

Long Term Issues Arising from T/QCPR Implementation and Results

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Introduction

1. This report responds to a variety of issues raised in documents A/RES/67/226, A/RES/68/229, A/RES/69/238, E/2013/5, E/2015.L3 and E/2014/14. This document should be viewed as supplementary analysis however, as direct responses to the requests of the General Assembly and the Economic and Social Council are more directly addressed in other documents, particularly the Secretary-General's annual reports on the implementation of the QCPR. This report does however respond directly to operative paragraph 17 of A/RES/69/238 which "*requests all organizations of the United Nations development system to consider the post-2015 development agenda, once adopted, in the context of midterm reviews and the elaboration of strategic plans and frameworks, in order to ensure consistency and alignment with the agenda*".

2. The current 2012-2016 Quadrennial Comprehensive Policy Review (QCPR) is well into its third year of implementation while previous Comprehensive Policy Review resolutions date back to 1979. Member States are currently in the process of assessing and adjusting, as may prove appropriate, the policies and functioning of the UN development system (UNDS) to meet the challenges of the 2030 Agenda for Sustainable Development. The UNDS, under the leadership of the UN Development Group (UNDG), is working to determine how the constituent entities of the UNDS will respond to achieve an enhanced "fitness for purpose". Preparatory work is also underway for the next QCPR to be negotiated at the end of 2016, work which will be guided and informed by the new requirements arising from the Sustainable Development Goals (SDGs) and the substantive input from the ECOSOC Dialogue on the longer-term positioning of the UN development system.

3. This report does not attempt an exhaustive review of progress in monitoring the detailed provisions of the most recent QCPR resolutions – all of which have been addressed in the regular annual reports of the Secretary General on QCPR implementation. Rather, it attempts to use experience accumulated to date on T/QCPR resolution implementation to abstract for discussion some broader general issues that will face the system in the years to come. Such a discussion necessitates a degree of generalization and the issues selected for discussion should not be considered as embracing all provisions of all historical T/QCPR resolutions.

I. The evolution of QCPR decisions

4. A general review of all T/QCPR resolutions back to the baseline resolution of 1981 (A/RES/35/81)¹ shows that they have grown significantly in complexity over the years. This increased complexity has two general characteristics: 1) a shift in emphasis towards assessing the performance of the United Nations operational activities system overall, and 2) an increasing attention paid to operations-related effectiveness, coherence and efficiency issues that historically have been left largely in the hands of the individual entity governing boards.

5. In total, eleven T/QCPR resolutions have been approved by the General Assembly (GA), starting with 1981 and most recently with the 2012 resolution (A/RES/67/226) – the first of the resolutions of a quadrennial rather than triennial nature. As an indication of the increasing complexity of these resolutions, the original 1981 TCPR contained 34 operative paragraphs while the 2012 QCPR contained 189 operative paragraphs. The more recent resolutions have also been

¹ although general policy reviews date back to 1979, 1981 was the first year the term Triennial Comprehensive Policy Review was used

characterized by more complex operative paragraphs, with a number containing numerous sub-paragraphs.

6. While all T/QCPR resolutions tend to have a system-wide perspective, more recent decisions very clearly underline a shift in thinking from the performance of individual agencies to the performance of the system as a whole. Perhaps paradoxically, the operative paragraphs have moved significantly from broader policy and strategic issues towards the details of operational performance – with the twin objectives of improving both effectiveness and efficiency. This shift is an important element in the evolving complexity of the resolutions, for it is evident that the resolution of issues of a system-wide nature grows in complexity and difficulty as they impact at the operational level on the long established practices of all the UNDS entities.

Addressee (%)	1980	1983	1986	1989	1992	1995	1998	2001	2004	2007	2012
UNDS System	27	38	29	33	19	38	32	39	42	47	50
Inter-agency	0	4	8	26	22	11	23	17	14	18	19
Secretariat	36	31	26	18	22	23	11	8	13	17	11
Intergovernmental	5	4	11	9	12	8	11	9	9	3	4
Other	32	22	27	14	26	21	23	26	21	16	15

Source: Wennubst & Mahn (2013): *A Resolution for A Quiet Revolution*. Bonn: DIE

7. At the risk of over-simplification, it is useful to abstract the main themes of the T/QCPR resolutions to date. T/QCPR resolutions have historically been characterized by two quite different types of operative paragraphs: 1) relatively long-standing statements of general principle that are meant to underpin all UN operational activities for development, and 2) specific requests to Member States, the Secretary-General, the governing boards and the secretariats of the UN entities for action to be taken on issues of concern. This analysis focuses mainly on the system's performance in responding to these specific requests for action.

8. In terms of specific requests for action, six major themes dominate, although one or two of these themes have emerged only in the more recent resolutions:

- a) funding, in both quantity and quality terms;
- b) the importance of full cost recovery in light of the growing imbalance between core and non-core resources (relatively recent);
- c) measures to improve the efficiency of operations in order to allow a greater percentage of total contributions to be used for programme purposes;
- d) measures to promote greater UN system-wide effectiveness largely by promoting greater coordination to achieve a more coherent overall UN effort and that results need to be evaluated on a system-wide basis;
- e) measures related to the functioning of the Resident Coordinator (RC) system including the country teams (UNCTs) on which much of the burden falls for enhancing coherence; and

- f) how to monitor T/QCPR implementation and the evaluation of results - with a particular emphasis on the role of the Economic and Social Council (ECOSOC).

9. It is on the issues of coherence, efficiency and funding “quality” that the most obvious challenges of the UNOAD system emerge. Within the broad subject areas of coherence and efficiency, it is noteworthy that requests related to the harmonization of rules and regulations, the simplification of processes and procedures and the much greater use of common services have been present in every T/QCPR since the first in 1981. Requests related to the functioning of the Resident Coordinator System (RCS) have been present in all resolutions since 1986. However, since the functioning of the system is integrally linked to the manner in which the system is funded, funding issues of both quantitative and qualitative natures are critically important.

II. Historical trends repeated and enhanced in 2012 QCPR

10. The key tool for the follow-up to the 2012 QCPR is the monitoring and reporting framework established after the 2012 resolution. Detailed reports on the items monitored are attached at the end of each of the Secretary General’s annual QCPR implementation reports. This framework tracks 112 different performance items and sub-items arising from the 2012 QCPR. These items fall generally into the following categories:

Category	# of items	% of total items
Effectiveness of programmes	21	19%
Coherence of UN effort	20	18%
Cost recovery	6	5%
Other Funding	15	13%
Monitoring & evaluation	15	13%
RCS & UNCTs	13	12%
Efficiency	18	16%
Other items	4	4%
Totals	112	100%

III. How items are monitored for performance

11. The 112 different items (99 indicators and 13 sub-indicators) are being monitored in a variety of different ways. These range in measurement complexity from those that can be tracked with available “hard data” to those for which hard data is extremely limited and where reliance is placed largely on the views of the stakeholders about the progress achieved. These views have been gathered through a series of surveys – of the programme country governments, the RCs, the Operational Management Teams (OMTs) of the UNCTs, and the UN entity headquarters, as well as Annual Reports of Executive Directors, reports from UNDG Working Groups and Task Teams, the new UNDG Information Management System, and other sources

12. A subjective review of how resolution items are monitored leads to grouping into four general types:

- a. **items for which hard data is available to assess accurately results achieved.** Most of these items fall in the area of financial data. An example is indicator 1 (indicators are the numbered items of the QCPR monitoring framework) – *Total funding for UN Operational Activities for Development*.
- b. **one time activities.** These items represent one very specific time bound request of the QCPR. They generally can be measured as: completed, ongoing, or abandoned (overcome by events). An example is indicator 27 – *Common approach and framework to measure progress in capacity development developed*;
- c. **items measured by the number of targeted stakeholders that are in compliance with the request.** An example is indicator 22 – *Number of UN entities reporting on cost-recovery amounts within their regular financial reporting*. The essential characteristic of these items is that they do not measure final outcome or impact. Their underlying assumption is that the greater the compliance the greater the likelihood of achieving the desired final result; and
- d. **items measured by the opinions and judgements of the stakeholders.** An example is indicator 24 – *Percentage of programme country governments that strongly agree that UN system has been effective in developing national capacity*. This type of monitoring is not based on hard results data but on the opinions of those surveyed. This technique is widely used where actual result measurement is beyond the scope of existing methodology or prohibitively expensive. Crucial to the quality of these results will be both the response rate (which is measurable) and the diligence of the respondents (which is not measurable). Also categorized in this group are a number of items monitored not through surveys but through desk analyses of relevant reports

Monitoring Method	Number of items	% of total
Hard data	25	22%
One time activities – completed, ongoing, abandoned	18	16%
# or % of targeted stakeholders in compliance	45	40%
Stakeholder opinion and judgment	24	21%
Totals	112	100%

13. In 2015, the new UNDG Information Management System was added to the sources of information for the framework, replacing the former Resident Coordinators’ annual reports. This system is based largely on UN country team annual work plans, which outline the joint work of the country teams in areas related to 10 core coordination functions. The system also supports a ‘coordination profile’ which is a survey of comparable indicators that will be tracked each year.

14. The new UNDG Information Management System required a thorough review and revision of the indicators to determine the best and most cost-effective data collection method, using existing data collection instruments wherever possible. A team led by the Department of Economic and Social Affairs (DESA) reviewed each indicator in the monitoring framework in close cooperation with the Development Operations Coordination Office (DOCO) of the UNDG to

determine the best and most cost-effective data collection method. This review led to a significant redesign of the surveys to better align them with the items being monitored.

15. The nature of the responses provided in the surveys can however pose certain problems of interpretation. To illustrate this difficulty, question 19 of the 2015 Programme Country survey is used as an example. When asked if the “UN has contributed significantly to development in your country”, 88% ‘strongly or somewhat’ agreed with this statement – in general, a quite positive response. However, only 29% strongly agreed that the UN had contributed significantly, while 59% somewhat agreed. So the response when broken-down into its components appears much less positive, particularly in light of experience with these types of surveys that generally indicates a trend in respondents to agree with a statement rather than disagree. Survey results therefore must be interpreted with care.

16. To date, no attempt has been made to survey the views of donors through the QCPR monitoring process. Given the critical dependence of the system on the quantity and quality of funding and given that many of the activities undertaken have at least a secondary objective of building donor support for UNOAH, this omission needs to be examined and addressed in a meaningful manner. However, the Organization for Economic Cooperation’s Development Assistance Committee (OECD/DAC) has engaged in a detailed survey of its members on the subject of earmarked contributions to multilateral agencies.² This report contains many findings useful to the UN system and will be referred to below.

17. The current QCPR has benefitted from a significant upgrading of the monitoring of QCPR results, both through the QCPR monitoring system itself and the recent addition of the UNDG Information Management System. This upgrading reflects the seriousness with which QCPR resolutions are now being treated by the various UN organizational units, particularly DESA, the UNDG and the Chief Executives Board (CEB). All have invested considerable time and expertise in these new tools.

IV. An overview of results – 2012 QCPR results to date plus longer term

18. This paper does not repeat the wealth of detail provided in the Secretary General’s annual QCPR monitoring reports. Rather, it takes a more general view, attempting to extract a few broader issues that will challenge the system in the future. This analysis also does not restrict itself to the 2012 QCPR, but tries to take a longer term historical perspective.

19. Three major themes will be discussed: a) funding, b) effectiveness of the UNDS and system-wide coherence, and c) governance. All of these items are inter-related.

² OECD Report #1, 2014 *Making earmarked funding more effective: Current practices and a way forward*. Tortora & Steensen.

A. Funding

1) Quantity

20. In terms of the total funding generated by the UNDS, the historical results can be considered to be quite positive. In current dollar terms, total contributions over the ten-year period 2005-2014 grew from \$17.114 billion to \$28.435 billion – a total increase of 66% over 2005. In constant dollar terms, total funding for the same period grew from \$20.246 billion to \$28.268 billion – a total increase of 40%.³ In 2013 the United Nations development system accounted for 31% of direct multilateral funding (as reported by OECD/DAC) and 18% of total ODA excluding debt relief.⁴ In only two of the ten years did total funding received (in both current and constant dollar terms) fall below the previous year – and then by relatively small amounts. The years suffering minor setbacks tended to mirror changes in total Official Development Assistance (ODA) levels. It is evident from these numbers that the UNDS continues to enjoy donor support that grows generally in step with total ODA levels. Some fluctuation is to be expected, particularly given the annual variances in the funding required for humanitarian activities. Exchange rate fluctuations can also affect variance given the role of the United States Dollar as the reporting currency.

2) Quality

21. It is in terms of the quality of funding that the most serious concerns have arisen. All T/QCPR resolutions have underlined the importance of core funding. Despite this, the UN system has seen the percentage of resources received as core in steady decline. Between 2005 and 2014, the core percentage for the system overall declined from 27.1% to 23.7%. Declines in the percentage of core funding for the two decades prior to 2005 were much greater. As shown below, this trend becomes much more evident when examining the results for three major funds and programmes⁵ across the period 1995-2014. The trend of erosion in core resources appears to have eased somewhat in recent years, but even if current levels remain stable, the core percentage for the system overall has now fallen below 25%.

Percentage of contributions received as core

	1995 ⁶	2005 ⁷	2013 ⁸
UNDP	58%	22%	19%
UNICEF	54%	30%	25%
UNFPA	90%	72%	50%

22. For many years, fears have been expressed about the “bilateralization of multilateralism”. In terms of resource allocation, this has already happened – not just in the UN but in a number of the

³ Source: Statistical annex to the 2016 Secretary General’s report on the QCPR.

⁴ Local resources channeled through the UNDS are also excluded as they do not fall within the definition of ‘ODA’.

⁵ Aggregated system-wide data is not available or not easily comparable.

⁶ source A/56/70 Add.1

⁷ source Table 8 A/62/74

⁸ source statistical annex to SG’s annual report

International Financial Institutions (IFIs) as well⁹. In 2013, some 88 per cent of non-core funding for development-related activities, including local resources, was mainly single-donor and programme-and project-specific. This means that out of a total of \$16.9 billion total funding (core and non-core) for UN development related activities, \$10.3 billion were single-donor, programme-and project-specific in nature. This is a trend which creates obstacles to UN system-wide coherence by potentially increasing fragmentation, transaction costs and overlap of UN activities. It makes it more difficult to ensure the full alignment of programming activities with the UN's priorities since non-core resource utilization generally is not reviewed by the governing boards of the various entities. It seriously limits the base of assured core funding from which country programming can be developed and calls into question the ability to hold UNDS managers accountable for results. For the specialized agencies, the stringent limitations on regular (assessed) budgets makes it difficult to meet their full range of constitutionally mandated functions and can render some of these functions vulnerable to the greater unpredictability of voluntary funding. Contributions to more loosely earmarked funding arrangements, such as thematic funds and multi-donor trust funds accounted for the remaining 12 per cent of non-core resource flows.

23. At the same time, this bilateralization must be put into perspective. By and large – donors share the general strategic priorities of the multilateral system, as demonstrated clearly in their support for global initiatives such as the Millennium Development Goals (MDGs) and now the Sustainable Development Goals (SDGs), as well as in the high overall level of resources contributed. In fact it is multilateral organizations, and often the UN in particular, that have led these global agreement processes. But while aligning with agreed multilateral strategies and goals, the history of the past 25 years is that donors are increasingly unwilling to leave *allocation* decisions in the hands of multilateral governing boards.

24. A key question is why donors have chosen this approach. The OECD report indicates that a number of considerations impact on donor practices. The main reasons identified from the OECD/DAC's donor survey are concerns about governance processes and the need for visibility.¹⁰ In addition to factors outlined by the OECD/DAC, this analysis (based on various previous UN reports and background papers) would suggest that another primary reason is that donors cannot ensure that their resources would address the many targets established in their individual national aid policies if allocations are left in the hands of multilateral governing boards.

25. Sustaining this latter point is the OECD/DAC conclusion (paragraph 20) 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. In general, most donors do not have a good view of the totality of the support they provide to the major multilateral organizations with diverse programmes and many turn to the funded organization itself to obtain this information. A possible conclusion therefore is that most donors do not take conscious decisions on the allocation of their resources to any particular multilateral agency between core and non-core resources, the final pattern being the aggregation of a series of decentralized decisions. In many cases, even if the will existed, the reallocation of resources from non-core to core channels might be blocked by government or departmental policies and procedures. While the OECD/DAC report recommends certain measures that could be taken to alleviate this situation, these generally would require a commitment to increase core funding to

⁹ the OECD/DAC report on earmarked funding notes that earmarked levels for the World Bank group are about 36% and about 55% for the Inter-American Development Bank (paragraph 34 of report).

¹⁰ see discussion starting paragraph 14 of OECD/DAC report on earmarked funding.

multilateral organizations at the expense of other channels, such as bilateral or special purpose funding lines. Such a reallocation is highly uncertain in terms of political will.

26. The positive aspect of this situation is that the UN system continues to offer a wide variety of programme and project opportunities clearly aligned with the UN's strategic priorities that the non-multilateral units of donor government departments find attractive in both effectiveness and efficiency terms. The challenge is that it will take intervention at the highest political levels in donor countries to reverse the trend to non-core funding.

27. It is encouraging that in the recent QCPR and other decisions there is a discernible trend away from simply calling for more core towards better utilization of the earmarked funding provided – despite a continuing preference for core funds. A companion issue that may have to be addressed in the light of the wide-spread implications of the 2030 Agenda is whether the core resources that are available are being used for the best purposes. For example, given the general availability of non-core funding for project activities, should limited core resources be used less in the future for these activities and more for the UNDS' up-stream activities?

28. Overall, it must be recognized that in the world of the possible – the UN system (and many other multilateral organizations) benefits today from a level of funding for operational activities that far exceeds what it would have if core resources were the sole contribution modality. The current situation is not ideal given that non-core resources are generally seen as contributing to fragmentation, competition and overlap among entities while providing a disincentive for pursuing system-wide focus, strategic positioning and coherence. However, most entities have generally ensured that non-core resources are aligned with their strategic priorities and that these non-core resources therefor support their efforts to achieve the MDGs.

29. Nevertheless, continuing along present lines poses certain critical questions. It has been argued from many directions that the UNDS funding system requires a substantive overhaul given the dramatic shift to non-core contributions. It is also argued that making the UNDS “fit for purpose” for the 2030 Agenda also requires at a minimum a much more flexible resource profile. This can be achieved by significantly increasing core contributions or by making non-core contributions much more flexible through a variety of measures. Given the considerations outlined in previous paragraphs that have led donors to act the way they do, a key question for the forthcoming QCPR and for the future of the system in general is whether donors are willing and able to effect the changes in contribution patterns that are deemed essential for the future strength of the system. That this can be achieved should by no means be taken for granted. The first phase of the ECOSOC Dialogue has underscored the need for a full review of the funding structure of the UNDS if the 2030 Agenda is to be met. The second phase of the Dialogue provides an excellent opportunity to address this challenge in preparation for the next QCPR resolution.

3) Cost recovery

30. The shift to non-core resources has underscored, as noted in the most recent T/QCPR decisions, the importance of cost recovery – and this is also highlighted in the OECD report. The 2012 QCPR decision for the first time clearly stated that **all** non-programme costs - not just variable non-programme costs – should be attributed proportionally to the respective core and non-core funding sources. Thus, non-programme costs previously defined in a variety of ways such as “fixed indirect” or “basic infrastructure” costs should be recovered as well as variable costs. A practical

motivator behind this 2012 QCPR decision was the analysis that showed cross subsidization of non-core by core of an estimated \$569 million in 2014¹¹.

31. The growth of contributions from non-state actors¹² will place added pressure on achieving full cost recovery. Some of these contributors place rigid ceilings on the recovery rates they will pay¹³ – and some are unwilling to fund any of the costs previously defined as ‘fixed indirect costs’ – since they consider the funding of such costs to be the responsibility of participating Member States. Any required subsidization from core resources will impact more on the contributions of the Member States who provide 30% of their total contributions as core than on the non-state funders who provide only 14% as core.¹⁴

32. Progress on the cost recovery issue has been significant. Two decades ago, the issue was not generally addressed¹⁵. In 2013, UNDP, UNICEF, UNFPA and UN-Women jointly approved a new harmonized methodology for calculating cost recovery rates and raised their common recovery rate from 7% to 8%. While representing an important step forward, it must also be noted that the approved methodology was not designed to ensure “fully proportional” cost recovery as called-for in the QCPR resolution - since it calls for certain non-programme costs to be funded exclusively from core resources.

33. The challenge for a number of the specialized agencies is generally greater than for the funds and programmes given their higher cost structures due to much greater levels of normative activity. A number of specialized agencies are currently examining the issue, but it is unlikely that most will be able to achieve the same level of proportional cost recovery as the funds and programmes. Subsidization by the specialized agencies is particularly acute when, for reasons of simplified programme/project management, they adopt the common recovery rate of 8% used by the funds and programmes. This recovery rate is significantly below their true costs. This reality may impact on the general willingness of some specialized agencies to participate in joint programme/project activities or alternatively, to pursue the goal of fully proportional cost recovery.

34. The next major event for the cost recovery discussion will be the independent and external assessment to be carried out in 2016 of the consistency and alignment of the new cost-recovery methodology of the funds and programmes with the provisions of the QCPR.

35. In assessing the very important progress on this issue, it is important also to bear in mind that the ability of the entities to mobilize non-core resources is very sensitive to the cost recovery rate. Competitive channels outside of the UN system exist to deliver many activities. Any changes adopted require time to implement and will also lead the entities into discussions with many donors to justify any increase in rates. In the interim, and given their approval of the new methodology approved in 2013, the governing boards of the funds and programmes have endorsed continued (but reduced) subsidization, at least in the medium term, so as to not unduly limit non-core resource mobilization.

¹¹ obviously the 2014 figure was not available at the time of the 2012 QCPR. The available data at that time reflected an even higher level of subsidization – so progress on reducing subsidization has been achieved.

¹² including other UN entities, European Commission, other inter-governmental bodies, non-governmental organizations and the private sector (see Table A-3 of the statistical annex to the Secretary General’s report).

¹³ often by comparing UN entity costs to those of the private sector or NGO channels

¹⁴ same source as shown in footnote 10 above.

¹⁵ WFP has had in place for some time a cost recovery system that meets the QCPR objective.

4) Broadening the donor base

36. Progress on broadening the donor base has been limited. The major improvement has been in the increasing share of funding provided by non-state actors. Two qualifications on this are required: 1) the challenge to cost recovery as outlined in the previous section, and 2) most of the funds channelled to the UN through these organizations originate in the traditional DAC donors that are the historic major funders of the UNDS. While broadening the donor base to include more non-DAC states continues to be a challenge, some notable progress has been made recently. For instance from 2009 to 2014, contributions from non-DAC donors more than doubled from \$0.9 billion in 2009 to \$1.9 billion in 2014, excluding local resources.

B. Effectiveness of the UNDS and system-wide coherence

37. Measuring aid effectiveness at the impact level is a very difficult task, while attributing results poses even greater challenges. Further, in the absence of a corresponding QCPR system-wide plan with outcomes and outputs that are systematic/measurable/achievable/realistic and time-bound [SMART], the QCPR monitoring framework can only rely on proxy indicators, based largely on survey results with their inherent interpretation challenges.

38. Ultimately, a major portion of overall responsibility for coherence of the UNDS lies in the hands of the Member States. More consistent positions are required from both donor and programme country governments across the broad range of governing bodies that set the policy and programme directions for the system overall and for the individual entities. Overall system coherence is also impacted by the level of coherence achieved between central governance (ECOSOC and the GA) and the governance of the individual entities. While all governance bodies draw their memberships from the common pool of United Nations Member States, decisions taken at the two levels are not always consistent. This would appear to indicate that Member States do not always adopt the same positions in the central governance bodies and in the governing bodies of the individual entities.

39. Notwithstanding the above caveats, on several key questions put to programme countries in the 2015 survey, results are not wholly reassuring:

- a) 21% *strongly agree* that “the UN has been effective in developing national capacities”;
- b) 29% *strongly agree* that “the UN has contributed significantly to development in your country”; and
- c) 30% believe the UN has become *much more relevant* to your country’s development over the past three years.

While the results are more encouraging if those who “somewhat agree” with the above statements are added, these are key considerations for the effectiveness of the UNDS and the limited strong support for the effectiveness of the UNDS is less than fully reassuring.

40. For system-wide coherence, this section addresses a number of the issues that are grouped in the Secretary General’s regular QCPR implementation reports under the heading ‘*improved functioning of the United Nations development system*’. Two general goals are included in these items: 1) improved coherence between entities “to make the whole greater than the sum of the parts”, and 2) reducing costs to free up more resources for direct programme purposes.

41. Some 34 United Nations entities receive contributions for operational activities for development.¹⁶ Given the historical shift of attention towards the functioning of the system overall, how these entities work together has been the focus of great interest and effort – and underpins concepts such as *Delivering as One*. Although a number of these entities do report ultimately to the Secretary-General, in practical terms all entities have significant measures of independence. Between the central governance mechanisms of the GA and ECOSOC, there exists at the entity level at least one (and sometimes more when semi-official groups set policies for specific funding channels within an entity) level of governance – the entity governing board.

42. Considerable independence also exists in the entities in that it is at the entity level that resources are mobilized – not at the central level. Each governing board must therefore be attuned not only to its programme and other objectives, but also to how it will be able to mobilize the required funding. This latter sensitivity can lead to a different definition of priorities at the entity level – such as the decision of the boards of the major funds and programmes to endorse a new cost recovery mechanism that does not fully meet the objective of the last QCPR decision.

43. Compliance with the QCPR is mandatory for all entities reporting to the General Assembly. Nevertheless, all entities have some measure of *de facto* independence arising from the responsibility of individual entities to mobilize the required resources to sustain their activities. When this responsibility is factored into entity level governance decisions, it can lead to somewhat different conclusions than those arrived at centrally, where resource mobilization is less of a determining factor. It must be recognized that the participation of most entities in system-wide efforts to improve overall effectiveness and efficiency is to some measure voluntary. Given the greatly increased importance of resource mobilization at the country level, resource mobilization considerations can be particularly important.

44. A variety of governance levels exist within the UNDS. While there are exceptions, in general the two main levels of governance are: 1) central, through ECOSOC and the GA, and 2) at the entity level through the respective governance boards. A wide variety of activities have been undertaken to both ensure broader cooperation across the system and to provide working tools to help achieve Members States' objectives of enhanced effectiveness and efficiency. Two arms of the CEB¹⁷ have played particularly important roles – the undg and the HLCM. The undg has expanded its membership to provide opportunities for involvement for all UN entities involved in the delivery of operational activities. It has provided important working tools in the form of such initiatives as the standard operating procedures for DaO countries, the accountability framework for the Resident Coordinator System, as well as a series of updated guidelines on the UNDAF structures and processes. Through the Development Operations Coordination Office (DOCO), which is generally tasked with supporting the implementation of undg decisions, the undg provides a continuing base of support for the RCs and the UNCTs. The HLCM focuses on some of the broader management issues surrounding the system, including reviewing and recommending on issues such as the commonality of financial definitions, greater commonality of supporting systems such as procurement and management information, and measures to further streamline the many policies,

¹⁶ 12 funds and programmes, 13 specialized agencies and 9 other entities.

¹⁷ The UN System Chief Executives Board for Coordination (CEB) comprises 29 Executive Heads of the United Nations and its Funds and Programmes, the Specialized Agencies, including the Bretton Woods Institutions and Related Organizations (WTO and IAEA). The CEB provides broad guidance, coordination and strategic direction for the system as a whole in the areas under the responsibility of executive heads. Focus is placed on inter-agency priorities and initiatives while ensuring that the independent mandates of organizations are maintained.

rules and procedures that govern the daily workings of the system. A wide variety of both formal and informal consultation mechanisms between entities on both programming and management issues also exist.

45. A number of new approaches developed with great effort over the last two decades have focussed on improving the coherence of the system overall. These include: 1) the adoption of the United Nations Development Assistance Frameworks (UNDAFs) and the follow-on common country programmes and budgets, 2) the Resident Coordinator System including the country teams, and 3) the rapid growth of participation and interest in the Delivering as One (DaO) approach. It is legitimate to ask if Member States, and donors in particular, have adjusted their funding policies and approaches to adequately reflect these improvements within the UNDS.

46. Detailed reviews of a number of these initiatives were reported in background papers prepared for the discussion of the 2012 QCPR. Several of these papers had already suggested in 2012 that some of these approaches may have reached the limit of what could be achieved in building coherence in the absence of structural changes to the UN system and that theme arises again in the Secretary General's 2016 report on QCPR implementation. Structural changes could be seen as the merging into one of several UN entities or the establishment of common functional structures that would serve more than one entity (e.g. common procurement or financial administration structures). Although the cost of the various coherence initiatives may have been deemed reasonable in out-of-pocket costs, each entails significant costs in the staff time devoted to them which is not easy to quantify.

C. Governance

47. With regard to the governance structure, defining what should be done centrally and what should be left in the hands of the governing boards is not always easy. In general, central governance might best fulfil its role through strategic direction and priority-setting, as well as general results monitoring for the system as a whole. Given their closer link to operational and fund-raising realities, governing boards should be able to work relatively unencumbered by too-detailed directives on issues related to these main parameters.

48. In all matters, and particularly in light of the 2030 Agenda, it will be important both centrally and in the entities to reach some agreement on when the UNDS must act and function as a system, where it is best to act through an individual entity, and when it is best to act through some global issues network.

49. For the next QCPR, it would be useful to focus primarily on those issues which entail strategic direction and priority-setting for the system as a whole – and on monitoring the extent to which directions are implemented. The details of operational considerations and fund-raising, should be left largely in the hands of the governing boards, notwithstanding that it is not inappropriate for central governance to set some general priorities and guidelines in these areas.¹⁸

¹⁸ despite this statement, the issue of some central resource mobilization has been raised, and will be discussed later in this report.

V. Looking to the future

50. The ECOSOC Dialogue is still in its relatively early stages. Nevertheless, the report of the Dialogue's first phase lays out six key themes to be addressed in the next QCPR, so it is possible to flag some of the issues on which more thorough analysis will be required and appropriate actions eventually endorsed:

- a) to clarify the functions to be carried out by the UNDS in meeting the challenges of the 2030 Agenda;
- b) to review the funding architecture of the UNDS, with a particular emphasis on exploring innovative models to improve the volume and predictability of core funding;
- c) to improve the effectiveness of system-wide governance, including through a strengthened role for the QCPR;
- d) to develop differentiated country presence models to meet the needs of countries at different levels of development;
- e) to adopt a coherent results-based management system across all the system's entities; and
- f) to adopt measures and approaches to strengthen partnerships between government, civil society, private sector, international organizations and other actors.

For the purposes of this discussion, a seventh theme has been added which is linked to the consideration of "organizational arrangements" but which does not specifically appear in the thematic conclusions section of the report of the first phase of the ECOSOC Dialogue:

- g) the institutional and functional structure of the UNDS.

51. First, it may be useful to rethink the structure of the resolution itself. One possibility (among many) is along the lines of the six inter-related considerations identified in the Dialogue's first phase report: functions, funding practices, governance structures, organizational arrangements, capacity and impact, and partnership approaches. These issues emerge slightly differently in the conclusions of the first phase report, but they are not inconsistent. Each, along with the institutional and functional structure of the UNDS will be considered separately here.

52. **Functions.** It is widely agreed that the functions of the UNDS should be based on its comparative advantages. The advantages are generally seen as supporting the implementation of multilaterally agreed norms, the universal legitimacy of the UN, its neutrality, its strong focus on national ownership and leadership, its global reach and its convening power. Building on these areas of advantage has important implications for the UNDS. They would appear to call for a general move "upstream" for the activities of the UNDS. Such a move upstream would seem also to imply a shift in priorities away from service delivery, although the Dialogue's first phase report clearly underlines that this should not be done at the expense of comprehensive support to least developed and low income countries and those in humanitarian and conflict situations. Guided by further results of the ECOSOC Dialogue, it will be important for the next QCPR to clarify what changes it wishes to see in the substance of UNDS programme activities, and what it does not wish to change.

53. **Funding.** SGR 2016 notes that "funding from a broader donor base will be critical" and that despite improvements in financial resource reporting, "there has so far been little consideration of an aggregated overview of resourcing for the UNDS as a whole" – an overview that becomes more critical in light of the integrated nature of the 2030 Agenda.

54. Shifts in the functions of the UNDS will have important implications for the funding structure. As noted in the Secretary General's 2016 report on QCPR implementation, "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". While resource mobilization rests currently almost entirely at the entity level, a stronger drive for resource mobilization at the system level would also allow for funding to be used as an instrument for policy integration and coherence. Defining a clear UN system-wide role for the 2030 Agenda would seem to be a first step towards establishing any possible mechanism to this end, followed perhaps by a strategic framework for the system overall.

55. It appears generally agreed that the 2030 Agenda will require a new funding pattern - a combination of increased core resources and greater flexibility in the contribution modalities for non-core funding. As discussed earlier in this paper, this will be an important but difficult shift requiring very senior levels of political support. Repeated calls for such moves over the past two decades have generally not been successful in terms of addressing the core / non-core imbalance, but have met with some success in designing and implementing new modalities for the provision of non-core resources. There will be a need for a detailed analysis of the options available to the UNDS to pursue the goal of greater funding flexibility - and how to best go about achieving these. Since this issue is critical for the ability of the UNDS to pursue the 2030 Agenda, it is important for this issue to be addressed both in the future phases of the ECOSOC Dialogue, and, as required, as early in the 2030 Agenda period as possible.

56. The Secretary-General's High Level Panel on System-wide Coherence in the areas of Development, Humanitarian Assistance and the Environment (HLP) made a number of comments about the need to reform funding practices, but limited its recommendations to the importance of donors increasingly pooling their funding for DaO pilot programme countries at either the HQ or country levels. After a promising initial start, pooled funding for the One Programmes of DaO countries seems to have stagnated or decreased. The recommendation of the HLP about pooling at the HQ level, while limited to the DaO pilot countries, with a handful of notable exceptions never gained much traction. This experience underlines one of the difficulties inherent in future thinking about UNDS funding. Funding is still almost totally based on a siloed approach with funding directed to specific entities - and normally onward in the case of non-core to specific activities. Central governance has no pool of funding to allocate according to system-wide strategies or priorities, seriously limiting its ability to influence allocation decisions to statements of "moral suasion". This issue has seldom been constructively addressed in the system's senior governance bodies, although a variety of alternative approaches have been addressed in a number of informal papers and studies. In general, the ideas entertained in those papers failed to obtain sufficient support to make more formal discussions possible. The situation has probably now deteriorated even further, as the growing imbalance between core and non-core resources takes an ever-increasing percentage of allocation decisions at all levels of the UNDS out of the hands of system and entity governance.

57. The funding issue also raises questions that are not simply the relationship of the UNDS to its individual entities and to its contributors, but for the how core and non-core funding can be best used within the system. Given the probable shift in functions "up-stream", a key for the system will be how to best use the limited core resources that are available. Do these resources need to move upstream, and what would be the implication for traditional service delivery? The phase one Dialogue report notes that "vertical/global funds in support of specific SDGs that consolidate a number of smaller instruments into broader UN facilities with a view to ensuring a stronger UN normative role should also become part of the overall funding strategy of the UNDS in the post-

2015 era". Except in the very broadest of terms, the UNDS does not have a system-wide funding strategy. The move envisioned in the above-mentioned Dialogue comments could require some type of central management of funding modalities. Funding modalities have historically been left largely in the hands of individual entities. If this idea is maintained throughout the entire ECOSOC Dialogue process, Member States will have to address how this can best be achieved, including how to arrive at a clear understanding of the role, if any, of central governance in the process.

58. **System-wide governance.** Governance questions are complex, and do not easily lend themselves to simplification. However, two important questions to be addressed as the next QCPR is discussed include: 1) the relationship between central governance (ECOSOC and the GA) and the governance of individual entities, and 2) the role of the QCPR in setting the policy agenda for the overall system. Past T/QCPRs demonstrate two trends. First, they have increasingly focused on measures related to the performance of the UNDS as a whole, a shift from thinking of performance largely at the entity level. Second, and perhaps somewhat paradoxically, these resolutions have contained provisions that are increasingly oriented to the way all entities implement their activities. The next QCPR will have to be conscious of how it can set broad guiding policies and principles to guide the entire UNDS. These should be accompanied by objectives for the system overall that can be monitored and for which implementing parties can be held accountable. This needs to be done in a manner that recognizes the need for flexibility for the individual governing boards to respond to their operating realities in the field as well as to measures they need to take to ensure a continued ability to raise the resources essential to fund their organizations. As expressed in SGR 2016, the challenge is for the "governance architecture to provide strategic guidance, exert oversight while not micromanaging, and ensure accountability for results".

59. The system-wide applicability of the QCPR is also an issue to be addressed. The QCPR is mandatory for those entities reporting to the GA. For those with independent (of the GA) constitutions, compliance is voluntary – with many of these agencies nevertheless agreeing to voluntarily adopt the provisions of the QCPR in respect to their operational activities. It is not evident that given the legal considerations involved, this situation is likely to change. Member States might therefore best continue to call for the voluntary adoption of QCPR provisions by all UN system entities in respect to their operational activities for development.

60. Implementation of the QCPR resolutions has been entrusted to the UN Secretariat working closely with the UNDG and the HLCM – the UNDG for programme policy and coordination issues, and the HLCM for system-wide management issues. The various reporting requests of the QCPR are fulfilled by these bodies in consultation with the system generally.

61. **Organizational Arrangements.** Looking first at the field level, the first phase of the Dialogue report focuses on the need for differentiated "country presence models" to meet the needs of countries at different levels of development. A second aspect of this issue is the need for differentiated programme substance for countries at different levels of development. On the first issue, a background document prepared for the last QCPR discussions¹⁹ contained a detailed discussion from the view of the role of the RC on how various different country models had in fact already evolved. There is no single standard model with universal applicability across the entire field system, although the paper does describe several general groupings of country presence models with similar characteristics. This same background document noted that many variations exist as the RCs and UNCTs have adjusted creatively to the conditions prevailing in the country. Nevertheless, the first phase Dialogue notes that the continuous need of entities to focus on

¹⁹ see *Enhancing the Functioning of the Resident Coordinator System*, a background document, May 2012

resource mobilization at the field level has resulted in many cases in a large number of entities being present where in fact the volume of UN operational activities is small. To support this point, the same background document referred to above noted that in countries where total UN development spending (excluding humanitarian assistance) was less than \$20 million per year (43 of 132 countries), there was an average of 10 entities represented with average expenditures per agency of less than \$1 million per year²⁰. Where development expenditures were between \$20 million and \$40 million per year (31 of 132 countries) there was an average of 14.3 agencies represented with average expenditures per agency of \$2.1 million. Thus, in more than 50% of the countries with UN development expenditures, average expenditures per agency averaged less than \$2 million per agency. The numbers of course are averages, so when the expenditures of a few larger agencies such as UNDP, UNICEF, UNFPA and WHO are removed, average expenditures by those with smaller programmes would be much lower. While it is generally agreed that UNCTs should have access to the full range of UN system competence, it is legitimate to discuss as follow-on to the concern expressed in phase one of the Dialogue report, whether the current country presence model is appropriate in countries with relatively low levels of programme expenditure.

62. On the second aspect referred to in the preceding paragraph, differentiated approaches are not simply for the country presence models but also for the substance of the programmes delivered. It is a long established principle of the UNDS that “one size does not fit all” – which certainly includes the idea that programme substance must be tailored individually to the country’s needs and priorities. Despite this, it is evident that UNDS activities do fall into several distinct categories based on relatively common challenges of certain types of countries. For example, programme activities will have similar characteristics in least developed countries that are different from the characteristics of middle income countries. In the light of the universal and integrated nature of the 2030 Agenda, it is evident that the programme characteristics will vary greatly in the future between the various types of very general country groupings – bearing in mind that even within a general grouping, the substance for each individual country will vary to reflect country conditions. The first phase Dialogue report states that the “*UNDS must be able to provide effective, timely support (across a variety of) contexts and needs. These range from middle-income countries where the highest value is in supporting policy coherence by bringing the legitimacy of the Organization’s norms and standards to national policy dialogue, to persistent crisis countries and regions, where the UNDS must drive for a greater integration of long-term development and resilience with humanitarian and security responses*”. These and other implications of the 2030 Agenda led the first phase Dialogue report to note that “*the UNDS needs a workforce that has the necessary capacities, flexibility, mobility as well as the ability to transcend agency-specific identity and allegiance*”.

63. The importance of the “integrated” aspect of the 2030 Agenda as underscored by this latter comment from the first phase Dialogue report will require Member States to address a number of difficult issues in both the next and subsequent QCPRs, with successful solutions also depending heavily on entity governing boards and on the consistency of Member States’ positions across the full governance range. Programming priorities will have to reflect a much broader range of potential activities, leading to difficult choices between the priorities assigned to each. Coherence mechanisms will have to be reviewed. Achieving operational coherence has in the past been largely focused on the field level, through mechanisms such as the UNDAF, DaO and the functioning of the RCS. Member States will now have to address if this will be sufficient. Consistent approaches to both effectiveness and efficiency gains at the country level continue to be hampered both by the traditional institutional structure of the UNDS and an ongoing relative lack of standardization at the HQ level of policies, regulations, procedures and systems. The burden cannot rest solely on the field

²⁰ *ibid.* see Annex Table 7 – this table based on expenditure data from SG’s annual funding report for 2009

level. Ways will have to be found to make the global UN environment more conducive and supportive of interlinked functioning at the field level. The UN workforce generally will face a much more complex and broader set of challenges. Workforce development will be a key consideration.

64. All of these issues have implications for the type of the QCPR that is now required. As noted in the Secretary-General's 2016 report on QCPR implementation, *"the ECOSOC Dialogue has highlighted that the UNDS would need to develop a strategic framework at global level to provide system-wide guidance to operational activities for development as well as to monitor and account for system-wide results. While the contours of such an overarching system-wide framework were not delineated, including whether this would be a self-standing instrument or part of existing instruments such as the Quadrennial Comprehensive Policy Review (QCPR) adopted by the General Assembly, the strengthened system-wide policy direction and accountability will be required to deliver on the complex nature of the 2030 Development Agenda"*. While the exact nature of such a strategic framework is yet to be defined, it would appear that it might include at least four elements: 1) a clear set of objectives for the system as a whole, 2) a clear statement of policy and priorities to underpin the objectives set, 3) milestones to enable monitoring of progress achieved, and 4) a clear statement of accountabilities. A wide range of alternative possibilities exist for how these and other considerations might best be structured in future QCPRs.

65. **Capacity and Impact.** The entities of the UNDS have adopted RBM as a management strategy, and are at varying stages of maturity in their RBM practices. Some problems continue to exist in terms of standardization of RBM approaches and terminology across the system, while effectively defining outputs, outcomes and expected impact presents both conceptual and measurement challenges. Two important questions therefore arise: 1) is it possible to "roll-up" entity level results to get some meaningful measure of overall system results, and 2) should there be a global RBM structure for the system as a whole? Both of these questions represent possible objectives that are extremely complex and lie perhaps beyond the boundaries of current RBM practice. The request of A/RES/68/229 to experiment with system-wide evaluations is now underway, but results to date are not available. These evaluations are complex, with resources limited for their implementation. Moving from system-wide evaluations to a system-wide RBM approach would appear to present practical difficulties that may prove very difficult to overcome. Even if not a full-blown RBM approach, Member States will still have to take the first important steps of setting system-wide objectives and determining the monitoring and accountability approaches to support them.

66. **Partnership approaches.** The first phase Dialogue report underscored the importance of enhanced partnerships to meet the 2030 Agenda. Without yet identifying specific measures to be considered, that report tended to focus on the need to better build on the strengths of the system in terms of norms and standards and to link those to its convening role. Enhanced partnership efforts would therefore seem to underline again the general need for the UNDS to move "up-stream" in its activities. Other documents have highlighted in this respect that the future role of the UNDS must be seen more in terms of "intellectual leadership" for the global development community, with a reduced emphasis on its role as a financing system.

67. **Institutional and functional structure of the UNDS.** The UNDS is a complex system. It is generally seen²¹ as comprising 42 UN entities²², of which 34 entities reported expenditures for operational activities in 2013. Of the total of 42 members, 28 report through the Secretary-General

²¹ there is no GA agreed definition of the UN development system, or of its criteria for membership

²² see Annex 1

to the GA. For these 28 entities, compliance with the QCPR is mandatory²³. 14 entities have constitutions that are independent of the GA. For these entities, compliance with the QCPR is voluntary. For the UNDS overall, there is therefore no single governance body nor is there one single accountability line for managerial performance monitoring and accountability. In addition, as resource mobilization rests almost entirely at the entity level, even entities that do report to the GA, and for which QCPR compliance is mandatory, do have some *de facto* measure of independence as they must reconcile central governance directives with the reality of ensuring ongoing financial support from their contributors. This *de facto* independence also arises in part from Member States taking different positions in entity governing boards than they do in ECOSOC or the GA. This complexity of the “system” lies at the heart of many of the performance issues that are seen to exist for the “system” as a whole. Despite this complexity, it must also be underlined that many of the entities that play large roles in the delivery of the UN’s development activities do report to the GA through the Secretary General. For these organizations, there is a single central governing body – the GA – and there is a single accountable official – the Secretary General. This would seem to leave considerable room for creative thinking about current possibilities for structural or functional reform.

68. The last major review of the functioning of the UNDS was carried out by the Secretary-General’s High Level Panel on System-wide Coherence (HLP). Although not approved by Member States in its entirety, many of the positive developments of the UNDS today can be traced back to the recommendations of the HLP – specific examples being the creation of UN-Women (an institutional issue) and the now increasingly popular application of DaO (a functional issue). The report stressed the importance of reform at both the HQ and field levels. In general, the report avoided opening institutional structuring issues other than that for gender equality given the inherent complexity of such issues and the desire to focus on “achievable” objectives. In the area of business operations the report stated that “we believe the time has come to establish a process leading to a common framework for business practices in the UN”. This process was established, but as reported in the Secretary-General’s 2016 QCPR implementation report, progress on achieving the desired results is still less than fully satisfactory. This is an issue that has been flagged by Member States back to the first (formally named) TCPR of 1981.

69. An important question for Member States today is whether the 2030 Agenda requires a further look at institutional and functional restructuring within the UNDS. Institutional restructuring poses many difficult political issues, even if consideration is restricted to the 28 entities that report to the GA. Nevertheless, even if the end result is to simply confirm the existing structure, the question should be reviewed. In an era that underlines the importance of an integrated approach, it is not evident, particularly to outsiders, that the GA requires a structure of 28 entities to meet its needs.

70. On the issue of functional restructuring, emphasis to date has been largely focused on the adoption of common practices and services for application at the field level. A main barrier to the success of these initiatives is that similar approaches are only to a much more limited extent being pursued at the HQ levels. Each entity still largely maintains its unique set of policies, rules, regulations, procedures, systems and business models that makes commonality at the field level a most difficult result to achieve. In terms of services, each entity continues to maintain its own functions in areas such as finance and treasury, human resources, procurement, ERP systems and administration. Is this necessary to meet the requirements of an agenda that emphasizes “integration”? Are important savings benefits that could lead to the greater availability of scarce

²³ some do not engage in operational activities

resources for programme activities being missed? The review of business operations in the Secretary-General's 2016 QCPR implementation report provides some useful insights into this question.

VI. Concluding Comments

What might be the key elements of a new QCPR-based strategy for the UNDS?

71. In looking at the QCPR implementation results as reported in the Secretary General's 2016 report it is evident that the system has worked diligently to respond to the requests of the GA in RES/67/226. While many new tools have been put in place and older tools upgraded, it is not evident that the overall improvement in UNDS performance yet matches the ambition of that resolution. Long-established structures and practices of the system overall and of the individual entities are difficult to reform.

72. In addressing possible ways forward, this paper has, guided by the analysis here and by the report of the first phase of the ECOSOC Dialogue, identified four main topics for discussion. For purposes of discussion, the issues are separated, but in reality each imposes on the other: a) system-wide coherence, including challenges posed by the system's structure; b) the funding of operational activities for development; c) the efficiency of the system; and d) how system-wide goals are to be set and monitored, with enhanced accountability for results.

73. The 2012 QCPR was unprecedented in addressing a broad range of system-wide effectiveness and efficiency issues – and in mandating a very extensive and detailed monitoring and reporting on the implementation of its provisions. Through the new methodologies developed by DESA, the UNDG and the CEB, Member States have benefited from a greatly enhanced monitoring and follow-up process. That system however is very much based on reporting results for the 112 indicators identified for tracking against the very specific mandates of the 2012 QCPR. That is a very detailed approach, and perhaps with its focus on detail misses some of the larger issues relevant to the system which do not arise easily out of the details. A challenge for future QCPRs will be to build on the monitoring tools developed, but to modify them or build new approaches that will allow reporting on the key dimensions of what may well be a much more strategic approach to the QCPR resolution.

74. On **funding**, the early stages of QCPR 2016 discussions should include a thorough dialogue with donors to keep expectations for the 2030 Agenda in line with the funding realities, including adjusting those realities where feasible. The siloed approach to funding still dominates the UNDS. The key funding issue is not so much quantity, as it is the flexibility of the resources provided as non-core. The current funding pattern keeps most of the non-core funding outside of the purview of the governing bodies. This has important and negative implications not only for strategic direction setting, but also for both detailed and general accountability for results. Any major redressing of the core / non-core balance will require intervention at the most senior political level, and positive results are far from certain. Member States may also wish to review if limited core resources are being effectively utilized where they are most required.

75. On substantive issues of **effectiveness**, considerable progress has been made in putting into place the building blocks for strengthened approaches to revising and updating all of the major system-wide coordination tools. UNDAF guidelines have been updated and monitoring has been

strengthened. A number of important changes have been made to the functioning of the RCS and the UNCTs with some positive improvements identified. DaO has been backstopped with valuable new SOPs and increasing numbers of countries have indicated interest in this new operating approach. RBM has been broadly adopted across the UNDS at the entity level, however no similar approach has been developed to monitor the overall system as called for in the last QCPR decision – granted the complexity of developing such a system. Even at the entity level, important questions of cost/benefit and where these approaches are most useful need to be addressed. QCPR monitoring has certainly improved, evaluation functions system-wide generally strengthened and two system-wide evaluations are now fully underway despite limited resources. The 2015 country programme survey, reveals a generally positive assessment of the role of the UNDS and the improvements it has made in recent years, but the more limited number that holds strongly positive views of the effectiveness of the UNDS is less than fully reassuring.

76. On **efficiency**, results have been less positive. Much attention has been given in all T/QCPR resolutions to the harmonization of rules, procedures and business practices. The lack of harmonization between these practices is still seen as a major obstacle to achieving efficiency gains. Very limited progress has been made on realizing potential savings through the greater use of common services and premises, which have historically been seen as key initiatives in reducing overall costs. The 2016 QCPR discussions might wish to consider if the various headquarters are playing a sufficiently important role through their own adjustments, individually and as a group. Member States may also wish to consider if better results will require some UNDS restructuring, along either institutional or functional lines.

77. System-wide **governance** structures at both the central and entity levels have remained stable throughout the period, but have been characterized by a strengthened and documented response at the entity level to the requests of the QCPR as well as by the voluntary endorsement of the QCPR by a number of specialized agencies. The future governance structure may entail certain modifications, but the fundamental focus might best be on setting at the central level system-wide priorities and strategies accompanied by appropriate monitoring of results, while responsibility for responding effectively to the realities at the field level and resource mobilization challenges will continue to require considerable flexibility and on-going authority at the entity level. Finally, there is a need to better link coordination structures for inter-governmental oversight and interagency management

78. The 2012 QCPR was justly called a 'landmark decision'. In general, it is fair to say that the many secretariats have produced a 'landmark response'. However, much of the response has been in the establishment of new processes and tools. It will now be important to see if measureable improvements arise out of these initiatives. Much has been accomplished, but much is yet to be done. No doubt, the 2016 QCPR will maintain this positive momentum.

Annex 1

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

	Applicability of QCPR			Applicability of QCPR	
Funds and Programmes			Specialized Agencies		
UN Habitat	Mandatory		FAO	Voluntary	
UN Women	Mandatory		IAEA	Voluntary	
UNCTAD (+ITC)	Mandatory		ICAO	Voluntary	
UNDP (+UNV,CDF)	Mandatory		IFAD	Voluntary	
UNEP	Mandatory		ILO	Voluntary	
UNFPA	Mandatory		IMO	Voluntary	
UNHCR	Mandatory		ITU	Voluntary	
UNICEF	Mandatory		UNESCO	Voluntary	
UNODC	Mandatory		UNIDO	Voluntary	
UNRWA	Mandatory		UNWTO	Voluntary	
WFP	Mandatory		UPU	Voluntary	
Sub-total # of entities		11	WHO	Voluntary	
Regional Commissions			WIPO	Voluntary	
ECA	Mandatory		WMO	Voluntary	
ECE	Mandatory		Sub-total # of entities		14
ECLAC	Mandatory				
ESCAP	Mandatory				
ESCWA	Mandatory				
Sub-total # of entities		5			
Departments and Offices					
DESA	Mandatory				
OCHA	Mandatory				
OHCHR	Mandatory				
Sub-total # of entities		3			
Research and Training Institutes					
UNICRI	Mandatory				
UNIDIR	Mandatory				
UNITAR	Mandatory				
UNRISD	Mandatory				
UNSSD	Mandatory				
UNU	Mandatory				
Sub-total # of entities		6			
Other Entities					
UNAIDS	Mandatory				
UNISDR	Mandatory				
UNOPS	Mandatory				
Sub-total # of entities		3			
Total # of entities					42
# of entities that reported funding for OAD in 2013					34
# of entities for which QCPR compliance is mandatory					28
# of entities for which QCPR compliance is voluntary					14

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