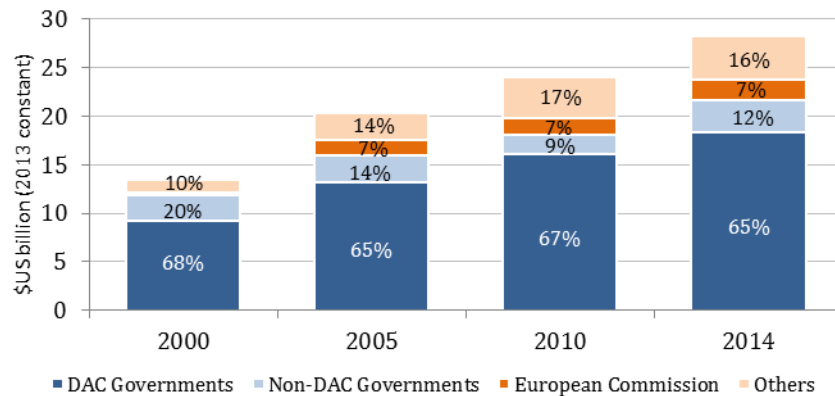
B. Enhancing overall funding, in particular core resources

1. Broadening the base of contributors

42. In order to enhance funding, it will be important for the UNDS to diversify its funding base thereby reducing its reliance on a few top donors. This issue was also stressed in the ECOSOC dialogue on the longer-term positioning of the UNDS.
43. Figure XIII examines changes between the main groups of contributors for UN-OAD over time. It shows that four distinct groups had emerged by 2005. The group classified as “Others” in the figure consists of funding from other multilateral organizations (excluding the European Commission, which is shown separately), global funds and non-governmental and private sources. Growth in contributions from this group was the most significant funding trend until 2005. Since 2005, however, the respective shares of overall funding for UN-OAD from these four groups of contributors has remained relatively stable.

²¹ A survey on Multilateral Aid Allocations was carried out in the last quarter of 2013; 22 DAC members responded to it.

Figure XIII
Main sources of funding, 2000-2014



44. The engagement of non-state actors in development cooperation is likely to grow in the post-2015 era which presents an important opportunity for the UNDS to grow and broaden their contributor and partnership base. At the same time, this compels to identify new forms of accountability taking into account the shared responsibility of multiple state and non-state actors. This will require high-quality, transparent reporting on funding that UN entities receive from non-state actors. Currently, in many entities, there is a lack of systematic reporting of funds received from the private sector and other non-state donors, although through recent structured financing dialogues there are on-going efforts to strengthen reporting in this area.
45. With regards to Government contributions, in 2014, developing countries²² contributed some \$703 million to UN-OAD, excluding local resources, representing an increase of 26% in real terms compared to 2011. In addition, another \$1.32 billion in local resources were provided by developing countries for programmes in their own country. While this reflects a positive trend, the top 3 state donors provided 45% of the total funding received from Governments in 2014, and the top 10 together accounted for 73% of the total funding from Governments. In 2009, these shares were 40% and 74%, respectively, indicating that there has been no improvement over the past 5 years in terms of reducing the UNDS reliance on a limited number of Government contributors.
46. In the 2015 Survey of Agency Headquarters, 23 of the 25 that responded indicated that their organization reports annually on concrete measures to broaden the donor base as part of its regular reporting. Still, broadening the donor base remains a challenge. A well-resourced UNDS can support the implementation of the 2030 development agenda. It is therefore crucial that all Member States recognize their mutual responsibilities towards contributing both core and high quality non-core resources, as urged in GA resolution 67/226. Central to this is a clear understanding of the specific role that the UNDS should play in facilitating the implementation of the 2030 Agenda and that it is well equipped to deliver. The commitment of Member States – both developing and developed – and other non-state contributors to provide contributions is an indication of their confidence in the UNDS.

²² For the purpose of this analysis, developing countries are defined as middle- and low-income countries, according to WB classification.

47. This will require the proactive engagement by the UNDS in building trust with all Member States and other prospective partners in the most transparent manner, towards making the case for adequate and predictable levels of core funding and complementary non-core funding. The UNDS must pay special attention to Member States that have the means to contribute - but so far have not, as well as those that have the potential to contribute more.

2. Structured dialogues on financing and critical mass of core resources

48. As the funding architecture of UN operational activities has radically changed in the past two decades, most individual entities have responded by undertaking a review of their funding practices as part of a series of structured dialogues with Member States to monitor and follow up on the predictability, flexibility and alignment of resources provided for the implementation of the strategic plans. Through the 2015 Survey of Agency Headquarters, 17 out of 25 respondents indicated that their entity scheduled a structured financing dialogue in 2014. These financing dialogues continued in 2015 and encompass the discussions on the concept of critical mass of core resources. While major UN funds and programmes developed a set of common principles for the concept of critical mass of core resources in 2014²³, progress has been limited in 2015 with regard to defining a specific level of critical mass for each entity, as suggested by the QPCR. As part of their response, all major funds and programmes and several specialized agencies developed a resource mobilization strategy and/or strategic brief for consideration in 2015.
49. While strides have been made within individual UN entities in terms of efforts to strengthen resource mobilization strategies, the potential for the UNDS to mobilize resources as a system remains largely unexploited, in particular for development-related activities (for example, there is no development-related equivalent of CERF). Efforts have been made in this respect through, for instance, the creation of the One UN Funds as well as the Expanded DaO Funding Window for the achievement of the MDGs. However, attracting resources to such funding windows over a sustained period proved difficult and the success of the funds were therefore moderate. This may partly explain the proliferation of global thematic and vertical funds, many of which could be viewed as an alternative to the established multilateral system, and thereby redirecting resources away from the UNDS
50. The longer-term positioning of the UNDS in the context of the 2030 development agenda will require an ability to capitalize on its potential to mobilize significant resources as a system and in addition to resources being mobilized by individual entities. This is particularly important because of the increasingly cross-cutting nature of interventions of this agenda. A stronger drive for resource mobilization at system level will also allow for funding to be used as an instrument for policy integration and coherence. Defining a clear UN's system-wide role in the post-2015 context would appear to be a first step towards setting up a mechanism with the potential to mobilize resources at the system-level. Options will need to be explored in terms of the management arrangements for such a mechanism.

²³ A/70/62-E/2015/4.

3. Review of core funding modalities

51. Funding from a broader donor base will be vital. In this connection the Addis Ababa Action Agenda²⁴ underscores “the important role and comparative advantage of an adequately resourced, relevant, coherent, efficient and effective UN system in its support to achieve the SDGs”. The Agenda further elaborates the need to strengthen national ownership and leadership over the UN-OAD in programme countries, UN coherence, relevance, effectiveness and efficiency, to improve coordination and results, including through achieving further progress on the DaO voluntary approach, among other operational modalities and approaches, and to improve UN collaboration with relevant stakeholders and partners.
52. Core resources finance significantly more than the basic foundation of UN entities. They cover the UN’s convening and coordination activities, its normative, standard setting, and global policy coherence activities entailing technical and substantive functions (referred to by some entities as development effectiveness or programme support), as well as related programme activities. Furthermore, core funding is required to leverage non-core resources to ensure full implementation of the strategic plans of entities.
60. Since 1999, assessed contributions to UN specialized agencies in real terms, have decreased by 6%²⁵. Although the QCPR resolution only called for funds and programmes to engage in a discussion on the concept of critical mass of core resources, the lack of flexible/un-earmarked resources is also an issue for specialized agencies. To this end, WHO, UNIDO and ILO have established accounts for voluntary contributions to support their core/assessed budget. In the case of WHO, contributions to this supplementary voluntary account, which contains fully and highly flexible funds earmarked only at the level of a strategic objective in the programme budget reached \$116.3 million in 2014, adding 24% of flexible funding on top of WHO assessed contributions.
61. UNEP relies on contributions to its Environment Fund as the main source of flexible funding to implement its programme of work. The Fund is financed through a voluntary indicative scale of contributions where all UN Member States are encouraged to contribute financially to UNEP at least to the UN assessed scale or the donor’s historical level of contributions to UNEP, whichever is higher. Through this mechanism, contributions to the Environment Fund increased by 6% in 2014 compared to 2013, with 89 governments providing contributions to the Fund in 2013, indicating a strong participation rate.
62. Beyond the quantity of core funding, increased predictability can facilitate UN entities’ integrated planning, thereby potentially using core resources to fill funding gaps in non-core financed programming. IFAD, for example, mobilizes core resources through a replenishment consultation process which aims to ensure availability of the required amount of resources needed for the programme of work to be carried out during the following three years, resulting in enhanced predictability. These consultations also provide a forum for strategic dialogue between Member States and the management of IFAD on past results and future orientations of the work of the Organization.

²⁴ A/RES/69/313

²⁵ Over the same time period, global GDP has increased by 53%, in real terms.

63. WHO began an extensive reform with the aim to improve the alignment, flexibility, predictability and transparency of its financing. An important part of this reform was a financing dialogue held in 2013 with Member States and non-state contributors. In the preparations for the 2016-2017 budget, another financing dialogue was held in November 2015. Learning from the structured dialogues of WHO, the Executive Boards of UNDP, UNICEF and UN-Women adopted decisions²⁶ to hold annual structured funding dialogues. WHO's structured dialogue process is one that other UN entities could adopt, by adjusting their current practices towards improving the level and predictability of core funding. Such dialogues also have the potential of making a stronger case for those areas that are essential to the mandates of the entities, but are challenged for adequate levels of funding.
64. During the first phase of the ECOSOC dialogue on longer-term positioning of the UNDS, Member States were disposed to explore other options to enhance core funding, including negotiated core pledges and a voluntary indicative scale of contributions.

4. Ensuring full cost-recovery

65. The exponential growth in non-core funded activities over the past 15 years made the adequate attribution and recovery of institutional costs associated with the substantive and operational support to those activities an issue of growing concern.
66. The principle of full cost recovery as envisaged in Resolution 67/226 predicates that all activities, regardless of the source of financing and level of earmarking, benefit equally, either directly or indirectly, from the totality of substantive and operational capacities of entities and so their costs should be attributed proportionally. The logic is reinforced by entities now reporting that they operate on the basis of fully integrated strategic plans and results and resources frameworks to finance agreed upon development results by core and non-core resources in an integrated and complementary manner.
67. In line with commonly accepted and generally harmonized definitions, programme costs can be traced to specific components or projects, which contribute directly to the delivery of development results contained in country/regional/global programme documents or other programming arrangements²⁷. Programme support and management activities are generally of an institutional nature and their non-programme costs cannot likewise be directly traced to such specific development programme components or projects. Programme support activities are typically of a more general policy/advisory, technical and implementation nature relating to the overall focus areas of the organizations. They include what some entities refer to as development effectiveness. Management activities' primary function is the promotion of the identity and direction of an organization. These typically include executive direction, representation, external relations and partnerships, corporate communications, legal issues, oversight, auditing, corporate evaluation, information technology, finance, administration, security and human resources.

²⁶ Decisions of Executive Boards of UNDP 2015/16; UNICEF 2014/17; UN-Women 2014/6.

²⁷ Based on UNDP, UNICEF, UNFPA and UN-Women harmonized cost classification.

68. The 2013 report on funding of OAD²⁸ provides a full background of the issue as reviewed over time. That analysis on expenditures on UN development-related activities showed that while total non-programme costs accounted for some 13.7% of total expenditures in 2011, they accounted for 29.3% of core resources as against 6.3% of non-core resources. The same analysis for 2014 in Table 1 below²⁹ reveals some change since 2011, with the proportion of non-core resources being spent on non-programme costs increasing from 6.3% to 6.8% and the proportion of core resources spent on non-programme costs decreasing from 29.3% to 27.6%. Overall, non-programme costs accounted for about 12.0% of total development-related expenditures.
69. If an equal proportion of core and non-core resources were used to finance non-programme costs (i.e. 12.0%), it would release an estimated \$569 million in core resources for programme activities, or the equivalent of some 24% of the current level of core programme expenditures shown in Table 1. This illustrates how the achievement of full cost recovery would have a two-pronged effect, namely by releasing additional core resources for programme activities, and likely encourage contributors to provide additional core resources.

Table 1

High-level breakdown³⁰ of development-related expenditures, 2014
(Millions of United States dollars)

	<i>Programme activities</i>	<i>Programme support and management activities</i>	<i>Other</i>	<i>Total</i>
Core resources	2,324	1,008	319	3,651
Share	63.6%	27.6%	8.7%	100.0%
Non-core resources	9,959	734	120	10,813
Share	92.1%	6.8%	1.1%	100.0%
Total resources	12,282	1,742	439	14,464
Share	84.9%	12.0%	3.0%	100.0%

70. The ECOSOC, in its Resolution 2015/15 on progress in implementation of General Assembly resolution 67/226 again stressed the need to avoid using core/regular resources to subsidize non-core/extra budgetary financed activities and reaffirmed that the guiding principle governing the financing of all non-programme costs should be based on full cost recovery, proportionally, from core and non-core funding sources. The Council noted that the timelines agreed by the executive boards of the UNDP, UNICEF, UNFPA and UN-Women for an independent, external assessment in 2016 of the consistency and alignment of their new cost recovery methodology with the QCPR. The jointly approved new harmonized methodology for determining cost recovery rates among these 4 entities was implemented for the first time in 2014, with a new cost recovery rate of 8%. However, this methodology does not provide for all non-programme costs to be subject to a proportional cost recovery. For example, the costs

²⁸ A/68/97-E/2013/87

²⁹ DESA survey of UN entities HQ, for 17 entities representing 86% of total development-related expenditures in 2014

³⁰ "Other" covers activities and costs that cannot easily be classified under the other main categories

of cross-cutting management functions were excluded from the methodology to derive the new 8% cost recovery rate. The proposed external assessment will provide a comprehensive view of adherence to GA Resolution 67/226.

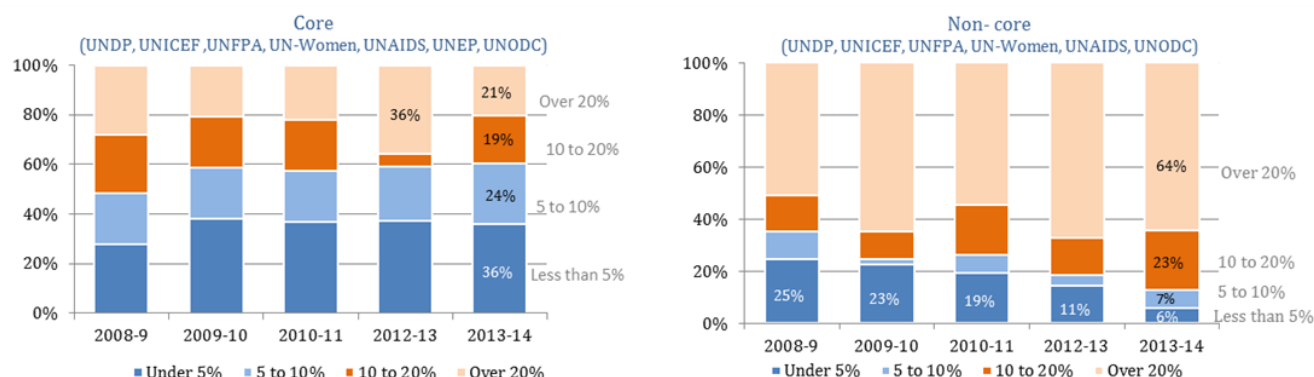
71. WFP pursues full cost recovery of its equivalent of non-programme costs since it finances its entire programme support and administrative budget by charging the same cost recovery rate to its equivalent of non-earmarked core resources (“multilateral contributions”) and earmarked non-core contributions (“directed multilateral contributions”). It thus follows the principle of full cost recovery as envisaged in Resolution 67/226. WFP, in dialogue with its governing body, extensively reviewed its method for determining its indirect support cost rate and concluded that it be maintained at 7% in 2016.
72. Looking forward, the anticipated growth of contributions from non-state actors will place added pressure on achieving full cost recovery, particularly if these contributors continue to provide almost exclusively non-core resources. In addition, the growing number of actors engaged in delivering activities in the new development era provides more options for both state and non-state contributors to partner with UNDS entities, which in turn creates a growing incentive to keep cost recovery rates of non-core resources at a minimum. An obstacle to achieving full cost recovery appears to be the existence of an inherent conflict between the desire to avoid cross-subsidization to meet Member States requirements, and the need to remain competitive with donors to attract voluntary funding.

C. Improving the predictability and quality of resources

1. Volatility in contributions to finance UN-OAD

73. In previous reports³¹, predictability, reliability and stability of funding were reviewed for a number of UN entities by examining actual fluctuations in contributions and their impact on the availability of total resources over time. These analyses looked at contribution trends to UNDP, UNICEF, UNFPA, FAO, ILO, UNESCO and WHO, which together account for more than 80% of total development-related activities. In general, there was a relatively smooth and stable movement in total core and non-core resources to these entities.
74. A more detailed review however showed that the volatility in contributions from top donors is much more pronounced than the changes in total core and non-core contributions would suggest. Figure XIV shows that contributions from individual sources can fluctuate considerably from one year to the other, especially in the case of non-core resources. For instance, 64% of the non-core contributions in 2014 from the top donors to UN funds and programmes had fluctuated by more than 20% compared to the previous year. Combined with the declining core funding ratio, the result is a reduction in the predictability and flexibility of resources, which in-turn has implications for planning and delivering assistance.

³¹ A/67/94-E/2012/80 and A/68/97-E/2013/87

Figure XIV**Annual changes in contributions by top donors, core and non-core: 2008-2014³²**

75. Foreign exchange rates movements can also lead to fluctuations. Since the US dollar is the general unit of accounting and reporting in the UNDS, exchange fluctuations affect the US dollar equivalent of contributions made by donors in their own currency. This factor did not have a large effect on reported contributions received in 2014 because of a relatively stable exchange rate between the dollar and most other contributors' currencies throughout 2013 and the first half of 2014. However, exchange rate movements will have a more significant (negative) impact on 2015 contributions because of the strengthening of the United States dollar relative to many top donors' currencies between 2014 and 2015.

2. Review of non-core funding modalities

76. Figure XV below shows the different forms of non-core resources received by the UNDS in 2014 and their relative volumes, both in terms of non-core funding for UN-OAD and non-core funding for UN development-related activities only. Most non-core funding is restrictively earmarked by individual donors to specific projects. This is especially the case of non-core funding for development-related activities. This category includes vertical global funds and local resources. On the humanitarian side there are two relatively large pooled funds administered by the UN Secretariat, namely, the Central Emergency Response Fund, an open-ended, standing fund, receiving some \$480 million in deposits in 2014, and the Saudi Humanitarian Fund for Iraq, a time-bound fund, with a one-off \$500 million contribution in 2014. There are no comparable funds on the development side in size and scope. Contributions to more loosely earmarked funding arrangements, such as thematic funds, joint programmes and MTDFs accounted for 13.7% of overall non-core resource flows, and 11.4% of non-core funding for development-related activities (see Figure XVb).

³² The change in accounting standards in 2012 from the UN system accounting standards to the International Public Sector Accounting Standards by some entities does not allow for meaningful 2011-2012 comparisons

Figure XVa
Non-core funding modalities for UN-OAD: 2014

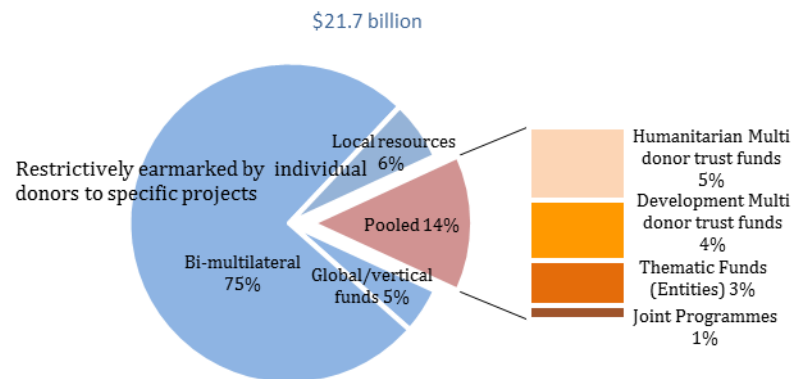
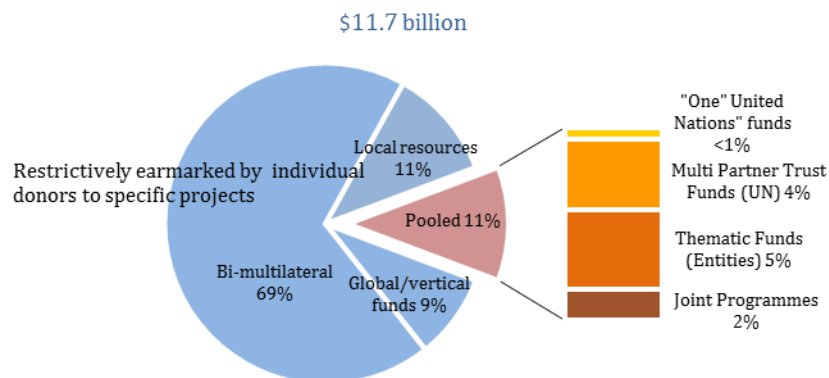


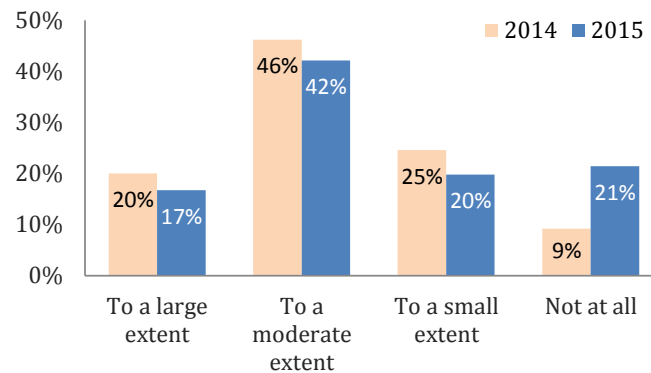
Figure XVb
Non-core funding modalities for UN development-related activities: 2014



77. The lack of flexible, pooled non-core funding combined with the growing imbalance between core and non-core funding has introduced a higher degree of "bilateralization" of the UNDS, as donors can bypass purely multilateral governance and thereby increase their influence on specific priorities, thus leading to a supply-driven funding system. This lack of flexibility makes it increasingly difficult to avoid having the nature of the UNDS activities being be steered by the origin of its funding. Furthermore, having the vast majority of non-core funding parceled out among projects that are each tied to a single donor militates against UN system-wide coherence by incentivizing fragmentation, raising transaction costs as and encouraging competition and overlap of UN activities.
78. Most programme country Governments see competition between UN entities for donor funds, to a large or moderate extent (see Figure XVI). 64% of survey respondents felt that competition between UN entities creates confusion for Governments and 70% agreed that competition increases the workload on Government officials.

Figure XVI**Competition among UN agencies for donor funds**

As far as you know, to what extent do UN agencies in your country compete with each other for donor funding?



Source: 2014 and 2015 Survey of Programme Country Governments

79. To improve the predictability and quality of resources, several funding modalities have been developed over time so non-core funding from different sources is pooled at the level of individual entities and/or among entities. These modalities are a result of efforts by the international community to promote coherence, alignment and aid effectiveness, counterbalancing high fragmentation because of the predominantly single-donor and single-programme and project-specific nature of non-core resource flows. While overall the use of pooled funding mechanisms remains limited, there was a notable increase in their use in 2014.

Multi-donor trust funds

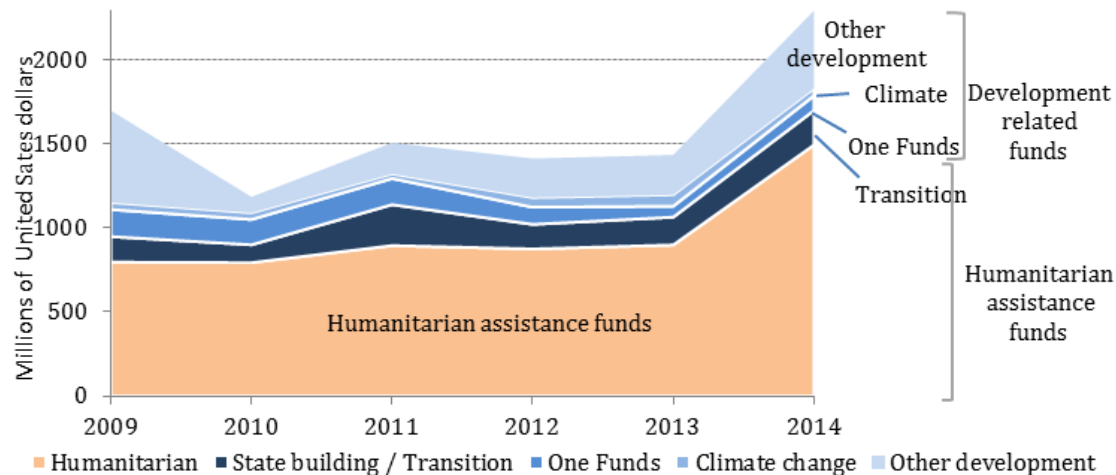
80. Multi-donor trust funds (MDTFs) are a multi-entity funding mechanism designed to support a clearly defined broad programmatic scope and results framework through contributions that are co-mingled, not earmarked to a specific UN entity and held by a UN fund administrator³³. In these UN inter-agency funds, the UN also takes the lead in making fund allocation decisions as well as fund implementation, so these types of funds are a more flexible and higher quality form of non-core contributions. They include the One Funds that were established to address underfunded areas of a programme country's One Programme through un-earmarked or loosely earmarked contributions.
81. Contributions to UN-administered MDTFs including One UN Funds totaled \$2.3 billion in 2014, a significant increase over the \$1.4 billion in 2013 (see Figure XVII). More than half of this increase is because of the Saudi Humanitarian Fund for Iraq and for the Ebola Response. Commitments to One Funds also increased by 35% and surpassed \$87 million in 2014.

³³ In September 2015, three entities reported that administering MDTFs: UNDP's Multi-Partner Trust Fund Office, UNFPA and UNOPS.

Contributing to this increase was the launch of the Delivering Results Together Fund, which channeled more than \$13 million to One Funds.³⁴

Figure XVII

Deposits made to UN-administered multi-donor trust funds, by fund category: 2009-2014



82. During the first phase of the ECOSOC dialogue, it was suggested that development-related MDTFSs were not being used to their full potential to support UN coherence and reduce fragmentation, and that one option to make them more attractive to donors could be to have fewer funds with broader scopes.

Entity-specific thematic funds

83. Another mechanism of pooled funding used by the UNDS is the agency-specific thematic fund that is softly earmarked to outcome levels of an entity's strategic plan. This type of funding mechanism offers long-term planning and flexibility, and is an effective way to attract large-scale non-core resources through internally pooled donor funds, which in-turn saves on transaction costs.
84. This type of pooled funding is most widely used in UNICEF and UNFPA. Other UN entities are beginning to follow suit to increase the level of minimally-earmarked funding.

Joint Programmes

85. Joint programmes can be regarded as a form of combining resources by UN entities at the next level to make UN-OAD more coherent, effective and efficient. A joint programme supports a strategic vision, outlined in a joint programme document with a well-defined results framework, work plan and related budget. Based on a partnership it normally involves two to five UN organizations, their (sub-) national governmental partners and other stakeholders. Total funding to UN Joint Programmes in 2014 was some \$214 million, about

³⁴ The UNDG-managed Delivering Results Together Fund is a global pooled funding facility for DaO countries, with funding flowing through operational One Funds.

\$20 million more than in 2013 and it accounted for some 2% of total non-core funding for development-related activities.

86. In 2014, the UNDG Guidance Note for Joint Programming³⁵ was revised for the first time since 2003, to provide more relevant and practical guidance, including when to use them and how to implement them. The note draws on lessons learnt with Joint Programmes over the previous decade and updates in the context of new developments such as updated UNDAF guidance and linkages with MDTFs, including One Funds.

Global thematic and vertical funds

87. Included in the single-donor and programme-and project-specific funds are resources received through global funds. Global funds, sometimes referred to as vertical funds, have in the last decade become a significant resource channel to the UNDS. These funds focus 'vertically' on specific issues or themes just like global UN MDTFs, but are not directly administered by a UN entity and do not demand a UN lead role in the fund allocation process. They usually have their own trustee, funding, governance, policy and programming arrangements. Thus, while global funds are a form of pooled funding, from the UN's perspective the funds are often tightly earmarked to particular projects, with the UN's role solely as an implementing organization. Examples are Global Environment Facility, The Global Fund To Fight AIDS, Tuberculosis and Malaria, the Montreal Protocol and the Vaccine Alliance (GAVI). In 2014, an estimated \$1.0 billion, or some 8.6% of all non-core contributions for development-related activities of the UN system came from global funds, a 41% increase in volume since 2011.
88. Despite many resources being channeled from global funds through the UNDS, there is concern that the establishment of these Funds is an alternative to the established multilateral system, diverting resources away from the UNDS. Given that the SDGs are much more horizontal than were the MDGs, it will be important to consider how to avoid siloing and to ensure much greater inter-linkages across vertical funds, UN agency-specific thematic funds and UN global MDTFs in a post-2015 era³⁶.

3. Local resources

89. Contributions to entities in the form of local resources for programming in the contributors' own countries amounted to \$1.33 billion in 2014 or some 6% of total non-core resources to the UNDS. This modality is most commonly used in the Latin American and Caribbean region where the four largest local resources contributors Argentina, Colombia, Peru and Brazil are located.
90. Local resources represent a substantial source of funding in these countries for many UN entities on the ground, including UNDP, UNODC, WFP, FAO, UN-Habitat and UNFPA. Such resources can also be viewed as a step towards self-reliance when host governments provide their own resources to complement funding from other sources.

³⁵ <https://undg.org/wp-content/uploads/2015/02/Guidance-Note-on-Joint-Programmes.pdf>

³⁶ http://www.un.org/en/development/desa/policy/wess/wess_current/2012wess_overview_en.pdf

D. Principles in the context of the 2030 Agenda for Sustainable Development

1. Building Trust: Transparency of data on funding flows

91. Enhancing transparency on funding flows is an essential ingredient for an effective resource mobilization environment. It helps build trust between the UNDS and Member States and other partners as well as strengthening system-wide resource planning.

Common Budgetary Framework

92. At country level, the Common Budgetary Framework (CBF) is the consolidated financial framework for development-related operational activities reflecting the agreed, costed results of the UNDAF/One Programme. The CBF was developed as an instrument for comprehensive and results-based planning, budgeting and management to identify funding requirements and gaps for the entire UNDAF programming period. The DESA survey of RCs, 34% of programme countries have developed a common budgetary framework covering the current UNDAF programming period. This compares to 25% in 2013, thus indicating there has been so far been only limited movement in this direction. On the more positive side, 63% of DaO countries have an existing common budgetary framework, which is an integral part of the “One Budget” pillar of the DaO approach.
93. A current and publicly accessible CBF provides programme countries, development cooperation partners and other stakeholders with a single, simplified reference document that covers the UN funding situation at any point in time during the programming cycle. A current CBF is a useful tool to support financial management while also enhancing transparency and accountability.

Integrated budgets

94. At corporate level, some UN entities have recently stepped-up efforts to consolidate all projected resources within an integrated budgetary framework based on priorities determined in the respective strategic plan. This integrated budget is presented to the respective governing body for approval - even though all resources have not yet been committed - also implying that the respective governing body has endorsed its contents and that entities must remain within its parameters. GA resolution 67/226 provided the policy basis for the development of integrated budgets. In 2015, 21 of the 25 UN entities that responded to the survey indicated that they consolidated available and projected core and non-core resources within an integrated budgetary framework, and 4 entities responded that there were no plans to do so.
95. By presenting the integrated budgets in conjunction with the strategic plan of organizations, linkages between resources and results are identified, thereby increasing transparency and bolstering trust with Member States and other partners.
96. UN entities including UNDP, UNESCO, UNICEF, UNFPA, UN-Women, WFP, WHO and UNAIDS are increasingly making information on resource allocation and expenditure more readily available publically through open data platforms.
97. Entities have improved their accountability and oversight by having independent audit, investigation and evaluation functions, implementing International Public Sector Accounting

Standards, as well as by presenting timely, comprehensive and forward-looking information based on the agreed International Aid Transparency Initiative (IATI) open standard. At the UN entity level, currently 9 members of the UNDG and two observers publish data according to the International Aid Transparency Standards, including UNDP which was ranked as the most transparent aid organization in an IATI evaluation of 68 entities worldwide

System-wide level

98. While progress is evident in terms of enhancing visibility of resource flows within individual entities, there has so far been little consideration of an aggregated overview of resourcing for the UNDS as a whole. Currently, the main actor in terms of collecting system-wide financial flows is the HLCM Secretariat, which assembles high-level aggregate information provided by individual UN entities. In fact, much of the analysis in this chapter is based on data collected by the HLCM Secretariat. This financial database contains historical data on funding flows from contributors to UN entities as well as total expenditures by programme country and by UN entity. However the data does not go down to the outcome-, sector- or goal-level and it contains purely historical information. Obtaining more detailed system-wide information is a continuing challenge. The limited progress in the CBF process highlighted above relates to the difficulties in aggregating financial data due to differences in the manner that entities report. For instance, there is still no commonly applied sector classification system to replace the old ACC sector classification.
99. The 2013 survey of DAC donor countries³⁷ revealed that the main reason most contributors prefer to provide non-core resources is that they associate earmarked funding with ad hoc arrangements that allow for increased transparency, with closer link between funding and results. Similarly, the qualitative answers to the survey tended to show that donors want prominence given to particular thematic and geographical areas. In essence, contributors consider earmarked funds to be worth more than unearmarked funds because of greater influence on planned results, enhanced visibility, and focused oversight.
100. The results of the DAC survey when combined with the increasing complexity of the international aid architecture would appear to reaffirm the importance of transparency and accountability as highlighted in GA resolution 67/226. This view was echoed during the first phase of the ECOSOC dialogue on the longer-term positioning of the UNDS where there was a call to make funding data more transparent, including better mapping of the funding situation at country level so that resources could be more focused. Currently the UNDS still tends to be over-reliant on entity-specific planning processes.
101. Providing an aggregated, system-wide overview of financial flows will enable contributors to understand better where the funding needs are and how contributions can fit in the context of all activities of a coherent and coordinated UNDS and towards the targets of the 2030 Agenda. It will also provide developing countries with the up-to-date information they need to plan and manage resources effectively.
102. Building such a system-wide framework on funding would still need to be analyzed and evaluated for feasibility. Some of the building blocks already exist, such as the UNDAFs and common budgetary frameworks at country level and integrated results and resources

³⁷ 22 DAC members responded to this survey

frameworks at entity level, albeit at varying levels of quality. Other building blocks are needed in support of the development of a system-wide funding framework, such as a harmonized, system-wide classification system for UN expenditures by a commonly agreed results or sector framework.

103. In analyzing the feasibility of such a framework, it will be important to reflect on lessons learned with the CBF as well as aggregated financial frameworks that have been built by organizations outside the UNDS. For instance, one possible way forward could be to encourage more UN entities to report to the HLCM Secretariat in a common statistical reporting standard such as that employed by the DAC and/or IATI, to increase availability of current and forward-looking information that is outcome specific for more detailed analysis and to support future planning. A UN system-wide strategic framework, against which funding requirements are mapped in a timely manner, would not only enhance transparency and accountability, but build trust and bolster resource mobilization efforts.
104. The comprehensiveness of the SDGs, compared to the MDGs, could facilitate the development of such a framework at a goal level that would capture, monitor and account for system-wide results, and serve as a transparent, real-time resource mobilization instrument, including formal finance dialogues, similar to those taking place at the level of individual entities. An example is IFAD's recent positive experience with a structured and credible negotiation process that reviewed and discussed strategic plans, priorities, and funding requirements in a much more integrated manner.
105. Providing full and accurate financial information on all activities demonstrates accountability and stewardship, reinforces credibility, and provides clear and comprehensive information on the consequences of all decisions taken when using entrusted resources. Ultimately in the medium to longer term such a transparent mechanism would also help in increasing coherence by channeling resources to underfunded priority results areas, and overcoming the current fragmentation and related competition for funding between UN entities.

2. Innovative funding modalities

106. Although there is no agreed definition for innovative development finance, the Leading Group on Innovative Financing for Development³⁸ includes all mechanisms that raise funds for development that are complementary to ODA and predictable and stable in nature. Innovative financing can be grouped into 3 main categories: innovative sourcing of the public sector used for international development, for example developing new forms of taxes and levies to provide a steady resource flow to supplement ODA; innovative mechanisms that can make existing financing more effective, such as debt swaps or advanced market commitments, or that can leverage private flows for development objectives; and innovative spending, such as through global funds, including the Global Fund to Fight AIDS, Tuberculosis and Malaria. All of the above categories focus on the role of international public finance. There are also a host of private sector innovations, including impact investment and thematic bonds, financial products, and social entrepreneurship, though these are not generally included in the categories discussed above, as set out by the Leading Group.

³⁸ 63 countries working in conjunction with international organizations and civil society.

107. So far, innovative sources of financing flows have raised a limited amount of resources and were, for the most part, narrowly targeted towards specific global challenges within the health and climate sectors, however, they have potential to grow considerably. A recent DESA report³⁹ estimates that such financing mechanisms could grow to hundreds of billions of dollars per annum. This could include taxes on greenhouse gas emissions, which by itself has the potential to mobilize more resources than the current level of global ODA. To help ensure a secure and predictable funding base, it is important to ensure that such innovative financing mechanisms complement, and not replace, traditional funding mechanisms.
108. The Addis Ababa Action Agenda noted that “an important use of international public finance, including ODA, is to catalyse additional resource mobilization from other sources, public and private,” including through blended or pooled financing and risk mitigation. However, risk management strategies are needed to ensure that such all funding modalities are favorable in the short, medium and long-term. Further, utilizing these new mechanisms will require significant capacity building in many countries. UNDS could target its limited public resources to support developing countries that do not currently have the capacity to access innovative forms of financing. This would entail first building financial literacy and skills within UNDS staff to enable them to support programme countries that do not currently have the capacity for leveraging forms of financing.
109. Finally, and while recognizing that the UNDS’s role will necessarily vary from partnership to partnership, it will have to identify its role in new multi-partner, issues-based coalitions and global partnerships established in support of the SDGs. In this context, it is important to study the lessons from other organizations currently more engaged in fundraising strategies that target the private sector.
110. Increased engagement with the private sector will require upgraded standards and guidelines in a number of areas, and a system-wide intergovernmental framework for partnership accountability to ensure the UN preserve its multilateral values, integrity, legitimacy and independence, and that intergovernmental standards and principles govern UN partnerships.

3. Integrated financing: Building resilience

111. One of the functions identified by Member States in the first phase of the ECOSOC Dialogue is the need “to support Member States with models of consolidated, mutually-reinforcing and coherent frameworks against which to plan, implement and report in a post-2015 world”.⁴⁰
112. A core characteristic of the 2030 Agenda is the interlinkages between the proposed SDGs and targets, since the achievement of many of the proposed SDGs will be more likely if pursued in combination rather than individually. The broad consensus is that addressing development, peacebuilding, humanitarian and climate change challenges in vulnerable countries requires integrated approaches to be both more effective and more efficient, including through integrated, outcome-driven multi-year planning, to manage the risks of humanitarian crises, mitigate vulnerability and build resilience.

³⁹ DESA World Economic and Social Survey 2012

⁴⁰ http://www.un.org/en/ecosoc/qcpr/pdf/functions_workshop_summary.pdf

113. This will require development cooperation actors that pursued individual goals separately for the MDGs to change their strategies in situations where integrated development approaches are deemed appropriate and cost efficient over the long-term. At present, humanitarian financing is about 10% of total ODA and a significantly larger share, or 41%, of overall funding for UN-OAD. In addition, much of humanitarian, development and climate finance tends to be concentrated in the same geographical areas. This overlap presents opportunities for a more integrated, resilience-based approach. Some good examples exist at field level where UN humanitarian and development entities have joined forces in an integrated and coherent manner, such as in Colombia and in the Sahel, but there is still considerable distance to be covered before reaching the type of integrated planning, budgeting and implementation that the SDGs will require. From a UN perspective, one challenge relates to the nature of the funding it receives. Siloed, tightly-earmarked and unstable funding for development and humanitarian action at country level has undermined the ability of the UNDS to more effectively promote resilience and ensure greater continuity and synergies between humanitarian response, peace and security and mid- to longer-term development initiatives to strengthen recovery and resilience.
114. Pooled funding mechanisms can be useful instruments to channel funding that bridges the silos, thereby increasing the UN's efficiency and effectiveness, and hold promise in being effective in building resilience. Scaling-up these mechanisms can help to increase the coherence of development and humanitarian finance and ensure more timely, appropriate and cost-effective approaches to the management of crises, disasters and other shocks. Donors also tend to allocate a greater proportion of funding in a risk-informed manner when contributing to pooled funding mechanisms, such as in settings of chronic vulnerability and protracted displacement, which strengthens local, national and regional capacity to manage risks, increase resilience and respond to crises.

III. Contribution of UN operational activities to national capacity development and development effectiveness

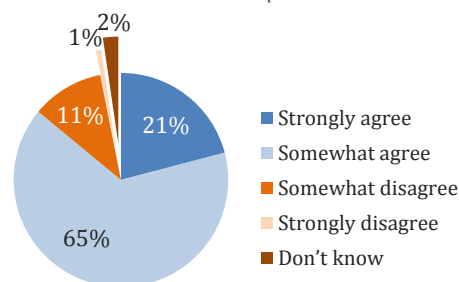
A. Capacity-building and development

115. Capacity-building and development is and will remain a core function of the UNDS for development planning, disaggregated data collection and analysis, implementation, reporting, and monitoring and evaluation, as well ensuring sustainability through use of national systems and national capacities to the fullest extent possible.
116. UN entities have taken steps to enhance their development of national capacities. These include revising their capacity development strategies and approaches; introducing new or revised guidance and tools on capacity development; and internal reorganisation in headquarters and regional centres to better support country offices in developing national capacities. These measures cover technical and sectoral capacities as well as functional capacities of individuals and organizations along with providing an enabling environment; and some form of capacity assessments usually conducted as part of country programming and the UNDAF.

117. Surveyed programme country governments identified the UNDS as their preferred provider for institutional capacity development⁴¹, but they were moderate in their endorsement of the UNDS for developing national capacities. In their view, the UNDS could improve its effectiveness in developing national capacities by, among other things, making greater use of existing national capacities and systems; closer collaboration between UN entities and government ministries to ensure that initiatives are demand-driven and based on national development priorities; greater coordination and harmonization among UN entities at country level; simplification of UN procedures; adopting a results-based approach to capacity development; and better access to knowledge and information resources, including good practices from other countries.

Figure XVIII. Effectiveness of UNDS in developing national capacities

"All things considered, the UN has been effective in developing national capacities"

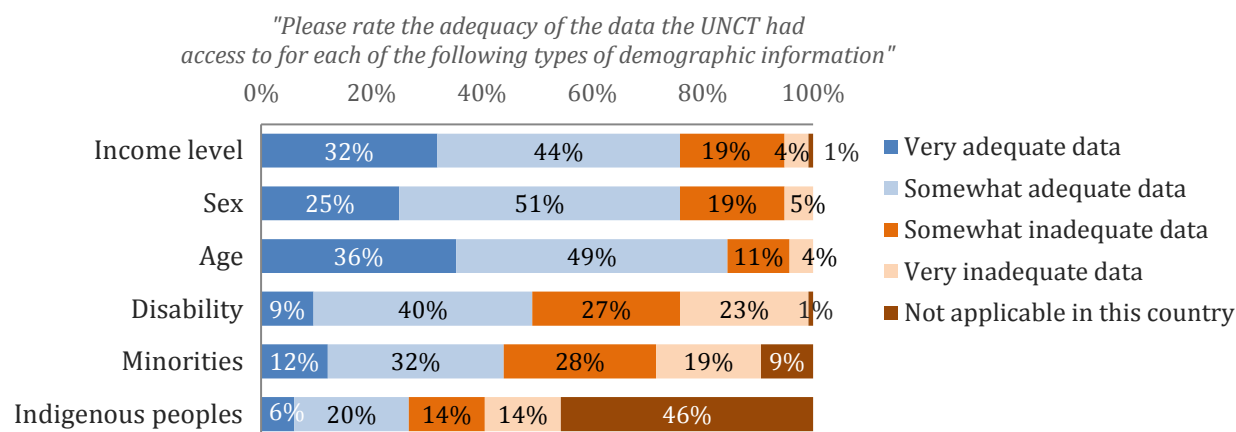


Source: 2015 Survey of Programme Country Governments

118. Within the UN system, there are obstacles to its effectiveness in capacity development. Although all UN entities subscribe to the comprehensive approach set out in the UNDG Position Statement on Capacity Development, at field level, UN staff and partners in government often have a narrow conception of capacity development as training. The emphasis on training is further reinforced by the lack of sufficient funds to support more comprehensive and longer-term capacity development initiatives. Several UN entities have budgetary constraints and do not have the necessary internal human resource capacity to respond to requests. The review of UN entities' strategic plans revealed that while capacity development is deeply embedded in their core functions and strategic intent, few of the plans include the formulation of a systematic approach for the use of national institutions and systems as part of developing national capacities. Finally, UN entities do not utilize national institutions and systems by default.
119. National data and statistical systems capacities pose a challenge. The availability and quality of data in many programme countries is often not adequate, including for monitoring progress and measuring development results. The figure below shows that the majority of RCs have found national data disaggregated by income, gender and age to be generally adequate, while data on people with disabilities and minority groups are too often inadequate. In a survey of 132 UNCTs, 116 report that they provide support to national statistical capacities through capacity development.⁴²

⁴¹ As shown in Table III.

⁴² IMS

Figure XIX. Disaggregated data

Source: 2015 Survey of Resident Coordinators

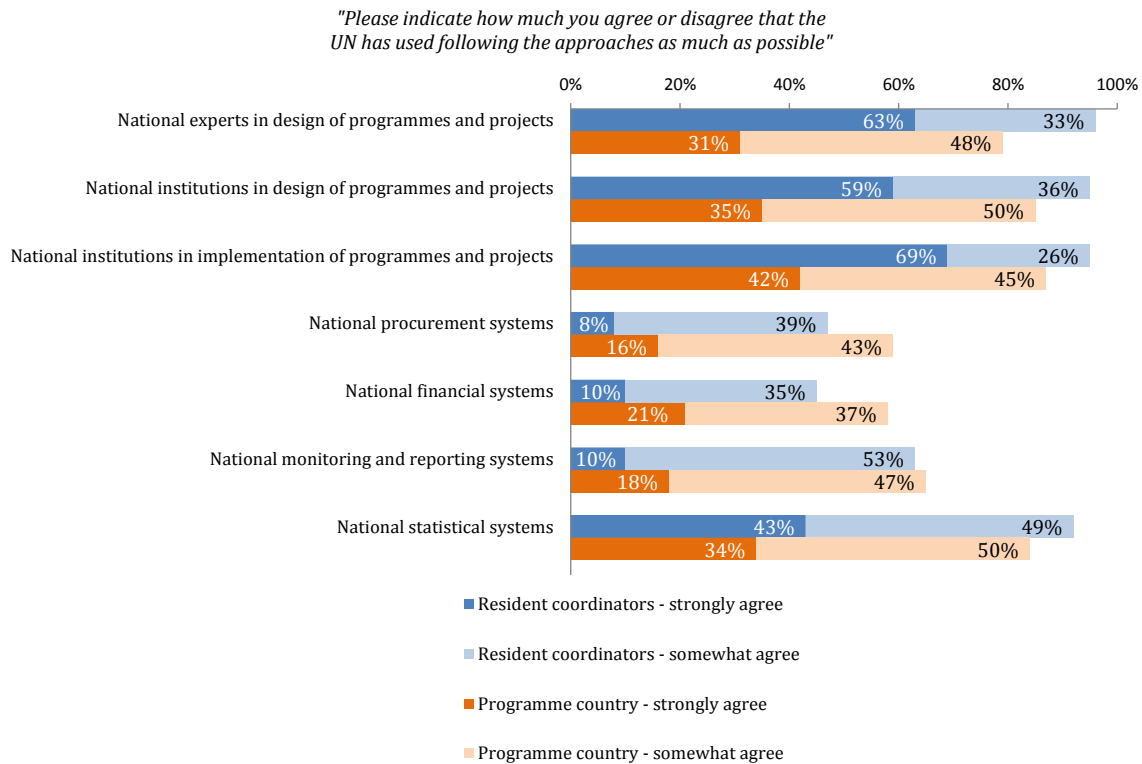
120. RCs and programme countries agreed (though the latter to a lesser extent) that the UNDS was using national experts and institutions as much as possible in the design and implementation of programmes, and their views have remained relatively constant over the past 3 years.⁴³
121. While there has been some improvement since 2013, programme countries view the UN use of national procurement systems, financial systems, monitoring and reporting systems, and national evaluation capacities less favourably⁴⁴ (see figure below). With an estimated US\$16 billion of annual procurement expenditure, a large part of the annual delivery of the UNDS relates to procurement activities.⁴⁵ According to the OMT survey, the UN system still carries out most of the UN-financed procurement at the country level. In more than 64% of all programme countries, the UN system carries out at least 90% of the procurement volume.

⁴³ In reference to the design of programmes and projects, in 2012/3, 96% of RCs and 80% of programme countries (strongly and somewhat) agreed that the UNDS was using national experts as much as possible compared with 97% and 79% respectively in 2015; and on the use of national institutions, 96% of RCs and 84% of programme countries (strongly and somewhat) agreed in 2012, compared to 95% and 85% in 2015..

⁴⁴ 2015 PC Survey.

⁴⁵ UN CEB

Figure XX: Extent to which RCs and Programme Country Governments agree that national institutions are used as much as possible



Source: 2015 Survey of Programme Country Governments and 2015 Survey of Resident Coordinators

122. Since the adoption of the QCPR resolution in 2012, there has been no visible trend towards a greater use of national procurement systems.⁴⁶ UN entities presented several reasons for not making use of national systems and capacities. A frequently cited reason is that national systems and capacities are not sufficiently advanced to be used by UN entities, especially in the case of national procurement and financial systems.
123. The limited use of national procurement systems could correlate with a perception of existing capacity gaps: according to the OMT survey, 61% of all responding OMTs either 'strongly disagreed' or 'somewhat disagreed' that the government in their country has the capacity to assume more responsibility for procurement in UN-funded programmes and projects. At the same time, only 20% of all UNCTs have established a strategy to strengthen Government procurement capacities, a downward trend compared to the results of the surveys from 2012 and 2013.⁴⁷ While concerns about the strength of national financial and procurement capacities may be legitimate, they should be accompanied by strategies to enhance weak national capacities.
124. Other inhibiting factors identified for UN entities include political instability in conflict and post-conflict settings; high turnover of human resources in partner institutions which also

⁴⁶ 2015 OMT survey.

⁴⁷ 2012-2015 OMT surveys.

pose a challenge to developing sustainable capacity; and the unwillingness of donor countries to accept an inherent risk in using national systems and capacities.

125. Progress has been made in the implementation of the Harmonized Approach to Cash Transfers (HACT). HACT aims to introduce risk-based financial controls, reduce transaction costs and strengthen national capacities in financial and programme management with a view to gradually shifting to national systems.⁴⁸ HACT implementation is accompanied by assurance activities the levels of which are based on the periodic assessment of implementing partners. According to the 2014 UNDG Results Report, 72% of all programme countries are in various stages of HACT implementation. The HACT framework presents a systematic, harmonized and measurable approach to effectively increase the use of national systems and therefore presents an integrative approach of using national systems with the aim of developing capacity and promoting national ownership.⁴⁹ There is currently a window of opportunity to discuss and enable the wider use of HACT within the UNDS. This includes aligning those rules and regulations of UN entities that currently could present barriers to the implementation of HACT.
126. The UNDS faces a number of challenges that need to be addressed to meet Member States' expectations in relation to its role on capacity development. Since capacity development is a core function of the UNDS, it is essential that it can measure the results of its capacity development programmes. More needs to be done on developing meaningful indicators of capacity development at the level of outcomes. For agencies that have mainstreamed capacity development, it is a challenge to disaggregate capacity development from other results, while for others the absence of a distinction between capacity development and capacity augmentation presents a challenge for measuring capacity development.⁵⁰
127. The UNDG has established a working group to develop a common approach to measuring progress in capacity development. The working group has identified three main deliverables, namely, preparing an inventory of capacity development measurement approaches and tools that currently exist in the UNDS; preparing a White Paper with capacity development measurement principles; and designing the piloting of the principles in 2016.
128. Several important lessons should inform the UNDS approach to capacity development. Capacity development is more likely to be effective if it is driven by programme countries and based on an acknowledgement that there are existing capacities that can be strengthened. Country contexts differ and there should be room for flexibility and innovation in supporting capacity development efforts of programme countries. It is also essential to invest in the ongoing development of capacities of staff in country offices to support the development of national capacities. It is important for UN entities and national partners to have a common understanding of capacity development.

⁴⁸ UNDG: Global Assessment of HACT 2011; UNDG: Proposed Revisions to the HACT Framework 2013; UNDG: HACT Framework 2014

⁴⁹ The HACT framework underscores that UN agencies do not necessarily have the mandate or capacity to respond effectively to the capacity requirements of implementing partners. Therefore, agency guidelines would have to be used to determine the level of capacity development activities undertaken by each UNCT. See UNDG HACT Framework 2014.

⁵⁰ UNDP work published in 2010 remains the most substantive work on measuring capacity development in the UNDS. ILO's updated country office guidance in 2012 includes measuring capacity development.

129. The 2030 Agenda calls for both technical and functional capacities⁵¹ to be developed. Greater focus is needed on the development of functional capacities, especially in planning and programming SDG implementation, and the development of robust results frameworks for monitoring, evaluation and reporting. Developing countries increasingly will be expected to increase domestic resource mobilisation and draw on resources from non-state actors, including the business sector and philanthropic foundations. Corresponding functional capacities will need to be developed for domestic resource mobilisation and developing and managing a diverse array of partnerships, including accountability frameworks. This will also require UNDS staff in regional and country offices to have the necessary functional capacities in these areas so that they can support their national counterparts effectively.
130. The development of national evaluation capacities will require far greater attention than so far. Programme countries' expectations for support by the UNDS for genuine strengthening of their national evaluation capacities are not being met. This includes the development of national accountability frameworks and assurance mechanisms, such as budgetary processes, Supreme Audit Institutions and internal audit capacity of national institutions. There is need for more innovative and effective methods to establish and improve national evaluation policies, systems and programs that inspire country ownership and motivation to design and manage country-led evaluations, and for support from across the UNDS to enable countries to effectively use the results from such evaluations in their national decision-making.
131. There is demand from programme countries for the UNDS to assist in accessing of knowledge and expertise from other developing countries, the identification of cooperation partners, as well as support in the management of South-South and triangular cooperation (SSC).⁵² The UNDS has experienced challenges in responding to this demand primarily due to the lack of dedicated resources and capacity for SSC.⁵³ This demand can be expected to increase with the SDGs, and the UNDS at the country level will need to programme support for SSC to a greater extent than has been the case to date.⁵⁴
132. In that regard, a funding model that relies heavily on non-core resources, highly restrictive in their use, has negative implications for capacity development as a core function of the UNDS⁵⁵. Fragmented funding sources, the short-term nature of funding and conditionalities that may be attached to non-core funding present a challenge for supporting systematic capacity development. While results and value-for-money are important for the constituents of partner countries, an over-emphasis on these can inhibit innovative capacity development and undermine national ownership.
133. The scale of the SDGs will require a significant improvement in coordination and coherence amongst all actors including the UN entities in supporting the development of national

⁵¹ Technical capacities are required for working within a specific sector (e.g., curriculum development in education_ while functional capacities refer to those required, in developing and managing policies, strategies and legislation, for example.

⁵² RC survey 2015: 78% of RCs reported that they had received such requests.

⁵³ RC survey 2015: 61% of RCs identified lack of financial and human resources as main challenges.

⁵⁴ RC survey 2015: 68% of RCs stated that current UNDAF programmed support for SSC to some extent, 16% to a greater extent, and 16% not at all.

⁵⁵ DAC report on Multilateral Aid 2015

capacities in programme countries, including through more joint programmes. Importantly, it will require the UNDS to target capacity development efforts and work in areas where it has a clear comparative advantage and mandate to do so.

134. The UNDS' own capacities to deliver on the support required will need to be strengthened in a number of areas, as highlighted in different sections of the report. The UNDS workforce is its strongest asset, and there is a need to modernize how the UNDS workforce is managed and compensated. The UN system needs a unified workforce that rewards mobility and facilitates exchanges across the system. The UN System needs to be able to attract, retain and deploy high performing staff across a multitude of geographic locations, programmatic mandates and business models. A transformative agenda in this area could start with the promotion of a common UN identity and sense of purpose through developing the international civil service as a one global workforce, aligned across organizational boundaries and professional communities. Diverse, agile and adaptive, such workforce will be at the pulse of the sustainable development agenda through increasingly permeable career paths between the UN and their partners and stakeholders

B. Poverty eradication

135. Between 1990 and 2011, the total percentage of people living in poverty declined from 43% to 17%.⁵⁶ While much of this progress can be attributed to middle income countries, in which poverty rates have fallen from 44% in 1990 to 14% in 2011, over 70% of the global poor currently live in middle income countries.⁵⁷ In addition, poverty reduction has been uneven among regions. Between 1990 and 2011, the poverty rate in East Asia and the Pacific declined from 57% to 8%, with China accounting for about 60% of progress in the region⁵⁸, and the poverty rate in South Asia declined from 54% to 25%. In the same period, the poverty rate in Sub-Saharan Africa declined more modestly from 57% to 47%, and the region's share of the global poor increased from 15% to 41%, indicating slower progress than other regions in reducing poverty. In addition, the poverty rate in fragile and conflict-affected countries remains high.⁵⁹
136. While extreme poverty was reduced by more than half from 1990 to 2012, hunger only decreased by 17% and actually increased in Africa and the Arab States⁶⁰, and income inequality has been rising. In particular, between the early 1990s and the late 2000s, several countries that experienced rapid economic growth also saw a greater increase in inequality, thus illustrating that economic growth alone is not a sufficient condition for poverty eradication. Gender, disability, age, location, ethnicity and indigenous identity are major factors in that regard that need to be taken into account.⁶¹ Putting the imperative to combat

⁵⁶ Calculations are based on the International Poverty Line of \$1.25 per day based on 2005 Purchasing Power Parity (PPP). Unless otherwise noted, all poverty statistics in this paragraph are drawn from PovcalNet (2014)

⁵⁷ SG's Report on Development cooperation with MICs

⁵⁸ Calculations for China are based on data from 1990 and 2010.

⁵⁹ UN MDGs Report 2015

⁶⁰ The State of Food Insecurity in the World Report 2013

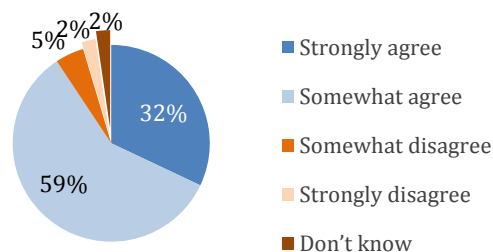
⁶¹ TST Issue Brief: Promoting Equality, including Social Equity

inequalities and discrimination at the heart of UN system-wide support will require addressing all forms of discrimination and other root causes of inequalities.

137. The eradication of poverty is a multifaceted challenge, a fact that is recognized under SDG 1, which establishes an inter-governmentally agreed framework for a set of targets and indicators that calls for the nations of the world to “End poverty in all its forms everywhere.”
138. Progress has been made on numerous relevant issues including decreasing the proportion of undernourished people in developing regions, increasing access to improved drinking water, sanitation and housing, and the achievement of equal proportions of primary school enrolment for girls and boys.⁶² At the same time, since the 2008 global financial and economic crisis, the growth of employment opportunities has not kept pace with the expansion of the labour force, a trend that has been particularly pronounced for youth and women.⁶³ Decent work is crucial to continued progress towards poverty eradication⁶⁴, as recognized SDG 8, which calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
139. In the context of the UNDS, poverty eradication remains the overarching priority, as well as closely linked with most thematic areas of work. The system-wide plan of action for the implementation of the Second UN Decade for the Eradication of Poverty (2008/2017) provides the overall framework of the UN system’s support to Member States on poverty eradication. The strategic plans of most funds, programmes and specialized agencies identify poverty eradication and the economic, social and environmental dimensions of sustainable development as the foundation for their strategic orientation and planning. Throughout the system, efforts have focused on addressing the root causes of poverty through interlinked issues including decent employment, child poverty, social protection, health⁶⁵, food security and nutrition⁶⁶, women’s economic empowerment⁶⁷, and climate change.⁶⁸

Figure XXI. Resources for the poorest and most vulnerable

"The UN is effective in ensuring adequate attention and resources are given to the development needs of the poorest and most vulnerable segments of society."



Source: 2015 Survey of Programme Country Governments

⁶² UN MDGs Report 2015

⁶³ ILO World Social and Employment Outlook – Trends 2015

⁶⁴ SG's Report on Implementation of the Second UN Decade for the Eradication of Poverty 2008-2017

⁶⁵ *ibid.*

⁶⁶ WFP Annual Performance Report 2014

⁶⁷ UN-Women Annual Report 2014

⁶⁸ UNDP Annual Report 2014

140. In terms of ensuring adequate attention and resources are given to the development needs of the poorest and most vulnerable segments of society, 32% of programme countries 'strongly agree' and 59% 'somewhat agree' that the UN is effective in that regard, as shown in the figure above.
141. In surveys conducted in 2012, 2014 and 2015, around half of all programme countries selected poverty reduction as an area where the UN contribution has been especially significant. As reiterated in GA resolution 69/238 and ECOSOC resolution 2015/15, governments consider poverty eradication to be a top priority for the work of the UNDS. The results of the 2015 survey highlight that poverty reduction will remain an important priority for future country-level UN assistance in countries at varying stages of development.
142. The multi-dimensional aspects of poverty are addressed across the spectrum of SDGs. The challenge for the UNDS will be to ensure that interventions are specifically targeted and highly tailored to country priority and needs, as well as coordinated and integrated including to harness the strengths of all stakeholders.

C. South-South cooperation

143. Demand for the UNDS to engage in South-South and triangular cooperation is increasing with the rapid growth of such cooperation in size, importance and number of actors. The UNDS has increased its engagement and continued to develop system-wide policy guidance. The framework of operational guidelines on UN support to South-South and triangular cooperation, for example, provides priority actions and performance indicators for UN agencies, funds and programmes towards mainstreaming their support for South-South and triangular cooperation at the global, regional and national levels. System-wide guidance is further supported by increasing institutionalization of inter-agency coordination on policy development through the recently established undg Task Team on South-South and triangular cooperation.
144. Individual agencies have made substantial efforts to strengthen support for SSC. Twenty-three out of 25 agencies surveyed in 2015⁶⁹ integrated SSC into their strategic plans, and 20 out of 25 agencies reported on this subject in their annual reports. Thirteen agencies have staff fully or partly dedicated for SSC.
145. The UNDS has also strengthened policy analysis and convened policy dialogues with focus on SSC. These policy analyses have informed the intergovernmental processes towards the Addis Ababa Agenda for Action and the 2030 Agenda, and discussions at global fora such as ECOSOC, including the HLPF and the DCF.
146. 63% of programme countries surveyed in 2015 confirmed provision of development cooperation to other programme countries, especially those with low income and lower middle income. They added, however, that their development cooperation is constrained by funding, information, capacity and network, and that they expect the UN system to address these gaps.

⁶⁹ 2015 HQ survey

147. Given its global presence, the UN is usually expected to advise on the availability and relevance of specific knowledge and expertise from other developing countries, as well to bridge communications among partners and facilitate partnership building. Similarly, the UN usually serves as a convener or a participant of bilateral or multilateral initiatives among the South, and produces relevant analyses and knowledge for SSC.
148. In addition, the UN is sometimes called on to implement projects or programmes funded by a Southern partner or a joint contribution (from developed and a developing country). The UN performs financial and programme management functions and, depending on specific cases, deploys in-house or external capacity to advise on or implement projects.
149. Much of the support expected from the UN requires additional capacity. Currently, strengthening the support for South-South cooperation entails the redeployment of resources from other mandated areas or using non-core resources. When core functions are not adequately supported by core funding, UN entities in general find it difficult to respond to the surging requests.
150. In addition, some UN rules, regulations and procedures can inhibit the specific needs of SSC, which places more emphasis on low transaction costs and speed of delivery. Under current rules and regulations, this requires exceptional treatment, case-by-case considerations, which, in fact, often result in lengthier processes and ultimately higher transaction costs. While some UN entities have made exceptional provisions for SSC e.g. on cost-recovery rate, a longer-term solution would be for the UN to review its procedures on specific modalities for supporting South-South and triangular cooperation. In particular, the procurement by the UNDS should also take into consideration of the specificities of the expertise, knowledge and goods providers from the South so as to ensure that they have fair access to UN's procurement to support their peer developing countries.
151. In recent years, an increasing number of global platforms and initiatives under UN auspices, mostly focused on knowledge sharing and exchange, have been launched with an aim to support South-South cooperation. With limited resources, some degree of coordination and consolidation will be beneficial, and a review of existing platforms could be done in this regard. In addition, UN support for SSC is still predominantly individual-agency based. The wide range of expertise within the UN system should be brought together and integrated into joint work wherever relevant. The UNDG Task Team on South-South and triangular cooperation is currently conducting a mapping of good UN practices that could be made available to UNCTs to facilitate the mainstreaming of South-South and triangular cooperation into national development plans and actions for the implementation of the 2030 Development Agenda.
152. In conclusion, the challenges with UN support for SSC do not necessarily arise from its specific characteristics, but rather from the funding and modus operandi of the UN system. Addressing the specific requirements of South-south and triangular cooperation through appropriate better-suited procedures would facilitate and enable a more systematic use of it as a one of several standard modalities.

D. Gender equality and women's empowerment

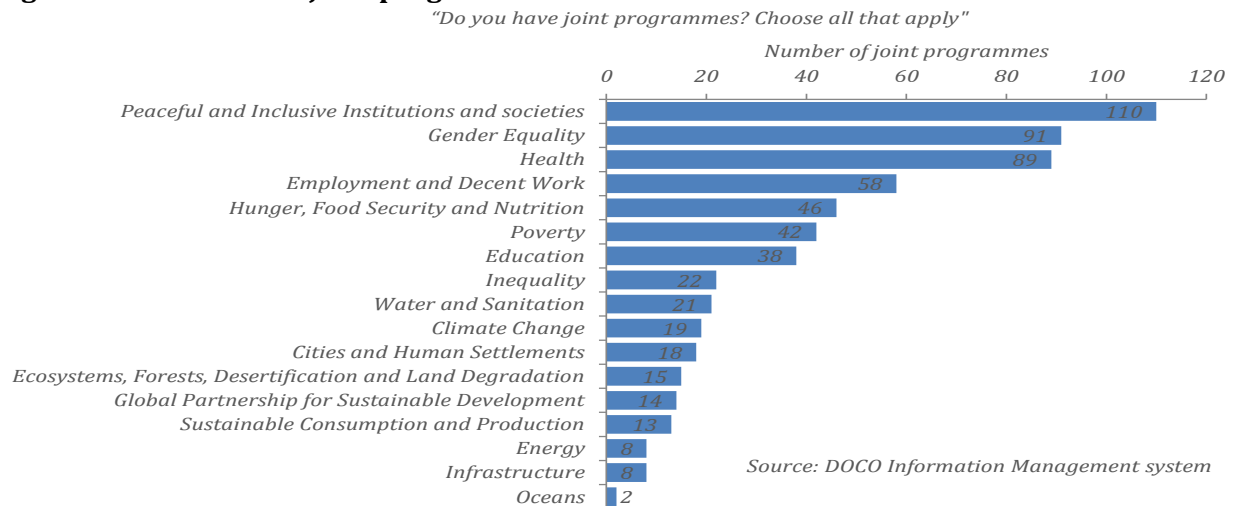
153. The UN System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) continued to promote greater coherence and better institutional performance for gender equality in the UN system. The percentage of UN entities meeting or exceeding UN-SWAP requirements increased steadily, from 30% in 2012 to 51% in 2014, and UN entities reporting under the UN-SWAP who have a gender policy grew from 31% to 54%. Progress also continued in areas such as gender auditing, knowledge generation and communication, and M&E. The UN-SWAP dimensions where several UN entities do not yet fully meet the requirements include capacity assessment and development, as well as resource tracking and allocation.
154. In addition, only three UN entities are able to report on, and none of them meets, the commitment, as part of the SG's Seven-Point Action Plan on Gender-Responsive Peacebuilding, to allocate at least 15 per cent of UN-managed funds in support of peacebuilding to projects whose principal objective is to address women's specific needs, advance gender equality or empower women.
155. To accelerate progress on UN staff knowledge and expertise on gender equality, the 'I Know Gender' online course was launched in 2014, with an enrollment exceeding 3,500 in its first year. Similarly, following the endorsement in September 2013 by UNDG of the gender equality marker guidance note, 15 UN entities are currently tracking resources through a marker system⁷⁰, and the Budget and Finance Network under the HLCM has organized training targeting more than forty entities and related business units.
156. Currently, more than 60% of UNDAFs feature specific results on gender equality, up from 45% in the last reporting period.⁷¹ Of these, 91% of new UNDAFs (or equivalents) have specific results and resources for gender equality, compared to 80% in the previous year. Some 30 UNCTs involved in rolling out the UNDAF received support from UNDG gender experts, and the UNDG resource book for mainstreaming gender in common programming at the country level was also made available in French and Spanish.
157. The UNCT Gender Scorecard is available to UNCTs to inform and support strategic planning and prioritization of interventions. In June 2015, the Task Team on Gender Equality completed a global review of the gender scorecards completed between 2012 and 2014. 19 UNCTs implemented the scorecard in the review period (for a total 39 UNCTs since 2008), with about 10 UNCTs undertaking the exercise during 2015. Both implementation and performance of UNCTs varies across scorecard dimensions and regions. Consistent with trends reported by individual entities through the UN-SWAP, the UNCT scorecard review shows improvements in dimensions such as planning, programming, partnerships and decision making, but lack of significant progress in other areas such as budgeting and UNCT's capacities. The UNDG Task Team on Gender Equality is currently following up on the recommendations of the desk review by revising the scorecard tool and related methodology, to bring it closer in line with the UN-SWAP.

⁷⁰ UN-WOMEN 2015 UN-SWAP

⁷¹ DOCO IMS

158. In terms of inter-agency collaboration, gender equality is the second SDG-related area of choice with more than 90 joint programs currently being implemented⁷².

Figure XXII. Number of joint programmes that address areas related to the SDGs



159. With the SDGs reflecting gender equality and the empowerment of all women and girls both as a priority and as a cross cutting issue, and an increasing number of UNDAFs featuring gender-focused results, the UNDS needs to be ready to deliver on gender equality. To do so, it is essential to continue to strengthen the linkage between the normative and the operational work on gender equality, maintain a strong focus on increased investments in gender capacity and expertise of UN staff, as well as equal gender representation across the UN system.

E. Transition from relief to development and disaster risk reduction

160. The preamble of the 2030 Agenda highlights the interconnectedness between peace and development, "there can be no sustainable development without peace and no peace without sustainable development."
161. Today, approximately half of the global poor live in countries affected by conflict and violence. Global challenges such as climate change, disasters, the changing nature of conflict and the rise of violent extremism are making crises more intractable and protracted. Politics of exclusion and discrimination on ethnic, religious, tribal or other grounds, economic and social deprivation and historic marginalization, among others, can be additional drivers of conflict⁷³. As a result, 60 million people today are forcibly displaced, half of which are women and most increasingly finding refuge in urban areas, as opposed to camp settings. More than 75% of them live in a state of protracted displacement, remaining displaced on average for 17 years. Economic losses from disasters have reached an average of \$250 billion to \$300 billion a year, severely affecting stable economic growth in low and middle-income countries and eroding development gains in vulnerable communities. The compounding effect of such challenges

⁷² DOCO IMS

⁷³ AGE report

increases the risk profile, which further undermines and reverses peace and development achievements, and creates additional humanitarian needs.

162. Given these challenges, there is a shared concern that not enough is done to anticipate and prevent crises or to strengthen resilience to the complex nexus between multi-hazards shocks and stresses. There is also a shared acknowledgement that refers to the root causes of vulnerability as also threats to development and underlying disaster risks drivers. Precarious livelihoods, hunger, social economic deprivation, inequalities, discrimination, chronic poverty, climate change, unplanned urbanization, disputes over land management, water scarcity, forced displacement and statelessness, demographic changes and weak institutions are cross-referenced throughout the ongoing work in the system as either disaster risk drivers in the Sendai Framework for Disaster Risk Reduction 2015-2030 (SFDRR), conflict drivers in the Review of the Peacebuilding Architecture (AGE) and the report of the High-level Independent Panel on Peace Operations (HIPPO) or drivers of humanitarian need and factors contributing to complex health crises.
163. The multi-dimensional nature of many of the challenges facing countries in crisis or post-crisis settings requires a renewed thinking around how all parts of the UN system can collectively support Member States in addressing these issues and build resilience. The 2012 QCPR resolution stresses the importance of strengthening cooperation and coordination among development, humanitarian assistance and peacebuilding efforts. It also recognized the “complex, non-linear” nature of prevention, preparedness, resilience and response. The HIPPO report, the AGE report, and the preparatory process of the World Humanitarian Summit have also echoed Member States’ calls for integration of peace, humanitarian and development efforts.
164. The time has come to move away from speaking of “humanitarian relief to development” and more accurately speak of “humanitarian relief *and* development”, recognizing the importance of risk-based analysis and planning as well as political solutions to contribute to development and prevent development setbacks. Changing business models in emergencies, protracted and recurrent crises, and long-term displacement, developing and implementing a common vision based on coherence of development and humanitarian frameworks, while enhancing leadership capacity, become important for multi-dimensional responses to reducing and responding to vulnerabilities.
165. The global agenda of the SDGs, with its universal commitment to a people-centered approach that aims to leave no one behind, requires a deeper collective understanding of the interconnections that run across the peace and security, development, human rights, and humanitarian pillars. A clear call coming from the various Reviews is for the UNDS in crisis and post-crisis settings, to focus more on prevention, peacebuilding and building resilience. Common risk analysis and context specific approaches that build on the UNDS comparative advantages need to be leveraged, and done so in partnership with other UN and non-UN actors, including through joint planning, as appropriate. Institutional and sectorial fragmentation is a major hurdle for achieving transformational impact.⁷⁴

⁷⁴ UNDG “Note on the peace-humanitarian-development nexus in key post-2015 reviews, processes and frameworks”

166. The partnership between the UN and the World Bank to ensure coherence and promote an effective multilateral response in crisis and post-crisis situations has been further strengthened through the development of a Strategic Results Framework on strategic and operational collaboration, which was recognized as a commitment under the World Bank IDA 17 framework. Collaboration has been strengthened in thematic areas such as security, justice, employment and core government functions, post-conflict and post-disaster needs assessments and planning efforts, as well as staff exchanges in the field and at headquarters.
167. Where a multidimensional peacekeeping operation of field-based Special Political Mission is deployed alongside a UNCT, efforts to ensure integrated assessment and planning processes continue, in line with the SG's Policy on Integrated Assessment and Planning. In several cases, planning processes have been harmonized and planning frameworks combined into one framework. In several countries, the Integrated Strategic Framework has been combined with the UNDAF to serve as the UNCTs' strategic planning tool, highlight synergies with relevant components of peacekeeping or peacebuilding missions. There are also continuing efforts to encourage co-location and use of common services between UN Missions and UNCTs, when settings permit more visible forms of integration.
168. Missions drawing down have also attempted to improve their exit strategy. In Sierra Leone, where the UNIPSIL, closed in 2014, the Mission and the UNCT, together with the government and development partners, worked together following the policy on UN Transitions in the Context of Mission Drawdown or Withdrawal, in order to ensure a smooth transfer of the residual tasks left and continued support to peacebuilding areas after closure of the mission. There have also been discussions in Liberia, Cote d'Ivoire, DRC and Haiti on how to manage Mission draw-downs and transfer of responsibilities from the Missions to the UNCTs.
169. Overall, countries in crisis/post-crisis transition⁷⁵ are at least as likely as others to have established a joint Government or national/UN Steering Committee (or similar body) on the UNDAF (or equivalent instrument). Moreover, countries in transition are more likely than others to affirm that participation in the Steering Committee had allowed them to exercise leadership over the UN programmes. In addition, proportionally more RCs in transition countries report the participation of non-governmental partners in results groups. This has contributed to the UN efforts to strengthening national ownership, in line with the 2012 QCPR resolution.
170. Regarding the 2012 QCPR's call for capacity building at all levels, most transition countries 'somewhat agree' and a small minority 'strongly agree' that the UN has been effective in developing national capacities and using national systems and capacities as much as possible, particularly in the areas of procurement, finance, monitoring and reporting, and evaluation, likely due to the increased institutional vulnerabilities at times of transition.
171. The 2012 QCPR also called for Member States and relevant UN organizations to integrate disaster risk reduction (DRR) into their respective activities, and for a more anticipatory approach to managing disaster risks and preventing lapse and relapse into conflict. The UNSD

⁷⁵ For the purpose of analysing the survey results, in the absence of a formal definition of countries in transition from relief to development, the presence of a UN HC is used as a proxy.

has begun taking into account the Sendai Framework, including measuring how effectively disaster and climate risk are addressed within UNDAFs. As of September 2015, thirteen UN organizations had included DRR disaster in their 2014-2017 strategic plans and results-based monitoring frameworks, representing an increase of 85% cent in comparison with the previous work planning cycle. At country level, some 79% of the UNDAFs include DRR, though 96% of new UNDAFs do reference it. In addition, RCs are now accountable for DRR coordination within UNCTs.

172. In addition, a time-bound Senior Management Group of the High-Level Committee on Programmes (HLCP) is revising, through inter-agency consultation, the UN Plan of Action on Disaster Risk Reduction for Resilience, to account for the 2030 Agenda for Sustainable Development and Sendai Framework, with a final draft expected to be submitted to the HLCP for consideration at its 31st session in March 2016.
173. Looking ahead, the 2016 QCPR will have a role in addressing issues relating to the systemic challenges that continue to hinder the realization of an integrated response. Strategic, financing and operational gaps continue to hamper the ability by the development, humanitarian, human rights and peacekeeping/political arms of the UN to come together as a whole. While avoiding politicisation of development and humanitarian assistance there is a need for an overarching vision and principles that encompass political, security, human rights, development and humanitarian dimensions.
174. At country level, there is need for an integrated planning framework and strategies that enable prioritization, with clear draw-down plans or exit strategies, supported by flexible and dynamic funding instruments, along with leadership and implementation capacities. This is essential to put relief and peace efforts onto a path of sustainable development with human rights at the centre. A good example of collective outcomes to be achieved over the medium and long-term, prioritizing prevention, peacebuilding, preparedness and resilience building is the experience of Colombia, where 47 targets of the SDGs coincide with targets of the peace agreement being discussed in Havana, Cuba. Most importantly, it proves how sustainable peace can be realized only by implementing a development agenda, translating into action the call of the 2030 Agenda.

IV. Improved functioning of the UNDS

175. In 2008, GA resolution 63/232 called upon UN entities to align their strategic planning and budget cycles with the QCPR. Since then, most entities have adjusted their cycles as needed to bring about full alignment. Table II below, based on the 2015 Survey of Agency Headquarters, shows the status of the 23 entities that account for some 97% of UN-OAD. UN Secretariat Departments, such as regional commissions, are excluded since they operate on a biennial cycle. 14 out of the 23 entities indicated that their cycles were already aligned, and four were 'in progress' or had taken steps towards aligning their strategic planning/budget cycles with the QCPR. This leaves five entities that remain unaligned.
176. Further, seven funds and programmes and two 'Other' entities are consolidating their QCPR reporting with the annual reporting on the implementation of their strategic plan, as well as four out of seven specialized agencies, even though the latter are not required to do so.

Table II. Alignment of strategic planning cycles with the QCPR cycle

Entity	Strategic planning document	#Years ^a	Planning cycle		Annual QCPR reporting
			Present (and Future where relevant)	QCPR alignment	
Funds and programmes					
UNCTAD	Biennial Programme	2	2014-2015		No
ITC	Strategic Plan	3	2015-2017 ^b		No
UNDP (included UNV & UNCDF)	Strategic Plan	4	2014-2017		Yes
UNEP	Medium-term Strategy	4	2014-2017		No
UNFPA	Strategic Plan	4	2014-2017		Yes
UN-Habitat	Strategic Plan	6	2014-2019		Yes (Biennially)
UNHCR	Biennial Programme	2	2014-2015		No
UNICEF	Strategic Plan	4	2014-2017		Yes
UNODC	Biennial Programme ^e	2	2014-2015		No
UNRWA	Medium-Term Plan	6	2010-2015	2016-2021	No
WFP	Strategic Plan	4	2014-2017		Yes
UN-Women	Strategic Plan	4	2014-2017		Yes
Specialized Agencies					
FAO	Medium-Term Plan	4	2014-2017		Yes (Biennially)
IFAD	Strategic Framework	5	2011-2015	2016-2020	No
ILO	Strategic Policy Framework	6+2	2010-2015	2018-2021	Yes ^g
ITU	Strategic Plan	4	2012-2015	2016-2019	No
UNESCO	Medium-Term Strategy	4	2014-2017		Yes ^h
UNIDO	Medium-Term Programme Framework	4+2	2016-2019	2020-2021	Yes
WHO	General Programme of Work	6	2014-2019		No
Other entities					
OHCHR	Management Plan	4	2014-2017		No
UNAIDS	Strategic Framework	6	2012-2015	2016-2021	Yes
UNISDR	Strategic Framework Biennial Work Programme	2	2013-2015		No
UNOPS ^k	Strategic Plan	4	2014-2017		Yes

^a Years reflected are those of the current programming cycle or those stipulated by the most current decisions of governing bodies and which will be reflected in the next programming cycle.

^b The new ITC Strategic Plan is for the period 2015-17, in part to accommodate the full biennium 2016-17.

^c ITC chose the period of 2015-2017 for its Strategic Plan to re-align with UN budget and planning cycle, however, no decision has yet been taken on the next Strategic Plan's timeframe.

^d Reporting on actions taken or planned in regard to the QCPR takes place within overall annual reporting, without specific reference to QCPR.

^e UNODC adopts a strategy every four years which guides its biennial strategic framework.

^f UNRWA contributes biennial plans to the UN SG's Strategic Framework and plans to further align its planning cycle to the QCPR's upon expiry of its MTP in 2021

^g ILO's Governing Body adopted a transitional arrangement for 2016-17 towards full alignment with the next QCPR cycle.

^h UNESCO's General Conference decided to extend the programming cycle of the MTS from six to eight years, with a four-year programme and budget framework to adjust with the QCPR cycle.

ⁱ UNIDO MTPF 2016-2019, is not aligned with the QCPR, but as it is expected to be extended to 2021, this will bring the planning cycle into full alignment with the QCPR.

^j UNAIDS governing board endorsed updating and extending of the UNAIDS Strategy and UNBRAFA through 2016-2021, to ensure alignment with the QCPR cycle,

^k UNOPS implements OAD initiated by other entities

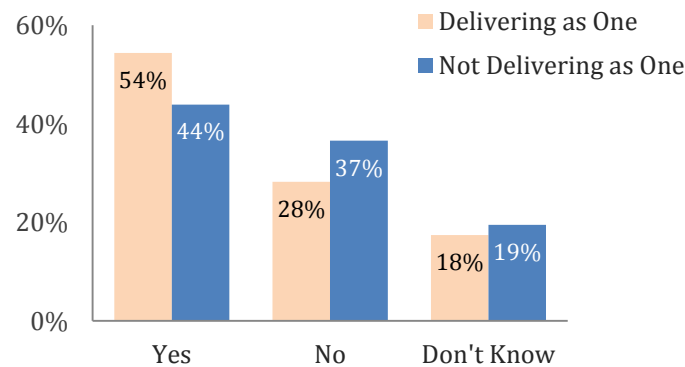
A. UN Development Assistance Framework

177. The UN Development Assistance Framework (UNDAF) ensures that UN activities are more closely aligned with national development plans and strategies. The percentage of programme countries that strongly agree or somewhat agree that *“the UNDAF or another UN common planning framework has helped the UN to achieve better results than if each UN agency had planned its [country] support ... separately”* has remained stable between the 2012 and 2015 programme country surveys at 79%. Also, in the period between 2012 and 2015, a stable 92% of governments agreed or somewhat agreed that the UNDAF or a similar UN common planning framework *“has enabled the government to ensure that the UN’s activities are closely aligned with their national plans and strategies”*. Both perceptions reflect very positive assessments of the value of the UNDAF.
178. Progress has been made in simplifying and harmonizing agency-specific programming instruments and processes in alignment with the UNDAF. However, as the RBM section of this report suggests, further alignment is required. Nineteen entities have engaged in such exercises. UN-Women has aligned the period of its Country Strategic Notes (CSN) with the UNDAF’s, and the CSN’s Development Results Frameworks with UNDAF results. UNFPA has revised programming policies and guidance notes in reference to the latest undg guidance, including the Standard Operating Procedures (SOPs). UN-Habitat has revitalized its country programme documents in support of the UNDAF; UNESCO has further developed and rolled out their country programme document, including in relation to the UNDAF. UNDP presented to the Executive Board a revised format and procedures for Country Programme Documents, including a one-step approval procedure.
179. The UNDAF has been further aligned with government planning cycles, with 66% of RCs answering that the period of the UNDAF has been fully aligned, and 21% planning to do so with the next UNDAF.⁷⁶
180. UN system reporting to governments has been further improved. 54% of programme countries having adopted a DaO modality stated that they receive UN results reports from the RC, compared to 44% for countries that are not DaO countries. 80% of governments ‘strongly’ or ‘somewhat agreed’ that they receive reports on UN results regularly enough to meet their needs. About 90% ‘strongly’ or ‘somewhat agreed’ that the reporting is structured around the outcomes of the UNDAF.

⁷⁶ 2015 RC survey.

Figure XXIII. Reporting on results

"Does your Government receive a report from the UN Resident Coordinator on the results being achieved by the UN system in your country?"

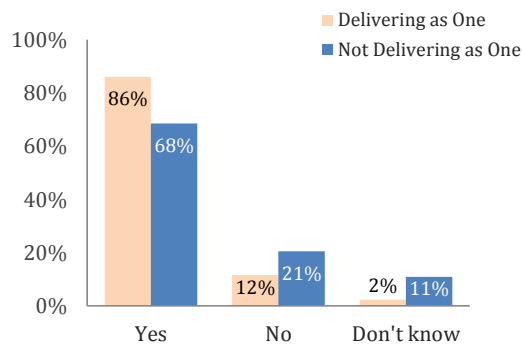


Source: 2015 Survey of Programme Country Governments

181. According to the RC survey, those operating in DaO countries were more likely to have provided a programme country a report within both the last five years (86%) and within the last year (72%). While taking into account that for DaO countries it is mandated to provide a report annually, and for non-DaO countries once per UNDAF programming cycle, 68% of those non-DaO countries reported within the last five years and 36% within the last year.

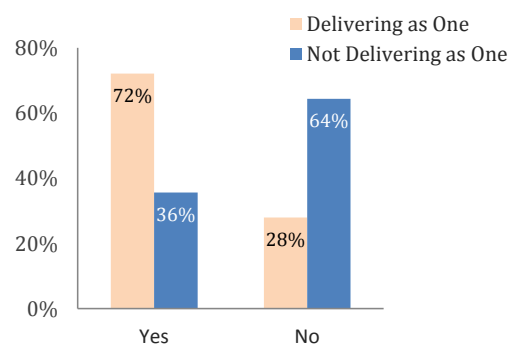
Figure XXIV. Reporting on results

Did the UNCT provide the Government with such a report in the last five years?



Source: 2015 Survey of Resident Coordinators

Did the UNCT provide the Government with such a report in the last year?



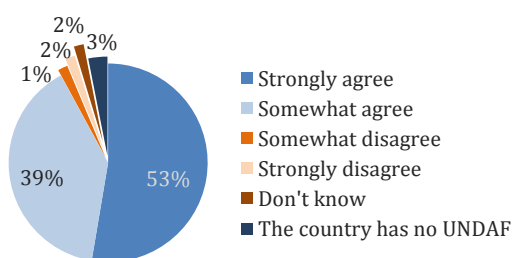
Source: 2015 Survey of Resident Coordinators

182. The 2010 UNDAF guidelines indicate UNDAF results reporting requirements to national authorities by UNCTs. In some cases, however, these have not been fully complied with. The UNDG has further developed the One UN Country Results Report for standardized reporting format for UNCT reporting on the results achieved under the UNDAF, for those countries that apply the DaO approach. The use of this tool will align annual results reporting closer to the UNDAF outcomes and create a more formalized annual results reporting to governments.

183. A number of UN entities have taken further steps to improve the balance between reporting on national outcomes and agency-specific strategic plan outcomes, including UNAIDS, UNDP, UNICEF, UNFPA, UN-Women, ILO and WFP.
184. Increased collaboration between UN entities and greater coherence in DaO countries have positioned the UNDS better to align the UNDAF to national plans and strategies. This is evidenced by 65% of DaO governments, as opposed to 46% of non-DaO countries, who 'strongly agree' that the UNDAF has enabled the government to ensure that the UN' activities are closely aligned with their national plans and strategies.

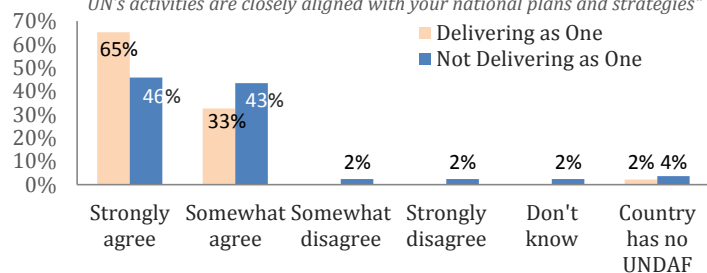
Figure XXV. UNDAFs have assisted with alignment

All respondents: "The United Nations Development Assistance Framework (UNDAF), has enabled the Government to ensure that the UN's activities are closely aligned with your national plans and strategies"



Source: 2015 Survey of Programme Country Government

Breakdown by DaO: "The United Nations Development Assistance Framework (UNDAF), has enabled the Government to ensure that the UN's activities are closely aligned with your national plans and strategies"



Source: 2015 Survey of Programme Country Governments

185. Following on the QPCR request to report on options for the review and approval of common country programme documents (CCPDs), UNDP, UNFPA, UNICEF and WFP reported the general feedback from the Member States during the September 2014 joint informal consultation with the Executive Boards. It indicated that experiences with CCPDs have been mixed so far and raised the issue of continued relevance of the CCPDs. UNDP, UNFPA, UNICEF and WFP harmonized templates and approval process for Country Programme Documents and have continued to actively promote the implementation of SOPs and the use of results groups over the course of 2015 to ensure programme coherence at country-level.
186. Looking ahead, at country level, there is need for an integrated approach to support countries in developing a vision for 2030 to achieve the SDGs and translate this vision into focused, practical and achievable actions. For this, it may be advisable to consider an analysis with a longer strategic horizon, up to 2030, with a holistic approach that effectively balances sustainable development and the humanitarian, peacebuilding, human rights, and disaster risk reduction imperatives, and positioning the UN's 3-5 year planning processes & UNDAFs within that context. Such a planning framework could be based on a thorough mapping of the UNCT normative, coordination and operational capacities in relation to national SDG priorities, as well as the activities of other development partners; and identifying areas where UNCTs can offer greatest expertise and value, including by leveraging regional and global capacities.
187. As different forms of presence and programming arrangements may be chosen as more efficient and effective options on the ground, the UNDAF, as a process and an instrument, may also require review in terms of its applicability for different situations, forms of presence and programming arrangements.

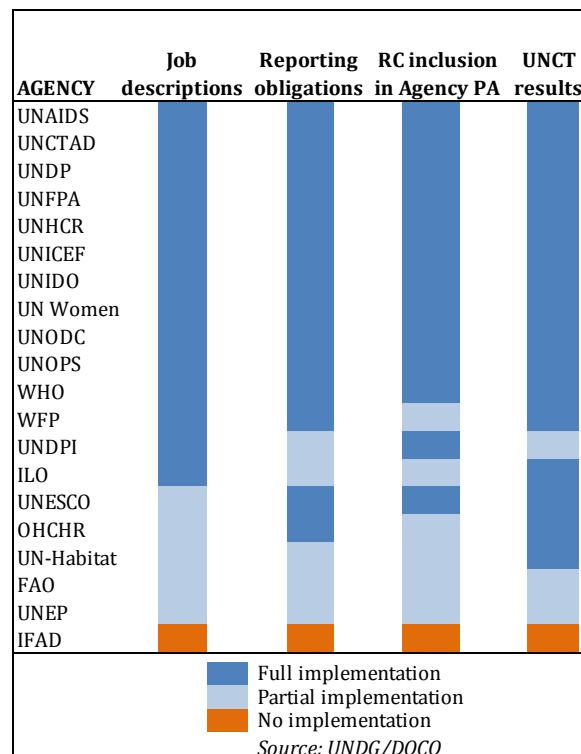
188. It is likely that the years to come will see the need for different forms of country presence and programming arrangements particularly with micro states, smaller countries and countries where resources are scarce. UN DESA undertook a mission to the Pacific to look first hand into the lessons learned from the two Multi-Country Offices (MCOs) in Fiji and Samoa. Notwithstanding the specificities of the Pacific Islands Countries and Territories, important findings and conclusions emerged.
189. At present, 14 Pacific Island Countries and Territories (PICTs) have a single multi-country UNDAF with five extremely broad outcomes, and mostly, individual country projects under each of these five outcomes. This approach needs to be reviewed as a process in terms of its applicability for the optimal set-up of MCOs, as it was perceived to be less helpful by programme countries as well as entities of the UN system. Also, UN entities in both MCOs differ in their geographical coverage. While some agencies understand their presence as a multi-country office, others operate as regional, sub-regional, or country offices with various degrees of programme and project coverage throughout the Pacific Island Countries and Territories.
190. The benefits of a MCO *representational model* lie in an integrated vision, leadership, decision making power, reach and access. In particular, the reach and access refer not only to efficiencies, namely savings in terms of human and financial resources, but also the access to regional and sub-regional institutions, networks, mechanisms and instruments including at intergovernmental level.
191. As an *organizational model*, since MCOs cover several countries from one common office, it is important not to equate “presence” with “physical” presence. There can be differentiated presence and programming arrangements models, and not all UN entities necessarily have a comparative advantage in each country setting. In addition, MCOs present the opportunity to effectively implement programmes that are designed to cover several countries. In the case of the MCOs in Fiji and Samoa, which cover 14 countries and territories, Out of 15 agencies, 8 stated that over 75% of their initiatives cover more than one country, and 4 agencies said about 50% do. Twelve agencies cover more than 11 countries, but only 4 agencies reported staff presence in more than five countries.⁷⁷
192. In that regard, there is need for a common understanding between the UNDS and its individual entities, programme countries, donors and other partners that an MCO model does not imply that a reduction of physical representation equals a reduction of UNDS engagement; that it has the ability to provide the best support possible through joint multi-country initiatives that capitalize on the advantages of reach and access and joint resources; and that to do so requires changes in current donor practices, as communicated by both governments and the UNCTs, which often support single country, single entity projects, thus, not supporting maximization of impact. The MCOs must also be able to rely on existing UN system capacity instead of providing that capacity only at country level and, thus, increasing costs and duplicating efforts.

⁷⁷ The data was collected by DESA’s mission to Fiji and Samoa based on the information provided by 9 out of 15 agencies with presence in Fiji (ILO, OHCHR, UNAIDS, UNDP, UNFPA, UNICEF, UNISDR, UN-WOMEN, and WHO) and 5 out of 7 agencies with presence in Samoa (FAO, UNDP, UNEP, UNESCO, and WHO).

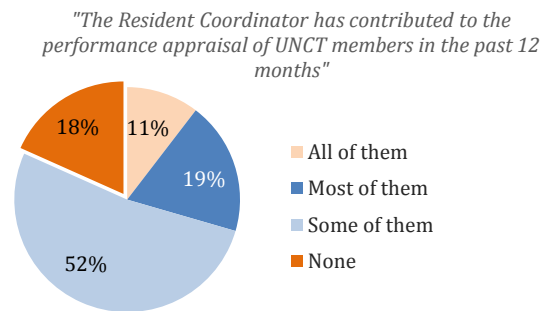
B. Resident Coordinator System

193. The RCs management and accountability system (MAS) has been further implemented, but progress remains slow. 20 UN entities have signed up to date to the MAS. Of these, 17 reported recognizing their reporting obligations to the UN RC on resource mobilization and programme implementation under the UNDAF, up from 16 last year. The same number of UN entities reported that it is a requirement for their representatives to provide the RC with regular information on their entity's contribution to the UNDAF to enable reporting to the government on the results of the UNCT as a whole. Fourteen entities have revised the job description of their country representatives to recognize the role of the RC. At the country level, the implementation of the MAS strengthens ownership of the RC System through enhanced accountability and management measures. By end 2014, 11 organizations reported that they had fully implemented all four actions points of the mutual accountability principle, an improvement from 2012 when 8 organizations had reported full implementation.

Figure XXVI. Compliance with mutual accountability criteria

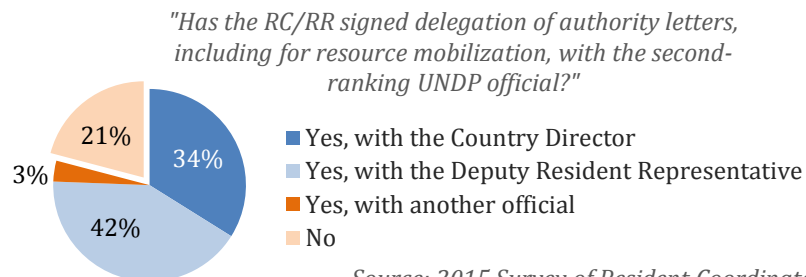


194. Some results remain at the same level of the previous year. There has been no change to the 15 UN entities that include the results of the UNCT work plan in the country representatives' performance appraisal system. Also, only 12 UN entities reported that they have included the input of the RC in their country representatives' performance appraisal. This is supported by the results of the RC survey, where 52% of all respondents confirmed that they contributed to only some of the performance appraisals of UNCT members in the past twelve months. The limited progress in regard to the vertical accountability within UN entities undermines the effective implementation of the MAS.

Figure XXVII. RC contribution to performance appraisals

Source: 2015 Survey of Resident Coordinators

195. There has also been some progress on the functional firewall between the RC and UNDP Resident Representative (RR) functions. One indicator is the implementation of effective delegation of authority, including for resource mobilization, from the RC to UNDP Country Directors. According to the RC survey, in 88% of countries where UNDP has a Country Director, delegations of authority letters have been signed.⁷⁸ At the same time, the RC as RR still remains fully accountable for all UNDP matters, including its funding⁷⁹, and some agencies continue to report instances where RCs are felt to have treated UNDP preferentially. On the other hand, some RCs report that they cannot completely divorce themselves from fund-raising for UNDP without putting UNDP at a disadvantage.

Figure XXVIII. Signed delegation of authority letters

Source: 2015 Survey of Resident Coordinators

196. Efforts have been made to improve the diversity of UN leaders for RCs that are recruited, with the number of non-UNDP RCs, rising from 40% in 2012⁸⁰ [see figure XXIX below]. The RC competency framework was updated to assess the extent to which the identified domains, definitions and behaviours are reflective of the facets of the RCs' role, and the complexity and continually changing context at country-level. This framework is currently being finalized within the undg mechanisms. Irrespective of these changes, the percentage of RCs from programme countries has remained flat at 44% between 2012 and September 2015.

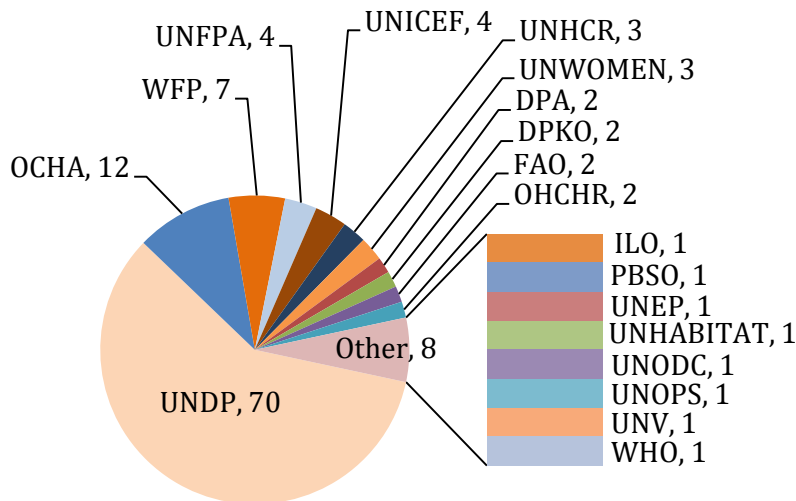
⁷⁸ With a variance of 1%, DESA's survey results are in line with UNDP's own data. According to DESA's survey, 48 out of 116 RCs stated that there is a UNDP Country Director (CD) in place and 39 stated that they have signed a delegation of authority (DoA) letter with the CD. According to UNDP, currently 42 (82%) out of the 51 CDs have signed the DoA. While signing a DoA is not mandatory for the DRR position, UNDP reports that 57 (84%) out of 68 DRRs have signed a DoA in countries where there is no UNDP CD.

⁷⁹ JIU/REP/2013/3

⁸⁰ DOCO 2014 Results report

However, the gender ratio has improved as the proportion of female RCs has risen from 40% to 42% over the same period.

Figure XXIX. Number of RCs by UN agency of origin (as at December 2015)

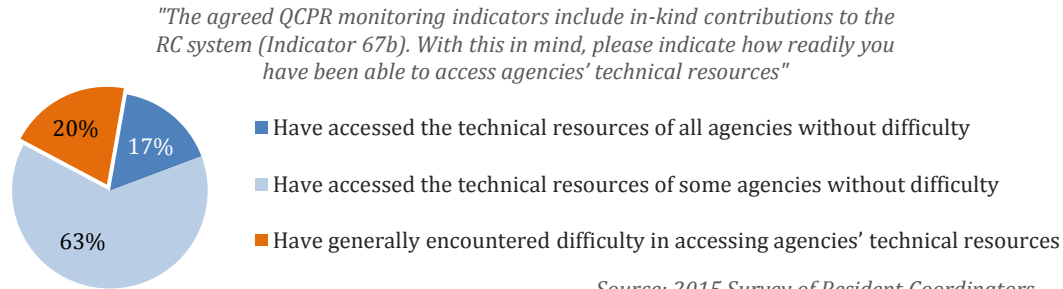


Source: DOCO

197. The performance appraisals for RCs and UNCTs have been further improved. A conceptual design of the Assessment of Results and Competencies (ARC) was prepared, a new tool for the appraisal of RCs and UNCTs, to be deployed in 2016. The ARC concept underwent extensive consultation and will replace the current system with a more comprehensive, flexible, and facilitative system of mutual accountability that is based on agreed goals of the RC in line with the revised RC job description, the UNCT as an entity, and individual UNCT members. The ARC is envisioned to be launched at the end of 2015.⁸¹
198. Accessing the technical resources of UN entities at the country level is essential for RCs to effectively perform their function. 64% of the responding RCs have confirmed that they have accessed the technical resources of some agencies without difficulty, while 20% reported that they have generally encountered difficulties in accessing agencies' technical resources.⁸²

⁸¹UNDG Work Plan Progress Update.

⁸² 2015 RC survey.

Figure XXX. Access to technical resources⁸³

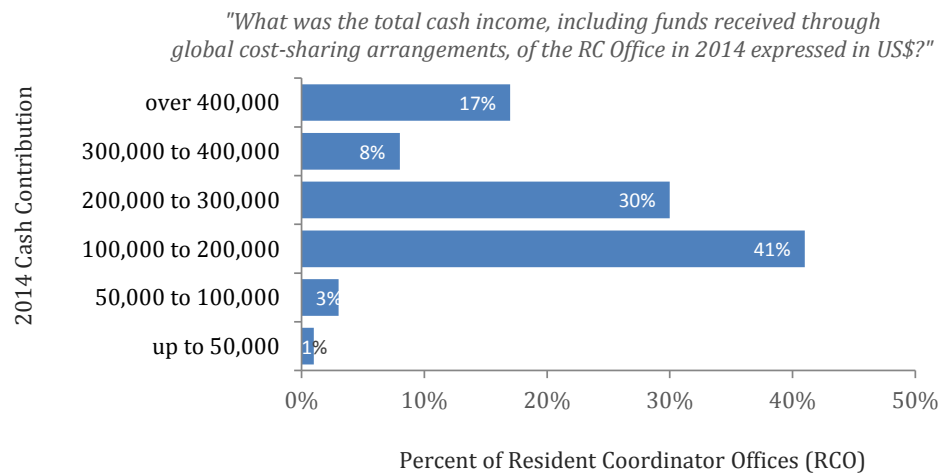
199. With the significant increase of programme countries that implement DaO, the RC function has gained further weight as an important cornerstone to ensure the relevance of the UNDS for the 2030 Agenda. A more coherent and integrated UN at the country level requires empowering the RC function with adequate resources. In this regard, there have been calls from the country level to strengthen the capacity of RC system to champion UN coherence more effectively and serve as the knowledge broker ensuring institutional memory. Many RC offices are understaffed and are not yet equipped with the necessary financial resources. As shown in figure XXXI below, in 2014 almost half of the RC offices have operated with annual budgets of US\$ 200,000 or less. From the total share of \$33.7 million as per the RC cost-sharing modality for 2014, a total of 23.6 million was contributed, leaving the RC system underfunded by 30%.⁸⁴⁸⁵
200. At the same time, the experience of Colombia, a non-DaO country, highlights that coherence and coordination do not originate solely from embracing the DaO approach. Here, leadership comes into play. An important element is an RC with the right profile, skills and competencies, who is perceived as a neutral broker and possesses the necessary legitimacy and leverage within the UNCT, with the host government and partners. In addition, once hatted as an HC, the structures, practices and resources further assist that coordination role.” The RC’s leadership also needs matching with experienced members in the UNCT who have served in numerous other countries, to ensure the necessary coherence of action on the ground. Further, bilateral donors’ understanding of - and support for - adequate funding for coordination efforts is also important, to ensure that the UNCT and the RCO possess the necessary human and financial resources to deliver in a coherent, coordinated and effective manner.

⁸³ The question in the 2015 RC survey refers to indicator 67b of the 2014 monitoring and reporting framework, which was superseded by indicator 67c in the 2015 framework.

⁸⁴ UNDG cost-sharing in support of the RC system, Status of contributions 2014/2015.

⁸⁵ As the manager of the Resident Coordinator system, UNDP continues to fund the “backbone” costs of the system at the global, regional and country levels, in addition to its annual cost-sharing contribution. In 2015 the combined total of these UNDP contributions was more than \$92.8 million, or 75.6% of the total contributions to the resident coordinator system.

Figure XXXI. 2014 RC office total cash income, including funds received through global cost-sharing arrangements



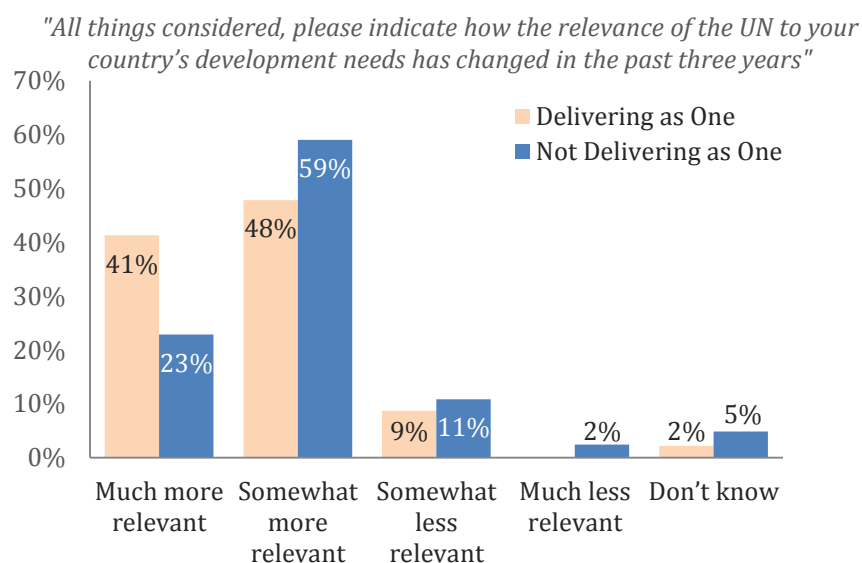
Source: 2015 Survey of Resident Coordinators

201. Moving forward, it is clear the system needs to embrace different organizational models to match the development needs of programme countries effectively with the limited availability of resources. For instance, multi-country offices could maximize existing resources by covering several programme countries and supporting a strong integration of UNDS activities. A fully equipped RC can ensure effective coordination for a number of programme countries that would not have the physical presence of a UNCT.

C. Delivering as One

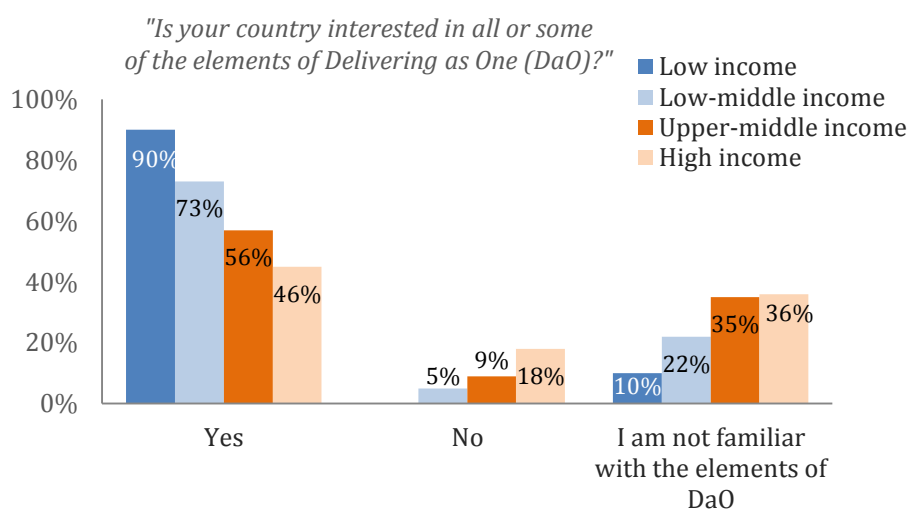
202. To further drive efforts towards greater coherence, the GA in 2007 endorsed the DaO approach as a pilot scheme in eight countries. Given the strong demand for DaO, the GA in 2012 authorized the use of the approach in any country that requests this modality. The number of countries having formally adopted DaO has grown from eight to fifty⁸⁶.
203. While DaO was originally designed to enable greater organizational effectiveness, it also improved the strategic positioning and relevance of the UN at country level. This is supported by the recent survey of programme countries, where 56% of governments responded that the introduction of DaO made it either "much easier" or "somewhat easier" to deal with the UN system in their country. Of the responding governments who answered that in the past three years, the UN is much more relevant to their country's development needs, 41%(as opposed to 23%) are DaO countries (see figure below).

⁸⁶ 50 DaO countries when surveys were administered.

Figure XXXII. Relevance of the UN

Source: 2015 Survey of Programme Country Governments

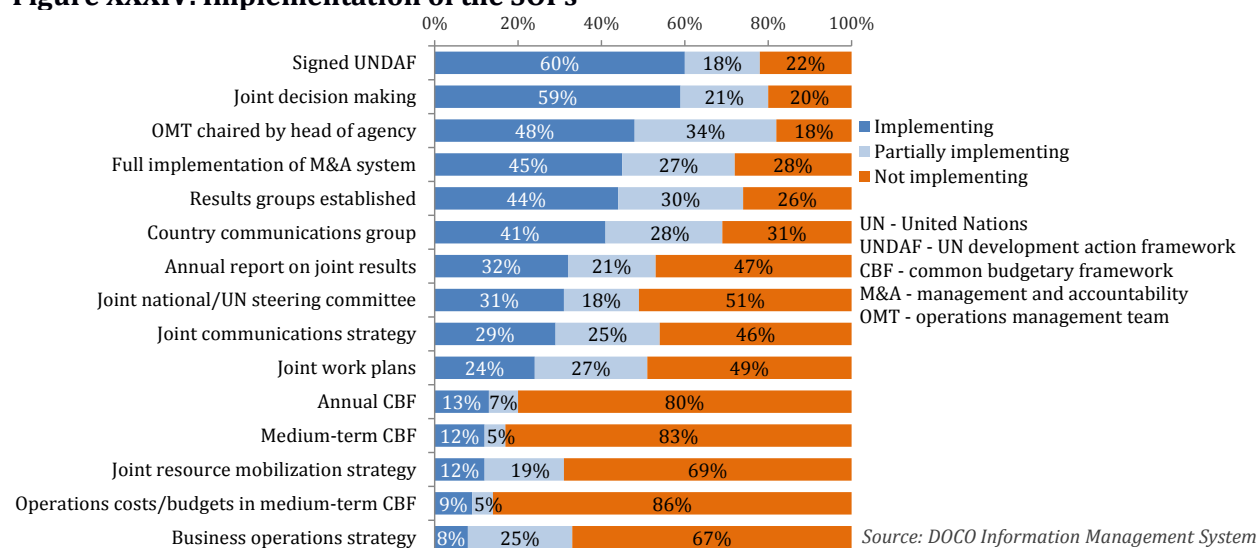
204. In the 2015 programme country survey, 69% of respondents expressed an interest in adopting all or some of the DaO approaches. The results, when broken down by income group (as shown in the figure below), demonstrate that low-income countries were more likely to be interested in DaO. While the majority of respondents expressed an interest in the DaO approach, more than 19% stated that their country is unfamiliar with DaO and over 10% stated that their country is not interested in some or DaO elements. The feedback also indicated that countries are still assessing what benefits the initiative could bring to the individual programme countries.

Figure XXXIII. Interest in DaO

Source: 2015 Survey of Programme Country Governments

205. For countries wishing to adopt the DaO approach, the Standard Operating Procedures (SOPs) constitute an integrated and comprehensive package of support, and most importantly an accountability framework which particularly responds to the horizontal accountability of UN entities as part of the UNCT versus their agency-specific vertical accountability.
206. The UNDG, in close collaboration with the HLCCM, adopted in 2014 the HQ Plan of Action to make progress in reducing Headquarters bottlenecks preventing the full realization of the SOPs for DaO at the country level. As of July 2015, 30 of the 49 actions that are outlined in the HQ Plan of Action were completed, 16 were ongoing and 3 are delayed. The outstanding actions are planned to be completed by the first half of 2016. Delayed implementation is partly caused by the complexity of some of the measures that go beyond the reach of the UNDG, such as the establishment of a cost recovery approach between the UN missions and UNCTs at the country level.⁸⁷
207. A number of UNCTs in non-DaO countries have voluntarily adopted some pillars of DaO as standalone measures. The SOPs outline that full implementation of all five pillars of DaO would enable the UNCT to make effective, efficient and coherent contributions to the achievement of national needs and priorities. Meanwhile, an increasing number of UNCTs select individual pillars for implementation. According to the RC survey, 59% of all responding RCs answered that their country is implementing some elements of DaO. 7% confirmed to be the RC in an original DaO pilot country, and 12% answered that they are not in an original pilot, but implement all elements of DaO.⁸⁸ Implementation of the 15 core elements of the SOPs is shown in the graph below. While their voluntary adoption by non-DaO countries demonstrates the usefulness of the SOPs, the selective application of some DaO pillars does, at the same time, present some risks of fragmentation.

Figure XXXIV. Implementation of the SOPs



⁸⁷ UNDG progress reporting on HQ Plan of Action July 2015

⁸⁸ 2015 RC Survey

208. The consequent implementation of the DaO approach supports the UNDS in effectively answering the challenges of the 2030 Agenda. The SOPs and the underlying monitoring and evaluation framework outline the importance of the political commitment from UNCTs, the engagement of programme countries and the need for UN entities to align with the requirements of all pillars of the DaO approach. A good example is the DaO results framework of Vietnam in their One Plan 2012-16, which contributes to three outcomes: i) better alignment to national development priorities; ii) increased effectiveness in delivering and demonstrating development results; and iii) saving costs and reducing duplication and transaction costs to more effectively convert inputs into results. All pillars of DaO are integrally linked and the indicators selected enable tracking of the contribution of the pillars to the outcomes.
209. While most governments view DaO as a major step towards more coherence of the UNDS at the country level, limitations remain particularly with regard to the concept of “Operating as One”, where the possibilities of cooperation are significant and yet limited by the persistence of different policies and procedures and agency-specific operational support units. 73% of all OMTs state that this is the case⁸⁹. Also, the effectiveness of the DaO approach is, in part, dependent on resources available for One Funds.
210. An increasing number of DaO countries, coupled with decreasing overall resources for One Funds, pose significant challenges to the success and further evolution of DaO in the context of the 2030 Agenda. A strong and continued donor commitment to One UN Funds remains paramount. At the same time, additional options need to be explored.⁹⁰ Bottlenecks at the headquarters level in particular in regard to common services and common premises, declining funding from donors over time, as well as strong agency-specific accountability systems at all levels were also identified as important by the independent evaluation of DaO⁹¹. The initial investment to implement DaO at the country level is significant and includes resources in internal change management, coordination processes, and engagement with government and donors alike.
211. Lessons learned from the UN DESA mission to the DaO country Rwanda illustrate the emerging challenges. The DaO in Rwanda is viewed positively by the government and all partners: UNCT results are qualitatively different and more strategic. The UN identity and impact are stronger and more visible due to the fact that the UNCT increasingly addresses high-profile, high-priority and sometimes sensitive matters publicly and in unity with a single voice represented by the RC. At the same time, lessons learned from the DaO experience, particularly in Rwanda, highlight that the current DaO approach depends heavily on the commitment of the UN leadership at the country level, and personnel changes can significantly affect the direction. Donor fatigue around DaO was emphasized, and financial resources are shrinking.
212. The Rwanda UNCT also highlighted that moving DaO further within the current institutional setup poses a significant challenge, because it has gone as far as possible in all pillars of DaO under the limitations as set by UN entities' headquarters. While the experience from one programme country cannot be generalized, at this juncture, the system should examine what

⁸⁹ 2015 OMT survey.

⁹⁰ Findings of UN DESA mission to Rwanda

⁹¹ Independent Evaluation of Lessons Learned from DaO.

is needed to build momentum behind the voluntary DaO approach, actively advance the implementation of the SOPs adapted to individual country contexts, and align agency programme and operational guidelines to the SOPs accordingly. At the same time, the system should start to work on innovative, flexible and updated approaches that would enable the kind of integrated support that countries need from the UN to best support them in delivering the 2030 agenda.

213. It is important to note that the DaO approach is a much broader concept than the application of the SOPs. DaO is based on a vision of improving the UN's system focus on working together in support of national development results, and as such, it aims to align UN activities with national priorities, while making the best use of the mandates and expertise of the entire UN system. It offers the opportunity to more effectively use the convening role of the UN for the inclusion of all stakeholders, including non-state actors and regional organizations.
214. In this regard, more than the MDGs, the recently adopted SDGs are highly integrated, cross-cutting and multi-sectoral. A systemic reflection may be needed to ensure that the DaO approach, in countries that wish to adopt it, realizes its full potential in terms of supporting programme countries to implement the 2030 Agenda. To reinforce joint audit efforts in the DAO context, UNDG in collaboration with UNRIAS needs to ensure appropriate structures, capacity and skills are available to support country level audit actions.
215. The DaO approach enabled the UNDS to be more effective in addressing complex cross-cutting issues, such as gender equality and human rights. Looking forward, the further evolution of DaO towards providing more integrated policy support and actions that are needed to address the multi-dimensional and interdependent challenges of the 2030 agenda, including of the normative dimension into the operational⁹², could constitute an important approach for the UNDS to successfully support the achievement of the SDGs. This was also highlighted in the first phase of the ECOSOC Dialogue, where it was pointed out that DaO is increasingly recognized as the platform for country support, and the foundation of an integrated approach to supporting SDG implementation at the country level, yet opinions were mixed on whether the current model was adequate to deliver on the challenges of the 2030 Development agenda at country and regional levels.⁹³.
216. There is a shared view among government, UNCT and partners in the DaO in Rwanda that a) UN system's intervention must be strategic, also focusing on fewer areas; b) that going into the next 15 years, the UN should play a role in donor/development actor coordination and in strategic engagement with governments on global norms and standards where bilateral actors could not do, and c) the UN has to look at new models of field presence.

D. Regional dimensions

217. In the 2015 survey of Programme Countries, "other multilateral and regional institutions not part of the UN" were indicated as preferred partners for supporting regional or sub-regional cooperation. In this regard, the UN fell from its top ranking to second this year (see Table on

⁹² PC Survey

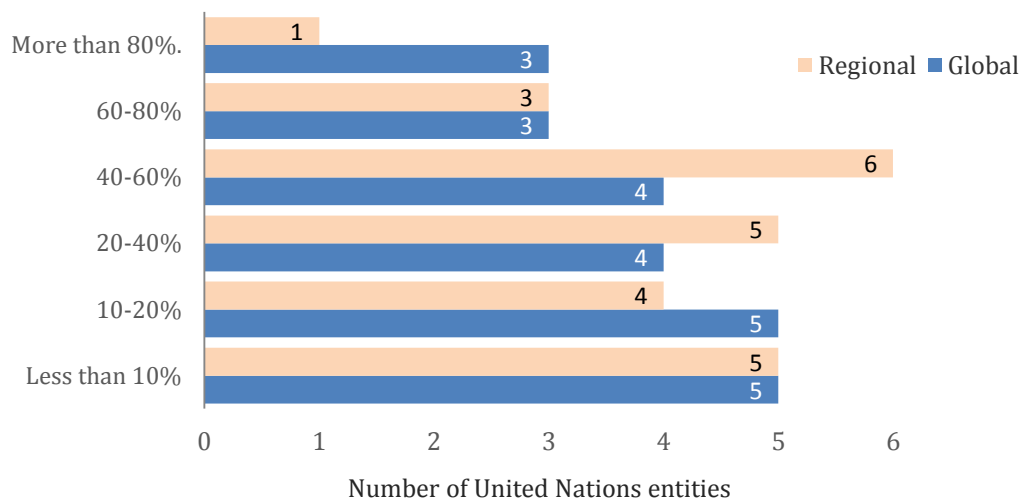
⁹³ ECOSOC Dialogue retreat summary

“Number of countries selecting each partner as one of the two preferred providers of external support” on page XX)

218. Overall, the number of entities reporting joint global and regional activities has increased. However, considerable variations by entity remain in the degree to which they pool capacities at the global and regional levels (see figure XXXV below). UNAIDS, UNFPA, and UN-Women reported that over 60% of global and regional activities were carried out jointly, a fall from 6 entities reporting over 60% joint activities at the regional level last year. Notably, UNAIDS reported over 80% of its activities were carried out jointly at both levels. While none of the specialized agencies reported that joint activities account for more than 60% at either global or regional levels, the number of specialized agencies engaging in joint activities significantly increased from last year when the vast majority of specialized agencies reported less than 20% for both levels.

Figure XXXV. Proportion of global and regional activities of UN entities carried out jointly with at least one other UN entity

"Please estimate the approximate % of current programme activities of your agency at the global and regional levels are devoted to activities carried out jointly with at least one other UN organisation?"



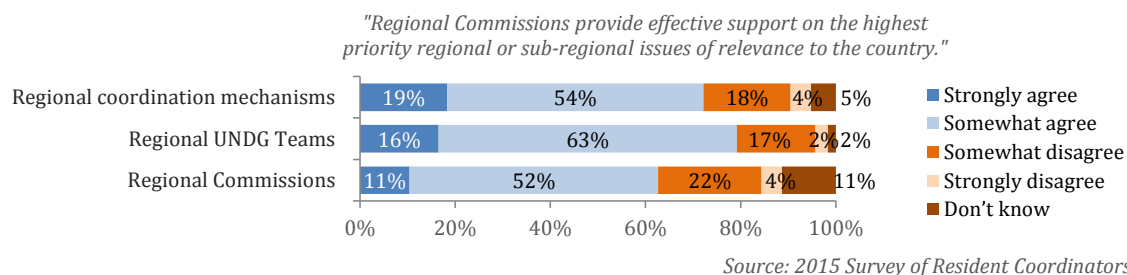
Source: 2015 Survey of Agency Headquarters

219. In terms of system-wide coordination at the regional level, the two principal mechanisms are the regional coordination mechanisms (RCMs) led by the Regional Commissions, and the regional UNDG teams (R-UNDG) led by UNDP as chair of the UNDG.
220. The role of the regional UNDGs (R-UNDGs) is to provide leadership, strategic guidance and support to RCs and UNCTs for the achievement of country level results and the resolution of operational issues relating to the country level. This consists of four core functions: 1) technical support to UNCTs, 2) quality assurance of UNDAFs, 3) performance management of RCs, and 4) troubleshooting in difficult country situations. The R-UNDGs provide support to UNCTs for strategic priority setting and promote the cross-fertilization of best practices among countries. The objectives of the regional coordination mechanisms (RCMs) are to provide normative, analytical, and policy work on thematic issues at the regional and sub-

regional level and to link and integrate it into country-level development work.⁹⁴, and to improve coordination and collaboration among UN regional entities and their development partners in tackling regional development issues.

221. In 2014, the regional commissions convened a series of regional meetings to solicit views on the follow-up and review of the new development agenda and explore options based on existing mechanisms and possible new approaches. One result was to underline the importance of a multi-layered follow-up and review framework for the new agenda, which should apply equally to developed and developing countries. The importance of the full involvement of the private and civil society sectors was underscored.
222. Significant activities of the regional UNDG teams in 2014 included active support for the roll-out and implementation of the SOPs for the DaO approach, support for the RCs and UNCTs in transitioning from the MDGs to the SDGs agenda, and further promotion and joint advocacy on human rights issues, as well as coordinated regional level support in response to crises such as the Ebola outbreak in Western and Central Africa.
223. The 2015 RC survey showed that 79% of respondents strongly or somewhat agreed that “the regional UNDG teams provide effective support on the highest priority regional or sub-regional issues of relevance to the country” and 72% of respondents strongly or somewhat agreed to the same statement in relation to the RCM. The view that better integrating the perspectives of both regional mechanisms would strengthen the link between country and regional levels and support UNCTs and UNDAFs is strongly held⁹⁵. It is in line with the 75% of respondents in UNCTs who strongly or somewhat agree that “the regional Peer Support Group provides value-added to the formulation of the UNDAF”, as found by the same survey. The survey also showed that 63% of respondents strongly or somewhat agreed that “regional commissions provide effective support on the highest priority and regional or sub-regional issues of relevance to the country”. The results are depicted in the graph below.

Figure XXXVI. Effective support at the regional level



224. In the context of UN sub-regional and multi-country offices, the sub-regional dimension assumes an essential role in defining advantages and specific functions of the UNDS at different levels. This includes the development and implementation of regional and sub-regional development programmes around the identification of common country challenges in consultation with national and regional stakeholders and partners. For example, the UNDAF 2013-2017 of the multi-country office in Fiji and Samoa was developed as a result of a

⁹⁴ See JIU/REP/2009/9 and <https://undg.org/home/regional-teams/>

⁹⁵ JIU/REP/2015/3

common multi-country analysis and focuses on inter-related outcome areas that are applicable to all countries in the Pacific region. In this regard, the set-up of a multi-country office allows for a greater integration of the UNDS and supporting regional and sub-regional cooperation and partnerships. At the same time, it allows for an effective use of available resources by leveraging available UN expertise from a sole in-country focus to a sub-regional or regional perspective.

225. The 2030 agenda will necessitate strengthened and new roles for the UNDS at regional level, beyond coordination and information sharing. Leveraging partnerships with regional and sub-regional organizations and exploring options for new and strengthened regional and/or sub-regional platforms, and instruments on data, statistics, monitoring and reviews of progress, as well as on trans-border, intra-regional and cross-regional issues will be essential. This underscores the need for further clarity, coordination and coherence in terms of the complementarities in the roles of the regional undg teams, regional coordination mechanisms, the regional commissions and the regional offices if UN entities.
226. Prospects for sub-regional and regional forms of DaO in some contexts could prove especially useful⁹⁶. Experiences and lessons learned from existing multi-country offices, on supporting both national ownership and partnerships with existing sub-regional and government-led bodies, such as the MCOs in Fiji and Samoa with the Pacific Islands Forum Secretariat, the Pacific Islands Development Forum, and the Secretariat of the Pacific Community. While an effective cooperation with regional organizations fosters knowledge transfer, it aims to ensure that there is no duplication of functions and that the UNDS can capitalize on their particular comparative advantage.
227. Overall, the regional dimension assumes a pivotal role in the implementation of the 2030 Agenda as it can provide an important feedback loop as an aggregator and bridge between processes and collective initiatives at global, regional and national levels. This will be highly relevant in regards to informing the design of sustainable development strategies, monitoring and reviewing progress⁹⁷, and sharing best practices so as to foster policy coherence and synergies between the normative and operational functions in support of national implementation of the SDGs.⁹⁸

E. Simplification and harmonization of business practices

228. There has been progress through the implementation of the 2013-2016 strategic plan of the High-level Committee on Management. The HLCM has delivered for the successful implementation of the undg Headquarters Plan of Action, including with work in the areas of collaborative procurement, vendor management and long-term agreement availability and use, as well as policies and procedures for how to accept different organizations' procurement processes. As a result, 19 UN entities have reported that they can utilize agreements that have been issued by other organizations. Also, the HLCM has identified and included common elements in procurement manuals and guidance on the use of long-term agreements. Comprehensive guidance for ICT collaboration under DaO has also been completed. Common

⁹⁶ ECOSOC Dialogue Workshop 4 Summary.

⁹⁷ A/RES/70/1

⁹⁸ ECOSOC Dialogue Phase 1 Report.

agreements with the five largest banks that the UN works with are being negotiated and banking agreements in eleven high cost duty stations have been completed. In human resources, guidance for common recruitment processes at the country level has been piloted and is available to all UNCTs. Furthermore, the HLCM has also assisted in training on tools relevant to the implementation of the BOS through support to the UN System Staff College.

229. The UNDG and HLCM have also aligned their annual work plans to minimize overlap and enhance complementarity and collaboration of their activities. For example, UNDG and HLCM provide joint support to the BOS roll out and capacity development initiatives to improve skills and competencies of UN staff at headquarters, regional and country level.
230. The independent consultants' feasibility study on Enterprise Resource Planning (ERP) inter-operability led by the ITU was presented to the HLCM in October 2015. The study reveals that although ERP interoperability may be feasible, it should be seen as an enabler, rather than a goal, and would require an overarching business transformation to yield benefits. Achieving ERP interoperability will require an overarching and costly transformation to align business processes for all involved entities which are captured by the ERP in order to yield benefits. In this context, limited efficiencies would derive from technical changes towards inter-operability. Because existing ERP systems are designed as internally integrated and coherent systems, their inter-operability would not create considerable efficiency gains. Rather than the inter-operability of agency specific software solutions, the alignment and reciprocity of business operations would make organizations administratively more interoperable. Agency-specific rules and regulations often do not create significant barriers to the inter-operability of operational support services as practices and procedures are in many cases comparable. Broadening of the focus from the inter-operability of systems to inter-operating organizations would open up numerous potential options.
231. The HLCM requested its entities to undertake an internal review of the analysis from the perspective of expected costs and benefits from each entity's perspective. The HLCM is also establishing a cross-functional task force to conduct an in-depth review and assessment of the conclusions of the report and prepare recommendations for the HLCM at its spring 2016 session.
232. Since its roll out in late 2012, the business operations strategy (BOS) as a voluntary framework has gained considerable momentum and is being implemented in several programme countries. Sixteen countries have begun implementing their BOS frameworks (and nineteen are at the advanced development stage). Its implementation added significant value to programme countries with its direct effect on the efficiency of the implementation of UNDAF and the support to the achievement of development results. The BOS has also realized efficiency gains in the area of operational support through both volume discounts and avoided transaction costs across all participating UN entities at the country level.
233. A recent mid-term evaluation concluded that the benefits of common operations include enhanced access and quality of services, faster service provision in support of programme, elimination of duplications in operational processes, enhanced risk management, and better leverage for UN buying positions when procuring. Mostly through common long-term agreements established following the criteria and guidance developed by HLCM, benefits in procurement represent about 85% of total benefits generated through the BOS at the country level. Such benefits include efficiency gains expressed in US dollars, including the reduction of staff time due to the implementation of long-term agreements and streamlined processing.

Those benefits do not necessarily, however, translate to monetary savings, unless the UN system cuts staff costs as a result of the transaction cost reduction.⁹⁹

234. According to the OMT survey, 29 (24%) of the 119 responding UNCTs have established a BOS and 59 (50%) UNCTs have decided to establish a BOS in the future, it is important to address some bottlenecks that still prevent the implementation of high quality and efficient operational support services. Many OMTs lack the capacity to effectively conduct cost-benefit analyses, implement results-based monitoring and evaluation frameworks, and manage common services.¹⁰⁰ Despite existing guidance on how to collaborate, frequently UNCTs and operations staff still perceive the continuation of different business practices of UN entities as the main barrier to a harmonized approach in operational support at the country level. In addition, the continuing fragmentation of operational support services through the existence of agency-specific business operations departments at the country level compromises the impact of a common approach.
235. The BOS as a voluntary framework and other efforts in inter-agency harmonization at the country level have shown their limitations in creating integrated operational support functions. Notwithstanding the considerable benefits of the BOS as a strategic planning instrument for common operations, the UNDS has not yet been able to realize further cost reductions and efficiencies as there remain bottlenecks and resistance at the implementation level. In this regard, existing efforts are contributing towards the deeper organizational changes needed for the UNDS to fully adapt to the 2030 Agenda and further work will be necessary. The integrated service centres in Brazil, Viet Nam and Copenhagen, the UNDS has taken important steps towards successfully consolidating operational services across the UN entities in some locations.
236. Mindful that ‘no-size-fits-all’, but also of the capacity challenges at the country level, there is a need for developing and implementing simplified, standardized, innovative and effective business operations models that can determine the organization and management of support services in a given environment. As stipulated by the 2012 QPCR, this includes the consolidation of common support services by delegating common functions to lead agencies, establishing common UN service centers, and utilizing outsourcing opportunities where feasible.
237. The HLCM, in coordination with UNDG, has consistently driven harmonization. While there has been considerable progress, in particular, through the development and partial implementation of the BOS, Funds, Programmes and Specialized Agencies have not progressed in implementing those provisions of GA resolution 67/226 that require considerable organizational changes at the UN entity level. This includes the call for a system-wide harmonization of regulations and rules and the consolidation of support services at the country level. Consequently, change at the country level has been incremental and there is still no visible trend towards the implementation of joint business units. According to the recent OMT survey, in over 82% of programme countries, the UNCT manages administrative

⁹⁹ The BOS mid-term evaluation focused on five of the 12 BOS pilot countries (Ethiopia, Lesotho, Malawi, Rwanda and Tanzania).

¹⁰⁰ Mid-term evaluation and OMT survey (What were the main challenges when developing and establishing a BOS? – Top answers: Lack of financial resources: 59%, Lack of agency commitment: 45%, conducting cost-benefit analysis: 59%, Conducting baseline and needs analysis: 38%, Lack of OMT capacity: 35%)

services through separate agency-owned departments. ICT and Procurement are managed through separate agency-owned departments in more than 83% of programme countries. The number further increases for Human Resources, with 87%, and Finance, with almost 91%, of all programme countries.¹⁰¹

238. More progress is needed to increase the number of common services at the country level. Based on the annual data provided, there has been no considerable change in the overall number of inter-agency agreements or common long-term agreements for the potential 35 common services that have been monitored since 2012. Currently, about 50% of all UNCTs have inter-agency agreements in place for the provision of Security Services, 41% for medical services, 34% for cleaning services and 27% for the provision of travel services. Common services with significant savings potential, such as common internet provision or common fleet management have been established by fewer UNCTs. Just 18% of all UNCTs have established a common internet provision and only 3% have implemented a common fleet management.¹⁰²
239. While inter-agency rationalization continues to confront considerable challenges, a lot of progress has been made in intra-agency rationalization through the establishment of agency-specific global and regional service centres. Eight agencies reported to have established global and regional service centres. For instance, UNDP operates several global and regional service centres which include finance, procurement, administration, benefits and entitlements, payroll, ICT and travel services. UNICEF has recently established a Global Shared Service Centre in Budapest, which delivers administrative and operational support to UNICEF offices worldwide. FAO operates a Global Service Centre in Budapest with two smaller hubs in Santiago and Bangkok, which provides support in the areas of human resources, travel, payments and asset management to FAO employees and offices worldwide.¹⁰³
240. In order to increase the efficiency of common service design and implementation at the country level, the UNDG has initiated the development of standardized common service packages. These are based on proven concepts at the country level, that are collected, reviewed and approved by the UNDG as best practise examples to be distributed to countries wanting the common service that the package covers. The result is lower transaction costs for the design of common services at the country level, and better quality control of them as they are reviewed at the corporate level by relevant experts. The UNDG aims to expand the number of these packages to make it increasingly easier for UNCTs to implement common services at the country level.
241. The implementation of common long-term agreements has been described as one of the main drivers for cost savings and efficiency increases for operational support services at the country level. However, from the OMTs responding to the survey, there has been no significant upward trend in the number of implemented common long-term agreements at the country level as a result of resolution 67/226. Figure xx below shows the top five potential common services in those countries where a common long-term agreement was established between the UNCT and the service provider. The number of UNCTs using one or more such long-term agreements is still low and, as shown in the figure, only the number of

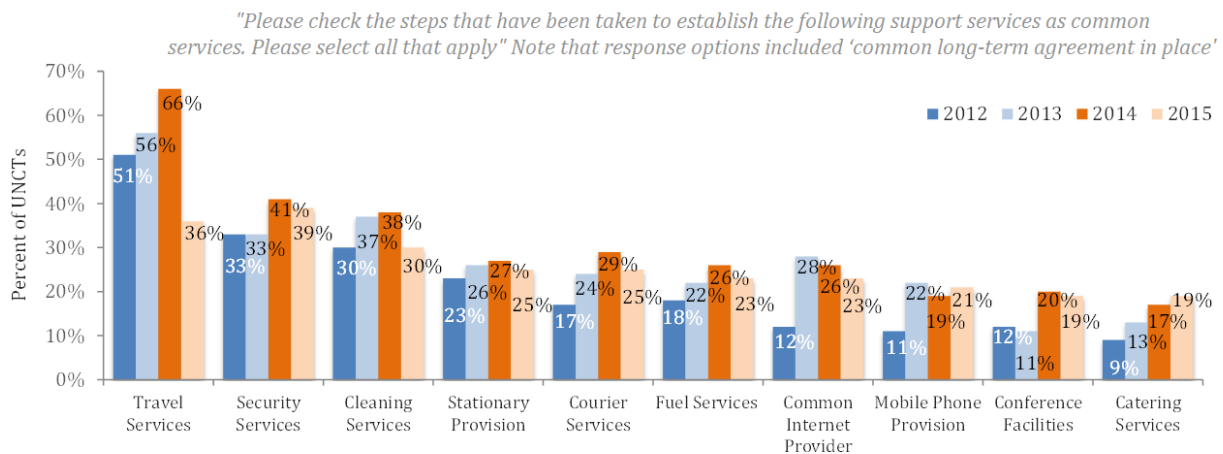
¹⁰¹ 2015 OMT survey.

¹⁰² 2015 OMT survey.

¹⁰³ 2015 HQ survey.

agreements for the provision of travel services shows a considerable increase in four years, by about 12%.¹⁰⁴ However, countries that have undertaken the BOS have a more systematic approach to implementing common LTAs. For instance, of the five countries that have been reviewed by the recent mid-term evaluation of the UNDG BOS pilot programme, four have each implemented a minimum of 14 LTAs and one is currently in the process of implementing eight LTAs as a result of establishing the BOS.¹⁰⁵ Also, countries that were given support by the HLCM Harmonization of Procurement project have seen large increases in the use of LTA's also indicating that it can be done when UNCTs focus on this area of work.¹⁰⁶

Figure XXXVII. Top ten common long-term agreements from 2012-2015



Top ten common long-term agreements 2012-2015

Source: 2015 Survey of Operations Management Teams

242. The provision of effective and high quality operational support services is one of the cornerstones of a UNDS fit to respond to the challenges of the 2030 Agenda, and requires a clear and strategic vision and buy-in from UN entities. Notwithstanding the successful development of the BOS and other initiatives, to date, the change has been incremental and largely voluntary. Understanding that business models of UN entities are developed based on their specific mandates and operating environments, there is a need to discuss the best possible business models forward and develop a mutually agreed and time-bound change management plan. UNCTs' implementation of the tools in existence would be a first step in that direction, as it is likely to lead to collaborative solutions that may not require more costly structural change.
243. As a complementary effort, the UNDG Working Group on Business Operations is working on a "Mutual Recognition Initiative" which pursues harmonization through the mutual recognition of each other's policies and procedures. The HLCM has also recognized the value of the concept of mutual recognition of agency business processes, acknowledging that

¹⁰⁴ 2012, 2013, 2014, 2015 OMT survey.

¹⁰⁵ Tanzania (17 LTAs), Ethiopia (15 LTAs), Malawi (14 LTAs), Rwanda (14 LTAs), Lesotho (currently in the process of implementing 8 LTAs) – Source: 2015 OMT survey.

¹⁰⁶ Lesotho, Serbia, Ethiopia, Fiji, Kosovo, Malawi and BIH in their reports to the Procurement Harmonization project, reported over 50 LTAs established.

harmonization and mutual recognition are not mutually exclusive, and keeping simplification, effectiveness, efficiency and best practices as guiding principles. The initiative will develop a Plan of Action along with a list of relevant policies and procedures in the area of Human Resources, ICT, logistics and procurement to identify differences, and understand the principles behind policies and procedures.

244. Under the existing leadership and governance structure, solutions for the most efficient system-wide operational support services could lie in integrating business operations functions by enabling UN entities to access the institutional infrastructure of one of more other entities through the adoption of compatible, contractual and procedural frameworks in each relevant function. Accompanied with the development of agreed upon and system-wide professional standards, UN entities would continue to focus on removing the currently existing barriers that prevent the use by multiple entities of the institutional infrastructure and information of others. Existing examples for successful efforts led by the HLCM are the recent adoption of International Public Sector Accounting Standards (IPSAS), joint global and local banking contracts, the mutual acceptance of procurement review processes and the HR framework for common recruitment and staff mobility.

F. Results-based management

245. It is essential for the UN development system to demonstrate its value and contribution by reporting on development results. Entities in the UNDS have adopted RBM as a management strategy, and are at varying stages of maturity in their RBM practices.
246. The UNDS has made progress in strengthening RBM, primarily in their strategic planning practices. Several UN entities have taken steps to improve the results frameworks in their strategic plans. Some entities, for example, UNDP, UNESCO, UNICEF, UNFPA and UN-Women, have adopted a ‘theory of change’ or similar methodologies to improve the identification and formulation of results.
247. Some UNDS entities have attempted to introduce integrated results and resources frameworks in an attempt to achieve better alignment between plans and budgets. In practice however, RBM processes run parallel to budgetary processes, and the general dependence of budgets on funding from multiple non-core sources makes it difficult to achieve alignment between the results that entities wish to achieve and the budgets required to do so.
248. Most UN entities use the tools and principles identified in the UNDG RBM Handbook, adapting these to suit their mandate as required.¹⁰⁷ Although the Handbook provides definitions of RBM concepts, there is room for further harmonization of RBM language across the system. What constitutes an ‘output’ for one entity may be considered as an ‘outcome’ by another entity, thus making it difficult to measure results across entities. The UNDAF and DaO approaches offer good prospects for harmonizing indicators and measuring results. However, alignment between entity results chains and the UNDAF or equivalent is a requirement for only 10 out of 24 entities within the UNDS, most of which are larger funds and programmes. Six entities do not have this requirement, and eight indicated this requirement is not

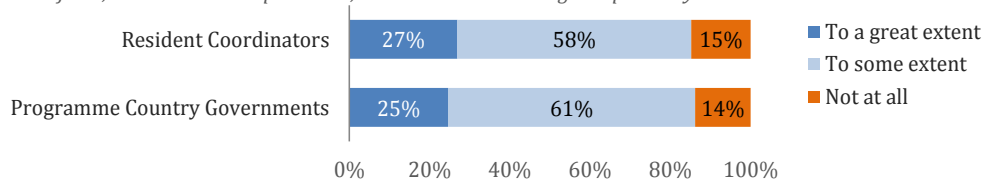
¹⁰⁷ 2015 HQ Survey: 95% answered Yes to using common RBM tools and principles identified in the UNDG RBM Handbook 2011

applicable. A few entities have taken steps to support the development of common approaches and definitions for measuring results and harmonising indicators with ‘sister’ entities.

249. RBM systems of the UNDS should not exist in isolation from those of the programme country. It is necessary for UNCTs to engage with national stakeholders on the definition, measurement and reporting of results to ensure compatibility with national RBM systems where they exist. In responding to the question on the extent to which the UNCTs studied with the Government how results achieved by UNDS in the country are defined, measured and reported on, with a view to ensuring compatibility between national and UN RBM systems, 27% of RCs responded that these discussions took place to a great extent, 58% that these discussions took place to some extent, and 15% that these discussions did not take place at all. In answering the same question, 25% of programme countries governments indicated that UNCT studied how results achieved are defined, measured and reported on to a great extent, 61.5% indicated that such discussions took place to some extent, and 14% indicated that such discussion did not take place at all.

Figure XXXVIII. Discussions on compatibility of RBM systems

"To what extent has the UN country team studied with your Government how results achieved by UN development assistance in your country are defined, measured and reported on, with a view to ensuring compatibility between the national and UN RBM systems?"



Source: 2015 Survey of Programme Country Governments and 2015 Survey of Resident Coordinators

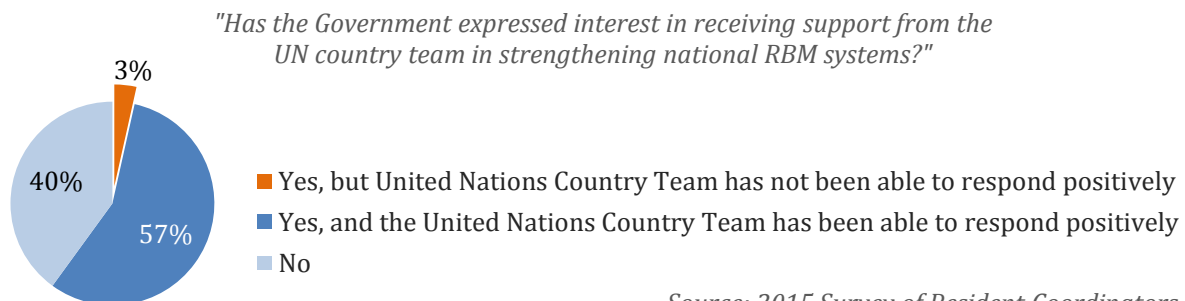
250. Several entities continue to invest in guidance documents, tools and training of staff in RBM. The tendency is to focus capacity development narrowly on staff directly involved in programming, and monitoring and evaluation, whereas institutionalising RBM requires an organisation-wide approach that includes technical and operations management staff.
251. Some entities develop RBM capacities of government counterparts and non-governmental organisations that serve as implementing agents. UNCTs have been able to respond positively in most instances where there were requests from governments for support in strengthening national RBM systems: in the RC survey, 3% said the UNCT was unable to respond to requests, 57% said that the UNCT was able to respond to requests positively, and 40% said that there was no expression of interest from the government. Nearly half programme countries do not have RBM systems, and there is some demand from programme countries for support in establishing or strengthening national systems.¹⁰⁸
252. Strengthening national RBM systems requires the UNDS to make more use of existing national evaluation capacities and monitoring and reporting systems, support for strengthening national statistical systems and improving data availability and data quality. Many

¹⁰⁸ PC Survey 2015: 51% stated that they had a national RBM system, 30% stated they did not, and 19% stated that they did not know.

programme countries will need strengthened statistical capacity to respond to the increased demand for data on a vast range of policy areas necessary for the implementation and review of the 2030 Agenda. Also, special efforts will have to be made to strengthen national capacities to produce data at the level of disaggregation necessary to meet the level of ambition of the new agenda and fulfil the principle of "no one left behind".

253. The forthcoming Independent System-Wide Evaluation (ISWE) on the UN system's contribution to strengthening national statistical capacities is expected to inform on the system role, added value, and recommend strategic actions to strengthen the system's contribution forward.

Figure XXXIX. RBM requests for support



Source: 2015 Survey of Resident Coordinators

254. Building a results culture is as much about changing behaviours as it is about improving systems, tools and capacities, and there is still some way to go in building a strong results culture in the UNDS.
255. There are a number of disincentives to the use of RBM in the UNDS. According to some entities, performance appraisal systems reinforce and reward the expenditure of allocated funds rather than development results. Some reporting systems reinforce reporting on outputs and have not been adapted to report on outcomes. The increased emphasis from donors on "value for money" has the unintended consequence of driving entities to focus on easily achievable and measurable short-term outputs rather than more challenging and transformative outcomes leading, in some cases, to the vague definition of results expectations and their measurement. The achievement of an outcome often cannot be attributed to one single organization, and even measuring an entity's contribution to an outcome is difficult. When governing bodies expect entities to report on and bear sole accountability for the achievement of an outcome, it serves as a disincentive for entities to commit to transformative outcomes. A focus on short-term results is another disincentive to a culture of results with a longer-term strategic outlook. Several entities expressed concern that achieving development outcomes requires a longer time period than that of a two-year biennium plan or a four-year strategic plan, and they are assessed as ineffective when targeted impact and outcome level results are not achieved within that two or four-year timeframe.
256. The UNDS has not effectively addressed the problem of system-wide reporting at the country level. Annual reporting of the UNDS at country level is institutionalized only in DaO countries, and the divergent expectations between the RCs and programme countries on the frequency

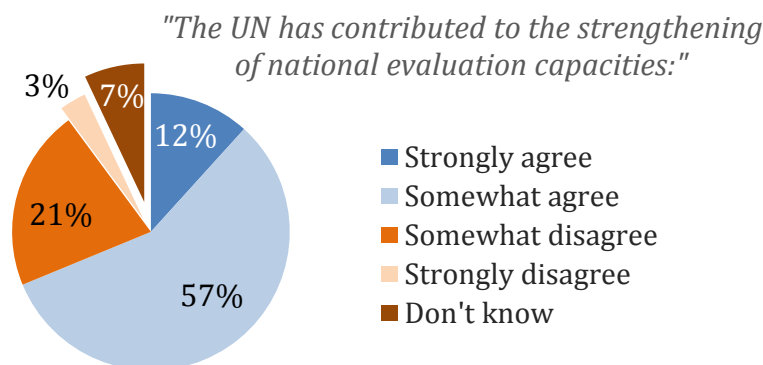
of UNDAF reporting needs to be addressed. Weak reporting of UNDAF or system-wide results on the ground undermines transparency and mutual accountability for results.

257. The UNDS has made progress in implementing RBM, but there are gaps that must be addressed if the UNDS is to deliver effectively on Agenda 2030. Results-based approaches continue to change and evolve, and the UNDS should be open to testing new and alternative approaches and methodologies to RBM where current ones have not been effective.

G. Evaluation of OAD

258. In accordance with GA resolutions 67/226 and 69/237, members of the UNDS took several steps to strengthen national evaluation capacity. At country level, several UN agencies responded to requests to help develop guidelines for national evaluation policies, and monitoring and evaluation systems. UNEG continues to play a central role in strengthening the evaluation function, and has reported that as part of the “International Year of Evaluation”, over 80 events were held to promote, through evaluation, evidence-based development efforts at international, regional, national and local levels in 2015.
259. On using and building national capacities on evaluation, the 2015 programme countries survey found that 67% (compared to 54% in 2012) responded that the UN has used national evaluation capacities as much as possible. Furthermore, 69% agreed (12% strongly and 57% somewhat) that the UN had contributed to strengthening of national evaluation capacities (see figure below), while 97% (same as in 2012) considered it very important or somewhat important that “to become more effective in your country...the UN [should] improve the monitoring and evaluation of UN-supported programmes.

Figure XL. Developing national evaluation capacities



Source: 2015 Survey of Programme Country Governments

260. A 2014 JIU report on the UN system evaluation function commends the evaluation functions of UNDP, UNICEF, UN-WOMEN, ILO and UNFPA, which incorporate national evaluation capacity development. The report found, however, that while many organizations understand the strategic importance of national evaluation capacities, they do not see themselves as having a mandate or a responsibility for national evaluation capacity development. Overall, progress is mixed, with some agencies

demonstrating a high level of engagement and effort in supporting national evaluation capacity development, while others lag behind.

261. As mandated under GA resolution 68/229, two pilot independent system-wide evaluations were launched in February 2015. The meta-evaluation and synthesis of UNDAF evaluations is expected to be completed by December 2015, and the UN system's contribution to strengthening national statistical capacity by April 2016. An Evaluation Management Group chaired by the JIU was established for each of the evaluations.
262. Total financing received by mid-2015 was approximately USD\$398,000, and total expenditures US\$140,441. Ireland, Switzerland and UNICEF provided funding, and an additional government contribution of US\$200,000 is expected by end 2015. Support for a dedicated secretariat has been provided by the JIU and the secondment of a staff member from OCHA. Financing for ISWE has remained limited to date, so the overall strategy was to frontload resources for completion of the UNDAF evaluation given it is less costly.
263. Between 2010 and 2014, 33 out of 88 programme countries (37.5%) with active UNDAF cycles issued UNDAF evaluations as per the 2010 guidelines requirement. While such evaluations have been a undg-mandated requirement since 2009, the prevalence of evaluations declined slightly in 2015. It is expected that the system-wide meta-evaluations of UNDAF evaluations would address their quality and use.

H. Follow-up and monitoring

264. In its resolution 67/226, the GA requested the SG to submit to the ECOSOC, analytical reports on results achieved and measures and processes implemented in follow-up to the resolution, to ensure its full implementation. Since 2013, a monitoring and reporting framework has been developed and annual analytical reports have been submitted outlining progress towards the implementation of this resolution.
265. The monitoring and reporting framework was slightly revised this year, as it was found that several of the indicators needed refinement in order to be measureable and adequately capture meaningful information regarding the implementation of resolution 67/226. In addition, the 2015 launch of the new undg Information Management System which replaces the previous RCs' annual report required adjustments to some of the indicators' sources and the survey questions in order to avoid duplication and additional reporting burdens on the RC system. The monitoring and reporting framework is attached as an annex to this report.
266. Surveys were administered by UNDESA in 2015 to Programme Country Governments (PCs), as well as Resident Coordinators (RCs), Operations Management Teams (OMTs), and the headquarters of UNDS entities in order to gather data for the present report. Additional data was obtained through the new undg Information Management System.
267. The completion rate for the surveys was higher than any previous year. For programme countries, it was 87%, for RCs 89%, and for the OMTs, 92%. The UNDS entities that

completed the headquarters survey represented 97% of total expenditures for development-related activities.¹⁰⁹

268. Data from this year's surveys can be compared to the previous two surveys, in order to map progress and trends since the adoption of the 2012 QCPR resolution. Where different data sources are used (for example where the IMS replaced DESA survey questions), it should be noted that the different collection methodology and protocols are used, and therefore caution should be applied when comparing data points for the same indicator across different data sources. Insofar as was possible, the data was adjusted to be comparable to previous years.
269. In a few of instances, new information was provided or obtained by DESA which showed miscalculations were made in previous years in response to some indicators, these have been corrected in this year's monitoring framework. For example, based on new information received this year by DESA, it was discovered that the Regional UNDG Peer Support Group only reviewed 6 new UNDAFs in LAC the previous year. The calculations based on this information have been subsequently corrected.

V. Effectiveness of the UNDS

A. Current capacity and contribution of UNDS

270. The capacity and development needs of many programme countries and the nature of development challenges have evolved significantly since the Millennium Declaration. While the core challenge of alleviating poverty remains at the centre of development cooperation efforts, other challenges, including those resulting from the process of globalization and technological penetration into all aspects of society and economy, increasing interdependence, climate change and urbanization, have grown in importance. Helping countries convert challenges such as these into opportunity will become litmus test of the relevance of the UNDS. The UNDS step up its efforts to provide the integrated support Member States need to deliver the 2030 Development Agenda.
271. The UNDS remains a preferred partner for programme countries to support action in several operational areas. As can be seen in Table III below, when asked to assess partners in terms of the types of support for which each would be a preferred partner, governments rated the UNDS highest in all except two areas.
272. The highest ratings were for "global challenges requiring common action", followed by "peace, security and humanitarian assistance", "policy advice on national strategies and plans", and institutional capacity development". The UNDS ranked much higher than other partners under "facilitating participation of civil society and national NGOs in national development processes". As it did in last year's survey, the UNDS remained with a ranking of second in "mobilizing external resources for development", for which the Bretton Woods institutions play the main role. A development on the negative side this year is the loss of first rank in

¹⁰⁹ 2014 expenditure data.

terms of being a preferred provider for “supporting regional or sub-regional cooperation”, where other multilateral and regional institutions topped the UNDS by a significant margin.

Table III. Number of countries selecting each partner as one of the two preferred providers of external support, out of 128 countries that responded.

Areas for possible external support	UNDS (Funds, Programmes & Specialized Agencies)	Bretton Woods Institutions (World Bank, IMF etc.)	Other multilateral & regional institutions not part of the UN	OECD/DAC partners (Traditional bilateral donors)	Southern partners	Thematic or alliance- based partners (e.g. The Global Fund)
<i>Global challenges requiring common action</i>	91	40	34	34	17	46
<i>Peace, security & humanitarian assistance</i>	85	13	40	20	13	16
<i>Policy advice on national strategies & plans</i>	84	33	34	27	7	17
<i>Institutional capacity development</i>	83	49	54	46	17	25
<i>Facilitating participation of civil society & national NGOs in national development processes</i>	77	26	37	33	14	19
<i>Sectoral programming advice & technical assistance</i>	68	60	42	33	15	28
<i>Supporting south-south & triangular cooperation</i>	62	12	36	39	52	12
<i>Mobilizing external resources for development</i>	62	74	34	43	17	28
<i>Supporting regional or sub-regional cooperation</i>	49	27	63	35	28	16
<i>Providing equipment and services</i>	42	27	38	40	18	24

273. The surveys carried to date (2012, 2014 and 2015) asked programme countries about the thematic areas in which the UNDS' contribution is judged to have been “especially significant”. Governments have consistently put health, gender equality, environment and governance among the four most frequently chosen themes. At the other end of the scale, knowledge and technology transfer, decentralization, and industry, trade and investment were selected least.

Table IV. Thematic areas where the UN has been most significant [2012-2015]

Thematic Area	2012	2014	2015
Health	80%	64%	69%
Gender equality	69%	67%	64%
Environment & natural resources	84%	61%	59%
Governance & public administration	74%	60%	54%
Human rights & equity	66%	46%	49%
Humanitarian assistance	51%	36%	47%
Agriculture & rural development	55%	39%	47%
Education	66%	44%	46%
Food security & nutrition	52%	46%	45%
Poverty reduction	62%	46%	44%
Sustainable development policies	N/A	49%	43%
Disaster risk reduction	45%	41%	42%
Social Protection	N/A	39%	40%
Peace-building & early-recovery	38%	27%	26%
Economic growth & employment	31%	27%	19%
Knowledge & technology transfer	24%	19%	18%
Decentralization	34%	24%	17%
Industry, trade & investment	14%	16%	11%

Source: 2012, 2014 and 2015 Survey of Programme Country Governments

274. Looking forward, another question asked programme countries to indicate where they required UNDS assistance in the next four years. In 2015, environment and natural resources came at the top of the list, followed by sustainable development policies, agricultural and rural development, economic growth and employment, and health.

Table V. Thematic areas requiring UN assistance in the coming four years [2012-2015]

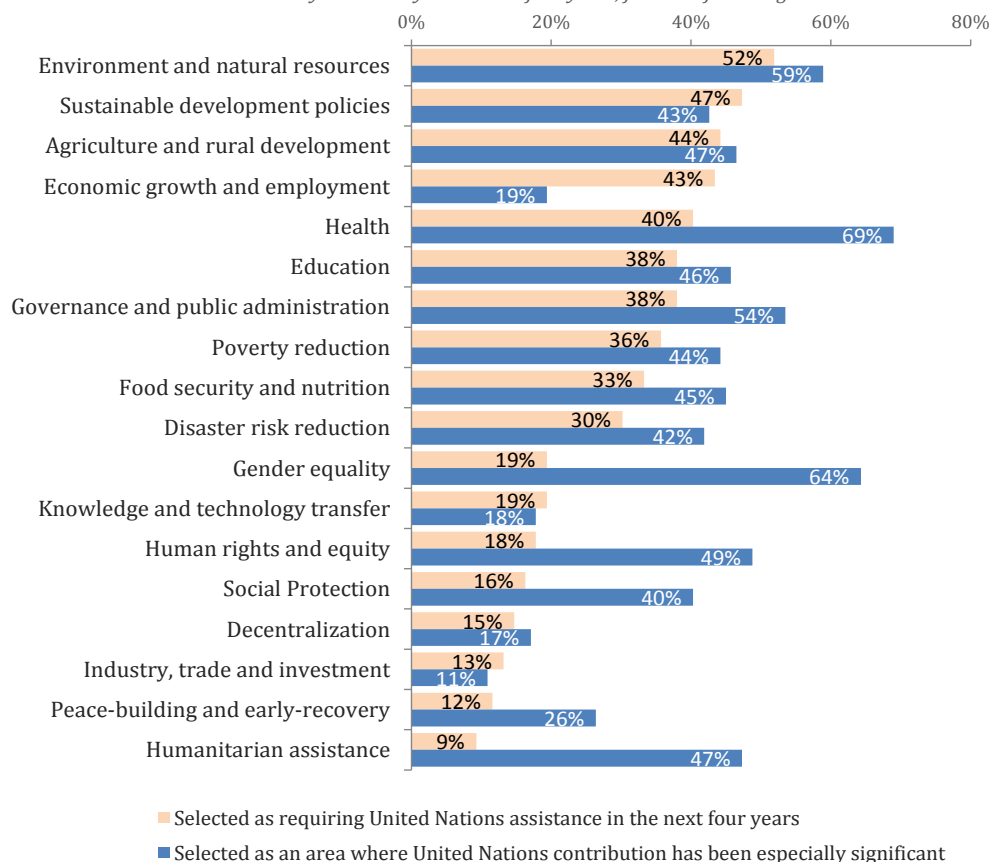
Thematic Area	2012	2014	2015
Environment & natural resources	74%	51%	52%
Sustainable development policies	N/A	48%	47%
Agriculture & rural development	34%	34%	44%
Economic growth & employment	42%	52%	43%
Health	61%	41%	40%
Education	51%	37%	38%
Governance & public administration	39%	37%	38%
Poverty reduction	55%	42%	35%
Food security & nutrition	11%	28%	33%
Disaster risk reduction	20%	25%	30%
Gender equality	26%	21%	19%
Knowledge & technology transfer	23%	13%	19%
Human rights & equity	22%	21%	18%
Social Protection	N/A	18%	16%
Decentralization	12%	20%	15%
Industry, trade & investment	11%	17%	13%
Peace-building and early-recovery	11%	23%	11%
Humanitarian assistance	7%	9%	9%

Source: 2012, 2014 and 2015 Survey of Programme Country Governments

275. The figure below juxtaposes clearly the areas that programme countries selected as those where UNDS contribution has been particularly relevant, compared to those areas where UN assistance is required in the years ahead.

Figure XLI. Comparison of responses

"Please select the five most important areas where the UN contribution has been especially significant/ requiring UN assistance to your country in the next four years, from the following list"



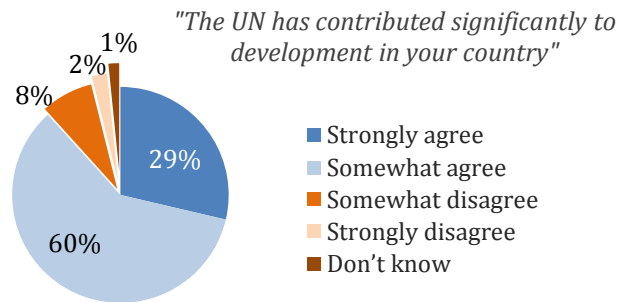
Source: 2015 Survey of Programme Country Governments and 2015 Survey of Resident Coordinators

Relevance and contribution to national development

276. In terms of the system's relevance, a total of 84% of programme countries believe that the UN has become much more (29%) or somewhat more (55%) relevant to the country's development needs over the last three years.

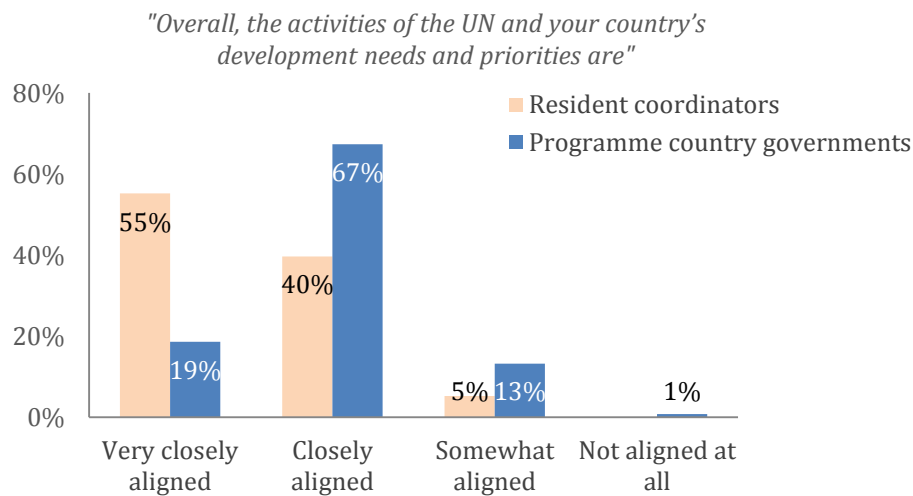
277. In terms of its contribution to national development, 89% of governments (29% strongly and 60% somewhat) agree that the UNDS has contributed significantly to development in their countries¹¹⁰.

¹¹⁰ 2015 PC survey.

Figure XLII. UNDS contribution to development

Source: 2015 Survey of Programme Country Governments

278. On national needs and priorities, 86% of programme countries (19% 'very closely' and 67% 'closely') agreed that UNDS activities are aligned with the country's development needs and priorities. The same question was asked of the RCs, and 95% agreed that the UNDS activities are aligned (55% 'very closely aligned' and 40% 'closely aligned') with the countries' development needs and priorities.

Figure XLIII. UN alignment with national needs and priorities

Source: 2015 Survey of Programme Country Governments

279. Last, but definitely not least, 91% of programme countries (of which 32% strongly and 58% somewhat) agreed that the UNDS is effective in ensuring that adequate attention and resources are given to the development needs of the poorest and most vulnerable segments of society. For DaO countries, 43% programme countries strongly agreed versus 26% for non-DaO countries.

280. Overall, the combination of those who strongly hold a view with those who "somewhat" hold a view offer a positive picture in terms of the UNDS capacity to contribute significantly to the development of programme countries, in alignment with their priorities and needs, in developing national capacity, and in reaching the most disadvantaged. DaO countries have significantly stronger positive view of UNDS performance than non-DaO countries. Looking

only at those who “strongly” hold a view, the results may raise some questions, as only 29% of government respondents strongly agreed that the UNDS has contributed significantly to development in the country and only 21% strongly agreed that the UNDS has been effective in developing national capacities. Notwithstanding the above, programme country surveys results show continued consistency since 2012, with 30% of the programme countries considering that the UNDS has become much more relevant over the course of the years.

B. Expected Role of the UNDS in supporting the implementation of the 2030 Development Agenda

281. Based on the UNDS relevance and comparative advantages, several considerations should underpin the system’s response to the ambitions of the 2030 Development Agenda. The UN shares a core responsibility to leverage its moral authority, convening power and operational capacity so that “no one is left behind” and dignity and human rights become a reality for every person in every country.
282. The first question to be addressed to ensure the system is best fit to address the challenges and opportunities ahead revolve around functions – that is “what” should the UNDS do, and “how should the UNDS do it”. It should also address “what it will not do”. In identifying both the “what” and the “how”, it is essential to ensure tailor-made solutions for different types of countries, strongly anchored in national leadership and ownership, and based on their individual capacities, needs and priorities.
283. One characteristic of the UN system is its function as facilitator, convenor, advocate and repository for many norms and standards with universal applicability. The UN system can do more to strengthen the linkage between the system’s operational development activities to those normative dimensions at global, regional and country levels, including through the important work of non-resident agencies.
284. The new environment is characterized by the growing importance of a type of development challenges that can only be addressed through collective commitment and response. The UN system is uniquely positioned to support the development and negotiation of balanced, impartial and equitable partnerships to respond to global, regional, trans-border and national challenges that require collective action.
285. The system offers an advocacy and convening capacity to bring together major global and regional development actors and institutions in a coordinated multi-stakeholder approach to support the realization of the SDGs, by leveraging global and regional capacities to support data, statistics, knowledge platforms and support to national implementation of the SDGs through monitoring and reporting.
286. There is broad-based agreement that tailor-made solutions will be needed at country level that is a better fit for countries capacities, needs and priorities, and obligations under international law. In some countries this may call for a significant shift away from service provision, towards more “upstream” support to national efforts to implement, monitor, evaluate and report on the implementation of the 2030 Agenda for Sustainable Development Agenda, including through initiatives around policy integration and coherence by bringing the legitimacy of the Organization’s norms and standards to national policy dialogue; technical

assistance, to ensure that no one is left behind; as well leveraging partnerships and facilitating South-South and triangular cooperation.

287. Additionally, for those developing countries with special challenges (including the LDCs, LLDCs, LICs, SIDS, and other fragile and conflict-affected countries) there will be need for greater integration of long-term development and resilience, and depending on circumstances, with humanitarian and peacebuilding responses. In those countries, more comprehensive yet still tailored support will likely be required, including possibly in service delivery.
288. UN business models and organizational arrangements at country and regional levels have in many cases, not gone through a systematic rethinking to better match growing capacities and differentiated priorities and needs. The time has come to address these challenges.
289. Ultimately, at country level, the main ingredient for success is leadership, which must be adequately supported. The role of an experienced and inclusive RC with a properly resourced RC office is important, and must be matched by necessary measures at HQ level. A solid experienced UNCT leadership with profiles and skills matching programme country needs, vision and know-how to actively engage a broad range of national stakeholders is another essential element. Finally, leadership at corporate entity level, as well as leadership of the governing bodies are indispensable for setting the tone and providing the guidance that is required within all levels of individual entities, and across UN system as a whole.
290. In an era of universality and integration, where the contributions of all actors must be brought into play to achieve the SDGs, the UN system will have to play an important role in helping to mobilize the efforts of a wide range of actors to meet a very broad set of challenges. This needs to start at home.
291. There are a variety of ways to facilitate more effective and efficient cooperation across the system, including horizontal accountability. At present, most occur at the country level and are based on a broad agreement regarding the functioning of the UNCT. At corporate level, the challenge lies in the independent nature of their respective governing bodies in relation to other UN intergovernmental structures, and a historically siloed approach to funding. At the heart of the discussions rests the importance for the governance architecture to provide strategic guidance, exert oversight while not micromanaging, and ensure accountability for results. A review of representation, capacity and working methods to ensure fair, coherent and effective governance has been called for by a number of Member States.
292. The test of effectiveness for the UNDS has changed over the past several years, and has exponentially increased with the adoption of the 2030 Agenda. The UNDS must evolve away from modes of functionally delivered parallel projectized initiatives to a coherent system delivering integrated support that reflects the underlying vision of the new agenda.
293. The system needs to move towards a truly integrated response to support the implementation of the 2030 Agenda. While coordination entails a logical sequencing of interventions, looking for efficiencies and minimized costs, it can be done without necessarily looking at the contents of the interventions themselves -- whether strategies, plans, policies or other actions. The objective of coherence targets increases in efficiency and effectiveness, by ensuring that an intervention in one area or sector does not undermine, and preferably not duplicate interventions in other areas. Integration, however, entails a shared understanding

of goals and their interlinkages, and the normative frameworks that underpin them, with interventions that are based on a shared vision, strategy and plans to create synergies and address trade-offs, towards ensuring a whole that is bigger than the sum of its parts.

294. At country level, this may require looking into existing instruments such as the DaO approach, the UNDAF, and the role of the RC and the UNCT to assess whether these measures are adequate for the post-2015 era and how best to enhance these as well as whether a new generation of instruments and mechanisms to complement them may be needed at country and at regional levels.
295. At global level, this may require consideration for using the QCPR as a system-wide framework that would enable the system to plan, budget, implement, monitor, evaluate, and report on to Member States. The complexity of making the QCPR such a system or creating a new one cannot be under-estimated, but the benefits may outweigh the challenges. For the UN system, such a framework has much potential for clarifying the vision forward, the strategy, division of labour, and targeted outcome-level results so that the whole is more than the sum of its parts. For Member States, making the QCPR such a global framework or deriving a new one would enable a better assessment of the performance of the system and provision of the kind of strategic guidance it requires. In that way, the 2016 QCPR could provide guidance on such a framework that reflects the essence and spirit of the 2030 Agenda for the UN system.
296. The UNDS needs the right kind of people, competencies and incentives in the right places to ensure that global aspirations are translated into results. In that regard, rationalization of staffing and differentiated forms of presence and programming arrangements to effectively respond to country needs, with results prioritized over representation, will be an essential element to deliver on the promise of the 2030 Agenda.
297. The responsibility to ensure a UNDS that is lean, agile and able to respond to country needs includes optimizing the use of limited resources. The tension on how to fund a coherent and integrated agenda, particularly in its core functions, while incentivizing the system to deliver and maintaining the necessary flexibility that non-core resources often offer, remains a fundamental question. Leveraging the strengths of all development actors through transparent and accountable partnership approaches that ensure alignment with Member States' goals and mandates also remains a case in point, and a fundamental one in the debate on means of implementation.

VI. Looking ahead: longer-term positioning of the UNDS in the context of the 2030 Sustainable Development Agenda

298. This report describes a new era. It is at once retrospective on what and how the UNDS, its entities and partners have been carrying out at the request of the Member States to reform their methods of work, but also prospective, on how those and new reforms and improvements can forward the ambitious work inspired by Agenda 2030 and the SDGs.
299. The SDGs adopted this year are highly integrated, cross-cutting and multi-sectorial. Formulating an agenda that was at once ambitiously transformative and yet pragmatically achievable demanded the unified consideration of the world's development community, in the

UN, among member states, and more than ever before, drew upon the expertise and enthusiasm of a host of non-state actors.

300. The UN development system has the legitimacy conferred by its universal mandate and it has demonstrated its capacity to adapt. The adoption of the new Development Agenda inaugurates an era with new challenges and opportunities, new players, and new ways of doing business to which the system will have to adapt to best respond to the support needed by Member States.
301. Already, ahead of the adoption of Agenda 2030, the UN system started a process of introspection on its ability to meet the challenges of the SDGs, both internally, within the context of the undg “Fit for Purpose” discussions, and as part of the system’s inputs to the ECOSOC Dialogue. With the adoption of Agenda 2030 in September 2015, which itself calls for the relevant governing bodies to take action to review such support, to implement and to report on progress and obstacles, there is need to deepen and accelerate this analysis and actions on the best ways the system can provide integrated responses within and across the inter-dependent pillars of its work on peace, development and human rights.
302. A UNDS that is lean, nimble and able to respond to people’s needs, does indeed imply making the best use of limited resources and further strengthening policy coherence and synergies between the normative and operational functions in support of national implementation of the SDGs. The ECOSOC Dialogue on the longer-term positioning of the UNDS, mandated with ECOSOC resolution 2014/14, has initiated this reflection. The first phase of the Dialogue concluded in July 2015, with a shared sense that the UNDS must transform itself through a fundamental improvement, seizing the opportunity of this historic moment of change.
303. Several new functions are emerging in the UNDS in the face of the changing shape of the world economy and growing demand from Member States themselves, as well as from the requirements of the 2030 Agenda. The Agenda’s universal nature and its promise of leaving no one behind also have implications for UN functions in middle and high income countries where different forms of inequality are deepening political, economic and social divides.
304. A fundamental question is the tension between how to fund a coherent and integrated agenda, particularly in its core functions, while incentivizing the system to maintain the necessary flexibility that non-core resources often offer. The current funding architecture has become too unbalanced and not conducive to the strengthening of the normative, leveraging and convening role of the UN development system that is now called for. There is need to improve the quality of non-core resources at the same time as the system explores systematically innovative models to improve the volume and predictability of core funding. Providing an aggregated, system-wide overview of financial flows would enable contributors to better understand where the funding needs are and how a contribution will fit in the context of all activities of a coherent and coordinated UN development system and towards the targets of the 2030 Agenda. It would also provide developing countries with the up-to-date information they need to plan and manage resources effectively.
305. Embracing different organizational models will be needed, as well as different forms of regional, sub-regional and country presence and programming arrangements to effectively and efficiently match the differentiated capacities and needs of programme countries with the limited availability of resources. Ensuring a UNDS with the right kind of people, competencies

and incentives in the appropriate places, will help to fulfil the ambitious global aspirations over the next fifteen years.

306. Leveraging the strengths of all development actors through transparent and accountable partnership approaches that ensure alignment with Member States' goals and mandates also remains a fundamental item in the debate on means of implementation.
307. Underpinning the discussions is the need for the governance architecture to provide strategic guidance, exert oversight and ensure accountability for results, while not micromanaging and thus stifling initiative. In that context, some Member States called for a review of representation, capacity and working methods to ensure fair, coherent and effective governance.¹¹¹
308. The second phase of the ECOSOC Dialogue on the longer-term positioning of the UN development system is expected to present concrete options for discussion by Member States on what changes are necessary for the UNDS to rise to the challenges of the 2030 Development Agenda. There is a widely shared view that this would involve a hard fundamental look at what is needed to build on the foundations we have been completing.
309. In an era characterized by universality and integration, where the contributions of all actors must be brought into play to achieve the SDGs, the UN system needs of action towards a truly integrated response in terms of common analysis, planning, budgeting, implementation, monitoring, evaluation and reporting.
310. Coordination aims at maximizing efficiencies and minimizing costs. Coherence takes coordination a step further, aiming at the merit of activities to maximize impact. Integrated action, on the other hand, aims at a shared vision built on a collective recognition of the normative frameworks that underpin it, which in turn drives a common strategy reflected in activities that overcome and build on the specificities of each entity for a greater good.
311. The SDGs and Agenda 2030 are ambitious, but achievable. Member States have every reason to demand that the UN development system unite to achieve those goals and targets which the General Assembly declared are integrated and indivisible, balance the three dimensions of sustainable development, and will stimulate action over the next fifteen years in areas of importance for humanity and the planet. Action begins here, in the UN development system.
312. In conclusion, while after 70 years, the imperatives of the UN Charter to “employ international machinery for the promotion of the economic and social advancement of all peoples” still hold, the nature of the challenges to that advancement has changed tremendously. With the SDGs, the UN system has unprecedented opportunities for entirely practical advances in development. The UN development system, under the leadership of governments and its partners in civil society, philanthropic organizations, academia and the private sector, must adapt to the realities of today.
313. We have the goals; this report begins the planning on how the UN can help reach them. The time is now.

¹¹¹ ECOSOC Dialogue Governance Workshop summary

ANNEX I: QCPR MONITORING AND REPORTING FRAMEWORK

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
OAD Funding							
General principles							
1	24	Total funding for UNOAD.	CEB Database	Annually	\$23.9 billion	\$26.4 billion	\$28.4 billion
2	11, 24	% share of funding for UN OAD relative to total ODA.	1) CEB Database 2) OECD.Stat	Annually	17.0%	18.0%	18.3%
3	11, 24	% share of UN-OAD relative to total multilateral ODA.	1) CEB Database 2) OECD.Stat	Annually	29.1%	N/A ¹¹²	30.6% (2013)
4	24, 33, 77	Total funding from non-OECD/DAC countries (excluding local resources)	CEB Database	Annually	\$1.193 billion	\$1.531 billion	\$2.130 billion
5	24, 33, 77	% share of funding from non-OECD/DAC countries relative to total estimated global SSC flows (excluding local resources)	1) CEB Database 2) IDCR	Annually	9.1%	N/A ¹¹³	N/A ¹¹⁴
6	24, 37	Total funding received from non-state partners.	CEB Database	Annually	\$5.946 billion	\$6.548 billion	\$6.530 billion
7	24, 37	% share of total funding for UN-OAD coming from non-state partners.	CEB Database	Annually	24.9%	24.8%	23.1%
Enhancing overall funding							
8	25, 33	Total core funding for UN OAD	CEB Database	Annually	\$6.709 billion	\$6.722 billion	\$6.743 billion
9	26, 29	% core share of funding for development-related activities from governments (excluding local resources).	CEB Database	Annually	45.9%	45.0%	44.4%
10	27, 28, 44	% share of non-core resources for development-related activities channeled to pooled, thematic and joint-funding mechanisms applied at the global, regional and country-levels.	CEB Database	Annually	10.2%	9.5%	11.4%
11	118, 124(g), 135, 141	% of programme countries where over 20% of UN resources relate to joint programmes and are subject to pooled or pass-through and/or MDTF fund management arrangements (as against parallel funding)	DESA RC Survey 1) CEB Database^; 2) MPTF Office	Annually	23.9% N/A	14.6% N/A	N/A 6.0% ¹¹⁵

¹¹² Multilateral aid data will only be available in December 2014

¹¹³ SSC data for 2013 and 2014 not available

¹¹⁴ Ibid

¹¹⁵ Due to a change in data source, caution should be applied when comparing data points for this indicator across the years.

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
12	35	# of UN entities reporting annually to their governing bodies on concrete measures to broaden the donor base.	DESA UN-HQ survey [†]	Annually ⁱⁱⁱ	N/A	17 (out of 22)	23 (out of 25)
13	39	# of UN funds and programmes ⁱ that defined common principles for the concept of critical mass of core resources by 2014	DESA UN-HQ survey;	One time (2014)	N/A	7 (out of 12)	N/A ^{vi}
Improving predictability and quality of resources							
14	41	# of UN entities consolidating all projected core and non-core resources within an integrated budgetary framework.	DESA UN-HQ survey [†]	Annually	N/A	17 (out of 22)	21 (out of 25)
15	42	% of UNCTs implementing a common budgetary framework at country level	DESA RC Survey [^]	Annually	28%	21%	34%
16	24, 33,40	% of top ten donors of funds and programmes with core contributions changing by 20 per cent or more from the previous year.	CEB Database	Annually	18%	36%	21%
17	46	# of UN entities that held structured dialogues in their respective governing bodies annually on how to finance the development results agreed in the new strategic planning cycle.	DESA UN-HQ survey [†]	Annually ⁱⁱⁱ	N/A ^{vii}	13 (out of 22)	17 (out of 25)
18a	10, 11, 13, 19, 30	% share of core country-level programme expenditures spent in LDCs (excluding local resources).	CEB Database	Annually	41% (2011)	46%	42%
18b		% share of total country-level programme expenditures spent in LDCs (excluding local resources).			51% (2012)	48%	49%
Ensuring full cost recovery							
19	47, 53	# of UN entities that have adopted harmonized cost recovery frameworks	DESA UN-HQ survey [†]	Annually ⁱⁱⁱ	N/A ^{vii}	11 (out of 22)	17 (out of 25)
20a	43, 48, 51, 53	% of total core expenditures on development-related activities by funds and programmes directed to programme activities	DESA UN-HQ survey	Annually	64% (2011)	N/A	65%
20b		% of total non-core expenditures on development-related activities by funds and programmes directed to programme activities			92% (2011)		91%
21a	43, 48, 51, 53	% of total core expenditures on development-related activities by specialized agencies and other UN entities directed to programme activities	DESA UN-HQ survey	Annually	69% (2011)	N/A	58%

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
21b		% of total non-core expenditures on development-related activities by specialized agencies and other UN entities directed to programme activities			83% (2011)		92%
22	54	# of UN entities reporting on cost recovery amounts within their regular financial reporting.	DESA UN-HQ survey	Annually	13	13	17
Capacity Development & Operational Effectiveness							
Capacity-Building and Development							
23	14, 57-63	% of new UNDAFs or equivalents that substantively address national capacity development	R-UNDG (PSG)	Annually	N/A	96%	100%
24	57-63	% of programme country Governments that 'strongly agree' that UN system has been effective in developing national capacities	DESA PC-GOV survey ^{iv}	Biennially	24%	30%	21%
25	64	% of programme country Governments that 'strongly agree' that UN system uses national monitoring and reporting systems wherever possible	DESA PC-GOV survey ^{iv}	Biennially	10%	17%	18%
26	64, 66	% of RCs who 'strongly agree' that the UN system is using parallel implementation units as little as possible	DESA RC survey	Annually	N/A	17%	25%
27	63	Common approach and framework to measure progress in capacity development results developed.	UNDG/Programme Working Group	Annually until completed	N/A	No	No
28	63	Average % of agency country offices using the common UNDG capacity measurement approach (when fully developed) ¹¹⁶	N/A until developed (see indicator 27)	Annually (once fully developed)	N/A	N/A	N/A
29	14, 15	Three dimensions of sustainable development reflected in strategic plans of UNDG members	Entities strategic plans (SGR2015) DESA UN-HQ survey (SGR2016)	Annually	N/A ^{vii}	Yes	Yes (22 out of 25)
Poverty Eradication							
30	70,71	% of new UNDAFs or equivalents that substantively address poverty eradication	R-UNDG (PSG))	Annually	N/A	96%	78%
31	19,73	% of programme country governments who “strongly agree” that UN contributions in the eradication of multi-dimensional poverty and achievement of IDGs is “significant”	DESA PC-GOV survey ^{iv}	Biennially	N/A	26%	32%

¹¹⁶ UNDG capacity measurement approach not yet fully developed

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
South-South Cooperation							
32	74,77	# of UN entities that integrate SSC into their strategic plan.	DESA UN-HQ survey [†]	Annually	N/A ^{vii}	20 (out of 22)	23 (out of 25)
33	74,77	# of UN entities that actively report on SSC in their annual reports	DESA UN-HQ survey [†]	Annually	N/A ^{vii}	18 (out of 22)	20 (out of 25)
34	74,77	% of new UNDAFs or equivalents that substantively address south-south and triangular cooperation	R-UNDG (PSG))	Annually	N/A	32% ^v	43%
Gender Equality							
35	81,85 88,91	% of new UNDAFs or equivalents that have specific results and resources for gender equality	R-UNDG (PSG))	Annually	N/A	82% ^v	91%
36	81,82 83,85	% of countries conducting the gender scorecard that meet minimum standards (rating 4) in at least half of the gender scorecard areas	DESA RC survey (SGR2015)	Annually	N/A	52%	N/A
			UNDG IMS* (SGR2016)		N/A	N/A	27% ¹¹⁷
37	86 89	# of UN entities that track and report on allocations and expenditures using gender markers	UN-Women	Annually	N/A	11	15
38	83 90	Minimum set of gender indicators developed and endorsed by UN statistical commission for system wide use	UN-Women	Once	N/A	Endorsed	
39	86 92	# of entities that have achieved gender balance among both General Service staff and high-level posts (P4 and above)	SWAP ¹¹⁸	Annually	N/A	GS: 23/28 ^v P4 & above: 1/28	GS: 23/28 P4 & above: 1/28
40	87	Status of implementation of the system-wide evaluation of the effectiveness, value added and impact of the System-wide Action Plan on Gender Equality and the Empowerment of Women.	JIU	Once starting in 2016	N/A	N/A	Deferred ¹¹⁹
Transition from Relief to Development							
41	93, 94	% of new UNDAFs or equivalents that have effectively	R-UNDG (PSG))	Annually	N/A	89% ^v	96%

¹¹⁷ See endnote on UNDG IMS* and see 2015 Survey of RC Report for detail on reported decline

¹¹⁸ Source: UN Women for GS and from CEB for P4 and above

¹¹⁹ Evaluation reported to be on JIU roster 2017/18

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
		integrated disaster and climate risk					
42	93,94, 108-110	% of programme countries that report biennially on progress on disaster risk reduction.	UNISDR	Biennially	N/A	74%	N/A ^{vi}
43	104, 105	% of countries in which agreements / arrangements/ initiatives exist with key partners including the BWIs for response to crisis	DESA RC Survey [^]	Annually	N/A	42%	73%
44	107	Endorsement of standardized instruments by the Secretariat entities and the UNDS to support joint programming and business operations in countries with a UN mission present	Integration Steering Group	Annually until endorsed	N/A	IAP ¹²⁰ endorsed in April 2013 ¹²¹	
45	102	% of countries with country-led and inclusive mechanisms to coordinate support to national priorities for transition	DESA RC survey (SGR2015)	Annually	N/A	81%	N/A
			UNDG IMS* (SGR2016)		N/A	N/A	33% ¹²²
UNDS Improved Functioning							
UNDAF							
46	4,5, 7, 12, 21, 113, 114	% of programme countries where a joint national Steering Committee (or similar group) conducted annual UNDAF (or equivalent) review in the past 12 months	DESA RC survey (SGR2014 & SGR2015)	Annually	53%	64%	N/A
			UNDG IMS* (SGR 2016)		N/A	N/A	66%
47	130(b), 171	% of UNCTs that have submitted an UNDAF progress report to the national government:	DESA RC Survey [^]	Annually	N/A	72%	75% ¹²³
		- once in the past four years - annually for DaO			N/A	80%	84%
48	9, 12	% of programme country governments that strongly agree that the UN is effective or highly effective in facilitating the participation of civil society and national NGOs in national development processes	DESA PC-GOV survey ^{iv}	Biennially	N/A	55%	60%
49	9, 12, 20, 114, 124(i)	% of civil society organizations/Programme Country Governments that ‘strongly agree’ that the UN collaborates ‘as much as possible’ with civil society and national NGOs	CSO survey (SGR 2012) DESA PC-GOV survey ^{iv} (SGR 2016)	Biennially	44% (2012)	N/A	46%
50	5, 7, 12,	% of governments that consider UN activities ‘very closely’ or	DESA PC-GOV survey ^{iv}	Biennially	83%	93%	86%

¹²⁰ Integrated Assessment and Planning¹²¹ No further action taken during SGR 2016 reporting period¹²² See endnote on UNDG IMS* and see 2015 RC Survey Report for detail on reported decline¹²³ The 2015 RC Survey asked 'in the past five years'

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
	113, 115	'closely' aligned with national needs and priorities					
51	18, 116	% of governments which are 'satisfied' or 'very satisfied' with the UN's ability to provide access to relevant expertise from across the UN system including NRAs ¹²⁴	DESA PC-GOV survey ^{iv}	Biennially	54%	56%	50%
52	23, 58	% of UNCTs that indicate that disaggregated data i.e. income level, gender, age, disability, minorities (ethnic, religious, language, etc.) and indigenous people has been adequately used to inform the country analysis stage	DESA RC Survey [^]	Annually	Income: 81% Gender: 83% Age: 88% Disability: 39% Minorities: 48% Indigenous peoples: 30%	Income: 87% Gender: 79% Age: 83% Disability: 51% Minorities: 47% Indigenous peoples: 24%	Income: 76% Gender: 76% Age: 84% Disability: 49% Minorities: 44% Indigenous peoples: 27%
53	23	% of new UNDAFs or equivalents that include reference to needs of persons with disabilities in line with UNDG guidance note on including the rights of persons with disabilities in UN programming at country level	R-UNDG (PSG))	Annually	N/A	61% ^v	87%
54	58	% of UNCTs that have used human rights-based approach as a programme principal in the new UNDAFs	R-UNDG (PSG))	Annually	N/A	86% ^v	96%
55	14	% of new UNDAFs or equivalents that include sustainable development as a strategic priority area in line with UNDG programming guidance	R-UNDG (PSG))	Annually	N/A	93% ^v	96%
56	119	# of UN entities that have developed measures to simplify and harmonize agency-specific programming instruments (specify type of instrument)	DESA UN-HQ survey [†]	Annually	N/A ^{vii}	13 (out of 22)	14 (out of 25)
57	117, 119	Average number of months needed for preparation process of new UNDAFs.	R-UNDG (PSG))	Annually	N/A	13 ^v	12
58	117, 120	% of programme country governments that 'strongly' or 'somewhat' agree that there is a clear division of labor among UN agencies at the country level	DESA PC-GOV survey ^{iv}	Biennially	N/A	67%	69%
59	117	% of programme country governments that 'strongly agree' that UNDAF or another UN planning framework has helped to improve focus on results	DESA PC-GOV survey ^{iv}	Biennially	48%	47%	37%

¹²⁴ Data for this indicator reveals % of programme country governments that consider 'access to specialized knowledge in a wide range of subject areas' to be a 'very relevant' attribute of the UN system.

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
60	121	# of UN agencies which have aligned planning and budgeting cycles to the QCPR timeframe	DESA UN-HQ survey [†]	Annually	12 (out of 12)	15 (out of 22)	15 (out of 25)
Resident Coordinator System							
61	42, 124(h) 130(a) 130(c) 131	Full implementation of the following elements of the M&A system:	DESA UN-HQ survey [^]	Annually			
61a		- % of UN entities that have revised the Job description of their UNCT members to recognize the role of the RC			N/A ^{vii}	55% (12 out of 22)	56% (14 out of 25)
61b		- % of UN entities recognizing reporting obligations to the RC on resource mobilization and programme implementation performance of any UNDAF/One Programme elements led by the agency			N/A ^{vii}	64% (14 out of 22)	68% (17 out of 25)
61c		- % of UN entities that have included RC's inputs in UNCT members performance appraisal system			N/A ^{vii}	55% (12 out of 22)	48% (12 out of 25)
61d		- % of UN entities that have included UNCT results in agency representatives' performance appraisal system			N/A ^{vii}	59% (13 out of 22)	60% (15 out of 25)
61e		- % of UNDP country directors that have signed delegation of authority letters, including for resource mobilization, with RC/RRs	DESA RC Survey [^]		N/A	85%	88%
62	124(b)	% of RCs that are female	DOC (HR database)	Annually	40%	39%	42%
63	124	% of RCs from programme countries	DOC (HR database)	Annually	44%	44%	44%
64	125	% of governments that are of the view that UN staff (heads of agencies) has the 'right mix of capacities and skills including for high-quality policy and programme advice, and the highest standards of leadership skills'	DESA PC-GOV survey ^{iv}	Biennially	N/A	78%	84%
65	128	# and % of UN entities fully implementing the cost-sharing arrangement	DOC	Annually	N/A	11 (out of 18)/ 60%	11 (out of 18)/ 60%

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
66	128	Proposal on funding modalities of the RC system submitted to ECOSOC & GA in 2013	UNDG	One time (2013)	No	In progress ¹²⁵	N/A ^{126vi}
67a	128	Contributions in cash provided to the RC system ¹²⁷	DOCO	Annually	N/A	N/A	\$23.6 million
67b		Contributions in kind provided to the RC system ¹²⁸	TBC	TBC	N/A	N/A	N/A
67c		% of RC's that stated they have accessed some or all of the technical resources of all UN entities without difficulty	DESA RC survey	Annually	N/A	85%	80%
68	124(a), (b) 127(c)	RC Assessment Centre reviewed and improved with the ultimately goal of bringing in high-caliber leaders	DOCO	Once	N/A	Completed	
69a	124(J)	% of UNCT members with very adequate delegated authority make decisions on behalf of their agency.	UNDG CSS (SGR 2015)^	Annually	N/A	24%	N/A*
69b		% of that 'strongly agree' that the UN system field representatives enjoy sufficient delegated authority to respond effectively and efficiently to national needs and priorities	DESA RC survey (SGR2015 & SGR2016)		N/A	17%	24%
DaO							
70	134	# of DaO countries	DOCO	Annually	33	43	50 ¹²⁹
71	134	% of countries applying components of the SOPs	DESA RC Survey^	Annually	N/A	72%	79%
72	130(b)	% of countries with an annual UN Country Results Report	DESA RC Survey^	Annually	N/A	51%	49%
73	138	% of programme countries that considered adopting DaO that were satisfied with information provided to them by the RC/ UNCT to enabling them to take an informed decision on DaO	DESA programme country survey ^{iv}	Biennially	N/A	78%	73%
74	141	% of RCs/UNCT members who state that in regard to DaO they have received effective support from headquarters	UNDG CSS (SGR 2015)^	Annually	N/A	53%	N/A
			DESA RC survey (SGR 2016)		N/A	N/A	66%
75a	137	UNDG approved HQ Plan of Action to address challenges and bottlenecks, in particular at the headquarters level, which prevent the DaO countries from fully utilizing the efficiency	DOCO	One time	N/A	Comple ted	Comple ted

¹²⁵ SGR-2015 Section V.B.¹²⁶ SGR-2016 Section V.B¹²⁷ Contributions under the UNDG cost sharing agreement¹²⁸ Indicator not collectable in absence of harmonized definition of “in kind” contribution. Indicator 67c added to display related trend¹²⁹ As at September 2015

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
		gains from the delivery as one approach					
75b		UNDG implemented HQ Plan of Action to address Challenges and bottlenecks, in particular at the headquarters level, which prevent the DaO countries from fully utilizing the efficiency gains from the delivery as one approach		Annually (starting in 2015)	N/A	Ongoing	Ongoing
76	143	Options for the review and approval of the common country programme documents of the DaO countries presented to ECOSOC in 2014	Jointly by UNDP, UNICEF, UNFPA and UN-Women	One time (in 2014)	No	No ¹³⁰	No ¹³¹
Regional Dimensions							
77	146 147	# of joint RCM/R-UNDG regional common positions (papers) to advocate on key development issues	RCM/R-UNDG reports	Annually	N/A	15	8
78	148 149	% of RCs/UNCT members that 'strongly agree' with the statement that the regional Peer Support Group provides value-added to the formulation of the UNDAF.	UNDG CSS (SGR2015)^	Annually	N/A	5%	N/A
			DESA RC survey (SGR2016)		N/A	N/A	Road map: 47% Country analysis: 26% Strategic planning: 36% Monitoring & evaluation: 20%
79	146-150	% of RCs/UNCT members stating that RCMs provides effective support on highest priority regional/sub-regional issues of relevance to the country.	UNDG CSS (SGR2015)^	Annually	N/A	53%	N/A
			DESA RC Survey (SGR2016)		N/A	N/A	72%
80	146-150	% of RCs/UNCT members stating that regional UNDG provides effective support on the highest priority regional/sub-regional issues of relevance to the country	UNDG CSS (SGR2015)^	Annually	N/A	50%	N/A
			DESA RC Survey (SGR2016)		N/A	N/A	79%
81	146-150	% of RCs/UNCT members stating that regional commissions provide effective support on the highest priority regional/sub-	UNDG CSS (SGR2015)^	Annually	N/A	42%	N/A

¹³⁰ A joint UNDP-UNFPA-UNICEF-WFP informal consultation was held in September 2014

¹³¹ See Section V.A on UNDAF

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
		regional issues of relevance to the country	DESA RC Survey (SGR2016)		N/A	N/A	63%
Simplification and Harmonization of Business Processes							
82	161	UNDG strategy developed by end of 2013 to support the establishment of common premises in programme countries that wish to adopt them	UNDG reporting (TTCP)	Annually until done	No	No	Yes
83	152	Plan for consolidated common support services at country level submitted to governing bodies in 2014, including in the areas of financial management, human resources, procurement, ICT and other services	DESA UN-HQ survey	Annually until done	No	No	No
84	155	Plan for the system wide harmonization of regulations and rules, policies and procedures in all functional areas of business operations presented by the HLCM and UNDG for review by ECOSOC by end of 2014	UNDG/HLCM	Annually until done	No	No	No ¹³²
85	159	Proposal on the common definition of operating costs and a common and (standardized) system of cost control presented in 2014	HLCM/UNDG	Annually until done	No	No	Yes
86	156	% of countries with 25 or more per cent of the annual UN financed procurement volume done by the government	DESA OMT survey	Annually	24%	22%	18%
87a	160	Report on feasibility study for establishing interoperability of ERP systems undertaken	HLCM	Annually until done	No	No	Yes
87b	160	Report on progress to achieve full interoperability of ERPs in 2016	HCLM	One time (2016)	N/A	N/A	In progress ¹³³
88 ^{134a}	152, 154	% of countries implementing five or more common services, based on the implementation of inter-agency and common long-term agreements	DESA OMT Survey [^]	Annually	N/A	7% (6)	5% (6)
88b		% of countries implementing a minimum of five common LTAs			N/A	43% (36)	33% (39)
89	64, 152	% of countries that are fully HACT-compliant	HACT Advisory committee	Annually	N/A	N/A	N/A ¹³⁵

¹³² See SGR2016 Section V.E¹³³ Ibid¹³⁴ Indicators 88c-88f were deleted as cannot be measured as such.¹³⁵ The concept of 'HACT-compliant country' was deemed not measurable and was formally discontinued with the publication of the UNDG Harmonized Approach to Cash Transfer Framework in February 2014. Please see section IV.A on Capacity-building and development

#	OP	Indicator	Source/ Collection method	Frequency	SGR 2014 ⁱⁱ	SGR 2015 ⁱⁱ	SGR 2016 ⁱⁱ
90	153	# of UN entities that presented plans to their governing bodies for intra agency rationalization of business operations by the end of 2013.	DESA UN-HQ survey	One time (2014)	N/A	7 (out of 22)	10 (out of 25)
Results-Based Management							
91	171	% of non-DaO UNCTs producing annual results reports	DESA RC survey [^]	Annually	N/A	44%	36%
92	166 168	# of UN entities using common RBM tools and principles as identified in the UNDG RBM handbook	DESA UN-HQ survey	Annually	N/A ^{vii}	15 (out of 22)	23 (out of 25)
93	170	# of UN entities that have prepared clear and robust results frameworks for strategic plans for implementation in 2014	DESA UN-HQ survey	One time (2014)	N/A ^{vii}	15 ¹³⁶ (out of 22)	N/A ^{vi}
94	172	RBM and system-wide results reporting across UN system reviewed by 2016	JIU	One time (2016)	No	No	In progress ¹³⁷
95	170	In countries where the Government has expressed interest in receiving support from the UNCT in strengthening national RBM systems, % of UNCTs that responded positively.	DESA RC survey	One time (2016)	N/A	N/A	94%
Evaluation							
96	173	# of entities that have an evaluation tracking system that includes the status of implementation of evaluations and management responses.	DESA UN HQ survey	Annually	N/A ^{vii}	18 (out of 22)	20 (out of 25)
97	181	Policy for Independent system-wide evaluation developed and proposal for pilot system-wide evaluation submitted for discussion at ECOSOC in 2013.	JIU on behalf of ICM	One time (2013)	No	Yes	
98	175	% of programme countries that 'strongly agree' that the UN has contributed to the strengthening of national evaluation capacities.	DESA PC-GOV survey ^{iv}	Biennially	10%	16%	16%
99	182	% of UNDAF evaluations for which management response was prepared (from UNDAF group)	DESA RC survey (SGR2015)	Annually	N/A	59%	N/A
			UNDG IMS* (SGR2016)		N/A	N/A	28% ¹³⁸

¹³⁶ Data point reveals "to what extent does your agency's current strategic plan demonstrate complete results chains?"

¹³⁷ See Section V.F on RBM in SGR 2016

¹³⁸ See endnote on UNDG IMS* and see 2015 Survey of RCs Report for detail on reported decline

NOTES

* The UNDG Information Management System (IMS) launched in 2015 replaces the RC Annual Report (RCAR) and the Coordination Support Survey (CSS). DESA revised its RC and OMT surveys to avoid additional reporting burdens. As instruments used different collection methodology and protocols, caution should be applied when comparing data points for the indicator across different data sources. Insofar as possible, the data was adjusted to be comparable to previous years, otherwise, the data point is provided below.

† Source changed after SGR2014 to DESA HQ survey from DESA desk review of agency strategic plans, as the latter has not proved feasible in practice for all UN entities

^ Source was previously reported as either CSS or RCAR in SGR2015. Where available, data has been separated into two rows. Where an alternative has replaced previous sources, the correct source is provided and the corresponding data has been collected from that source.

ⁱ While recognizing it is neither a fund nor a programme, UN-Women is classified as such.

ⁱⁱ SGR2014, SGR2015, SGR2016 reported on data collected in 2013, 2014 and 2015.

ⁱⁱⁱ Annual reporting requested E/2015/15, instead of one-time report

^{iv} DESA PC survey was carried out in 2012, 2014, 2015

^v Figure revised due to new information provided to DESA (see SGR2016 Section V.H)

^{vi} Not applicable as data for indicator either collected once or biennially

^{vii} 2013 HQ Survey sought qualitative information and this data was not reported