

**ANNEX VIII: GOVERNANCE OF RESOURCE ALLOCATION
AND PROGRAMME MANAGEMENT**

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Albania	<p>The Government Modernization Committee</p> <ul style="list-style-type: none"> . Chaired by the Minister of Innovation and Information and Communication Technology; involves all relevant line ministers. Government's highest-level policy, coordination and decision-making authority for the One UN Programme. . Determines strategic priorities. . Monitors progress on an annual basis. . Ensures coordination of the One UN Programme with other inter-ministerial and cross-sectoral policies and priorities. 	<p>The UN Joint Executive Committee</p> <ul style="list-style-type: none"> . Co-chaired by the Director of the Department of Strategy and Donor Coordination of the Council of Ministers and the UN resident coordinator. . Consists of the heads of participating UN organizations; endorses programme annual work plans. . Reviews and approves funding priorities. . Prioritizes and approves the allocation of resources mobilized through the One UN Coherence Fund. . Oversees the fund's management and operations. <p>If the committee does not reach agreement on the allocation of One UN Fund resources, the matter is referred to the resident coordinator for an ultimate decision.</p>	<p>Government inter-ministerial working groups</p> <p>Consist of line ministries at the secretary-general level.</p> <p>Support the Government Modernization Committee and the UN Joint Executive Committee with technical advice on subjects falling within the scope of a given programme.</p>	<p>Programme working groups are responsible for supporting the implementation and the achievements of results of the One Programme.</p> <ul style="list-style-type: none"> . Five groups each contribute to the One UN annual work plan. . One lead organization for each of the five pillars of the One Programme. . Monitor the overall implementation of a given pillar and report back to the UN resident coordinator/country team on progress. . Report to the UN Joint Executive Committee on a regular basis through their chairs. . Coordinate between each other and with cross-cutting working groups (gender and HIV/AIDS), as well as with national sector working groups to provide optimal support within the programme, and to avoid duplication of efforts by other international partners. 	<p>The UN country team, chaired by the resident coordinator, functions in a collegial and participatory manner. It engages in dialogue on reform and development priorities for Albania. The team has designated substantive leadership to organizations for each of the One UN Programme outcome and thematic areas.</p> <p>The resident coordinator provides strategic leadership and coordination throughout the programming process as the One UN Leader and as a member of the UN Joint Executive Committee, and jointly with the Government.</p>

¹ Source: Information provided by the resident coordinator offices

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Cape Verde	<p>The One UN Steering Committee is the most senior oversight level, comprising representatives from UN organizations; central, line and municipal government ministries; and civil society. Its aim is to provide the UN system in Cape Verde with a strategic reference to support national development priorities and the MDGs.</p>	<p>The Programme Management Team is composed of the UN organizational leaders of the teams responsible for thematic axes, where the UN system and national partners work side by side. The team promotes synergies between the different axes of the UNDAF, focusing on coherence as well as quality assurance in the planning of the work and the submission of progress reports for every work group before final submission to the UN country team.</p> <p>The Programme Management Team takes care of programming for joint activities of the UN system and the Government. This team provides guidelines and suggestions for planning and report submission, on the basis of suggestions from the resident coordinator office. Suggestions or recommendations to the UN country team are also made on the highlighted themes, either for information or action.</p>		<p>Pillar leaders in charge of working groups for each thematic axis come from one lead and one co-lead organization. The groups assume the responsibility for supporting the coordination of all participating organizations and national partners so that they may attain results defined for each pillar. They guarantee internal coordination and the transmission of progress reports on thematic axes, promote joint programming, coordinate involvement with relevant government counterparts, prepare work plans and transmit progress reports to the Programme Management Team. Relevant institutions participate in all work sessions and provide updates to the pillar leaders .</p>	<p>The UN country team involves all resident and non-resident UN organizations. It supervises the development and implementation of the UNDAF/One Programme, and examines different questions affecting or potentially having an impact on the execution of UN operations and activities in the country. Strategic and programmatic decisions are taken collectively, and afterwards accepted by the resident coordinator office and the Programme Management Group, through its leaders of the thematic axes in the UNDAF, and/or by the working groups or individual organizations.</p> <p>As leader of the UN country team and co-chair of the One UN Steering Committee”, the resident coordinator provides strategic leadership and coordination in all aspects of the UN reform at the country level.</p> <p>The Resident Coordinator has a leadership function in mobilizing resources for the One UN Transition Fund, and is responsible for leading and coordinating its overall management in collaboration and consultation with participating UN organizations. In these functions, the resident coordinator is supported by the resident coordinator office.</p>

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Mozambique	<p>One UN Steering Committee composed of five representatives from the Government and five from the UN country team.</p> <ul style="list-style-type: none"> . Co-chaired by the Minister of Foreign Affairs and Cooperation and the UN resident coordinator. . Oversees the pilot process. . Takes strategic decisions to facilitate its progress. . Approves allocation of One Fund resources. 	<p>Tripartite Consultative Group composed of representatives from the Government, the UN system and donors.</p> <ul style="list-style-type: none"> . Supported and provided objective views on Delivering as One. . Assisted/guided the UN system's transformation at the country level. . Provided policy advice, comments and technical recommendations for programmes and monitoring and evaluation; was active in resource mobilization; supported implementation of the communication plan. <p>Members have been integrated in the One UN Steering Committee</p>	<p>Civil Society Advisory Committee: established to promote dialogue and engagement, and influence issues that contribute to the national development agenda.</p> <ul style="list-style-type: none"> . Strengthens and supports the ability of the UN system to implement the UNDAF and UN reform, with a focus on the role of civil society in the development process. . Contributes to policy development and thinking, not only with regard to policies directly affecting and involving civil society, but on broad development policies. . Provides strategic guidance on policies and programmes to reach UNDAF results and improve development effectiveness. . Revises and oversees the preparation and implementation of UNDAF interventions to empower civil society. . Proposes stakeholder dialogues and engagement on issues that contribute to the national development agenda. . Recommends areas of potential UN system/civil society partnership within the UNDAF. 	<p>Programme Management Team made up of deputy representatives/senior programme officers to manage the development and implementation of the UNDAF, including the One Programme.</p> <ul style="list-style-type: none"> . Team provided technical and advisory support to the UN country team on inter-agency programmatic issues. . Through the pillar leads supported the development, operationalization and review of UNDAFs, including the One Programme. . Steered coordination of UN organizations in their provision of technical and financial assistance to programmes. <p>In the new UNDAF One Programme (2012-2015), the team was abolished. Development results groups aligned to each UNDAF focus area were created as the new inter-agency programme coordination entities.</p> <p>The groups are led by heads of organizations. They coordinate UNDAF planning, monitoring and evaluation, and reporting in each of the three focus areas. Joint teams on HIV/AIDS and gender equality were created as part of the new management structure to ensure mainstreaming of the issues throughout UNDAF outputs, and to coordinate advocacy work.</p>	<p>The UN country team provides strategic leadership of the One UN Fund on the basis of the joint programmes in the One Programme chapter of the UN Operational Plan, and make decisions on fund allocation based on agreed criteria and a documented process that outlines the rationale for each decision.</p> <p>Representatives of UN organizations are responsible for implementing joint programmes. They are held accountable by the resident coordinator for the utilization of One Fund resources allocated to their organization, implementation of components of the joint work plan supported by their organization, and achievement of results under the components.</p> <p>The UN resident coordinator is responsible for the overall management and coordination of the One UN Fund in consultation with the UN country team. This includes providing strategic leadership in the use of One UN Fund resources; deciding, in consultation with the UN country team, on the allocation of funds from the One Fund, based on agreed criteria; and leading resource mobilization for the One UN Fund in collaboration with participating UN organizations.</p>

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Pakistan	<p>High-Level Committee Members: key line agencies, key donors, the resident coordinator, 10 UN country team members who chair thematic working groups.</p> <p>Meeting: quarterly.</p> <p>Tasks: oversees the UN reform process in Pakistan.</p>	<p>Finance Sub-Committee of the High-Level Committee Members: includes the resident coordinator and one donor representing the donor community; chaired by the Secretary of the Economic Affairs Division.</p> <p>Meeting: quarterly.</p> <ul style="list-style-type: none"> . Decides on the allocation of unearmarked contributions at the One Programme level to one or more joint programmes. . Endorses allocations to the different joint programme components. 	<p>Joint programme steering committees <i>Accountable to the High-Level Committee</i></p> <ul style="list-style-type: none"> . Oversee and provide strategic guidance for the implementation of the joint programmes. . Decide on the management of each of the five thematic/sectoral areas of the One Programme. . Approve prioritization of outcomes/outputs at the joint programme level. . Recommend the allocation of funds for each joint programme component to the High-Level Committee Finance Sub-Committee. 	<p>Joint programme steering committee task forces Consist of national implementation partners and participating UN organizations; chaired by a UN organization.</p> <ul style="list-style-type: none"> . Recommend resource allocations to participating UN organizations within the joint programme components. . Submit recommendations for approval to the joint programme steering committee component allocations sub-committees. . Monitor the implementation of joint programmes. . Promote synergies and collective accountability. 	<p>The UN country team discusses and makes decisions regarding all aspects of piloting UN reform.</p> <p>The resident coordinator chairs the UN country team. The overall management of the One Fund is led and coordinated by the resident coordinator who provides strategic orientation, mobilizes resources, and promotes synergies between joint programmes and joint programme components.</p>

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Rwanda	<p>The One UN Steering Committee Composed of four members of the Government, the UN resident coordinator, four members of the UN country team and three donors.</p> <ul style="list-style-type: none"> . Chaired by the Minister of Finance and Economic Planning . Guides and decides on the overall strategic orientation of Delivering as One . . Administrative agent participates as an observer. 	<p>The Programme Planning and Oversight Committee in 2009 replaced a previous Program Advisory Team to provide advisory services on Delivering as One programming activities under the UN country team.</p> <p>Composed of the deputy representatives or those in charge of programme functions in the UN organizations, the senior policy adviser of the resident coordinator office, the policy advisers of the theme groups, and task force coordinators.</p> <ul style="list-style-type: none"> . Coordinates and oversees the implementation of the One Programme by bringing together all relevant groups, including the resident coordinator office. . Ensures more harmonized and qualitative planning and use of resources across the thematic areas. <p>The Programme Planning and Oversight Committee resulted in marked improvements in the quality and timely preparation of the consolidated action plans for 2010 as well as the quality of reporting for 2009. Viewed as a breakthrough in Delivering as One in Rwanda.</p>	<p>Each UNDAF outcome area is supported and overseen by an UNDAF theme group consisting of participating UN organizations. Each theme group is co-chaired by two agencies.</p> <ul style="list-style-type: none"> . Responsible for preparing work plans that are the basis for One Fund allocation and monitoring of progress, and are prepared according to criteria and the process listed in the common operational document. Agencies extract their work plans from these joint work plans. . Supported by policy advisers recruited by UN organizations based on their area of expertise. . Rwanda's common operational document does not outline joint programmes as such; they have been developed on an annual basis and revised for following years, if needed. 	<p>The UN country team's Allocation Committee is composed of heads of participating UN organizations.</p> <p>Formulates a joint resource mobilization strategy.</p> <p>Approves prioritization of the allocation of funds from the One UN Fund.</p> <p>Oversees the management and operations of the One UN Fund, and its allocation decisions under the leadership of the resident coordinator.</p> <p>Decisions of the UN country team are made by consensus.</p>	<p>The UN resident coordinator:</p> <ul style="list-style-type: none"> . Leads and coordinates the overall management of the One UN Fund in consultation with participating UN organizations; . Provides strategic leadership of the One UN Fund on the basis of the common operational document; . Mobilizes resources for the One UN Fund in collaboration with participating UN organizations; . Signs agreements with donors and participating UN organizations; . Approves allocation of funds from the One UN Fund based on allocation principles and priorities identified within the common operational document and endorsed by the One UN Steering Committee; and . Makes ultimate decisions on fund allocations. <p>The resident coordinator office supports the resident coordinator and the UN country team, particularly in relation to the coordination and management of the One Budgetary Framework and One Fund, and the meetings of the One UN Steering Committee.</p> <ul style="list-style-type: none"> . Expected to provide strategic focus, including analysis of progress and lessons to be learned for future programme implementation. . Supports the consolidation of narrative reports. . Supports the UN policy advisers and UNDAF theme groups. . Prepares and reports on consultations with stakeholders regarding the One UN Programme and One UN Fund.

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
United Republic of Tanzania	<p>Joint Steering Committee Members are representatives of the Government, the UN Country Management Team and development partners; co-chaired by the Permanent Secretary of the Ministry of Finance and the resident coordinator.</p> <ul style="list-style-type: none"> . Provides strategic guidance and strategic leadership. . Makes fund allocation decisions. . Monitors overall programme implementation. . Conducts an annual review of the One Programme and the One Fund. 	<p>Programme management committees Co-chaired by the Government-appointed senior official and the head of the UN lead organizations for the relevant programme working group</p> <p>Includes representatives of the Implementing Partners (IPs) participating UN agencies and development partners</p> <p>The committees provide joint management of the UNDAP through endorsement of the programme working group annual work plans and periodic review of results and progress at programme working group level.</p>	<p>The UN Country Management Team Composed of the resident coordinator and heads of UN organizations.</p> <p>Manages and directs planning and implementation to achieve Delivering as One Vision 2015 and the agreed code of conduct. Members are accountable to the resident coordinator and each other for progress on UN reform, effective implementation of the UNDAP, responsible use of resources and achievement of results.</p> <p>The Inter-Agency Programme Committee (IAPC) comprises senior programme staff from all UN organizations, and leads the development, implementation, monitoring and evaluation of UNDAP programmes. It reports to the UN Country Management Team and oversees programme working group results and reporting.</p> <p>The Operations Management Team leads the simplification and harmonization of business practices. It is composed of the most senior operation official from each UN country team member.</p>	<p>There are 10 programme working groups, 3 cross-cutting working groups and 4 operations working groups responsible for the coordination and implementation of the UNDAP.</p> <p>Each working group has a lead organization appointed by the UN Country Management Team to ensure coordination and strengthening of partnerships both within the UN system and with other development partners in the country. A lead organization retains its obligations as a participating organization, in addition to its specific lead functions. Through the Inter-Agency Programme Committee (IAPC), the members of each working group are collectively accountable to the UN Country Management Team and the Joint Steering Committee for the achievement of agreed UNDAP outcomes and cross-cutting considerations.</p>	<p>The resident coordinator</p> <ul style="list-style-type: none"> . Co-chairs and facilitates the work of the Joint Steering Committee. . Recommends fund allocations based on UN Country Management Team recommendations. . Provides strategic focus to the consolidated reports, including analysis of progress and lessons learned for future programme implementation. <p>Holds heads of organizations accountable for programme implementation, utilization of the funds allocated from the One UN Fund and results achieved under the components individual organizations support, and is accountable for the overall management of the One UN Fund and the utilization of its resources.</p>

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Uruguay	<p>Steering Committee of the UNDAF/UNDAP Co-chaired by the Director of the Budget and Planning Office of the Presidency and the UN Resident Coordinator.² Composed of representatives of the Ministry of Foreign Affairs, participating UN organizations, and donors as observers. Establishes the allocation criteria for the One UN Coherence Fund.</p> <ul style="list-style-type: none"> . Approves projects and programmes. . Consults with other stakeholders, especially civil society, through appropriate mechanisms. 	<p>The Consultative Committee Involves the Budget and Planning Office of the Presidency, the resident coordinator, members of the UN country team that are not part of the Steering Committee of the UNDAF/UNDAP, donors and civil society members. Other ministries may be associated as permanent members, and representatives from other sectors of society, such as academia, foundations, the private sector, or trade unions may be invited to attend.</p> <ul style="list-style-type: none"> . Serves as space for dialogue with stakeholders that are not part of the steering committee on strategic and overall priorities and progress of implementation of the UNDAF, the UNDAP and the One UN Coherence Fund. . Recommends activities funded under the Uruguay One UN Coherence Fund and their harmonization with initiatives funded bilaterally by donors. 	<p>UN country team thematic groups are organized according to the national priority areas identified in the common country assessment/UNDAF/UNDAP. Members include technical representatives from each UN organization that implements activities related to the priority area. Thematic groups are led by a member from the UN country team and oversee implementation, monitoring and evaluation of the UNDAF/UNDAP.</p>	<p>Management committees: Each joint programme/project has a management committee that prepares periodic work plans as well as disbursement requests; establishes mechanisms for supervision, control and monitoring of activities; and acts as a point of coordination between the different participating organizations and national implementing partners. Each management committee works in close collaboration and guidance with the Agency for International Cooperation and the resident coordinator office. This is not only a joint oversight mechanism, but also a coordination tool for all participants.</p>	<p>The UN resident coordinator provides strategic leadership and makes ultimate decisions on the allocations made by the One UN Coherence Fund. It is accountable and responsible for the consolidated fund reports based on reports from participating UN organizations and with the support of the administrative agent.</p> <p>Lead organizations: Most joint programmes/projects have a lead organization that oversees execution.</p> <p>The resident coordinator office functions as the secretariat for the UN country team, the One UN Coherence Fund, the Steering Committee of the UNDAF/UNDAP, and the Consultative Committee.</p>

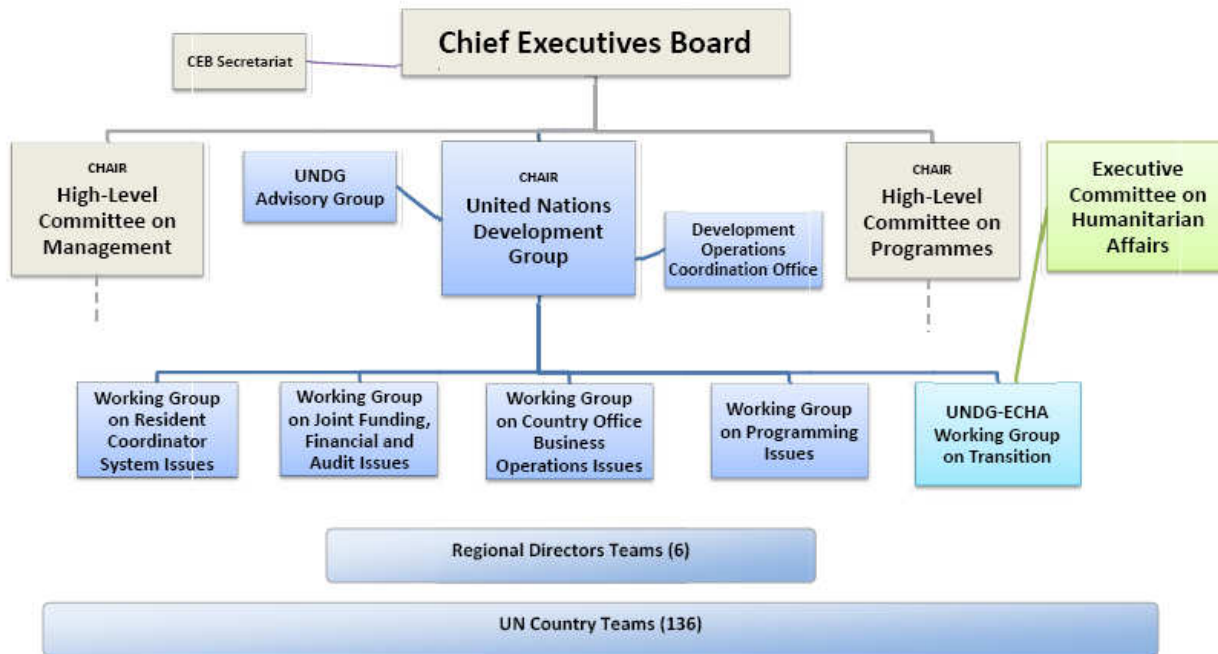
² The new Agency for International Cooperation is expected to take on the co-presidency role as the Government's leading organization for administering international cooperation.

Country ¹					
	Joint oversight mechanisms	Programme coordination	UN organizations and resident coordinator		
Viet Nam	<p>Tripartite National Task Force</p> <ul style="list-style-type: none"> Consists of representatives of the Ministry of Planning and Investment, the Ministry of Foreign Affairs, the Ministry of Finance, the Office of the Government, participating UN organizations and bilateral donors. Established under the leadership of the Government within the context of the Ha Noi Core Statement on Aid Effectiveness. Responsible for general oversight of all aspects of Delivering as One. 	<p>The One Plan Steering Committee is co-chaired by the Vice Minister of the Ministry of Planning and Investment and the UN resident coordinator.</p> <ul style="list-style-type: none"> Approves the guiding principles for fund allocations under the One Plan Fund. Provides guidance and recommendations on priority actions. 	<p>The One Plan Fund Mobilization and Allocation Committee is chaired by the UN resident coordinator and consists of heads of UN organizations.</p> <ul style="list-style-type: none"> Develops a joint resource mobilization strategy. Prioritizes the allocation of funds from the One Plan Fund. Oversees management and operations of the One Plan Fund. 	<p>The programme coordination groups were established in 2008 to support the coordination, harmonization and effective delivery of One Plan development results. They constitute the overall coordination structure for joint programming and harmonization across UN organizations.</p> <ul style="list-style-type: none"> Coordinate timely, efficient and effective joint planning and delivery of a distinct set of One Plan results. Ensure policy coherence and provide a policy forum for distinct programmatic areas. Monitor and report on achievements against planned results. <p>Since 2008, the joint programme coordination group annual reviews have replaced organization-specific annual reviews, reducing transaction costs for UN staff, national partners and donors. The groups' annual reports provide the basis for the single UN Viet Nam annual report.</p>	<p>UN country team, comprising heads of UN organizations.</p> <ul style="list-style-type: none"> Responsible for programme implementation; accountable to the resident coordinator for organizational results under initiatives funded through the One Plan Fund. <p>The UN resident coordinator</p> <ul style="list-style-type: none"> Leads and coordinates the overall management of the Viet Nam One Plan Fund in consultation with participating UN organizations. On behalf of the UN country team, leads the resource mobilization process in a unified and more simplified way, replacing the previous organization-based fundraising. Makes ultimate decisions on One Plan Fund allocations.

Annex IX: TABLES WITH EVIDENCE

Table 1:

United Nations Development Group structure within the Chief Executives Board (CEB)



Source: www.CEB.org.

Table 2: Summary of findings from the 2010 country-led evaluations of Delivering as One and assessments of their robustness

Evaluation criteria	Evaluation sub-criteria	Albania		Cape Verde		Mozambique		Rwanda		United Republic of Tanzania		Uruguay		Viet Nam	
		Find ing	Rob ustn ess	Find ing	Rob ustn ess	Find ing	Rob ustn ess	Find ing	Rob ustn ess	Find ing	Rob ustn ess	Find ing	Rob ustn ess	Find ing	Rob ustn ess
Contribution of Delivering as One to the relevance of UN development work	Responsiveness to country needs and priorities	1	A	1	A	1	A	1	A	1	A	1	A	1	A
	Enhanced relevance and coherence of the UN development system	1	A	2	B	1	B	2	C	2	B	1	A	1	A
Contribution of Delivering as One to development effectiveness	National ownership and leadership	1	A	1	A	1	B	1	A	1	A	1	B	1	A
	Capacity-building	1	B	2	B	2	B	?	C	1	C	2	C	?	C
	Development results, including cross-cutting issues (gender equality, human rights)	1	B	?	C	?	C	?	C	?	C	?	C	?	C
Contribution of Delivering as One to the efficiency of the UN development system	Reduction of transaction cost	2	B	?	C	2	C	?	C	2	C	2	C	2	C
	Reduction of cost and overheads	2	B	1	B	2	C	?	C	2	C	?	C	2	C
	New business practices	2	B	1	B	1	A	2	B	2	B	1	B	2	B
	Simplification and harmonization of rules, regulations and procedures	2	B	2	B	3	B	2	B	2	B	2	B	2	B

	Additional, more predictable and more flexible funding mechanisms	2	B	1	B	1	B	3	B	1	B	1	B	1	B
Sustainability of the Delivering as One approach	--	3	B	2	B	3	B	1	C	2	B	2	B	1	B

Key:

Findings: **1 = positive** **2 = mixed** **3 = critical** **? = no clear**

Assessment of robustness of findings by the evaluation team based on evidence provided in the country-led evaluations: **A = robust** **B = not fully robust** **C = not robust**

Source: Country-led evaluation reports from 2010, “Inception Report of the Independent Evaluation of Lessons Learned from DaO,” September 2011.

** No country-led evaluation was conducted for Pakistan. Instead, the evaluation team reviewed the “Scoping Mission to Pakistan” report (UN-DESA, 2011), the “Stocktaking Report of DaO” (United Nations, 2010), and the “UNEG Evaluability Study of the Pilot Initiative for Delivering as One” (2008). This review is not reflected in Table A.6.1.*

Table 3: Overview from the country-led evaluations on the difficulties in assessing development effectiveness

Pilot countries	Difficulties in assessing effectiveness	Source
Albania	The country-led evaluation states that the assessments of effectiveness are based on a consideration of interim results. It suggests that a more complete and objective assessment of effectiveness can only be undertaken after a substantial level of completion of programme activities, which is not likely before the end of 2011.	“Country-led Evaluation of Delivering as One – UN Pilot Initiative in Albania,” 2010.
Cape Verde	Overall, the country-led evaluation focuses more on the effectiveness of the individual “pillars,” rather than on Delivering as One’s overall contribution to development effectiveness. It deems it too early to assess this broader issue. It also notes shortcomings in the results monitoring framework and system at country level, which limits the assessment of the effectiveness of Delivering as One.	“Country-led Evaluation of Delivering as One – UN Pilot Initiative in Cape Verde,” 2010.
Mozambique	The country-led evaluation highlights that it is occurring roughly three years after the launch of Delivering as One, and that it is premature to evaluate results in terms of programme goals.	“Country-led Evaluation of Delivering as One – UN Pilot Initiative in Mozambique,” 2010.
Pakistan	No country-led evaluation was conducted.	
Rwanda	The country-led evaluation makes it clear that it was difficult to review progress at the outcome level (contribution to development results). Similarly, with regard to capacity building and cross-cutting issues, it contains little evidence of results achieved. The evaluation reported substantial difficulties in data gathering, because only two years had elapsed since the first programming year for Delivering as One, and it took place prior to a scheduled UNDAF mid-term review. (The review was never conducted.)	“Country-led Evaluation of Delivering as One – UN Pilot Initiative in Rwanda,” 2010.
United Republic of Tanzania	The country-led evaluation assesses each of the five pillars against “effectiveness.” However, this is understood as operational effectiveness, not development effectiveness. The evidence on capacity development, and the contribution of the UN system to development results and cross-cutting issues is limited, in particular with regard to outcome evidence.	Country-led Evaluation of Delivering as One – UN Pilot Initiative in Tanzania, 2010.
Uruguay	The evaluation period is restricted to only one programmatic cycle (2007-2010), which does not provide a proper assessment of the achieved effects. The country-led evaluation refers to the absence of a reliable results-monitoring framework and any system to measure the work of the UN system in the context of Delivering as One, or to assess the UN’s contributions to the development outcomes stated in the One Programme.	“Country-led Evaluation of Delivering as One – UN Pilot Initiative in Uruguay,” 2010.
Viet Nam	The country-led evaluation states that there are limitations to evaluating progress. The period of time since the One UN initiative started is very short; performance reports are limited in scope and coverage, and deal primarily with activities	“Country-led Evaluation of Delivering as One – UN Pilot

<p>and outputs, rather than outcomes; and the scope of reform is very complex, without a clear intervention logic that explains how changes to institutional arrangements and ways of working lead to improved development effectiveness. The evaluation stresses that it would be very difficult to identify the contribution of the UN system as a whole to Viet Nam's development during this time period; to attribute improved effectiveness to the One UN initiative is even harder. It notes that there are many weak performance statements, such as processes being described as "enhanced" with no baseline or quantification against which the extent of achievement could be judged.</p>	<p>Initiative in Viet Nam," 2010.</p>
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Table 4: Examples from 2010 annual reports on the added value of Delivering as One for development results

Pilot countries	Excerpts on added value	Source
Albania	“Among other benefits, common advocacy on key policy areas of gender equality and social inclusion has yielded results that individual agencies would not have been able to achieve alone.”	“2010 One UN Programme Annual Report,” UN Albania, 2011.
Cape Verde	No concrete examples.	“One UN Programme 2010 Annual Report,” UN Cape Verde, 2011.
Mozambique	“Initially only covering improved agricultural production techniques – such as cultivation methods, type of seeds, compost making, pest control, preservation, storage and protection against animals – the programme now addresses agro-processing, literacy, gender equality, HIV and the prevention of violence against women. This broadened approach results from the participation of various United Nations agencies in the programme.”	“UN in 2010 Annual Report,” UN Mozambique, 2011.
Pakistan	“Some of the key gender equality results contributed to by this joint initiative include: Ensuring all JPs are vetted by the Cross Cutting Issues Working Group and Inter-Agency Thematic Group on Gender, so that the entire One UN pilot is anchored in the core principles of a Rights Based Approach leading to integration of the four (cross-cutting issues) at every stage of delivery.”	“One UN Program 2010 Annual Report,” UN Pakistan, 2011.
Rwanda	No concrete examples.	“Delivering as One Annual Report 2010,” UN Rwanda, 2011.
United Republic of Tanzania	<p>“JP4 (joint programme) has provided an effective technical platform for promoting DaO by identifying and exploiting synergies among PUNs³ in the formulation and implementation of activities. This is evidenced in a number of results including: the successful production of MDG reports and roll-out of PER (public expenditure review) in the districts, made possible through collaboration of UNDP and UNICEF in support of PMORALG⁴; advancing gender equality, with collaboration between UNIFEM and UNFPA in support of the MCDGC⁵; preparatory work for the 2012 population census, resulting from collaboration between UNDP and UNFPA....</p> <p>Joint planning under JP11 has been useful to avoid overlaps across agencies and address gaps related to environmental interventions. There is a strong feeling that JP11 is a good platform for strengthening linkages and synergies as well as knowledge and information sharing among environment stakeholders. This can therefore be capitalized to provide a mechanism for realising emerging international funding opportunities for climate change.”</p>	“Delivering as One in Tanzania: Annual Report 2010,” UN in the United Republic of Tanzania, 2011.

<p>Uruguay</p>	<p>“The inclusion of civil society organizations (CSOs) has been identified as key element of cooperation for development, and the UN (system) in Uruguay has made several efforts to strengthen and include it into the implementation of how cooperation for development is delivered especially in a so-called (middle-income country). This joint programme implemented by UNDP, UNESCO and UNFPA aimed at strengthening and developing capacities amongst CSOs at an institutional level....</p> <p>“Synergies were generated between ... components. CSOs met in regional workshops to discuss the characteristics of local organizations, to develop a diagnosis of their weaknesses and strengths collectively, and to generate a common action plan to be implemented throughout the joint programme’s activities. The resulting action plan aimed at improving capacities to evaluate policies, autonomy and impact of the actions performed by the CSOs. In addition, the workshops reached a wider range of organizations and individuals than was originally foreseen including many grassroots level organizations.”</p>	<p>“Consolidated Annual Progress Report on Activities Implemented under the Uruguay One UN Coherence Fund,” UN Uruguay, 2011.</p>
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<p>Viet Nam</p>	<p>“As a result of joint UN advocacy efforts, (the Ministry of Education and Training) has committed to integrate gender, sexuality education and HIV into the 2011-2020 Education Development Strategy.”</p> <p>“To address poverty reduction more coherently and comprehensively, the UN supported the Government in organising the Poverty Reduction Policy Dialogue (May 2010) and the Ethnic Minority Development Forum (December 2010), widely considered as critical advocacy milestones. These policy dialogues provided an important opportunity for Government, the UN, development partners, academia and civil society to share ideas on the next phase of the National Target Programme on Poverty Reduction (Programme 135) and the SEDP⁶. The UN provided substantial inputs and coordinated development partner’s contributions for the draft Resolution on the 2011-2020 Poverty Reduction Strategy. As a result, the focus has now shifted towards a multi-dimensional approach to addressing chronic and transient poverty.”</p> <p>“The Partnership on Avian and Human Influenza (PAHI) within MARD⁷ represents another important multi-sectoral partnership. With UN support, the PAHI Secretariat assisted MARD and MOH⁸ to develop the Integrated National Operational Programme on Avian Influenza, Pandemic Preparedness and Other Emerging Infectious Diseases (AIPED) for the period 2011-2015.”</p> <p>“The UN continued to play a leading role in facilitating stronger coordination between key stakeholders to ensure an integrated approach to disaster risk management (DRM). This is being done through the joint (Government)-UN Programme Coordination Group as well as through the Disaster Management Working Group and the Climate Change Working Group. The regular ‘UN Situation Reports’ and technical support to the DMC⁹ further improved the timely sharing of critical information and led to a more coordinated and effective response to disasters when these happen.”</p> <p>“Co-chaired by the UN Resident Coordinator, the Ambassadors/UN Heads of Agencies Informal Coordination Group on HIV is another example of the UN’s convening role in support of donor coordination and policy coherence. The Coordination Group plays a key role in advocating for a strategic and inclusive national response to HIV. The HIV Programme Coordination Group works closely with the Government and all key stakeholders to scale up HIV prevention, treatment, care and support in Viet Nam.”</p> <p>“During 2010 the ‘Mini-Dublin Group’, an informal consultation and coordination mechanism facilitated by the UN, continued to address specific problems of illicit drug trafficking. The Group developed a range of recommendations to the Government on suggested priority actions in key areas.”</p>	<p>“Annual Report 2010,” UN Viet Nam, 2011.</p>
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Table 5: One Fund Participating Organizations in 2011

		Total	Albania	Cape Verde	Mozambique	Rwanda	United Republic of Tanzania	Uruguay	Viet Nam	Pakistan
Programmes and funds	UNCTAD	4	-	Yes	Yes	Yes	Yes	-	-	-
	UNCTAD/ITC	4	-	Yes	Yes	Yes	Yes	-	-	-
	UNDP	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	UNDP/UNV	3	-	Yes	-	Yes	-	-	Yes	-
	UNDP/UNCDF	2	-	-	Yes	-	Yes	-	-	-
	UNEP	6	Yes	Yes	-	Yes	Yes	Yes	-	Yes
	UNFPA	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	UN-Habitat	6	-	Yes	Yes	Yes	Yes	-	Yes	Yes
	UNHCR	4	-	-	Yes	Yes	Yes	-	-	Yes
	UNICEF	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	UNODC	5	-	Yes	Yes	-	-	Yes	Yes	Yes
	UN Women	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
WFP	5	-	Yes	Yes	Yes	Yes	-	-	Yes	

Specialized agencies	FAO	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	IFAD	1	-	-	Yes	-	-	-	-	-
	ILO	7	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	IOM	5	-	Yes	Yes	-	Yes	Yes	-	Yes
	UNESCO	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	UNIDO	8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	WHO	7	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes
Offices	OHCHR	2	-	-	-	Yes	Yes	-	-	-
Other entities	UNAIDS	5	-	-	Yes	Yes	Yes	Yes	Yes	Yes
	UNOPS	1	-	-	-	-	-	Yes	-	-
Regional commissions	ECA	1	-	-	-	Yes	-	-	-	-
Total		124	9	17	19	19	19	12	13	16

Source: Multi-Partner Trust Fund website. The table includes only organizations that participated at least once in a One Fund.

**ANNEX X: REFORM OF FUNDING AND BUSINESS
PROCESSES AT COUNTRY LEVEL AS KEY ELEMENTS OF
THE DELIVERING AS ONE PILOT PROCESS**

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I. Introduction

1. The independent evaluation of the Delivering as One Pilot Initiative is part of the process of the reform of operational activities of the United Nations, to which this annex contributes with its specific focus on¹⁰:

- A review of the innovative funding frameworks and instruments (e.g. Budgetary Frameworks, One Funds as well as on the Expanded ‘Delivering as One’ Funding Window for Achievement of MDGs¹¹) and their intervention logic and performance against the background of the overall funding of operational activities for development of the United Nations system in the pilot countries (core and non-core funding);
- An analysis of both intended and unintended effects of the new funding mechanisms, e.g. the simplification and harmonization of budgeting by UN organizations, the use of harmonized cash transfers (HACT), the use of and coordination with national systems, the enhancing of financial transparency and accountability, the coordination with other forms of external funding (e.g. aid, South-South Cooperation) etc.;
- Information on efforts in Delivering as One eight pilot countries¹² to reduce transaction costs for the UN itself as well as for national and external partners, and analyze systemic issues related to the reduction of transaction cost, e.g. definitions of transaction cost across the system, methods of cost classification and business practices that have helped or hindered Delivering as one attempts to reduce transaction cost in pilot countries.

2. The purpose of this annex is to provide some historical and analytical background to key elements of the independent evaluation of the DaO pilot initiative, such as funding and business practices. The annex will therefore

- Place the DaO process into the context of overall aid flows to assess whether the DaO resulted in an increase of aid flows;
- Review the funding structure of the DaO process in terms of donors providing the resources and in terms of UN agencies executing programmes funded from these resources;
- Analyze the concept of the new funding models introduced as result of DaO in relation to the established funding models for the UN system;
- Analyze the impact of the business model of the UN agencies concerned on their role in the implementation of the DaO pilot initiative;

- The approaches adopted by UNCTs in the pilot countries to deal with innovation in real-life settings of ongoing or newly starting UNDAFs;
- The achievements of UNCTs in simplifying and harmonization of business practices, as well as constraints encountered, including their achievements in reducing transaction cost;
- The system-wide support mechanisms to support the new funding mechanism and reform processes.

II. The context

a) Some historical background

3. The origins of the UN development system in its current configuration¹³ are two-fold:

- The establishment of a number of specialized agencies with independent and technical governance between 1945-1948 (FAO, ICAO, UNESCO, WHO); and
- The establishment of UNDP (after the EPTA¹⁴ and the Special Fund) as the central funding mechanism of UN technical assistance particularly to support new nations after decolonization in the 60ies.

3. Under this system, UNDP was the central funding mechanism while Specialized Agencies would bring in their technical expertise and operate national, regional and global projects. Most of the funding was “core”, and the mechanism was guided by the Indicative Planning Figure (IPF), UNDP’s resource allocation/country programming mechanism, which was an envelope of expected requirements to fund technical cooperation through the UN system agencies. This arrangement was in accordance with absorptive capacities at national level. The system further evolved, during the 1980s and mid-nineties, with:

- The change in the relative position of UNDP as a funding source, as donors increasingly channelled resources directly to Specialized Agencies and other UN programmes (e.g. WFP, UNICEF);
- The introduction of new approaches to resource mobilization outside of core funding, including as of the 1990s of funding by recipient governments, due to budget constraints faced by UNDP;
- The introduction of national execution, as the main pillar of UNDP assistance, and its abandoning of its role as central funding mechanism of the UN system;

- The disproportional increase of non-core (i.e. earmarked) funding and the establishment of resource mobilization in all agencies to compensate for the disappearance of UNDP as central funding mechanism;
- The transformation of UNDP from a fund to a development organization, with its own execution capacity and technical mandates in particular in the areas of poverty alleviation, governance, environment, and crisis prevention and recovery;
- The establishment of country-level office networks by many of the Specialized Agencies, while others maintained the status as non-resident agencies; and
- More agencies were established by the UN General Assembly to deal with specific situations or requirements (e.g. UNCTAD, ITC, UNIDO, UNEP etc.).

4. At the same time, the role and functions of the UNDP Resident Representatives were expanded to represent the UN Secretary-General as UN Resident Coordinator (mid-eighties) to represent the UN system as a whole at country level. Most UN agencies accepted the role of the UN RC as *primus inter pares* and the interagency meetings at country-level gradually evolved into what is known today as UN Country Team. A significant shift in concepts and modalities for UN system collaboration at both the country and inter-agency level was heralded as from the late 1990s by the then Secretary-General's packages of reform.

4. The reforms in 1997, called for, inter alia, the accelerated establishment of UN Houses with common services and more harmonized business practices and the introduction of the UNDAF as the strategic document articulating the main objectives and areas of collaboration for UN agencies in the field.

5. The package also included re-grouping of the main UN departments, entities, funds and programmes into Executive Committees, of which one covered the "UN Development Group" (UNDG)¹⁵. Under the reform, the UNDG was initially limited to the Executive Heads of UN Funds and Programmes and other bodies under the authority of the Secretary General. It was also supported by the (UN) Development Group Office (DGO), which became a support centre for the UNDAF and Resident Coordinator system. This structure co-existed with the existing ACC¹⁶ (renamed Chief Executive Board or the CEB) structure, comprising all organizations of the UN system with various committees for policy and operational questions and administrative issues. However, in the development cooperation arena, it soon became clear that UNDG had a more operational focus – as opposed to the more informal policy coordination and information exchange in the ACC subsidiary bodies. The UNDG structure was therefore expanded to include all the main organizations involved in development cooperation activities.

6. The result of the above-mentioned process is described by the Secretary-General in his past reports to ECOSOC (2008-2011)¹⁷ on the funding of the resident coordinator system, on the funding of the UN system and on simplification and harmonization of business processes. Notably, the various General Assembly

resolutions on triennial policy reviews of operational activities for development and on system-wide coherence provided additional impetus to reform, whereby the decisions of the 2005 World Summit and the subsequent report of the High-Level Panel on System-Wide Coherence in 2006 contained the more fundamental proposals as to how to reform the evolved UN development system structure.

b) Background to the need for reforming funding and business practices of UN development assistance

7. The need for reforming funding and business practices of the UN development assistance was expressed by the High-Level Panel study on Delivering as One with regard to the “One Budgetary Framework” and the “One Office”¹⁸.

8. The key features of the One Budgetary Framework was to

- ✓ “Transparency, management, and the effective implementation of the One Country Programme through one budgetary framework.
- ✓ Funding should be linked to the performance of the United Nations country team preparing and implementing a strategic One Country Programme.
- ✓ The budget should be completely transparent, showing clearly the overheads and transaction costs of the United Nations and all of its funds, programmes and specialized agencies in the country.”

9. The key features of the *One Office* were

- ✓ “One integrated results-based management system, with integrated support services.
- ✓ Joint premises (where appropriate).
- ✓ A common security infrastructure and clear lines of accountability.”

10. The complexities of the management of the activities of the UNCT are best described by the following quote from the report of the Secretary-General on the functioning of the Resident Coordinator system, which is highly relevant for assessing the achievements of the DaO pilots in the field of harmonization of business processes: Each of the “organizations, agencies, funds and programmes represented in the country team has its own governance and accountability framework and highly specialized mandate. The human, financial and technical resources available to them also differ, with each operating on business models that best suit their mandates. The country representatives and/or directors of the agencies are directly accountable to their own organizations. Moreover, the country offices and programme activities of the agencies are funded from their own resources (regular budget and extrabudgetary) and/or host government contributions. These differences come into play at the country level, particularly when United Nations country teams help countries to deal with such cross-cutting or large-scale issues as climate change, food security and the global economic crisis”¹⁹.

c) The funding architecture for operational activities of the UN Development System (excluding humanitarian assistance)

11. Operational activities for development of the United Nations system²⁰ are defined as those activities of funds, programmes and agencies which have the specific objective of promoting development. A number of United Nations entities have specific mandates in this regard. Operational activities for development cover both longer-term development-related activities as well as activities with a humanitarian assistance focus. They are funded by a combination of so-called core and non-core resources.

- *Core resources* are those that are commingled without restrictions and whose use and application are directly linked to the strategic mandates, guidelines, priorities and goals established by the respective intergovernmental governing bodies.
- *Non-core resources* are resources that are generally restricted with regard to their use and application as determined by the contributor. The degree to which the use and application of non-core resources are subject to and aligned with the mandates, guidelines, priorities and goals established by intergovernmental governing bodies is at best indirect.

12. Core, or unrestricted, funding is generally seen as a more efficient way of building effective partnerships with programme countries in the delivery of operational activities for development. Restricted aid in the form of non-core resources, on the other hand, is often seen as distorting programme priorities by limiting the degree to which governing bodies and programme countries themselves are involved in priority-setting through the selection, design and implementation of projects and programmes.

13. According to the SG's report on funding of operational activities until 2009²¹, financing in the form of non-core resources currently accounts for some 73 per cent of total contributions and has grown significantly over time. The experiment within the framework of the DaO pilot process, to introduce new funding models and new budgetary frameworks needs to be seen in the context of this broader picture.

d) The One Office or the reform of business processes and reduction of transaction costs

10. The difficulties of UN organizations to work together at country level arise from the different business models, which "respond to organization-specific mandates and programme activities guided by governing bodies" of the organizations concerned. The DaO pilot process was to explore the potential for simplification and harmonization within existing business models, without touching upon headquarters

structures and corporate accountability frameworks relevant for the organizations concerned.

II. Aid flows, funding instruments and Delivering as One

a) Aid flows in support of DaO as compared with overall aid flows

11. Global ODA flows have increased during the period 2006-2010 by 22% from US\$ 107 billion to US\$ 131 billion. The share of UN operational activities in total ODA has slightly increased, over a five-year-period, from 16 % (2006) to 18 % (2010).

12. During the same period, UN aid flows increased by 35 % from US\$ 17 billion to US\$ 23 billion. Non-core assistance rose by 43 % from US\$ 12.2 billion to US\$ 17.5 billion. The value of resources channelled through Multi-Partner Trust-Funds during the same time period nearly tripled from US\$ 360 million to US\$ 930 million. The share of Multi-Partner Trust Funds in non-core nearly doubled from 3.0 % in 2006 to 5.3 % in 2010.

13. The share of development assistance in ODA has remained relatively unchanged, with 11.2 % in 2006, and 11.6 % in 2010; its overall value increased by 27% from 2006 to 2010, whereby the growth of non-core (+33%) was double of the growth of core (equivalent to 15%). The importance of multi-donor trust funds in UN development has grown (largely because of the MDG-F, the One Fund and the Expanded Funding Window), as it more than tripled since 2006.

14. It is difficult, however, to assess whether the increase in MPTF funding has been at the expense of traditional non-core funding, first because its small share of only 6 % in 2010 of non-core for operational activities, and second because its total value in 2010 of US\$ 0.66 billion is only a quarter of the increase of the value of non-core between 2006 and 2010. Without the MTPF funding, non-core would have grown by 28 % instead of 33%, including MPTF funding²².

Table 1: Total ODA Flows and UN Assistance in US\$ Billion (2006-2010)

Total ODA Flows and UN Assistance in US\$ Billion (2006-2010)						
2006	2007	2008	2009	2010	Total 2006-2010	Change in % from 2006 to 2010

<i>UN Operational Activities (development and humanitarian)</i>							
Global ODA	107,3	108,5	127,9	127,0	131,1	601,8	+22%
UN Operational	17,3	19,2	22,6	21,9	23,4	104,4	+35%
- Core	5,0	5,6	6,4	6,0	5,9	28,9	+18%
- Non-Core	12,2	13,6	16,0	15,9	17,5	75,2	+43%
- Local resources	1,9	2,2	1,5	1,3	..	6,9	-
- Of which Multi-Partner Trust	0,36	0,55	0,47	0,73	0,93	3,04	+158%
Share of Multi-Partner Trust Funds (MPTF) in	3,0%	4,1%	2,9%	4,6%	5,3%	4,0%	
<i>*Development only*</i>							
UN operational	12,0	13,6	14,0	14,2	15,2	69,0	+27%
Core	4,1	4,6	4,6	4,8	4,7	22,8	+15%
Non-core	7,9	9,1	9,3	9,4	10,5	46,2	+33%
MPTFs	0,21	0,27	0,35	0,48	0,66	2,0	+218%
Share of MPTFs to non-core (%)	2,6%	3,0%	3,8%	5,1%	6,2%	4,3%	

b) Funding instruments used to support the One Programme under the DaO

15. The two funding instruments²³ that were used specifically to support the One Programme component of the DaO process are the country-specific “One Fund” that is “managed” at country level and the global “Expanded Funding Window” (EFW) that is “managed” at headquarters level. Specifically, they are characterized as:

- The “*One Funds*” were established between 2007 and 2008 by the Multi-Partner-Trust Fund Office in UNDP as country-specific Multi-Partner Trust-Funds to which donors willing do so could directly contribute resources in support of the “Delivering as One” modality. In total, nine such “One Funds” were established, of which there was one fund for seven pilot countries and two for Viet Nam²⁴. These nine “One Fund” MPTFs are identifiable by their association to the country concerned²⁵. In total, 15 countries contributed to these “One Funds”, in two cases two donor agencies from the same countries (Sweden and Switzerland) supported the One Fund, leading to a total of 17 separate donor accounts. As a principle, funding in the country-specific One Funds was not earmarked, and in most cases, multi-year. While the One Funds are administered by the MPTF Office as Administrative Agent, all decisions regarding allocation of funds to themes or projects are taken at the country level within the framework of the governance and oversight arrangements and rules (e.g. Steering Committees etc.) that the Government, the Resident Coordinator, and the UNCT agreed to and established at the country level.
- In addition, the “*Expanded Delivering as One Funding Window for Achievement of the Millennium Development Goals*” (EFW) was introduced in 2008 as a multi-donor funding mechanism to provide resources to support nationally-led and owned programming processes to help UN Country Teams to deliver as one. It was designed to enable UN Country Teams to raise additional unearmarked and

predictable resources in support of the One Programme in pilot countries and other countries voluntarily adopting the DaO approach (self-starters) and to meet funding gaps²⁶. From a country perspective, the EFW is shown as donor within the framework of the country-specific One Fund.

16. The nine One Fund MPTFs and the EFW are managed by the Multi-Partner-Trust-Fund Office in UNDP headquarters in its function of Administrative Agent²⁷ for each of these MPTFs; for this task it receives a 1% fee. It maintains an internet gateway²⁸ that allows for tracking of all donor commitments, funds transfers to the Participating Agencies and expenditures by the Participating Agencies in relation to the ten MPTFs (nine One UN Funds and EFW) that are related to the DaO process. The Gateway also serves as an online repository for a set of relevant documents (e.g. One Programmes, Annual Progress Reports, Joint Programmes, MoUs, etc.).

17. Donors would contribute either directly to the country-level One Fund or to the EFW; four donors supported the EFW. Overall, 26% of the total commitment to the DaO One Funds was channelled through the EFW, but its share in the One Fund varied widely, which is consistent with the concept that the EFW was to supplement local resource mobilization through the One Fund by funding part of the remaining funding gap in relation to overall programming needs.

18. By the end of 2011, total commitments to the One Fund (including the EFW) in the eight pilot countries were US\$ 585 million, of which US\$ 502 million were actually deposited with the Administrative Agent, corresponding to 81% of the total commitments to the One Fund. With regard to the EFW this corresponds to 100% as from the country perspective, and the EFW is seen as a donor.²⁹

Table 2: Commitments (and Deposits) for One Fund and Expanded Funding Window (EFW) in US\$ million (2007-2011)

One Funds for	Commitment/Deposits for			Total Deposits with AA	Share of	
	One Fund	EFW	Total		EFW in Commitment	Deposits of Commitments
	In US\$ Million				In %	
Albania	23,5	3,6	27,1	25,6	13%	95%
Cape Verde	14,9	3,5	18,4	14,4	19%	79%
Mozambique	52,9	35,0	87,8	78,1	40%	89%
Pakistan	79,7	20,9	100,6	73,2	21%	73%
Rwanda	33,8	35,3	69,1	65,8	51%	95%
Tanzania	140,0	32,3	172,3	135,1	19%	78%
Uruguay	10,3	3,6	13,9	13,9	26%	100%
Viet Nam	77,3	18,1	95,4	95,4	19%	100%
Total	432,4	152,2	584,6	-	26%	-
Total Deposits	349,4	152,2	501,6	501,6	30%	100%
Share Deposits in Commitments	81%	100%	86%			

19. The EFW allocated US\$ 152 million to the DaO pilot countries, out of the US\$ 245 million that were deposited by the four donors with the Administrative

Agent against a total commitment of US\$ 270 million. After adjustment for interest and fees, the Administrative Agent transferred US\$ 234 million to the Participating Agencies, out of which US\$ 152 million were allocated to DaO pilot countries which is the equivalent of 65% of available overall resources from US\$ 234 million. The remaining US\$ 82 million were allocated to other countries adopting DaO principles and processes without being part of the pilot process (e.g. so-called self-starters).

Table 3: Contribution of Donors to the EFW and allocation of EFW to Delivering as One

Contributions of Donors to EFW	Total in US\$ Million		Share in %	
	Commitments	Deposits	Commitments	Deposits
Netherlands	4,1	4,1	2%	2%
Norway	56,6	56,6	21%	23%
Spain	144,1	144,1	53%	59%
United Kingdom	64,6	40,0	24%	16%
Total Funding EFW	269,5	244,8	100%	100%
Various Charges/Interest		1,4		
Balance with AA		-12,1		
Total Transferred to UN		234,2	100%	
Participating Agencies for				
- DaO countries		152,2	65%	
- Countries adopting DaO (Self-		82,0	35%	

20. Fifteen donors³⁰ out of 25 DAC donors countries (including the European Union) supported the One Fund (including the Expanded Funding Window³¹) in the eight pilot countries.

Table 4: Donor Commitments in Support of the One Fund involving the EFW in US\$ Million (2008-2011)³²

Donor	Direct commitments to One	Share of commitments to One Fund,	Commitments through the Expanded	Total commitments	Share of total commitment
Australia	16.1	4		16.1	3
Austria	1.9	0		1.9	0
Canada	77.6	18		77.6	13
European Union	3.5	1		3.5	1
Finland	16.3	4		16.3	3
France	1.0	0		1.0	0
Ireland	13.6	3		13.6	2
Luxemburg	11.9	3		11.9	2
Netherlands	43.5	10	3.0	46.5	8
New Zealand	5.1	1		5.1	1
Norway	90.7	21	35.0	125.7	21
Spain³⁴	65.9	15	89.8	155.7	27
Sweden	26.4	6		26.4	5
Switzerland	1.7	0		1.7	0
United	57.4	14	24.4	81.8	13
Grand total	432.6	100	152.2	584.8	100
Share of five largest donors					83%

Note: The five largest donors are in bold.

21. The five donors which covered 83 % of all commitment to the One Fund³⁵ (Canada, Netherlands, Norway, Spain, and the United Kingdom), contributed during 2006-2010 a cumulative amount of US\$ 17 billion to the UN system, of which 62 % was for their total non-core assistance. They are also an important donor for MPTFs which covered in 2009 an increasing share (38 %) of their commitments to non-core funding. This concentration of the donor commitments to the One Fund and even more to the EFW from a few donors makes the entire DaO process dependent on the policy decisions of these five donors. The trends noted in Figure 1 before are not uniform for these five donors.

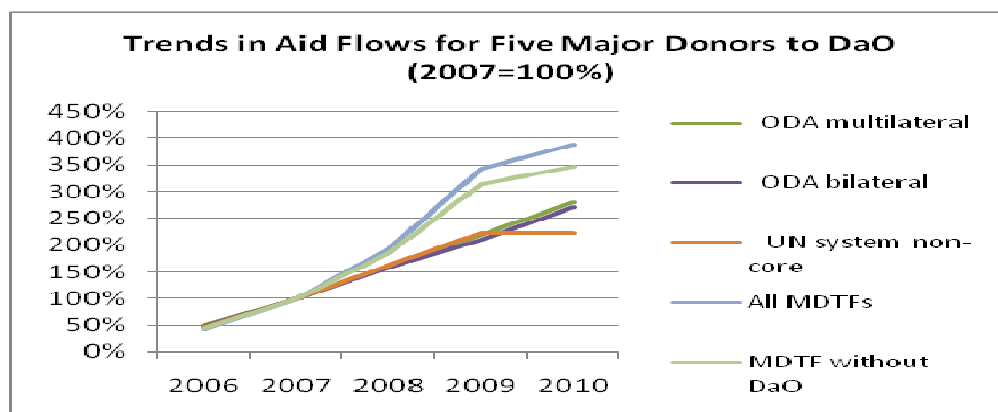
Table 5: Aid Flows of Five Major donors to DaO in US\$ Million³⁶

Five Major Donors	2006	2007	2008	2009	2010	Total 2006-2009
Total ODA	28.353	29.027	34.160	32.374	35.141	159.055
multilateral	19.805	19.626	23.769	22.967	24.140	110.308
bilateral	8.548	9.401	10.390	9.407	11.001	48.747
Total UN system	3.506	4.151	4.658	4.639	n.a.	16.954
core	1.359	1.614	1.705	1.814	n.a.	6.492
non-core	2.147	2.537	2.953	2.825	n.a.	10.462

All MPTFs	301	406	649	1.075	316	2.747
Of which DaO	0	38	73	216	100	427
Share UN to ODA	12%	14%	14%	14%	12%	n.a.
Share of DaO in	0%	9%	11%	20%	32%	16%
Share of MPTFs in Non-Core	14%	16%	22%	38%	n.a.	n.a.

22. Comparing the trend figures of commitments of the five major donors to the One Fund³⁷, it appears that their commitments to the One Fund have grown faster, up to 2009³⁸, than their overall commitment to ODA and to non-core contributions. The acceleration in growth of MPTFs was further enhanced with the One Funds and the EFW, which covered in 2009 20% and in 2010 32 % of all commitments to MPTFs, and 16 % of the cumulative commitments for the MPTFs. As from 2009, this commitment to MPTFs seems to be slowing down.

Figure 1: Trends in Aid Flows for Five Major Donors to DaO³⁹



23. Based on the statistical analysis, it would appear that support for the One Fund including the EFW is levelling off for at least four of the five donors and only one donor continued to give priority to the One Fund/EFW over ODA and non-core funding. These statistical observations were confirmed during interviews with donor delegates in New York in February, 2012. This conclusion points to an important future funding model that underpins the DaO pilot process, as its sustainability is by no means assured.

24. The offices of the RC and of some of the UNCT members in some of the pilot countries were strengthened at the beginning of the DaO process through a variety of measures:

- Secondment of professional staff from donor agencies to the RC Office;
- Funding of Junior Professional Officers in support of the RC Office ;
- Setting up of Joint Programmes to support the RC Office functions and change management processes and business process harmonization with funding from the One Fund (Tanzania US\$ 6.0 million) and Mozambique (US\$ 1.2 million).

25. These various approaches supporting the DaO pilot initiative resulted in building-up considerable professional capacity in the Resident Coordinator's Office (RCO) in some pilots. There is a risk that this strengthened capacity in the RCOs will not be sustainable, if the funding sources expire.

c) *Aid flows in support of the eight DaO Pilot countries as result of the DaO pilot initiative*

26. Of the eight pilot countries volunteered to be pilots, four are classified as Middle Income Countries (MIC), one country is graduating to become a MIC, and

three countries are classified as Least Developed Countries (LDC). This explains the significant differences in ODA, UN development assistance, and support through the DaO initiative.

27. In seven of the eight pilot countries, the One Fund covered only 1-2% of overall ODA. In Uruguay, the One Fund reached 9% of total ODA which is explained by the particular situation of that country as an upper MIC with limited access to normal development aid. Uruguay is also the only country where UN assistance includes funding from Government resources channelled through the UN, which explains the high share of UN assistance in overall ODA for that country.

28. With the exception of Pakistan (with a high level of humanitarian assistance) and Uruguay (with a very low ODA), the One Fund had a relatively high share (above 30%) of UN assistance in Albania, Cape Verde and Viet Nam, which are all classified as MICs; only Uruguay which is also classified MIC, had a share of only 12%. This may be explained by the relatively low absolute levels of overall UN assistance in these countries. The high value for Viet Nam may be explained by its transition status from LDC to MIC, as the level of its overall UN assistance in absolute values is still high and comparable to that of Rwanda, albeit with a significantly larger population. In the three LDCs (Mozambique, Rwanda and Tanzania), the share of the One Fund in the overall UN assistance portfolio in the LDCs is with 13-20% which is still very high and significant, considering that their overall UN assistance is also significantly higher than in the MICs. In most of the DaO pilot countries, and apart from the particular situation in Pakistan, the One Fund was, therefore, a significant additional funding source within the framework of UN assistance.

Table 6: Development Assistance to DaO Pilot Countries in US\$ Million (2008-up to 2010)⁴⁰

	ALB	CVI	MOZ	PAK	RWA	TAN	UR U	VIE ⁴¹
Population (million) for 2010⁴²	3.2	0.5	23.4	173.6	10.6	44.8	3.4	86.9
GDP per capita US\$ 000 (2010)²¹⁷	8.6	3.9	0.9	2.7	1.2	1.4	14.0	3.2
Total Net ODA⁴³ (2008-2010)	1.058	747	5.967	7.340	2.902	8.225	132	9.229
Total United Nations Assistance (2008-2010)	62,3	38,7	440,7	1856,	289,2	520,4	102,	258,8
Total Commitments to One Funds including EFW up to 2010	22,4	12,0	59,1	52,6	57,2	92,1	12,5	80,1
Total Commitments to One Funds including EFW as recorded 2011⁴⁵	27,1	18,4	87,8	100,6	69,1	172,3	13,9	95,4
Total Deposits to One Funds including EFW as at December 2011	25,6	14,4	78,1	73,2	65,8	135,1	13,9	95,4
UN assistance per capita in US\$	22	77	19	10	27	12	32	3
Total share of UN assistance to ODA in %	6%	5%	7%	25%	10%	6%	77%	3%
Share One Fund to United Nations	36%	31%	13%	3%	20%	18%	12%	31%
Share of One Fund in Total ODA in %	2%	2%	1%	1%	2%	1%	9%	1%

29. The fund flow model under DaO envisaged that Governments and UNCT establish, through the One Programme, the development priorities for UN system (Funds and Programmes, Specialized Agencies and Non-Resident Agencies) intervention and the corresponding funding needs, identify the resources already available through core and non-core funding, and calculate on this basis the gap in

funding in relation to available resources that would be required to fully implement the One Programme. In order to meet that funding gap, they would establish a country MPTF (i.e. the One Fund), with support of the MPTF-Office in UNDP, to mobilize resources to meet this identified funding gap⁴⁶. The One Fund MPTF would be administered by the MPTF-Office as Administrative Agent for the UN system; it received funds from donors and transferred these funds to the Participating Agencies, based on the needs agreed to beforehand at country level between the Government and the UNCT through the established mechanisms (i.e. country-level Steering Committees). Once these funds were received by the UN Participating Agencies concerned, they would - using their own accountability frameworks, rules and procedures - deliver the agreed upon results in relation to the programmes, projects or activities assigned to them in collaboration with the national implementing partners concerned. At country level, the UNCT members (country representatives of the UN Participating Agencies) would provide required reports in relation to the implementation of the components assigned to them to the corresponding local management structure (management of Joint Programme etc.). They would also provide expenditure reports to the MPTF Office for reporting on the MPTF Office GATEWAY, using information obtained from reports generated by their respective ERPs.

30. The allocation of funds to UN Participating Agencies would be based on the agreements of the roles and responsibilities of each participating agency in the One Programme. In most of the pilots the design of the One Programme aligned itself strongly to the basic pattern of the previous UNDAF, which was due to the predominance of Funds and Programmes in the UNDAF funding.

31. The MPTF Office GATEWAY reports that donors committed by December 2011⁴⁷ US\$ 585 Million in support of the One Fund (including Expended Funding Window), of which US\$ 502 Million were deposited with the MPTF-Office as Administrative Agent for the DaO One Funds and EFW. Of this, US\$ 416 million (or 83 %) were transferred to the UN Participating Agencies. Globally, about two thirds of these resources were transferred to the Funds and Programmes (F&P) and one third to Specialized and Non-Resident Agencies.

32. There were, however, major differences between the pilot countries: in four countries (Albania, Rwanda, Tanzania and Viet Nam), the share of F&Ps was in the range of 70 %, with Albania at the extreme with 91%. In Mozambique, Pakistan and Uruguay, their share was in the order of 55-60%. Cape Verde stands out with a share of 24% for NRAs and only 38 % for F&Ps. The share of Specialized Agencies mirrors of course that of the F&Ps, but it is interesting to see the differences in involvement of NRAs in particular between the smaller countries (i.e. Albania, Cape Verde and Uruguay) which can only be explained by the capacity of NRAs to engage.

33. The differences in the shares of agencies in the use of resources from the One Fund can be explained by the differences in the business models of the UN Participating Agencies and in the interpretation by UNCTs of the dichotomy “strategic focus” and “inclusiveness” when formulating the One Programme:

- An important dimension is the presence of an agency at country-level particularly during the preparation processes relating to the One Programme and the Common Budgetary Framework which are the result of continuous dialogue between the UNCT and the Government. Non Resident Agencies may have difficulties in participating in real-time in this dialogue, due to their lack of presence. They are disadvantaged, compared to resident agencies, and compensating for this disadvantage through additional expenses and staff time is not always feasible nor practical. These NRAs are also usually not well resourced, while on the other hand, their specialized knowledge and expertise may be particularly attractive to some parts of the Government (i.e. line ministries) that may not usually be familiar with the UN system⁴⁸.
- While some of the UNCTs emphasized strongly strategic focus, making it unattractive for smaller agencies to participate, others used the opportunity of the One Programme and the additional funding from the One Fund to be more inclusive and involve other agencies that would normally not have been involved in the UNDAF preparation and process.

34. The basic pattern in the share between F&P, SA and NRA repeats itself at the level of actual delivery (which is equivalent to expenditure) as reported in the MPTF Office GATEWAY. The global shares in expenditures between F&Ps, SAs and NRAs are essentially the same as those for the fund transfers, even though there are some minor differences between the countries.

Table 7: Transfers and Expenditures of One Fund by Country and Type of Agency⁴⁹

Distribution of Transfers and Expenditures of One Fund (including EFW) among Specialized Agencies, Non-Resident Agencies and Funds and Programmes									
Transfers to agencies up to the end of 2011 (in US\$ 000)									
	ALB	CVI	MOZ	PAK	RWA	TAN	URU	VIE	Total
SA⁵⁰	1.793	5.263	21.377	23.00	10.856	32.299	5.136	21.439	121.17
NRA	254	3.273	2.069	3.133	3.186	861	367	3.974	17.117
F&P	20.212	5.144	35.594	37.47	33.088	70.784	6.660	68.364	277.32
Total Transfers	22.259	13.680	59.040	63.61	47.131	103.94	12.163	93.777	415.60
Share among Specialized Agencies, Non-resident Agencies and Funds and Programmes in %									
SA	8%	38%	36%	36%	23%	31%	42%	23%	29%
NRA	1%	24%	4%	5%	7%	1%	3%	4%	4%
F&P	91%	38%	60%	59%	70%	68%	55%	73%	67%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%
Expenditures by agencies up to end 2011 (in US\$ 000)									
	ALB	CVI	MOZ	PAK	RWA	TAN	URU	VIE	Total
SA	1.269	3.440	19.635	13.63	9.384	23.175	5.537	16.710	92.782
NRA	161	2.922	2.039	2.168	2.579	72	346	3.218	13.505
F&P	17.788	4.376	32.597	25.23	29.155	57.157	5.904	67.617	239.82
Total expenditure	19.217	10.739	54.272	41.03	41.118	80.405	11.787	87.545	346.11

Share of expenditures among Specialized Agencies, Non-resident Agencies and Funds and Programmes in %									
SA	7%	32%	36%	33%	23%	29%	47%	19%	27%
NRA	1%	27%	4%	5%	6%	0%	3%	4%	4%
F&P	93%	41%	60%	61%	71%	71%	50%	77%	69%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

SA= Specialized Agency: FAO, IFAD, ILO, UNESCO, UNIDO, WHO and IOM

NRA= Non-Resident Agency: ECA, ITC, UNCTAD, UNEP, UNHABITAT, and UNODC (please note that some of the agencies may have a country office in one or two of the pilot countries).

F&P= Funds and Programmes: UNAIDS, UNCDF, UNDP, UNDP(UNV), UNFPA, UNHCR, UNICEF, UNWOMEN, WFP, NGO/UNDP, and OHCHR.

d) The basic funding model underpinning the DaO concept

i. Adaptation of UN agencies resource mobilization strategies to donor policies

35. Resource mobilization for UN development assistance was managed, since its existence, by the various UN agency headquarters. With the demise of UNDP as the central funding agency of the UN development system, also Specialized Agencies and other UN organizations developed or enhanced, as from the mid 90es, successfully new or existing resource mobilization capacities at their respective headquarters, both for development as well as for humanitarian assistance⁵¹. At the same time some donors transferred authority for fund approval to their country representatives. Some UN agencies (mainly Funds and Programmes) responded by also assigning considerable resource mobilization authority to their country representatives up to the point that local resource mobilization is part of the performance assessment of agency country representatives. At a much later stage, also some of the Specialized Agencies also assigned resource mobilization for extra-budgetary funding to their country representatives. The result was increasing competition among the UN agencies in the UN Country Teams for resources, but also an increase of transaction cost for donors⁵² and governments who would be faced with uncoordinated requests for funding, resulting in an overall impression of fragmentation and lack of coherence.

36. From a global perspective, the result of this evolution was a significant increase of earmarked non-core funding to the UN development system, in contrast to the many resolutions of the General Assembly and the ECOSOC that requested increase of unearmarked funding for development assistance.

37. The basic funding model behind the DaO concept is in response to these evolutions. It supplements the two fundamental pillars of funding of UN activities, namely core funding and non-core funding, by introducing a variant to the non-core earmarked funding modality through the establishment of a mechanism that:

- would create a framework for resource-mobilization through establishing specific multi-donor trust funds (i.e. the One Fund) for the work of the entire UN at country level instead of for agency-specific resource mobilization that resulted in the competitive situation referred to earlier (typical for non-earmarking);
- created the conditions for new accountability frameworks for the UNCT as a whole rather than agency specific accountability frameworks;
- would associate the local donor representatives to the planning and implementation process of UN assistance that would be provided within these new frameworks and thus create the conditions for reducing earmarking due to improved transparency and accountability;
- required the Resident coordinator to play a pro-active role in programming, resource allocation and programme management in relation to “jointly mobilized” resources, even though the actual funds would still be administered at “Headquarters”, i.e. the UNDP Multi-Partner-Trust-Fund Office as the Administrative Agent; responsibility and accountability for the allocation and use of these funds would be transferred jointly to the Government and the UNCT.

38. At country level existing instruments (i.e. the interagency UNDAF and agency specific instruments) were reoriented and sharpened in order to support this shift of the fund allocation responsibility through appropriate programming, accountability and planning instruments to the country level. The new instruments “One Programme” and “One Budgetary Framework” enabled a new approach of interaction between Governments, donors and the UNCT in the programming and management of development aid. It resulted in:

- The setting up of a country-level governance mechanism that would involve coordinating line ministries, the RC, and the UNCT, and the donors as members or observers, to manage and oversee resource allocation mechanisms relating to the “One Fund”;
- The development of the “One Programme” as a results-based programming framework that would be inclusive of all activities of the UN country team ;
- The introduction of a costed results framework covering the activities of the entire UN system in the country that would allow assessing the resources required to achieve these results, identifying the funding sources available to the UN agencies, and thus estimating the likely funding gap;
- The creation of the conditions for monitoring programme implementation through annual workplans committing the members of the UNCT to deliver against agreed results, within the framework of the One Programme and Common Budgetary Framework;
- The requirement for an empowered leader in the person of the Resident Coordinator to facilitate priority setting and arbitration, apart from the need for a visible and accountable manager of the “One Fund”.

39. This new mechanism enabled Governments and local donor representatives, through their involvement in the planning and implementation process, to gain a

better strategic understanding of the direction UN assistance in the programme country would take and assess whether this programme would be consistent with national and the own “donor” priorities. This association and improved transparency would reduce the requirement for “earmarking” as a means of ensuring accountability and transparency on the use of donor resources, apart from the fact that it would allow to reduce transaction cost particularly for donors as they would not have to deal with many uncoordinated funding requests from various agencies of the UN Country Team.

40. The focus on the “One Programme” that would involve and commit an entire UN country team therefore had the significant advantage that the donor country office would have to deal only with one partner (the RC as representative of the UNCT) instead with each member of the UNCT separately for agency specific programmes. Moreover, the local donor office could fully observe and monitor the preparation and implementation of the “One Programme” and ascertain that they would be consistent (or not be inconsistent) with their own funding priorities. This would be the condition for supporting the “One Programme” through unearmarked funding, and where feasible with multi-year commitments.

ii. *Impact of different business models on UN agencies’ planning and operations*

41. An essential assumption for the concept of DaO is that organizations with structurally different business models and that operate in the same thematic areas can collaborate at country level for common results and thus lower the transaction cost for their national partners and local donors by streamlining their interaction with them. The biggest difference in the business models are between the Funds and Programmes (F&P) (including e.g. UNDP, UNICEF, UNFPA and WFP), the Specialized Agencies (SA) (including at least FAO, ILO, UNESCO, UNIDO and WHO), and the Non-Resident Agencies (NRA) that often operate like Specialized Agencies even many of them belong functionally to the UN Secretariat or Funds and Programmes (e.g. UNEP, UNHABITAT, UNDESA, UNCTAD etc.).

42. The accountability frameworks used by F&Ps and SAs are different, and consequently also the tools and instruments that are used for managing, implementing and monitoring aid programmes of these UN agencies:

- The Funds and Programmes (F&Ps) are using multi-year funding frameworks and have, through the UNDG, harmonized their planning and operational tools such as Country Programme Documents (CPD), the Country Programme Action Plans (CPAP) and Annual Work Plans (AWP). Their country-level work is approved by their respective boards in the form of Country Programme Documents (CPD), and at country level, the agency head and the government sign the Country Programme Action Plans (CPAP) and Annual Work Plans (AWP). Due to the larger size of the programmes, F&Ps can support larger country offices with appropriate control frameworks which in

turn allow increasing delegated authority for the country representatives concerned. This architecture provides for considerable flexibility at the country level with larger delegated authorities for country-level representatives. The funding for the CPDs is through core and non-core funding, the latter is mobilized through resource mobilization for agency-specific programmes and themes both through headquarters and country level representatives. Non-core funding is often earmarked, while core funding is not earmarked.

- Most of the Specialized Agencies (SAs) and Non Resident Agencies (NRAs) implement their programmes through projects that are agreed with and funded by donors through a wide range of arrangements. Only comparatively small parts of the assessed contributions (the equivalent to core) to the budgets of the SAs/NRAs are used to fund projects, most of their field work is funded from extra-budgetary⁵³ contributions (or the equivalent of non-core funding). Some of the SAs have introduced or are introducing budgeting and programming models that are close to the models of the F&Ps (e.g. WHO and FAO) but without the need to obtain Governing Body approval. SAs/NRAs do not use CPDs and CPAPs for their accountability framework, but have in some cases have started to emulate AWP as part of their operational tools, however in relation to their corporate strategic objectives. Most of them have introduced country programmes or country strategies, as instruments leading to the UNDAF formulation or to orient their own activities. However, the frameworks for managing field activities of SAs/NRAs are projects or programme type formats; funding is negotiated with donors who decide on the thematic priorities for their funding (earmarking). Country-level offices of SAs are funded mainly from assessed contributions and their functions often are linked to the normative role of their agencies. They are usually smaller but are expanded to support projects/programmes funded from earmarked extra-budgetary contributions. In most cases country offices of SAs are significantly smaller than those of F&Ps and consequently delegated authorities are comparatively lower, as lower resources only allow smaller office establishments. NRAs provide technical support from regional or headquarters offices.
- Within the UNDAF, the programmes of F&Ps and SAs/NRAs were usually presented in one format, despite the different approaches and accountability frameworks, but without funding targets.
- Resource mobilization by both F&Ps and SAs/NRAs for non-core and extra-budgetary activities would be managed by the respective headquarters, regional and/or field offices, which created at country-level an image of fragmentation in donor country offices.
- Due to the relatively large share of F&Ps within the UNDAF with reasonably assured resources within in the entire UN country level funding pool, their corporate mandates would consequently be better reflected and be more dominant in the UNDAF than the mandates of other agencies with less assured resources. The content of the UNDAFs was therefore driven by the reasonably assured resources of F&Ps which would be those dedicated towards “social-

agenda” issues. Needs and priorities in non-social and more “economic” sectors that are typically addressed by non-resident agencies and some of the Specialized Agencies would only be addressed if the UN agency concerned would manage to mobilize the required resources⁵⁴. With the “graduation” of many LDCs to MIC status it becomes increasingly evident that the original UNDAF model that was driven by “assured resources” with focus on social agenda issues is not the appropriate instrument to deal with new emerging development issues in these MICs.

43. The concept of the One Programme, as interpreted in the eight pilots, tried to address these issues by strongly aligning itself to national priorities as well as by separating resource mobilization from the agency driven agendas and placing leadership for priority setting for country-level UN assistance in the hands of the recipient governments.

44. The UNDAF format prior to 2007 had inherent limitations as collective framework for the UNCT, as it was strongly linked to the available funding of the agencies involved with the UNDAF, not costed and linked to the national development plans only in those areas where funding was available. Even though the RC had an important role in leading the preparation of the UNDAF the RC would have no authority or decision power over its funding, as its content was essentially derived from agency specific programmes that were used for mobilizing the corresponding funding, the role of the RC in directing the content of the UNDAF was necessarily limited. This also explained the prevalence of F&Ps, and their mandated thematic areas, in “traditional” UNDAFs as SAs and NRAs would not have the same resource mobilization capacity as F&Ps. The original UNDAF was therefore too weak as an instrument and not suitable to foster genuine and larger-scale inter-agency cooperation at output and outcome level at country level as cooperation of agencies with different funding models and administrative procedures and business processes usually translated into considerable transaction cost for all parties involved, i.e. the UN agencies and the national partners. The transaction cost for local donors would also increase due to local resource mobilization efforts by the members of the UNCT in support of their agency-specific outputs or/and outcomes.

45. The different approaches to resource mobilization required different approaches towards the preparation of the UNDAF:

- Each of the agencies of the F&Ps would submit an agency-specific multi-year CPD to their respective board and obtain approval for the priorities and resource mobilization strategy established in that CPD, including the envisaged mix of core and non-vore resources required for implementing that CPD. Core funding would usually be unearmarked, while non-core funding would often be earmarked by the donor. Nonetheless, with this model F&P would have a basis for preparing with the national government their contribution to the UNDAF covering a 4-5 year timeframe, and country level

representatives would be required to raise envisaged but not yet confirmed resources locally from donors.

- SAs and NRAs do not have these instruments, and are therefore less prepared, at the stage of preparing the UNDAF, to make commitments beyond those activities that are already on-going or for which funding has been secured or for which funding is very likely. Most SA and NRA initiate preparation of project documentation only once funding is secured, which puts them at a considerable disadvantage in the context of the preparation of an UNDAF.

46. Most of the F&Ps have country offices in the eight pilot countries and also the SAs are present with country offices in most but not all of the eight pilot countries. The NRAs participate at country level in some cases through national professional officers that are posted in the office of the RC. However, not in all cases they are allowed to participate in meetings of the UNCT that take place at agency head level. The ability to be present and to participate in the continuous country-level dialogue of the UNCT strongly impacts on an agency's capacity to contribute to the dialogue of the RC and the UNCT with the Government when the UNDAF is being shaped.

47. The role of NRAs role in the One Programme and share the One Fund was therefore defined by the capacity and willingness of individual NRA officers concerned, to engage with the Governments and UNCTs in a dialogue to ensure that their agency would be part of the UNCT dialogue with the Government when preparing the One Programme. In some cases, this engagement was very successful but also resulted in overstretching the resources of the NRA concern, with an impact on the delivery.

48. These different business models and approaches relating to resource mobilization and to participation in the thematic planning at country level are key drivers for the way how the different organizations and agencies participating in the UNCT operate and interact, and are also the cause for the dynamics which at country level result in the image of fragmentation and high transaction cost for their national and donor partners at national level. Moreover, these models may have had their justification when the organizations of the UN system could focus on their respective mandates and operate in parallel, but as soon as cross-cutting issues need to be addressed the result are unnecessary transaction costs for their partners which are difficult to justify.

iii. *The challenge of introducing new models in a real world environment*

49. The concept of DaO with the One Programme, One Budgetary Framework and One Fund aimed at overcoming the issues described beforehand, by introducing new tools and instruments, such as :

- The *One Programme* would at least be partly developed through a Joint Programming approach and would enable the UNCT working together in addressing outcomes either through joint programmes and operations, or through parallel but well coordinated and harmonized agency-specific programmes or projects.
- The comprehensive *Common Budgetary Framework* covers the whole UNDAF cycle and consolidates the agreed costed results of the ‘UNDAF Action Plan’ in one financial framework, showing each participating UN organization’s planned input together with funding source - regular or other - as well as unfunded areas.
- The *One Fund* was a multi-donor trust fund, and administered by the Multi-Partner-Trust-Fund Office (MPTF-O) as Administrative Agent who is essentially accountable to the UN system albeit situated within UNDP. The One Fund served as a new funding channel for unearmarked and predictable funding in support of the “One Programmes”. The “One Fund” was further strengthened through the Expanded funding Window (EFW) which was established at DOCO, with the MPTF-Office as Administrative Agent, essentially to close partially potential funding gaps between the requirements of the One Programme and the core and non-core resources available to the UNCT.

50. Most of the eight DaO pilot countries introduced these three instruments. As the pilot process started, in some countries the UNDAF cycle was on-going, and so these instruments were introduced only when the DaO modalities actually started for all or only part of the UN activities in the country. Some added a formalized Code of Conduct including rules for arbitration in case of disagreement in support of these instruments.

51. The funding modalities that existed prior to DaO, i.e. core funding and non-core funding continued also under the One Programme modality, and there is no evidence to show that their funding levels were negatively affected by the introduction by the One Fund, even though one agency considered that funding opportunities for its programmes were lost in some cases due to the requirement for “joint resource mobilization”.

52. The Millennium Development Achievement Goal Fund (MDG-F), put in place by the Government of Spain, was an additional funding source that was established independently from the DaO process and was oriented to support integration at country level.

e) Funding sources available to the UNCT

53. Within the framework of the DaO pilot initiative, the UNCT had the following resources at its disposal, and depending on the source of funding, the nature of

earmarking would vary. Only core funding would be fully unearmarked. With regard to the new funding modalities, earmarking would vary between thematic and geographic earmarking whereby the Expanded Funding Window came closest to the concept of non-earmarking. The One Fund already represented, de facto, geographic earmarking. The MDG-F is a separate category as it has strong thematic focus (MDG).

54. Only the One Fund and the Expanded Funding Window (EFW) are specific to the DaO pilot initiative:

- The One Fund is a country-specific multi-partner trust fund⁵⁵, set up by the Multi-Donor-Trust-Fund Office in UNDP upon request of the RC and the UNCT. The funding target is established through the One Programme and the Common Budgetary Framework, and corresponds to the unfunded part of the One Programme, i.e. the part that would not be covered by agency-specific resource mobilization. While the One Fund would be set up for each country and identifiable in the MPTF Office GATEWAY by its association to the country concerned, the actual use of resources are entirely within the responsibility of the governance mechanism established in each country for managing it. There would be no earmarking, and allocation of funds would be based on a process involving the Government and the RC/UNCT, and sometimes the donors concerned. Only in very few exceptional cases have donors done soft thematic earmarking.
- The Expanded Funding Window (EFW) was established on the assumption that UN organizations would secure their core and earmarked non-core/extrabudgetary funding and only if there is a gap remaining, the EFW would intervene to cover part of the remaining funding gap. The EFW was thus designed as the funding of “last resort”. RCs would request access to the EFW and UNDG regional teams would decide on their eligibility. An EFW Steering Committee would decide on allocation based on a set of criteria.
- Both the country One Funds and the EFW are administered by the Multi-Donor-Trust-Fund Office in UNDP as Administrative Agent.

Table 8: Nature of earmarking in the UN system

Sources available to UNCT in DaO framework	Sources available to UNCT in DaO framework	
	Non-Core	Core
Headquarters mobilized	Geographic/thematic/organization earmarking	Entirely unearmarked

Field mobilized	Geographic/organization/thematic/programme/project earmarking	-
One Fund	Geographic earmarking to country and sometimes soft thematic earmarking	-
EFW	Geographic Earmarking to eligible countries based on criteria	-
MDG-F	Thematic earmarking based on criteria	-

55. Depending on the country situation, the original core and non-core were under the umbrella of the One Programme or not, but the One Fund was always under the umbrella of the One Programme and was the vehicle to implement it.

f) Parameters driving the design of the One Programme and the integration of the One Fund into the overall management structure of the RC and the UNCT

i. different approaches in dealing with the ongoing UNDAF cycle

56. The Governments of the eight DaO pilot countries volunteered in 2006/2007 to pilot the DaO model without regard to the status of the UNDAF cycles in their countries. Depending on the status of the UNDAF (ongoing or under preparation), these countries chose different approaches to DaO which impacted on how the funding model and modalities were configured in each of the pilots.

57. Four models can be observed in the eight pilots during the pilot period with some variants in each model:

- **Only one framework exists** as UNDAF and One Programme coincide and are identical. Three variants exist: (1) the UNDAF is operationalized through a Common Operational Document (or UNDAF Action Plan) which covers the entire range of UNDAF programmed activities (Rwanda); (2) the UNDAF cycle started and the One Programme, with new and broader scope, was prepared instead of the UNDAF (Uruguay), or (2) an ongoing UNDAF is completely absorbed into the One Programme which is broader in scope than the UNDAF (Albania, Cape Verde).
- **Two frameworks co-exist** as the ongoing UNDAF continues and is supplemented by the One Programme. In this model two variants exist: (1) the supplement is implemented as extension of the outcomes in the UNDAF, with focus on joint outcomes/joint programmes (Tanzania); (2) as new joint outcomes/joint programmes in addition to the UNDAF (Mozambique);
- **Two frameworks (UNDAF and One Programme) co-exist for a transitional period** and then a **full comprehensive One Programme** is prepared (Pakistan).

- **Only one framework exists** as the One Programme is prepared instead of the UNDAF but only for a **limited group of agencies** (Viet Nam: One Plan I) and which is then **expanded to be more inclusive** of more agencies into a **second and more comprehensive One Programme** (Viet Nam: One Plan II).

58. Towards the end of the pilot period (as of 2010-2011), most of these models and variants converged into a model that was based on the One Programme and the One Budgetary Framework, i.e. the One Programme in most countries is basically an UNDAF combined with an operational plan/action plan, which is also called UNDAP (United Nations Development Action Plan).

59. The models and variants impacted on the structures and processes that were established in each of the pilots to plan programmes, to mobilize resources and to allocate them to the different programmes and activities within the One Programme.

Table 9: Relationship between the One Programme and the UNDAF

Country	
The previous UNDAF was completed and the new UNDAF cycle coincided with the preparation of the One Programme	
One Programme = UNDAF	
Rwanda	<ul style="list-style-type: none"> - The One Programme coincided with the new UNDAF cycle and therefore the One Programme covers Core and non-core funding of, and is identical with the full UNDAF . - Rwanda introduced the Common Operational Document (COD), which was the model for the system-wide Common Budgetary Framework model - The COD covers the period 2008-2012
Albania,	<ul style="list-style-type: none"> - The timeframes of the One Programme (2007-2011) and the UNDAF/CPD (2006-2010) overlapped, and preparation of the UNDAF converged into the One Programme, and as of 2007 only the One Programme is being used. - Joint Programmes as implementation modality under the One Programme were both optional and mandatory: mandatory for MDG-F related programmes and optional for Coherence Fund related activities. - For the new cycle 2012-2016, most of UN Programme Outputs require adoption of joint AWP which transforms them de facto into Joint Programmes, except for very few Outputs where only one UN agency is designated to deliver.
At the beginning of the DaO process the country had already an approved and operational UNDAF	
One Programme represents only a part of existing UNDAF which then converge into One Programme	
Tanzania	<ul style="list-style-type: none"> - The launch of the DaO pilot coincided with the approved UNDAF (2007-2010). - The period 2007-2008 was treated as a transition period. - After 2008, the One UN Programme substituted the UNDAF. - As of 2009 an UNDAP was prepared on basis of the One Programme - The One Programme was supplementary to the ongoing UNDAF and focused on the implementation of Joint Programmes that were drawn from the approved UNDAF and operated in parallel to and were closely coordinated with the work in the UNDAF. - The link between the One UN Programme and overall UNDAF implementation was established through agency specific and collaborative work.

Country	
	<ul style="list-style-type: none"> - For 2011-2015, the UNCT prepared an United Nations Development Assistance Plan (UNDAP), which is all comprehensive and a single, coherent business plan for all UN Funds, Programmes and Agencies in Tanzania and fully aligned with the national priorities and the Government fiscal cycle.
Mozambique	<ul style="list-style-type: none"> - The launch of the DaO pilot coincided with the approved UNDAF (2007-2009). - The period initial 2007 to 2009 was treated as a transition period; the UNDAF was extended up to 2011, - The One Programme (2007-2009) was treated as a sub-set of selected, strategic UNDAF outputs highlighting Joint Programmes. - The One Programme expanded the coverage of the UNDAF and introduced an Economic Development pillar, aligned to the PRSP, in order to capture the normative and technical expertise of all specialized and non- resident agencies. - In 2012 an entire new UNDAF has been approved, fully adhering to the One Programme and One Budgetary Framework model.
Pakistan	<ul style="list-style-type: none"> - The launch of the DaO pilot coincided with the ongoing UNDAF (2004-2008). - The outcomes agreed upon in the One Programme were in parallel to the priorities of the ongoing UNDAF. - As of 2009 the UNDAF was replaced by the One UN Programme which would ultimately replace the UNDAF . - There was a direct link between the One Programme and the overall UNDAF implementation, which continued through agency-specific and agency-collaborative work. The One Programme was extended until end-2012. - Different to the other pilot countries, the launching of the One Programme was delayed up to 2009, due to a major humanitarian crisis that overshadowed the DaO initiative due to its size and complexity.
Existing UNDAF frameworks are revised to make them more inclusive	
Cape Verde	<ul style="list-style-type: none"> - The timeframes of the One Programme (2008-2010) and the UNDAF (2006-2010) coincided. - The One Programme signed in 2008 included, rearranged and expanded the UNDAF outputs and outcomes into new One Programme outputs and outcomes. The original UNDAF (2006-2012) was completely substituted by the One Programme absorbed it being much bigger than the UNDAF itself. - All UN interventions in Cape Verde are under the One Programme. There is nothing outside of it. - The One Programme was extended until 2011 in order to align with the national planning framework. - For the new cycle 2012-2015, all UN activities will be under the One Programme.
Uruguay	<ul style="list-style-type: none"> - The DaO initiative coincided with the approval of the UNDAF (2007-2010) and a One Programme was formulated instead, based on the model for the Common Budgetary Framework. - The new UNDAF (or UNDAP) 2011-2015 is based on the Common Budgetary Framework.
Two track formulation of the One Programme/ UNDAF	
Viet Nam	<ul style="list-style-type: none"> - The launch of the DaO initiative coincided with the preparation of the “One Plan”(2006-2010) and which was launched before the DAO initiative. The One Plan was to replace the UNDAF and but be limited to a selected group of agencies (Funds and Programmes). - In 2007, this One Plan was renominated One Plan I, and a new One Plan II was formulated and which wa based on the concept of the One Programme, i.e. including also of Specialized and Non-Resident Agencies.

ii. Impact of the difference of the development status of the pilot countries

60. Another dimension that impacted the way the eight UNCTs changed to deal with the issue of resource mobilization and fund management related to the development level of the host country concerned, namely whether it was a Middle-Income-Country (MIC) or a Least Developed Country (LDC). This development status determined not only the country's access to ODA but also the level of resources that could be mobilized through the UN system to support development.

61. Five of the pilot countries were already in or about to reach MIC status (Albania, Cape Verde, Pakistan, Uruguay, Viet Nam). Three countries still fall into the LDC category (Mozambique, Rwanda and Tanzania). Three countries were special for different reasons: the Government of Viet Nam had launched a UN reform process at country level before the DaO initiative was launched and had spearheaded the way to innovative thinking in many respects. Cape Verde had volunteered to pilot the only "One Office" that has been requested in the TCPR. Pakistan was faced with a major humanitarian crisis during the pilot phase which explains the late start of the formalized DaO process in that country.

62. For those pilot countries with MIC status, the One Programme constituted a new possibility to mobilize additional resources to support development, which would not have been accessible without the One Programme. For the LDC countries, however, the additional resources that could be mobilized through the One Programme had less importance in view of the already large programmes of the UN system funded from traditional sources.

g) Common Budgetary Framework

i. Basic concept and structure

63. The basic assumption underpinning the Delivering as One concept was that the UNCTs would define the One Programme together with the Government in response to national needs. These identified needs would exceed the resources that the UNCT would mobilize using the traditional approach to "core" and "non-core" resources. The One Programme would thus be broader in scope than the previous UNDAF and thus also enable agencies with less or no resources to participate in the programming process.

64. The Common Budgetary Framework was introduced in 2007 as a concept to cover all funding sources for the UN system at country level, namely:

- core/assessed resources of UN organizations involved,

- earmarked non-core/extra-budgetary resources from all sources – bilateral, multilateral and private, as well as
- the funding gap between existing resources and the total cost of the UNDAF Action Plan.

65. The final format of a Common Budgetary Framework was inspired by the Common Operational Document developed in Rwanda, and formalized by UNDG in 2008. It is designed to cover the entire UNDAF cycle. It is a consolidated financial framework that shows costed results of the ‘UNDAF Action Plan’. Each participating UN organization’s planned inputs are shown together with the funding source - regular or other - as well as unfunded areas, in order to help in coordination of the diversity of funding sources and instruments, reduce overlap, and ensure that the programmatic initiatives and priorities of the UNDAF are adequately financed.

66. Five countries explicitly report using the Common Budgetary Framework for the One Programme (Cape Verde, Mozambique, Pakistan, Rwanda and Uruguay). The funding gap articulated in the Common Budgetary Framework is the basis for joint efforts, under the leadership of the Resident Coordinator, to supplement agency based resources available for the implementation of the UNDAF priorities.

67. Budget targets were established through a negotiated process, based on a programming exercise involving the Government as well as all UN agencies concerned, including the NRAs, and taking into account the resources available or predicted from Core and Non-Core. Depending on the nature of the programming exercise, namely whether it provided leeway for inclusion of economic assistance, the involvement of NRAs varied.

68. In Tanzania, a different model was used: the resource requirements were split across the three available funding sources: core, non-core and the One Fund. The resource requirements only reflect core and non-core, and the One Fund is not used to fill a funding gap of the agency resources but is viewed rather as a funding modality in its own right⁵⁶.

ii. Budget targets, funding gaps and actual resource mobilization

69. Even though most of the UNCTs used the Common Budget Framework (CBF) as basis for their planning and resource mobilization for the One Programme and the One Fund, the documents available online differ substantially in presentation, timeframe and coverage. Some cover the entire One Programme including the Core and Non-Core while others only cover the incremental funding requirements arising from the One Programme that would be run in parallel to the UNDAF, and others prepare annual CBFs. The available Common Budgetary Frameworks available thus do not represent the total funding requirements of the UNCTs for the periods covered,

but only that part that is subsumed under the definition of the One Programme by each of the UNCTs.

70. The CBFs prepared by the UNCTs during the pilot period from 2007 to 2010 thus could not be used to provide the full funding requirements for the UN programmes in the eight pilot countries. Such comprehensive frameworks are, however, under preparation in all pilots for the new cycle and it is expected that the new CBFs will cover the totality of the funding requirements of the UNCTs concerned.

71. Within the framework of requesting funding from the EFW, RCs/UNCTs would prepare annual estimates of funding requirements and submit them to EFW Secretariat, albeit not following a standard format. These “annual” Common Budgetary Frameworks follow the model already applicable for the F&Ps for their Annual Work Plans (AWP), with the difference that they now apply to the UNCT as a whole and not only individual agencies. This integration improves transparency and planning but for Specialized Agencies for whom the AWP is not standard this constitutes an additional instrument.

72. The understanding of the “funding requirements” and the “funding gap” is not identical across the pilots, and differs according to the business models and the corporate funding strategies of the agencies concerned. All agencies continued to fund their agency specific programmes through their normal resource mobilization channels, both for core and non-core funding, but adapted their local resource mobilization to the conditions of the DaO. They would suspend local resource mobilization efforts, and the Resident Coordinator would be empowered to interact with local donors to mobilize resources to cover the “funding gap” for and on behalf of the UNCT. In practice, this process was managed through the processes established for managing the One Fund.

73. The “funding gap” could therefore be the result of

- genuine agency programmes that were already part of the UNDAF and for which the agency concerned did not expect that it would be able to mobilize all resources required through the normal agency resource mobilization channels (i.e. HQs concerned), or
- incremental agency programmes that were identified within the process of the formulation of the One Programme and that would be in addition to the normal UNDAF programmes, or
- incremental requirements resulting from Joint Programmes formulated in view of additional funding opportunities arising from the possibility of accessing the One Fund,
- incremental requirements resulting from a One Programme and budgetary framework that would be managed as a framework separate from the UNDAF, or

- the difference between the overall funding requirements that resulted from the formulation of the One Programme and the resources available to or expected to be available to the participating agencies through their normal resource mobilization channels.

74. Funding gaps could therefore be agency specific or related to Joint programmes, or to the overall One Programme. It is evident that the governance of the approval process of the One Programme as well as of the allocation of funds from the One Fund gained considerable importance, and therefore attention was paid by the UNCTs to agreeing on governance mechanisms, codes of conducts as well as fund allocation processes and criteria.

75. The fact that this innovative model for local resource mobilization on behalf of the UNCT gave additional responsibility, power and authority to the UN Resident Coordinator, who at the same time was also formally the UNDP Resident Representative (RR), intensified the interagency demand for a firewall between the functions of the RC and the UNDP RR. This was in the end addressed through the UNDG approved Management Accountability System (MAS)⁵⁷ which defined roles and responsibilities of all UN system actors at headquarters, regional and country level and also envisaged the creation of the function of the UNDP Country Director. The involvement of the Government also was therefore an essential condition for this process to be acceptable to the UNCT agencies in order to ensure, from the perspective of the members of the UNCT, that resource allocation by the RC would be in response to national priorities and not in response to agency specific characteristics.

76. The actual allocation of funds to F&Ps, SAs, and NRAs indicates that this process seems to have been performing reasonably well considering that it was highly innovative and the result of UNCT consultative processes.

77. There were, however, also issues observed in the process as:

- some local donors, despite officially agreeing to respecting the monopoly of the RC for local resource mobilization, would continue funding some agencies outside the One Fund mechanism; or
- some agencies with high brand profile had to forgo earmarked resources that would have been made available by a local donor, but that due to the interagency agreement and code of conduct, would have had to be channelled through the One Fund and thus no longer available to that specific purpose (the donor then decided to transfer these funds to another country);
- not all donors agreed to adhere to the DaO process and continued funding agencies according to their established policies and priorities. However, this would normally be through the agencies' headquarters.

78. The following table compares the funding requirements as established by the UNCTs during the pilot process, as documented by the CBFs with the actually mobilized resources for the One Fund, including the EFW, as documented by the MPTF Office GATEWAY. This information indicates that the resource mobilization success rates differ substantially from one pilot to the other. The achievements in meeting the resource mobilization targets can only be attributed to the effectiveness of the UNCT concerned in working locally with their donor community concerned.

Table 10: Initial Common Budgetary Frameworks in the Eight Pilot Countries

Country	Source	Timeframe	Resource Requirements as per original CBF ⁵⁸				Resource ⁵⁹ mobilization through the One UN Fund Cumulative	
			Core	Received/PI edged Non-Core	Total Requirements	Funding Gap	One UN Funds (All contributors)	of which from the EFW
ALB	CBF	2007-2010	10	54	82	18	25.6	3.6
CVI	OP-MBF	2009-2011		41	73	32	14.5	3.5
MOZ	OP Ext	2010-2011	115	77	391	199	68.1	35.0
PAK	BF OP	2009-2012	69	249	1,284	965	74.0	20.9
RWA	BF COD	2008-2012	155	177	488	155	69.1	35.3
TAN	BF 07-08	2007- 06/2011	128	435	777	220	123.60	32.3
URU	BF	2007-2010	7	74	95	15	13.9	3.6
VIE	OPII B	2006-2010	59	91	288	138	95.4	18.1
Total all DaO Pilots							484,2	152,2

h) Country-level management of new funding modalities

i. different oversight and management models for the One Programme and the One Fund

79. While all UNCTs used essentially the same concepts (One Programme, Common Budgetary Framework, One Fund) to implement “Delivering-as-One” modus, they used different strategies for the management of the resources mobilized

within the framework of DaO and channelled through the One Fund. All UNCT experimented with different models and abandoned them if they found them too unwieldy and complex.

80. However, the following core elements were maintained:

- **High-level Coordination and Steering Committees** are found in all pilots, usually chaired at Deputy Prime Minister or Minister level, and co-chaired by the UN Resident Coordinator. In some countries, the donors are members or observers in these committees. While the scope and mandates of these high-level committees vary, they all are responsible for determining the strategic positioning and priorities of the UN effort within the context of the national development of the country concerned, as well as oversight progress of resource mobilization and implementation.
- **Management committee** are composed of members of UNCTs and national representatives, with thematic focus, to oversee planning, implementation and allocation of resources from One Fund;
- **UN Country Team Agencies** participate in operational planning and management of programmes, and resource allocation mechanisms, and are responsible for delivering the outputs and results to which they committed themselves in the One Programme.
- **Resident Coordinator** is responsible for mobilizing resources for and managing the One Fund. In most cases, the RC also has the formal authority for the ultimate decision for fund allocation.
- At the **operational level**, there are significant differences between the pilots. Some pilots elaborated intermediary structures which have been introduced between the highest level and the operational level, i.e. the UN Participating Agencies (e.g. Albania, Pakistan, Rwanda and Viet Nam). In other pilots, there are no intermediary committees or structures between the highest levels and the operational level (Cape Verde, Mozambique, Tanzania and Uruguay).

81. Two management approaches are observed for the programmes funded under the One Fund:

- Strategic and operational planning, oversight and monitoring at outcome level, using Programme Working Groups and Thematic Working Groups as management mechanism, leaving the operational responsibilities to the Participating Agencies; and
- Planning and resource allocation at the output level, using Joint Programmes as management mechanism and accountability framework.

ii. Strategies used by the UNCTs to use the additional resources mobilized through the One Fund

82. Funding through the country-level One Fund (including the EFW) supported activities programmed and managed through different mechanisms (i.e. Programme Working Groups that allocate funds directly to agencies or Joint Programmes with their own operational and accountability mechanisms). One country (Tanzania) used the concept of a Managing Agent (one of the Participating Agencies) to lead and coordinate the programmes but abandoned that concept at a later stage.

83. Joint Programmes (JPs) were required as the implementation modality for MDG-F funding, where it was accessible. Some UNCTs made JPs mandatory (Mozambique, Pakistan, Uruguay) for the use of resources from the One Fund, while other UNCTs had no such requirement (Albania, Cape Verde, Viet Nam). As a result, the number of JPs increased. Some JPs were put together for fundraising (i.e. retrofitting) and were not the result of a joint programming process. Two UNCT moved away from JPs as major management instrument to Joint Programming across the sectors in the UNDAP (Rwanda and Tanzania), as it was found that as a modality they do not alone contribute to efficiency and effectiveness unless certain other conditions are met (e.g. cross cutting issue to be addressed, number of partners).

Table 11: Requirement for Joint Programmes in One Programmes

	Core Fundin g	Non Core Funding	One Fund	EFW	Direct project funding
Albania	Optional	Optional/Mandator	Optional/Mandator	Optional/Mandator	
Cape Verde	Optional	Optional	Optional	Optional	Optiona
Mozambiqu	Optional	Optional	Mandatory	Mandatory	Optiona
Pakistan	Optional	Optional	Mandatory	Mandatory	Optiona
Rwanda	Rwanda's COD does not outline joint programmes as such, but have been developed on an annual basis and revised for following years, if need be.				
Tanzania	Joint Programmes no longer exist in Tanzania. The UNCT undertakes 'Joint Programming' across ten sectors listed in the UNDAP.				
Uruguay	Optional		Mandatory	Mandatory	Optiona
Viet Nam	Optional	Optional	Optional	Optional	Optiona

84. The difference in approach had implications for the overall management structure established to channel resources and monitor their use.

85. There are variations in the way the UNCTs organized sectoral or programmatic planning and operational oversight:

- Most UNCTs established Programme Coordinating Groups or Thematic Working Groups that would formulate jointly the One Programme at outcome level along broad themes and manage resource allocation at outcome level. Programme implementation was then under the full responsibility of the Participating UN agencies following their own corporate procedures.
- Another approach was to establish Joint Programme Coordination Committees (JPCC) and focus on the formulation of Joint Programmes. The JPCC would also closely monitor JP implementation and manage the application for resources to the One Fund.
- There is a trend towards favouring the Programme Working Group approach with emphasis on Joint Programming and less emphasis on joint operations through Joint Programmes. Several UNCTs reported that Joint programming was more effective in promoting coherence than in implementing joint programmes.

iii. Allocation criteria and effectiveness of the One Fund

86. UN Participating Agencies and non-UN entities with UN comparable financial regulations are eligible to resources under the One Fund.

87. All UNCTs had developed a process for allocating resources that would be mobilized through the One Fund and that would involve the Governance structure in a variety of ways. The allocation criteria and the allocation process were agreed by the UNCT and described in a variety of documents⁶⁰ usually linked to the agreement that set up the One Fund. The main objective was to arrive at a fair and performance-based allocation of resources. All UNCT reported that they reviewed the resource allocation process and criteria after some experience to make it more effective. The allocation criteria focused, with variations, on (e.g. Albania, Cape Verde, and Mozambique):

- Thematic delineation (relationship to MDGs, consistency with the goals of the UN system, consistency with national development policies, cross-cutting issues);
- National capacity building;
- Operational readiness (organizations to have the operational and technical capacity to implement);
- Consistency with the One Programme;
- Cost effectiveness of the proposals submitted;
- Performance of the Implementing Partner and Participating Agency.

88. Additional criteria that were also used included (e.g. Pakistan):

- The critical areas in the Joint Annual Work Plans (JAWPs), which are not funded by conventional earmarked funding/bilateral assistance;

- Current national priorities and Joint Programme priorities agreed by the UN agencies and their respective line ministries;
- Complementarity to other initiatives financed by the Government and/or other UN System Agencies;
- Emphasis on enhanced inter-agency engagement in the proposed intervention;
- Extent of mainstreaming of Cross Cutting Issues in the proposed intervention;
- Use of national partners and national systems;
- Sustainability;
- Support to joint interventions.⁶¹

89. The availability of funding brought different agencies together. The One Fund was an incentive for effective joint programming and the committee approach fostered a peer approach (i.e. peer review, quality control mechanism). Peer pressure and commitment from Joint Programme Lead Agencies encouraged timely submission of JP reports and created peer pressure among agencies for better performance. However, competition for resources was also present, with some agencies seeing the One Fund as a resource mobilization and fund-raising opportunity, which did not necessarily harness the jointness and coherence of the UN system.

90. UNCTs reported that joint planning, and agreeing on the allocation of One Fund was a new experience. In spite of common reporting guidelines, deadline delays were encountered, which resulted in lower delivery rates. Delays/difficulties were experienced particularly due to late transfers from the One Fund through the Participating Agencies' headquarters, and parallel funding in joint programmes/initiatives⁶².

91. The most elaborative process has been established in Tanzania, whereby Funds allocation (and programme implementation) depends on the submission of a detailed one year plan⁶³ supplemented by desk reviews by an interagency Evaluation Team before a final funding decision is made. Weighted performance criteria are applied in two phases whereby 60% of these funds would be disbursed upfront; and the remaining 40% only to those Participating UN Organizations that have delivered at least 50% of the initial disbursement after 6 months. In practice, however, performance based allocation hit constraints as tools and methodologies to programmatically assess the Joint Programme performance did not exist. JP reviews and reports were produced, but critical assessment of the JP performance beyond self-assessment was not done systematically.

92. In all UNCTs, decisions on fund allocation were reached by consensus, and if that was not possible, established agreements stipulated that the RC would make the ultimate decision. This has happened in a few cases but was not the rule and was not experienced as an issue. An important role was given to the high-level oversight committees (e.g. the One Fund Steering Committee involving the Government and

sometimes donors, etc.) that reviewed all fund allocation requests as submitted by UNCT. There were cases, however, when due to urgency of disbursing funds, decisions were made without a formal meeting but after prior consultation with the Government representatives.

93. The allocation mechanism developed for the One Fund was novel and a true experiment for all the participants involved. One UNCT noted that the approval process of the multi-tiered Joint Country Steering Committee has been experienced as time-consuming with delays of up to six months between submission to approval and significant delays in the receipt of the funding and its allocation. Problems encountered related to time-consuming endorsement processes by the Joint Steering Committee and competing priorities of the line ministries (present in the Steering Committee) for the unearmarked funds available/mobilized which led to protracted discussions and delayed decisions.

94. In particular when the One Fund was limited to supporting Joint Programmes, access of Specialized Agencies was constrained due to their specific funding structure and business models. They noted in their feedback to the evaluation:

- Programme effectiveness and therefore impeded the delivery of results.
- The funding predictability, the short-term delivery periods, the disbursement modalities (transfer to participating organizations) and the evaluation of performance delivery based essentially on financial expenditures of the One UN Fund resources threatened the continuity of activities and the quality of delivery by specialized agencies whose business model specificities were hardly considered during resource allocation.
- Specialized agencies require for participation in Joint Programmes to have sufficient core and/or non-core resources (extra-budgetary funds) available upfront which is not always possible.
- The leadership of governments in leading decision-making for an effective allocation of resources from the One Fund in line with national priorities is critical.

95. Due to the high transaction cost, resulting from the need for frequent coordination meetings during implementation of Joint Programmes, several UNCTs have argued for giving up joint implementation at the level of joint programme level, and are now emphasizing Joint Programming but with independent implementation without going through Joint Programme coordination mechanisms.

iv. Efficiency of the resource transfer to the eight pilot countries

96. The fund flow for the One Fund at the global level was efficient, but in practice, operational obstacles and difficulties were encountered as funds did not in all cases reach the project implementation at the time when it was scheduled. The UNCTs reported that considerable delays were encountered and that in some cases, agencies had to use their own resources from their core resources to prevent field activities from having to be stopped due to lack of funding. The cause of delays has been identified at three levels:

- The complexity of assessing cash requirements through the committee approach based on complex resource allocation criteria and processes resulted, in some cases, in delayed submission of funding authorizations to specific agencies and programmes through the AA.
- In one case, the use of the national exchequer, in the spirit of use of national capacities, which resulted in considerable delays in the release of funds to national implementing partners.
- The resource flow from the EFW was unpredictable as its replenishment was dependent on individual donor decisions.

97. Overall, US\$ 507 million have been deposited for the One Fund in the eight pilot countries, against a commitment of US\$ 584.6 million, including the EFW, from 2008 until the end of 2010. Seventy per cent of these deposits were mobilized through the efforts of the RCs, using the One Fund modality as the channel, and 30% came through the EFW. The share between One Fund and EFW varies significantly from country to country, and the cause for this may be seen in the very specific fund eligibility and allocation criteria for accessing resources of the EFW. The EFW was designed as a fund of “last resort” to help DaO pilots to partially meet the funding gap and to function as an incentive for local resource mobilization.

98. Of the funds actually transferred by end 2010⁶⁴ to the Participating Agencies, the report expenditure is 66% of the resources transferred. The expenditure rate varies considerably between the DaO pilot countries.

Table 12: Flow of Funds from the Administrative Agent to UN Participating Agencies

Flow of Funds from Administrative Agent to Agencies in US\$ Million (Deposits up to 2015) (2008 - up to 2011)									
	ALB	CVI	MOZ	PAK	RWA	TAN	URU	VIE	Total
Total Commitments as at 2012	27.1	18.4	87.8	100.6	69.1	172.3	13.9	95.4	584.6
Total source of funds as of 2012, of which⁶⁵	26,0	14,6	78,6	73,5	66,7	141,7	14,1	97,7	512,9
- Deposits for One Fund	22,0	11,0	43,1	52,3	30,5	107,8	10,3	77,3	354,3

- Deposits for EFW	3,6	3,5	35,0	20,9	35,3	32,3	3,6	18,1	152,2
Share of EFW in total One Funds in	14%	24%	45%	28%	53%	24%	26%	19%	30%
Sources and Applications up to end 2011⁶⁶									
Total source of funds end 2011	26,0	14,6	68,7	73,6	66,7	125,2	14,1	96,4	485,3
Total resources transferred to	22,3	13,7	59,0	63,6	47,1	103,9	12,2	93,8	415,6
Expenses reported by agencies ⁶⁷	19,2	10,7	54,3	41,0	41,1	80,4	11,8	87,5	346,1
% of Transfers to Agencies	86%	78%	92%	64%	87%	77%	97%	93%	83%

99. At the beginning of 2012, the MPTF Office GATEWAY shows that four donors have multi-year commitments in support of country-level One Funds (excluding EFW), and so far only for four of the eight DaO pilot countries.

Table 13: Proportion of multi-year commitments in support of country-level One Funds

	Funding commitment beyond 2011 (up to year)							
	ALB	CVI	MOZ	PAK	RWA	TAN	URU	VIE
<i>Canada</i>	-	-	2015	-	-	2015	-	-
<i>United Kingdom</i>	-	-	-	-	-	-	-	-
<i>Netherlands</i>	-	-	-	2012	-	-	-	-
<i>Norway</i>	-	-	-	2014	-	2014	-	-
<i>Spain⁶⁸</i>	-	-	-	-	-	-	-	-
<i>EFW</i>	-	-	-	-	-	-	-	-
<i>Luxemburg</i>	-	2014	-	-	-	-	-	-
<i>Finland</i>	-	-	-	-	-	2012	-	-
<i>Switzerland</i>	-	-	-	-	-	2014	-	-

i) Funding architecture and global support mechanisms

i. Funding architecture of the One Funds

100. The funding mechanisms used to support the resource mobilization at country level were the One Funds, set up as Multi-Donor-Trust Funds by the UNDP Multi-Partner-Trust-Fund office (MPTF-O), also used tools developed through the UNDG consultative mechanisms. These mechanisms relied on models that were successfully used during various humanitarian assistance programmes, involving many UN agencies, as for instance the Iraq Oil-for-Food programmes.

101. The RCs and UNCTs would negotiate with local donor partners resources for the One Fund. Depending on the donor's policy, these funds would then be transferred by the donor country office or headquarter office to the corresponding pooled fund. This scenario took place with the Albania One UN Coherence Fund and the Cape Verde Transition Fund.

ii. Role of MPTF Office and DOCO

102. Two New York-based offices played a strategic role in supporting the new funding modalities, beyond their other functions, namely the MPTF office in UNDP and the EFW Secretariat in the UN Development Operations Coordination Office (DOCO).

103. The **MPTF-Office is the Administrative Agent** for all One Funds and the Expanded Funding Windows. It manages the accounts and report to the donors on the use of funds, and manages the MPTF Office GATEWAY that provides online information on all the MPTFs that it manages. This includes the MPTFs the One Funds for all those countries that are adopting DaO modalities without being formally part of the DaO pilot process (i.e. self-starters). The MPTF Office GATEWAY is the only location where consolidated financial and expenditure information on the One Funds and the EFW is available. It is the result of a UNDG coordinated effort to pool all financial information relating to the One Fund in one location, and is used by many UNCTs as source of information when preparing consolidated reporting on the use of resources of the One Fund. The Gateway also serves as repository for relevant documents, such as the One Programmes, Annual Progress Reports, Documents on Joint Programmes etc.. Expenditure information is updated when it is provided by the Participating Agencies through agreed data transfers; for 2011 delivery information will be available only as of April 2012. The Gateway also provides only cumulative information that can be drilled down to annual but not monthly information.

104. However, the Gateway does not cover activities outside the One Fund (including EFW). Preparation of basic financial data on programme activities beyond the One Fund and related operational support including human resources is dependent on the manual consolidation of agency reports that need to be retrieved from each member of the UNCT. The absence of clear authority of the RC to demand such information from the members of the UNCT, as well as the absence of harmonized accountability definitions and terminology among agencies further exacerbates the complexity of management reporting of the UNCT as One, even within the DaO context. This has been a constraint in countries where the One Programme was operating in addition and in parallel to an UNDAF and where core resources constitute the bulk of UNCT operations.

105. The **UN Development Operations Coordination Office (DOCO)** has assumed the secretariat function for the Expanded Funding Window (EFW) which was established in 2008 as a special window to support among others the DaO pilot initiative with additional, un-earmarked and more predictable funding to fill funding gaps in the 'One UN Programmes'. Among others, the key principles of the EFW are that 80% of the available funding is allocated to low-income countries and 20 % to middle-income countries, that the EFW is a funding window of "last resort" for all eligible countries and that EFW funds are co-mingled with all resources received in a Country Fund and that they can be monitored only in conjunction and in overall context of development results achieved by countries. It is overseen by a unique structure involving key UN agencies and the donors, and involves in its management RCs and UNCTs as well as the Regional UNDG teams as well as the MPTF-Office as Administrative Agent.

106. As can be seen from the financial statistics, the role of the EFW has been essential in filling the funding gap in the One Funds, providing about a quarter of resources channelled to the One Funds. While the EFW is one of the few models of

truly unearmarked and predictable funding, its future is uncertain for a variety of reasons:

- Its donor base has not expanded from the original four donors who are also the most important donors of the One Fund at country level.
- The requests for reports and for composite performance indicators took time to fulfil as such separate reporting was not envisaged in the original design of the EFW.
- Overall funding climate is changing due to the economic crisis especially in some European countries.

107. There have been delays in the release of funds and major changes in payment schedules by the donor which caused delays in program implementation and fulfilment of commitments with counterparts at the country level (as envisaged in the Joint Annual Work Plans) with major repercussion on the actual work on the ground.

iii. Management of the work of the UNCT as One

108. During the survey of UNCTs of the eight DaO pilot countries for this evaluation, it was observed that for some UNCTs/RCs it was difficult to produce consolidated information on the overall UN expenditure for development as well as for the human resources and related cost of the supporting country offices. Information was retrieved from the agencies of the UNCTs, ad hoc and not systematically, and partially not reliably or consistently. Also the reports of the Country-Led Evaluations are short of financial reports for the same reason.

109. This apparent difficulty for some of the RCs to collect basic management information is a major weakness for a concept like Delivering as One. Preparation of a “One Consolidated Management Report”, covering all activities and presence of an entire UNCT as a whole, including those not covered by the One Fund, remains a major challenge. Monitoring the financial performance of the UNCTs is also very difficult at this stage. This issue may be addressed once the Common Budgetary Framework is fully rolled out and applied by the UNCTs, wherein they will follow the same standard. However, the absence of such consolidated management information makes tracking administrative and transaction costs very complicated, costly and challenging. The lack of adequate management information also weakens the capacity of the RC to perform the expected leadership role, including holding the UNCT accountable on results.

III. Lowering of transaction costs at country level through business process simplification and harmonization

a) *Basic issues*

110. While adhering to the basic principle that UN organizations are accountable to Governments of programme countries, members of the UNCT work in two accountability frameworks. Under the **vertical** accountability, the UNCT members are accountable to their own organizations for the use of resources entrusted to them and for results they agree to in organization-specific corporate planning processes. Within the framework of **horizontal** accountability, they are accountable to the UNCT and the RC for results that they agree to achieve within the framework of the UNDAF, or in the DaO pilot countries, within the framework of the One Programme and Common Budgetary Frameworks.

111. The work under the vertical accountability is governed by organization-specific rules and regulations, and supported by organization-specific ERPs⁶⁹, and each UN Country Representative has to abide by his/hers organization's accountability framework. Even though the UN system organizations operate on system-wide standards of international public institutions, there are variations between the various corporate rules and regulations, and ERPs that make working together at country level a complex undertaking. The introduction of IPSAS by most UN organization by 2012 will mark a major step in this direction⁷⁰.

112. The work under the horizontal accountability the UNCTs are expected to coordinate their work, and within the framework of the DaO also to work together, which is particularly relevant when dealing with cross-cutting issues or large-scale operations, the latter to benefit of economies of scale through joint procurement of supplies, goods or services. When several UN organizations operate on related thematic issues with the same implementing partner or donors, the necessity for these partners to deal with different organizations with different accountability frameworks (e.g. procurement and audit regulations, funding proposals and reporting formats) generates for them transaction costs that from their perspective could be avoided if the UNCT would operate and deliver as one.

113. One part of the DaO concept was the "One Office" that was meant to operate with a common set of procedures and processes which would allow for the reduction of administrative as well as transaction costs for the UNCTs, the national partners, and local donor community, when implementing UN development assistance.

b) *Progress and Achievements*⁷¹

114. Simplification and harmonization of business processes has been very high on the agenda of the General Assembly and various General Assembly resolutions have stressed this priority, and the Secretary-General has reported on several occasions on progress in this respect. Various global initiatives are underway, under the leadership of the CEB and its HLCM, to resolve in particular systemic issues.

115. At country-level, most of the UNCTs, also outside the DaO pilot process have established Operations Management Teams (OMT) through which they try to address the issue of business process simplification and harmonization. Within the DaO process, the work of these OMTs has received particular support and attention, both in terms of resources as well as in terms of advice and attention from the various UN headquarters, but also specifically from the UNDG through DOCO which supported change-management processes at country level with the support of external consulting teams and interagency working groups. DOCO issued online tool kits (2008) and online guidance material for business process engineering (2011) to support UNCT led business process simplification and harmonization initiatives. To support these processes, the UNDG/HLCM conducted a joint mission (March-April 2010) to identify country-level bottlenecks relating to business practices where UNCTs could improve existing practices in the areas of human resources management, information and communication technology, finance and HACT, procurement and common services and common premises and that would not require major modification of corporate processes. The findings of the mission were subsequently mainstreamed at headquarters level in an CEB/HLCM work programme and are being followed up by a number of interagency working groups.

116. Within the framework of DaO, the additional resources and support from UNDP/DOCO encouraged the UNCTs concerned to search aggressively for solutions. Most of the UNCTs have come up with a set of solutions that will result in cost savings and improved efficiencies. At the same time, they were also faced with the reality of dependency on corporate processes (vertical accountability). While the UNCTs could register some achievements and results, they also encountered institutional limitations, as corporate processes depend on corporate accountability frameworks which can only be revised through corporate processes that in some cases require considerable resources (e.g. in case of ERPs), coordination (in interagency consultation mechanism), and in some cases involvement of their governance (i.e. member states sitting in the corresponding boards or governing bodies).

117. Most UNCTs in the DaO pilots made efforts, and were also successful, with varying degree, in simplifying/harmonizing business processes that did not require involvement of their corporate frameworks. They were less successful where corporate requirements were affected.

- The first category concerns business processes/practices that do not depend, or only little, on corporate systems and rules and regulations of the agencies and organizations concerned and where gains could be made through combining the purchasing or negotiating power of the UNCT with regard to local suppliers, or by streamlining duplicate processes and thus potentially reducing transaction cost for partners.
- The second category relates to business processes that are part of corporate ERPs and that are governed by corporate rules and regulations in the finance, human resources and procurement areas of the agencies and organizations concerned. Within the second category there are business processes where

country offices have control over parts of the process management that has its limits due to the differences in the delegated authority among the members in the UNCT.

118. All the UNCTs made efforts to reduce transaction costs through business process harmonization but mainly with focus on locally-managed processes and taking advantage of collective negotiating and bargaining power of a united team working with local suppliers of goods and services⁷². In particular those UNCTs that had access to additional resources, drawing on the One Fund or through additional human resources obtained through specific donor support, would launch systematic change-management processes and/or conduct feasibility studies on ICT and procurement reform. Subsequently, a wealth of material has been generated. After initially complex, intense and time-consuming work in interagency working groups, most of the UNCTs identified and realized cost savings in two areas, namely the programme and One Fund Management and administrative business processes.

119. In the programme and One Fund area, the achievements are mixed as new instruments were introduced but were not matched by the elimination of subsequently redundant business practices. A case of point is the introduction of a Common Country Programme Document for the F&Ps that reduced agency-specific workload for the preparation of agency-specific CPAPs that were no longer prepared, as all Outcomes and Outputs were defined in the One Programme. However, the achievements in cost reduction within the UNCT through preparation of the Common Country Programme Documents were annulled, as the Executive Boards of Funds and Programmes concerned continued requesting the submission of Agency-specific annual reports. This request created double reporting in those cases.

120. In addition, the centralization of the One Fund management at RC/UNCT level is seen in having resulted in streamlining of funding and reporting processes and reductions in transaction costs for the agencies concerned. In particular, the leadership role of the RC in the resource mobilization process – on behalf of the UNCT – replaced the Agency-based fund raising which resulted in a reduction of overall transaction costs, both for Agencies as well as for donors that are no longer approached bilaterally by multiple Agencies seeking funding. The reduction in transaction costs of fund management for UN Agencies was mirrored by an increase in workload for the RC and the RCO.

121. With regards to the administrative area, the most important achievements were made in those areas where working together meant that the negotiation and purchasing power of the UNCT increased. The result was lower prices and improved quality in goods and services. A key instrument for achieving this was the introduction of Long Term Agreements (LTAs) with local suppliers to bundle the purchasing power of the UNCT for local procurement and obtain lower rates and improved quality services.

122. Other innovations in the area of business practice simplification and harmonization to improve the performance and effectiveness of the UNCT included working on:

- Common ICT networks that improve overall effectiveness and efficiency;
- Common staff induction programmes for all staff of the UNCT agencies which increases the effectiveness of staff;
- Common web-based human resources portals which reduces recruitment cost per vacant post;
- Common procedures on the selection of human resources and procurement of goods and services for joint programmes, including selection panels for human resources that include national counterparts, the Government, participating UN Agencies and the RC Office) result in streamlined and less costly processes;
- Agreement on common conditions for locally contracting human resources, covering salary scale, holiday etc., while not affecting specific rules and procedures of the contracting UN Agency;
- Cost reductions in the management of financing agreements, as only one document for each donor needed to be signed for setting up the One Fund.

123. Specifically noteworthy, and what could serve as a model, are the achievements in Viet Nam, where the Government and the UNCT agreed on a framework that governs all operational aspects of their interaction. This framework also provides clear and transparent guidance to national implementing partners and UNCTs on procedures for the procurement of inputs and services, including reimbursement of travel expenses (see box below).

- **HPPMG:** the GoV and part of the UNCT (UNDP, UNFPA and UNICEF) developed jointly a set of Harmonized Programme and Project Management Guidelines (HPPMG) for the management and implementation of UN-supported programmes and projects (effective July 2010), but tailored to the business model of Funds and Programmes. It guides the preparation, management and implementation of UN-supported programmes and projects and defines accountability lines based on a two-track governance system, i.e. GoV rules are applied when GoV implements project activities and Agency-specific rules are applied when a UN Agency implements certain project activities. The HPPMG incorporates the UNDG's harmonized country programming guidelines, HACT Guidelines, and the locally agreed guidelines on the preparation of the One Plan.
- **GoV-UN-EU Cost Norms:** were agreed to in 2009 and effectively rolled out in 2009-2010, ensuring a gradual alignment of donor cost norm systems and the Government cost norms to better reflect market conditions. They are a key element for the use of HACT.
- **HACT:** UNDP, UNFPA and UNICEF are currently using HACT and

implementing a joint HACT assurance plan since the 2009 Joint HACT Audit in Viet Nam. These three Agencies together account for over 50% of the One Plan budget. Other Agencies use HACT partially or are planning to introduce it during the period 2012-2016. For example, WHO partially uses HACT in its Direct Financing Cooperation (DFC) and FAO has started using it within the framework of UN-REDD.

124. In spite of these efforts, actual information on genuine savings remains spotty and anecdotal, and is a composite of real savings or expectations for savings and do not seem proportional to the effort invested to materialize them. However, it is noteworthy that some UNCTs report:

- that combining the UNCTs' purchasing power through bundling of contracts and use of LTAs may result in annual savings in the order of US\$ 300,000 per year in one country and US\$ 450,000 per year in another; and
- that the use of a UNCT human resources portal in one country could save up to US\$ 1,700 per post.

124. Most of the UNCTs tried to measure and track transaction cost for their national partners and local donors. They found the task very complex, costly and time-consuming, mainly because no common or easily agreed methodology is available despite efforts by the UNDG to assist the UNCT with an approach to a methodology. Main obstacles were the absence of baseline data, the high subjectivity and likely inconsistency of perceptions due to mobility of many of the partners of the UNCTs, as well as inconsistencies in accounting terminology and methodologies of the financial systems of the UN agencies. Additional issues reported were insufficient individual staff commitment, problems in data generation due to agency specific financial/procurement system, and fear among staff that the drive for reducing transaction costs would in turn be used for reducing staff positions.

125. Efforts to harmonize work processes in the area of human resources, finance and procurement were constrained by the fact that most of these processes are part of corporate systems and frameworks and thus difficult to harmonize without involvement of headquarters. However, these efforts have been very effective in identifying critical issues in the business process that offer potential for more efficiency through cooperation, harmonization and alignment, but they need to be followed up through cooperation at corporate level of the agencies concerned.

c) HACT and Use of national systems

126. HACT is applied by all the F&Ps in all the pilot countries. Several Specialized Agencies have made commitments to apply HACT within the context of DaO.

127. The use of national systems by the UNCTs is not consistent. Some UNCTs have made considerable progress, such as

- the UNCT in Tanzania which uses the Government Exchequer to transfer programme funds which allows the government to include the UN system's contribution as part of their planning and budgeting framework and where one agency uses the national procurement systems within the framework of the National Implementation Modality (NIM).
- In Albania, UNDP, UNFPA and other UN Agencies have begun to partially use the national Public Financial Management system, and the public procurement system.
- In Mozambique the UNCT has aligned its annual planning process with the timing of the Government which plans in April/May for the subsequent year.
- In Pakistan, three agencies (WHO, UNHCR and IFAD) use national systems in the areas of national budget execution procedures, national financial reporting procedures, national procurement procedures and national auditing procedures.
- In Rwanda the UNDAF/P programming cycle has been aligned with the national programming cycle (EDPRS), and the UN agencies have begun to align by varying degree.

d) Tracking and controlling transaction cost

128. Most of the UNCTs made attempts to monitor and track transaction costs for themselves and their partners. A review by UNDG of the various methodologies tested in 2010 indicated that there was no single methodology readily available to cost-effectively track and monitor transaction cost related to the work of the UN at country level. Each of the approaches identified and tested had shortcomings, but the most important obstacle identified was the absence of UN system-wide consistent cost definition and classifications. Nonetheless, and however unreliable, some UNCTs conducted informal perception surveys of stakeholders that confirmed that the transaction cost for donors and national partners had been reduced due to the approaches developed under DaO, namely the reduction of documentation, reports and meetings.

129. Other methodologies identified by that study, such as business process mapping to identify redundancies and unnecessary cost during programming and administrative business processes, have been further enhanced by DOCO and are being made available to UNCTs, not only in the DaO countries but system-wide.

e) Expectations and constraints

130. Despite the many areas of progress, some of the UNCT expressed frustration that their efforts for improved processes and procedures were counteracted by decisions from “headquarters” to sustain the previous procedures and processes which resulted in double work. This concerned in particular

- the wide variety of approaches to programming, budgeting and the use of baselines, indicators, means of verification and assumptions within the different JP workplans;
- the requirement to prepare agency specific reports for the board discussions despite agreement for preparation of a Common Country Programme Document;
- a locally developed common ICT Platform that was found to run in parallel to agency specific ERPs, which limited the usefulness use of the system beyond simply information sharing.

131. UNCTs reported that some systemic issues were creating genuine obstacles to working and delivering a one, namely

- the absence of a common definition of costs across the UN agencies which constrained assessment /reporting on increased efficiencies under DaO; this is particularly pressing/pertinent in today’s aid environment; and
- the absence of inclusion of staff contribution to DaO across the UNCT in the staff performance appraisal process possibility to assess which had a limiting effect on staff commitment.

132. These systemic issues impact on the capacity of UNCT to “provide management information” as one. During the survey of UNCTs of the eight DaO pilot countries, it was observed that for some UNCTs/RCs it was difficult to produce consolidated information on the overall UN expenditure for development as well as for the human resources and related cost of the supporting country offices. Information was retrieved from the agencies of the UNCTs, ad hoc and not systematically, and partially not reliable and not consistent.

133. This difficulty for some of the RCs to collect basic management information is a major weakness for a concept like Delivering as One. Preparation of a “One Consolidated Management Report” covering all activities and presence of an entire UNCT remains a major challenge, and monitoring the financial performance of the UNCTs is at this stage very difficult. The absence of such consolidated management information makes tracking of administrative and transactions cost very complicated, costly and challenging, and weakens the capacity of the RC to perform the expected leadership role including holding the UNCT accountable on results. This issue may be addressed once the Common Budgetary Framework is fully rolled out and applied by the UNCTs following the same standard.

f) Conclusion

134. The DaO pilot initiative may be disappointing for those who expected major cost savings as result of business process simplification and harmonization, but not for those who are aware of the systemic issues at interagency corporate as well as governance level. However, even against the background of modest achievements in the business process harmonization and simplification area the pilot process created the conditions for mapping at UNCT level business processes and for clearly identifying whether the scope for improvement was at country level or at corporate level. This is an important achievement, as it allows to focus reform efforts where they result in genuine change and improvement.

135. The UNCTs in the DaO pilot countries report that human resources and cost for human resources in the country offices has increased at all levels since 2006. There is little to no evidence that would demonstrate that DaO resulted in a reduction of human resources requirements, due to increased efficiencies resulting from improved business processes. It is difficult to demonstrate whether these staff increases were due to increases in programme volume or due to increased coordination requirements. Reports from several sources confirm, on an anecdotal basis, that the DaO process resulted in an increase of meetings for several reasons:

- UNCT meetings at all levels to review and revise business practices both in administrative and in programme areas particularly during the first 2-3 years increased substantially and may be regarded as investment into Delivering as One.
- While the RC offices benefitted from additional funding or secondment of staff from donors to cope with this additional workload, most of the other agencies had to handle the increasing workload with their existing staff resources.
- The focus on Joint Programmes in some of the countries, within the framework of One Programmes and the One Fund, or as requirement of the MDG-F, resulted in an increase of coordination meetings to deal with programming and implementation issues in this context. Some UNCTs responded to this situation by shifting attention to improved Joint Programming at the planning stage, while de-emphasizing joint operations during the implementation stage.

136. The cost savings that have materialized, due to improved procurement through LTAs, have been to the benefit of the programmes concerned, and thus accrued directly to the beneficiary institutions in the country concerned, mainly because these unspent amounts would be available for inputs into the corresponding programmes.

137. On the other hand, the DaO pilot process has operated in a very favourable – if not artificial - environment in terms of funding and resources that is not typical for the normal context of UN development assistance. It fostered the spirit of innovation through working as team. However, the momentum for change that has been achieved is very fragile and is not sustainable, as the institutional memory is not stable due to staff mobility and also due to the change processes undertaken mainly at country level. It should be known that there has been some change processes at the respective headquarters levels – resources channelled through the new funding mechanisms (One Fund/EFW). The various programming, budgeting and management instruments developed during the DaO process will foster the spirit of cooperation among UNCTs; however in the absence of unearmarked resources under the management of the RC, the incentives for interagency cooperation to deal with cross-sectoral issues using only core and non core funding resources mobilized by the agencies' resource mobilization mechanisms are modest.

138. On the other hand, the fact that the UNCTs in the eight pilot countries were given leeway to experiment new approaches within very broad frameworks, has also resulted in eight variants of the same concepts (e.g. as in the case of the One Programme and the One Budgetary Framework). While for some features of the DaO concept, this diversity may have only advantages in the spirit of “One size does not fit all”, in the area of budgetary frameworks and financial planning this diversity also risks fragmenting the UN system rather than unifying it up to the point of making where it becomes unmanageable and in transparent from a global accountability perspective.

139. It is positive, therefore, that through the efforts of the MPTF-Office it has been possible to maintain a consolidated vision of the flow and use of resources into the One UN effort, but negative that the multitude of approaches to for instance budgetary frameworks makes the reconciliation of the many approaches and solutions into one coherent analysis very costly. The assessment of the performance of DaO against stated objectives in terms of fundraising remains therefore somewhat elusive.

