Briefing to Member States on the reports of the Secretary-General for the operational activities segment of ECOSOC
Nikhil Seth
Director, Office of ECOSOC Support and Coordination, DESA
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- Thank you for attending this briefing.

- Ambassador Guttierez, the Permanent Representative of Peru to the UN, is leading ECOSOC's operational activities segment as Vice-President of ECOSOC. He will brief you later this month on the expectations and programme for the segment.

- This year's operational activities segment is the time for Member States to give guidance for the preparations of the review of UN system operational activities – the QCPR – which the GA will conduct in 2012.

- The SG reports contain important elements to help ECOSOC develop such guidance. I wanted to share some of their key findings with you.

- Besides the SG reports, ECOSOC also receives reports of the executive heads and executive boards of funds and programmes.

- I will focus on the four SG reports:

    o Report on overall progress in implementing GA 2007 TCPR (matrix)
    o Report on financing of operational activities for development
    o Report on the functioning of the resident coordinator system
    o Report on simplification and harmonization of the UN system

- These reports have been prepared in close cooperation with the UN system. They also draw from interviews with UNCTs, reviews of annual reports from resident coordinators and UNDAF evaluations, and other research.

Progress report on the implementation of the TCPR

- The first SG report reviews progress made by the United Nations system in implementing GA resolution 62/208 on the triennial comprehensive policy review of operational activities for development. In 2008, the Secretary-General presented to ECOSOC a management plan for the implementation of the TCPR by the UN system.

- This year's report assesses results achieved since March 2010 in implementing that plan. It is presented in the form of a matrix highlighting actions taken for each area of the TCPR resolution.

- The review shows that the system has made significant progress in a number of important areas.

- At headquarters level:

- o The UNDG adopted a set of priorities for 2010-2011. These priorities aim to implement the TCPR and make the UN system more focused and coherent. They focus on accelerating the implementation of the MDGs/IADGs and national development priorities. They aim to strengthen the impact of UN system's work at country level – through improved support to UNCTs and improved engagement from headquarters.

- o The UNDG and the CEB's High-level Committee on Management have continued to promote harmonization and simplification of business practices to make UN system's support to developing countries more effective.

- The regional level – with UNDG regional teams and the Regional Coordination Mechanisms of UN regional commissions – is becoming increasingly important in supporting programme countries. There is a clearer sharing of tasks among these regional mechanisms. This has facilitated inter-agency initiatives, such as the production of reports on regional progress towards the MDGs.

- At the country level, the system has pursued efforts to strengthen the central role of the resident coordinator system to coordinate the UN operational activities. The "Management and Accountability System for the RC system" (M & AS) – adopted by UNDG in 2008- has been increasing ownership of the resident coordinator system by the UN system as a whole. A series of tools have been developed to empower the resident coordinator.

- The "Delivering as One" (DaO) pilot initiative is also helping countries to implement innovative measures to mobilize more coherent and effective UN support to their national priorities. Lessons learned from the DAO initiative will be reviewed by an independent evaluation mandated by GA resolution 64/289 on system-wide coherence. The evaluation will be completed by the end of 2011;

- High priority is being attached to increasing the accountability of the RCs and country teams on mainstreaming gender perspectives/dimensions in the UN operational activities. Enhanced support is being provided to develop common strategies for post-conflict/post-disaster recovery and development.

- While important progress has been made over the past year, some important challenges remain:

  - o Despite efforts to reflect capacity development results in UNDAF and other programming and planning instruments, indicators to assess sustainability of capacity development activities are yet to be developed. The use of national execution modalities and/or national systems is not yet systematically tracked system-wide. More innovative ways need to be found to enable UNCTs to draw from expertise throughout the UN system to complement their own capacities.

  - o Also, despite progress in tracking gender equality initiatives, information on their impact on gender mainstreaming continues to be limited.

- o   Ensuring adequate and sustained funding for activities during the phase of transition from relief to development also continues to be a challenge.

- Such challenges and achievements are further documented in the other SG reports to ECOSOC:

Report on the financing of operational activities for development of the United Nations system for 2009

- This report provides analysis of funding flows for UN system operational activities for development in 2009.

- Total expenditures for operational activities for development in 2009 amounted to some $22 billion. This constituted nearly two-thirds of all UN system-wide activities ($34.3 billion).

- This year's report provides analysis of the **sources**, **use** and **destination** of these $22 billion.

- In 2009, total contributions to operational activities for development of the UN system amounted to some $21.9 billion.

- Looking at a longer-term 15-year trend, funding for operational activities for development has nearly doubled in real terms. It has grown at a faster rate than total ODA.   Funding has however stagnated in real terms between 2008 and 2009

- About 65 per cent of funding in 2009 was directed to longer-term development-related activities against 35 per cent to activities with a humanitarian assistance focus.

- Contributions for development-related activities (excluding local resources from programme countries) increased by 8.1 per cent in real terms in 2009. But funding for humanitarian assistance, a volatile item, declined by 7.8 per cent.

- Some 27 per cent of total funding in 2009 was in the form of core resources, with the remaining 73 per cent as non-core contributions. Non core contributions are an important complement to core resources. But they are characterized by varying degrees of restrictions with regard to their application and use.

- Core funding to the UN development system declined by some 4.3 per cent in real terms in 2009 compared with the previous year, all of which was humanitarian assistance-related. Non-core funding increased by 1.7 per cent.

- The report also reviews the growing imbalance between core and non-core funding to the UN development system.

- There seem to be two main reasons for this growing imbalance:
  - (a) **Firstly**, the funding base for operational activities has broadened significantly in the past 15 years. For example, while the absolute volume of direct contributions of OECD/DAC member countries to the UN development system increased by 141 per cent in real terms between 1994 and 2009, their overall share of total funding declined from 76 to 63 per cent. Meanwhile, funding from multilateral organizations (including the European Commission) and private sources, almost all of which are in the form of non-core resources, comprised 27 per cent of all contributions in 2009, up from 9 per cent in 1994.
  - (b) **Secondly**, while total core funding by OECD/DAC countries has remained virtually unchanged in real terms between 1994 and 2009, almost all increases in contributions by these important donor countries have been in the form of non-core resources.

- As a result, some 88 per cent of all non-core funding in 2009 was single-donor and programme- and project-specific. This has contributed to fragmentation of funding flows with consequent impact on overall programme coherence, efficiencies and transaction costs.

- Pooled funding mechanisms such as thematic funds and multi-donor trust funds, including One UN Funds at the country-level, have only recently begun to play a role in the overall financing of operational activities for development. About 12 per cent of non-core funding for development-related activities in 2009 was programmed through such pooled funding mechanisms, up from 9 per cent in 2008.

- This year's report also includes special analysis of four selected funding issues, namely: (a) predictability of core and non-core funding flows, (b) non-core funding and cost recovery, (c) concentration and/or fragmentation of the UN development system and (d) the cost of coordination of the UN development system.

- I will not go into the details of this analysis, but I am confident that you will its findings both informative and relevant for your work.

Report on the functioning of the Resident Coordinator system, including costs and benefits

- The resident coordinator system is a key instrument for the coordination of UN operational activities for development.

- The TCPR requested the Secretary-General to report annually on its functioning to the Council. This report is the fourth one.

- This eyar's report takes a different approach: it looks at the systemic opportunities and challenges for the RC system - rather than providing an annual update on the implementation of inter-governmental and inter-agency guidance as done in the past.

- <u>Opportunities</u> rest with the increased recognition of the critical role of the RC system and commensurate efforts to strengthen the system. These efforts have focused on 1) institutionalizing the lead role of the RC; 2) establishing frameworks for programmatic cooperation at country level; 3) creating incentives for collaboration within UNCT; and 4) establishing clear accountability to Governments and within UNCTs and the UN system.

- On the leadership of the RC, I may mention two findings. First, the political and humanitarian functions of the RC are seen supportive of RC's role in development coordination. Second, additional funding in support of coherence – together with other incentives- gives enhanced impetus to the UNCT to work together under the leadership of the RC.

- Regarding the Management and Accountability System for the RC (MAS), the report shows that the MAS remains work in progress. With the establishment of a number of UNDP Country Directors, the responsibilities of the RC and UNDP Resident Representative are better delineated. However, in some cases, the perceived conflict of interest between these functions has not been resolved.

- <u>Challenges</u> persist. Notably, the RC operates in a very complex institutional setting where he/she is accountable for team results, but without direct supervisory relations with the team members. The RC wears multiple hats, but with little support. He/She has limited access to programme resources.

- The report recommends that the programme, funding and accountability instruments to strengthen the RC system be further improved. It points to some issues which will need to be looked at in the context of QCPR.

Report on simplification and harmonization in the UN development system

- Simplification and harmonization is a technical but recurring subject of recent intergovernmental debate on system-wide coherence.

- The report highlights milestones reached in the past three years as well as progress made in the past year. It places a focus on the perspectives of UN Country Teams on this issue, building on in depth interviews and consultations with colleagues dealing with business operations at country level.

- It shows that experimentations at country level have provided a testing ground for global solutions. Headquarter initiatives are increasingly driven by country needs.

- There is a perception that agency-specific procedures and practices - rather than rules and regulations - have hindered harmonization. Therefore, there is scope for further progress within existing rules and regulations.

- The report concludes that underlying the different business practices are different business models which respond to agency mandates and needs. Stakeholders should take a two-stage approach, first striving to achieve the utmost within business models and showing quick-wins, efficiency gains and savings. It could then be seen whether there is sufficient ground and commitment to undertake more fundamental changes, involving decisions from governing bodies.

- These four SG reports contain draft recommendations or conclusions which point to issues to be further looked at in the QCPR – or to be addressed by ECOSOC this session.

- The panels being planned by Ambassador Guttierez for the segment will be the occasion to discuss these in greater depth.

- Thank you