

# DRAFT AIDE MEMOIRE

## Expert Meeting

### *Strengthening system-wide reporting on funding of the UN system*

20-21 January 2011, CEB Secretariat, Geneva

*Member States have recognized and emphasized in recent years the need for more disaggregated and reliable analysis and reporting on system-wide funding flows (both income and use of resources), amongst others for operational activities for development. Significant improvements have been made in such system-wide analysis and reporting in the recent past, which were well received by Member States. However, a number of challenges still exist with regard to the overall quality, timeliness, comparability and complementarity of data and data collection processes. The purpose of the expert meeting is to establish an effective roadmap for further rationalizing, streamlining and strengthening system-wide reporting on funding flows to the UN system. These deliberations will need to be anchored in a thorough analysis and understanding of current strengths, weaknesses, opportunities and threats from the perspective of stakeholders both internal and external to the UN system.*

## Introduction

UNDESA in cooperation with the CEB Secretariat is organizing an expert meeting in January in Geneva to discuss how to further strengthen system-wide reporting on funding (sources and uses) of UN system activities, with particular focus on operational activities for development.

More specifically, the expert meeting will review how to foster effective synergy, complementarity and convergence between key system-wide reporting instruments:

- (a) *UNDESA annual report on funding for UN system-wide operational activities for development;*<sup>1</sup>
- (b) *Present CEB report on the budgetary and financial situation of the organizations of the UN system; and*
- (c) *Future UN system-wide comprehensive financial statistics database and reporting system.*

### UNDESA report on funding for operational activities for development

This annual report focuses on funding for operational activities for development, estimated to account for some 64 per cent of all UN system-wide activities in 2008.<sup>2</sup> Total contributions and programme expenditures for operational activities for development in 2008 were estimated at \$22.2 and \$18.6 billion respectively.<sup>3</sup>

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<sup>1</sup> See A/65-79 – E/2010/76 for the 2010 report.

<sup>2</sup> Based on average contributions in the 2006 to 2008 period.

<sup>3</sup> The UNDESA report provides figures on programme expenditures, which are total expenditures less programme support, management, and other costs.

Peacekeeping and those activities that concern the global policy, advocacy, norms and standard-setting role of the UN, accounted for the remaining third of all contributions to the UN system.

Member States have recognized and emphasized in recent years the growing need for and critical importance of more disaggregated and reliable system-wide analysis and reporting on funding flows for operational activities for development. In response, UNDESA has stepped-up its analytical work in this area.

The improvements made in such analysis, particularly in the 2010 report, have been well-received by Member States, while also influencing the outcome of the recent system-wide coherence consultations of the General Assembly.

Against this background UNDESA wants to continue its efforts to further enhance the overall quality and timeliness of data and information (form, format and process) in close collaboration with respective stakeholders both within and outside the UN system. With regard to timeliness of the annual UNDESA report, for instance funding-related information is currently almost two years' old by the time the report is issued in May for the substantive session of ECOSOC in July.

To address the issue of timeliness of reporting, UNDESA, this year, has taken the following interim measures:

- (a) Publishing in June aggregate funding figures for UN operational activities for development for the previous year, with brief analysis provided of overall trends in resources flows;<sup>4</sup> and
- (b) Announcing plans to issue a second funding update by end of December each year, with more detailed breakdown of contributions and expenditures for operational activities for the previous year.

These improvements in UNDESA reporting on funding for operational activities for development are guided by the following objectives:

- To establish the report as an authoritative source of system-wide information and analysis on the funding of operational activities for development,<sup>5</sup> both within the UN development system, as well as among Member States and other relevant stakeholders;<sup>6</sup>
- To establish effective processes in which UN entities (specialized agencies, funds and programmes, departments and offices) and inter-agency coordinating bodies like CEB and UNDG are engaged in the preparation of the report;
- To strengthen collaboration and networking with other external information and analysis providers on funding flows, in particular OECD/DAC, with the aim of reducing overlap in data collection and fostering complementarity, reconcilability, consistency and credibility of data, information and analysis.

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<sup>4</sup> The first Funding Update was issue in June 2010 (see [http://www.un.org/esa/coordination/dcpb\\_stat.htm](http://www.un.org/esa/coordination/dcpb_stat.htm)). The second Funding Update is expected to be released by end of December 2010.

<sup>5</sup> UN equivalent/counterpart to the OECD/DAC report on multilateral aid.

<sup>6</sup> The UN development system consists of the 36 entities that receive funding for operational activities. The 2011 SG report on funding will provide a text box/section/annex at the outset that explains key terms (e.g. UN development system, operational activities for development, development-related activities and humanitarian assistance-related activities).

CEB report on the budgetary and financial situation of the organizations of the UN system

This biennial report provides information on contributions and “bottom-line” figures for expenditures of the UN system based on audited financial statements of UN entities. The coverage of the CEB report is broader than the one produced by UNDESA.

According to the latest CEB report, dated 3 August 2010, the total expenditures of the UN system in 2008 and 2009 were \$32.9 and 36.7 billion respectively.<sup>7</sup> While the CEB report covers a larger number of entities than the one produced by UNDESA, the difference between the figures presented in the two reports can also be explained by the fact that the CEB report includes peacekeeping and activities that relate to the global policy, advocacy normative and standard-setting role of the UN system, as well as programme support, management and other costs of operational activities for development, which are not included in the UNDESA report.<sup>8</sup>

The CEB has made special efforts in recent years to improve the format and content of its biennial report, in particular the presentation of extra-budgetary resources flows to organizations of the UN system. The report, however, contains little in-depth analysis of funding flows.

The tables in the CEB report are grouped into five subject headings:

- (a) Regular resources;
- (b) Extra-budgetary resources;
- (c) Total expenditures;
- (d) Assessed contributions; and
- (e) Working capital funds.

UN system-wide comprehensive financial statistics database and reporting system

GA resolution 63/311

*“Requests the Secretary-General to create a central repository of information on United Nations operational activities for development, building on the Secretary-General’s comprehensive statistical analysis of the financing of operational activities for development of the United Nations system, and to ensure appropriate and user-friendly online access and regular updating of the information contained therein”*

The central repository of information on UN operational activities for development will be an integral part of the new *system-wide financial statistics database and reporting system*, being developed by the CEB Secretariat, in accordance with the HLCM Plan of Action for Harmonization of Business Practices.

The creation of the new information system is expected to enhance the scope and detail of existing financial reporting to Member States including on operational activities for development. This will be achieved by establishing an on-line platform to compile and report on such information.

The expected benefits of the financial statistics database and reporting system include: one-stop access by Member States, inter-agency and coordination bodies to comprehensive, reliable, manageable and ready-to-use financial information on the entire UN system.

The project has recently started with the recruitment of a fulltime manager to spearhead the development of the new system in partnership with relevant UN entities. It is expected that a common questionnaire on funding

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<sup>7</sup> See A/65/187.

<sup>8</sup> A short note on differences between the CEB and UNDESA reports will be prepared by the CEB Secretariat.

will be ready for circulation to UN entities in September 2011, with the new automated database and reporting system operational by end of 2012.

The new system is based on a concept of centralized collection and storing of financial data, while in-depth analysis would be undertaken by the respective technical entities such as UNDESA. Using common data exchange standards, reporting requirements and derived business rules, UN organizations will be provided with one platform to manage the submission, validation and standardized reporting of financial data. This service will be made available on the Internet with a workflow mechanism controlling publishing rights, including the availability of standard reports to each stakeholder group. A centralized web content management solution with financial reporting capabilities will implement one standard for the categorization and reporting of financial data.

## **Objective**

The expert meeting aims to establish an effective roadmap for further strengthening of system-wide analysis and reporting on funding for the UN system, with particular focus on operational activities for development.

## **Key topics for discussion**

1. *SWOT and stakeholder analysis: what are the strengths, weaknesses, opportunities and threats relating to current approaches and processes seen from the perspective of stakeholders both internal and external to the UN system?*  
  
E.g. to which extent is IPSAS and the introduction thereof designed to facilitate system-wide reporting? What about the shift towards results-based budgeting and reporting?
2. *What should be the short, medium and long-term priorities for strengthening system-wide analysis and reporting on funding for UN operational activities for development?*  
  
E.g. how to improve the coverage, timeliness, reliability, quality and comparability of system-wide reporting on funding for operational activities for development?
3. *How to ensure enhanced coherence in UNDESA and CEB reports on funding of the UN system?*  
  
E.g. how to ensure that the scope and approach of the two reports are consistent, with proper reconciliation of differences? What will be the source of the data: financial statements or budget reports?
4. *How to promote enhanced cooperation between the UN system (e.g. UNDESA and CEB) and OECD/DAC in data collection and analysis of funding for UN operational activities for development?*  
  
E.g. how can duplication in data collection be reduced/eliminated? How to reconcile OECD/DAC reporting on core and non-core funding with that of UNDESA given the different terminology applied by the two entities? Can OECD/DAC and UNDESA definitions of non-core funding be harmonized? How to strengthen coherence in analysis and reporting on operational activities for development between UN entities and OECD/DAC? What about cost and sector classifications?

5. *How to ensure that the new UN-wide financial statistics database and reporting system serves Member States, the UN system, and other stakeholders in the most effective manner?*

What are the key challenges facing the establishment of the new system? What are the key milestones expected in the implementation process in the next six to nine months? How to ensure that UN entities buy into the new system?

### **Expected outcome**

The meeting is expected to have two main outcomes, firstly, contribute to enhanced clarity among key stakeholders on strategic priorities for further strengthening system-wide analysis and reporting on funding of the UN system, in particular, as it relates to operational activities for development, and, secondly, to kick-start a process for periodic consultations within the UN system as well as with OECD/DAC on issues relating to system-wide reporting on funding.

### **Participants, organization and management**

The expert meeting will provide an opportunity for relevant staff of selected UN development entities, UNDESA, CEB Secretariat and UNDG/DOCO, as well as OECD/DAC, to engage in a dialogue on how to further strengthen system-wide reporting of funding for the UN system, with particular focus on operational activities for development. Approximately fifteen to twenty experts are expected to participate in the two-day meeting (10-11 January, Geneva). Participants should be sufficiently familiar with most of the following:

- (a) Financial reporting, including IPSAS
- (b) Financial aspects of general reporting (e.g. in the context of annual reports)
- (c) Budget presentations, cost and sector classifications
- (d) Relevant harmonization, system-wide coherence and system-wide initiatives in that regard, including joint programming, MDTFs, etc.

Each session of the meeting is expected to start with a short presentation that will provide a succinct analysis of the current situation, major areas of progress, as well as those requiring further improvement, with the aim of promoting focused dialogue on the respective issue.

The meeting will be conducted in English. All relevant background documents for the meeting will be made available on the OESC/DCPB website (<http://www.un.org/esa/coordination/index.htm>).

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