

Report of the Secretary-General

**Quadrennial comprehensive policy review of
operational activities for development of the
United Nations system**

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United Nations**

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LIST OF ACRONYMS

APEC	Asia Pacific Economic Cooperation
AU	African Union
CAP	Consolidated Appeals Process
CBF	Common budgetary framework
CCA	Common country assessment
CCPDs	Common country programme documents
CEB	Chief Executives Board for Coordination
CHAP	Common Humanitarian Action Plan
CLEs	Country-led evaluations
CSOs	Civil society organizations
DaO	“Delivering-as-one”
DOCO	Development Operations Coordination Office
ECOSOC	Economic and Social Council
ERP	Enterprise resources planning
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FAO	Food and Agriculture Organization
GA	General Assembly
GEF	Global Environment Facility
HACT	Harmonized Approach to Cash Transfers
HLCM	High-level Committee on Management
ICT	Information and Communications Technology
IFAD	International Fund for Agricultural Development
ILO:	International Labour Organization
ISFs	Integrated Strategic Frameworks
ISWE	Independent system-wide evaluation
JIU	Joint Inspection Unit
LDCs	Least-developed countries
LTAs	Long-term agreements
M&A	Management & Accountability system
M&E	Monitoring and evaluation
MDG-F	Millennium Development Goals Achievement Fund
MDGs	Millennium Development Goals
MDTF	Multi-donor trust fund
MoUs	Memoranda of Understanding
NRA	Non-resident agencies
OAD	Operational activities for development

ODA	Official development assistance
OECD/DAC	Organization for Economic Cooperation & Development/Development Assistance Committee
OIOS	Office of Internal Oversight Services
OMT	Operations Management Teams
PRSP	Poverty Reduction Strategy Paper
QCPR	Quadrennial comprehensive policy review
QSA	Quality assurance and advice
RBB	Results-based budgeting
RBM	Results-based management
RCMs	Regional Coordination Mechanisms
RCO	Resident Coordinator office
SSC	South-South cooperation
SWAP:	System-wide action plan
TCPR	Triennial comprehensive policy review
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCT	United Nations country team
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Center for Human Settlements
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UN-IMCs	Integrated Mission Countries/Areas
UNSSC	United Nations System Staff College
WFP	World Food Programme
WHO	World Health Programme

SUMMARY

This report reviews efforts to enhance the coherence, effectiveness, efficiency and impact of the United Nations operational activities for development, pursuant to GA resolutions 62/208 and 64/289, and ECOSOC resolution 2011/7. The report highlights a number of achievements and notes areas where further progress is required. Advancement on some issues hinges on actions of Member States. There is also need to adapt to the changing development landscape and to reposition operational activities of the United Nations system to better avail of partnership opportunities and operationalize global development norms and frameworks. Adapting to change is an underlying theme of the report.

Since the 2007 TCP, progress has been made in enhancing the coherence and functioning of the United Nations development system. This includes operationalizing the “delivering-as-one” (DaO) concept in countries voluntarily adopting this approach and implementation and evaluation of the DaO pilot initiative. At the global level, the normative and operational mandates of four gender-related entities were consolidated through the establishment of UN Women; and principles and mechanisms for an integrated country response in situations of transition from relief to development, have been adopted and put into practice. Overall, stakeholders are of the view that the coherence of the United Nations development system has improved since 2007.

The funding of United Nations operational activities for development is the subject of a separate report and only key issues are highlighted in Part II of this report. The overall funding flows for operational activities of the United Nations system more than doubled in the 1995-2010 period in real terms. Since 2005, however, funding has grown for the first time at a slightly lower annual pace than total official development assistance flows as reported by OECD/DAC. Core contributions from OECD/DAC countries to operational activities for development of the United Nations system declined in both 2010 and 2011, reflecting fiscal constraints in several countries. The increasing imbalance between core and non-core funding is a growing concern, with adverse implications for several policy objectives. Discussions are also pending on the issue of “critical mass” of core resources at the level of the Executive Boards of the funds and programmes.

The primary responsibility for coordinating external assistance, including United Nations support, lies with national authorities. The role of system-wide coordination processes is to ensure that the work of the United Nations system for development is effectively aligned with national development needs and priorities. The main United Nations-wide coordination processes: the Resident Coordinator system (including headquarters and regional dimensions), the UNDAF and common administrative services at the country level, all need further strengthening. This report, in Part III, provides in-depth analysis of progress and challenges in strengthening these three coordination mechanisms.

There are ongoing efforts within the United Nations development system towards enhancing development effectiveness. Part IV of the report reviews progress in the areas of capacity building, gender equality and South-South cooperation. UNDG guidelines have contributed to increasing collaboration on capacity development, especially in the context of country analysis and programming.

The establishment of UN Women has begun to reinvigorate implementation of the gender equality and women's empowerment agenda within the organization. South-South cooperation and triangular cooperation has gained momentum since the 2007 TCPR, and are proving an effective channel for capacity building, sharing of knowledge and technology transfer and in fostering regional integration. Part IV of the report also reviews the status of the issues of the regional dimension, result-based management and planning, and evaluation. Progress on these issues has been gradual, although the United Nations Evaluation Group, with voluntary membership of 43 evaluation units, is particularly active, producing key guidance documents including a Handbook on Integrating Human Rights and Gender Equality in Evaluations in the United Nations system.

The changing development landscape is discussed in Part I of this report, with particular focus on the possible implications for the United Nations development system. This will call for 'outside the box' thinking, or a collective reflection among Member States and United Nations entities on how to best reposition the United Nations development system in a changing global development cooperation environment characterized by the emergence of new centres of economic dynamism, the intensification of global challenges, transformation in the relationship among states, markets and individuals and major growth of new institutional actors. The report offers suggestions for a two-track process of adapting to change in this regard.

BACKGROUND

The quadrennial comprehensive policy review (QCPR) is the mechanism through which the General Assembly (GA) assesses the relevance, effectiveness, efficiency, coherence and impact of the United Nations operational activities for development (UN-OAD). OAD cover both longer-term development-related activities and those with a shorter-term humanitarian assistance focus. A number of United Nations entities have mandates in this regard.¹ Through the QCPR, the GA establishes system-wide policy orientations and country-level modalities for development cooperation. The QCPR has therefore both an evaluative and a forward-looking dimension.

Purpose

The present report, submitted for the consideration of the Economic and Social Council (ECOSOC), assesses the follow-up to GA resolution 62/208 on the 2007 comprehensive policy review. It also responds to GA resolution 64/289 on system-wide coherence and ECOSOC resolution 2011/7, which provides guidance to the Secretary-General on analytical preparations for the 2012 QCPR. A second report of the Secretary-General, with recommendations, will be submitted to the GA in September, following the substantive session of ECOSOC.

Coverage and scope

This report assesses progress in three areas: funding, development effectiveness and functioning of the United Nations development system. A more detailed analysis of funding is provided in a supplementary report of the Secretary-General. Also relevant are the prior reports submitted to ECOSOC for its annual reviews of the follow-up to resolution 62/208. The focus of this report is on the key challenges and opportunities facing the United Nations system in the broader global environment for development cooperation.

This report briefly covers some aspects of the Delivering-as-One (DaO) exercise. Emerging conclusions and lessons learned from the independent evaluation of DaO are included in Annex II of the report. The report of independent evaluation will be completed before the end of the 66th session of the General Assembly as mandated by resolution 64/289, and should also be read in conjunction with the second report of the Secretary-General on the QCPR to be submitted to the GA in September.

Substantive preparations

The substantive preparations for the 2012 QCPR have placed particular emphasis on eliciting perspectives from country-level stakeholders. UNDESA conducted four online surveys of: (i) programme country governments; (ii) United Nations country teams (UNCTs), (iii) United Nations operations management teams (OMTs) at the country level; and (iv) civil society organizations (CSOs) that work closely with United Nations entities at the country level. More than 1000 responses were received through these surveys². Further information on the methodology of the programme country government survey, including selected findings, is provided in Annex I³.

In addition, UNDESA commissioned background studies, including through partnership with other United Nations entities (UN Women, UNDG/DOCO, MDG-Achievement Fund)⁴. Preparations for the QCPR also involved: a desk review of relevant documents and evaluation reports in all QCPR-related areas, including more than 40 UNDAF evaluations and mid-term review reports; visits to seven programme countries⁵; interviews of United Nations officials at headquarters and in the field; and a series of consultations with and briefings for Member States and United Nations entities⁶.

INTRODUCTION

We are living in a time of global transition. Future generations are likely to describe this period as a pivotal juncture in world history when the status quo was irrevocably weakened and the contours of a new world began to emerge.

Report of the Secretary-General on the work of the Organization, 2011

The global context for development cooperation has changed dramatically since 2007. There have been food, fuel and economic shocks and social upheavals that shaped the international agenda and preoccupied policymakers. There have been multiple natural disasters and humanitarian crises that needed quick response, large resources and difficult logistics. There are an increased number of countries in political transitions and special situations, requiring concurrent and complex operational activities in multiple spheres: humanitarian assistance, human rights, peacekeeping and development. There are the pending imperatives to accelerate progress on the Millennium Development Goals (MDGs), and to address anew the global challenges that threaten peoples' lives and the sustainability of the planet.

At the same time, there are trends that are potentially beneficial for development cooperation. Developing countries are more vigorous in aligning aid with national development plans and strategies, with greater involvement of stakeholders. They also have deeper and stronger economic cooperation with each other. They have sustained recent world economic growth. There is progress in poverty reduction in all developing regions. Several developing countries have shifted from being recipients to being also providers of development assistance. A geo-economic realignment is taking place.

There are also many new actors, individuals and institutions from civil society, media and private sector, in both developing and developed countries. New technologies and knowledge are enabling a host of innovative developmental interventions and fresh solutions to longstanding problems. These trends, effectively harnessed, can enhance the capacity of the United Nations development system.

Despite these encouraging trends, there are also increased inequalities and a pervading sense of injustice across regions, and within countries. As recent events testify, social unrest can derail economic progress. Governments need to accelerate progress on the MDGs. As part of these efforts, the United Nations needs to support national policy dialogue, and provide support of institutional capacity development for governance, policy, management and implementation across the full range of development issues.

Development cooperation is more than a transfer of funds and technical assistance. The United Nations has legitimacy and mandate to focus on development, human rights and security. The United Nations stands for certain values and principles enshrined in its Charter. Our broad mandate on development that emanated from United Nations Conferences and Summits involves cross-sectoral and interagency responses, and linkage of operational and normative aspects of the organization. The work includes operationalizing global development norms and frameworks.

The United Nations role, relevance and effectiveness are put to the test of global public opinion on a daily basis. When crises erupt, it is our duty: to respond. That involves effective operations, strategic linkage of issues and leverage of competencies, capacity development and policy advocacy. The United Nations must rise to external requirements for legitimacy, thought leadership, coherence in actions, flexibility, speed, accountability and results.

The global context therefore poses a variety of challenges and opportunities for development cooperation. The United Nations development system is challenged to meet the growing demands for more varied assistance and faced with higher expectations for results, often without adequate resources. We have to do more, quicker and better, with less. For this, it has to work in partnership with others, and all of us have to work as one. There is a need to innovate modalities to engage new actors.

The United Nations development system has a legacy of adapting to change. It has evolved from a few loosely coordinated entities in 1949 to more than three dozen committed to act as one; the system pioneered fundamental concepts of development assistance, such as country programming and capacity building; and introduced target driven development assistance, leading to a doubling of official development assistance (ODA) in the last decade. We – Member States and the United Nations entities – will need to rediscover this spirit of adapting to change.

The reforms initiated in 1997, including the establishment of UNDG, have over the years taken us a long way down the road of coherence. We have seen some tangible results through the system-wide coherence process, including DaO. We no longer think in terms of agencies working in isolation as in the past. At the same time, we need a fresh approach where coherence is found through issue-based alliances and coalitions and in which United Nations agencies singly or in groups fully exploit their potential. We need to help countries build on the United Nations normative agenda and the organization's policy knowledge and advice, including by involving non-resident agencies (NRAs).

Far-reaching change will require reform in a number of areas supported by strong commitment from Member States. There is a limit to what can be achieved with the present instruments at our disposal, given separate lines of accountability, funding and governance. These matters are complex but warrant consideration both at the United Nations Conference on Sustainable Development and the preparatory discussions on the post-2015 development goals.

The 2012 quadrennial review is an opportunity to initiate a forward-looking deliberation of the funding, functioning and effectiveness of the United Nations operational activities for development.

PART I: THE CHANGING DEVELOPMENT LANDSCAPE: WHAT DOES IT MEAN FOR THE UNITED NATIONS SYSTEM?

The currents of change are transforming our human and physical geography. Demographic transformation; the emergence of new centers of economic dynamism; accelerating inequality within and across nations; challenges to the existing social contract by a disillusioned, mobilized citizenry; technological and organizational transformation linking people directly as never before; and climate change - are all placing the foundations of our world and our global system under unprecedented stress. They are driving not just incremental but exponential change. They are deeply interconnected and increasingly complex.

The Secretary-General's Five-Year Action Agenda, 25 January 2012

The development landscape is changing, and so too should development cooperation. Four features are particularly relevant for development cooperation: (i) the emergence of new centres of economic dynamism vindicates the development effort; (ii) the intensification of global challenges calls for scaling-up as well as leveraging of development assistance around common goals and agreed actions; (iii) the transforming relationship among states, markets and individuals suggests different ways to deliver assistance; and (iv) the growth of new institutional actors strengthens the ranks of development partners. These changes, discussed below, are potentially beneficial for the functioning and effectiveness of the United Nations development system.

Emergence of new centers of economic dynamism

A transformation has occurred in the global economy with respect to the sources of growth. While during the 1991 to 1995 period, some 75 per cent of the cumulative growth was contributed by high-income countries, some 90 per cent of such growth was on account of middle-income countries between 2006 and 2010. The development experience of many of these middle-income countries has shaped their perspectives on the relationships between aid, trade, public sector investment and private sector flows, among other factors.

The implications for development cooperation are several. There is need to allow greater policy autonomy in developing countries to define and implement policies that affect social and economic development. There are also gains to be realized from greater sharing of development experience among countries. The role and nature of ODA is changing. In 1990, 95 per cent of the poorest in the world lived in low-income countries. Today, however, the largest absolute number of the poor live in middle-income countries, at about 75 per cent of the world's poorest. The reality of absolute poverty in middle-income countries suggests a continuing role for development cooperation, with emphasis on targeted programmes and the United Nations "higher-end deliverables", such as policy advice and support to national policy dialogue.

Nevertheless, there is a group of least-developed countries which will continue to be heavily aid dependent and for which ODA from all sources remains of vital importance. For them, and the increasing number of countries in crisis and transition situations, the UN-OAD are essential.

Intensification of global challenges

The United Nations development system has a leadership role in fostering collective responses to emerging global challenges. The articulation of the MDGs and other internationally agreed development goals have effectively created a global framework within which to pursue national objectives and international development cooperation.

The MDGs agenda has helped to galvanize development efforts and focus action by the United Nations system. Important progress has been made in most countries, but trends are uneven across countries and regions and among social groups, as well as across the specific goals. However, the experience gained over the last 12 years can be applied to accelerate progress on the MDGs. The United Nations system has a key role in promoting knowledge sharing of high impact interventions to achieve the MDGs, including through leveraging UN-OAD with normative, standard-setting and fact finding work. The United Nations role can be further enhanced with new understanding on how to address divergences in progress towards the MDGs in the post-2015 period.

The past two decades have seen the intensification of global challenges, which require collective action often based on some degree of national responsibility. These include: sustainable development, the rising inequality within and among countries, and the increasing number of countries in crisis and transition situations. These illustrate the changing demands on the United Nations development system.

Sustainable development

In the survey of programme countries conducted in preparation for this report, almost all governments ranked sustainable development as the highest priority of the United Nations development system in the next four years. The Secretary-General has also made sustainable development a priority for his Action Agenda for the next five years.

Responding effectively to the challenge of sustainable development will require much greater clarity and specificity regarding the role of United Nations operational activities for development. A presumption that sustainable development impacts on everything and that therefore all agencies should be involved in the work could lead to a fragmented and ultimately inadequate response. Strategic choices will have to be made. Institutional fragmentation will have to be addressed. A much tighter fit between the normative and operational arms of the United Nations system may also be needed. The manner in which Member States approach the sustainable development challenge will have a major impact on the future direction of UN-OAD. This framework, if adopted strategically, could go a long way in integrating the work of the United Nations system.

Rising inequalities within and among countries

With few exceptions, income inequalities within countries have increased since the early 1980s. Both developed and developing countries are confronted with rapidly increasing income inequality and rising

unemployment. In many countries, inequalities in access to land and productive assets as well as in social outcomes and service access remain widespread. Gender inequalities persist. Inequalities among countries are also wide and increasing. High inequalities impede sustained development. Redressing these trends will require a rethinking of development programmes. Agency experience and independent evaluations indicate the value of addressing the problem of inequalities through cross sector and interagency responses, for which UN-OAD are well suited to coordinate and provide.

There is also benefit in a stronger and more coherent linkage of the operational and normative work of the United Nations. A recent manifestation of this has been the establishment of UN Women. Member States explicitly endowed it with normative and operational mandates in its founding resolution.

Countries in crisis and transition situations

A fifth of humanity lives in countries experiencing violence, political conflict, insecurity and societal fragility. Conflict-affected countries are home to 60 per cent of the undernourished, 61 per cent of the poor, 77 per cent of children not attending primary school, 65 per cent of people without access to safe water, and 70 per cent of infant deaths⁷. The global challenges of security and poverty are increasingly concentrated in conflict-affected states, and few will meet a single MDG by the year 2015.

The United Nations currently commits a high level of resources to countries in crisis and transition situations, yet financial allocations are often heavily concentrated in a limited number of countries, for unpredictable periods of time. The traditional boundaries between development, humanitarian assistance, human rights, military and political work become interwoven and intermingled in highly complex ways. The need to break down the silos within which agencies work has important implications for every aspect of field operations: the definition of functions, funding, staffing, and ultimately the overarching governance arrangements.

At the December 2011 Busan High-level Forum, some 40 countries and international organizations reached an agreement on a New Deal for Engagement with Fragile States. It recognizes that effective peacebuilding and state building will require constructive state-society relations, and the empowerment of women, youth and marginalized groups. While not a United Nations process, it can contribute to enhancing the overall coherence and effectiveness of the organization's response.

Changing relationship of states to markets and individuals

Development cooperation is no longer the exclusive domain of nation states. There is an ongoing redistribution of power between the state, on the one hand, and markets, individuals and civil society, on the other. Across many of the global issues, which the United Nations confronts, the undertaking can no longer be understood and tackled as exclusively or, in many cases, even primarily as a matter for intergovernmental action. Engagement and action by a range of other actors is required: the private sector, civil society, research and academic communities. This puts a premium on more dynamic and multi-stakeholder frameworks for development cooperation. A number of United Nations entities are innovating ways to integrate stakeholders in decision-making and activities. Their experience may offer clues on how United Nations governance functions and structures could be better aligned to benefit from these new relationships between states, markets and individuals.

New institutional actors

The last decade has seen the emergence of a broad range of new institutional actors. These include new multilateral forums, for example, the Group of 20 and its recent rise to the Summit level. There has been a rapid growth of regional bodies and regional alliances. These bodies, such as the EU, APEC and the AU have all become significant actors in a wide range of countries. The United Nations is now frequently consulting or partnering with these organizations; for example, the AU has become a regular partner of the United Nations in peacekeeping operations. Such partnerships potentially enhance the competencies and extend the reach of the United Nations development system.

There has also been a proliferation of increasingly influential foundations. In the last several decades, the number of foundations has tripled. A number of these not only carry significant financial weight, but they have also developed major convening power. A large number of dynamic networks have also emerged in the last few years in areas such as food security, energy for all and every woman every child. Networks have transformed the practice of partnership and are beginning to change the meaning of presence.

Repositioning United Nations development activities

The changing development landscape, as exemplified above, presents opportunities for enhancing the functioning of the United Nations development system and the effectiveness and impact of its operational activities. This in turn requires a strategic repositioning of UN-OAD to ensure that these are relevant, coherent and fully aligned with the dynamics in the broader development cooperation environment. The 2012 QCPR can set the stage for a broader reflection of the UN-OAD.

Adapting to change is a complex process requiring a shared vision for the future role of the United Nations development system in the rapidly evolving global development cooperation environment. Such a change process would consider, among others, at least six different dimensions: (i) alignment of functions; (ii) alignment of funding practices; (iii) alignment of the capacity of the United Nations development system; (iv) partnership approaches; (v) organizational arrangements; and (vi) governance arrangements. These are briefly elaborated below. While some of these issues are directly addressed in the QCPR resolution, others will require high-level processes to break new ground. Governance is one such area, on which the QCPR could trigger a process of reflection.

(a) Functions

There is a need for developing an overarching strategy for system wide repositioning of the United Nations system in order to align its functioning with the current realities and emerging challenges. To support this overarching process of alignment, every fund, programme and agency would need to put in place a focused process to define and strengthen its core competencies, including normative, standard-setting and statistical functions, with a view to becoming more effective in the provision of upstream policy advice as well as operational work. Strategic repositioning will also involve building on the strengths of individual entities but at the same time reducing fragmentation and incoherence.

(b) Funding

Any serious change effort requires a thorough review of the funding system for operational activities for development, including the incentives it provides to the United Nations entities. Further strengthening of the normative, standard-setting, statistical competencies and programmatic work of funds, programmes and agencies would require a special recognition at the level of the Executive Boards and governing bodies of the need to attain a viable balance between un-earmarked core and earmarked non-core funding, while recognizing the critical role of core resources. The rebalancing should occur in the context of an overall increase in the level of funding. Core resources provide the highest quality and flexibility of pooled funding, which is essential for development of national capacities, which generally is a long-term process. Importantly, core resources also help to ensure the system's independence, neutrality, impartiality and role as a trusted partner.

A successful change process would further require more *comprehensive adjustments of* resource flows to the United Nations development system. Such adjustments would need to include a rigorous delineation of functions of individual entities, rebalancing of core and non-core, increased predictability, and more equitable burden-sharing among donor countries.

(c) Capacity

Capacity-building of staff should be seen within the broader context of the need for strategic reprioritization within the United Nations development system, as well as the growing capacity of government institutions in programme countries. This process should also be influenced by strong recognition that the government is the policy owner and driver of national development, while the United Nations system can play an important role in supporting the implementation of global norms and standards.

Staff capacity assessments undertaken in several programme countries show growing demand from programme country governments for specialized policy advisory support from the United Nations system to deal with emerging global challenges⁸.

Entities working in the same sectors, or in the same programme countries, should be encouraged to develop flexible arrangements for pooling staff and to establish common partnership strategies for acquiring human resources with the necessary expertise for both long- and short-term assignments. This will require further simplification and harmonization of human resources policies and procedures across the United Nations system. Priority consideration should also be given to the consolidation of existing learning resources into common United Nations learning platforms that are cost efficient.

(d) Partnerships

The United Nations system needs to find innovative ways of developing and institutionalizing new partnerships with the private sector, civil society and regional organizations. The strong growth in private sector and civil society actors in international development cooperation will require the organization to become more adept in leveraging its convening power. In the normative and upstream areas of its endeavours, the United Nations system, in particular, will need to establish and strengthen networks with the scientific and research community. It is critical for the funds, programmes and

agencies to maintain flexibility and agility to raise resources from a variety of sources that include the governments, foundations and the private sector. The creation of the United Nations Partnership Facility, recently announced by the Secretary-General, should be seen as part of this repositioning strategy. The creation of financial incentives to promote partnerships at the entity and system level should be actively explored.

(e) Organizational arrangements

Strategic repositioning will require strong emphasis on complementarities and thus eliminating overlapping functions in the United Nations development system, through the strategic use of inter-agency task forces and other relevant options such as deeper integration. The system also needs to develop more flexible organizational forms for deploying critical mass of expertise and resources to priority issues. This requires restructuring of internal incentive systems to ensure that the establishment of networks and partnerships is given higher priority in the work of the system. It also requires further strengthening of capacity for strategic planning, policy evaluation and development finance at the Secretariat level including maintaining an overview of core competencies of the United Nations development system.

(f) Governance

The current governance system of the UN-OAD has three major challenges to address. Firstly, the decision-making on operational activities runs through vertical lines. Such arrangements make integration and coherence in programme delivery difficult, if not impossible. These vertical structures are also inimical to the integrationist agenda of sustainable development. Secondly, the governance arrangements are not reflective of the current realities of increasing importance of new actors and groups of countries. It should also be considered how the growing need for partnerships could be incorporated into the governance structures of the funds, programmes and agencies. Thirdly, the growing implementation gap between decisions adopted at the global level and actions taken on the ground. There is a widely acknowledged need that the United Nations development system has to develop mechanisms that ensure effective accountability and monitoring to ensure that decisions are implemented in letter and spirit.

An important starting point would be to clearly define functions of the governance system of United Nations operational activities for development. The current discussions on strengthening the institutional framework for sustainable development in the context of Rio+ 20 and preparing for a post-2015 United Nations development agenda could form an important opportunity in this regard.

In conclusion

In today's changing world, strategic repositioning poses a major challenge for the United Nations development system. The system will be measured by its ability to leverage its unique assets in a world where the role of ODA and the broader environment for development cooperation are rapidly evolving.

The question that requires thorough examination is when is leverage maximized by the system working as a system, when by individual agencies acting individually and when do specific configurations need to be tailored to the specific issue at hand. It is improbable that there is a one-size-fits-all prescription for maximizing leverage.

What is required at the system level is the ability to identify the priority challenges that need to be addressed, to align behind these challenges and to respond flexibly to maximize leverage. This is a matter of both strategic repositioning and further strengthening system-wide coherence. Such a process will require a system-wide strategic capacity to prioritize, make choices, organize critical mass and build effective networks within and around structures.

This report suggests that this process of renewal of the United Nations development system could be pursued at two levels:

- By establishing a high-level change process at the central level to focus on the issue of long-term strategic repositioning of the United Nations development system in the new development cooperation landscape. The change process could be expected to focus on among others, the six dimensions discussed above. (a) functions, (b) funding, (c) capacity, (d) partnerships, (e) organizational arrangements, and (f) governance.
- By initiating a process to create the necessary conditions to make strategic repositioning of the United Nations development system possible. This process would particularly focus on strengthening coordination within the United Nations development system, i.e. the Resident Coordinator system, the UNDAF and common administrative services, and improvements in the funding architecture of operational activities for development.

The analysis provided in this report in Part II on funding and Part III on the functioning of the United Nations development system should therefore be seen in this context.

PART II: FUNDING OF OPERATIONAL ACTIVITIES FOR DEVELOPMENT¹

“Stresses that core resources, because of their untied nature, continue to be the bedrock of the operational activities for development of the United Nations system, and in this regard notes with concern that the share of core contributions to United Nations funds and programmes has declined in recent years, and recognizes the need for organizations to address, on a continuous basis, the imbalance between core and non-core resources”.

GA resolution 62/208 (OP18)

“As we all know, this is a time of economic uncertainty. Budgets are tight. But difficult fiscal conditions are no excuse for letting up our efforts; they underscore the need for collective action”.

Ban Ki-moon
Secretary-General

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

Further proposals to ensure adequate, predictable and stable funding for United Nations operational activities for development” (OP 14(e));

Reporting on discussions held by the governing bodies of United Nations funds and programmes on attaining critical mass of core resources” (OP 14(f));

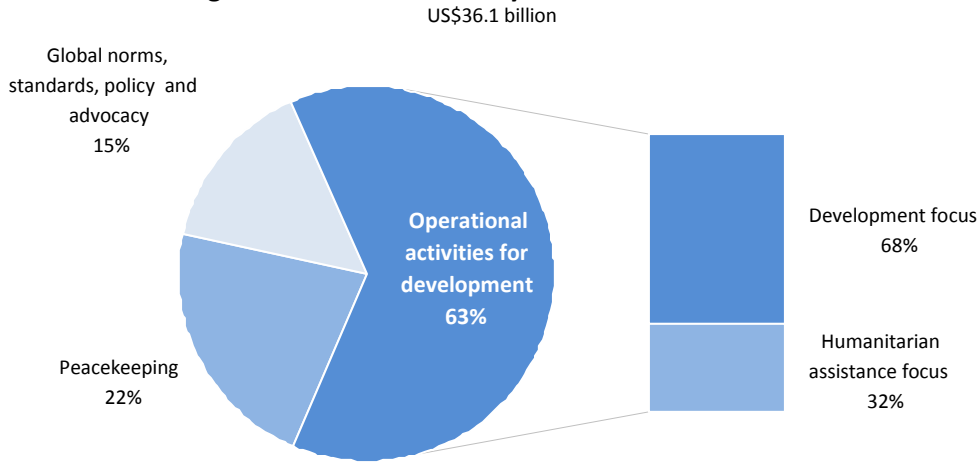
Agency reviews of the current policies regarding recovery of support costs for non-core funding, including information as to whether core resources have subsidized non-core funding (OP 14 (g)).

ECOSOC resolution 2011/7

UN-OAD in 2010 accounted for about 63 per cent (US\$22.9 billion) of all United Nations system-wide activities (US\$36.1 billion) covering both activities with a focus on longer-term development (68 per cent) and shorter-term humanitarian assistance (32 per cent). Peacekeeping operations accounted for 22 per cent (US\$7.4 billion). The global norm and standard setting, policy and advocacy functions of the United Nations system accounted for the remaining 15 per cent (US\$5.3 billion)⁹ (See Figure 1).

¹ The current section draws on the information contained in the above report and highlights issues and trends that are of significance since the adoption of GA resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system.

Figure 1 - United Nations system-wide activities - 2010



Source: Analytical report of the Secretary-General on funding for operational activities for development of the United Nations system for the year 2010

Long-term funding trends for UN OAD have been favourable.....

The overall funding of UN-OAD has more than doubled in real terms in 1995-2010, as shown in Figure 2. The growth has been particularly strong for development-related non-core contributions. In 2010 and in real terms, these development-related non-core contributions reached a level of more than four and half times that in 1995, corresponding to an average annual growth rate of 10.5 per cent. This very strong growth in non-core resources stands in stark contrast to a modest average annual real growth of 0.6 per cent in core resources.

Contributions to UN-OAD (excluding local resources) between 1995 and 2005 also grew faster in real terms than both total ODA and core multilateral ODA.

However, since 2005, total funding for UN-OAD has grown for the first time at a slightly lower annual pace than total ODA flows as reported by OECD/DAC. Between 2007 and 2010, total funding for OAD of the United Nations development system grew by 15 per cent cumulatively in real terms, with the core and non-core components increasing by 2 and 21 per cent respectively, also in real terms.

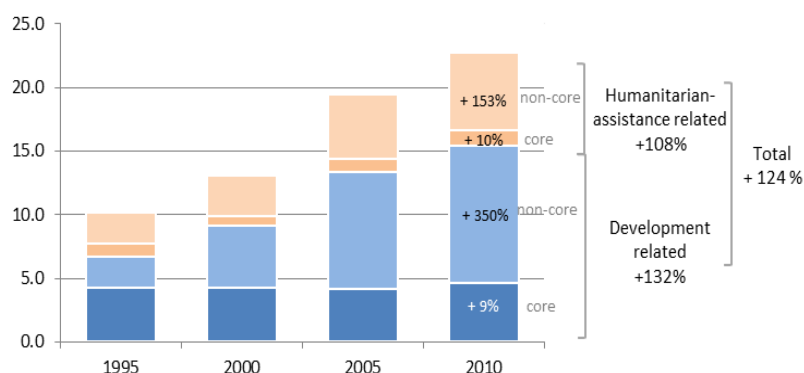
Selected milestones since 2007

- ◆ Common budgetary framework introduced
- ◆ UNDG guidance on establishment, management and closing of MDTFs
- ◆ One Funds established (now in 20 programme countries)
- ◆ MDG Achievement Fund established (supported 50 programme countries)
- ◆ Expanded DaO Funding Window for Achievement of MDGs established (supported 19 programme countries)
- ◆ Agreement with European Union on engagement in MDTFs

United Nations operational activities for development 1995-2010

Real change over time

(constant 2009 \$ billion, percentage change relative to 1995)



Source: Analytical report of the Secretary-General on funding for operational activities for development of the United Nations system for the year 2010 [document symbol]

.....but core/non-core imbalance has been growing

Between 2007 and 2010 the imbalance between core and non-core funding for OAD further increased, with the core share declining from 29 to 26 per cent. In the case of development-related activities only, total funding increased by 8 per cent in real terms between 2007 and 2010, while the core and non-core components grew by -3 and 13 per cent respectively, also in real terms. As a result, the core share of total development-related funding decreased from 33 per cent in 2007 to 30 per cent in 2010. The core ratio of contributions from OECD/DAC governments for development-related activities of the United Nations development system also declined from 47 per cent in 2007 to 43 per cent in 2010.

According to preliminary data for 2011, core contributions to the United Nations development system from OECD/DAC countries declined by some 9.0 per cent in real terms compared to 2010. This projected decline in core resources in 2011 follows the decline of 2.6 per cent in real terms experienced in 2010, all of which then concerned humanitarian assistance-related activities. This decline must be seen against the background of a decline of 2.7 per cent in overall ODA provided by OECD/DAC countries in 2011. According to OECD/DAC this decrease reflects fiscal constraints in several DAC countries which have affected their ODA budgets. The decline in core contributions to the United Nations development system is in even starker contrast with overall multilateral aid provided by OECD/DAC countries. This component in fact increased in 2011 by 1.2 per cent compared to 2010.

Estimates of non-core funding in 2011 were not yet available at the time of preparing the current report. UNDESA plans to issue a funding update in June 2012 prior to the substantive session of the Economic and Social Council, including with regard to non-core contributions.

Discussions on “critical mass” of core resources have not yet been initiated at the level of the Executive Boards of the funds and programmes

In this connection, it should be mentioned that GA resolution 64/289 on system-wide coherence invited the Executive Boards of the funds and programmes to initiate further discussion with a view to exploring the most appropriate definition of, and a process towards arriving at, a critical mass of core funding for each fund and programme, according to their individual mandates. It specified that the concept of critical mass may include the level of resources adequate to respond to the needs of the programme countries and to produce the results expected in strategic plans, including administrative, management and programme costs.

At the time of finalizing this report, no Executive Board of the funds and programmes has yet taken up for further consideration the issue of critical mass of core resources. A preliminary dialogue on this issue took place during the Operational Activities Segment of ECOSOC in 2011.

The 2012 funding report of the Secretary-General further explores the issue of critical mass of core resources including the potential of alternative models of funding such as “voluntary indicative scale of contributions” and a ‘negotiated pledge’ modality, to address the current imbalance in core and non-core resources flows.

Non-core funding remains fragmented

A review of the main non-core funding modalities for development-related UN-OAD show that in 2010, some 89 per cent of non-core funding (including local resources) was single-donor and programme- and project-specific. Contributions to pooled funding arrangements like multi-partner trust funds, including thematic funds of entities and One UN Funds accounted for the remaining 11 per cent with a modest increase of 3 per cent compared to 2007. Pooled funding therefore continues to account for a small share of total non-core resources flows. The dominance of single-donor and programme- and project-specific contributions reflects the high degree of fragmentation of non-core funding with consequent implications for increasing transaction costs.

As noted in past reviews, the growth in fragmented non-core funding means a corresponding increase in transaction costs for United Nations entities. Negotiating individual funding agreements, tracking and reporting programming and financial data for hundreds or even thousands of individual projects, and reporting according to widely varying sets of requirements, for example, all add significant costs that fall outside of the organization’s basic operating systems. As a result, entities manage both large and small supplementary contributions in time frames inconsistent with their basic managerial processes.

The exponential growth in single-donor and programme and project-specific contributions, in particular, has also resulted in an ever-larger share of resources being channelled through the United Nations system but not subject to direct programmatic control by governing bodies of United Nations entities.

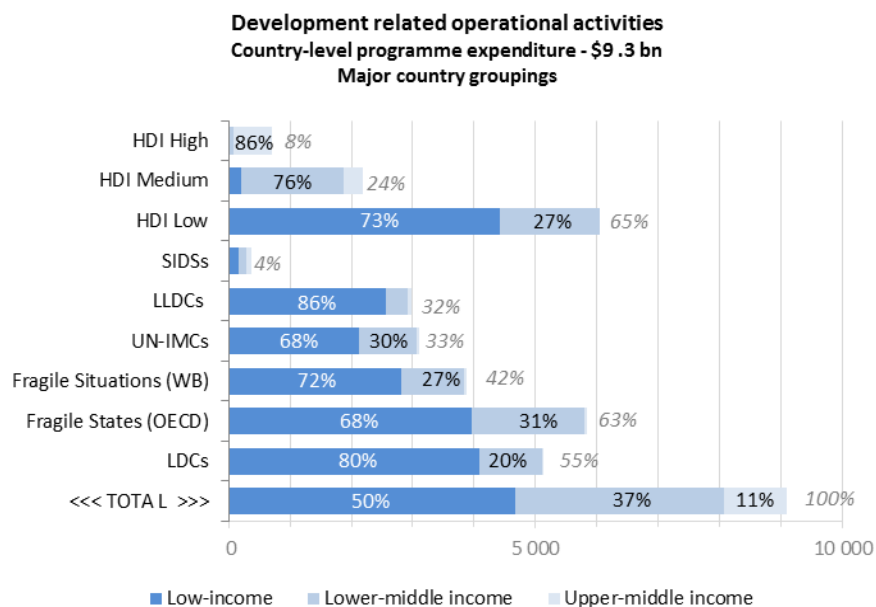
Core resources subsidize non-core resources

Analyses of the sources, modalities and destination of funding for UN-OAD show that core resources subsidize the support to and management of non-core financed activities, despite the repeated calls by the GA to avoid such subsidization. The extent to which the current subsidization by core resources is counter to legislation adopted by governing bodies is open to interpretation. There exists legislative ambiguity about which costs in fact are expected to be fully recovered i.e. full costs or incremental costs¹⁰. A principle of full cost recovery would be based on the pragmatic premise that all activities, regardless of the source of financing, equally benefit from the totality of substantive and operational capacities of entities. Applying the principle of such full cost recovery without further differentiation would require a non-core cost recovery rate, which is significantly higher than the current rate¹¹. The outcome between 2007 and 2010 of a UNDG/HLCM working group on further harmonization and rationalization of practices and cost classifications related to costs and cost recovery was not conclusive. UNDP, UNICEF and UNFPA are currently undertaking another joint cost-recovery harmonization exercise as part of the development of an integrated budget framework by 2014. This exercise can provide an impetus in this regard.

It could also be explored in the context of a broader discussion on funding flows to the United Nations development system whether a formula could be devised which could create incentives for donor countries to increase core contributions by offering differentiated cost recovery rates for non-core resources.

Country groupings and profiles

Figure 5 provides an overview of how country-level programme expenditures in 2010 were distributed among the different country groupings, by different income levels. Low-income countries accounted for some 50 per cent and middle-income countries for some 48 per cent of total expenditures. LDCs accounted for some 55 per cent of total expenditure, 80 per cent of which were in low-income LDCs and 20 per cent in lower-middle income LDCs. Countries with a low-HDI accounted for some 65 per cent of expenditures, 73 per cent of which were in low-income and 27 per cent were in lower-middle income countries. Some 33 per cent of total development-related expenditures relate to the so-called integrated mission countries/areas (UN-IMCs) in which United Nations peace operations and development activities are pursued in an integrated manner.



Source: Analytical report of the Secretary-General on funding for operational activities for development of the United Nations system for the year 2010 [document symbol]

Since 2005 a number of programme countries have moved from the low-income to the middle-income group. The supplementary funding report of the Secretary-General provides further information on how this has affected the distribution of expenditures among programme countries.

Burden sharing

A review of development-related core contributions by individual OECD/DAC countries relative to their GNI and expressed by the corresponding core-DEV/GNI ratio confirms that burden sharing remains uneven. The eleven countries that show a core-DEV/GNI ratio in excess of the median ratio (group A) together contributed US\$1.8 billion or 46 per cent of total OECD/DAC core contributions while their share of total OECD/DAC GNI was 13 per cent. The eleven countries that show a core-DEV/GNI ratio below the median ratio (group B) also contributed some 47 per cent of total OECD/DAC core contributions while their share of total OECD/DAC GNI was 81 per cent². There was no significant development in this regard during the 2007-2010 period. This uneven burden sharing has added importance in view of the fact that core resources subsidize the support to and management of activities financed from non-core resources.

Predictability

Elements of predictability, reliability and stability of funding can be reviewed by examining actual fluctuations in contributions and the impact thereof on the availability of total resources over time. Analyses thus undertaken cover the six-year period 2005-2010 for those entities that together account for more than 80 per cent of total resources for development-related activities. With the exception of

²Remaining 7 per cent of contributions and 6 per cent of total GNI on account of country with median ratio.

two, all entities experienced growth in funding flows during the six-year period. A more detailed review of each organization has revealed however that the actual volatility in individual donor contributions is much more pronounced than the relatively smooth and stable aggregate patterns would suggest. Fluctuations in individual non-core contributions are even more prominent than in the case of core resources. This higher degree of volatility reflects the fact that some 80 per cent of non-core funding (excluding local resources) remains 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 is required to 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 some degree of predictability and stability at the level of the specific programme or project once the non-core funding agreements have been concluded.

Despite generally positive aggregate growth, organizations continue therefore to face challenges of predictability, reliability and stability of funding by individual contributors. Such 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 has not been negative. It seems obvious, however, that such relative stability, during a period of general growth, is more the result of coincidence 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.

In conclusion, this section has shown that long-term funding trends for UN-OAD have been favourable, but this growth has been almost exclusively in the form of non-core resources that are predominantly single-donor, programme- and project-specific, leading to growing fragmentation of operational activities for development. Several policy objectives as reflected in GA resolutions 62/208 on the TCPR and 64/289 on system-wide coherence have not yet been achieved, including increasing the share of core funding of total resources flows to the United Nations development system. Moreover, core resources continue to subsidize the programme support and management costs of non-core funding. Also, little progress has been made in launching discussions at the level of the Executive Boards of the funds and programmes on the issue of “critical mass” of core resources; burden-sharing of core funding among DAC donors remains highly uneven; and the predictability of overall resources has not improved since the adoption of the TCPR resolution in 2007.

PART III: ENHANCING THE FUNCTIONING OF THE UNITED NATIONS DEVELOPMENT SYSTEM

System-wide coherence is about responding to country needs and priorities – and the internationally agreed development goals - in a more efficient manner. It is about ensuring that the United Nations system as a whole contributes more effectively to development than the sum of its individual parts. It entails drawing on the capacities of all organizations and exploring and capitalizing on opportunities for synergies and mutually reinforcing complementarities in the work of United Nations entities, with a view to achieving greater development effectiveness. In the past 60 years, Member States have consistently pointed to this challenge and attempted to address it.

The United Nations system was built around independent specialized agencies, whose relationship with United Nations was established by a set of formal agreements. Over the years, many new entities were created, each with a distinct, semi-independent identity and not fitting any preconceived model.

The mid-1990s marked a step change in the approach to promoting system-wide coherence. Furthering programmatic cooperation became the centrepiece of a 1997 reorganization, which led, among other initiatives, to the creation of the United Nations Development Group (UNDG)¹²; the strengthening of the Resident Coordinator system including the United Nations country team (UNCT); and the introduction of the common country assessment (CCA) and the United Nations Development Assistance Framework (UNDAF), as key instruments for joint programming and development analysis at the country level.

In follow-up to the 2005 World Summit Outcome, the “delivering-as-one” (DaO) concept and pilot initiative was launched. Pilot countries and countries having voluntarily adopted the DaO approach (some 30 countries to date) have exchanged lessons learned at a series of intergovernmental conferences held since 2007 in Maputo, Kigali, Hanoi, Montevideo and soon Tirana. Such an exchange was encouraged by the 2007 TCPR.

In 2007, the GA decided to initiate intergovernmental consultations on system-wide coherence of operational activities for development of the United Nations system. This process culminated in the adoption of resolution 64/289 on system-wide coherence in July 2010, which led, among other initiatives, to the establishment of UN Women through the consolidation of the normative and operational mandates of four gender-related entities.

In a recent survey conducted for this report, more than 70 per cent of Resident Coordinators and UNCT members agreed that the United Nations system is more coherent today than it was four years ago, albeit to varying degrees. Similarly, close to 85 per cent of programme country governments indicated that the United Nations development system had become more relevant to their countries’ needs over the last four years.

While the United Nations development system has made progress in enhancing internal coherence since the last comprehensive policy review of the GA in 2007, the lessons learned from the independent evaluation of the DaO pilots need to be absorbed and internalized so that higher level of performance can be attained. In this connection, the Secretary-General, in his new Five-Year Action Agenda, has

announced the intention to launch a second generation of the DaO, with focus on managing for results, ensuring increased accountability and improved outcomes.

As underscored by the 2007 TCP, the primary responsibility for coordinating all types of external assistance, including United Nations support, lies with national authorities. The United Nations system has the duty to make its support as coherent, effective and efficient as possible. The promotion and realization of system-wide coherence depends greatly on the functioning of three key coordination processes: the Resident Coordinator system (including its regional and headquarters dimensions), the UNDAF and common administrative services at the country level. These processes are reviewed below, along with the cost of coordination within the United Nations development system. In addition, the issue of system-wide coherence is further explored in the context of the work of the United Nations system in transition countries.

(a) United Nations Resident Coordinator system

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

An assessment of the functioning of the resident coordinator system, including its ability to represent and support the entire United Nations system at the country level, in alignment with national development priorities, and, if needed, recommendations for measures in that regard”.

ECOSOC resolution 2011/7 (OP 14(d))

The Resident Coordinator system has increasingly become recognized as a key driver of system-wide coherence of operational activities for development¹³. The Resident Coordinator, supported by a coordination office, is expected to play a central role in making possible coordination of United Nations operational activities (as stated by the 2007 TCP). He/she has to lead in exploring and capitalizing on opportunities for programmatic and operational synergy in the work of the United Nations system at the country level. This implies that he/she should be attentive to promote the full range of services and expertise available across the United Nations system including non-resident agencies (NRAs)¹⁴. The Resident Coordinator also contributes to resource mobilization for the UNDAF and coordinates the implementation, monitoring, evaluation and reporting on its results, notably to the government.

The Resident Coordinator is the designated representative of the Secretary-General. The Resident Coordinator also serves formally as the Resident Representative of UNDP, and as the Designated Official for security, Humanitarian Coordinator and Deputy Special Representative of the Secretary-General in 72, 25 and 10 per cent of programme countries, respectively.

The Resident Coordinator is usually designated as the Humanitarian Coordinator in countries in humanitarian crisis and as the Deputy Special Representative of the Secretary-General in integrated mission countries/areas. In certain locations, the Resident Coordinator also acts as the Director of the United Nations information centre. The Resident Coordinator system is multi-tiered, involving both governmental and intergovernmental oversight and coordination mechanisms at the headquarters, regional and country levels.

UNDP manages the Resident Coordinator system on behalf of the United Nations system, with guidance from all organizations, and is accountable to them through the undg. In this connection, undg has adopted a Management and Accountability system (M&A system) for the United Nations Development and Resident Coordinator System¹⁵. The M&A system also includes a “functional firewall” within UNDP. The firewall is meant to prevent conflict of interest between the programmatic functions of UNDP, relating to the organization’s role as a development partner, and the coordinating functions that UNDP performs on behalf of, and in support of, the United Nations development system.

Selected milestones since 2007

- ◆ Functions of Resident Coordinators and guidance note on Resident Coordinator/UNCT relations adopted by undg
- ◆ System for recruitment, selection and training of Resident Coordinators enhanced, including further strengthening of Resident Coordinator Assessment Centre
- ◆ Progress in implementation of M&A System for United Nations development and Resident Coordinator System
- ◆ Number of female Resident Coordinators increased from 31 to 35 per cent

Coordination based on voluntary participation brings practical challenges.....

While the General Assembly is the highest intergovernmental mechanism for the formulation and appraisal of policy on matters relating to the economic, social and related fields, each of the constituent entities has some legal or practical degree of independence. The specialized agencies are independent in formal, legal terms. Many of the funds, programmes and other entities that report to the GA and to the Secretary-General are semi-independent, due to their separate governing bodies, which play an essential role in the funding of their activities. These structural arrangements mean that system-wide coordination and coherence of operational activities for development is based on the commitment and voluntary participation of the individual entities.

.....including accountability for system-wide performance

While the coherence of the United Nations development system has improved, accountability remains, first and foremost, to individual agencies and not to the United Nations system. While most entities are open to adjusting some measure of their entity-specific strategies in order to improve the overall performance of the United Nations development system and the governments it serves, they are constrained by responsibility to their respective governing bodies. The current vertical and fragmented funding system and the concomitant accountability requirements reinforce this constraint.

The independent evaluation of DaO pilot has also pointed out that an underlying challenge to the full realization of the United Nations system delivering-as-one is the predominance of agency-specific accountabilities of staff at country, regional and headquarters levels. This increases the need for the Resident Coordinator to be a highly qualified leader with strong competencies to mobilize the UNCT around its collective results.

.....leaving coordination much dependent on the leadership skills of the Resident Coordinator...

According to the survey of programme countries, and in the context of reducing the workload on national partners, a statistically significant number of governments (60 per cent) consider it very

important to consolidate the United Nations country presence under a single head who is accountable for all support provided by United Nations entities. This suggests that a significant number of governments in programme countries would welcome a strengthened coordination role of the Resident Coordinator of the support provided by the United Nations system. This finding is not new as several earlier reports focusing on reform of operational activities for development of the United Nations system have come to a similar conclusion¹⁶.

The ability of the Resident Coordinator to lead at the country level is not based on formal authority, but, rather, on each entity's operating modalities as well as the guidelines established by the UNDG on the functioning of the Resident Coordinator system and the UNCT. A Resident Coordinator must therefore cope with the challenge of achieving overall coherence in programming of operational activities for development in an environment where entity participation is voluntary, funding is not flexible and decision-making is consensus-driven.

In this connection, feedback from the survey of Resident Coordinators and UNCT members indicates that the success of the Resident Coordinator system at the country level largely depends on the personal leadership skills of the incumbent, as well as the commitment of the individual field representatives of United Nations entities. This view was also expressed frequently during visits to programme countries as well as in interviews with many UNCT members in preparation for the present report. Several surveys conducted by UNDG/DOCO under the auspices of a talent management initiative a few years ago also came to the same conclusion.

The findings of the above surveys point to a broad agreement that a stronger coordination role of the Resident Coordinator over all UNCT members would enhance system-wide coherence at the country level and reduce workload on national partners.

Almost all the UNCT members also agree that stronger, more consistent signals from agency headquarters to field representatives are critical for enhancing coherence at the country level. These findings suggest that there are divergent views within entities on the importance to be attached to system-wide coordination and coherence at the country level.

The concept of a more empowered Resident Coordinator is attractive to many programme country governments and development partners, since it is seen as reducing transaction costs while enhancing coherence and national ownership of United Nations operational activities for development. At present, the Resident Coordinator, however, has no line authority over UNCT members and no authority over how their resources are programmed, so that his/her leadership is not institutionalized.

.....as well as the capacity of the Resident Coordinator's office

More than half of respondents to the Resident Coordinator and UNCT survey strongly agree that strengthening the capacity of the Resident Coordinators' offices (RCOs) would be an effective measure for enhancing country-level coherence. This was also supported by some 92 per cent of the Resident Coordinators. The recent UNDG Management and Accountability study also highlighted the critical role RCOs play in supporting the leadership of the Resident Coordinator.

Compared to in-country capacity, the support from headquarters and regional support structures is rated less important by the field representatives. This corresponds with the findings of other studies as well as interviews with UNCT members conducted in preparation for this report, which generally emphasize that adequate capacity of the RCO is critical to the role a Resident Coordinator can play. This finding may be linked to the fact that regional and headquarters support are not perceived as strong enough to appear essential to the field level. A more robust RCO support structure is therefore generally required, particularly in transition country settings and in complex political situations.

The areas where the capacity of the RCOs may need particular strengthening include monitoring and evaluation, results-based management, statistical capacity and expertise in analyzing the broader political economy issues at national, regional and sub-regional levels. Experts on cross-cutting issues, in cases where lead entities are not present, could also be placed in RCOs depending on UNCT needs.

Implementation of the Resident Coordinator system is differentiated

The Resident Coordinator system has generally been adapted to the practical considerations that arise in each programme country. Certain broader groupings have emerged, such as the “delivering-as-one” model and crisis and transition countries. Even within those groupings, however, the application of the key guidelines of the Resident Coordinator system can be quite different. The Joint Office model has been tested in only one country¹⁷. While the model has identified cost savings, several problems have been highlighted, primarily related to relevant support systems and agency difficulties in adjusting headquarters processes for a single office. The performance of the Joint Office needs to be evaluated and the potential of this model for application in countries with smaller programmes, analyzed properly. Other arrangements to support coordination of the United Nations system, such as thematic clusters, are also felt to offer potential in this regard.

The general view of UNCT members is that the “firewall” could be further improved

There is a need for further strengthening the “firewall” between the institutional and system-wide functions of UNDP and the Resident Coordinator system. Several options have been suggested in this regard. The GA has requested UNDP to recruit a larger number of Country Directors with responsibility, inter alia, for UNDP specific resources mobilization and programme management¹⁸. Many Resident Coordinators, however, believe it would be difficult to function without the considerable support provided by UNDP, which continues to be the backbone of the United Nations field structure. Alternative management approaches to the Resident Coordinator system would undoubtedly involve adjustment and funding challenges.

Despite advances in strengthening common ownership of the Resident Coordinator system in the DaO pilot countries, assisted by the introduction of UNDP Country Directors, UNCT members expressed reservations about the “functional firewall” according to the independent evaluation.

The UNDG approval of the M&A system has provided expanded guidance on the functioning of the Resident Coordinator and the UNCT¹⁹. Recent changes to the Resident Coordinator’s functions have also given limited additional authority to the Resident Coordinator to set the strategic direction at the country level and to allocate available pooled funding when consensus cannot be achieved in the UNCT.

There are indications, however, that the new provisions established by the undg, and as reflected in the M&A system, have not yet been systematically implemented by all United Nations entities, including some field representatives in the UNCT. For the M&A system work, it will require reciprocal implementation of commitments by all parties, the Resident Coordinator and the UNCT members as well agency headquarters. In some cases, lack of implementation of certain provisions of the M&A system may be due to the required time to implement change. Yet, it might also reflect a reluctance to implement centrally-agreed measures when their full implications at the country level are only realized later. The difficulties in communicating change initiatives through the different layers of the United Nations system may also have played a role.

This view of the performance of the M&A system is reflected in the findings of the survey of Resident Coordinators and UNCT members, where only 37 per cent felt that full implementation of the M&A system would be very effective in enhancing country-level coherence in the next four years²⁰. This reflects the perception that there is limit to country-coherence with vertical accountability overriding horizontal accountability, which was repeatedly expressed in interviews with Resident Coordinators and UNCT members in the preparation for the current report. Some United Nations entities are also of the view that appointing a Country Director or empowering a Deputy Resident Representative, while an improvement, cannot fully address the perceived conflict of interest. There is need to ensure that the implementation of the M&A system is reviewed regularly in the undg at both the regional and headquarters levels, and where it is falling short, effective measures are taken to remedy the situation.

There is need for more universal implementation of agreed decisions

Certain decisions of the GA call for the Resident Coordinator and/or the UNCT to review substantive programme and project documents of entities at the country level prior to their submission to headquarters for approval (such as GA resolution 50/120, paragraphs 41-42). These decisions do not appear to be systematically applied across UNCTs. Implementing them would advance implementation of ECOSOC's 2011 decision that United Nations organizations improve further the linkage between their specific programmes and projects and the UNDAF. Other decisions in the same resolution call for means of appraising the contribution of staff members to United Nations coordination (e.g. paragraph 37c). Current arrangements at the country level allow entity field representatives to provide input to the appraisal of the Resident Coordinator, but the latter is not positioned to reciprocate with input on their individual contributions to the functioning of the UNCT although this is envisioned in the M&A system.

(b) United Nations development assistance framework (UNDAF)

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

An assessment of the United Nations Development Assistance Framework to determine, inter alia, their alignment with national priorities, their focus on internationally agreed development goals, including the Millennium Development Goals, and the effectiveness of their process, building on the review conducted by the United Nations Development Group”.

ECOSOC resolution 2011/7 (OP 14(k))

In introducing the 1997 package of reforms to strengthen the effectiveness of the United Nations in the twenty-first century, the Secretary-General stressed the inter-linkages among peace and security, poverty reduction and sustainable development, and the promotion and respect for human rights. In response to his call for a coherent vision and strategy for a unified approach towards common development goals at the country level, the common country assessment (CCA) and the UNDAF were adopted as strategic planning instruments of the United Nations system.

The UNDAF process is essentially built on a set of tools designed to:

1. Analyze the country context (the CCA)²¹;
2. Manage strategic planning and prioritization within the United Nations at country level (the UNDAF formulation process);
3. Encourage engagement by the United Nations as a whole with the aid coordination office or other central departments of the government in the programme country (also part of the UNDAF formulation process);
4. Prevent duplication and encourage synergy among United Nations entities in the implementation of programmes and projects; and
5. Enhance reporting and accountability for results (the UNDAF results framework and review/evaluation processes during implementation).

Selected milestones since 2007

- ◆ Five UNCTs developed common country programme documents (CCPDs)
- ◆ 2010 UNDAF guidelines promote enhanced engagement of NRAs, specialized agencies and civil society in country programming
- ◆ UNDG MDG Acceleration Framework developed and tested in 10 pilot countries
- ◆ UNDG tools and methods for implementing disaster risk reduction, climate change and environmental sustainability and human rights-based approach in country programmes adopted
- ◆ UNDAF gender equality scorecard introduced

The UNDAF process is often seen as an important opportunity for the UNCT to help countries advance the implementation of internationally agreed norms, standards and development approaches agreed globally at the UN when governments prepare their national development plans and strategies. This process also offers an opportunity for the UNCT to engage in a dialogue with non-resident agencies as

well as civil society organizations, the private sector and bilateral donors on United Nations programme approaches and priorities. The UNDAF process also represents an opportunity to align the United Nations work with the priorities of the host country, building on the comparative advantage of different entities. At the same time, UNDAFs have not systematically enabled the involvement of NRAs, and some of them have provided support to programme countries aside from and supplementary to the UNDAFs.

The UNDAF has enhanced alignment of United Nations support with national development needs and priorities and the global development goals.....

More than 80 per cent of governments agree that the activities of the United Nations are generally closely aligned with national development needs and priorities. The UNDAF is generally seen as having contributed to improving the alignment. This conclusion is supported by analysis of UNDAF evaluations and the findings of the independent evaluation of the DaO and the country-led evaluations.

This finding is also consistent with results of the survey of Resident Coordinators and UNCTs, which indicate that almost all respondents agree that there is evidence that United Nations programmes are increasingly developed in response to priorities identified by the recipient country.

Governments in programme countries, regardless of income level, also see support to the implementation of the MDGs as central to the work of the United Nations, including the UNDAF process to support their national development plans and strategies.

.....and despite often limited engagement in the UNDAF process, governments value this tool

Even though the UNDAF Guidelines adopted by the UNDG emphasize national ownership as a key principle, the evidence, based on review of UNDAF evaluations and interviews with UNCT members, is generally mixed on the degree of government ownership of the UNDAF process. However, some 80 per cent of programme country governments agree that the UNDAF process has helped the United Nations system achieve better results than if each entity had planned its support separately.

.....more so than the United Nations development system itself

A majority of Resident Coordinators, 65 percent, agree that the UNDAF has helped the United Nations achieve better results than if each entity had planned its activity separately²². Far fewer field representatives of the various development entities felt that strongly²³. Thus, governments in programme countries are much more likely than UNCTs to see the UNDAF as a tool to promote coherence and reduce duplication and fragmentation of the activities of United Nations system.

The purpose of the UNDAF is continuously evolving to meet programme country demand

A review of more than 40 UNDAF evaluations, as well as analysis of UNDAF financial planning figures with actual expenditures in a sample of programme countries, suggests that the UNDAF has not served effectively as a continuous strategic planning tool. There are some recent indications, however, that this situation may be changing. For example, improvements came with the UNDG guidance of 2010, including the introduction of the UNDAF Action Plans and common budgetary framework (CBF) as an option to ensure effective implementation of the UNDAF²⁴. An increasing number of UNCTs that have

developed an UNDAF since the adoption of the 2010 guidance have selected the UNDAF Action Plan option.

In many programme countries, there has been a significant difference between the 'intended' strategy as reflected in the UNDAF document, and the 'realized' strategy, what was actually delivered by entities by the end of the UNDAF period. In only a small number of programme countries where the UNDAF has been used to manage the integration of the total support provided by the United Nations into a government's strategic planning process, has this variance between the 'intended' and 'realized' strategy been smaller. The UNDAF Action Plan, if based on a 1-year cycle and serving as a substitute for agency-specific planning instruments, could help address this variance between the 'intended' and 'realized' strategy and ensure effective implementation of the UNDAF at reduced transaction costs.

The UNDAF may therefore be more effective as a medium-term strategic framework, with results at the outcome level, than as a tool to plan outputs five years into the future. The UNDAF document could therefore be complemented by an annual action plan providing further details at the output and activity level.

The UNDAF process does provide an opportunity for having a single document both at the strategic and detailed planning levels. This modality is the 'One Programme' which is an UNDAF, an Action Plan and a Common Budgetary Framework (CBF), all in one document.

By replacing the operational documents of multiple agencies with an UNDAF/Action Plan/CBF, coherence as well as harmonization and simplification of United Nations operations would be achieved. The Action Plan is a comprehensive overview of all United Nations development operations at the country level, thus enabling increased national ownership and ensuring coherence and transparency. It is linked with the CBF, which assesses the funding requirements for the United Nations system to implement the programme. When these instruments (UNDAF, Action Plan and CBF) are implemented (in lieu of agency specific instruments), they enhance coherence and effectiveness at the country level by reducing fragmentation, decreasing competition for funds and enhancing capacity for strategic approaches.

When these instruments are implemented in conjunction with agency country programme documents, as is currently the case in most instances, then high transaction costs occur for both governments and the United Nations. These high transaction costs have contributed to a situation where 88 per cent of programme country governments believe that 'further streamlining of the programming instruments and processes' is required.

The UNDAF process has also not been particularly effective in reducing duplication of activities and competition among entities for funding. Among governments in low-income countries, some 62 per cent either strongly (26 per cent) or somewhat (36 per cent) agree to the same statement. Governments pointed out that the coherence promoted by the UNDAF needs to be carried through to the implementation stage. Many UNDAF evaluations and the DaO independent evaluation have also expressed similar concerns.

Accountability to governing bodies for UNDAF results needs strengthening

The introduction of a results focus in UNDAF and in strategic planning has been driven in part by the need to meet corporate level demands for evidence, in turn often required to meet the reporting demands of governing bodies. However, there is limited comparable demand within the United Nations, at either the corporate or governing body level, for reporting on results at the UNDAF (system-wide) level²⁵. Nor, is anybody within the United Nations accountable to governing bodies for results at the UNDAF (system-wide) level²⁶. The issue of UNDAF evaluations is further discussed later in this report.

UNCTs are increasingly exploring opportunities to reduce programmatic transaction costs.....

The general view within the United Nations system is that the introduction of the UNDAF has increased transaction costs for both the government and entities in most situations, particularly as there hasn't been any corresponding reduction in agency-specific programming processes/documents and reporting requirements.

Many UNCTs in programme countries are actively seeking opportunities to reduce such costs. More than 60 per cent of Resident Coordinators and UNCT members agree that programme measures have been introduced in the past four years to reduce the burden on the government in dealing with the United Nations system²⁷.

.....with strong support for further streamlining and harmonization of programming instruments and processes

Governments in the programme country survey were asked which measures were important to reduce the workload on national partners. Their responses show statistically strong demand for further simplification and harmonization of programming instruments and processes (see Table 1).

Table 1: Measures to reduce workload on national partners (# of governments)

	Very important	Somewhat important	Slightly important	Not important	Don't know	Not applicable
Use a single format for annual work plans	87 (80%)	15 (14%)	3	2	0	2
Use a single format for progress reports	81 (74%)	22 (20%)	2	3	0	2
Simplify UNDAF and agency country programming and planning process	71 (65%)	27 (25%)	4	3	1	3
Designate a lead agency for some thematic issues to represent common United Nations approach in country	67 (61%)	34 (31%)	8	0	0	1
Plan joint monitoring missions and evaluations when working in same	86 (78%)	19 (17%)	3	2	0	0

	Very important	Somewhat important	Slightly important	Not important	Don't know	Not applicable
thematic area						
Consolidate country presence under a single head accountable for all United Nations assistance	65 (60%)	27 (25%)	8	4	1	4

Source: Analysis of responses from survey of programme country governments (UNDESA, 2012)

Low-income countries give even higher weight to simplification and harmonization of programming instruments and processes than other programme countries.

The support for further simplification and harmonization of programming instruments and processes is also strong among Resident Coordinators and UNCT members. Some 89 per cent either strongly agree (55 per cent) or somewhat agree (34 per cent) on the need for such measures.

The above findings confirm the significant demand among both programme country governments and Resident Coordinators and UNCTs for further progress in this area. The voluntary initiative of some countries to use common country programme documents (CCPDs) that are consistent with the UNDAF is an example of such progress²⁸. In this connection, it is relevant to recall that the original concept of the UNDAF when it was introduced in 1997 was that this instrument would over time evolve into becoming a common programming document for the United Nations development system at the country level.

A number of earlier studies have recommended the simplification and harmonization of programming instruments at the country level, e.g. a comprehensive review of the role and quality of UNDAFs in 2006, which included visits to 25 programme countries²⁹ and a 2009 report based on the experience of the DaO pilot countries³⁰.

Results of streamlining programming instruments in DaO countries are mixed. The One Programme has been at the core of efforts to respond to country needs and priorities in all DaO pilot countries. However, the One Programme has posed challenges in terms of defining the right balance between strategic focus and inclusiveness, i.e. giving the pilot countries increased access to mandates and resources of funds, programmes, NRAs and other specialized agencies. The One Programme has not led to one line of accountability and this has implications for the measurement of performance, which remains primarily vertical, or within organizations.

Some DaO pilots are convinced of the added value of joint programming over joint programmes. As pilot countries have progressed towards development of common country programming documents for the entire United Nations system, their efforts have been constrained by the requirements for separate Executive Boards of funds and programmes approve agency-specific country programme documents. This made it necessary to prepare separate common country programme documents covering only the activities of the funds and programmes.

(c) Simplification and harmonization of business operations

“Encourages the funds, programmes and specialized agencies of the United Nations system to step up their efforts, in consultation with national Governments of programme countries and in accordance with their development needs and priorities, to rationalize their country presence through common premises, co-location and, where appropriate, to implement the joint office model and expand common shared support services and business units, in order to reduce United Nations overhead and transaction costs for national Governments”.

GA resolution 62/208 (OP120)

Operational efficiency and development effectiveness are linked

The rapidly growing volume of operational activities has brought increased attention of Member States and United Nations entities to the link between operational efficiency and effectiveness of programme delivery. More efficient business practices, particularly in the form of common services at headquarters and country level, are expected to positively impact the costs and quality of programme delivery for the benefit of programme countries³¹, freeing more resources for programmes compared to support activities.

Selected milestones since 2007

- ◆ Agency approval of use of long-term agreements in the area of procurement
- ◆ Introduction of standardized MOUs for common services
- ◆ Shared ICT infrastructure introduced in several programme countries
- ◆ HACT in process of implementation in some 96 programme countries
- ◆ Number of UN houses and common premises increased significantly

The Secretary-General’s Five-Year Action Agenda for the period 2012-2016 as a result accords high priority to further progress in the harmonization of business practices.

The findings of the survey of the programme country governments confirm the need for improving overall efficiency of the United Nations development system. Some sixty governments also offered comments on the topic of ‘efficiency’. Many repeated the comments they had already made under the headings of relevance and effectiveness. 28 of the comments referred to United Nations reform initiatives including DaO, UNDAF and measures to harmonize procedures and reduce duplication etc. The next most frequently mentioned topic was national ownership, under which 19 governments called for closer consultation between the United Nations and the Government in the planning and implementation of programmes, closer alignment with national priorities, and more support for aid coordination. The third topic, mentioned 18 times, was capacity development, particularly greater use of country systems. Other topics mentioned at least five times were better monitoring and evaluation, and more transparency (including regular reporting).

Considerable work has already taken place

Following the adoption of GA resolutions on the triennial comprehensive policy review in December 2004 and 2007, the United Nations system introduced a wide range of system-wide change measures to harmonize and simplify business practices at headquarters and country levels. In the area of business operations, initiatives have been undertaken through the activities of UNDG and the High-level

Committee on Management (HLCM) working mechanisms and the HLCM Plan of Action for Harmonization of Business Practices.

Since the 2010 joint High-level UNDG-HLCM Mission, the two bodies have increased their cooperation through more effective coordination and distribution of workload along different functional areas of the various working groups. In addition, the HLCM and DOCO have supported the provision of a number of training workshops managed by the United Nations System Staff College (UNSSC).

.....demonstrating lasting efficiency gains and cost savings is the next step

The DaO and other selected programme countries have shown results in the planning and execution of various measures, supporting the harmonization and simplification of business practices in the areas of human resource management, finance, administration, procurement and information and communications technology (ICT). Notwithstanding the efforts towards the harmonization of business practices, there has been limited success in conducting accurate cost-benefit analyses, including reliable and credible measurement of efficiencies and cost reductions, as well as putting in place sustainable management of the new initiatives. This has been highlighted in the independent evaluation of the DaO and is supported by the results of a survey of Operations Management Teams (OMT) in 105 programme countries conducted in preparation for this report.

In the context of its Plan of Action for the Harmonization of Business Practices, the HLCM supports projects in different functional areas of business operations, including the establishment of common treasury services and the harmonization of human resources recruitment processes at the country level. This initiative builds on a comprehensive review and comparison of human resources policies and procedures in the United Nations system.

The establishment of harmonized business practices at the country level is driven by the notion that interagency rationalization of business operations services and the implementation of common services in particular will lead to increased efficiency and freeing resources for programme activities. In this connection, common services would typically be based on feasibility studies and interagency agreements aiming to regulate the service provision, agency participation and cost-sharing arrangements.

According to the survey of OMTs, some 54 per cent of UNCTs reported cost reductions as the result of harmonization of business practices. In addition, about 60 per cent of UNCTs reported moderate to significant non-monetary gains, such as enhanced quality of services, better supplier relations and reduced time spent on specific business processes. These findings concur with earlier analysis conducted by the HLCM Procurement Network, as well as the lessons learned from the DaO evaluations.

The results of the survey, however, show that most common services have not been based on an assessment of the financial feasibility, the projection of cost savings, the implementation of relevant interagency agreements or the establishment of common long-term agreements (LTAs) with local suppliers and service providers (See Figure 2).

Figure 2 - Top five and bottom five harmonized business practices/common services

Common Services	Common service in place	Interagency MOU in place	Common LTA in place	Cost-benefit analysis conducted	Cost savings calculated	None of those steps
Security services	86.7%	37.1%	33.3%	17.1%	10.5%	26.7%
Travel services	76.2%	22.6%	51.0%	24.5%	16.7%	25.5%
Medical services	72.4%	33.0%	9.7%	11.6%	6.8%	47.6%
Cleaning services	59.1%	23.7%	29.7%	13.8%	10.8%	47.5%
Banking services	51.4%	9.7%	22.3%	15.5%	12.6%	55.3%
⋮	⋮	⋮	⋮	⋮	⋮	⋮
Newspaper advertisement	11.4%	1.0%	3.1%	0.0%	1.0%	94.8%
Editing services	10.5%	2.1%	6.2%	1.0%	2.1%	91.2%
Common vendor for ICT software	10.5%	3.2%	3.2%	4.3%	2.1%	89.4%
Vehicle purchase	5.7%	2.1%	3.1%	0.0%	0.0%	94.8%
Fleet management	4.8%	3.1%	2.1%	1.0%	0.0%	95.8%
Harmonized Job descriptions	3.8%	2.0%	N/A	2.0%	1.0%	94.8%

Source: Analysis of responses to survey of Operations Management Teams in programme countries (UNDESA, 2012)

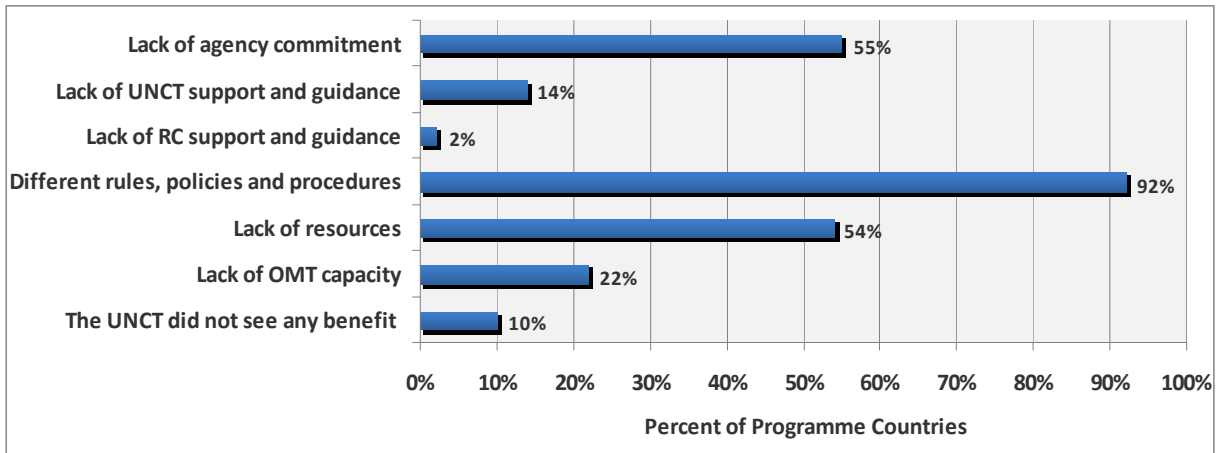
Capacity limitations in operations management constrain further change

The experiences in the DaO pilot countries have shown that the successful implementation of harmonized business practices requires additional and different capacity in the OMTs than currently available in most countries. This includes expertise in business planning, calculation of financial feasibility, contract management and change management. In most cases, the coordination work required is in addition to agency-specific responsibilities. Individual staff members participate in working groups in addition to their full time jobs, leading to long working hours and shifting priorities³².

Furthermore, entity representation in the OMT in many programme countries remains low, and staff members are often not authorized to fully represent their agencies, including speaking and deciding on their behalf. The results of the survey of OMTs support these findings. Of the OMTs in the 105 programme countries that responded to the survey, 55 per cent answered that the lack of agency commitment hinders the harmonization of business practices at the country level, followed by lack of resources (54 per cent) and lack of OMT capacity (22 per cent). The last point – the weak capacity of the OMTs – was also highlighted in the report of the High-level UNDG-HLCM Mission in March 2010.

The lack of agency commitment has been seen as a result of the existence of different, agency-specific business models and related policies and procedures and the resulting prioritization of the vertical accountability of agency representatives towards their headquarters over an interagency approach at the country level. In addition, the often limited capacity of OMTs hinders the development of business solutions presenting clear evidence of the financial feasibility, efficiency gains and quality in service delivery for each participating agency (see Figure 3).

Figure 3 – Hindrances to harmonizing business practices in programme countries



Source: Analysis of responses to survey of Operations Management Teams in programme countries (UNDESA, 2012)

Capacity development remains one of the most critical parts of a strategy ensuring the successful implementation and management of sustainable common services at the country level. For this reason, the UNDG and HLCM established a partnership with the United Nations System Staff College (UNSSC) which designed and conducted a series of trainings aiming to increase the capacity of OMTs to assess, plan and implement common services. According to the UNSSC, more than 200 staff, many of whom in senior management positions, from over 50 programme countries have been trained in business operations workshops since 2010.

.....other opportunities and approaches exist

In accordance with the results of the global web-based survey, 92 per cent of the OMTs, which completed the survey, confirmed that different regulations, policies and procedures are amongst the main reasons hindering harmonization of business practices at the country level.

Best practices and lessons learned from a number of programme countries, however, show that it is possible and often feasible to engage in the harmonization of business practices despite the existence of agency-specific policies and procedures. Many common services at the country level do not necessarily require the harmonization of agency-specific policies and procedures and can be successfully managed by an identified lead agency or through the establishment of an interagency business centre. Therefore, while the continuous existence of different agency-specific regulations, policies and procedures presents a significant challenge for the effective harmonization of business practices, solutions have been developed at the country level showing that significant efficiency gains are possible through the implementation of common services. Using their specific policies and procedures, selected lead agencies provide common services at cost to the entire United Nations system at the country level.

In preparation for the 2012 QCPR, the feasibility of different business models has been tested by simulating the implementation of 20 selected common services at the country level. The comparative analysis has shown that the effective implementation of common services always leads to significant efficiency gains and savings for the participating United Nations entities. Through the establishment of

common LTAs with local suppliers and service providers, transaction costs for procuring goods and services are reduced by an average of about 75 per cent³³. Depending on the business volume in respective programme countries, price reductions through the implementation and management of common LTAs can result in annual savings of several million USUS\$ for the United Nations entities in one programme country alone³⁴.

Depending on the total volume of business transactions with local suppliers and service providers, either the provision of common services through a lead agency model or the establishment of an interagency business centre could best serve to manage all common services. The establishment of an interagency business centre seems feasible where the annual turnover of accumulated transactions in common services would require the employment of specialized full-time staff. The business centre model is based on a full cost recovery principle and would be mandated to ensure the establishment and sustainable management of common services. The implementation and management of common services through the establishment of a business centre would considerably reduce coordination costs and enable United Nations entities at the country level to further rationalize their own operations functions.

..... including rationalization of business practices internal to entities

To enable harmonization of business practices, interagency collaboration in enterprise resources planning (ERP) system has been repeatedly recommended throughout the United Nations reform process. While this should remain a relevant long-term goal, agencies continue to improve their existing individual ERP systems or undertake large investments in the development of new agency-specific ERP software without systematic consideration of the need for system-wide consistency.³⁵

Despite the continued existence of different ERP systems and agency-specific regulations, policies and procedures, the investment in the rationalization of business practices within agencies can yield significant efficiency gains, contributing to more effective programme delivery and savings at the country level. While the ERP system collaboration remains a relevant goal, potentially much greater benefits may be realized by achieving economies of scale and a degree of specialization pursuant to decisions made at headquarters level. Common services provided as a result of these decisions could be performed by agencies in sub-regional, regional and global service centres on behalf of the entire United Nations system.

..... but capacity development is one of the most critical parts

Strengthening leadership in change management, ensuring accountability and establishing the most supportive organizational structures at the country level to manage harmonized business practices should be an integral part of the work of the UNDG and HLCM. The DaO countries and a number of other programme countries have piloted many feasible business solutions in various areas of business operations. Follow-up could include the development of a concrete change management strategy for the development and implementation of optimal business solutions. The change management strategy could include expansion of common procurement practices and the development and implementation of robust results-oriented monitoring, evaluation and system-wide reporting.

Efficiency gains in the delivery of business operations support services can be expected to have a direct impact on the quality and effectiveness of programme delivery, as most programmes depend on the successful and timely provision of procurement services, human resources administration, communication technology and other administrative functions. The continuous investment in the simplification and harmonization of business practices can therefore be seen as an integral part of the partnership between the host government and a well-coordinated United Nations system at the headquarters and country level.

(d) Cost of coordination

“Invites the United Nations Development Group to conduct a review of existing funding modalities in support of the resident coordinator system, including appropriate burden-sharing arrangements among relevant United Nations organizations, making recommendations to improve the provision of resources and support to the resident coordinator system at the country level, to be reported by the Secretary-General to the Economic and Social Council”.

ECOSOC resolution 2011/7 (OP 8)

The General Assembly, in resolution 62/208 requested the Secretary-General to report on an annual basis to ECOSOC on the functioning of the Resident Coordinator System, including costs and benefits. This request was made as the GA took note that *“...coordination activities, while beneficial, represent transaction costs that are borne by both programme countries and the organizations of the United Nations system...”*

As part of the preparations for the 2011 funding report of the Secretary-General (A/66/79), UNDESA studied the costs and benefits of coordination of operational activities for development of the United Nations system. This analysis was focused particularly on the cost side, as estimating benefits is a more complex undertaking.

The annual cost of coordination of the United Nations development system was estimated at some US\$237 million or about 3 per cent of country programmable resources in 2009. It is also important to mention that coordination costs are overwhelmingly concentrated at the country-level, with those at headquarters and regional levels miniscule in comparison³⁶.

It is reasonable to assume that benefits of coordination exceed the costs

The conclusion from the above is that the costs of coordinating the United Nations development system remain small compared to the total value of country programmable resources. There is some evidence that the United Nations system needs to devote more resources for coordination. At the same time, there may be scope for realizing savings by streamlining the processes for preparing, monitoring and reporting on UNDAFs and country programmes.

Burden-sharing of coordination costs

In resolution 2011/7, ECOSOC *“invited UNDG to conduct a review of existing funding modalities in support of the resident coordinator system, including appropriate burden-sharing arrangements among*

relevant United Nations organizations, and make recommendations to improve the provision of resources and support to the resident coordinator system at the country-level, to be reported by the Secretary-General to the Economic and Social Council.

This study is currently ongoing and a draft report is expected in late June prior to the substantive session of ECOSOC.

It is relevant to mention in this context that UNDG member organizations have agreed in principle to contribute to funding the Development Operations Coordination Office (DOCO). The UNDG Advisory Group recommended utilizing the CEB formula for this purpose, while agencies should be able to choose from a menu of funding options, based on needs and means, including un-earmarked contributions, earmarked contributions for specific posts or functions and other modalities³⁷. There is a clear need for developing some mechanism to ensure that burden sharing really happens throughout the system.

(e) Transition countries: *the challenge of coordination and coherence*

“Requests the organizations of the United Nations development system to strengthen interdepartmental and interagency coordination in order to ensure an integrated, coherent and coordinated approach to assistance at the country level, which takes account of the complexity of challenges that countries in those circumstances face and the country-specific character of those challenges”.

GA resolution 62/208 (OP81)

United Nations has a major role to play in transition countries.....

While the concepts of relief and development have evolved since the 2007 TCPR, the most universally contested aspect of the term “transition from relief to development” relates to the implied understanding of transition as a “continuum”. Countries in transitions are complex environments in which linear progression from one set of activities to another is difficult to achieve, if not impossible. Complex processes in transition settings simply do not progress linearly; such contexts are characterized by unpredictable shocks, weak institutions and may be vulnerable to regional economic and political distortions, creating highly unpredictable environments. Humanitarian assistance and development-related activities may be required simultaneously to cope with different yet overlapping needs. Expectations of a linear progression betray the reality of complex and fragile settings, and can lead to unrealistic timeframes with unintended, negative consequences.

- | Selected milestones since 2007 | |
|---------------------------------------|--|
| ◆ | Post-conflict needs assessment toolkit developed in partnership with the World Bank and other partners |
| ◆ | UNDAF guidelines revised to provide enhanced guidance to UNCTs in transition countries |
| ◆ | Enhanced HQ support to Resident Coordinators in transition settings |
| ◆ | Strengthened cooperation with the Peacebuilding Support Office |

The 2007 TCPR recognized “that the United Nations development system has a vital role to play in situations of transition from relief to development”. The 2009 Secretary-General’s Report on Peacebuilding in the Aftermath of Conflict was the most prominent articulation of a response to this element of the TCPR resolution, setting out a clear agenda for the work of the organization in post-conflict settings. The report provides both substantive and process-related guidance, identifying five key

areas for prioritization where coherence and coordination are most needed: (a) fragile settings, including: basic safety and security; (b) political processes; (c) provision of basic services; (d) core government functions; and (e) economic revitalization.

Similarly, the Secretary-General's Report on Women's Participation in Peacebuilding in 2010 underscored the essential role that women play in this transition period. The report sets out a 7-point action plan to ensure that gender equality is a realistic goal at the critical moment after conflict.

More recently, the Secretary-General, in his Five-Year Action Agenda, has identified support to nations in transitions as one of the top five priorities for the United Nations for the period 2012 to 2016.

The TCPR and these various processes have marked the recognition of the need to respect national ownership and leadership in situations of transition from relief to development, and to build on existing national capacities as much as possible.

2007 TCPR placed strong emphasis on enhancing support and system-wide coordination and coherence.....

Promoting internal coordination, both within and between agencies in transition countries was an important priority of the 2007 TCPR resolution, requesting the United Nations development system to take measures, in line with guidance provided by Member States, "that further strengthen the coherence, relevance, effectiveness, efficiency and timeliness of operational activities of the United Nations development system in countries in transition from relief to development".

A large number of policies targeting internal United Nations coordination had already been developed prior to the 2007, so the TCPR sought to build upon and refine those policies, some of which were in the implementation phase. Particularly foundational was the Report of the Secretary-General's High-level Panel on System-wide Coherence in 2006 and the Guidance Note on Integrated Missions, also in 2006. The former emphasized "One UN" as a driving concept for overcoming fragmentation of the United Nations system at both headquarters and country level. The latter report emphasized the evolving nature of the integrated mission concept, seeking to provide additional clarity on roles and responsibilities within complex, multi-dimensional missions.

The Secretary-General's 2008 Decision on Integration added extra impetus to the promotion of the system-wide coherence and coordination agenda. This Decision also established an 'Integration Steering Group' convened by the Department of Peacekeeping Operations to help ensure the implementation of the integration principles and mechanisms, including instruments such as the Integrated Strategic Frameworks (ISFs), and Integrated Mission Task Forces and align mission planning processes with existing United Nations system planning tools and other relevant country processes such as the UNDAF, Common Humanitarian Action Plan (CHAP)/Consolidated Appeals Process (CAP), PRSPs, and results-based budgeting (RBB).

Overall, providing adequate and rapid support to Resident Coordinators and UNCTs in situation of transition from relief to development is also essential. This has been reaffirmed by ECOSOC which called for broadening and enhancing such system-wide support and invited undg to develop standards for the

type and level of staff and operational support to be provided to UNCTs, especially in transition situations.

In the area of planning, and as a direct follow-up to the recommendations of the 2007 TCPR, the UNDAF guidelines were revised by UNDG with regard to making this important programming instrument conflict-sensitive and a package of specific support to UNCTs was introduced in this regard. Also, a post-conflict needs assessment toolkit was developed in cooperation with the World Bank and other partners.

Since the 2007, efforts to make the joint declaration on post-crisis response between the United Nations, the World Bank and the European Union operational have been intensified. The support to UNCTs/RCs in transition settings was also broadened and system-wide support was provided for development of Integrated Strategic Frameworks and the cooperation of the United Nations development system with the Peacebuilding Support Office and the Peacebuilding Commission has been strengthened since the 2007 TCPR.

.....but enhancing country-level coherence remains work-in-progress

A review of various studies and evaluation reports in preparation for this report, as well as interviews with UNCT members, suggests that the strengthening of coherence in transition countries remains work-in-progress. This is supported by the findings of the survey of Resident Coordinators and UNCT members³⁸. Only 22 per cent fully agree that integration of the peacekeeping mission or political office and the UNCT has enhanced coherence at the country level, while 44 per cent somewhat agree³⁹. When Resident Coordinators and UNCT members are asked whether integration has contributed to the effectiveness of United Nations support to peace consolidation in the country, some 62 percent agree and 38 per cent disagree.

Regarding whether UN support is fully supportive of national ownership, the views of governments on coherence efforts in integrated mission countries/areas are also generally mixed. For example, some 70 per cent of governments that responded to the survey tend to agree only somewhat that the UNDAF/Integrated Strategic Framework is effectively aligned with national development needs and priorities.

There is some evidence however that United Nations cooperation with the World Bank in countries/areas where the principle of integration applies, is improving. For example, about 90 per cent of governments were inclined to agree, rather than disagree, that cooperation between these two organizations has improved in the past four years. Governments in the integrated mission countries/areas are generally more positive about improvements in cooperation between the United Nations and the World Bank than programme countries in general. The most notable development in this regard since the 2007 TCPR is the United Nations-World Bank Partnership Framework for Crisis and Post-Crisis Situations, signed in 2008. The agreement recognizes the opportunities for partnership between these two major actors, with a particular focus on joint assessments and pooled funds, through the use of fiduciary agreements to allow inter-operability of disbursements. The 2011 World Development Report of the World Bank also underscored the need for closer partnership between the

United Nations and World Bank in key areas, and advocated for greater and more effective use of tools such as the MDTFs as a way to allow for more flexible coordination between different actors.

PART IV: PROGRESS IN ENHANCING DEVELOPMENT EFFECTIVENESS

The central purpose of development cooperation of the United Nations system is to contribute to the development of national capacities in programme countries. This means that development operations of the United Nations system must be responsive to national development plans, policies and priorities, the only viable frame of reference for programming operational activities for development.

This section aims to focus on the impact of the work of the United Nations development system at the country level with focus on capacity building and development, gender equality and women's empowerment, South-South cooperation and the regional dimension of development. In addition, this section reviews progress since the 2007 TCPR in strengthening results-based management and planning and evaluation in the work of the United Nations development system, both critical elements for enhancing development effectiveness of operational activities.

(a) Capacity-building and development

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

A review of progress made by the United Nations development system to ensure national ownership and leadership of United Nations operational activities, including through the use of national administrative systems and the identification of further steps in that regard”.

ECOSOC resolution 2011/7 (OP 14(c))

National capacity building is an essential part of operational activities.....

In successive TCPR resolutions, the GA has consistently underlined the importance of strengthening national capacities and, as part of that effort, providing coherent United Nations system support and making optimal use of existing national capacities and systems. Adequate capacities are critical for country ownership and leadership.

Selected milestones since 2007

- ◆ UNDG capacity assessment methodology and toolkit introduced
- ◆ UNDG reference guide for better aid launched
- ◆ UNDG capacity development network established

In response to these TCPR resolutions, UNDG has made capacity development one of its priorities. Among others, and since 2002, the UNDG has called in its CCA/UNDAF guidelines for “capacity gaps” to be identified as part of the country analysis process and to be addressed through the cooperation planned under the UNDAF. A further step was taken with the 2007 CCA/UNDAF guidelines, which identified capacity development as one of five “interrelated principles that must be applied at country level”. The 2007 guidelines reflected the newly-issued *UNDG Position Statement on Capacity Development*, which stated that “capacity development is the central thrust and main benefit of UNCT cooperation. For there to be national ownership, capacity development should take place within the national development framework and it should respond to national

capacity assessments and capacity development strategies". The Guidelines also defined capacity as "the ability of people, organizations and society as a whole to manage their affairs successfully", and capacity development as "the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time".

The 2007 CCA/UNDAF guidelines contained numerous indications on how to address capacity development; for example, including a section on "High-quality analysis" and 'capacity assessment'. Further progress was made by UNDG in 2008, with the issuance of a 'User Guide' on capacity assessment, which included methodologies for assessing capacity assets and needs, and for designing capacity development strategies. The key elements of the User Guide were reflected in the 2009 and 2010 editions of the CCA/UNDAF guidelines.

This notwithstanding the weakness of national capacities and systems continue to be cited as one of the most challenging development issues in most developing countries. The reasons for these may include inadequate investments, attrition in existing human and institutional capacities due to poor maintenance, natural and other factors such as disease and overload of existing capacities and in general the imbalance in the pull and push factors related to human resources.

As a result of enhanced policy and guidance work by the UNDG, collaboration on capacity development among the United Nations system organizations is increasing, especially in the context of the country analysis, the UNDAF, DaO processes and joint programmes, including those supported by the Millennium Development Goal Achievement Fund (MDG-F). The trend is also promoted by the 21 other countries which have voluntarily adopted the DaO approach⁴⁰. The participation of non-resident and specialized agencies in capacity development activities is also increasing.

It is also inherently difficult to evaluate the impact of capacity development initiatives. Results have to be visible in the short term, in order to sustain political commitment. But they also should be long term and relate to deep changes at the society, institutional and individual levels, and actual progress on development objectives. Finally, a continuing difficulty is to develop and comply with an exit strategy. These challenges are also faced by the broader development cooperation community.

There is scope for further improvements in the use of national capacities and systems

Nearly all governments were inclined to agree, rather than disagree, with the statement that the United Nations has been effective in developing national capacities. At the same time, the survey of programme countries suggests that the achievements of the United Nations development system in regard to capacity development did not seem to meet the expectations.

Of the 111 respondents, 76 governments took the opportunity to offer additional suggestions. Many of these comments called for greater efforts to be made to strengthen national capacities, and better use to be made of national institutions. Capacity development was one of the three most frequently chosen areas from a list of ten suggested ways the United Nations might make itself more effective.

Some 73 per cent of CSO respondents also indicated that it was very important that the United Nations pay more attention to the development of national capacities.

The survey also asked governments in programme countries about the extent to which United Nations entities have used national capacities and systems “as much as possible”. Out of 110 countries, only one-third strongly agree that United Nations entities have used national experts and institutions as much as possible in the design of programmes and projects. Moreover, only about 10 per cent of the governments agree that United Nations entities use national procurement, financial, monitoring and reporting systems, or national evaluation capacities “as much as possible” in order to achieve good results. The results were similar regardless of the income level of the country.

The intention of the ‘Harmonized Approach to Cash Transfers’ (HACT), introduced by UNDG in 2005, was to enable a more differentiated approach to be taken at the country level while also building related national capacities⁴¹. The responses to the RC-UNCT survey suggest that HACT has been successfully applied in some countries, while overall HACT implementation has been uneven. Finally, the independent DaO evaluation found that the use of national systems by the UNCTs in pilot countries has not been consistent. While some UNCTs have made considerable progress, others have taken limited steps forward. The use of HACT and of national systems have been important components of revised approaches in DaO pilot countries, intended to both enhance national ownership and contribute to reduced transaction costs.

The use of national systems and capacities also present another challenge related to managing risks and accountability. This makes a strong case for more solid investments by the United Nations system in building national capacities and systems as a prelude to their more effective utilization in ways that do not compromise programme delivery and accountability.

In light of this, the development of a results framework to measure the United Nations capacity development efforts, as mandated by the TCPR, would be important.

(b) Gender equality and women’s empowerment

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

A review of progress at the country level in improving coordination on mainstreaming gender equality and the empowerment of women in United Nations system operational activities”.

ECOSOC resolution 2011/7 (OP 14(j))

Programme countries view United Nations support to gender equality as a high priority

The knowledge and understanding of the requirements for effective gender mainstreaming within the United Nations system has increased in large measure since the 2007 TCPR⁴². The establishment of UN Women has been an important milestone in this regard. The Secretary-General has also declared gender equality and women’s empowerment as a priority for his 5-Year Action Agenda.

United Nations entities have also gained valuable experience in implementing several gender mainstreaming instruments, such as (i) the system-wide policy on gender equality and the empowerment of women endorsed by the CEB in 2006, (ii) the system-wide action plan (SWAP) facilitated by UN Women⁴³, (iii) the country team performance indicators for gender equality and the

empowerment of women (Gender Scorecard)⁴⁴ and (iv) the gender marker, a tool to track allocations to gender equality⁴⁵.

In the survey of programme countries, some 81 per cent of governments consider the promotion of gender equality as one of the organization's most important areas of work. Some 73 per cent of CSOs working closely with United Nations entities at the country level are of the same view.

The most important lesson learned in this area since the 2007 TCPR is that gender equality considerations must be embedded in the organizational thinking and culture: that gender mainstreaming should be seen as contributing to, rather than competing with, other substantive priorities; and that the success of gender mainstreaming must be able to be judged by its results.

The establishment of UN Women in January 2011 with its mandate to lead, coordinate, and promote the accountability of the United Nations system, is expected to reinvigorate the implementation of the gender equality and women's empowerment agenda within the organization in the next QCPR cycle. At the same time, it is the responsibility of all United Nations entities to strengthen their capacity to promote gender equality. Indeed the creation of UN Women should strengthen the resolve of the United Nations in addressing gender equality and the empowerment of women in its work.

It is worth noting that UN Women has already achieved concrete results such as the development and adoption of aforementioned SWAP and it has provided support in the development of gender equality policies in United Nations organizations such as the FAO, IFAD, ESCAP, ESCWA and UNCDF.

Selected milestones since 2007

- ◆ Establishment of UN Women
- ◆ Mandatory reporting by Resident Coordinator system on progress in gender mainstreaming
- ◆ The number of UNDAFs with gender-related outcomes increasing
- ◆ Adoption of system-wide action plan on gender equality and women's empowerment
- ◆ Gender equality scorecard rolled out in 20 programme countries

However, the effectiveness of the gender mainstreaming approach within the United Nations system remains hampered by several factors, such as lack of leadership commitment, weak accountability for results, limited staff capacity, limited knowledge, insufficient financial resources and undeveloped reporting systems.

A recent review of the use of the Gender Scorecard, for example, indicates that no UNCT is meeting the average target for gender mainstreaming, with the strongest performance in the area of planning and programming, but limited progress when it comes to gender budgeting, accountability, monitoring and evaluation and partnerships.

The establishment of a causal link between gender mainstreaming efforts and results in enhancing gender equality and the empowerment of women at the country, regional and global level, also remains a challenge, due to undeveloped performance management systems within the organization, an issue that is further discussed later in this report. This limitation appears to derive both from the general weakness in the application of results-based management principles and methods within the United Nations system, and the specific difficulties in defining gender-related outputs and indicators in complex integrated programming. Nevertheless, it appears that programmes with a specific focus on women are

more likely to use sound results-based management techniques and score better against performance standards than those where gender is one part of a broader initiative.

(c) South-South cooperation

“Reaffirms the increased importance of South-South cooperation, and in this regard, encourages the funds, programmes, specialized agencies and other entities of the United Nations system to mainstream support to South-South cooperation and triangular cooperation to help developing countries.....”.

GA resolution 62/208 (OP 48)

South-South cooperation is experiencing strong growth.....

The period under review witnessed continued growth of South-South cooperation. In 2010, South-South cooperation is estimated to have been between US\$ 13.0 billion and US\$ 14.8 billion. South-South cooperation from a number of major providers is estimated to have increased in 2011⁴⁶. Triangular cooperation also gained significant momentum, with increasing engagement of multilateral institutions. Six United Nations agencies have played a visible role in promoting triangular cooperation, by providing capacity building most notably in the areas of food security, environment and health⁴⁷.

Selected milestones since 2007

- ◆ IFAD has signed six South-South cooperation agreements in Southern Common Market
- ◆ UNDP has established strategic partnership frameworks with Brazil, China and Turkey
- ◆ FAO has signed 45 tripartite agreements on South-South cooperation and fields over 1500 experts
- ◆ UNIDO has established centres for industrial cooperation including a centre for renewable energy and energy efficiency in Cape Verde
- ◆ UNICEF has issued guidance to staff on South-South cooperation

In 2008, the Secretary-General, through his Policy Committee, laid out a vision to mainstream support to South-South cooperation in corporate policy instruments and strategies of United Nations entities. The 2009 UNDG guidelines for the preparation of UNDAFs and the UNDG priorities for 2010-2011 both included South-South and triangular cooperation as vehicles for national capacity development. On the urging of the High-level Committee on South-South Cooperation, a related framework of operational guidelines on South-South and triangular cooperation has been prepared with a view to enhance the mainstreaming of this approach in United Nations operational activities for development. When decided by the High-level Committee, these guidelines will need to be followed up by UNCTs.

The above system-wide policies have spurred active responses by individual entities. South-South and triangular cooperation is reflected in 15 recent annual reports and 17 medium-term plans of United Nations entities. A survey conducted by the Joint Inspection Unit (JIU) in 2011 also confirmed that 17 out of 20 United Nations entities have legislative mandates on South-South cooperation. Thirteen organizations had programmes and/or projects identifiable as support to South-South cooperation either at the global, regional or national level, whereas six organizations had South-South cooperation subsumed under their regular technical cooperation programmes. Many United Nations organizations and agencies have designed web-based platforms to facilitate South-South exchanges of knowledge and experience.

.....but South-South cooperation is not yet a significant element of country-level programming

However, some global guidelines remain to be translated into concrete action at the country level. A JIU evaluation showed that out of 109 UNDAFs, 17 explicitly referred to South-South cooperation and five had a specific South-South cooperation-related outcome. Six out of 24 UNDAFs starting in 2010 made reference to South-South cooperation.

Capacity and resource constraints partially account for the insufficient support to South-South cooperation. Three out of 20 United Nations entities have a dedicated unit at headquarters dealing principally with South-South cooperation issues. In most United Nations organizations, it is not easy to identify staff and resources, particularly core funding, dedicated to South-South cooperation. According to the JIU survey, a total of US\$100 million non-core funding was reportedly used for financing South-South cooperation activities by United Nations entities in 2010, accounting for less than 0.5 per cent of total expenditures on operational activities for development.

United Nations organizations are also confronted with operational barriers to execute projects supported by South-South cooperation providers. South-South cooperation is tied by some countries to procurement and use of expertise of pivotal countries, whereas the rules and regulations of United Nations entities in some cases rule out that possibility.

The aforementioned limitations may have led to some perceptions among programme countries that the United Nations is not the most relevant partner in facilitating South-South and triangular cooperation. According to the survey of programme countries, less than half of governments considered the United Nations to be of significant relevance in advancing such cooperation.

There is considerable potential for United Nations organizations to programme South-South peer learning, and the cross-border provision of sub-regional and regional public goods, into their operational activities for development. Some 90 per cent of programme country governments saw the United Nations most relevant in the area of strengthening national capacity for policy and strategy development. Most governments also consider the United Nations as a significant partner in providing advice on development policies and strategies and providing up-to-date knowledge and technical expertise.

South-South cooperation has proved to be an effective channel for capacity building, sharing of knowledge and technology transfer and in fostering regional integration. Strengthening South-South cooperation could help the United Nations elevate the relevance of its support in these areas. South-South cooperation therefore needs to be turned into a modality for regular, day-to-day, programming and implementation when it comes to operational activities for development of the United Nations system. South-South cooperation could also in many ways inform the traditional development cooperation.

There is considerable potential for United Nations organizations to programme South-South peer learning into their operational activities for development. Countries visited during the QCPR process highlighted growing demand for the United Nations to facilitate peer learning thanks to its universal presence and political neutrality. Areas for peer learning range from practical procedures for business

facilitation to institutions for microfinance, private sector and entrepreneurship development, and capacity building and public sector reforms.

At the same time, the report of the Joint Inspection Unit pointed to the need for the United Nations system to engage in more strategic thinking on policies and financing mechanisms of South-South cooperation. Another important conclusion of the report was that the current institutional framework related to South-South cooperation should be reinforced. Towards that end, draft operational guidelines on mainstreaming South-South and triangular cooperation in United Nations operational activities for development are currently under discussion in the High-level Committee on South-South Cooperation.

An important message of the present report is that the time has come for United Nations entities to transform South-South cooperation from an issue of special attention into a modality for regular, day-to-day, programming and implementation of the system-wide operational activities for development.

(d) Regional dimension of development

“Recognizes, in regard to the functioning of the United Nations development system, the importance of aligning regional technical support structures and the regional bureaux to provide support to the United Nations country teams including enhanced technical, programme and administrative support.....”

GA resolution 62/208 (OP 109)

The regional dimension of development has gained prominence as a critical building block for enhanced global governance arrangements and providing the vital link between global frameworks and the national level. This is clear from the fact that many of the key policy actions and agreements to address the impact of the multiple crises were initiated at the regional and sub-regional levels, supported by regional organizations and groupings which have evolved as important players in determining the development agenda at all levels.

Though the United Nations has been partnering with these regional institutions and processes to a certain extent, the system, led by the regional commissions, needs to reflect further on its repositioning to ensure more effective interaction with the new regional development architecture. An independent study commissioned by the regional commissions on the "Regional Dimension of Development and the UN System" offers good insights and proposals in this regard (www.un.org/regional commissions). Possible steps would include the development of a regional development strategy and stocktaking of United Nations engagement with regional organizations. Member countries of regional commissions have welcomed the study.

The TCPD emphasized the need for United Nations agencies to strengthen cooperation at the regional level. The ECOSOC-mandated regional coordination mechanisms (RCMs) and the regional UNDG teams, chaired by the regional commissions and UNDP, respectively, constitute the main instruments for United Nations coordination at the regional level. The RCMs focus on policy, normative and analytical work and regional and sub-regional programming. The regional UNDG teams provide strategic direction, programmatic advice and oversight, technical support, quality assurance and advice (QSA) to Resident Coordinators and UNCTs, especially on the UNDAF and joint programmes, performance management and trouble shooting.

RCMs and regional UNDG teams can support and strengthen each other's work through a two-way interaction. For example, the outcome of the policy coherence work of the RCMs can be conveyed to regional UNDG teams to inform their country-level actions; and the respective elements of regional and sub-regional frameworks can be integrated into UNDAFs in support of country development agendas. The regional UNDG teams can bring national policy experiences to the RCMs from which lessons can be drawn. These lessons can feed new normative/analytical work, and lead to enhanced policy convergence at the regional level. This is an area with a further potential for improvement.

Linkages with the Resident Coordinator system remains work-in-progress

The linkages between the two regional support mechanisms and the Resident Coordinators and UNCTs at the country level remain work-in-progress as reflected in the surveys of programme country governments and Resident Coordinators and UNCTs respectively.

Half of governments in programme countries feel that enhancing regional and sub-regional cooperation should be accorded higher priority in the work of the United Nations at the country level. Of Resident Coordinators and UNCT members, 12 per cent consider the regional UNDG teams to have been very important in promoting country level coherence in the past four years, while 18 per cent say they have not been important at all. Furthermore, 20 per cent of Resident Coordinators and UNCT members feel that providing the regional UNDG teams with greater resources would be very important for enhancing coherence in the next four years, compared to 52 per cent in favor of enhanced support to RCOs at the country level. Some 16 per cent of Resident Coordinators and UNCT members feel that providing greater resources to the UNDG regional teams would not be important at all. In a survey of UNCT members conducted for the review of the UNDG Management and Accountability study, some 18 per cent of UNCT members reported receiving "consistent support from regional UNDG teams on programme and operations issues", whereas 48 per cent agreed that such support was provided to some extent and 34 per cent not at all. According to a recent UNDP survey of Resident Coordinators/Resident Representatives, some 16 per cent of respondents reported receiving support and guidance from the regional UNDG teams.

The above findings could be seen as an indication that governments and UNCTs feel there is need for regional support structures to demonstrate their value-added more effectively. Several proposals have been made in this regard such as more effective division of labour and work planning between the RCMs and the regional UNDG teams; possible merging of the two regional support structures; strengthening the participation of agencies in the RCMs and the regional UNDG teams; providing enhanced budgetary support to enable full staffing of regional UNDG teams; harmonizing the locations of regional offices of United Nations entities in each region; and improving the engagement of the RCMs and regional UNDG teams with civil society and the private sector at the regional level.

(e) Results-based management and planning

“Requests the Secretary-General to pay particular attention, in the report for the 2012 quadrennial comprehensive policy review of operational activities for development of the United Nations system to:

A review of progress made by the United Nations development system to improve results-based strategic planning and management in order to improve accountability and transparency, and identification of measures to further improve its long-term delivery and results”.

ECOSOC resolution 2011/7 (OP 14(i))

Results-based management is seen as essential for improving effectiveness and accountability

Results-based management (RBM) has been part of the United Nations reform agenda for well over a decade. The 2007 TCPR established that operational activities should be valued and assessed based on their impact in increasing programme country capacities to pursue poverty eradication, sustained economic growth and sustainable development.

Selected milestones since 2007

- ◆ UNDG adopts standard format for UNDAF results reporting
- ◆ UNDG RBM handbook issued
- ◆ UNDG adopts common principles of results reporting

Since the 2007 TCPR, there have been increased efforts on the part of the United Nations development system to enhance RBM within individual agencies and at the country level, through the UNDAF, as one of its five programming principles. The application of RBM in the development field has gained currency over the past decade or so and national governments and public institutions increasingly are adopting RBM. Further impetus for improving RBM comes from demands in both programme and donor countries for the United Nations development system to demonstrate that it is achieving its objectives, that it does so efficiently and that its activities are relevant to the needs and priorities of programme countries and contribute to improved and sustainable development outcomes.

While donor countries and programme countries may emphasize different aspects of RBM, they all expect the United Nations development system to demonstrate value for the resources invested. RBM is also an integral part of the on-going process of enhancing the accountability of the United Nations system. A study on RBM was conducted in the framework of the present review, which also benefited from a number of other studies. In addition, the Joint Inspection Unit (JIU) is currently conducting a Review of Strategic Planning in the United Nations system organizations, which will complement the work done as part of the QCPR preparations.

The survey of programme countries found that 106 governments out of 110 considered ‘Make better use of results-based methods’ to be the second most important measure to improve the effectiveness of the United Nations. Likewise, 93 per cent of civil society organizations felt that making better use of results-based methods would be important to making the United Nations more effective. At field level, 85 per cent of Resident Coordinators and UNCT members considered that the harmonization of agencies’ RBM systems would be the third most effective measure to improve country-level coherence. Many earlier reform reports on United Nations operational activities for development have echoed the same view. More recently, the multilateral review reports of several donor countries have also argued

that there are persistent weaknesses in results-based management systems in United Nations organizations, which have become a significant constraining factor in assessing their results and impact.

Progress has been made in strengthening RBM.....

The United Nations development system has made some progress in strengthening RBM since the 2007 TCPR. Senior management of the individual agencies, programmes and funds, and the collective leadership of the UNDG, are driving a strong focus on results-based management. Following a review of RBM in 2008, the UNDG commenced implementation of an action plan to address the shortcomings identified by the review and strengthen support to UNCTs. The release of the Results-Based Management Handbook in 2011 represents a major step towards harmonizing concepts and approaches to RBM in the United Nations development system. Technical support in the form of training and web-based resources and tools is being provided to country offices and UNCTs. Steps have been taken to enhance the function of regional UNDG teams to provide advice and quality support to UNCTs on UNDAF and related matters. In addition, various agencies are implementing quality assurance processes for country programmes to strengthen results-based management at agency level. Strengthening RBM in the United Nations development system should be seen in the broader context of national ownership of the development agenda and development results. The role of the United Nations development system is to complement national efforts in pursuit of sustainable development results.

But a number of challenges remain.....

The challenges in implementing RBM are similar to those experienced by national governments and other development institutions. The TCPR saw effective use of UNDAFs results matrix as an important dimension of strengthening evaluation of United Nations system results. In many countries, however, there is a lack of a robust application of RBM, demonstrated by the quality of UNDAF results frameworks, an issue that is highlighted in several sections of this report. The 40 UNDAF evaluations reviewed as part of preparing this report were consistent in judging the quality of the UNDAF results frameworks as being technically poor. Outcome statements are often broad statements, intended to allow all agencies to be included, while indicators, baselines and targets remain either undefined or do not measure the intended change. The existence of adequate results matrices that are reviewed and updated regularly, along with M&E systems, is a necessary prerequisite for evaluating relevance and effectiveness of the United Nations development system. The importance of technically sound results frameworks has been reiterated in the evaluability assessments and independent evaluation of the DaO countries. Alignment of plans to resources is a fundamental principle of RBM, yet in practice there are often gaps between plans and resources realistically available for implementation.

Implementation of RBM has not focused adequately on managing for results

Analysis conducted for the preparation of this report, as well as several other studies, have found that reporting on results was not as effective as it should be. The United Nations development system has some way to go in fully institutionalizing RBM as an approach to management. There are gaps, particularly at the country level, in the way in which results are understood by those who own and manage them; how results are used for decision-making; and communicating results to stakeholders

including national partners. Monitoring and evaluation (M&E), which is an integral part of the RBM life-cycle of results, is not done consistently, and resources for M&E, in many instances, are inadequate. Institutionalizing RBM also requires peer review and learning, including feedback to country offices from headquarters, regional offices and Member States on results reports. RBM still has some way to go in its use as a tool for improving accountability, as accountability for results, particularly at interagency level, is seldom clearly defined.

The complexity of defining and measuring development results has been under-estimated

Defining and measuring results is a complex issue for a multilateral organization such as the United Nations. Agencies are able to measure concrete project-based outputs but have difficulty in linking their work in advocacy, capacity development and policy advisory services to changes that will positively impact on the life of people. This problem is pronounced in middle-income countries, where the United Nations development system tends to work in the area of policy advice and knowledge sharing. A related challenge emanates from the pressure from some donor countries on United Nations agencies to quantify precisely their contribution to a development result or outcome in order to demonstrate their value-added and relevance. Long-term transformative development interventions and results are often difficult to define and many factors, often outside the control of agencies, can affect these results. Furthermore, defining results with any real precision, for the medium-term, in often fluid and uncertain country contexts and with limited funding is not an easy task. It also tends to oversimplify the development process, which requires an intergenerational horizon and long term commitment.

Reporting on results could be more effective

To date, the United Nations system has not made a sufficient distinction between the systems, tools and capacities that are necessary for monitoring lower level results (outputs) and those at higher level (outcomes). This is even more challenging, when it comes to results on norms and standards emanating from the mandates of the United Nations system. For lower level results, the primary objective of a results-based monitoring system is to be able to monitor the use of resources, implementation of activities linked to those resources, and the achievement of planned results (outputs) from the implementation of those activities. This level of results monitoring provides data regarding resource allocation and utility, implementation of United Nations activities and the results towards which they are focused, and can be done annually with governments in Annual Reviews of the UNDAF.

For higher levels of results, where the United Nations system and/or agency-specific contributions to overall national development impact need to be measured, more elaborate technical evaluations need to be designed that allow for such information to be assessed periodically. Both types of results reporting are important. In addition, the information generated by both systems need to be systematically applied in institutional learning processes within the United Nations system and by partner countries.

The existence of multiple reporting frameworks and demands within the United Nations system and from donor countries poses additional challenge. Agency country offices need to report to their respective headquarters, while the United Nations also needs to be able to report on its system-wide contribution at the country level, both to programme country governments, and increasingly to donors.

To compound matters, the indicators that are supposed to inform reporting are often different and not harmonized, thus adding more difficulties to a reporting system that is already burdensome.

Given the complexity of the situation, 2011 joint study by the UNDG and HLCM proposed to establish *Common principles for results reporting*⁴⁸. These principles reflect the need to measure and report on effectiveness and efficiency gains, while at the same time reducing the reporting burden.

Some 94 per cent of programme country governments in the recent survey, within the context of reducing workload on national partners, favour the use of a single format for progress reports. To facilitate such harmonization, standard operational format and guidance for progress reporting on the UNDAF have been made available with the latest UNDG guidance⁴⁹. Also, about 82 per cent of Resident Coordinators and UNCT members considered the harmonization of agencies' reporting procedures to be among the most important measures to improve United Nations coherence at the country level.

(f) Evaluation

Encourages the United Nations development system to further strengthen evaluation, with the agreement of the governing bodies of the funds, programmes and agencies, and in this regard encourages the United Nations development system to continue to strengthen evaluation across the system and to promote a culture of evaluation”.

GA resolution 62/208 (OP 138)

Ongoing efforts to strengthen the evaluation function in the United Nations system

Evaluation is generally accepted within the United Nations as an essential tool for demonstrating the effectiveness of the United Nations development system. With the greater focus on results, there is also an increasing demand for evaluative evidence. Entities within the United Nations system have been creating enabling environments for evaluation and increased adherence to the United Nations Evaluation Group (UNEG) Norms and Standards in Evaluation adopted in 2005.

UNEG, with voluntary membership of 43 evaluation units, continues to play a central role in strengthening the evaluation function and improving the overall quality of evaluation practice in the United Nations system. All UNEG members are expected to adhere to the UNEG Norms and Standards for Evaluation. Since 2007, UNEG has produced several key guidance documents, including a Code of Conduct for Evaluation in the United Nations System; Good Practice Guidelines for Follow-up to Evaluations; Frequently Asked Questions for UNDAF evaluations; and a Handbook on Integrating Human Rights and Gender Equality in Evaluations in the United Nations System. UNEG has also played a critical role in coordinating and supporting the evaluability assessments for the DaO country-led evaluations.

The United Nations system is improving its capacity to use evaluation evidence. In addition to UNEG guidelines, individual entities have invested in strengthening their monitoring of management responses and recommendations. However, the absorptive capacity of the system is increasingly being tested as evaluation outputs increase across the system⁵⁰. Various studies concur that the system may not have the capacity to engage effectively with the recommendations of so many evaluations⁵¹.

Persistent evaluation capacity challenges

From UNEG data and recent studies, including from the Office for Internal Oversight Services (OIOS)⁵², it is evident that evaluation units possess limited staff capacity, and only few agencies, for example, UNAIDS, UNICEF, UNDP and UN Women, have decentralized the evaluation function. Evaluation capacity at field level is essential, not only for evaluation of programmes of individual entities, but also for UNDAF evaluations. The financial and human resources for most evaluation units in the United Nations system are limited for their day-to-day work, and participation in system-wide, joint or multi-agency evaluations often means working without extra resources. Very few entities in the system have evaluation expenditures that exceed 1 per cent of their total expenditures⁵³.

Country-level evaluations require functioning evaluation units in government and evaluation capacity in civil society organizations. This was recognized by the 2007 TCP. Building national capacity becomes increasingly important as governments pursue country-led evaluations or joint evaluations. The Joint Inspection Unit (JIU) raised the issue of national evaluation capacity in a 2008 report, stressing that monitoring and evaluation of nationally executed projects in a number of instances were not government-led⁵⁴. Individual agencies, for

- | Selected milestones since 2007 | |
|---------------------------------------|---|
| ◆ | Series of guideline documents to promote further professionalization of evaluation function |
| ◆ | Peer reviews conducted of evaluation functions – WFP, OIOS, GEF, UNIDO, UNEP, UN-Habitat, FAO |
| ◆ | UNEG issues guidelines for integrating human rights and gender equality in evaluation; impact evaluation; evaluations of normative work |
| ◆ | Joint UNEG-Government of South Africa evaluation |
| ◆ | UNEG contributes to DaO country-led evaluations and independent evaluation |
| ◆ | UNEG issues model TOR for UNDAF evaluation |
| ◆ | UNEG introduces guidelines on UNDAF evaluation management response |

example UNICEF, UNDP and UN Women, are working in partnership with evaluation associations and governments to develop national evaluation capacity. A UNEG task force is working on the development of a conceptual framework for developing national evaluation capacity. Among other aspects, this framework will define the role of UNEG in building national evaluation capacity.

Variable quality and consistency of UNDAF evaluations

While the 2007 TCP resolution stressed the importance of evaluating the UNDAF, a relatively small number of countries conducted full evaluations. The majority chose to conduct a mid-term review instead, considering it more useful, with a view to stimulating the implementation process and as input to the preparations of the next UNDAF, while also being less costly and saving some time. An assessment of 40 UNDAF evaluations and mid-term reviews found that their quality varied, including the effort put into them by UNCTs. Nevertheless, these evaluations provided some useful information on the effectiveness, or lack thereof, of UNDAF design and implementation for this report. It is too early to tell whether UNCTs have responded to the newly introduced 2010 mandatory requirement for an UNDAF evaluation. Prior to this requirement, according to the 2011 survey for the Resident Coordinators' Annual Report, approximately 40 per cent of UNCT that had some form of UNDAF claimed to conduct annual UNDAF reviews. However, the UNDAF evaluations suggest that even when such annual reviews have been carried out, their value has been limited. These weaknesses in the UNDAF

evaluation process have also undermined accountability for system-wide results at the country level as highlighted in the UNDAF and RBM sections of this report.

Weak monitoring and evaluation systems at the country level

The UNDAF evaluations and mid-term reviews also consistently comment upon the lack of operationalization of the M&E systems at the UNDAF (system-wide) level. When they cite evidence of the United Nations making a significant contribution, this was rarely based on evidence from the UNDAF M&E system. As such, the findings and conclusions of these evaluations echo those found in the global analyses of experience with RBM and M&E carried out between 2006 and 2008, and by the RBM study carried out as part of preparations for this report. Evaluative and interview evidence from the UNDAF assessment identified no examples of UNDAF level M&E systems working as suggested in the UNDG Guidelines or in the UNDAF M&E plans⁵⁵. This is possibly the area in which least progress has been made in terms of enhancing a results focus at the level of the UNCT. According to the 2010 Resident Coordinators' survey, 54 per cent of 88 Resident Coordinators reported that the UNDAF M&E system was aligned with national systems. In the survey of programme country governments, there was also strong support for entities working in the same thematic area conducting joint monitoring and evaluation missions as the country level. Some 78 per cent of programme country governments felt that such measures were very important in order to reduce workload on national partners.

Consistency of efforts to evaluate DaO

Member States demonstrated their commitment to evaluate DaO, notably with the 2010 country-led evaluation conducted by programme countries. The United Nations development system deployed considerable efforts and resources to evaluate DaO, first with an evaluability assessment in 2008 and finally with an independent evaluation in 2012. The independent evaluation found that some pilot countries invested considerable efforts in improving the monitoring and evaluation system of the One Programmes. However, this proved a highly complex challenge, and efforts have not yet yielded satisfactory results. There is evidence of successful joint programmes as critical contributors to DaO, and evidence of unsuccessful joint programmes as well. What the evidence from the DaO evaluation(s) suggests is that the One Programmes composed of multiple joint programmes proved to be complex and required simplification on the number of results, more strategic focus and comprehensive joint M&E systems in order to provide information on the overall United Nations system (and not individual agencies) contribution to national development results. The DaO country-led evaluations had already stressed that monitoring and evaluation needed more attention to be able to provide information on progress and results of the United Nations system in contributing to national development outcomes⁵⁶.

Increasing demand for independent system-wide evaluation

Resolutions adopted by the GA demonstrate that system-wide evaluation is a growing concern for Member States that desire greater coherence, effectiveness and accountability from the United Nations system (GA resolutions 59/250, 62/208 and 64/289). In 2011, in response to GA resolution 64/289, the Deputy Secretary-General commissioned a comprehensive review of the existing framework for independent system-wide evaluation (ISWE) of operational activities for development⁵⁷. This review

assessed the possibilities for the United Nations to improve ISWE mechanism(s) in order to provide system-wide evaluations, which are independent, credible and useful, on priority strategic and operational questions or issues facing the United Nations system. The ISWE was a broad, complex exercise with an extensive consultation process with Member States and evaluation units of the United Nations system, also drawing on external international experts. The review concluded that, while there is a demand for ISWE, the existing institutional framework is inadequate, there is little policy guidance, and no clear leadership or strategy for ISWE. Coordination of ISWE has been ad hoc and inefficient, and the usefulness of reports has been variable.

The review further concluded that the politicization of ISWE has been an obstacle to progress, but that there was willingness in the United Nations system to have substantive discussions and dialogue on ISWE. The recommendations of the review aim to be pragmatic, taking into consideration what possible actions could realistically move the issues forward. As per GA resolution 64/289 on system-wide coherence, the key findings, conclusions and recommendations of this review will be published soon in a separate report of the Secretary-General.

Annex I

Survey of governments in United Nations programme countries

The survey of programme country governments was carried out in response to GA resolution 64/289 on system-wide coherence. The survey questionnaire was developed in consultation with survey experts and a large number of United Nations officials, including the UNDG Advisory Group, and translated into all official United Nations languages. The governments were notified about the survey three months in advance in a message from the Deputy Secretary-General through the respective United Nations Resident Coordinator at the country level. In this message, governments were also invited to nominate the central ministry and focal point responsible for completing the survey questionnaire. The survey instrument was subsequently forwarded in a letter from the Deputy Secretary-General to the respective Government Minister in charge of coordinating United Nations operational activities for development. The letter of the Deputy Secretary-General encouraged the governments when completing the survey questionnaire to consult widely with line ministries cooperating closely with United Nations entities in the delivery of operational activities for development. Sufficient time was provided to allow for such consultations. The design of the survey process has endeavoured to ensure that the governments in programme countries exercised full leadership and ownership in completing the questionnaire. It is evident from the detailed responses to the survey that the governments did indeed invest significant amount of time in completing the questionnaire.

The survey was completed by 111 programme countries, including 41 low-income countries, 44 lower middle-income countries, 20 upper middle-income countries and 6 other countries. The survey was organized around three topics: relevance, effectiveness and efficiency, as called for in GA resolution 64/289. A notable feature of the questionnaire was the interconnectedness of the topics. Supporting national capacity development, in particular, played a prominent part in how governments assessed the relevance, effectiveness and efficiency of the United Nations operational activities for development. Similarly, DaO and other measures to improve the coherence of the United Nations system were emphasized under each of the three topics.

Governments indicated that the UNDAF had helped to ensure that United Nations activities were closely alignment with national priorities; the UNDAF had also enabled the United Nations to produce better results than the entities could have achieved by planning their support separately. At the same time, governments felt there was much more to be done to realize the full benefits of the UNDAF, expressing strong support for more measures to simplify and harmonise procedures and to strengthen the coordination role of the United Nations Resident Coordinator.

Many governments also reported duplication among United Nations entities as well as competition for donor funding. This applied especially in low-income countries, and countries with significant humanitarian assistance needs. On how to become more efficient, governments called for greater use of country capacities and systems, and greater coherence among United Nations entities.

When asked to indicate the five most important areas for United Nations assistance in the coming four years, environment and sustainable development (including climate change, water and sanitation) was chosen by nearly all countries, and health was next in importance; among low-income countries, however, the order was reversed. Low-income countries were also more likely than other countries to choose support for poverty reduction and education.

Finally, governments were invited to compare the performance of the United Nations with that of two other categories of external partner: the International Financial Institutions (IFIs) and other multilateral institutions, and bilateral donors. The respondents consistently placed the United Nations ahead of the IFIs and other multi-laterals, and they in turn were placed ahead of bilateral donors.

Source: Analysis of responses to the survey of programme country governments (UNDESA, 2012)

Annex II

Independent evaluation of lessons learned from delivering-as-one

The independent evaluation of lessons learned from delivering-as-one (DaO) was conducted in 2011 – 2012 in accordance with the mandate provided by GA resolution 62/208 on the triennial comprehensive policy review, and based on modalities endorsed by GA resolution 64/289 on system-wide coherence.

The main conclusions and lessons learned from the independent evaluation are the following:

Voluntary adoption of the DaO approach by national governments of pilot countries has greatly enhanced their ownership and leadership of the reform process and UN programmes. The DaO initiative has shown that the United Nations system is able to better respond to the specific needs and priorities within the pilot countries, including least developed and middle-income countries.

DaO also allows the United Nations system to more adequately address cross-cutting issues (for example, human rights and gender equality) with the added benefit of enhancing its ability to support the governments on other multidisciplinary development issues (e.g. poverty, child mortality or local governance). The DaO approach has also facilitated enhanced advocacy on such issues.

While other United Nations reform initiatives have focused on specific aspects of programming, funding, management and accountability, the uniqueness of DaO is that it considers all these aspects in an interlinked package. The package also comprises a variety of other innovations that are potentially useful for the United Nations development system as a whole, for example, new ways of dealing with joint programmes and joint programming, shared monitoring systems, local joint procurement, common communication strategies and United Nations country team (UNCT) codes of conduct.

The One Programme, One Leader and One Voice approaches have not led to one line of accountability, and this has implications for the measurement of performance. Given the fact that each United Nations organization has its own governance structure, mandate and culture, individual agencies remain the primary unit of account for performance and management. Vertical accountability prevails over horizontal accountability. In many ways, delivering-as-one has been delivering-as-if-one.

UNCTs in pilot countries, with the support of Resident Coordinator Offices, are approaching the limits of what can be achieved in terms of reducing transaction costs and increased efficiency through country level innovations covered by the One Office dimension. Since many high level systemic elements have not been changed, the marginal cost of enhanced coordination at country level is increasing. On more than one occasion, local solutions have presented management challenges at corporate levels. In many areas, only significant systemic change can make country level coordination easier and cheaper.

The One Fund is a valuable addition to traditional funding modalities and offers the potential to address a broader range of the needs and priorities of programme countries than do traditional core and non-core funding, which are limited to those addressed by the agencies mobilizing the resources. There are, however, concerns about the sustainability of these funding instruments.

Source: Independent evaluation of lessons learned from delivering-as-one, Secretariat to the Independent Evaluation of the Delivering-as-One (UNDESA, 2012)

Endnotes

¹ Thirty-seven entities of the United Nations system received funding for OAD in 2010. These entities constitute what is generally referred to as the United Nations development system. The GA comprehensive policy review resolution is binding for those United Nations entities that report to the General Assembly; these include 14 funds and programmes: UNDP (including UNCDF, UNV), UNICEF, UNFPA, WFP, UNHCR, UNODC, UNCTAD (including ITC), UNRWA, UN Women, UNEP, UN Habitat; six research and training institutions: UNICRI, UNIDIR, UNITAR, UNRISD, UNSSC, UNU; and three other entities: UNAIDS, UNISDR and UNOPS. Together, these entities account for some 80 per cent of total OAD. For the specialized agencies, the QCPR provides guidance. Several specialized agencies have decided to abide by the comprehensive policy review resolution and annually report on progress in its implementation to their respective governing bodies.

² Governments in 111 programme countries; 518 United Nations country team members in 118 programme countries, including 78 Resident Coordinators; operations management teams in 105 programme countries; and 291 civil society organizations in 72 programme countries. With regard to the programme country survey, the responding organization was generally the department/ministry responsible for coordinating United Nations assistance at the country-level, which was strongly encouraged in a letter from the Deputy Secretary-General to consult widely with other ministries in the completion of the questionnaire.

³ As mandated in GA resolution 64/289 on system-wide coherence, the Secretary-General will publish the findings of the survey of programme country governments.

⁴ A comprehensive list of these background studies is provided on the QCPR home page of UNDESA: (<http://www.un.org/esa/coordination/2012qcpr.htm>)

⁵ The seven programme countries visited were: Bolivia, Ethiopia, Georgia, Lao PDR, Peru, Thailand and Turkey.

⁶ This includes a four-module course on the QCPR in partnership with UNITAR and two seminars in cooperation with the Office of the President of the General Assembly and the Friedrich-Ebert-Stiftung Foundation. A high-level retreat will be held on 8-9 June.

⁷ Realizing the future we want for all, report to the Secretary-General, United Nations System Task Team to support the preparation of the post-2015 United Nations development agenda.

⁸ Such capacity assessments have been undertaken in DaO countries as well as Papua New Guinea and Malawi.

⁹ For present purposes, and pending introduction of a harmonized sector classification system for UN operational activities for development, all activities of UNHCR, UNRWA and OCHA; emergency operations of UNICEF (some 24 per cent of total activities); and humanitarian operations of WFP (some 90 per cent of total activities) are considered to be humanitarian assistance-related. All other activities are considered to be development-related.

¹⁰ Fixed costs are incurred regardless of the level of non-core financed activities; in addition, common support and management of non-core financed activities ensures oversight and coherence of these activities in line with approved guidelines and strategic plans of governing bodies.

¹¹ Table 9 in the funding report of the Secretary-General shows that applying the principle of full cost recovery without further differentiation would require a recovery rate in the order of 15 per cent. Applying such rate across the board would result in a release of some US\$556 million core resources for programme activities or equivalent to some 23 per cent of the current level of core programme activities.

¹² The United Nations Development Group is one of the three pillars of the Chief Executives Board for Coordination (CEB). The other two pillars are the High-level Committee on Programmes (HLCP) and the High-level Committee on Management (HLCM).

¹³ There are currently 130 United Nations Resident Coordinators, who are also UNDP Resident Representatives; 93 Designated Officials for security; 32 Resident Coordinators/Humanitarian Coordinators; 11 Deputy Special Representatives of the Secretary-General/Resident Coordinators/Humanitarian Coordinators; 3 Deputy Special Representatives of the Secretary-General/Resident Coordinators; 1 Executive Representative of the Secretary-General/Resident Coordinator; and 2 Designated Security Coordinators.

¹⁴ To support the Resident Coordinator in this regard, a special NRA support mechanism has been established under the M&A system.

¹⁵ The M&A system is underpinned by the vision that the resident coordinator is recognized and accredited to the Government; has an equal relationship with and responsibility to all member organizations of the United Nations country team, and supports the entire United Nations family and coordinates its partnership with the Government in meeting national development priorities. Key to this vision is that the resident coordinator is empowered by the clear recognition by each organization of the resident coordinator's role in strategically positioning the United Nations in a country, and that he or she is to be supported, as required, with access to the technical resources of the organizations

¹⁶ Most recently the Report of the Secretary-General's High-level Panel on System-wide Coherence (2006),

¹⁷ A Joint Office has several agencies working under one United Nations Representative (for Funds and Programmes) who is also the Resident Coordinator, with one common programme, one programme budget and further shared support services. A unified or "Joint" office differs from a "UN House" or common premises in a fundamental way. A UN House has several agencies in the same building each with its own Representative, and their own support services.

¹⁸ The number of UNDP Country Directors currently stands at 51.

¹⁹ Approved in August 2008

²⁰ In DaO countries and those voluntarily adopted this approach, 47 per cent of Resident Coordinators and UNCT members felt that full implementation of the M&A system would be very effective in enhancing country-level coherence in the next four years.

²¹ Many UNCTs now adopt a lighter version of the CCA in conducting the analytical phase of the development of the UNDAF document as recommended by UNDG regional teams, drawing on existing body of research and reports.

²² In the context of the survey of programme country governments, the term 'better results' was linked to the concept of 'synergy', or the sum of the system as a whole being more than the individual parts.

²³ UNDP (26 per cent), UNICEF (13 per cent), WFP (12 per cent), WHO (28 per cent), FAO (14 per cent), UNESCO (21 per cent), UNIDO (12 per cent) and ILO (33 per cent).

²⁴ The UNDAF Action Plan including the common budgetary framework is currently designed as a 5-year planning instrument. However, turning it into a 1-year planning tool is likely to reduce transaction costs and enhance the transparency and effectiveness of interagency programming and implementation.

²⁵ The Resident Coordinators draw on the results to a degree for reporting under the Resident Coordinators Annual Report, but this is strictly for reporting purposes and has no elements of accountability attached.

²⁶ The United Nations Evaluation Group (UNEG) interagency group on UNDAF Evaluations has recently updated the terms of reference for UNDAF evaluations and issued guidelines for management responses. These will serve to complement the recently issued UNDAF evaluation Frequently Asked Questions which were published in September 2011.

²⁷ Measures mentioned include the following: annual UNDAF reviews replacing those of individual agencies; establishment of joint programmes; designation of a single agency to speak for the UNCT in government-donor coordination groups; emphasis on speaking with one voice; using HACT fully; establishment of theme groups; joint missions; and joint annual work planning, monitoring and reporting.

²⁸ The UNCT in Tanzania has taken the simplification and harmonization agenda one step further by adopting a common country programme document (CCPD) and an UNDAF Action Plan (UNDAP) with common annual workplans and UNDAF reports.

²⁹ Delivering-as-One: lessons learned from pilot countries, report prepared by United Nations Coordination Officers from Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Vietnam.

³⁰ A review of the role and quality of UNDAFs, 2006, Richard Longhurst, Overseas Development Institute.

³¹ The term "business practices" is defined as methods, procedures, processes, or rules employed by United Nations entities in the pursuit of their objectives.

³² Unfortunately, staff contributions to the harmonization and simplification agenda is often not reflected in the respective job description, despite rules and regulations allowing and often stipulating this practice, contributing to disincentives for staff to engage in this effort.

³³ The above mentioned average costs reductions have been validated through detailed activity-based costing exercises in Tanzania and Mozambique, where each step in the procurement process was analyzed in terms of the average staff time and resources spent. The comparative analysis considered different policies and procedures from a number of agencies. While the numbers can vary in accordance with the staff level and time spent in each

procurement process, the activity-based costing proves that the establishment of LTAs potentially leads to savings in transaction costs of about 75 per cent.

³⁴ Savings through the establishment of LTAs are not only achieved because of the significant reduction of transaction costs. By establishing common LTAs, the United Nations system at the country level can yield economies-of-scale effects, which frequently lead to lower and stabilized prices for goods and services at better conditions. Individual agency and ad-hoc procurement of goods and services leave little room for effective price negotiations and the establishment of quality standards and specific requirements as requested by the United Nations system at the country level.

³⁵ The enterprise resource planning system provides an integrated suite of information technology applications that support the operations of an enterprise. The activities supported by the system include: finance and budget management, human resource management, supply chain management, central support services and other core services. The main value of the system is that it provides the opportunity to streamline and improve the operations of an entire organization through process re-engineering, sharing of common data and implementation of best practices and standards.

³⁶ The above estimate of coordination costs is subject to several qualifications³⁶.

Firstly, while estimates for UNDP coordination costs are reliable, comparable data for other United Nations agencies operating at the country-level is not available³⁶. An order of magnitude estimate for the monetary value of time spent by staff of other United Nations entities on coordination activities at the country-level has therefore been made for the purpose of this analysis.

Secondly, the UNDP workload survey data does not differentiate between development-related activities and humanitarian assistance, with the above estimate of country-level coordination costs therefore likely to be on the higher side;

Thirdly, in some programme countries it may be difficult to distinguish between interagency coordination and agency-specific programming. For example, the UNDP workload survey data includes coordination costs associated with the development of common country assessments (CCAs) and UNDAFs, although in some countries this cost could be considered part of core programming.

³⁷ The UN Systems Chief Executives Board applies a cost-sharing formula, according to which CEB Secretariat related costs are apportioned to UN system organizations 50 per cent based on staff (as per the latest available personnel statistics) and 50 per cent based on total expenditure (as per the latest available audited financial statements, minus expenditure in kind, excluding expenditure related to peacekeeping operations).

³⁸ Ten governments in integrated mission countries/areas participated in the survey.

³⁹ Some 77 UNCT members in integrated mission countries/areas participated in the survey.

⁴⁰ The 21 countries that have voluntarily adopted the DaO approach are the following: Benin, Botswana, Bhutan, Comoros, Ethiopia, Indonesia, Kenya, Kiribati, Kyrgyzstan, Laos, Lesotho, Liberia, Malawi, Mali, Maldives, Montenegro, Namibia, Papua New Guinea, Uganda, Sierra Leone and Zambia.

⁴¹ The harmonized approach to cash transfers is a common approach to cash transfers for implementing partners of the United Nations in programme countries. It uses macro and microassessments, conducted with implementing partners during programme preparation, to determine levels of risk and capacity gaps. The approach uses assurance activities such as audits and spot checks during implementation and introduces a new harmonized format for implementing partners to request funds and report on how they have been used. It applies mainly to UNDP, UNFPA, UNICEF and WFP and to several specialized agencies in some situations.

⁴² Gender mainstreaming is *“the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels”*, but it is also recognized that gender units or focal points are still needed and that *“gender mainstreaming does not replace the need for targeted women specific policies and programmes or positive legislation”*

⁴³ A System-wide Action Plan (SWAP) for Gender Equality and the Empowerment of Women specifies the corporate processes and institutional arrangements that must be in place for effective gender mainstreaming at the level of the organization. It provides a means to plan, monitor and report upon the establishment and use of gender mainstreaming processes, in a consistent and comparable manner.

⁴⁴ The United Nations Country Team Performance Indicators for Gender Equality and the Empowerment of Women (also known as “The Scorecard”) defines clear performance standards for the processes and institutional arrangements that must be put in place by UNCTs when preparing CCA/UNDAFs and joint programmes, in accordance

with the SWAP. By defining good gender mainstreaming practice, the Scorecard provides a clear and simple performance guideline, around which UNCTs can plan and organize their activity, as well as report upon outcomes.

⁴⁵ The Gender Marker is a budget monitoring instrument, originally developed by the OECD/DAC.

⁴⁶ DESA Study on trends in international development cooperation, 2012

⁴⁷ Preliminary analysis of cases for the 2012 DCF

⁴⁸ Common Principles of Results Reporting, UNDG-HLCM Joint Study, 15 July 2011.

⁴⁹ Standard operational format & guidance for reporting progress on the UNDAF, UNDAF annual report prototype, United Nations, 2010.

⁵⁰ Comprehensive review of the institutional framework for system-wide evaluation of operational activities for development of the United Nations system, Angela Bester and Charles Lusthaus, Office of the Deputy Secretary-General, United Nations, 2012.

⁵¹ Ibid.

⁵² Strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives: Report of the Office of Internal Oversight Services, United Nations General Assembly, A/66/71, 28 March 2011.

⁵³ Comprehensive review of the institutional framework for system-wide evaluation of operational activities for development of the United Nations system, Angela Bester and Charles Lusthaus, Office of the Deputy Secretary-General, United Nations, 2012.

⁵⁴ National Execution of Technical Cooperation Projects, Joint Inspection Unit: United Nations, Zahran, M and Fall, PL, JIU/REP/2008/4.

⁵⁵ Since then, UNCT in Tanzania has established an M&E system to report on the implementation of the 2011-2015 UNDAF.

⁵⁶ Delivering as One Country Led Evaluations – Synthesis Report, 2011. The report of the independent evaluation of the delivering-as-one will be submitted to the President of the GA during the sixty-sixth session of the Assembly.

⁵⁷ Independent System-Wide Evaluation Mechanisms, Comprehensive Review of the Existing Institutional Framework for System-Wide Evaluation of Operational Activities for Development of the United Nations System Mandated in General Assembly Resolution 64/289, Final Report, by: Angela Bester and Charles Lusthaus, April 2012.