

Draft funding report of the Secretary-General

**Analysis of funding of operational activities for
development of the United Nations system for the year
2011**

**Development Cooperation Policy Branch
Department of Economic and Social Affairs
United Nations**

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SUMMARY

(a) Contributions

Real-term decline in total contributions in 2011

Total contributions to operational activities for development of the United Nations system in 2011 amounted to some \$22.8 billion, about the same as in 2010 in nominal terms and 6.9 per cent less in real terms. Total contributions were equivalent to about 15 per cent of total official development assistance (ODA) (excluding debt relief) as reported by the OECD/DAC. About 67 per cent of funding was directed to longer-term development-related activities against 33 per cent to activities with a humanitarian assistance focus. This is similar to the distribution in 2010.

Most of the decline attributed to non-core funding

Total core contributions to operational activities for development amounted to \$6.3 billion in 2011, about the same in real terms as in 2010. A decline of 3 per cent in core funding for development-related activities was offset by an increase of 12 per cent in core funding for humanitarian assistance-related activities. Non-core funding for operational activities for development and development-related activities declined in real terms by 9 and 11 per cent, respectively, in 2011.

Imbalance between core and non-core funding continues

Some 72 per cent of total funding for operational activities for development in 2011 were non-core against 74 per cent in 2010. As can be expected, the non-core component of funding for humanitarian assistance-related activities was at 81 per cent, or higher than the 68 per cent for development-related activities. The global imbalance between core and non-core resources for development-related activities is not primarily driven by direct contributions by DAC governments but by funding from other sources like the European Commission and global funds.

Longer-term funding trends positive

In the period from 1996 to 2011, overall trends have been positive for both development- and humanitarian assistance-related activities. In this 15-year period, funding for development-related activities and humanitarian assistance-related activities more than doubled in real terms; the non-core component of development-related contributions grew strongest, by about three-and-half times. Overall, contributions for United Nations operational activities for development grew at a faster rate during this 15-year period than total ODA as reported by the OECD/DAC. Almost all of this growth was in the form of non-core resources, resulting in the core ratio for operational activities for development as a whole declining from 50 per cent in 1996 to 28 per cent in 2011 and for development-related activities alone from 60 per cent in 1996 to 32 per cent in 2011.

Shorter-term funding trends more even

Since 2006, total funding for UN-OAD has grown for the first time at a slower pace than total ODA pointing at a declining trend in the share of total ODA being channelled through the United Nations development system. Over the last four years, total contributions in nominal terms remained at

approximately the same level with some modest nominal growth in development-related funding offset by a decrease in humanitarian assistance-related activities.

Funding base broadened

The funding base for operational activities for development has seen general broadening. While the absolute volume of direct contributions of OECD/DAC countries increased by 83 per cent in real terms between 1995 and 2011, its overall share of total funding has declined from 76 to 63 per cent. Similarly, for development-related activities alone the OECD/DAC share has declined from 71 per cent in 1995 to 60 per cent to 2011. The share of contributions from non-governmental organizations, public-private partnerships and other multilateral institutions (including global funds) for development-related activities increased from 9 per cent in 1995 to 21 per cent in 2011. In 2005, the share was 17 per cent indicating that the broadening of the funding base has continued in the shorter-term.

United Nations system the largest multilateral partner of OECD/DAC countries

Some 27 per cent of all direct contributions to the multilateral system in 2011 as reported by the OECD/DAC were channelled through the United Nations development system, making the Organization the largest multilateral partner of DAC countries.

Contributions from developing countries growing

Contributions from developing countries (excluding local resources) for operational activities for development were \$562 million in 2011 and have increased by some 16 per cent in nominal terms since 2006. About half of this funding was in the form of core contributions.

Non-core pooled funding and joint programmes still a small share of total non-core

Some 90 per cent of non-core funding for development-related activities in 2011 was predominantly single-donor and programme- and project-specific, thereby contributing to the fragmentation of resources flows, with a consequent impact on overall programme coherence, efficiencies and transaction costs. Contributions to pooled funding arrangements like multi-donor trust funds, including One UN Funds and thematic funds of entities, accounted for the remaining 10 per cent of non-core resource flows. The value of newly approved joint programmes in 2011 financed from any combination of the above modalities was less than 3 per cent of total non-core funding in 2011.

(b) Expenditures

General

Some 72 per cent of the total expenditures of \$25.1 billion for operational activities for development in 2011 focused on programme activities at the country level of which 47 per cent or \$8.5 billion in Africa. The remaining 28 per cent of total expenditures related to global and regional programme activities and programme support and management activities. Some entities refer to programme support as development effectiveness. Programme support and management costs are those that in QCPR-related discussions on cost recovery have been referred to as so-called non-programme costs.

Expenditures on development-related activities reached \$17.2 billion in 2011, an increase of 19 per cent in real terms since 2006. About half of development-related expenditures (excluding local resources) at country-level were spent in low-income countries in 2011.

(c) Selected Issues

No significant change in predictability of resources flows

Annual changes in donor contributions can be quite significant, including as a result of volatility in exchange rates. The combined negative effect of fluctuations in contributions on the overall availability of resources has been limited during the recent period of general growth. However, this relative stability seems to be the result of coincidence rather than of a well-functioning funding system that has built-in mechanisms to address the challenges that are intrinsic to a heavy dependency on annual voluntary contributions. By and large, no significant change has occurred in predictability, reliability and stability of funding flows, despite the adoption of integrated strategic and multi-year financing frameworks by entities of the United Nations development system.

Introduction of common budgetary frameworks at country level

Common budgetary frameworks (CBFs) to strengthen the quality of system-wide resource planning and mobilization and to enhance transparency at the country level have been introduced in 30 countries, or 28 per cent of the countries covered by a survey of resident coordinators, two-and-a-half years after UNDG issued specific guidance in this regard. The countries with CBFs so far include the eight DaO pilot countries, 14 self-starters, and eight others. This take-up is to be welcomed considering that the use of a CBF has hitherto been optional. With the QCPR resolution, the CBF has become a requirement in all countries. Much remains to be done with regard to United Nations entities providing the necessary information on funding commitments and programme implementation in general.

Burden-sharing among OECD/DAC countries uneven

OECD/DAC countries accounted for 83 per cent of total core resources for development-related activities in 2011, with a significant difference in individual contributions if measured as a share of gross national income. If the 2011 median ratio between core development-related funding and gross national income (DEV/GNI) were to be set as a minimum target for a successful system of negotiated pledges, total core contributions would increase by some \$2.4 billion or 58 per cent to \$6.7 billion.

Alignment of newly approved cost recovery frameworks with resolution A/67/226

There is a significant difference in the distribution of total programme support and management costs (non-programme costs) between core and non-core funding sources. In its resolution 67/226, the General Assembly 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.

It should be noted that the QCPR coincided with a review by UNDP, UNICEF, UNFPA and UN-Women of a harmonized cost recovery rate and new calculation methodology as part of a joint roadmap to the first integrated budgets that these entities will submit for approval to their respective Executive Boards in

2013 and that will cover the period 2014-2017 . The intention of the new cost recovery methodology, which was subsequently approved by the respective Executive Boards in January 2013, is to better align the funding of organizational costs between core and non-core resources in similar proportions as corresponding programme resources. These four entities combined account for some 58 per cent of all development-related operational activities (54 per cent of all core and 60 per cent of all non-core).

Work of the United Nations development system only moderately concentrated

The United Nations development system as a whole is moderately concentrated, with 50 programme countries, or 34 per cent of the total, accounting for some 80 per cent of all country-level expenditures in 2011. In 59 programme countries, or 40 per cent of the total, operational activities for development accounted for less than 10 per cent of total ODA in 2011.

The entities of the United Nations development system that reported country-level expenditures together had 1,998 relationships with 147 programme countries in 2011. About half of those relationships were significant in financial terms. In 2011, about one-third of operational activities for development were carried out by entities whose operations can be characterized by a degree of concentration that was above average.

Concept of critical mass under consideration

General Assembly resolution 67/226 requests the funds and programmes to develop common principles for the concept of critical mass of core resources and to present specific proposals to their respective governing bodies by the end of 2013 with a view to decision by 2014. At the time of finalizing the current report, the issue of critical mass of core resources has not yet been taken up by the Executive Boards of the funds and programmes. However, entities report that discussions on critical mass are taking place in preparation for their eventual presentation to the Executive Boards in keeping with the timeline in the QCPR resolution.

RECOMMENDATIONS

1. Takes note (with appreciation) of the report of the Secretary-General on Analysis of funding of operational activities for development of the United Nations system for the year 2011.
2. Welcomes the Secretary-General's continuous efforts to strengthen the coverage, timeliness, reliability, quality and comparability of system-wide data, including with regard to definitions and classifications, for financial reporting on operational activities for development.
3. Recognizes that the report contains, amongst others, the information, context and analyses that are relevant for the assessment of progress in the implementation of funding related provisions of resolution 67/226 on the Quadrennial comprehensive policy review of United Nations operational activities for development (section II, paragraphs 24-56).

4. Reaffirms in this regard those provisions of resolution 67/226 and which cover (i) general principles; (ii) enhanced overall funding, particularly core resources; (iii) the improvement of the predictability and quality of resources; and (iv) the ensuring of full cost recovery.

5. Approves the approach and methodology developed in the report for assessing progress in implementation and as summarized in the indicator framework (Annex 1) which itself forms part of the broader framework that has been developed for the assessment of progress in the implementation of resolution 67/226 in general.

6. Recognizes that the report contains already some of the baseline data and information against which progress in implementation of resolution 67/226 can be measured and that these will be further developed in the next edition of the report which will be based on 2012 data.

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LIST OF ACRONYMS

CEB	United Nations Chief Executives Board for Coordination
CBF	Common Budgetary Framework
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DaO	Delivering as One
DEV	Development-related activities
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GEF	Global Environment Facility
GFATM	The Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	Gross national income
HDI	Human Development Index
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITC	International Trade Centre
ITU	International Telecommunication Union
LDC	Least developed country
LLDC	Landlocked developing country
MDTF	Multi-donor trust fund

MPTF	Multi-partner trust fund
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
PPMC	Pearson product-moment correlation coefficient
QCPR	Quadrennial comprehensive policy review
SSC	South-South Development Cooperation
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Economic and Social Affairs
UNDS	United Nations Development System
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UN-IMCs	United Nations integrated mission countries
UN-OAD	United Nations operational activities for development
UNODC	United Nations Office on Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNV	United Nations Volunteers
UNWTO	World Tourism Organization
UPU	Universal Postal Union
USD	United States dollars
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

1. INTRODUCTION

Structure and coverage of the report

1. This report focuses on the thirty-seven United Nations system entities (funds, programmes and agencies) that received funding for operational activities for development in 2011. These entities constitute what is generally referred to as the United Nations development system and together accounted for over 95 per cent of all United Nations system-wide operational activities for development. Detailed statistical data used as the basis for the presentations and analyses in the present report are contained in the Statistical Annex which is available on the web site of the Development Cooperation Policy Branch of the Office for ECOSOC Support and Coordination of UNDESA.¹

System-wide reporting: opportunities and challenges

2. There are currently three main actors who report on funding for the United Nations system: the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Chief Executives Board for Coordination (CEB) and the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC). UNDESA and OECD/DAC focus on operational activities for development, each from a different perspective. CEB focuses more generally on the overall budgetary and financial situation of the entities of the United Nations system.

3. With regard to access to information, in resolution 63/311, the General Assembly requested the Secretary-General to establish a central repository of information on United Nations operational activities for development. The first phase of this central repository became operational in 2012 as part of the financial statistics database and reporting system that is being developed by the CEB. Through collaboration, the Department and the CEB secretariat already rationalized and harmonized part of the data collection for the present report. Work continues to further streamline and harmonize data collection processes in order to reduce the workload on the data providers as much as possible.

4. Annex II contains a technical note on issues and challenges pertaining to system-wide reporting. These relate to the use of terminology, sources and coverage, as well as comparability of data and information between the different United Nations entities. Annex III looks at the differences in the way the United Nations system and OECD/DAC report on core and non-core contributions and expenditures for United Nations operational activities for development.

Operational activities for development

5. United Nations operational activities for development (UN-OAD) are activities that United Nations entities carry out with the promotion of development as the primary objective. A number of entities have specific mandates in this regard. UN-OAD cover both longer-term development activities (development-related) as well as those with a shorter-term humanitarian assistance (humanitarian assistance-related) focus.

6. With regard to the distinction between development- and humanitarian assistance-related activities, no harmonized system-wide classification exists. For purposes of the present report, and pending the

¹ <http://www.un.org/esa/coordination/>

introduction of a harmonized classification system, all activities of UNHCR, UNRWA, and OCHA, emergency operations of UNICEF (some 26 per cent of all UNICEF activities) and humanitarian operations of WFP (some 92 per cent of all WFP activities) are considered to be humanitarian assistance-related. Accordingly all other activities are treated as being development-related. Many of the more detailed analyses contained in the current report concern the development-related activities in particular.

7. As reflected in Figure 1, UN-OAD in 2011 accounted for about 63 per cent (\$22.8 billion) of all United Nations system-wide activities (\$36 billion). Peacekeeping operations accounted for 21 per cent (\$7.6 billion) and the global norm and standard-setting, policy and advocacy functions of the United Nations system accounted for the remaining 16 per cent (\$5.6 billion).

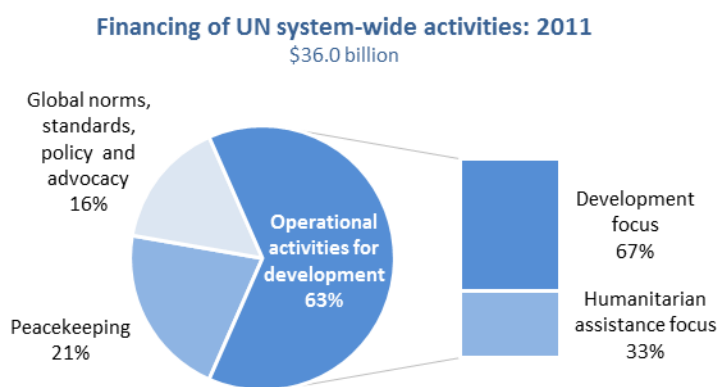


Figure 1

Core and non-core resources

8. UN-OAD are funded by a combination of so-called core and non-core resources. Core resources are those that are commingled without restrictions and whose use and application are directly linked to the entities' multilateral mandates and strategic plans that are approved by the respective governing bodies as part of an established intergovernmental process.

9. In contrast, and as determined by the contributors, non-core resources are mostly earmarked and thus restricted with regard to their use and application. There is therefore not necessarily a direct link between activities financed by non-core resources and the multilateral mandates and strategic plans approved by governing bodies. In some instances governing bodies formally approve the use of core resources while "taking note" of the use of non-core resources.

10. Core or unrestricted aid is generally seen as the most efficient way of building relevant and effective partnerships with programme countries in the delivery of operational activities for development. Core resources provide the highest quality, flexibility and efficiency of pooled funding. They are critical for ensuring that entities have adequate capacity to deliver on their multilateral mandates and provide continued substantive leadership and innovation around specific goals, advocacy and policy work in addition to programmatic implementation on the ground. Core resources are central to ensuring the

United Nations development system's independence, neutrality and role as a trusted partner in a rapidly changing development cooperation landscape.

11. Restricted aid in the form of non-core resources, on the other hand, is often seen as potentially distorting programme priorities by limiting the proportion of funding that is directly regulated by intergovernmental governing bodies and processes. Restricted aid is further seen as contributing to fragmentation, competition and overlap among entities and providing a disincentive for pursuing United Nations system-wide focus, strategic positioning and coherence. In addition, restricted aid is found to increase transaction costs, especially because of its predominantly single-donor and programme- and project-specific nature.

12. Financing of UN-OAD in the form of non-core resources has grown significantly over time and accounted for some 72 per cent of total resources in 2011 as compared to 50 per cent in 1996. Looking at development-related activities alone, non-core resources accounted for some 68 per cent of total resources in 2011 as compared to 40 per cent in 1996.

13. Some 8 per cent of non-core resources are in the form of so-called local resources, i.e. resources that programme countries contribute to entities for programming in the country itself. Whenever so indicated and deemed appropriate, this component is excluded in some of the analyses presented in the current report.

Official development assistance (ODA) and other aid

14. The report makes several references to Official Development Assistance (ODA) when analyses are made to compare UN-OAD with other development assistance. Two versions of ODA (excluding debt relief) are being used, both as defined by OECD/DAC: (i) ODA provided by OECD/DAC governments only (2011: \$129.5 billion); and (ii) total ODA (2011: \$139.2 billion). Total ODA includes aid flows that are reported to OECD/DAC by countries that are not members of OECD/DAC. Annex IV provides further information on the different components of total ODA. It is understood that neither one of the above versions of ODA captures the totality of development cooperation².

Current versus real terms

15. In this report, comparisons and trend analyses in "real terms" are based on amounts expressed in constant 2010 United States dollars by applying deflators published by OECD/DAC. These deflators take into account the combined effect of inflation and exchange rate movements.

Quadrennial comprehensive policy review - follow up

16. In January 2013 the General Assembly passed resolution A/67/226 on the Quadrennial comprehensive policy review of United Nations operational activities for development (QCPR). This regular report on funding of UN-OAD contains the information, context and analyses that are relevant for the assessment of progress in the implementation of funding-related provisions contained in the

2 In this connection, the UN Secretariat estimates that private flows amounted to some \$25 billion and South-South development cooperation to between \$12.6 and \$14.4 billion in 2010, expanding the notion of total development cooperation already to some \$178 billion.

resolution (section II, paragraphs 24-56). As such, this report contains already some of the baseline data and information against which progress can be measured. These will be further developed in the next edition of the present report which will be based on 2012 data. In order to facilitate the assessment of progress a framework has been developed that identifies relevant information and analyses in the body of the current report according to how they relate to (i) QCPR resolution main topics and (ii) aspects of UN-OAD to which the comprehensive policy review attached particular importance, i.e. overall coherence, relevance, effectiveness and efficiency. This framework is reflected in Annex I to the present document and forms part of the broader framework that has been developed for the assessment of progress in the implementation of resolution A/67/226 in general³. Each of the areas of information and analysis identified in the framework contains references to the relevant paragraphs in the present document. Similarly, and where appropriate, text in the body of the report refers to the framework. In future reports, the framework itself will contain a depiction to illustrate the general status of change and progress.

2. OVERVIEW

17. The present section provides a general overview of selected aspects of the funding for UN-OAD. Subsequent sections provide more detailed analyses, including of key trends, issues and perspectives.

Contributions

18. Total contributions for operational activities for development amounted to \$22.8 billion in 2011. About two-thirds (\$15.2 billion) of this amount was directed towards development-related activities with the other one-third (\$7.6 billion) spent on humanitarian assistance-related activities (see Figure 2 below). Some 68 per cent of development-related contributions and 81 per cent of humanitarian assistance-related contributions were non-core and thus earmarked.

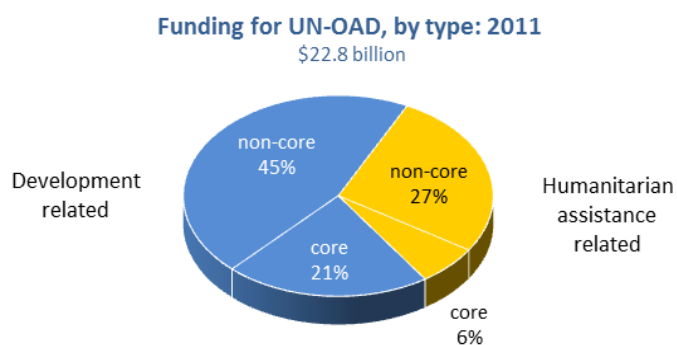


Figure 2

³ A/68/... –E/2013/.... Implementation of General Assembly Resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system (QCPR)

19. Despite the decline in both total and development-related contributions, in 2011, in real-term, real-term growth of funding for UN-OAD has generally been positive over the period 1996 to 2011 for both development and humanitarian assistance-related activities. Growth in core resources has however been minimal compared to growth in non-core resources (see Figure 3 below). This development, the consequent imbalance between the two sources of financing and the adequate cost recovery of institutional support to non-core financed activities are central to the discussion about the critical mass required for United Nations entities to maintain and continually develop capacities to deliver on their multilateral mandates, including through core programme activities on the ground (see chapter 4(e) on page 42).

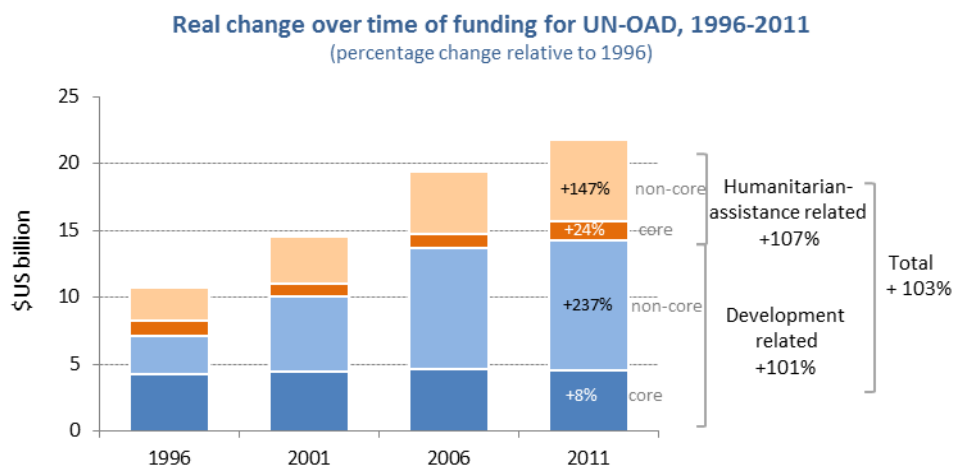


Figure 3

Share of multilateral aid and total ODA

20. When core and non-core contributions are combined, funding for UN-OAD (excluding local resources) represented some 15 per cent of total ODA flows (excluding debt relief) in 2011 and 11 per cent of ODA flows from DAC countries alone. The United Nations development system remains the single largest channel for direct multilateral funding as reported by OECD/DAC. This share is currently estimated at some 27 per cent (see Figure 4 below).

Channels of multilateral aid, 2011

Total \$55.0 billion

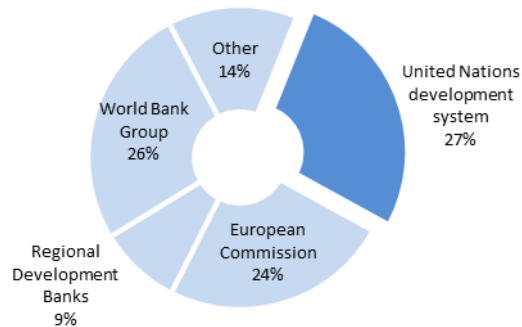


Figure 4

21. The above analysis can be seen, from a funding perspective, as indicative of the relevance of the United Nations system in overall and multilateral development cooperation (see Annex I: II.A.2).

Sources of contributions

22. Some 76 per cent of total contributions in 2011 were made by Governments directly, both DAC and non-DAC (see Figure 5 below). This includes the contributions made to the so-called United Nations multi-donor trust funds (MDTF). These are covered by the fund administration services of the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) on behalf of the United Nations development system⁴. The remaining 24 per cent is accounted for by the European Commission and by non-governmental organizations, public-private partnerships and other multilateral institutions (including global funds) which themselves are mostly financed by governments.

Sources of funding for UN-OAD, 2011

\$22.8 billion

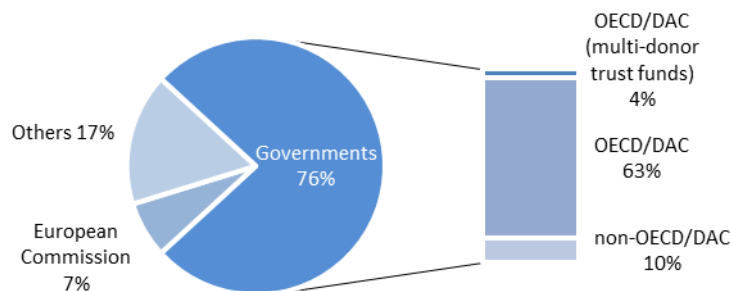


Figure 5

23. A complete list of contributions by contributor, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core) is provided in Table A-3 of the online

⁴ 4 MDTFs were 85 per cent financed by DAC governments in 2011 and are reflected separately.

Statistical Annex. Figure 6 below shows this information for the group of main contributors that together account for 93 per cent of total funding. Information on individual contributors excludes their contributions to MDTFs. These are combined and shown separately.

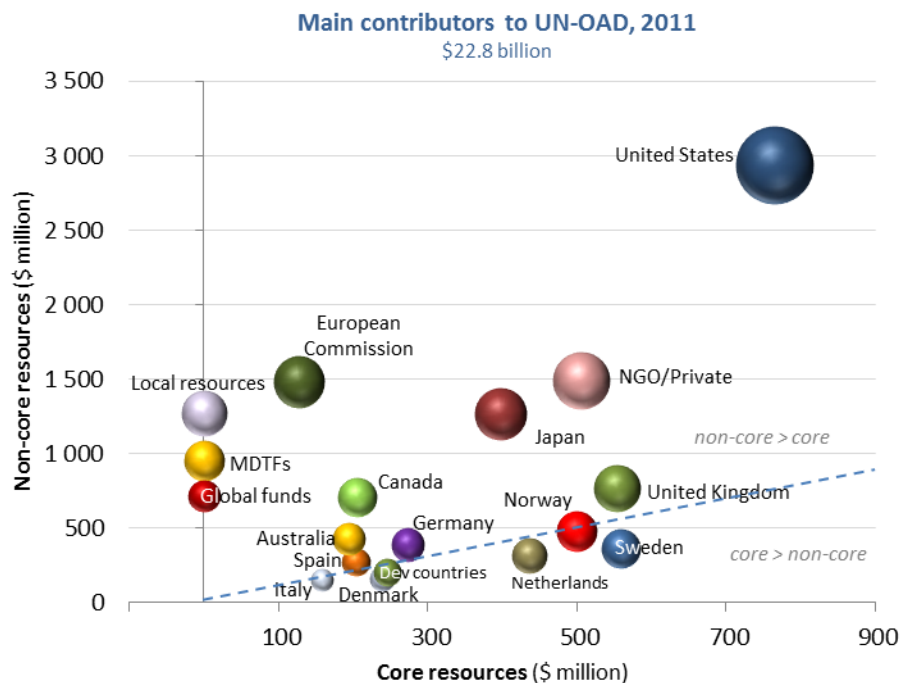


Figure 6

24. Total contributions from developing countries (excluding local resources) were some \$562 million in 2011 and increased by some 16 per cent over the last five years in nominal terms. About half of this funding was in the form of core and half in the form of non-core contributions. These contributions to UN-OAD are equivalent to some 6 per cent of the estimated \$10 billion total South-South development cooperation (SSC) which is directed towards technical cooperation and capacity-building initiatives⁵. In addition developing countries contributed some \$1.3 billion in the form of non-core local resources for programming in the contributing country itself.

Largest United Nations entities

25. Funding for operational activities for development is concentrated in a relatively small number of United Nations entities, with the top ten, i.e. UNDP, WFP, UNICEF, WHO, UNHCR, FAO, UNRWA, UNFPA, ILO and UNESCO accounting for 88 per cent of all contributions in 2011. The top three accounted for some 54 per cent and UNDP alone for 22 per cent. The non-core component of funding for all main entities except UNRWA and UNFPA exceeds the core component (see Figure 7 below). The other 27 entities, or 73 per cent of those covered by the current report, accounted for the remaining 12 per cent

5 In the context of the preparation of the 2012 International Development Cooperation Report of DESA, the UN Secretariat estimates total South-South development cooperation to be between \$12.6 and \$14.4 billion in 2010, of which 75 per cent is focused on technical cooperation and capacity-building initiatives.

of funding. A full list of contributions over the last five years, by entity and type of funding (core and non-core) is provided in Table A-2 of the online Statistical Annex.

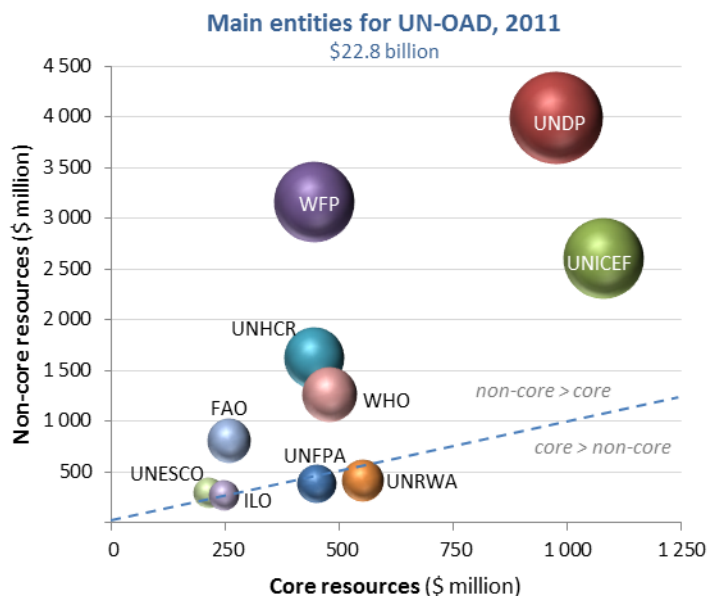


Figure 7

Expenditures

26. Some 72 per cent of the \$25.1 billion in expenditures for UN-OAD in 2011 (including local resources) concerned programme activities at the country level (see Figure 8) of which 47 per cent or \$8.5 billion were in Africa. Accordingly, some 28 per cent of total expenditures concerned programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories. Programme support and management costs are those that in QCPR-related discussions on cost recovery have been referred to as non-programme costs. Some entities refer to programme support as development effectiveness.

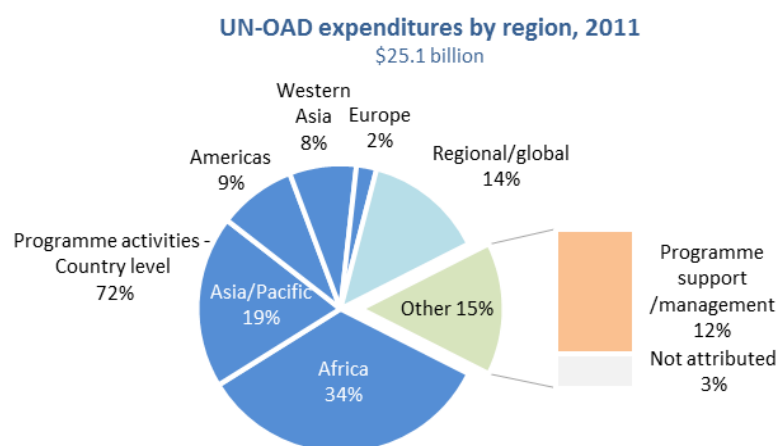


Figure 8

27. Figure 9 below shows the distribution and degree of concentration of 2011 country-level programme expenditures, development- and humanitarian assistance-related, among the top 50 programme countries. These together accounted for 80 per cent of total programme expenditures. The top three countries accounted for some 19 per cent and the top nine countries/territories⁶ for some 40 per cent of total country-level programme expenditure.

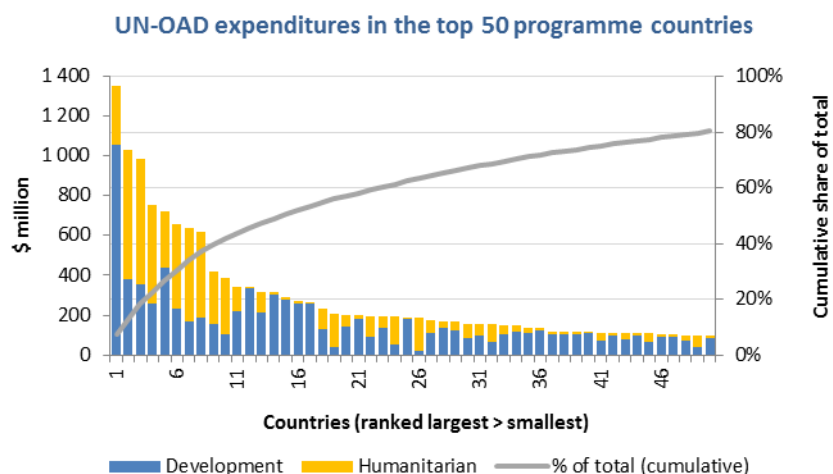


Figure 9

28. A full list of programme expenditures by programme country, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core) is provided in Table B-2 of the online Statistical Annex.

⁶ Sudan, Afghanistan, Pakistan, Ethiopia, Democratic Republic of Congo, Somalia, Kenya, Occupied Palestinian Territories and Haiti.

29. A comparative analysis of total UN-OAD and total ODA at the country level (see Figure 10 below) shows that UN-OAD (excluding local resources) accounted for more than 40 per cent of total ODA in 18 or 12 per cent of programme countries in 2011⁷. These 18 countries combined accounted for some 21 per cent of total country-level UN-OAD. At the other end of the spectrum UN-OAD accounted for less than 10 per cent of total ODA in 59 or 40 per cent of programme countries. This group of 59 countries accounted for some 12 per cent of total country-level UN-OAD. Most of UN-OAD (60 per cent) were in programme countries where UN-OAD accounted for between 10 and 30 per cent of total ODA. The above analysis can be seen as indicative, from a funding perspective, of the relevance of the United Nations system in overall development cooperation at country level (see Annex I: II.A.3).

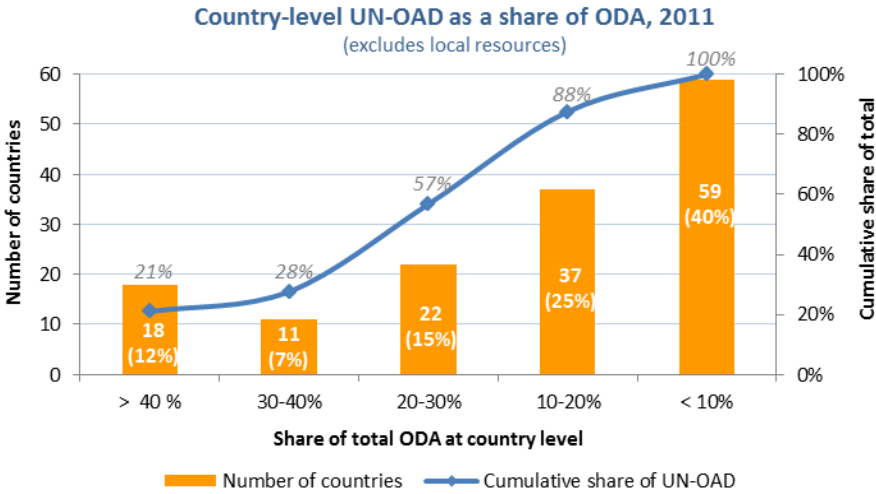


Figure 10

3. MORE DETAILED ANALYSIS

(a) Contributions

General

30. Figure 3 on page 5 and Table 1 below show that longer-term funding trends for operational activities for development have been favourable. Total funding more than doubled in real terms between 1996 and 2011, with non-core contributions increasing to nearly three times the level in 1996. The average annual growth in total funding during this 15-year period was some 4.8 per cent in real terms. The growth has been particularly strong for development-related non-core contributions. In 2011 and in real terms, these reached a level of nearly three-and-a-half times that in 1996, corresponding with an average annual growth rate of some 8.4 per cent. This very strong growth in non-core resources stands in stark contrast to what Table 1 shows as a very modest average annual growth of some 0.5 per cent in core resources. Contributions for humanitarian assistance-related activities, although by nature more

⁷ Argentina, Chad, China, Costa Rica, Cuba, DPRK, Guinea-Bissau, Indonesia, Iran, Malaysia, Philippines, Somalia, Sudan, Syrian Arab Republic, Thailand, Uruguay, Venezuela, Zimbabwe.

subject to change from year-to-year, also experienced significant growth of some 107 per cent in real terms between 1996 and 2011, with non-core funding increasing by 147 per cent.

Table 1
Change over time of funding for UN-OAD, 1996-2011

		Current US\$ billion				Percentage change 1996-2011	
		1996	2001	2006	2011	Nominal terms	Real terms
Total operational activities for development	Core	4.2	3.6	5.0	6.4	53	12
	Non-core	4.1	6.1	12.3	16.4	300	195
	Total	8.3	9.7	17.3	22.8	176	103
Development related	Core	3.2	2.9	4.2	4.9	51	8
	Non-core	2.2	3.6	8.1	10.3	369	237
	Total	5.4	6.6	12.3	15.2	179	101
Humanitarian-assistance related	Core	0.9	0.7	0.9	1.5	62	24
	Non-core	1.9	2.5	4.2	6.1	221	147
	Total	2.8	3.1	5.0	7.6	169	107

31. In the shorter-term, funding trends have been more even. Over the last four years total contributions remained at approximately the same level with some modest nominal growth in development-related funding offset by a decrease in humanitarian assistance-related activities. In addition, core funding for development-related activities declined by 3 per cent in 2011 in real terms compared to 2010. This followed a 4 per cent decline in development-related core funding in 2010.

Share of OECD/DAC multilateral aid and total ODA

32. UN-OAD were equivalent to some 15 per cent of OECD/DAC-reported total ODA flows (excluding debt relief) in 2011. Figure 11 compares average annual real terms growth rates of total UN-OAD and its development- and humanitarian assistance-related components (excluding local resources) with those of total ODA and core multilateral ODA (excluding debt relief).

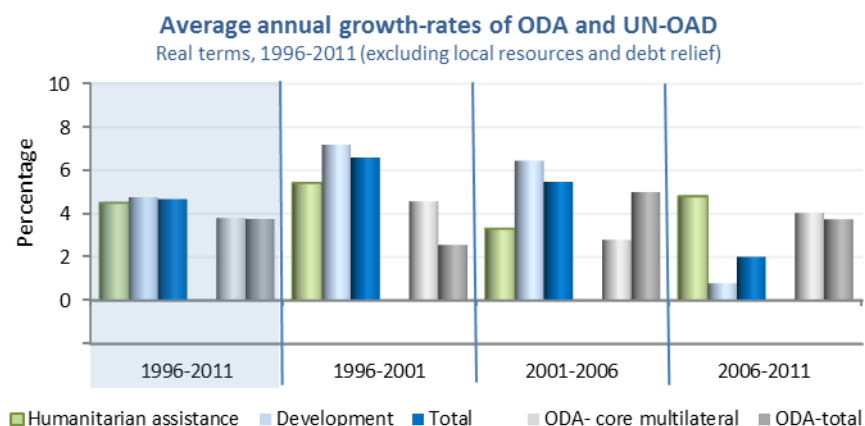


Figure 11

33. Between 1996 and 2006, contributions to UN-OAD grew faster in real terms than both total ODA and core multilateral ODA. That was in particular the case during the period 1996-2001. However, since 2006, total funding for UN-OAD has grown for the first time at a slower pace than total ODA flows. This points at a declining trend in the share of total ODA being channelled through the United Nations development system. In the context of the 2013 survey of resident coordinators, respondents were asked how they expected the share of the United Nations development system of total ODA to change in their countries. Some 62 per cent of resident coordinators expected the share to either stay about the same (27 per cent) or to somewhat decrease (36 per cent). Amongst significant factors that would influence downward trends, resident coordinators mentioned the expected overall decline in ODA and the negative impact on ODA allocations as a result of countries' graduating from the low to middle-income group. The increase of the use by donors of other funding modalities like direct budgetary support was mentioned as well. Few answers pointed at self-reflection on performance issues that are internal to the United Nations development system itself although insufficient advancement of United Nations reform, fragmentation, lack of a strategy for joint resource mobilization and internal competition for funding were mentioned as factors behind declining shares.

Preliminary data for 2012

34. The change in accounting standards in 2012 from the United Nations System Accounting Standards (UNSAS) to the International Public Sector Accounting Standards (IPSAS) by a number of entities⁸ does at this stage not allow for meaningful comparisons between 2012 figures and previous years. For instance, under IPSAS, revenue is recorded at the earlier of either cash received or signature of a formal agreement with the donor. Accordingly, and as an example, more revenue may be recorded in 2012 than would have been the case under UNSAS. The impact of the introduction of IPSAS on trend analysis will be reviewed in greater detail in the next edition of the present report which will be based on 2012 data.

35. With the above qualification in mind, total contributions for UN-OAD in 2012 are estimated to have reached \$23.9 billion. This corresponds to an estimated 5 per cent increase in nominal terms compared to 2011. The share of core funding dropped slightly to 27 per cent. The preliminary estimate for total funding in 2012 to development-related activities is \$15.6 billion, a nominal increase of 3 per cent compared to 2011. Some 32 per cent of this amount was core funding, the same share as in 2011.

Sources of funding

36. Figure 3 on page 5 provided a general overview of the real term growth of funding for UN-OAD over the period 1996 to 2011 broken down by development- and humanitarian assistance-related activities. Figure 5 on page 6 showed the current main sources of financing. The following will focus on development-related activities in particular.

8 ILO, UNDP, UNICEF, UNFPA, UNHCR, UNICEF, UNRWA, UN-Women and WHO

Development-related activities

37. Figure 12 further examines changes in the main sources of financing for *development-related activities* only (67 per cent of total UN-OAD). By the end of the period 1995-2011, four distinct groups of contributors emerge which indicates a broadening of the funding base for development-related UN-OAD over time. While DAC countries increased their contributions by 71 per cent in real terms to \$9.2 billion in 2011 their corresponding share of total resources declined from 71 per cent in 1995 to 60 per cent in 2011.

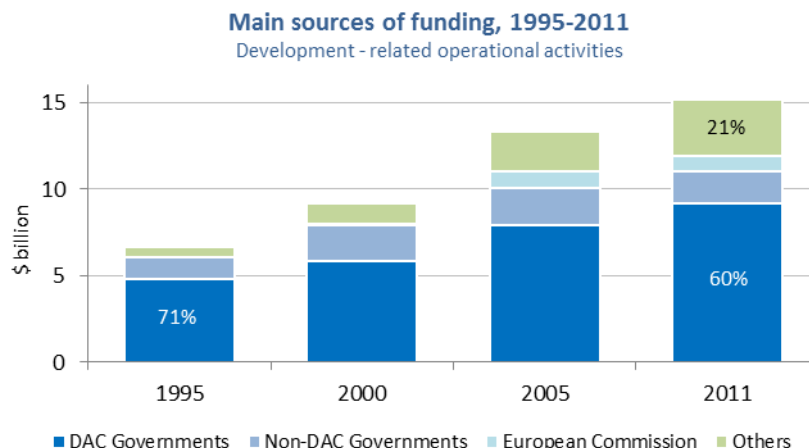


Figure 12

38. Increased funding by multilateral organizations (other than the European Commission), non-governmental and private sources is the most significant funding trend over the past fifteen years. In 2011, development-related contributions from this group amounted to some \$3.3 billion, or roughly 21 per cent of the total, with major sources as follows: global funds (\$716 million); intergovernmental organizations other than the European Commission (\$481 million); and non-governmental organizations and private sources (\$1,625 million). The latter category includes contributions by UNICEF national committees (estimated to be \$939 million). In 2005, the share was 17 per cent indicating that the broadening of the funding base has continued in the shorter-term.

39. Similar to Figure 6 on page 7, Figure 13 below provides further comparative information on contributions by total and type of funding (core and non-core) by main contributors that together account for 93 per cent of total funding for development-related activities. The core component of contributions by DAC governments for development-related activities (excluding contributions to MDTFs) increased from 43 per cent in 2010 to 47 per cent in 2011. This indicates that the global imbalance between core and non-core resources for development-related activities is not primarily driven by direct contributions by DAC governments, but by funding from other sources like the European Commission and global funds in particular (themselves mostly financed by DAC governments).

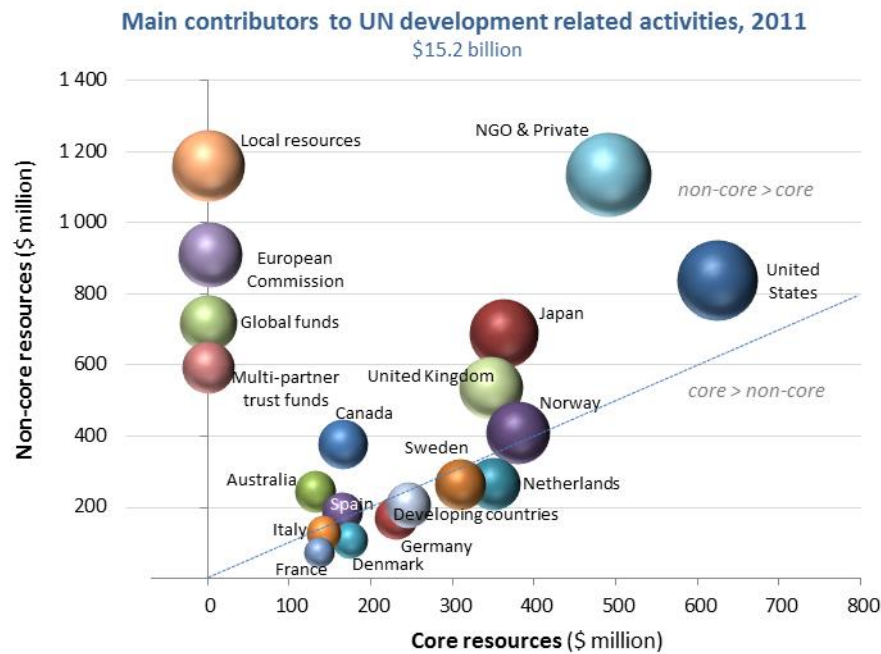


Figure 13

40. Contributions from developing countries for development-related activities (excluding local resources) were some \$451 million in 2011 and increased by some 34 per cent in nominal terms between 2006 and 2011. About 54 per cent of this funding was in the form of core resources. In addition, and as shown separately in Figure 13, developing countries contributed some \$1.2 billion in the form of non-core local resources for development-related activities in their own countries.

41. Figure 14 shows contributions for development-related activities by main entities, with the top ten, i.e. UNDP, UNICEF, WHO, FAO, UNFPA, ILO, UNESCO, IFAD, UNEP and UNODC accounting for some 88 per cent of all contributions for development-related activities in 2011. The top three accounted for over 60 per cent and UNDP as by far the largest entity alone for some 33 per cent. The other 27 entities, or 73 per cent of those covered by the current report, accounted for the remaining 12 per cent. The non-core component of funding for almost all entities exceeds the core component, sometimes by a significant margin. In the case of UNDP⁹, non-core contributions in 2011 accounted for 80 per cent of total contributions. Of these about 37 per cent was accounted for by local resources (23 per cent) and two global funds: the Global Fund to Fight Aids, Tuberculosis and Malaria (GFATM, 9 per cent) and the Global Environmental Facility (GEF, 5 per cent).

⁹ Excluding Funds administered by UNDP in 2011 like: UNCDF, UNSO, UNV, UNDP Energy account.

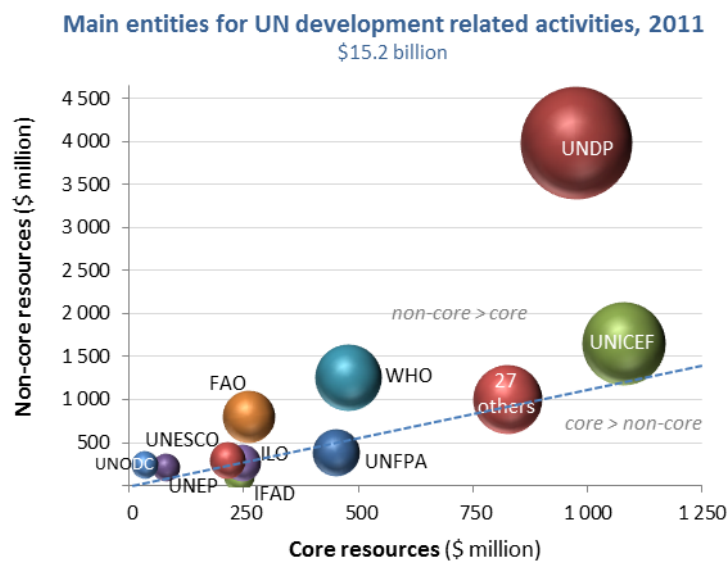


Figure 14

Non-core funding modalities

General

42. In 2011, some 90 per cent of non-core funding, including local resources, was mainly single-donor and programme- and project-specific (see Figure 15 below). Contributions to pooled funding arrangements like thematic funds of entities and multi-donor trust funds, including One United Nations Funds, accounted for the remaining 10 per cent of non-core resource flows. The dominance of single-donor and programme- and project-specific contributions, in particular, reflects the high degree of fragmentation of non-core funding.

Non-core funding modalities for UN development-related activities, 2011
\$10.3 billion

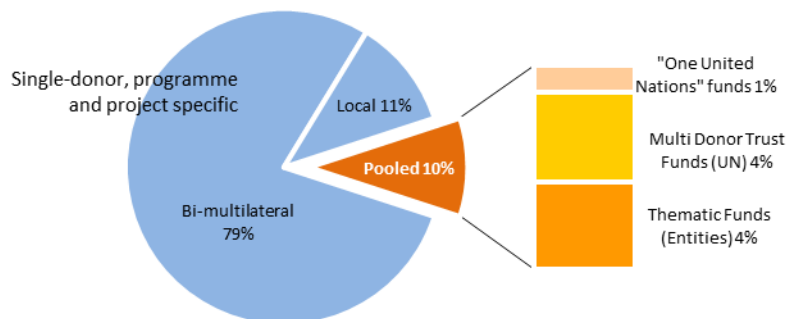


Figure 15

43. Many reviews in the past have highlighted that the growth in fragmented non-core funding has resulted in a corresponding increase in transaction costs. Negotiating individual funding agreements and separate programme and financial reporting for hundreds or even thousands of individual projects according to varying sets of requirements add significant costs. Specific support and reporting requirements often fall outside the entities' standard operating systems and managerial processes. In this connection the adequate recovery of institutional costs associated with support to non-core funded activities has been and continues to be subject of debate. This is further reviewed in chapter 4(c) including with regard to provisions contained in General Assembly resolution A/67/226 on the 2012 QCPR.

Multi-donor trust funds and thematic trust funds

44. Both multi-donor trust funds (MDTFs) and thematic trust funds are forms of pooled resources and thus a more flexible form of non-core contributions. While the thematic trust funds are specific to and administered by an individual entity, the multi-donor trust funds concern multi-entity operations and are covered by the dedicated fund administration services of the UNDP Multi-Partner Trust Fund Office (MPTF Office) on behalf of the United Nations development system. The emergence of these two types of funds can be seen as a result of efforts by the international community to promote enhanced aid effectiveness, counterbalancing high fragmentation as a result of the predominantly single donor-and single-programme and project specific nature of non-core resources flows.

45. Table 3 below provides information on main contributors to MDTFs in 2011 and main participating entities based on the amounts that the MPTF Office as administrative agent transferred to them in 2011 for programme implementation. UNDP and UNICEF together implement some 45 per cent of activities financed from multi-donor trust funds.

Table 2
Multi-donor trust funds in 2011

Rank	Main contributors			Main entities		
	Donor	Contributions	Share of total	United Nations entity	Transfers received	Share of total
		(USD million)	(Percentage)		(USD million)	(Percentage)
1	United Kingdom	260	32	UNDP	356	33
2	Norway	116	14	UNICEF	126	12
3	IDA	111	13	FAO	76	7
4	Sweden	97	12	OCHA/NGO	65	6
5	Netherlands	53	7	IOM	49	5
6	Australia	39	5	WFP	47	4
7	Denmark	34	4	UNOPS	46	4
8	Ireland	21	3	WHO	33	3
9	Spain	18	2	UNFPA	30	3
10	Japan	17	2	ILO	28	3

46. In response to GA resolution 64/289 on system-wide coherence, information on all existing multi-donor trust funds and thematic trust funds, including information on their mandates, performance and governance structures was made available in 2010. This comprehensive information can be found on the website of the Development Cooperation Policy Branch of the Office for Economic and Social Council Support and Coordination of UNDESA (www.un.org/esa/coordination/dcpb_stat.htm).

One United Nations Funds

47. One UN Funds are multi-donor trust funds that were established specifically to support the delivering-as-one pilot initiatives by providing principally un-earmarked resources to cover funding gaps in One United Nations Programmes. One UN Funds represent an innovation to support system-wide coherence of the work of the United Nations development system at the country level. In response to General Assembly resolution 64/289, an independent evaluation of the “delivering-as-one” (DaO) experience, including the One UN Funds, was submitted at the sixty-sixth session of the Assembly as part of the 2012 quadrennial comprehensive policy review (QCPR)¹⁰.

48. Table 4 shows the amounts channelled through One UN Funds, with an indication of their share of total development-related expenditures of the United Nations development system in the eight DaO pilot countries and, combined, in 13 other countries that subsequently adopted the DAO approach on a voluntary basis. The share of One UN Funds of development-related expenditures in the eight pilot countries combined was about 14 per cent (from as high as 24 per cent in Albania to as low as 4 per cent in Pakistan and Uruguay). The share was about 9 per cent for all countries with a One UN Fund

¹⁰ See A/66/859

combined. The success of the One UN Funds as part of an integrated funding framework for the United Nations development system has therefore been moderate.

Table 3
One United Nations Funds in 2011

<i>Recipient country</i>	<i>One UN Fund expenditures</i> (USD millions)	<i>Total development-related expenditures</i>	<i>One UN fund share of total</i> (Percentage)
<i>Pilot countries:</i>			
Albania	7	31	24
Cape Verde	4	19	21
Mozambique	16	136	12
Pakistan	15	352	4
Rwanda	14	74	19
Tanzania, United Republic of	25	123	20
Uruguay	1	32	4
Viet Nam	25	113	22
Sub-Total	107	789	14
Non-pilot countries	21	630	3
Total	129	1509	9

Local resources

49. Contributions to entities in the form of local resources for programming in contributors' own countries reached a peak in 2007 amounting to some \$2.2 billion or some 11 per cent of all contributions to the United Nations development system. This type of funding has since been in steep decline to some \$1.3 billion or about 6 per cent of total contributions in 2011, a level comparable to the mid-1990s. Almost all the decline in local resources contributions between 2007 and 2011 can be attributed to UNDP where, in line with the UNDP strategic plan 2008-2013, such funding decreased from nearly \$1.6 billion or about one third of total contributions in 2007 to about \$905 million or 18 per cent of total contributions in 2011. Table 2 provides information of main local resources contributors and main entities involved in 2011.¹¹ Some 71 per cent of all local resources contributions are channelled through UNDP.

¹¹ In some instances local resources represent loans received by countries from development banks which are channelled through United Nations entities for administration of project funds.

Table 4
Local resources contributions to the United Nations system, 2011

Rank	Main contributors			Main entities		
	Country	Local resources	Share of total contributions	United Nations entity	Local resources	Share of total contributions
		(\$ million)	(%)		(\$ million)	(%)
1	Argentina	311	24	UNDP	905	71
2	Brazil	142	11	ICAO	98	8
3	Egypt	93	7	UNICEF	80	6
4	Colombia	74	6	FAO	53	4
5	Afghanistan	65	5	UNESCO	42	3
6	Peru	43	3	UNODC	37	3
7	Panama	43	3	WFP	34	3
8	Saudi Arabia	34	3	UNCTAD	14	1
9	China	34	3	UN-HABITAT	4	0
10	Mexico	31	2	WMO	3	0

Joint Programmes

50. While not a separate type of third party pooled funding modality, joint programmes can be regarded as a form of pooling of resources by United Nations entities at a next level. A joint programme is a mechanism developed to contribute to making the UN-OAD more coherent, effective and efficient. A joint programme is a set of activities contained in a common work plan and related budget, involving two or more United Nations organizations and (sub-) national partners.¹² The work plan and budget form part of a joint programme document, which also details roles and responsibilities of partners in coordinating and managing the joint activities. The joint programme document is signed by all participating organizations and (sub-) national partners. Joint programmes are mostly financed from non-core resources, through any combination of the above non-core funding modalities.

51. No central database exists on the basis of which status and trends with regard to joint programmes can be assessed. However, UNDG completed a comprehensive review of the joint programme mechanism in early 2013. Based on information collected for this review, including through surveys, some assessment can be made of the share of overall resources that is programmed and managed through the joint programme mechanism.

52. Some 37 per cent of joint programmes are funded by global MDTFs most of which have a global secretariat and specific guidelines; 24 per cent by One UN Country Funds and 11 per cent by stabilization and recovery funds both sets of which have country-level steering committees; and 28 per cent are stand-alone joint programmes. Nearly 90 per cent of the 526 joint programmes in the current records of the MPTF Office, UNICEF and UNFPA are funded on a so called pass-through basis. Under this option, two or more organizations develop a joint programme, identify funding needs and submit a joint programme document to donors or steering committees for funding. The funds are channelled through an administrative agent.

¹² see Guidance Note on Joint Programming, UNDG, 2003

53. The UNDG review estimated the value of new joint programmes established in 2011 at \$272 million, confirming a downward trend since 2008 when the value reached a peak of \$618 million. On the assumption that most joint programmes cover development-related activities, the 2011 value is equivalent to less than 3 per cent of total non-core contributions for development-related activities. From a financial perspective, the share of contributions that are programmed and managed through joint programmes is therefore not significant and declining.

54. The results of the separate 2013 survey of resident coordinators confirm that the share of funds programmed and managed under joint programmes is not significant. Some 92 per cent of resident coordinators indicated, however, that opportunities exist to make more use of the mechanism. Amongst the top four factors that according to resident coordinators interfere with the success of joint programmes is the fact that joint programmes are primarily treated as an opportunity for resources mobilization. Other top four factors identified as interfering with success are the focus of agencies on their own mandate and results rather than on joint programmes; that there is a general lack of accountability to joint programme management; and that results frameworks are unclear and monitoring is weak. The findings of the survey of resident coordinators affirm the generally held view that there exist very limited incentives for United Nations entities to engage in joint programmes.

55. Also because of their relevance to the assessment of the implementation of resolution A/67/226 on the 2012 QCPR, status and trends of joint programmes and pooled funding will continue to be reviewed in the context of future editions of the present report (see Annex I: II.B.6)

(b) Expenditures

Total expenditures

56. Table 5 below provides an overview of expenditures over the period 2006-2011 by total and by type of activities (development-related and humanitarian assistance-related). Figure 8 on page 9 showed that some 72 per cent of expenditures for UN-OAD in 2011 concerned programme activities at the country level of which 47 per cent or \$8.5 billion, were in Africa. Accordingly, some 28 per cent of total expenditures related to programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories.

57. Development-related expenditures grew by some 19 per cent in real terms, or 4 per cent annually on average, between 2006 and 2011, with the most significant annual increase (16 per cent in real terms) recorded in 2009. This illustrates that the United Nations development system is able to sizeably scale-up its operations when called upon by the international community to do so.

Table 5
Expenditures on operational activities for development, 2006-2011

	Current US\$ (billion)						Percentage change 2006-2011	
	2006	2007	2008	2009	2010	2011	Nominal terms	Real terms
Development related	12.1	13.1	13.9	15.7	16.3	17.2	42	19
Humanitarian-assistance related	4.9	5.2	6.6	7.1	7.5	7.9	62	36
Total expenditures	17.0	18.4	20.5	22.8	23.9	25.1	48	24

58. As shown in Figure 16, ten United Nations entities accounted for some 88 per cent of total expenditures for operational activities for development in 2011, with the remaining 12 per cent accounted for by 27 entities.

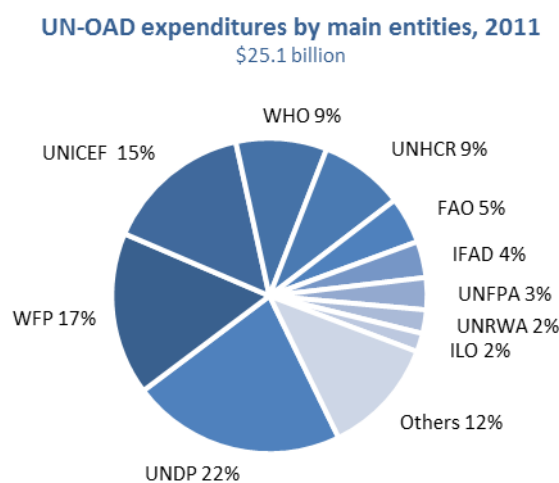


Figure 16

59. Figure 9 on page 9 showed the distribution and degree of concentration of 2011 country-level programme expenditures, development- and humanitarian assistance-related, among the top 50 programme countries. These together accounted for 80 per cent of total programme expenditures. Table 6 below shows the top 10 programme countries which together accounted for 45 per cent of total country-level expenditures in 2011 with an indication of expenditures per capita. Table B-2 of the online Statistical Annex provides a complete list of programme expenditures by programme country, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core).

Table 6
Top 10 programme countries, 2011

Rank	Programme country	Expenditures (\$ million)			Total expenditures per capita (\$)
		Total	Development-related	Humanitarian assistance related	
1	Afghanistan	1 352	1 054	299	38
2	Sudan ¹³	1 031	380	651	30
3	Pakistan	985	352	633	6
4	Ethiopia	753	257	496	9
5	Dem Rep of the Congo	719	439	279	11
6	Somalia	660	232	428	69
7	Kenya	638	170	468	15
8	Occupied Palestinian Territory	622	189	432	155
9	Haiti	416	153	263	41
10	Chad	386	102	285	34

Development-related activities

60. While Figure 8 on page 9 analyzed expenditure components for UN-OAD as a whole, Figure 17 shows the analysis for development-related expenditures (including local resources) only. Some 65 per cent of development-related expenditures in 2011 concerned programme activities at the country level of which 42 per cent or \$4.7 billion, were in Africa. Accordingly, some 35 per cent of total expenditures concerned programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories. As mentioned earlier, programme support and management costs are those that in discussions on cost recovery have been referred to as non-programme costs. Some entities refer to programme support as development effectiveness.

13 South Sudan gained independence from Sudan in July of 2011; therefore some of the expenditures shown under Sudan were spent in what is now part of South Sudan.

Expenditures on development-related activities, by region (2011)
\$17.2 billion

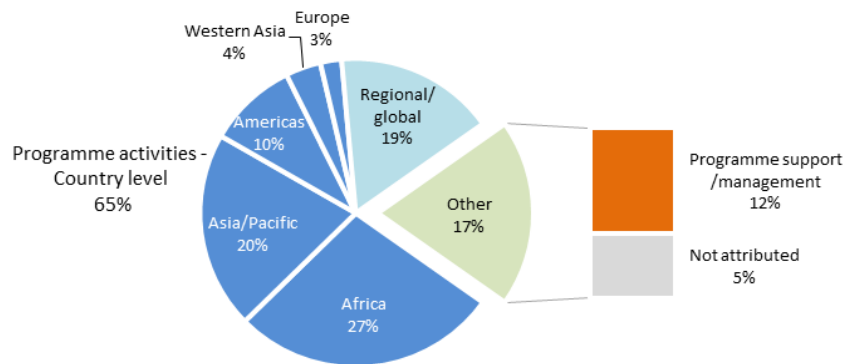


Figure 17

Overall distribution of development-related programme expenditure

61. Figure 18 provides an overview of the general distribution and degree of concentration of 2011 development-related programme expenditures (excluding local resources) by country and by type of funding (core and non-core) ranked according to decreasing total expenditure. For presentation purposes, expenditures in excess of \$300 million are not shown. Table 7 shows the top 10 programme countries which together accounted for close to 37 per cent of total development-related expenditures in 2011 with an indication of expenditures per capita.

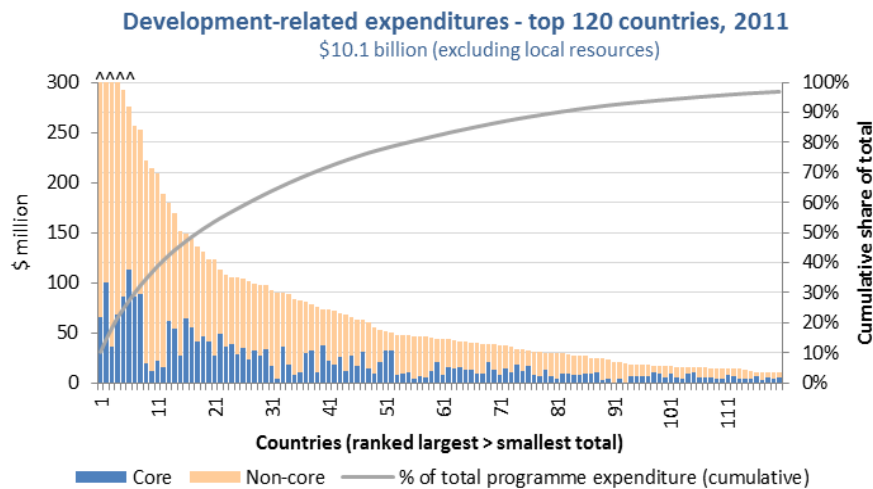


Figure 18

Table 7
Programme expenditures in top 10 programme countries, 2011
 Development related activities (excluding local resources)

Rank	Programme country	Development related expenditures (\$ million)			Per capita (\$)
		Core	Non-core	Total	
1	Afghanistan	65	970	1 035	29
2	Dem Rep of the Congo	100	337	437	6
3	Sudan	36	343	378	11
4	Pakistan	69	280	348	2
5	Bangladesh	86	206	293	2
6	India	113	162	276	0
7	Ethiopia	86	170	256	3
8	Nigeria	89	163	253	2
9	Somalia	19	203	222	23
10	Iraq	12	202	214	7

Development-related programme expenditure by country groupings.

62. For review of operational activities for development and development assistance in general, reference is often made to country groupings that are based on certain common attributes and characteristics. Some of the groupings are based on defined, inter-governmentally agreed lists while others are not. The latter is the case with regard to groupings based on attributes like conflict/post-conflict, crisis/post crisis and different forms of transition. The groupings used for analysis in the current report are those that are based on: (i) the 2011 income brackets defined by the World Bank: 36 low-income, 55 lower-middle income and 54 upper-middle income countries; (ii) formal United Nations categorizations: 49 least-developed countries (LDCs), 31 landlocked developing countries (LLDCs) and 38 small island developing states (SIDSs) which are United Nations Member States; (iii) informal United Nations categorizations like 18 integrated mission countries/areas (UN-IMCs)¹⁴ and the Human Development Index (HDI)¹⁵: 47 HDI-low and 47 HDI-medium; and (iv) generally accepted categorizations that capture different states of vulnerability: 35 countries in fragile situations (World Bank)¹⁶ and 48 fragile states (OECD)¹⁷. Groupings generally overlap in that a country can fall in more than one category.

63. Figure 19 provides an overview of how country-level programme expenditure were distributed among the different country groupings, by different income levels (World Bank 2011). Low-income countries and middle-income countries accounted each for some 49 per cent of total expenditure.¹⁸ LDCs accounted for some 52 per cent of total expenditure, 83 per cent of which were in low-income LDCs and 15 per cent in lower-middle income LDCs. Countries with a low-HDI accounted for some 62 per cent of expenditures, about three-quarters of which were in low-income countries. Since 2005 a

14 United Nations peace operations and development activities are pursued in an integrated manner

15 2011

16 Harmonized list of World Bank, African Development Bank and Asia Development Bank.

17 Expanded list based on the World Bank list of countries in fragile situations.

18 The remaining 2 per cent were allocated to high-income countries.

number of programme countries have graduated from the low-income group to the middle-income groups. Some \$2.0 billion or 19 per cent of 2011 development-related expenditures spent at the country-level concerned the group of countries that have graduated since 2005.

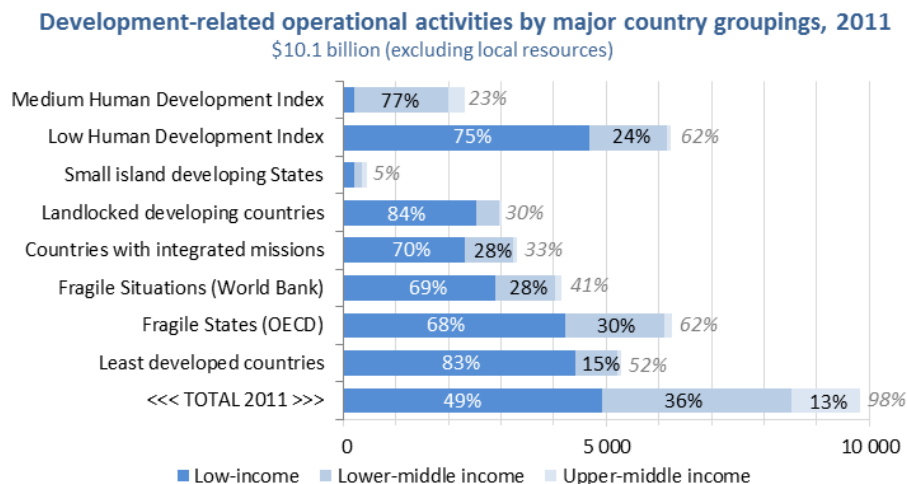


Figure 19

64. Figure 20 provides a different view of how country-level programme expenditures were distributed among the different country groupings by examining how total expenditures for each group and the two main sources of funding (core and non-core) compare. The figure shows that there is no marked difference between the core/non-core ratio for groupings like LLDCs, low-income, LDCs, HDI-low and fragile states (OECD). The ratio is markedly lower for groupings like UN-IMCs and fragile situations (World Bank) and somewhat higher for the HDI-medium and middle-income groupings.

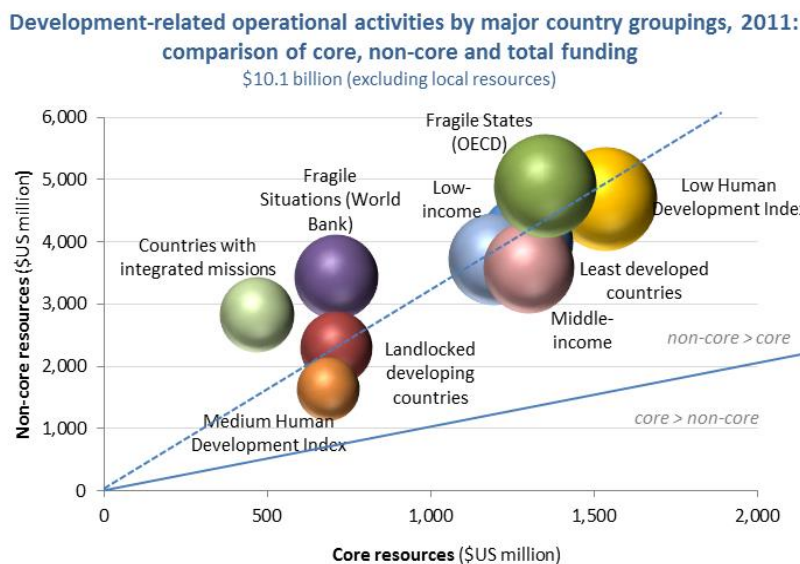


Figure 20

Correlation between core and non-core

65. Examining the possible correlation between the distribution of core and non-core resources is of interest if the distribution of core resources is seen as reflecting the totality of the United Nations development system’s multilateral mandates and resource allocation strategies that were approved by governing bodies as part of intergovernmental processes. For purposes of the analysis, a perfect correlation would mean that for all countries their individual share of non-core resources would be the same as their share of core resources. In this regard Figure 21, similar to Figure 18, provides again the overview of the general distribution and degree of concentration of 2011 development-related programme expenditures (excluding local resources) by country and by type of funding (core and non-core) but now with countries sorted according to decreasing total core expenditures. The cumulative share of total core expenditures is shown as well. For presentation purposes expenditures in excess of \$300 million are again not shown. Table 8 shows the top 10 programme countries (core resources) which together accounted for some 30 per cent of core and 35 per cent of non-core development related country-level programme expenditures in 2011, excluding local resources.

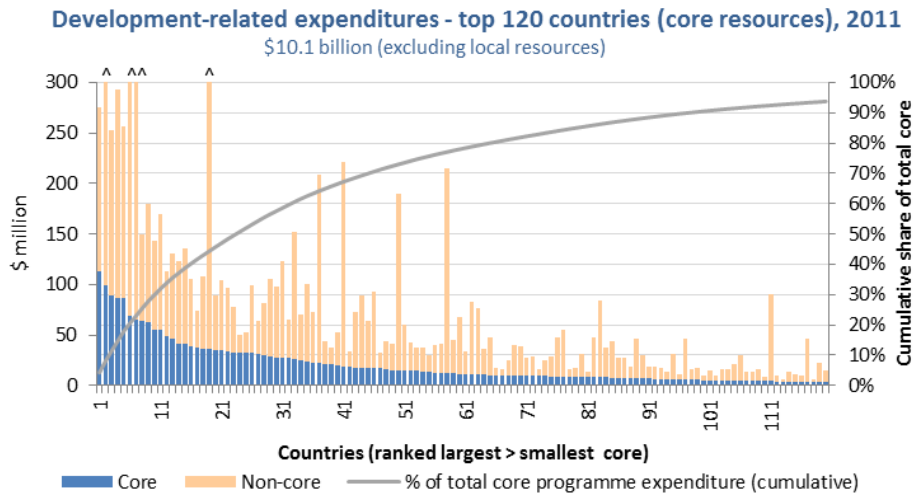


Figure 21

Table 8
Programme expenditures in top 10 programme countries in terms of core resources, 2011
 Development-related activities (excluding local resources)

Rank	Programme country	Development-related expenditures (\$ million)			Core expenditures per capita (\$)
		Core	Non-core	Total	
1	India	113	162	276	0
2	Dem Rep of the Congo	100	337	437	6
3	Nigeria	89	163	253	2
4	Bangladesh	86	206	293	2
5	Ethiopia	86	170	256	3
6	Pakistan	69	280	348	2
7	Afghanistan	65	970	1 035	29
8	China	64	85	149	0
9	Indonesia	62	118	180	1
10	Uganda	55	88	143	4

66. The 2011 correlation, purely based on financial data, is depicted in Figure 22 which shows, on logarithmic scales, the relationship between core and non-core components of expenditures for each of the top 120 programme countries. The Pearson product-moment correlation coefficient (PPMC), if used as an indicator, would suggest that the correlation for the United Nations development system as a whole can be considered as moderate.¹⁹

67. This correlation can be further examined for the impact of income and special development situations. The analysis shows that the correlation is stronger if the 31 countries in fragile situations²⁰ are excluded.

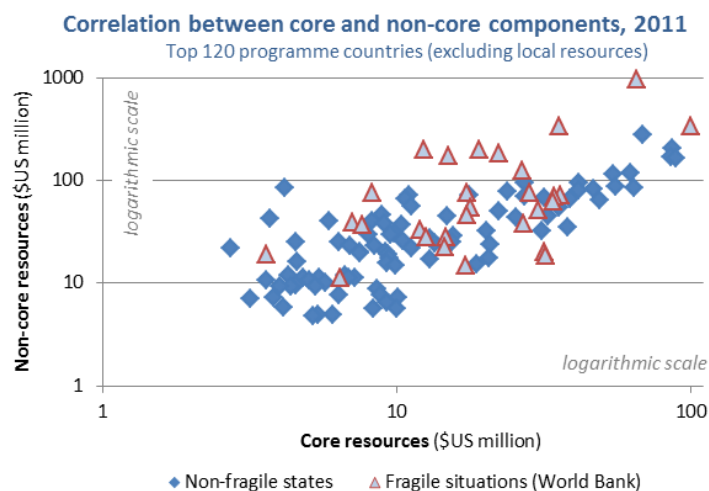


Figure 22

19 PPMC: 0.56 (PPMC of 1 would indicate a perfect correlation).

20 PPMC: 0.85 (excluding countries in fragile situations based on World Bank harmonized definition).

68. It is important to note that the correlation as analyzed (i) applies to the United Nations development system as a whole; (ii) is purely financial in character; and (iii) does not necessarily indicate a causal relationship between the amount of core and non-core resources. Given the composition of the United Nations development system with over 37 individual entities and the fragmented nature of non-core funding, causal relationships would be very much dependent on how activities form part of a deliberately integrated and coherent system-wide programming and resource mobilization framework like the UNDAF. The usefulness and applicability of correlation reviews like the one used above will continue to be explored and refined in future reports.

4. SELECTED ISSUES

(a) Predictability of core and non-core funding

General

69. In previous reports, elements of predictability, reliability and stability of funding were reviewed for a number of entities by examining actual fluctuations in contributions and the impact thereof on the availability of total resources over time. This section provides an update of that analysis and covers the six-year period 2005 to 2011 for UNDP, UNICEF, UNFPA, FAO, ILO, UNESCO and WHO. These entities together accounted for more than 80 per cent of total development-related activities in 2011. The review of each of the entities has again focused on the group of main contributors, which together accounted for some 80 per cent of the resources of the entities concerned. For UNDP, UNICEF and UNFPA, the situation was reviewed for both core and non-core voluntary contributions. For FAO, ILO, UNESCO and WHO, only non-core voluntary resources were reviewed, since the core component of funding is almost exclusively financed from assessed contributions. Assessed contributions by nature are less subject to volatility and unpredictability — apart from issues relating to timeliness of payment.

70. The findings of this review are discussed below based on a series of charts that illustrate issues and patterns that have been found to apply to most entities. Figure 23 below shows the relative movement in total contributions to entities since 2005. With the exception of UNESCO and WHO, all the entities experienced growth in funding over the six-year period. However, towards the end of the period a declining trend can be observed for the core resources of UNDP from a peak in 2007 to a level similar to that in 2005. For presentation purposes, figure 23 does not show the trends for FAO and non-core resources of UNFPA, but both experienced significant nominal growth of 133 and 174 per cent respectively, compared to a relatively small base in 2005.

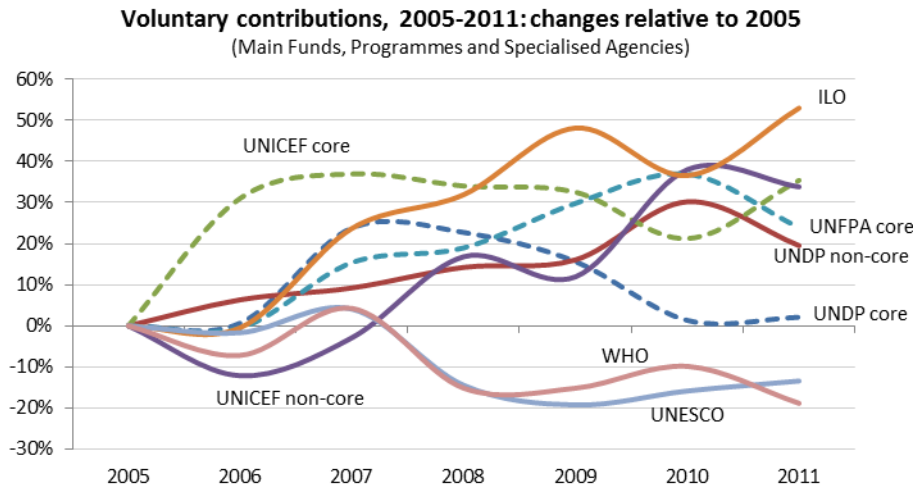


Figure 23

71. A more detailed review shows that the actual volatility in contributions from main sources is much more pronounced than the overall patterns in Figure 23 suggest. Despite generally positive aggregate growth, funding from individual sources can fluctuate considerably from one year to the other, especially in the case of non-core resources. This is illustrated by Figure 24 and 25 below. For core resources, 39 per cent of 2011 contributions from main donors had changed by more than 20 per cent compared to 2010 with an increasing trend since 2009. As for non-core resources, 62 per cent of 2011 contributions by main donors changed by more than 20 per cent compared to 2010 without any significant trend to be observed.

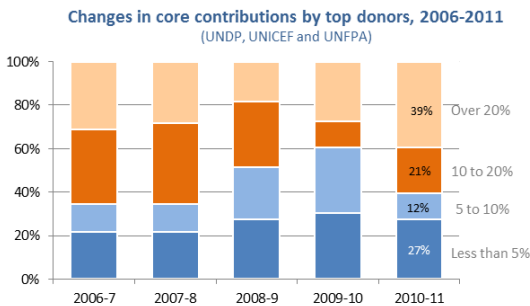


Figure 24

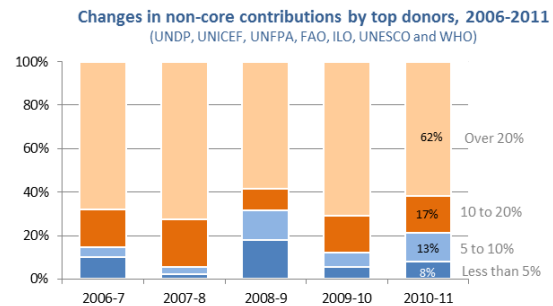


Figure 25

72. A higher volatility in non-core contributions is not unexpected since some 90 per cent of non-core funding remains primarily single-donor and programme-or project-specific. However, in accordance with the relevant financial rules and regulations, non-core funding relating to multi-year programmes or projects must be secured in advance in the form of formal funding agreements, even though actual cash payments can generally be made in instalments. This in fact adds a considerable degree of predictability and stability at the level of the specific programme or project once the non-core funding agreements have been concluded.

Impact of exchange rate fluctuations

73. Since the United States dollar is the general unit of accounting and reporting in the United Nations system, fluctuations in exchange rates have an impact on the United States dollar equivalent of contributions made by donors in their own national currency. Figure 28 is based on the monthly United Nations exchange rates and illustrates the very significant volatility in those rates during the period 2005 to 2011, both within and between years. Fluctuations in exchange rates between 2011 and 2010 were again significant. For example the United States dollar equivalent of euro contributions could differ by up to 20 per cent depending on the moment when 2010 and 2011 contributions were received and recorded. A similar difference applied to euro contributions made in 2012 compared to 2011.

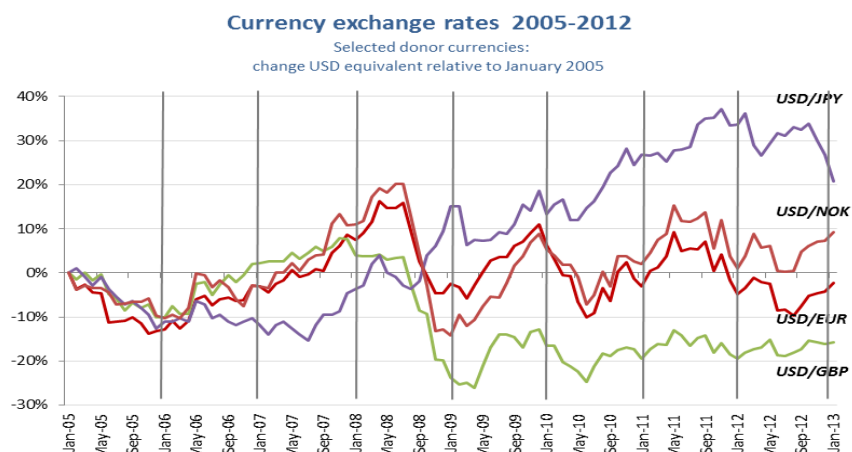


Figure 26

74. To illustrate the impact of fluctuating currency exchange rates at individual entity level Figure 27 compares changes in UNICEF core contributions in donor currencies with the USD equivalent as recorded in the accounts. Again as an example, similar euro-denominated decreases by the Netherlands and Spain resulted in significantly different changes in USD equivalent (plus 13 per cent in the case of the Netherlands against 0 per cent in the case of Spain).

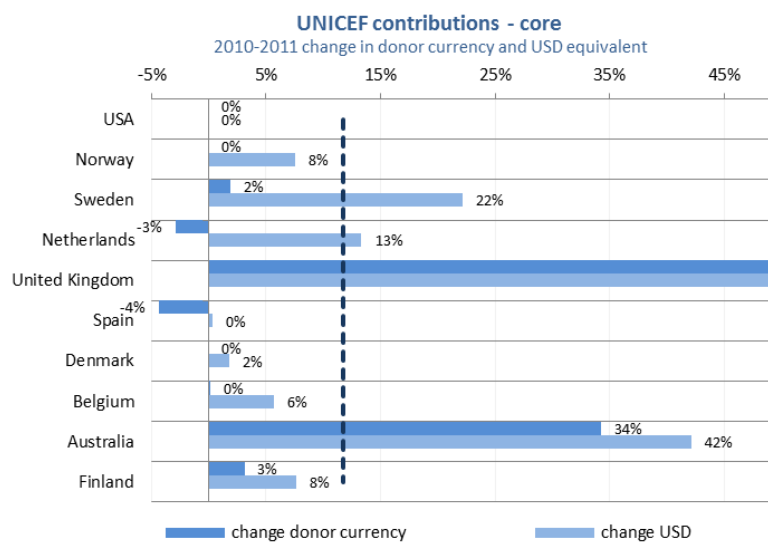


Figure 27

75. In addition to applying general cash-flow planning mechanisms, some entities actively hedge foreign exchange exposure in the financial markets. Foreign exchange hedging helps mitigate volatility and uncertainty for their financial planning.

76. As illustrated above, annual changes in donor contributions can be quite significant, including as a result of volatility in exchange rates. However, the combined effect of the fluctuations on the overall availability of resources does not seem to have been negative. It seems obvious, however, and as stated in previous reports, that such relative stability during a period of general growth is more the result of coincidence than of a well-functioning funding system with built-in mechanisms to address the challenges that are intrinsic to a heavy dependency on annual voluntary contributions.

Addressing negative aspects of the present system

At headquarters level

77. As was mentioned in the previous report²¹, over time, various formal and informal discussions have been held among Member States to examine alternatives to the present funding system. These discussions have particularly focused on objectives such as providing a better link between funding commitments to approved programming levels, providing increased predictability and broadening the base of burden-sharing among Member States.

78. The general focus of those discussions has been on the elimination of some of the negative aspects of the present system in an evolutionary manner, rather than through fundamental change. Central to the most recent approaches to enhancing the predictability of funding flows has been the adoption of multi-year pledging in the context of multi-year strategic plans and financial frameworks with links to results-based management. Such multi-year pledging, possibly based on voluntary indicative scales or

²¹ A/67/94-E/2012/80.

negotiated burden-sharing, can be seen as a means of introducing the combined positive elements of voluntary contributions, assessed contributions and negotiated replenishment systems that are in place, for instance, in the international financial institutions. With the introduction of integrated budgets by UNDP, UNICEF, UNFPA and UN-Women effective 2014, by and large, integrated strategic and multi-year financing frameworks have been developed by all organizations of the United Nations development system. So far they do not seem to have significantly advanced the reliability and stability of funding, as demonstrated by the analysis above. No other significant progress and/or new initiatives have been reported for 2011.

79. In addition to the development of multi-year strategic plans and frameworks, organizations have also explored and introduced other funding modalities that can reduce the overall impact of volatile non-core contributions in particular. These include the use of pooled funding modalities in the form of thematic or other multi-donor trust funds. However, such pooled funding modalities still constitute a small part of non-core funding, as indicated elsewhere in the present report.

80. Following the approaches that were developed and successfully introduced by the funds and programmes, most of the specialized agencies indicate that they continue to invest in their relationships with partners and stakeholders, including by developing resource mobilization strategies and longer-term cooperation agreements with key donors; increasing knowledge in the secretariats and at field level of new funding sources, modalities and instruments (e.g., emerging donors, global funds, public-private partnerships, south-south collaboration and twinning arrangements); and developing relevant guidelines and training for the staff concerned.

At country level

81. As part of examining the development and use of integrated strategic and multi-year financing frameworks in support of resource mobilization a review was undertaken of the extent to which common budgetary frameworks (CBF) have been introduced at country level. In this connection resolution A/67/226 on the 2012 QCPR requests that, as a practice, all available and projected financial contributions for operational activities for development at the country level be consolidated within a common budgetary framework and that entities provide the necessary information on contributions to the resident coordinators. The status of introduction and operationalization of CBFs is therefore included as an indicator for the assessment of progress in the implementation of resolution A/67/226 (see Annex I: II.B.2)

82. The concept of a common budgetary framework (CBF), as an integral part of the UNDAF Action Plan, was developed to serve as a comprehensive and results-based planning and management instrument for financial requirements and identified funding gaps for the entire UNDAF programming period. A current and publicly accessible CBF is also intended to serve as an instrument to enhance transparency by providing programme country governments, development cooperation partners (donors) and other stakeholders with a simplified single reference document that covers the United Nations funding situation at any point in time during the programming cycle. UNDG developed special guidance on the subject in late 2010 as part of its overall guidance on UNDAF actions plans.

83. Information on the current status of CBFs was collected through the 2013 survey of resident representatives and thus describes the situation at about two and half years after introduction of the UNDG guidance. Analysis based on the survey reveals that a CBF had been introduced in 30 countries, or 28 per cent of the countries covered by the survey of RCs. The countries with CBFs so far include the eight DaO pilot countries, 14 self-starters, and eight others. Of those, 20 per cent reported that their CBF was formally updated more than once a year while 80 per cent reported to update the CBF once a year (50 per cent) or even less frequently (30 per cent). While in close to 100 per cent of the cases CBFs were reported to be accessible at all times to host governments, such accessibility for development cooperation partners (donors) and other stakeholders was less (82 per cent and 74 per cent respectively). In only 48 per cent of the countries where a CBF exists was it used to a moderate or large extent as the basis of a deliberate United Nations system joint resource mobilization strategy.

84. In conclusion, the take-up of CBFs in 30 countries is welcomed considering that the use of a CBF has hitherto been optional. However, with the QCPR resolution, the CBF has become a requirement in all countries. Much remains to be done including with regard to entities providing the necessary information on funding commitments and programme implementation in general.

(b) Burden-sharing

85. Figure 13 on page 14 and Table A-5 in the online Statistical Annex provide information about 2011 development-related contributions by main source and type of funding (core and non-core). Some 59 per cent of total contributions were made by OECD/DAC countries.²² This share is the combined result of DAC countries' contributing 83 per cent of total development-related core and 47 per cent of development-related non-core resources.

86. In order to examine the issue of burden-sharing, development-related core contributions by individual OECD/DAC countries were reviewed relative to their GNI as expressed by a core-DEV/GNI ratio. Figure 28 shows the outcome of this review including how country-specific core-DEV/GNI ratios compare to the median ratio of 0.0127 per cent for the group of DAC countries as a whole. It should be noted that a logarithmic scale is used on the horizontal axis in Figure 28. As a result, countries that provide significantly different amounts of core contributions may appear relatively close to each other in the graph. The analysis confirms that burden-sharing is uneven. The eleven countries that show a core-DEV/GNI ratio in excess of the median ratio (group A) together contributed \$2.0 billion or 50 per cent of total OECD/DAC core contributions while their share of total OECD/DAC GNI was only 15 per cent. The eleven countries that show a core-DEV/GNI ratio below the median ratio (group B) contributed some 47 per cent of total OECD/DAC core contributions but their share of total OECD/DAC GNI was 83 per cent.²³ This uneven burden-sharing has added importance in view of the fact that core resources are found to subsidize the support to and management of activities financed from non-core resources. This is further reviewed in Part 4 (c) on page 35.

22 Excluding contributions to Multi-donor trust funds (MDTFs). Figure 12 on page 13 shows the OECD/DAC share when MDTFs are included.

23 Remaining 3 per cent of core contributions and 2 per cent of total GNI on account of country with median ratio.

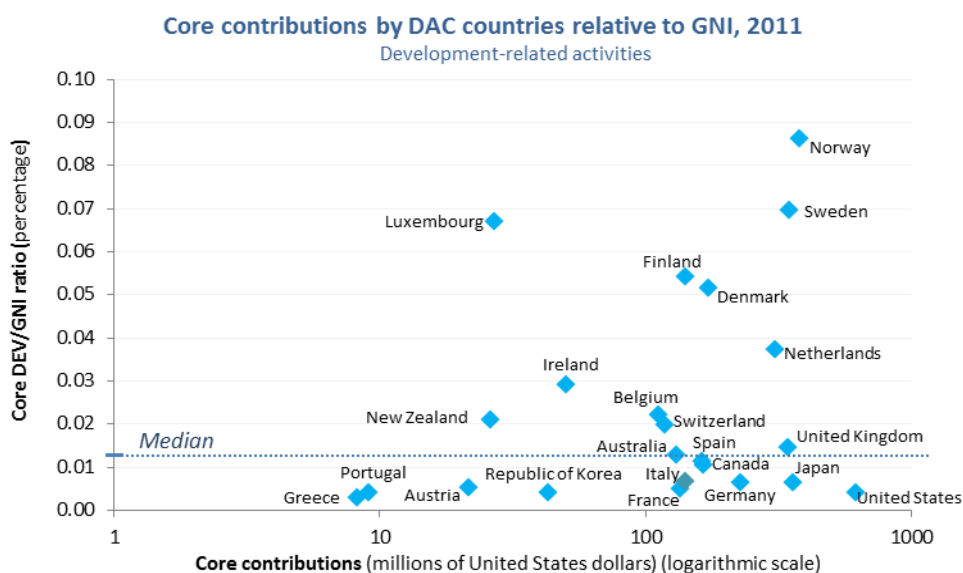


Figure 28

87. Based on the above a number of scenarios can be reviewed to frame further discussions on the issue of burden-sharing:

Contributions based on median core-DEV/GNI ratio as “rate of assessment”

88. If the 2011 median core-DEV/GNI ratio were to be set as a “rate of assessment” and all DAC countries would contribute accordingly, total core contributions by those countries would increase by some \$1.3 billion or 32 per cent to \$5.4 billion.²⁴ Contributions by group A countries would decrease more than half by \$1.2 billion to some \$0.9 billion and contributions by group B countries would more than double and increase to \$4.3 billion.

Contributions based on median core-DEV/GNI ratio as “rate for negotiated pledging”

89. If the 2011 median DEV/GNI ratio were to be applied as a minimum target for a system of negotiated pledges, total core contributions by DAC countries would increase by some \$2.4 billion or 58 per cent to \$6.4 billion. Contributions by group A countries would remain the same and contributions by group B countries would, like in the first scenario, more than double and increase to \$4.3 billion.

Covering shortfalls by switching non-core to core contributions

90. An analysis was made of the extent to which shortfalls in core contributions by group B countries in either one of the above scenarios could be covered by those countries’ switching existing non-core contributions to core. The outcome of the analysis shows that of the total shortfall of \$2.4 billion some \$1.8 billion or 75 per cent could indeed be covered by shifting all or part of existing non-core contributions to core²⁴.

24 The table in Annex V shows how these figures were derived.

91. On a number of occasions, various governing bodies have called for or discussed the desirability of a major shift of donor countries' contributions from non-core to core. A number of factors may play a role. As the strategic priorities of the United Nations system have become more complex over the decades, so have those of the major donor countries. In general, donor country aid policies are much more targeted today than in the past - either by theme or beneficiary or by some combination of the two. Donor aid ministries have also added over the years many new targeted funding lines to their institutional and budgetary structures. Core resources generally come from a budget line used to sustain long-term strategic partnerships with multilateral organizations. Here, the competition for resources has increased dramatically, with the EU and the global funds being but two examples.

92. While further research is necessary to confirm the details, most of the non-core funding does not come from these same multilateral budget lines, but from "country-targeted" or "theme-targeted" funding lines that may even be controlled by different line ministries. Most of these budget lines have legislative or regulatory conditions that govern their use – with some combination of beneficiary or thematic targeting. Whether purpose-limited by legislation or ministry-internal regulation, these funds may not easily cross budget lines.

93. In the near future, a sample survey is planned to be carried out with OECD/DAC donor countries to attempt to understand more fully the nature and importance of these legislative or regulatory restrictions.

(c) Non-core funding and cost recovery

Background and context

94. The exponential growth in non-core funded activities over the past 15 years made the adequate recovery of institutional costs associated with the support to those activities an issue of growing concern. It has been the subject of review amongst others by entities and their governing bodies individually, at the level of the High-level Committee on Management of the CEB and as part of comprehensive policy reviews, including the most recent 2012 QCPR. The concern centres on the fact that institutional support (substantive and operational) to non-core funded activities may in fact be subsidized by core resources with a consequent negative effect on the availability of remaining core resources for programme activities, in particular at country level.

95. Recent reports of the Secretary-General on the funding of operational activities for development have therefore reviewed and analysed non-core funding and cost recovery in more detail²⁵. These reviews have been based, amongst others, on a high-level comparison between the use of core and non-core resources for (a) programme activities (programme costs); and (b) programme support and management activities (non-programme costs). Some entities²⁶ refer to programme support as "development effectiveness".

96. In line with commonly accepted and generally harmonized definitions, programme costs can be traced to specific programme components or projects, which contribute directly to the delivery of

25 See A/67/94-E/2012/80, A/66/79-E/2011/77, A/65/79-E/2010/76

26 UNDP, UNICEF, UNFPA, UN-Women.

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 costs (non-programme costs) cannot in a similar way 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. Management activities have been defined as having the promotion of the identity and direction of an organization as their primary function. 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. A third category (“Other”) relates to activities and costs that cannot easily be classified under either of the above main categories²⁸.

97. The outcomes of the high-level comparison thus made since 2010 confirm that there is indeed a significant difference in the distribution of non-programme costs between un-restricted core and restricted non-core funding sources. Consequently, the remaining shares available for actual programme activities differ greatly. Table 9 below contains an update of this high-level review, based on 2011 data provided by 18 entities representing some 89 per cent of total development-related expenditures in 2011²⁹. As shown some 66 per cent of core funding was available for programme activities (56 per cent at the country level) compared with 90 per cent of non-core resources (78 per cent at the country level). No significant trends have been identified since the first time that such analysis was done in 2011 on the basis of 2008 financial data.

Table 9
High-level breakdown of development-related operational activities, 2011
(\$ million)

	<i>Programme activities</i>		<i>Programme support and management activities</i>	<i>Other</i>	<i>Total</i>
	<i>Country-level</i>	<i>Regional and global</i>			
Core resources	2,442	468	1,287	196	4,393
Share	55.6%	10.7%	29.3%	4.5%	100.0%
Non-core resources	7,110	1,171	572	300	9,153
Share	77.7%	12.8%	6.3%	3.3%	100.0%
Total resources	9,552	1,639	1,859	496	13,546
Share	70.5%	12.1%	13.7%	3.7%	100.0%

98. Previous reports noted that the extent to which the identified subsidization by core resources ran counter to legislation adopted by governing bodies in the past was open to interpretation. This was due

27 Based on the UNDP, UNICEF, UNFPA and UNWA harmonized cost classification.

28 In the case of UNDP, for example, such expenditure would relate to its support to the resident coordinator system and to funds and programmes that are administered by UNDP such as UNV and UNCDF.

29 Where necessary, this has been supplemented by data contained in public financial and budgetary reports of organizations concerned.

to legislative ambiguity about which costs — full or incremental costs — were expected to be fully recovered. As stated in previous reports, a principle of full cost recovery would be based on the premise that all activities, regardless of the source of financing and level of earmarking equally benefit, either directly or indirectly, from the totality of substantive and operational capacities of entities. Table 9 shows that applying such principle of full cost recovery (without further differentiation) would require a recovery rate in the order of 17 per cent if all such cost would indeed be recovered through an upfront percentage cost recovery rate only. Applying such a rate across the board would result in a release of some \$719 million in core resources for programme activities, or the equivalent of some 25 per cent of the current level of core programme activities. WFP is an example of an entity that achieves full cost recovery of its equivalent of non-programme costs by financing its entire Programme Support and Administrative Budget (PSA) by charging the same cost recovery rate to WFPs equivalent of un-earmarked core resources (“multilateral contributions”) and earmarked non-core contributions (“directed multilateral contributions”).

2012 QCPR

99. The 2012 QCPR again reviewed the issue of non-core funding and cost recovery. This review was informed by the background information and analyses contained in the 2012 and previous reports on the funding of operational activities for development. In its resolution A/67/226 the General Assembly “noted with concern that the non-programme costs relating to non-core programme activities continue to draw resources from core resources for programme activities” and reaffirmed “that the guiding principle governing the financing of all non-programme cost should be based on full cost recovery, proportionally, from core and non-core funding sources”.

100. Accordingly the Assembly requested the Executive Boards of the United Nations funds and programmes, and encouraged the governing bodies of the specialized agencies “to adopt cost recovery frameworks by 2013, with a view to their full implementation in 2014, based on the guiding principle of full cost recovery, proportionally, from core and non-core resources, and a simple, transparent and harmonized methodology”. It further requested the funds and programmes, and urged the specialized agencies, to include estimated amounts to be recovered in their budgets and to report on actual cost recovery amounts as part of their regular financial reporting. The Assembly requested the Secretary-General to report on the progress made in the context of his annual report on the funding of operational activities for development.

UNDP, UNICEF, UNFPA, UN-Women

101. The 2012 QCPR coincided with a review by UNDP, UNICEF, UNFPA and UN-Women of a harmonized cost recovery rate and calculation methodology as part of a joint roadmap to the first-ever integrated budgets that these entities will submit to their Executive Boards in the second half of 2013 and that will cover the period 2014-2017³⁰. These four entities combined account for some 58 per cent of all development related operational activities (54 per cent of all core and 60 per cent of all non-core resources).

30 See DP-FPA/2013/1-E/ICEF/2013/8 of 16 January 2013

102. The entities proposed to their Boards what would seem a two-pronged approach to the recovery of institutional non-programme costs as follows: (a) the application of a percentage recovery rate to cover what they defined as “eligible costs”; and (b) the recovery of all programme support / development effectiveness costs through direct charges to core and non-core funded programmes and projects. Orders of magnitude of what has been defined as eligible costs for the application of a percentage cost recovery rate ranges from 39 per cent of the institutional budget in the case of UN-Women to 54 per cent in the case of UNICEF. Programme support/development effectiveness costs range from 15 per cent of the institutional budget in the case of UNDP to 27 per cent in the case of UNICEF. Like in the past the above eligible costs exclude, amongst others, what has been defined as “critical cross-cutting functions”. These costs range from 6 per cent of the institutional budget for UNDP to 28 per cent in the case of UN-Women. Resolution A/67/226 which established the guiding principle that the financing of all non-programme costs should be based on full cost recovery, proportionally, from core and non-core funding sources, did not make a provision for such exclusion.

103. The Boards approved the harmonized methodology for calculating the cost-recovery rates³¹. With regard to the application of a percentage recovery rate to cover what, as part of total non-programme costs, has been defined as “eligible costs”, the Executive Boards of UNDP, UNICEF, UNPFA and UN-Women endorsed “a general, harmonized cost-recovery rate of 8 per cent for non-core contributions. This rate will be reviewed in 2016, with the possibility of increasing it if it is not consistent with the principle of full cost recovery, proportionally from core and non-core funding sources, as mandated by the quadrennial comprehensive policy review of operational activities for development of the United Nations system”.

104. The Boards requested that the entities “include in the midterm review of their integrated budgets, information on the implementation of the approved cost-recovery rates, including the approved underlying calculation methodology and the inclusion of each cost category; their actual cost recovery rates for the two previous financial years; and an analysis of compliance with the principle of full cost recovery, funded proportionally from core and non-core resources, as mandated in General Assembly resolution 67/226”. The Boards further requested that “an independent and external assessment be performed in 2016 on the consistency and alignment of the new cost-recovery methodology with General Assembly resolution 67/226”.

105. The Boards did not review impact scenarios to assess implications of the approved methodology and cost recovery rate on available resources for programme activities under core and non-core. Also, at the time of preparing the present report, the UNDP, UNICEF, UNFPA and UN-Women integrated budget proposals for 2014-2017 were not finalized as yet. Accordingly, and in the context of the present report, no assessment could be made on the exact impact of the two-pronged cost recovery proposals on core and non-core funded programme activities, and thus on the consistency and alignment of the approved cost-recovery methodology with General Assembly resolution 67/226. At this point in time the alignment is not evident. The manner in which programme support/development effectiveness

31 See DP/2013/10 of 12 February 2013 and E/ICEF/2013/9 of 13 February 2013

costs will in practice be covered by core and non-core funding sources will be a determining factor in this regard.

106. As to entities other than UNDP, UNICEF, UNFPA and UN-Women mention was made of WFP as a programme that already operates a system of full cost recovery, proportionally, from its equivalent of core and non-core funding sources. FAO will present a comprehensive report on all aspects of FAO's support cost policy to its Finance Committee in 2013.

Follow-up

107. As requested by the General Assembly in resolution A/67/226 performance and progress will continue to be reviewed in the context of future editions of the present report on the funding of operational activities for development. This will continue to be based, amongst others, on the high-level comparison between the use of core and non-core resources for (a) programme activities (programme costs); and (b) programme support and management activities (non-programme costs). This is reflected in the framework that has been developed to facilitate the assessment of the progress being made in the implementation of funding related provisions contained in resolution 67/226 (see Annex I: II.D.1, II.D.2 and II.D.3)

(d) Concentration and fragmentation

108. In this section, financial indicators and statistical methods are used to further examine the level of significance, concentration and fragmentation of operational activities for development in 2011. Such an analysis based on financial information has inherent limitations as it does not cover the qualitative aspects of the outcomes of the relationships between United Nations entities and programme countries. For example, the amount of support extended by a particular entity to a given country may be very small in terms of expenditures, but be highly relevant and effective in its impact on addressing broader priority needs.

109. Despite its limitations, an analysis on the basis of financial information can provide insights into the relative importance of UN-OAD compared to total development assistance at programme country level, and into the way that individual United Nations development system entities differ in their distribution of resources.

110. The methodology applied in this section follows the one developed and applied by OECD/DAC to assess the degree of fragmentation of ODA from its members to recipient countries. While this methodology was not specifically designed to be applied in a multilateral context, an analysis of this kind can provide useful information on aspects and context of relationships between the United Nations development system and programme countries and hence inform reviews of UN-OAD at different levels.

111. The methodology as applied to the review of UN-OAD is summarised in Box 1. The analysis is based on total operational activities for development, thus comprising both development-related and humanitarian assistance-related activities, and all types of funding i.e. core and non-core combined.

Box 1.

Defining significance of cooperation relations and concentration and fragmentation ratios

The rationale: When considering the significance of a development cooperation relation, it is important to examine both the programme country and entity perspectives. The policy inference is that where cooperation relations are neither significant from the programme country point of view, nor from the entity's point of view, there is a rationale to revisit these relations.

Definitions

"Significance" of a cooperation relation: A cooperation relation is considered significant in financial terms if "yes" is the answer to at least one of the following questions:

Question 1: Does the entity allocate a higher share of resources to the programme country than the entity's overall share of total UN-OAD?

Question 2: Is the entity among the largest donors that cumulatively account for 80 per cent of the programme country's aid?

Concentration ratio: Defined from an entity's point of view, the overall aim would be a concentrated portfolio with significant programme country cooperation relations. On this basis, the concentration ratio measures the number of entities' significant cooperation relations compared to all of its cooperation relations. The higher the concentration ratio, the less an entity's portfolio is fragmented.

Fragmentation ratio: Defined from a programme country point of view, the aim would be to maximise the number of significant relations with entities and minimise the number of non-significant relations. On this basis, the fragmentation ratio measures the number of non-significant entities compared to the overall number of entities. The lower the fragmentation ratio, the less fragmented are the entities' cooperation programmes in that country.

These two indicators are complementary at the global level, since the sum of the global concentration and fragmentation ratios are one.

112. The significance, concentration or fragmentation of operational activities for development of the United Nations system has been examined at two levels: (i) how important are individual United Nations entities as a source of development financing in programme countries?; and (ii) how important is the whole United Nations development system as a source of development financing for individual programme countries and how are the resources distributed among those countries?

Significance, concentration and fragmentation

113. With regard to the significance of entities' cooperation relations with programme countries and concentration ratios, the table in Annex VI provides an overview of key findings. The 28 entities that reported expenditures at the country level had together 1,998 relationships with 147 programme countries. Some 49 per cent of those relationships were significant in financial terms, meaning that the respective entities were *either* among the larger contributors that together accounted for 80 per cent of total ODA *and/or* allocated a higher share of resources to the programme country than their respective share of total global UN-OAD. Accordingly and as a measure of fragmentation over half of relationships were not financially significant as defined for this review. Together these relationships accounted for 29 per cent of country-level UN-OAD in 2011.

114. The operations of some 16 United Nations entities, or more than half of the total, can be characterized by a higher than average level of concentration. These 16 entities accounted for some 37 per cent of total United Nations operational activities at the country level. Consequently, the operations of the other 12 entities, accounting for 63 per cent of UN-OAD at the country level, can be characterized by a higher than average degree of fragmentation.

115. A review was made whether there are marked differences in the above significance, concentration and fragmentation indicators according to different country groupings. Table 10 shows that the overall fragmentation ratio was above average in low-income countries, with an average of 17 United Nations entities operating in each low-income country.

Table 10
Fragmentation ratio in programme countries, 2011
(by country income level and LDC status)

<i>Income group</i>	<i>Number of programme countries</i>	<i>Significant relations</i>	<i>Non- significant relations</i>	<i>Total relations</i>	<i>Fragmentation Ratio</i>	<i>Average no. of entities in country</i>
	C	A	B	A+B	B/(A+B)	(A+B)/C
Low-income	36	260	361	621	58%	17
Low-middle income	57	383	375	758	50%	13
Upper-middle income	52	330	280	610	46%	12
High income	2	6	3	9	33%	5
Least-developed countries	48	345	401	746	54%	16
Global	147	979	1019	1998	51%	14

116. Similar analyses show that the overall fragmentation ratio was also above average for countries in fragile situations and that there were no significant differences between regional groupings except for the Western Asia region which showed a relatively high fragmentation ratio.

117. The applicability of reviews like the one used above will continue to be explored and refined in future reports.

Importance of system-wide operational activities to programme countries

118. The overall share of United Nations operational activities for development of total ODA (excluding debt relief) in 2011 was 15 per cent. UN-OAD therefore played a modest role in the overall financing for development in programme countries. A comparative analysis of total UN-OAD and total ODA at the country level (see Figure 10 on page 10) shows that UN-OAD accounted for more than 40 per cent of total ODA in 18 or 12 per cent of programme countries in 2011³². UN-OAD in these 18 countries combined accounted for some 21 per cent of total country-level UN-OAD. At the other end of the spectrum UN-OAD accounted for less than 10 per cent of total ODA in 59 or 40 per cent of programme

32 Argentina, Chad, China, Costa Rica, Cuba, DPRK, Guinea-Bissau, Indonesia, Iran, Malaysia, Philippines, Somalia, Sudan, Syria, Thailand, Uruguay, Venezuela, Zimbabwe

countries. This group of 59 countries accounted for some 12 per cent of total country-level UN-OAD. Most, or 60 per cent, of UN-OAD concerned countries where UN-OAD accounted for between 10 and 30 per cent of total ODA.

119. Table 11 breaks down information according to the categories used in Figure 10 according to two country groupings, i.e. *low-income* and *vulnerable situations* and shows that the United Nations development system tends to be more important in low-income countries and countries in fragile situations. For example, the United Nations development system contributes to more than 30 per cent of total country-level ODA in 31 per cent of low-income countries and 37 per cent in countries in fragile situations as compared to 19 per cent globally.

Table 11
Country-level UN-OAD as a share of ODA, 2011
(excludes local resources)

Share of ODA at country-level	All programme countries		Low-income countries		Fragile Situations (World Bank)	
	No.	Share	No.	Share	No.	Share
> 40%	18	12%	5	14%	6	17%
30-40%	11	7%	6	17%	7	20%
20-30%	22	15%	8	22%	5	14%
10-20%	37	25%	11	31%	9	26%
< 10%	59	40%	6	17%	8	23%
Total	147	100%	36	100%	35	100%

(e) Critical mass of core funding

120. The General Assembly, in a 2010 resolution on improving United Nations system-wide coherence (GA resolution 64/289), requested governing bodies of funds and programmes to initiate the discussion of “the most appropriate definition of and a process towards arriving at a critical mass of core funding”. The previous report on funding of UN-OAD³³ examined the concept in more detail. General Assembly resolution 67/226 on the 2012 QCPR “expresses concern over the lack of progress by governing bodies in the development and operationalization of the concept of the “critical mass” of core resources” and “requests the funds and programmes to define common principles for the concept of critical mass of core resources” and “to present specific proposals to their respective governing bodies by the end of 2013 with a view to decision by 2014”. At the time of finalizing the current report, no Executive Board of the funds and programmes had yet taken up or planned for further consideration the issue of critical mass of core resources.

33 A/67/94-E/2012/80

5. ANNEXES

Annex I: Indicator Framework

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report Paragraphs	Baseline	Target (as per GA 67/226)	Sources
II. Funding									
A. General Principles [OP 24-32]									
II.A.1	Extent to which, from a general funding and resource mobilization perspective, programme countries, contributors and other stakeholders judge the overall level of coherence of UN-OAD at country and central/headquarters level	✓					No data available yet		Desk studies of existing external reviews
II.A.2	UN-OAD relative to total ODA and total multilateral ODA at global level		✓			20, 32-33	Figure 4	OP24 – Need for adequate quantity of funding for UN-OAD	Established data collection methods developed for funding report and analysis of those data.
II.A.3	UN-OAD relative to total ODA at individual programme country level		✓			29, 118-120	Figure 10, Table 11	OP24 – Need for adequate quantity of funding for UN-OAD	
II.A.4	South-South Collaboration: Status and trends contributions by developing countries relative to total SSC		✓			24, 40	\$562 million in 2011	OP77 – Increase support for South-South Cooperation.	
II.A.5	Local Resources: Status and trends local resources contributions		✓			49	Table 4		
II.A.6	Other Sources: Status and trends contributions by other sources relative to total funding for development by those sources		✓			37-38	Figure 12	OP37 – Diversify potential sources of funding for UN-OAD.	
II.A.7	Resource allocation/distribution/destination: Total expenditures according to main cost classifications, core and non-core, development and humanitarian assistance related			✓		26-28, 56-61	Figure 8,9,16,17,18; Table 5,6,7		
II.A.8	Resource allocation/distribution/destination: Distribution of programme expenditure according to different country groupings			✓		62-64	Figure 19-20		

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report Paragraphs	Baseline	Target (as per GA 67/226)	Sources
II.A.9	Resource allocation/distribution/destination: Correlation between core and non-core programme expenditures			✓		65-68	Figure 21-22; Table 8		
II.A.10	Concentration/fragmentation: Extent to which, funding relationships between UN entities and programme countries are significant				✓	108-120	Table 10, 11 Annex VI		
B. Enhancing overall funding, particularly core resources [OP 33-39]									
II.B.1	Status introduction integrated and results based financial resources planning and budgetary frameworks at central level	✓						OP41 – All resources are consolidated within an integrated budgetary framework.	Established data collection methods developed for funding report and analysis of those data.
II.B.2	Status introduction and operationalization common budgetary frameworks (CBFs) at country level	✓				81-84		OP42 – All contributions for UN-OAD to be consolidated within a CBF.	
II.B.3	Status and trends contributions to UNOAD: core and non-core, development and humanitarian assistance related			✓		19, 30-31	Figure 3; Table 1	OP26 – Address the imbalance between core and non-core resources; OP33 – Substantially increase voluntary core contributions.	
II.B.4	Comparison status and trends unrestricted and restricted funding modalities			✓		42-55	Figure 15; Table 2, 3, 4	OP46 – Make non-core resources more predictable and less restricted.	
II.B.5	Sources and type of funding: Status and trends general			✓		22-24, 37-40	Figure 5,6,12,13	OP33 – All countries to increase their contributions for UN-OAD.	
II.B.6	Sources and type of funding: Status and trends pooled funding modalities and joint programmes			✓		42-48, 50-55	Figure 15; Table 2, 3	OP44 – Give priority to pooled, thematic and joint-funding	

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report Paragraphs	Baseline	Target (as per GA 67/226)	Sources
II.B.7	Sources of funding: Status actions taken by entities to broaden donor base			✓		77-78		mechanisms. OP35 – Report to governing bodies at first session in 2014	
II.B.8	Critical mass of core funding: Status actions taken by entities to develop and operationalize concept of critical mass of core funding			✓		121		OP39 – Present specific proposals to governing bodies by end of 2013 for decision in 2014	
II.B.9	Burden sharing: Status and trends contributions relative to GNIs			✓		85-93	Figure 28; Annex V	OP33 – Increase voluntary contributions for UN-OAD in a manner consistent with donor countries' capacities.	
C. . Improving the predictability and quality of resources (OP 40-46)									
II.C.1	<i>Planning frameworks at central level:</i> Status introduction integrated and results based financial resources planning and budgetary frameworks	✓						OP41 – All resources are consolidated within an integrated budgetary framework.	Established data collection methods developed for funding report and analysis of those data.
II.C.2	<i>Planning Frameworks at country level:</i> status of introduction and operationalization common budgetary frameworks (CBFs)	✓				81-84		OP42 – All contributions for UN-OAD to be consolidated within a CBF.	
II.C.3	<i>Stability/volatility resources:</i> Analysis fluctuations in contributions by source and impact overall resources availability				✓	69-72	Figure 23, 24, 25	OP33 – Contribute on a multi-year basis, in a sustained and predictable manner; OP40 – Prioritize the allocation of	

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report Paragraphs	Baseline	Target (as per GA 67/226)	Sources
								resources that are more predictable.	
II.C.4	<i>Stability/volatility resources</i> : Status actions and initiatives taken by entities and contributors to improve predictability				✓	77-80		OP46 – Structured dialogues of Executive Boards and governing bodies during 2014	
D. Ensuring full cost recovery [OP 47-66]									
II.D.1	Status of adoption cost recovery frameworks by governing bodies			✓		101-106		OP47 – Harmonized cost recovery framework early 2013 OP53 – Full adoption of frameworks by 2013 & full implementation n 2014	Established data collection methods developed for funding report and analysis of those data.
II.D.2	Comparison core and non-core funding of programme and non-programme costs			✓		97	Table 9	OP43 – Avoid the use of core resources to subsidize non-core financed activities.	
II.D.3	Status of disclosure estimated amounts cost recovery in financial planning and reporting			✓		100		OP54 – Include estimated amounts as part of entities' regular financial reporting.	

Annex II: Technical note on definitions, sources and coverage

For the purposes of the present report, the United Nations development system is defined as the 37 entities³⁴ that reported funding for operational activities for development in 2011 (this does not include the Bretton Woods institutions).

Among the entities that constitute the United Nations development system there has been no commonly agreed definition of key terms such as “operational activities for development” and “contributions”.

This report begins to address this shortcoming by defining operational activities for development as those activities of the United Nations development system entities which promote the sustainable development and welfare of developing countries and countries in transition. They cover both longer-term development-related activities as well as those with a humanitarian-assistance focus and relate to the work of those United Nations funds, programmes, specialized agencies, departments and offices which have a specific mandate in this regard.

The specialized agencies have adopted coefficients to measure the share of assessed or regular budget contributions considered to be for operational activities for development based on consultations with OECD/DAC. For agencies such as UNIDO, WHO, ILO, UNESCO and FAO, this share is very significant (see table 1).

Table 1
Percentage of assessed or regular budget contributions defined as being for UN-OAD

<i>United Nations Entity</i>	<i>Percentage</i>
FAO	51
IAEA	33
ICAO	0
ILO	60
IMO	0
ITU	18
UNESCO	60
UNIDO	100
UNWTO	0
UPU	16
WHO	76
WIPO	3
WMO	4

34 ECA, ECE, ECLAC, ESCAP, ESCWA, FAO, IAEA, ICAO, IFAD, ILO, IMO, ITC, ITU, OHCHR, UNAIDS, UNCTAD, UNODC, Department of Economic and Social Affairs, UNDP (including UNV and UNCDF), UNEP, UNESCO, UNFPA, UN-Habitat, UNHCR, UNICEF, UNIDO, Office for the Coordination of Humanitarian Affairs, UNRWA, UN-Women, UNWTO, UPU, WFP, WHO, WIPO, WMO.

Many United Nations entities do not use the terms “core” and “non-core” when classifying contributions. For example, WFP uses the terms “multilateral contribution” and “directed multilateral contribution” to define “core” and “non-core” resources, respectively. UNHCR uses the terms “unrestricted”, “tightly earmarked” and “lightly earmarked” to classify its contributions.

Specialized agencies have assessed contributions on a regular budget which is supplemented by “extra-budgetary resources”. For system-wide reporting purposes, all the above terms are grouped under “core” and “non-core” resources, with the former referring to un-earmarked funding that is used at the sole discretion of the respective United Nations entity and its governing board, and the latter meaning earmarked funding that is directed by donors towards specific locations, themes, activities and operations.

Harmonization of the terms “core” and “non-core” within the United Nations development system is difficult to achieve owing to the different business models adopted by funds, programmes and specialized agencies. Instead, a more pragmatic approach is proposed wherein these terms are mapped (see table 2) against those used in the present report so that it is clear how they relate to each other.

Table 2
Terms used by different entities for core and non-core contributions

Core	Entity	Non-core	Entity
Regular resources	UNDP, ^a UNCDF, UN-Women, UNV, UNICEF, UNFPA	Other resources	UNDP, UNCDF, UN-Women, UNV, UNICEF, UNFPA
Multilateral contribution	WFP	Directed multilateral contribution	WFP
Regular budget	UNRWA, UNDESA, UN-Habitat, UNCTAD, ITC	Projects and emergency appeals	UNRWA
Un-earmarked contribution	UNHCR, ^a OCHA, ^a IFAD, OHCHR	Earmarked contribution	IFAD, OCHA, UNEP, UN-Habitat, OHCHR
		Tightly earmarked	UNHCR, OECD/DAC
		Lightly earmarked	UNHCR, OECD/DAC
Environment Fund	UNEP ^a		
Core resources	UNAIDS, OECD/DAC	Extra-budgetary contribution	UNAIDS, UNCTAD, Department of Economic and Social Affairs, ITC, FAO, IAEA, ICAO, ILO, IMO, ITU, UNESCO, UNIDO, UPU, UNWTO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA
General purpose fund	UNODC ^a	Special purpose fund	UNODC

Core	Entity	Non-core	Entity
Assessed budget	FAO, ICAO, ILO, ITU, UNESCO, UNIDO, UPU, UNWTO, WHO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA	Voluntary contributions – core	WHO
Technical Cooperation Fund	IAEA, ^a IMO ^a	Voluntary contributions – specified	WHO

^aAlso receives a regular budget contribution.

In compliance with General Assembly resolution 63/311, data on contributions and expenditures are obtained from the financial statistics database and reporting system that is managed by the CEB. In some instances, the Department contacted United Nations entities directly to verify information it had collected from the database managed by CEB.

In a few cases data could not be obtained through the CEB's financial database. Data on the contributions and expenditures of OHCHR and the Office for the Coordination of Humanitarian Affairs were gathered using their annual report. Data on WHO was gathered using audited financial statements for the year 2011 which were presented at the 66th World Health Assembly.³⁵ Country-level breakdown of WHO expenditures for 2011 was not available. Instead, past country-level expenditure breakdown was used and prorated against WHO's total and regional expenditures in 2011. For UNEP and UPU the most recent data that could be retrieved was for 2010. Data on official development assistance are derived from the DAC and CRS datasets on OECD.Stat.³⁶ Data on multi-donor trust funds were obtained directly from the UNDP Multi-Donor Trust Funds Office Gateway.³⁷

In this report, the term "real terms" refers to constant 2010 United States dollars computed using the OECD/DAC deflators which take into account both inflation and exchange rate movements.

Data on contributions refers to actual funding for operational activities for development received in a given calendar year from Governments and other public and private sources by organizations in the United Nations system. Data on resource transfers from one entity of the system to another are excluded wherever possible to avoid double counting. Data on expenditures represent the support provided by the organizations of the United Nations system for operational activities for development in developing countries. Contributions and expenditures are expressed in current United States dollars, unless otherwise stated.

The designations employed and the presentation of the information in the report do not imply the expression of any opinion whatsoever on the part of the United Nations Secretariat concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The term "country" as used in the report also refers, as appropriate, to

35 WHA66.29 and WHA66.29 Add1

36 <http://www.oecd.org/dac/stats/international-development-statistics.htm>

37 <http://mptf.undp.org/>

territories or areas. A hyphen between dates representing years signifies the full period involved, including the beginning and end years.

Annex III: Differences in OECD/DAC and United Nations system reporting

There are a number of important differences between the way the United Nations and OECD/DAC define, classify and report contributions to the United Nations system. The use of different definitions and classifications by the United Nations and OECD/DAC means that the United Nations contributions data cannot be compared with the OECD/DAC official development assistance data without considerable double counting.

In United Nations statistics, both core and non-core funding from Governments to the United Nations system are classified as contributions to the United Nations for its operational activities. OECD/DAC classifies only core contributions from Governments as multilateral aid to the United Nations system, while non-core contributions, sometimes called “multilateral” assistance, are classified as bilateral aid.

The United Nations includes non-core contributions in its estimates because it considers the purposes of both core and non-core Government contributions to the United Nations system to support its operational activities. OECD/DAC classifies non-core contributions to the United Nations system as bilateral aid because it considers the use of such funds to be effectively under the control of the donor Governments, with United Nations entities serving as a channel of delivery for those funds, as opposed to being recipients, of aid.

This difference in the treatment of non-core contributions is the single most important difference in reporting on the operational activities for development of the United Nations system by the two organizations. This different treatment of non-core resources includes local resources contributions, which are not defined as aid flows by OECD/DAC since these resources do not constitute a flow of development funding from one country to another.

United Nations figures on contributions to operational activities for development are more comprehensive than the ones provided by OECD/DAC as they include funding from all non-OECD/DAC countries, whereas OECD/DAC reporting is limited to those countries that officially submit such reports to DAC. This means that the figures from OECD/DAC on contributions to the United Nations development system exclude a number of large non-OECD/DAC countries.

The United Nations reporting also includes contributions from non-governmental organizations and private organizations, while OECD/DAC records them under the category of private flows (i.e., not official development assistance), and those extended to the United Nations cannot be separately identified.

There are also other reporting differences, including on contributions to the United Nations system for multi-donor trust funds, which are still reported by OECD/DAC mainly as bilateral aid but are included in the United Nations financial statistics. It is not only a classification problem, but also a timing problem. For example, when a donor contributes money to a multi-donor trust fund, it is recorded as a disbursement by that donor (and thus by OECD/DAC) at the moment the donor makes the contribution

to the United Nations administrative agent. However, there may be a delay before the United Nations administrative agent actually transfers the funds to the implementing United Nations agency. Only at the time the funds are transferred to the participating agent are they recorded as income by the United Nations.

In the below table, an attempt is made to compare the reported figures for core, non-core and total contributions to the United Nations development system and presented in the present report with those published by OECD/DAC. As the table shows, the figures of the Department of Economic and Social Affairs and those of OECD/DAC could not be fully reconciled. Accordingly, the Department will continue to work with OECD/DAC to further improve the accuracy of this reconciliation in next year's funding report.

Table 1
Differences between United Nations and OECD/DAC reporting on contributions for UN-OAD, 2011

<i>Source</i>	<i>OECD/DAC reporting</i>	<i>United Nations reporting</i>	<i>Difference</i>
	(USD millions)		(Percentage)
<i>DAC countries:</i>			
core	6 545	5 331	20%
non-core	8 238	8 979	9%
total	14 782	14 311	3%
<i>Non-DAC countries</i>			
core	174	259	39%
non-core	..	303	..
local resources	0	1 272	..
total	174	1 834	165%
<i>European Commission</i>			
core	144	127	13%
non-core	1 448	1 487	3%
total	1 593	1 615	1%
<i>Other multilaterals, private-sector, NGOs</i>			
core	0	627	..
non-core	1 149	4 375	117%
total	1 149	5 002	125%
Grand totals			
core	6 863	6 345	8%
non-core	10 834	16 417	41%
total	17 697	22 761	25%

Source: OECD.Stat, DAC Table 1 and OECD Creditor Reporting System.

Annex IV: Total ODA flows, 2011

(Billions of \$US)

<i>Type of aid</i>	<i>Volume</i>
Bilateral aid from DAC member countries	93.6
Multilateral aid from DAC member countries	40.1
Total ODA from DAC member countries	133.7
Debt relief	4.2
Total ODA from DAC member countries, excluding debt relief	129.5
Bilateral aid from non-DAC member countries	8.0
Multilateral aid from non-DAC member countries	1.7
Total ODA, excluding debt relief	139.2

Source: OECD.Stat, DAC Table 1.

Annex V: Burden sharing

2011 Contributions	Actual Development-related contributions							Core levels based on median Core/GNI			Making up core shortfalls with existing non-core			
	Donor	GNI	Core	Non-core	Total	Core/GNI	Non-core/GNI	Total/GNI	Core	Non-core	Total	Core	Non-core	Total
	(millions of United States dollars)					(Percentage)			(millions of United States dollars)					
Australia	1,030,268	131	243	374	0.0127	0.0235	0.0363	131	243	374	131	243	374	
Austria	406,643	22	13	34	0.0053	0.0031	0.0085	52	13	64	34	0	34	
Belgium	508,092	113	72	184	0.0221	0.0141	0.0362	65	72	136	113	72	184	
Canada	1,570,886	166	375	541	0.0106	0.0239	0.0345	200	375	575	200	341	541	
Denmark	336,626	174	106	280	0.0517	0.0316	0.0833	43	106	149	174	106	280	
Finland	260,831	141	66	207	0.0541	0.0251	0.0792	33	66	99	141	66	207	
France	2,775,664	136	73	209	0.0049	0.0026	0.0075	353	73	426	209	0	209	
Germany	3,594,303	230	170	400	0.0064	0.0047	0.0111	458	170	628	400	0	400	
Greece	282,976	8	1	9	0.0029	0.0004	0.0034	36	1	37	9	0	9	
Ireland	173,120	50	30	80	0.0292	0.0172	0.0464	22	30	52	50	30	80	
Italy	2,146,998	142	127	269	0.0066	0.0059	0.0125	273	127	400	269	0	269	
Japan	5,774,376	363	689	1052	0.0063	0.0119	0.0182	735	689	1425	735	317	1052	
Korea, Republic of	1,038,981	43	45	89	0.0042	0.0044	0.0085	132	45	178	89	0	89	
Luxembourg	40,393	27	35	62	0.0669	0.0856	0.1525	5	35	40	27	35	62	
Netherlands	830,219	308	264	573	0.0372	0.0319	0.0690	106	264	370	308	264	573	
New Zealand	124,177	26	8	34	0.0210	0.0064	0.0274	16	8	24	26	8	34	
Norway	440,185	380	408	788	0.0863	0.0928	0.1791	56	408	464	380	408	788	
Portugal	226,021	9	5	14	0.0040	0.0020	0.0060	29	5	33	14	0	14	
Spain	1,432,813	164	185	349	0.0115	0.0129	0.0244	182	185	367	182	167	349	
Sweden	503,188	350	254	604	0.0695	0.0505	0.1200	64	254	318	350	254	604	
Switzerland	603,917	119	65	184	0.0197	0.0108	0.0305	77	65	142	119	65	184	
United Kingdom of Great Britain and Northern Ireland	2,366,544	347	535	881	0.0147	0.0226	0.0372	301	535	836	347	535	881	
United States of America	15,097,083	624	838	1462	0.0041	0.0055	0.0097	1922	838	2760	1462	0	1462	
OECD/DAC countries	41,564,303	4,075	4,606	8,680	0.0098	0.0111	0.0209	5,293	4,606	9,898	5,770	2,910	8,680	

Annex VI: Concentration ratio of United Nations entities, 2011

<i>UN Entity</i>	<i>Significant relations</i>	<i>Non-significant relations</i>	<i>Total relations</i>	<i>Concentration ratio (2011)</i>	<i>Degree of concentration</i>
	A	B	A+B	A/(A+B)	
<i>UNRWA</i>	4	0	4	100%	
<i>ITU</i>	4	1	5	80%	High
<i>OCHA</i>	19	6	25	76%	
<i>UNCTAD</i>	21	9	30	70%	
<i>UNDP</i>	89	46	135	66%	
<i>UNAIDS</i>	70	39	109	64%	
<i>UPU</i>	10	6	16	63%	
<i>UNCDF</i>	15	10	25	60%	
<i>UNODC</i>	33	22	55	60%	Average To high
<i>IAEA</i>	57	38	95	60%	
<i>UNFPA</i>	71	48	119	60%	
<i>ITC</i>	24	18	42	57%	
<i>IFAD</i>	55	45	100	55%	
<i>ILO</i>	56	46	102	55%	
<i>UNWTO</i>	17	14	31	55%	
<i>OHCHR</i>	21	22	43	49%	
<i>WMO</i>	39	47	86	45%	
<i>UNHCR</i>	41	52	93	44%	
<i>UNICEF</i>	52	66	118	44%	
<i>UNEP</i>	31	40	71	44%	
<i>UNIDO</i>	38	51	89	43%	Low to average
<i>FAO</i>	57	85	142	40%	
<i>UNESCO</i>	42	67	109	39%	
<i>WHO</i>	55	88	143	38%	
<i>WFP</i>	29	57	86	34%	
<i>UN-Habitat</i>	19	50	69	28%	
<i>UNDESA</i>	9	36	45	20%	Low
<i>WIPO</i>	1	10	11	9%	
Total	979	1019	1998	49%	

Annex VII: Country groupings

List of Countries by Income Group

<i>Low-income</i>	<i>Low-middle income</i>	<i>Upper-middle income</i>	<i>High income</i>
Afghanistan	Albania	Algeria	Andorra
Bangladesh	Armenia	Angola	Australia
Benin	Belize	Antigua and Barbuda	Austria
Burkina Faso	Bhutan	Argentina	Bahamas
Burundi	Bolivia	Azerbaijan	Bahrain
Cambodia	Cameroon	Belarus	Barbados
Central African Rep.	Cape Verde	Bosnia and Herzegovina	Belgium
Chad	Congo	Botswana	Brunei Darussalam
Comoros	Cote d'Ivoire	Brazil	Canada
Dem People's Rep of Korea	Djibouti	Bulgaria	Hong Kong, China
Dem Rep of the Congo	Egypt	Chile	Macau, China
Eritrea	El Salvador	China	Croatia
Ethiopia	Fed States of Micronesia	Colombia	Cyprus
Gambia	Fiji	Cook Islands	Czech Republic
Guinea	Georgia	Costa Rica	Denmark
Guinea-Bissau	Ghana	Cuba	Equatorial Guinea
Haiti	Guatemala	Dominica	Estonia
Kenya	Guyana	Dominican Republic	Finland
Kyrgyzstan	Honduras	Ecuador	France
Liberia	India	Gabon	Germany
Madagascar	Indonesia	Grenada	Gibraltar
Malawi	Iraq	Iran, Islamic Republic	Greece
Mali	Kiribati	Jamaica	Hungary
Mauritania	Kosovo	Jordan	Iceland
Mozambique	Lao People's Dem Republic	Kazakhstan	Ireland
Myanmar	Lesotho	Latvia	Israel
Nepal	Marshall Islands	Lebanon	Italy
Niger	Mongolia	Libyan Arab Jamahiriya	Japan
Rwanda	Morocco	Lithuania	Kuwait
Sierra Leone	Nicaragua	Malaysia	Liechtenstein
Somalia	Nigeria	Maldives	Luxembourg
Tajikistan	Niue	Mauritius	Malta
Togo	Occupied Palestinian Territory	Mexico	Monaco
Uganda	Pakistan	Montenegro	Netherlands
United Rep of Tanzania	Papua New Guinea	Namibia	New Zealand
Zimbabwe	Paraguay	Palau	Norway
	Philippines	Panama	Oman
	Republic of Moldova	Peru	Poland
	Samoa	Romania	Portugal
	Sao Tome and Principe	Russian Federation	Qatar
	Senegal	Serbia	Republic of Korea
	Solomon Islands	Seychelles	San Marino
	Sri Lanka	South Africa	Saudi Arabia
	South Sudan	St. Lucia	Singapore
		St. Vincent and the Grenadines	Slovak Republic
	Sudan	Suriname	Slovenia
	Swaziland	Thailand	Spain
	Syrian Arab Republic		

Timor-Leste
Tonga
Ukraine
Uzbekistan
Vanuatu

VietNam
Yemen
Zambia

The FYR of Macedonia
Tunisia
Turkey
Turkmenistan
Tuvalu

Uruguay
Venezuela

St. Kitts and Nevis
Sweden
Switzerland
Trinidad and Tobago
United Arab Emirates
United Kingdom of Great
Britain and Northern Ireland
United States of America

*United Nations list of Least
Developed Countries (LDCs)*

Afghanistan
Angola
Bangladesh
Benin
Bhutan
Burkina Faso
Burundi
Cambodia
Central African Rep.
Chad
Comoros
Dem Rep of the Congo
Djibouti
Equatorial Guinea
Eritrea
Ethiopia
Gambia

Guinea
Guinea-Bissau
Haiti
Kiribati
Lao People's Dem Republic
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mozambique
Myanmar
Nepal
Niger
Rwanda
Samoa
Sao Tome and Principe
Senegal
Sierra Leone
Solomon Islands
Somalia
South Sudan

*United Nations list of
Landlocked Developing
Countries (LLDCs)*

Afghanistan
Armenia
Azerbaijan
Bhutan
Bolivia
Botswana
Burkina Faso
Burundi
Central African Rep.
Chad
Ethiopia
Kazakhstan
Kyrgyzstan
Lao People's Dem Republic
Lesotho
Malawi
Mali

Mongolia
Nepal
Niger
Paraguay
Republic of Moldova
Rwanda
Swaziland
Tajikistan
The FYR of Macedonia
Turkmenistan
Uganda
Uzbekistan
Zambia
Zimbabwe

*United Nations list of
Small Island Developing
States (SIDSs)*

Anguilla
Antigua and Barbuda
Aruba
Bahamas
Bahrain
Barbados
Belize
British Virgin Islands
Cape Verde
Comoros
Cook Islands
Cuba
Dominica
Dominican Republic
Fed States of Micronesia
Fiji
French Polynesia

Grenada
Guam
Guinea-Bissau
Guyana
Haiti
Jamaica
Kiribati
Maldives
Marshall Islands
Mauritius
Montserrat
Nauru
Netherlands Antilles
Niue
Palau
Papua New Guinea
Samoa
Sao Tome and Principe
Seychelles
Singapore
Solomon Islands
St. Kitts and Nevis
St. Lucia

*United Nations Integrated
Mission Countries (UN-
IMCs)*

Afghanistan
Burundi
Central African Rep.
Cote d'Ivoire
Dem Rep of the Congo
Guinea-Bissau
Haiti
Iraq
Lebanon
Liberia
Libyan Arab Jamahiriya
Nepal
Sierra Leone
Somalia
Sudan
Timor-Leste
Kosovo
Occupied Palestinian
Territory

Sudan	St. Vincent and the Grenadines
Timor-Leste	Suriname
Togo	Timor-Leste
Tuvalu	Tonga
Uganda	Trinidad and Tobago
United Rep of Tanzania	Tuvalu
Vanuatu	Vanuatu
Yemen	
Zambia	

Classification of countries by Human Development Index (HDI)

Low

Afghanistan
 Angola
 Bangladesh
 Benin
 Burkina Faso
 Burundi
 Cameroon
 Central African Rep.
 Chad
 Comoros
 Cote d'Ivoire
 Dem Rep of the Congo
 Djibouti
 Eritrea
 Ethiopia
 Gambia
 Guinea
 Guinea-Bissau
 Haiti
 Kenya
 Lesotho
 Liberia
 Madagascar
 Malawi
 Mali
 Mauritania
 Mozambique
 Myanmar
 Nepal
 Niger
 Nigeria
 Pakistan
 Papua New Guinea
 Rwanda
 Sao Tome and Principe
 Senegal
 Sierra Leone
 Solomon Islands
 Somalia
 Sudan

Medium

Algeria
 Bhutan
 Bolivia
 Botswana
 Cambodia
 Cape Verde
 China
 Congo
 Dominican Republic
 Egypt
 El Salvador
 Equatorial Guinea
 Fed States of Micronesia
 Fiji
 Gabon
 Ghana
 Guatemala
 Guyana
 Honduras
 India
 Indonesia
 Iraq
 Jordan
 Kiribati
 Kyrgyzstan
 Lao People's Dem Republic
 Maldives
 Mongolia
 Morocco
 Namibia
 Nicaragua
 Occupied Palestinian Territory
 Paraguay
 Philippines
 Republic of Moldova
 Samoa
 South Africa
 Sri Lanka
 Suriname
 Swaziland

High

Albania
 Antigua and Barbuda
 Armenia
 Azerbaijan
 Belarus
 Belize
 Bosnia and Herzegovina
 Brazil
 Bulgaria
 Colombia
 Costa Rica
 Cuba
 Dominica
 Ecuador
 Georgia
 Grenada
 Iran, Islamic Republic
 Jamaica
 Kazakhstan
 Kuwait
 Lebanon
 Libyan Arab Jamahiriya
 Malaysia
 Mauritius
 Mexico
 Montenegro
 Palau
 Panama
 Peru
 Saudi Arabia
 Serbia
 Seychelles
 St. Kitts and Nevis
 St. Lucia
 St. Vincent and the Grenadines
 The FYR of Macedonia
 Tonga
 Trinidad and Tobago
 Tunisia
 Turkey

Timor-Leste
Togo
Uganda
United Rep of Tanzania
Yemen
Zambia
Zimbabwe

Syrian Arab Republic
Tajikistan
Thailand
Turkmenistan
Uzbekistan
Vanuatu
VietNam

Ukraine
Uruguay
Venezuela

World Bank list of countries in fragile situations

Afghanistan
Angola
Bosnia and Herzegovina
Burundi
Central African Rep.
Chad
Comoros
Congo
Cote d'Ivoire
Dem Rep of the Congo
Eritrea
Federated States of Micronesia
Guinea
Guinea-Bissau
Haiti
Iraq
Kiribati
Kosovo
Liberia
Libyan Arab Jamahiriya
Marshall Islands
Myanmar
Nepal
Occupied Palestinian Territory
Sierra Leone
Solomon Islands
Somalia
South Sudan
Sudan
Syrian Arab Republic
Timor-Leste
Togo
Tuvalu
Yemen
Zimbabwe

OECD list of Fragile States

Afghanistan
Angola
Bangladesh
Bosnia and Herzegovina
Burkina Faso
Burundi
Cambodia
Cameroon
Central African Rep.
Chad
Comoros
Congo
Cote d'Ivoire
Dem People's Rep of Korea
Dem Rep of the Congo
Eritrea
Ethiopia
Federated States of Micronesia
Georgia
Guinea
Guinea-Bissau
Haiti
Iraq
Kiribati
Kosovo
Kyrgyzstan
Liberia
Malawi
Marshall Islands
Myanmar
Nepal
Niger
Nigeria
Occupied Palestinian Territory
Pakistan
Rwanda
Sierra Leone
Solomon Islands
Somalia
South Sudan
Sri Lanka
Sudan
Tajikistan
Timor-Leste
Togo
Uganda

Yemen
Zimbabwe

Annex VIII: List of statistical tables posted on the web site of DCPB/OESC/ UNDESA³⁸

- A. Contributions for operational activities for development
 - 1. Contributions by entity: 2006-2011
 - 2. Contributions by entity and type of funding (core and non-core): 2006-2011
 - 3. Contributions by source, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core): 2011
 - 4. Contributions by source, entity and type of funding (core and non-core): 2011
 - 5. Top contributors to development-related activities: 2011

- B. Expenditures on operational activities for development
 - 1. Expenditures by entity: 2006-2011
 - 2. Expenditures by recipient, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core): 2011
 - 3. Expenditures by recipient and entity: 2011
 - 4. Expenditures by region: 2011

³⁸ http://www.un.org/esa/coordination/dcpb_stat.htm