**ADVANCED UNEDITED VERSION**                    **A/62/73**

United Nations                                   $E_{/2007/}$

**Economic and Social Council**   Distr.: General
                                  11 May 2007

                                  Original: English

**Substantive session of 2007**
Geneva, 2-27 July 2007
Item 3 (a) of the provisional agenda*
**Operational activities for development**
**of the United Nations system**

## Triennial Comprehensive Policy Review of Operational Activities of the United Nations Development System

### Report of the Secretary-General

**Summary**

The report reviews the operational activities for development of the United Nations system and examines if these meet the expectations of Member States as expressed in General Assembly (GA) resolution 59/250 and the 2005 World Summit.

Operational activities for development of the UN system need to respond to development needs of recipient Member Countries in a flexible manner and in accordance with their own policies and priorities for development.

The bedrock principles of operational activities of the UN system derive from their universal, voluntary and grant nature as well their neutrality and multilateralism. Operational activities are therefore strongly anchored in the normative mandates and roles established by the UN system.

The knowledge, skills and resources made available to Member Countries by some 40 funds, programmes, agencies and other entities of the UN development system are of unparalleled breadth and depth. The diversity of the resources is a rich reservoir for programme countries. Exploiting synergies and complementarities and

avoiding overlaps and gaps would further augment the resources available for these countries.

At present, the UN development system is not configured at country level to allow developing countries have optimal access to all resources from across the UN development system, including those from specialized agencies and other global and regional entities. A special effort is currently being made to ensure that the resident coordinator system, the common country assessment (CCA) and UN development assistance framework (UNDAF) become more inclusive of non-resident agencies, including specialized agencies and other global and regional entities.

Challenges remain in making the UN development system more coherent and efficient.  On-going processes and emerging outcomes are described and analyzed in the present report.

The report also reviews the adequacy of funding and the current funding modalities of operational activities for development, including innovative initiatives developed in several funds, programmes and agencies to enhance predictability and dependability of resources[1].

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**\*** The delay in the submission of the present report was due to extensive consultations with various organizations.

[1] The present report should also be read in conjunction with the report on *Comprehensive statistical analysis of the financing of  operational activities for development for 2005* (A/62/…-E/2007/…).

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## I.      Introduction

1.       The present report reviews the implementation of General Assembly
resolution 59/250 following the triennial comprehensive policy review of
operational activities for development of the United Nations system (TCPR).  It is
also guided by ECOSOC resolution 2006/14.  Following the Council's
consideration of the present report, the Secretary-General will submit policy
recommendations to the General Assembly drawing upon the deliberations in the
Council.  These will be considered during the sixty-second session of the General
Assembly in 2007.

2.       The main focus of this report is to assess to what extent and in what ways
the United Nations (UN) system has provided efficient and effective support to
developing countries to realize their national development strategies and achieve
the internationally agreed development goals (IADGs), including the Millennium
Development Goals (MDGs), within the context of their national development
priorities. Operational activities for development of the UN system are valued and
assessed on the basis of their impact on the recipient countries capacity to pursue
poverty eradication, sustained economic growth and sustainable development.

3.       The present assessment of the relevance, effectiveness, impact, efficiency of
operational activities of the UN system and of the sustainability of their outcomes
takes as its benchmarks goals, norms and standards that were agreed by the General
Assembly. It will take into account the outcome of the 2005 World Summit and
earlier UN conferences and summits as well as the changing context of
international development cooperation.

4.       As a follow-up to the 2005 World Summit, the Secretary General established
a *High Level Panel on System-wide Coherence* in the areas of development,
humanitarian assistance and the environment. The report of the panel entitled
*Delivering as One* was submitted by the Secretary General to the General Assembly
for consideration by Member States in November 2006. Some of the
recommendations of the panel are relevant to the follow-up of GA resolution
59/250[2].

5.       The analysis contained in this report is based on a range of inputs.   They
include in-depth studies on selected key issues, a review of evaluations undertaken
by funds, programmes and agencies and meta-analyses undertaken by the United
Nations Evaluation Group (UNEG), field missions, questionnaires, and collection
of information and documentation from UN system organizations.  Substantive
consultations were held with Member States, representatives of civil society,
including non-governmental organizations at country level, and UN system
interagency bodies such as the High-level Committee on Programme (HLCP) of the

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[2] A/61/583. In April 2007, the Secretary General conveyed his views on the report to Member States
in document A/61/836

United Nations Chiefs Executive Board on Coordination (CEB), the United Nations Development Group (UNDG) and the United Nations Evaluation Group (UNEG). Moreover, consultations were held individually with a large number of specialized agencies, regional commissions and other UN system organizations and entities. A workshop organized in March 2007 brought together a number of representatives of Governments of Member States and of organizations of the UN system to discuss preliminary findings of the analysis.

6.      The report is structured around a few major themes. Chapter I of the report is the introduction, while Chapter II deals with contribution of operational activities in the current global context. Chapter III deals with trends in funding for operational activities with emphasis on new practices to make funding more predictable and dependable and geared to enhancing adherence to the organizations' mandates. Chapter IV reports on the contribution of United Nations operational activities to national capacity development and development effectiveness. It also addresses issues like the role of the UN system in South-South cooperation, gender mainstreaming and in transition from relief to development. Chapter V analyses progress in the functioning of the UN development system and issues related to coherence and relevance (including the relationship with Bretton Woods Institutions), regional dimensions, transaction cost and efficiency, country-level capacity of the UN system and evaluation of operational activities for development.

7.      The ways in which the UN system's operational activities for development are delivered at country level are to a large extent determined by the directions provided by its governing bodies of the UN organizations. While funds and programmes are governed by Executive Boards that report to ECOSOC and the General Assembly, specialized agencies and the Bretton Woods Institutions have independent structures of governance. Guidance provided by the governing bodies may on certain vital development issues not be fully consistent and coherent. This dimension is not addressed in a comprehensive way in the present report, but it is an important factor in the Council's and the General Assembly's overall consideration of the way forward.

**II.     The contribution of operational activities for development of the UN system in the current global context**

**a)     Global development agenda and the role of the UN system**

8.      As a follow-up to the 2000 Millennium Summit, the 2005 World Summit reaffirmed that development, together with peace and security and human rights, is a pillar of the United Nations system. It gave renewed impetus to the bold vision for humanity contained in the Millennium Declaration of 2000. Leaders reaffirmed their commitment to eradicate poverty and promote sustained economic growth and

sustainable development.  The 2005 World Summit Outcome highlighted that each country must take primary responsibility for its own development. Efforts by developing countries need to be supported by a substantial increase in aid.

9.      A key message of the 2005 World Summit was the need to move forward with the implementation of the Internationally Agreed Development Goals (IADGs), including the Millennium Development Goals (MDGs).  MDGs launched at the 2000 Millennium Summit are to be achieved in all countries of the world by 2015. At mid-point of the 15-year period, progress towards the achievement of MDGs is still uneven and overall unsatisfactory.  As the world becomes more interdependent, social and economic inequalities persist and grow. Many developing countries are still unable to develop their productive sectors and participate in and benefit from the process of globalization.  Progress towards poverty eradication has been slow and uneven. Environmental degradation exacerbates the vulnerability of the disadvantaged populations and attenuates the benefits of development.

10.     During the 2005 World Summit, world leaders recommitted themselves to ensuring that the main crosscutting themes, such as sustainable development, human rights, and gender, are taken into account in decision-making throughout the United Nations.

**b)      Trends in development cooperation**

11.     Since the 2004 TCPR, globalization has further accelerated access to information and knowledge as well as to financial resources and investments for many countries, affecting the role and relative importance of Official Development Assistance (ODA), as well as the role of the operational activities of the UN system.  Three requirements have come sharply to the fore: a) ODA and its role and performance cannot be considered in isolation from the larger issue of countries' access to capital markets, concessional financing and other financial resources, as well as trade and foreign direct investment, b) the importance of substantially enhancing the coordination of development cooperation efforts; and c) the increasingly compelling need for greater harmonization and alignment of development assistance to the needs and priorities of programme countries.

12.     ODA diminished in 2006 to 0.30 percent of the GNI of OECD/DAC countries from 0.33 percent in 2005 (mostly due to a large debt relief write-off in 2005), while it was 0.26 percent in 2004.  Overall, the projected levels of ODA for 2006-2010 remain far short of the estimated US$ 150 billion deemed necessary to attain the MDGs.  Meanwhile, there are fears that the lack of progress in the Doha Round of trade negotiations, which has the capacity to bring larger and more durable benefits for developing countries, will limit the development impact of the Round.

13.     There is growing consensus among donors and recipient governments around the principles established at the Monterrey Conference as to how to foster better development results of aid and mutual accountability for development results. The process has accelerated in particular with the Rome High-level Forum on Harmonization and the Paris High-level Forum on Joint Progress towards Enhanced Aid Effectiveness.  At the 2005 World Summit, world leaders welcomed the Paris Declaration on Aid Effectiveness as part of the efforts to enhance the quality of aid and to increase its impact. The principle of national ownership and simplification and harmonization of cooperation around a single nationally led development process is well established.

14.     A salient feature of development cooperation today is the presence of non-OECD-DAC donors as well as new actors from civil society and the private sector. This evolution has taken place alongside increasing South-South cooperation, entailing intensified development and economic relations through trade, investment, transfer of technology, enterprise level interaction and the creation of south-south institutional networks.

15.     The *Development Cooperation Forum* to be convened by ECOSOC at the request of the World Summit will be a valuable opportunity to address gaps and obstacles, review trends and advance coherence in overall international development cooperation.

c)     **The contribution of the UN system**

16.     The uniqueness of the UN system's operational activities for development is that it combines the legitimate articulation and representation of global mandates with knowledge, skills and other resources that can help developing countries design and implement their national development policies and strategies and achieve the IADGs, including MDGs, and adhere to treaty obligations and other internationally agreed instruments. The system has a privileged role in helping countries coordinate and manage external aid and take full advantage of and utilize new aid modalities such as budget support, sector-wide approaches and poverty reduction strategies. The UN system also works in developing that do not benefit from other forms of external aid.

17.     The extent to which the system is able to exploit these unique characteristics depends on both its capacity for overall coherence in its policies and actions and its operational impact. A strong UN system needs to strengthen both its coherence and enhance the ability to produce results in an effective and efficient manner. The value of the results needs to be measured against international goals, norms and standards as well as their usefulness in specific national contexts of developing countries. Efficiency is the ability of the system to conduct its business at the lowest possible cost.  Operations need to be conducted in a coherent and well-coordinated manner. In recent years, all funds, programmes, agencies and other

entities of the UN development system have strengthened their efforts to become more effective, efficient and better coordinated. There have been challenges to these efforts, which still need to be overcome. The present report seeks to provide a comprehensive overview and analysis of achievements and outstanding challenges.

## III. Funding for operational activities for development of the UN system[3]

### a) Overall trends in funding for the UN development system

18.    The performance and impact of UN system development cooperation is closely linked to the level and predictability of its funding.  This has been repeatedly underscored by the General Assembly and ECOSOC.  In resolution 59/250, the General Assembly in particular emphasizes that increasing financial contributions to the United Nations system is key to the effort to support the achievement of the MDGs and stresses that core resources, because of their untied nature, continue to be the bedrock of operational activities for development. They allow the UN system to implement operational activities in line with mandates and directions provided by governing bodies.

19.    In recent years, the UN system has attracted growing level of total funding, albeit mainly as a result of an increase in non-core or supplementary funding[4]. The total value of contributions received by the United Nations system for development cooperation activities in 2005 amounted to US $ 15.5 billion, which represented an average annual increase of 8.3. percent since 2001 in real terms[5]. Yearly contributions to the system have risen over the past five years both in nominal and real terms, mainly due an increase in non-core funding.

20.    The share of core resources over the total contributions received by the UN system has been falling continuously and decreased from 54.4 percent in 2003 to 44.7 per cent in 2004 and again to 43.3 per cent in 2005 in real terms. The regular budgets of the specialized agencies, based on assessed contributions, have been locked at historically low levels because of the application of zero nominal growth policies. The role of *non-core* resources has increased for all organizations of the system.

21.    While some of the supplementary funding is geared towards operational activities that are linked with normative mandates of the organizations – e.g. a

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[3] The current report should be read in conjunction with the Secretary-General's report on *Comprehensive statistical analysis of financing of  operational activities for development for 2005* (A/62/_- E/2007/_).
[4] In resolution 59/250, a distinction is made between *core* and *non-core* resources. Core resources are referred to in some organizations as *regular resources*. Non-core resources are referred to as *supplementary, extra-budgetary* or *other* resources.
[5] The increase in real terms takes into account inflation and exchange rate movements.

significant part of donor contributions and resources provided by developing countries under cost-sharing arrangements -, much of the non-core funding has not systematically supported the organizations' response to the new demands emerging from the UN development agenda.  The growing reliance on supplementary funding to a certain extent undermines the core mandates of organizations of the UN system. The increase in resources has not kept pace with the new intergovernmental mandates of the system.

22.     Since the Monterrey Conference and the Paris High-Level Forum on Aid Effectiveness there has been an increased emphasis on national ownership, the alignment and harmonization of donor programmes with the development priorities of recipient countries as well as the emergence of new funding instruments, e.g. direct budget support linked to poverty reduction strategies and sector-wide approaches. UN organizations can help recipient countries make the most effective use of these instruments. This role of the UN system needs to be adequately funded.

23.     Several accounting and budgeting issues blur the interpretation of the long term trends in overall funding.  Current systems of reporting contributions to the UN system do not provide a solid basis to avoid double counting, especially when contributions from bilateral or other multilateral agencies are computed as contributions to the UN system but sometimes continue to be considered also as non-UN operations.  In addition, a significant amount of funding for operational activities actually includes financing of humanitarian assistance, as not all organizations make that distinction in their reporting. If all humanitarian funding were subtracted from the total amount of supplementary resources, the growth of resources for long-term development cooperation would not be as significant.

**b)      Predictability and dependability of funding**

24.     As the UN system has increasingly become dependent on extra-budgetary or non-core resources, various approaches have been developed to make funding for the UN system's operational activities for development more predictable and dependable. Multi-year pledging is seen as a means of trying to introduce to the UN system some of the positive elements of the *replenishment processes* that are in place in the International Financial Institutions (IFIs).

25.     One effort to improve predictability of funding for development activities within the UN system was the introduction of the *Multi-Year Funding Frameworks* (MYFFs) by the major UN funds and programmes[6]. MYFFs have essentially linked the introduction of a multi-year pledging and budgeting mechanism with the identification of strategic priorities of the organization for the planned period, and the corresponding funding requirements.  An essential requirement of the MYFF is the establishment of results indicators to monitor the effective use of resources.

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[6] Most UN organizations are switching to the use of the term Strategic Plan (with varying time frames) rather than Multi-Year Funding Framework.

26.     One of the desired outcomes of introducing MYFF was that donor Member States would commit resources consistent with and for the entire time frame of the MYFF.  Another was that Member States would be able to monitor the effective use of financial resources comparing them with the results achieved through planned activities. By and large, the MYFFs have not significantly advanced the predictability of funding.  Donors often use the MYFF as a reference framework for resource mobilization, but continue making shorter term pledges. The MYFFs have, however, proved to be important managerial tools to identify strategic activities, introduce basic principles of results-based management and measure results. While the timing of MYFFs has been harmonized between UNDP, UNFPA and UNIFEM, there is room for further progress – Differences in nomenclature, format and terminology will be addressed in the new format of strategic plans.

27.     The achievement of multi-year funding targets cannot be used as a definitive indicator of the adequacy of funding, as these targets are negotiated within governing bodies, and generally represent some trade-off between what is required and what donors consider feasible. There is no holistic identification of total funding requirements, starting from a demand-driven, country-based identification of programme needs and from regional and global strategies to support the achievement of the international development agenda.

28.     Besides the MYFF, other pledging mechanisms are used that present some of the features of the replenishment system of International Financial Institutions. IFAD's model is similar to the system adopted by the International Development Association (IDA).  This system has considerably improved funding predictability, and it has allowed a regular increase of resources (about 10 percent a year) over the last years.  The regular budget of the specialized agencies would also potentially have some characteristics in common with replenishment. However, the prevailing use of a zero-growth policy in the definition of the level of regular budgets of the specialized agencies has practically nullified the potential use of the definition of assessed budget as a basis to negotiate for adequate and increasing levels of resources.

29.     A number of UN organizations are experimenting with new approaches to the management of supplementary funds. Almost all of the UN development organizations have now adopted various types of *thematic funds*. While the donor is able to allocate funding by priority, reporting is normally done through the established mechanisms of the organizations concerned. In some cases, such funds have been specifically established for some cross-objective purpose where a special additional effort is required. UNICEF has established thematic funds for each of the organization's strategic priorities.

30.     Innovative approaches are being introduced in a number of specialized agencies and UN entities. In its draft Medium Term Strategic Plan (2008-2013), WHO introduces the concept of *negotiated core voluntary funding*, which pursues the objectives to increase predictability,  better align voluntary contributions with its overall programme budget framework, and reduce transaction costs.

31.     UNESCO announced measures to better align extra-budgetary resources with the priorities of its major programmes and its *Sector Strategic Frameworks (SSF)* will cover both regular budget and projected extra-budgetary resources.

32.     ILO has proposed in its *Programme and Budget Proposals for 2008-09* the creation of a new *Regular Budget Supplementary Account* (RBSA) to overcome the zero real growth of its regular budget. The RBSA allows voluntary additional contributions to the regular budget, earmarked to one of the ILO's four strategic priorities, to a specific region, or to both, to allow some flexibility to donors.

33.     FAO has introduced *development partnership agreements* with a number of donors, encouraging multi-year programmed voluntary untied contributions that support core functions of the organization (focused on links between normative and operational work).

34.     UNEP is almost totally funded by voluntary contributions to its general and special-purpose funds. In 2002, it introduced a pilot concept of *Voluntary Indicative Scale of Contributions* (VISC) to broaden the base of contributions and enhance their predictability.

35.     A significant amount of supplementary funding is raised at the country level. Such funding potentially leads to greater responsiveness to needs at the country level. But there are also some drawbacks for the functioning and image of the UN system. Some of the funding raised at country level tends to be to the detriment of operational activities that more closely link to the normative functions of the UN system. Having to compete for a limited pool of resources cannot but complicate the system's drive towards greater unity and coherence. The dependence of the UN system on supplementary funding at country level also risks undermining its role as a trusted partner of national governments in coordinating external aid, such as budget support.  There is, however, evidence of a renewed effort at the highest level of the system - as demonstrated at the most recent session of the Chief Executives Board (CEB) - to recognize and address such constraints with renewed determination.

**c)     Cooperation with new funding sources for development**

36.     Public/private sector funds for social activities have expanded tremendously over the past few years, e.g. the *Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund)*, the GAVI Alliance (formerly the *Global Alliance for Vaccines and Immunization*) and the *Bill and Melinda Gates Foundation*. UN organizations are usually not funded by these global funds[7]. Funding from these sources is provided directly to national Governments or to other national partners

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[7] The UN system has traditionally relied mostly on funding provided by the governments of Member States. UNICEF has institutionalised arrangements with non-governmental national committees that contribute 40 percent of the organization's total funding.

successful in the bidding process. The UN system's role is mostly limited to advocacy and advice to national partners how to make best use of these resources.

37.     The success of the Global Fund and the GAVI Alliance in resource mobilization is becoming increasingly important for the realization of the international development agenda. The UN system needs to develop the ability to catalyze additional funding flows through such funds. To perform this role effectively, the normative and core technical competencies of UN organizations concerned need to be supported through core or regular budget funding, since functions such as advocacy, norms and standards, research, policy development and best practice guidelines and technical support to non-UN funded programmes often do not lend themselves to supplementary funding.

38.     To the extent that UN organizations act as implementing partners for GAVI and the Global Fund, supporting these funds entails a significant workload for them. The question arises to what extent UN organizations are adequately compensated for these efforts.

**d)      Transaction costs and cost recovery**

39.     The growth of supplementary funding is a definite factor in increasing transaction costs for all organizations and therefore hinders the effort to maximize efficiency. Negotiating individual funding agreements, tracking and reporting programming and financial data for hundreds or even thousands of individual projects, and reporting according to widely varying sets of requirements all add significant costs that fall outside of the organization's basic operating systems.

40.     The reliance on volatile annual contributions hampers the ability of funds and programmes to adequately cover their core administrative costs.  This is affecting the overall solidity of their organizational structures, their effectiveness and the quality of their services and programmes. The budgetary limitations experienced by specialized agencies and other entities using assessed contributions are likewise affecting their ability to finance their basic administrative expenses. The absence of a proper definition of basic administrative costs poses a major obstacle to arriving at a valid identification of the total funding requirements of United Nations organizations. Governing bodies should seek to set administrative and programme support budgets on the basis of the size of the total programme of the entity concerned and adjust all related administrative support and capacities accordingly.

41.     In resolution 59/250, the General Assembly called for full cost recovery. The rates of cost recovery policies have been harmonized at seven percent among funds and programmes and for some joint programmes at country level. The UN secretariat and specialized agencies often use higher rates. While, for example, WFP performs well on cost recovery, the results in terms of full cost recovery may fall short of expectations for some organizations, as they do not systematically charge or recover all of the costs involved in the management of projects funded

from supplementary sources.  In those cases, these costs are covered by regular resources.  This, in turn, risks not only to divert core funding from its original purpose, namely normative and operational activities linked with the organizations' mandates, but also to create the false impression that the management of such projects is more efficient than the regular programme, thus undermining in the long term the organizations' ability to attract core funding.  This is not only a technical matter but an issue with important policy implications that requires urgent attention.

**e)      Trends and perspectives – some key issues**

42.     The general success of the UN system in attracting growing levels of total funding indicates that the system provides developmental services, which are valued by donor and programme countries alike. However, the growth in the aggregate value of UN operational activities for development must be considered in the light of limitations of relevant statistics as highlighted above.

43.     The UN system continues to struggle with the predictability, stability and reliability of funding. With the exceptions outlined above relating to the assessed budgets of some of the specialized agencies, the system is still heavily dependent on annual voluntary pledges. Different modalities have been developed in various organizations to address these challenges, but except for IFAD, none of the organizations have attained a satisfactory level of predictability and dependability of funding. Annual rates of change are still significant.

44.     The unpredictability of funding of the fundamental functions of the UN development system reduces the ability in many UN organizations to combine effectively normative leadership with operational programme delivery and limits the system's capacity to deliver on its overall mission. This is obviously not in the interest of either donor or programme countries.

45.     Attempts are being made by the management of several UN entities to propose to governing bodies new alternative mechanisms of voluntary funding, which would allow for a reduction of the earmarking of resources and for the pursuit of the core functions of UN institutions defined by governing bodies.

**IV      Contribution of UN operational activities to national capacity development and development effectiveness**


**A.      Capacity development**


**a)      Principles and guidelines**

46.     In resolution 59/250, the General Assembly requested the United Nations Chief Executives Board for Coordination to analyse the capacity development efforts of the UN development system and to make recommendations on measures necessary to enhance their effectiveness, including through the improvement of the assessment and measurement of results. A reflection is presently under way within the High Level Committee for Programmes of CEB in order to improve the inter-agency sharing of information system-wide on good practice and experiences gained, benchmarks and indicators, monitoring and evaluation criteria as well as reporting by UN organizations on capacity development to governing bodies, as requested by the General Assembly in resolution 59/250. ECOSOC and the General Assembly will be kept appraised of progress as this works proceeds.

47.     In October 2006, the UNDG produced a *Position Statement on Capacity Development*. This common framework aims to guide UN country teams in mainstreaming capacity development and particularly, to strategically position the UN system's support to national capacity development efforts. The position statement defines *capacity* as *the ability of people, organizations and society as a whole to manage their affairs successfully*. Capacity development is defined as *the process whereby people, organizations and society as a whole unleash, strengthen, create, adapt and maintain capacity over time*. While there is general consensus on these definitions, within any given country context there are different levels of capacity – national, sub-national, local – and different stages of development in different sectors that should finally affect the capacity development response. Tool kits for action have been developed to address these complexities.

**b)     UN system roles in capacity development**

48.     Given its limited financial and human resources, the best use to which the UN system's potential can be put is not by being directly involved in the provision of services, but rather by assisting national partners in developing and implementing strategies to increase resources and capacities to deliver services, possibly through pilot initiatives.

49.     Capacity development is commonly associated with various forms of technical assistance aimed at individuals (training), institutions (organizational development) and the enabling environment (support to policies and strategies). It also encompasses attitudes, relationships and values of individuals, groups and societies at large. While capacity development is at the core of the UN system's contribution to development, there is also a strong link to other related dimensions of the system's normative roles, including advocacy for ratification and implementation of international conventions and instruments, independent monitoring of elections or support to human rights observance, which are key to enhancing national capacities. The human rights based approach to programming emphasizes the empowerment of those deprived of the full enjoyment of human rights and strengthening capacities of those who have the obligation to promote and protect human rights.

50.     The UN development system has a direct role in capacity development at country level, drawing from the collective mandates, expertise, and experiences in the system.  Its capacity development efforts include all roles mentioned in the UNDG position statement: a) facilitate capacity assessments; b) strengthen national capacities to implement and monitor international norms/standards c) provide catalytic support for technological and knowledge acquisition and innovation capacities; d) support capacity to develop and use information, data and robust results-based management systems for greater accountability; e) facilitate consensus-building processes and broker relations between key development stakeholders, to promote capacities for inclusion and empowerment in decision making; f) support the capacity to review and analyse pro-poor policy options; g) facilitate participation of societal and government actors in, and enhance capacities for, national coordination of development and humanitarian assistance; h) provide international good practice in all the above and promote knowledge networking capacities around them.

51.     What roles the UN system will actually perform in a specific country will in principle be determined through agreements between the national partners and UN organizations. The *Common Country Assessment (CCA)* and  the *United Nations Development Assistance Framework (UNDAF)* are increasingly important mechanisms in this regard. CCA and UNDAF do not always reflect the whole range of contributions to capacity development made by specialized agencies and other UN organizations or those provided through regional and inter-country programmes.  Those contributions are central when it comes to an analysis of the overall actual and potential relevance of the UN system's capacity development effort in the context of the countries needs and priorities.

**c)      Development of technical and technological capacity**

52.     While all UN organizations address technical and technological capacity development in one way or another, some agencies have specific mandates and programmes for technological development (notably UNCTAD, UNIDO, UNESCO, FAO, WHO, ITU, WMO and UNU among others). These mandates address aspects such as technology innovation, policy design and evaluation, and development and application of technology, including adaptation of imported technologies to local conditions.

53.     UN organizations provide an important contribution to norm setting in technological development and knowledge acquisition. The UN system has also been active for decades in establishing, improving and developing basic technical and technological organizations in developing countries in areas ranging from civil aviation, meteorology, telecommunications to nutrition.

54.     The system's contribution to the development of technical and technological capacities is increasingly extending beyond the strengthening of skills of individuals to the capacity of entire, institutions, requiring a whole range of

technical, administrative and managerial inputs. Training continues to stand out as one of the main tools to enhance individual technical capacities.

55.     UN organizations reach out to their potential interlocutors by continuously establishing new inclusive networks, making use of innovative types of learning and putting to use lessons learned, the wealth of experience accumulated over the years in developing countries, including through South-South cooperation. The UN system also plays a catalytic role by establishing networks among private sector, centres of excellence, research and technological institutions, bilateral donors and other actors, which would not have otherwise engaged in international efforts of this nature.

### d)     National execution and use of national expertise

56.     Research undertaken in preparation of the present report shows that UN organizations have become increasingly mindful of the need to give priority to the engagement of national staff and the use of national expertise as well as of national institutions. The practice of national execution is so wide-spread nowadays that it is no longer systematically monitored as a separate operational modality.

57.     National execution and the use of national expertise aim to strengthen government ownership and to enhance sustainability of results. However, for these objectives to be realized it is necessary to accompany national execution by an expansion of institutional capacities e.g. through increases in the budgets of the national institutions that are assuming new responsibilities.

### e)     Support to the coordination and utilization of external aid

58.     The UN system is expected to support national capacities that will enable developing countries to exercise ownership and leadership over external assistance and support aid coordination. Resident coordinators and UN country teams are often called to play a pivotal role in supporting national governments in aid coordination.

59.     The UN system contributes to the capacity of developing countries to optimize the utilization of various aid modalities, including budget support. In some developing countries, the UN system is called upon to actively support the national Government in the coordination of direct support and even contribute to it. So far the UN system's contribution in this area has mainly been through support to the national planning process, including through MDG-based budget analysis which helps countries identify disparities in budgetary allocation and spending for disadvantaged sectors and districts. This provides an excellent opportunity for deeper engagement by the UN in sectoral reforms.

60.     The UN system has played an important role in enhancing national capacities to monitor and assess progress in poverty eradication and other internationally agreed development goals. UNDP and UNICEF, in particular, but also a number of specialized agencies, have contributed to a fuller understanding of

poverty beyond its income dimension to include, for example, access for the poor to health, education and other basic social services as well as their control over assets and participation in governance. The UN system has also supported the improvement of national statistical systems, so that these systems could incorporate MDG / human development-based indicators. *DevInfo,* since its introduction in 2004, and other geographical information systems are now being used in more than 90 countries.

## f) Relevance and effectiveness of capacity development and sustainability of results

61.     There is a growing body of evidence on the results of UN support to national development effectiveness that can be derived from the newly created database of the United Nations Evaluation Group (UNEG). In preparation for the TCPR, a sample of 40 country-level evaluations conducted by nine UN organizations[8] was analyzed to assess results of national capacity development efforts. The evidence showed that all nine UN organizations focused on building national capacity to pursue poverty eradication, sustained economic growth and sustainable development.  In nearly all cases, evaluations identified positive results in these areas, especially in policy development, where the organizations' contributions can specifically be identified.  However, the evidence also strongly suggests that the effectiveness of such support and the sustainability of results are compromised when they are not adapted to the ability of national partner governments to sustain the new initiatives or mainstream them in their policy frameworks.

## g) Key achievements and outstanding challenges

62.     For developing countries to address national priorities and achieve internationally agreed development goals, including the MDGs, a continuous process of capacity development is required to which the UN system can make a significant contribution. Since 2004, there has been increased recognition of the UN system's contributions, not only in areas of technical and technological innovations and training, but also in terms of advocacy for and direct assistance to the achievement of internationally agreed goals and compliance with international commitments in other related areas.

63.     Because of its neutral and facilitating role among national governmental and societal actors, the UN system appears to be particularly effective in the development and use of data that are important in the development process as well as in advocacy and promotion of international norms and standards. UN organizations often help national governments coordinate external aid and make good use of new aid modalities such as budget support, sector-wide approaches and poverty reduction strategies.

64.     National execution and the use of national expertise have become mainstreamed. However, national execution of UN supported projects and

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[8] FAO, IFAD, UNCTAD, UNDP, UNFPA, UNHCR, UNICEF, UNIDO and WFP

programmes need to be integrated in national processes and procedures in terms of reporting lines, administrative arrangements and / or employment conditions. Effectiveness and sustainability of UN supported capacity development is compromised, if the efforts are not adapted to the financial and technical ability of recipient governments and other national institutions to sustain them beyond external support.

## B.      South-South cooperation and development of national capacities

### a)      Mainstreaming of South-South cooperation

65.     During the World Summit world leaders recognized the achievement and great potential of South-South Cooperation (SSC) and encouraged its promotion. Notably some middle-income countries (e.g. Brazil, India and South Africa) have integrated South-South cooperation into their foreign and trade policy.

66.     The Special Unit for SSC, established by the General Assembly in 1978 as a separate entity within UNDP, has as a primary mandate to promote, coordinate and support South-South and triangular cooperation on a global and United Nations system-wide basis. As a guide to the Special Unit's current work programme, the Executive Board of UNDP endorsed the third cooperation framework for South-South cooperation (2005-2007). UNDP has been a major provider of funds to the Special Unit for South-South Cooperation. Additional resources for UN and other support to South-South cooperation have mainly been mobilized through triangular cooperation.

67.     There are several organizations of the UN system that have made considerable efforts to mainstream South-South cooperation within their own programmes. In UNDP, South-South cooperation is one of the six drivers of development effectiveness in the Multi-Year-Funding-Framework (MYFF 2004-2007).  Other examples include: a) the *Special Programme for Food Security* (SPFS) of FAO[9]; b) UNIDO's new initiative of *Centres for South-South Industrial Cooperation* in several of more advanced developing countries; c) UNCTAD's technical cooperation conceived and implemented on a South-South basis; d) ICAO's policy to promote training provided at training centres located in developing countries as well as advisory services provided by Southern experts; and e) UNEP's implementation of the *Bali Strategic Plan for Technology Support and Capacity Development (BSP).*

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[9] This is one of the largest global programmes in South-South cooperation and involves a wide range of donors: Belgium, France, Japan, Germany, Ireland, Republic of Korea, Monaco, Morocco, Netherlands, Saudi Arabia, Spain, Switzerland, European Union, UNDP, IFAD, UNFIP, WFP and OPEC.

**b)      South-South financial cooperation**

68.      Several countries that have not been among the OECD-DAC donors have engaged in a process of funding for development. At the second South Summit in Doha in 2005, developing countries adopted the *Doha Plan of Action*, which included the creation of the *South Fund for Development and Humanitarian Assistance*. There are several other good examples of non OECD-DAC donors providing significant financial support to developing countries, including concessional loans, debt cancellation and technical assistance grants.

69.      There is a significant potential for an increased role of the UN system in strengthening funding partnerships among developing countries. The UN system could channel these contributions. But its unique role could be to help developing countries, at their request, establish a strong link between the operational activities that these new contributions support and the pursuit of IADGs, including the MDGs.

**c)      Key achievements and outstanding challenges**

70.      UN organizations can be primary vehicles to make use of expertise from developing countries in the promotion of development in other developing countries. The normative function of the specialized agencies is often associated with the establishment of networks of highly qualified experts and specialized institutions, which provide major inputs from developing countries to the development of technical capacities in other developing countries. The Special Unit for South-South Cooperation operates by building and strengthening broad-based partnerships with a range of organizations, not only within the UN system, but also in the global context.

71.      Lack of adequate and regular resources impede the UN development system's institutional capacity to effectively mainstream South-South Cooperation in all programme activities.  The flow and mutual exchange of information within the UN system appears to be still relatively inadequate and limits the efforts to strengthen partnerships in South-South Cooperation.   Strengthening of the Special Unit for South-South Cooperation and enhancing its role as coordinator on South-South cooperation would help bring about more coherence, coordination and systematic reporting on and analysis of different forms of South-South Cooperation.

**C.      Gender mainstreaming**

**a)      UN system strategies for gender mainstreaming**

72.     In October 2006, the CEB adopted a comprehensive UN system-wide policy and strategy on gender mainstreaming in order to accelerate implementation of globally agreed commitments. The system-wide policy and strategy will not replace, but rather reinforce policies of individual entities while strengthening collective action. The CEB noted that gender mainstreaming is the globally accepted strategy for achieving gender equality and the empowerment of women[10]. The policy and strategy will be implemented by the *Inter-Agency Network for Women and Gender Equality*. The network will develop a United Nations system-wide action plan that includes indicators and timetables, allocation of responsibilities and accountability mechanisms and resources, which are essential to make the strategy of gender mainstreaming operational.

73.     The UNDG created a *Task Team on Gender Equality*, which is coordinated by UNIFEM and brings together 17 UN entities[11] to support more coherent action among the UN organizations on gender mainstreaming and empowerment of women at the country level. The UNDG task team undertook a review of resident coordinators' annual reports for 2004 and 2005, which revealed that there had been more interventions specifically targeted at women (especially in health and education) than activities related to gender mainstreaming. Additionally, the Task Team undertook a review of UNDAFs developed between 2004 and 2006 and found that, compared to a similar review in 2002, gender equality and women's empowerment were better reflected in the analyses but there was inadequate evidence that this analysis was underpinning holistic programming in support of gender equality.

### b)     Enhancing gender expertise

74.     As a means to overcome the gap between good intentions and implementation, the UNDG task team initiated an action-oriented learning process to support a small number of self-selected UN country teams to generate replicable good practices in undertaking rights-based, change-oriented programming that supports government and civil society to promote gender equality and women's empowerment.

75.     Attempts to develop gender specialist resources in support of gender mainstreaming at the country level and to enhance their effectiveness have so far been partial and relatively ad-hoc. No clear mandates for gender specialists have been established, but there are terms of reference for gender advisors and focal points appointed by UNDP, UNFPA and UNICEF at headquarter level and in regional and country offices. These positions are filled at different levels of seniority. The UNDG task team is developing a roster of gender equality specialists

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[10] As adopted by ECOSOC resolution 1997/2
[11] IFAD, ILO, FAO, the United Nations Division for the Advancement of Women, UNDP, ECOSOC, UN-Habitat, UNEP, UNESCO, UNFPA, UNICEF, UNIFEM, UNODC, the United Nations Office of the Special Advisor on Gender Issues, the United Nations Permanent Forum on Indigenous Issues, WFP, WHO.

to support UNCT coordination processes such as UNDAF formulation and evaluation.

**c)      Gender balance in appointments in the UN system**

76.     The UN system's policy for gender equality in its human resources policies complements gender mainstreaming. Efforts to achieve gender balance in appointments within the UN system at the headquarters and country level, including resident coordinator appointments, are encouraged. At the end of 2005, 37 percent of all professional staff members of the UN common system were women, while in 2000 that percentage was 33.

77.     Representation of women in the professional staff declines significantly at or above grade P-4. The data suggest a general pattern of significant turnover in women professionals among the UNDG organizations in 2005[12] and a loss of accumulated skills, knowledge and expertise of women professionals.

78.     Efforts are being made to achieve gender parity among resident coordinators. The percentage of women resident coordinators is still relatively low (26 percent of resident coordinators in 2005 and 32 percent in 2007), but improving gradually due to the proactive recruitment system. In 2005, women accounted for 38 per cent of the new appointments, compared to 33 percent in 2004. Out of the total 42 appointments in 2005, women accounted for 52 percent of the 23 recruitments of first-time resident coordinators.

**d)      Tracking allocations and expenditures for gender equality**

79.     The UN system still lacks consistent and systematic mechanisms to track allocations and expenditures for gender equality. Some evaluation reports have tried to track funding and capture expenditures on gender mainstreaming in UN organizations. It was, however, not possible to make any firm estimate of resources allocated to gender equality due to lack of or inconsistent data. In UNDP, in response to the 2005 evaluation of gender mainstreaming (issued in 2006), initiatives have been taken to upgrade accountability for gender equality results as part of a Gender Action Plan 2006-2007.

**e)      Gender-responsive budgeting and accountability**

80.     Effective gender mainstreaming requires systematic gender analysis to ensure gender equality perspectives are identified and incorporated in the design,

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[12] UNDP, UNICEF, UNFPA, WFP, WHO, IFAD, UNESCO, FAO, UNIDO, ILO

implementation and evaluation of all projects and programmes. Gender-sensitive budgeting facilitates assessment of the allocation of resources to achieve policy objectives on gender equality. Gender audits allow for an assessment implementation of the gender mainstreaming strategy within organizations.

81.     Gender-responsive budget initiatives around the world have demonstrated how gender analysis in budget formulation can achieve positive policy outcomes for gender equality. Such initiatives involve examining inputs, outputs and impacts of expenditure and revenue-raising measures of budget policies from a gender perspective

82.     Capacity building is essential to ensure systematic implementation of gender-responsive budgeting. Training has been conducted by UNDP for development practitioners, economists and government officials. As a result a pool of nearly 100 specialists from 50 countries are engaged in disseminating the knowledge they have gained in their own countries and providing technical support to carry out gender-responsive budgets. A training package was developed by UNFPA and UNIFEM in 2006 to build national and regional capacities on gender-responsive budgeting. To disseminate information, UNIFEM recently released a report entitled *Budgeting for Women's Rights: Monitoring Government Budgets for Compliance with CEDAW.*

## f)      Key achievements and outstanding challenges

83.     The UN system has made steady progress in promoting the twin-track approach of gender mainstreaming and targeted interventions for the empowerment of women. There has been some progress in increasing gender expertise and gender balance in appointments (except for the higher levels) in the UN system. However, the system still lacks consistent and systematic accountability mechanisms and tools to track allocations and expenditures for gender mainstreaming and women's empowerment.

84.     At the country level, national efforts for gender mainstreaming and women's empowerment were supported by capacity development processes. Some progress has been made with accountability through gender-responsive budgeting and gender auditing. However, there has been insufficient gender analysis to identify and address gender perspectives in the design, implementation and evaluation of projects and programmes. A major remaining challenge is establishing the linkages between the gender equality interventions of the UN system and concrete results in terms of changes in national policies, legislation and programmes as well as in social attitudes and behaviours.

## D.      Transition from relief to development

## a)      National ownership and the role of the UN system

85.     In situations of transition from relief to development, national authorities and national stakeholders need to assume full responsibility for overseeing,

coordinating and managing recovery efforts. This is critical to ensure that recovery is sustained and that international support does not elicit dependency.

86.     The UN development system has a vital role to play in these situations. The central challenge is for the UN to support countries in establishing the foundation for long-term and sustainable development, while maintaining the capacity to respond to immediate humanitarian needs that may still exist or occur again in the future.

87.     The importance of knowledge sharing and cooperation among developing countries and also triangular cooperation modalities involving developed countries has been clearly recognized by the United Nations development system. For example, stakeholders from countries affected by earthquakes have taken part in study tours to witness other countries' experiences in view of developing reconstruction strategies. Another example is the *Initiative on Strengthening the Role of Parliaments in Crisis Prevention and Recovery* developed between UNDP and the Inter-Parliamentary Union.

## b)     Interdepartmental and inter-agency coordination

88.     Significant efforts have been made to strengthen the resident coordinator / humanitarian coordinator system by creating institutional linkages between the coordination structures of resident coordinators and humanitarian coordinators. In some cases this has meant merging the offices of the resident coordinators and the humanitarian coordinators. Improved systems and standards for the identification, appointment and training of those individuals most able to deliver effective and accountable leadership on the ground have also been introduced.

89.      Through UNDAFs and / or joint programmes, there has been improved collaboration between humanitarian agencies and more development-oriented organizations on issues such as return and reintegration of refugees. System-wide policies on issues such as food security, disarmament, demobilization and reintegration of armed combatants and their dependents, and education have been established. A UN system-wide policy on post-conflict employment creation, income generation and reintegration will be finalised in 2007.

90.     Progress has been made to strengthen interdepartmental and inter-agency platforms for integration in strategic planning at headquarter and country level. The endorsement of the *Integrated Mission Planning Process (IMPP)* guidelines provides an opportunity for enhanced coherence among the peace-keeping, humanitarian and development arms of the UN. Moves towards greater coordination between the peace keeping and the development and humanitarian actors are also evident in *Integrated Offices* such as those in Sierra Leone and Burundi.

91.     The joint UN / World Bank *Post-Conflict Needs Assessment* (PCNA) methodology to support national planning for transition in immediate post-conflict

settings continues to provide a strong platform for cohesion among national and international actors. A comprehensive review of the PCNA in 2006 and resulting refinements being introduced in 2007 will further strengthen this tool's contribution to integrated planning, financing and implementation of national policies in transition settings.

92.	UN and non-UN partners formed a new partnership on early recovery through the *Cluster Working Group on Early Recovery (CWGER)*, which focuses on building system-wide global capacity and preparedness to enable recovery to begin early during the humanitarian phase and to influence the way humanitarian relief is carried out, so that it takes better into account longer-term developmental concerns and risk reduction and conflict prevention perspectives.

### c)	Data collection and information management

93.	The UN system has increased efforts towards coordinated information collection during the transition phase in partnership with national actors and has supported initiatives to strengthen the capacities of national actors to collect and analyse data. *Humanitarian Information Centres (HIC)* are operated by OCHA and established usually within government structures early in a crisis, especially in countries where national data exist. *Development Assistance Databases (DAD)* are also used in transition situations to track progress of recovery projects with support from UNDP. There is an interagency working group reviewing how to make HICs, DADs, and other systems such as DEVINFO (which serves MDG monitoring) more compatible with each other as well as with national systems.

### e)	Funding

94.	The need to provide more predictable and sustained funding to support transition from relief to development has been receiving increasing attention from the international community. Attempts have been made to use donor funding with greater flexibility, in closer alignment with national needs, and with greater timeliness. Especially WFP has been successful in attracting a significant amount of funding through its programme and funding instrument called *Protracted Relief and Recovery Operations (PRRO)*.

95.	The UNDG now manages *Multi-Donor Trust Funds* (MDTFs) in a number of countries in collaboration with the World Bank. Recent reviews of these trust funds have highlighted their potential in enhancing national ownership and control of aid allocation, but also pointed to delays and high transaction costs for recipients due to the absence of streamlined procedures and agreements among MDTF stakeholders.

96.	In some cases, the UN system has expanded the scope of the *Consolidated Appeal Process* to include funding for early recovery activities, but success has been limited. The international community also agreed to establish a *Peacebuilding Fund* (PBF) designed to address immediate peacebuilding needs in countries

emerging from conflict. While the PBF offers much needed catalytic support, it remains limited in size and scope, and therefore can only fill one part of the funding gap.

**f)    Key achievements and outstanding challenges**

97.    Joint planning and information sharing both at headquarters and in the field have significantly improved, but differences in administrative procedures and funding structures continue to hamper closer collaboration at the operational and programmatic stages. Transition strategies have often included the inputs of non-resident agencies but greater efforts are needed to ensure consistent participation in both the planning and implementation phases. In addition, the drive towards integration often raises concerns over conflicting mandates, in particular in the area of humanitarian space and neutrality, which have yet to be adequately or consistently addressed.

98.    There are challenges to capacity development and national ownership in transition situations. Especially in post-conflict situations, national capacities are frequently severely eroded and unable to meet with developmental challenges. There may be limitations on access to certain stakeholders because of insecurity and/or poor infrastructure. In the absence of an overall multi-sectoral need assessment methodology, the recovery assessment process and the follow-up preparation of recovery plans and programmes tend to be supply-driven.

99.    As far as funding of transition from relief to development is concerned, there are debates as to how existing mechanisms can and should be sequenced and what should be the division of labour between different instruments, including the degree of complementarities between humanitarian instruments and recovery and long term development funding. Funding for transition remains significantly inequitable among countries and among sectors within a country.

**V.    Improved functioning of the UN development system**

**A.    Coherence, relevance and effectiveness**

**a)    Overall coherence of the UN development system**

100.    Member Countries need to have full access to the knowledge, skills and resources of all entities of the UN development system. An inclusive approach needs to be fostered in promoting inter-agency collaboration, both at the country and headquarter levels to secure a participatory involvement of the UN development system in country-level operations and, in this way, pursue country-level implementation of the IADGs, particularly the MDGs. UN organizations are increasingly committed to strengthen the coherence of their support to national development endeavours.

101.    A number of recommendations of the report of the *High-Level Panel on United Nations System-Wide Coherence* reaffirm and give renewed impetus to

reform initiatives at the country level mandated by the triennial comprehensive policy reviews of 2001 and 2004. The present report mainly focuses on the implementation of GA resolution A/59/250 and ECOSOC resolution E/2006/14 with due consideration of the 2005 World Summit outcome document. It principally assesses coherence, relevance and effectiveness of the UN development system against benchmarks defined in these documents[13].

**b)  Coherence in the context of the Common Country Assessment (CCA) and the United Nations Development Assistance Framework (UNDAF)**

102.    When preparing the  Common Country Assessment (CCA), increasing care is taken to avoid duplication or substitution of existing national analytical work and to supplement and strengthen national processes leading to the establishment of national priorities. for example in the form of poverty reduction strategies (PRS). The quality of many CCA documents has improved. By early 2007, 164 CCAs had been prepared. In 2005, seven UN country teams[14] decided not to conduct a CCA, but to make use of national processes.

103.    In February 2007, a total number of 146 UNDAFs were reported as completed. In more than thirty cases a second UNDAF and in two cases (Ghana and Vietnam) even three have been prepared. The collective results expected from UN system cooperation are described as UNDAF outcomes the number of which, according to the current guidelines from UNDG, should not exceed three to five. At present, 40 countries have fully integrated principles and approaches of results-based management within the UNDAF. The results-matrix approach was introduced in 2003. A results-matrix places outcomes and outputs expected under UNDAF in a hierarchical logical framework. Apart from *joint programming* through UNDAF results matrices, there is also an increased use of *joint programmes,* which are understood as a set of activities reflected in a common work-plan with a budget implemented and funded by at least two UN organizations. The UNDG website contains information on nearly 350 joint programmes.

104.    There are several examples of achievements through improved harmonization of the UNDAFs with national processes.  Several external reviews have been conducted by donors or donor country-based institutions to assess UNDAFs and the UN development system's performance in the context of the new aid environment[15]. A good integration of the UNDAF with national development

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[13] Issues relevant to the dimensions addressed in the High Level report will be addressed in the relevant sections: a) the *one UN programme* (including progress with the pilots) in the section dealing with CCA and UNDAF; b) the *one leader* under the resident coordinator system; and c) the *one office* under joint offices. Experiences with fund-raising at country level were already dealt with in the chapter on funding.

[14] Cambodia, Ethiopia, Malawi, Mozambique, Senegal, Tanzania and Zambia

[15] For example, a regular assessment of the functioning of the UN system at the country-level is carried out by the Multilateral Organization Performance Assessment Network (MOPAN) which is a network of nine donor countries. The network jointly conducts annual in-house survey of multilateral partnership behaviour in developing countries (partnerships with national governments, civil society and other bilateral and multilateral development agencies). It should however be noted

plans has been reached in Mozambique through the alignment of the UNDAF with the poverty reduction strategy processes. Other examples some of which involved close coordination with Bretton Woods institutions are illustrated by experiences in Azerbaijan (support to the development of the national plan), Ethiopia (integration of MDGs into the poverty reduction strategy), Ghana (sector-based assessments), Libyan Arab Jamahiriya (building capacities of provincial planning officers), Senegal (building capacity for poverty analysis), Tanzania (support to the national strategy), Yemen (making the poverty reduction strategy MDG-based) and Zambia (support to single Government-led MDG-based national development plan). At headquarter level, UNDP and the World Bank have established a joint task force on scaling up cooperation to allow low-income countries develop their own cross-cutting strategies, which in many cases would be poverty reduction strategies, to achieve MDGs.

105.    Progress has also been made with the harmonization of programming cycles among UN organizations with multi-year programmes that belong to the Executive Committee of the UNDG. As of February 2007, the programming cycles of those organizations have been harmonized in over 110 countries and to the largest possible extent synchronized with national programming cycles, including poverty reduction strategies. The harmonization of the programming cycles for a wider range of UN development organizations is, however, still a challenge. One of the major deterrents to increased strategic and operational coherence is the variance in the funding frameworks, cycles, and modalities across the different funds, programmes, agencies and other entities of the UN system.

106.    CCA and UNDAF are in practice largely implemented by UN country teams composed of representatives of resident organizations. As UNDG has expanded its membership beyond Executive Committee organizations (UNDP, UNFPA, UNICEF and WFP) to include more than 20 other agencies and entities of the UN system, membership in the UN country teams has also become more inclusive. Representatives and sometimes resident technical staff of specialized agencies are regular members of the UN country teams (e.g. from WHO, FAO, ILO, UNESCO as well as World Bank and IMF). Increasingly attempts are made to involve non-resident agencies in CCA and UNDAF processes, but the level of their participation has not yet been found sufficient or satisfactory.

107.    In line with UNDG guidance, CCA and UNDAF have become increasingly strategic and focused on helping developing countries achieve MDGs. These processes do not in practice address the wider spectrum of IADGs and / or international treaty obligations. Priority themes such as decent work and employment, rural and/or agricultural development, industrialization, the interface between trade and development etc. are mostly not articulated in the context of the CCA and the UNDAF. This weakens or limits the value of development

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that the surveys are based on perceptions of the staff in the field missions/embassies of the MOPAN members and thus cannot be treated as evaluations. Other useful assessments include the review by the Scanteam from Norway (2005) and by ODI in the United Kingdom (2006)

contributions from the UN system[16]. The economic expertise of several specialized agencies and other UN entities could be a major asset to UN country teams dealing with macro-economic dimensions, but the weak link with CCAs and UNDAFs has so far tended to constrain the contribution to and engagement in the overall development support process mounted by the UN system[17].

108.    Recent UNDG guidance has introduced annexes to the UNDAF results matrix for themes related to normative roles and specialized mandates of other (resident or non-resident) UN organizations that are not  taken into account in the three to five major UNDAF outcomes. The question remains whether these tools are sufficient to make the CCA and the UNDAF reliably and fully reflect all development priorities of the country to which the UN system can make a valid contribution.

109.    The launch of the *One UN*  pilots is currently at the inception stage. The pilots are being undertaken on a voluntary basis under government leadership in Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Vietnam. In addition to the above-mentioned challenges related to the need for inclusiveness, a major challenge is how to ensure that all UN organizations, including specialized agencies, organizations dealing with cross-border dimensions (e.g. regional commissions, UNHCR, UNODC, UNCTAD) can exercise their relevant normative and operational mandates in these countries, especially if the One Country Programme provides an exclusive budgetary framework. At the same time the challenge is to keep the approach as light, flexible, strategic and focused as possible. Modalities for organizing support from headquarters and regional entities, more particularly from UNDG, are still under consideration.

110.    The pilot experiences will be reviewed and evaluated at regular intervals during their implementation. The United Nations Evaluation Group (UNEG) will a) assess whether the initiatives can be meaningfully evaluated (through evaluability assessments), once the objectives of the One UN programme as a whole and of each of the One UN pilots have been clearly established; b) review self-assessments by pilot country Governments and UN partners; and c) eventually conduct full-fledged evaluations of the experiences in cooperation with respective Member Countries.

**c)      Resident coordinator system and UN country teams**

111.    The resident coordinator system is a fundamental vehicle to enhance system-wide coherence at the country level.  Adequate financial resources are necessary to

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[16] Some specialized agencies have their own national planning frameworks that may not be coordinated with CCA and UNDAF. Examples include FAO's *National Medium-Term Priority Framework*. ILO's *Decent Work Country Programmes* and WHO's *Country Cooperation Strategy*.
[17] At the present stage for example, there is no link or harmonization between the *Integrated Framework for Trade-related Technical Assistance* (IF)*,* and the CCA and the UNDAF processes, although the IF is harmonized with the PRSP process and involves not only UNCTAD and ITC but also UNDP, IMF the World Bank and WTO

ensure that the resident coordinator system is effective in carrying out its central coordinating role. In 2005, UNDP committed US$ 52.1 million of its biennial support budget and US$ 14.4 million of its programme support to the resident coordinators. It also raised US$ 10.3 million in other resources. These commitments were expected to rise by about 5-10 percent per year in 2006 and 2007. However, the costs of the resident coordinator system have not yet been systematically assessed, analysed and compared to total programme expenditures for operational activities for development.

112. The management of the resident coordinator system has been firmly anchored in UNDP. Financial, technical and organizational support for the resident coordinator system continues to be provided by UNDP. The function of resident coordinator is often performed by the resident representative of UNDP without clear delineations of responsibilities as manager of the resident coordinator system, on the one hand, and the programmatic role as UNDP representative, on the other. The separation of the two functions is necessary to avoid certain conflicts of interest (e.g. in fund-raising) and confusing outside perceptions as to the respective roles. In complex situations, UNDP now appoints a country director to run its own core activities, so as to assure that resident coordinators are fully available for their tasks and above-mentioned risks are minimized. UNDP has so far appointed 28 country directors and aims to have 40 country directors in the field by the end of 2007. Although still under UNDP management, resident coordinators increasingly come from outside UNDP (other UN organizations or through external recruitment).

113. Special emphasis is placed on adequate training of resident coordinators. UNDP – in collaboration with UNDG and the UN System Staff College (UNSSC) - provides training for resident coordinators (and for members of UN country teams). Specialized agencies and other non-resident UN entities continue to express some discontent with the inadequate familiarity of several resident coordinators with the mandates of their respective organizations, their country-level activities, and links with their normative functions. Since 2006, resident coordinators have been introduced to a new training module related to agency orientation, which should enhance their familiarity with mandates and programming links.

114. A new performance appraisal system for resident coordinators has been designed. The aim of the new system is to allow representatives from UN organizations and regional director teams to provide direct inputs into resident coordinator assessment ratings. The appraisal rates performance against the work plan and includes a web-based 180 degree mutual self-assessment, in which resident coordinators and UN country team members assess their own performance and that of other team members. The accountability framework for the resident coordinator needs to fully reflect the ownership and leadership of Governments of host countries in the development process. In addition, this framework needs to take account the institutional structure of governance in the UN system and be compatible with the present distribution of accountabilities of the various funds, programmes, agencies and other entities.

115.    UNDG established an inter-agency working group on non-resident agencies in October 2005.   This working group has notably recommended appointing *non-resident agency (NRA) coordination analysts* in a limited number of countries on a pilot basis as from 2007[18]. The NRA Coordination Analyst's main function is to provide support for the inclusion and equal participation of non-resident UN agencies and other entities in the One UN / UNDAF processes in the countries that are adopting this pilot formula to enhance system-wide coherence.

116.    Consultations conducted for this report indicated that the utilisation of advanced information and communication technology could enhance information-sharing and knowledge management with positive effects for the effective delivery of development cooperation by the UN system. Knowledge management in the UN system has been found not to be sufficiently strategic, focused or well integrated with organisational objectives. Adequate knowledge management is central to greater inclusiveness in the UN system's operational activities at country level.

**d)      Key achievements and outstanding challenges**

117.    National development strategies provide the framework for the focus of UNDAFs, which should have a limited number of outcomes. Nevertheless, UNDAFs, as presently conceptualized, tend to focus predominantly on social development issues and pay less attention to issues related to sustained economic growth and productive sectors as well as the broader international agenda of the IADGs. The recently revised CCA / UNDAF guidelines therefore underline the importance of including the broader international agenda of the IADGs as a basis for analysis and planning at country level, in the context of the national development planning process.

118.    A more inclusive process would be needed to allow developing countries to have greater access to the full range of normative and operational mandates and expertise of specialized agencies and entities, including those dealing with cross-border and regional dimensions. The central challenge for CCA and UNDAF is how to reconcile the need for a strategic focus and the need for inclusiveness in order to best respond to national priorities. A factor that should be conducive to more involvement of non-resident agencies in the process – possibly through better communication and adequate knowledge management - is the fact that most of them already entertain direct relations with technical ministries and other partners in developing countries.

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[18] One UN pilot countries (Albania, Cape Verde, Mozambique,  Pakistan, Rwanda, Tanzania, Uruguay, Vietnam) as well as some 2007 UNDAF countries (Afghanistan, Benin, Côte d'Ivoire, Ecuador, Niger, Nigeria)

119.	A key factor for the correct functioning of the resident coordinator system is its collegiality and the high degree of participation of all organizations of the UN development system that have country-level operations in different country-level initiatives, whether they have country presence or not. The resident coordinator would therefore best function as a *facilitator*. Collegiality requires also that the resident coordinator take full responsibility for encouraging participation from colleagues of the UN system in system-wide initiatives at the country level, promoting interaction among various organizations and promoting coordinated and consensual initiatives for the pursuit of common goals. It is a catalytic role through which the leadership of the resident coordinator is best manifested.

## B.	Regional dimensions

### a)	Decentralization and regionalization in the UN system

120.	Many issues that need to be addressed by operational activities of the UN system are of a trans-boundary nature and need to be addressed in a regional and sub-regional context. All funds and programmes now have regional and / or sub-regional offices as do several specialized agencies. For some organizations, e.g. ILO and WHO, the existence of such offices has been a long-standing tradition in order to respond more adequately to needs of member countries in the region and facilitate their participation in regional as well as global processes.

121.	Some funds and programmes have strengthened their regional offices, which are expected to bring added value to country offices. Much headway was made in 2005 and 2006 in enhancing the role of regional directors across agencies. Regional director teams (RDTs) have become operational in six regions where all funds, programmes and agencies were invited to contribute towards coherent and coordinated regional support to country teams. This included technical support for programme and operations as well as oversight for performance.

122.	Regional bureaux and regional support structures of the funds, programmes and agencies are still located in different places and they cover different countries. Until recently, the location of offices and their coverage were not coordinated among UN organizations but were decided by the governing body of each UN organization, responding to its respective mandates and *ad hoc* geo-political considerations. With a growing concern for coherence and efficiency of the UN system as a whole, regional alignment in terms of location of offices and coverage among all UN organizations has increased[19].

### b)	Contributions of regional commissions

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[19] The structures for Latin America and the Caribbean are increasingly aligned with a regional hub in Panama. Asia and Pacific now have a regional hub in Bangkok. The region of Africa has hubs in Dakar, Nairobi and Johannesburg. In two regions it has proven more difficult to find a common location for regional structures and a common geographical alignment: Central and Eastern Europe and the Commonwealth of Independent States as well as the Middle East and North Africa.

123.    Regional commissions are a fundamental component of the basic structure of the UN system.  The regional commissions' dual role as regional arm of the UN, on the one hand, and part of the regional institutional landscape, on the other, endow them with unique comparative advantages to address cross-border and regional issues of development.  They have developed a strong multi-disciplinary expertise in a number of development-related issues as well as in areas that are of interest to trans-boundary challenges of the respective regions, which, in combination with their neutrality and convening power, is of great value to the respective Member States. Regional Commissions have also been instrumental in ensuring the regional review and monitoring of IADGs including MDGs.

c)    **Key achievements and outstanding challenges**

124.    By introducing regional perspectives to the global development agenda, the UN system can identify appropriate and realistic solutions, while avoiding the limitation of a purely country-based approach, which may deprive countries of the benefits of analyses of trans-boundary issues. The regional dimension opens also new possibilities to South-South cooperation, especially for the mobilization of technical and technological and sometimes also financial resources, within and between regions.

125.    While there are advantages to co-location of regional teams of UN organizations in a limited number of hubs and better geographical alignment, needs and expectations of countries in such large regions may be very diverse and they will not necessarily be better served from large regional hubs than from headquarter locations. Very specific sub-regional issues need to be addressed at a sub-regional level, e.g. the HIV/AIDS pandemic, post-conflict and disaster preparedness issues, drug control, or cross-border migration. For some more specialized organizations it may make more sense to have their regional offices in locations other than the main hubs.

126.    Cooperation and coordination between regional commissions and UN funds, programmes and agencies is still relatively under-developed. There are some examples of good cooperation at the regional level. For example, ECLAC's analytical capabilities are increasingly being used by UN operational agencies and programmes at the regional level (i.e. WFP, UNICEF, UNFPA, UNDP, UNESCO etc).

C.    **Transaction costs and efficiency**

a)    **Simplification and harmonization of procedures and implementation arrangements**

127.    Transaction costs inherent to the delivery of external aid to developing countries have become an increasing source of concern for both developed and developing countries. Since 2004, the UN system has intensified its efforts to rationalize its implementation arrangements, especially at country level, and to

simplify and harmonize its administrative and financial procedures[20]. Efforts have particularly focused on: a) rationalizing UN country presence through common premises and co-location; b) implementing the joint office model; and c) establishing common and shared support services[21]. The *Harmonized Approach to Cash Transfers (HACT)*, launched in 2005, is one of the latest initiatives to embody the simplification and harmonization agenda.

128.    The common premises initiative entails the co-location in one place of several UN organizations and possibly the establishment of a UN House. There are currently 60 UN houses around the world. The rationale has primarily been to reduce the cost for rent and maintenance. In some cases, not all organizations find it practical to move into common premises, e.g. those with a strong humanitarian programme characterized by fluctuations in office space requirements or when agencies seek close proximity to their respective line ministries in Government. This may sometimes happen for agencies such as WHO, FAO or UNESCO. The *UNDG Working Group on Common Premises* offers guidance on the establishment of common premises. At present there is no comprehensive assessment as to the benefits of common premises in terms of cost-saving or other advantages.

129.    The joint office concept was originally conceived as a means to achieve increased cost-efficiency by streamlining representation and operations, especially in countries with relatively small UN system presence where combined representation, staffing and support costs of UN agencies were disproportionate to their programme budgets. At a later stage, the concept was expanded to include one common country programme. In 2004, the intention was to create 20 joint offices by end of 2007. So far, one joint office has been established in Cape Verde[22]. The initiative has received a new impetus from the *High Level Panel on Coherence* in 2006, which proposed *One UN pilots* with one leader, one programme, one budget and , where appropriate. one office.

130.    The joint office in Cape Verde was officially launched under the name of *United Nations Office of Funds and Programmes* in January 2006. The Executive Boards of UNDP, UNFPA, UNICEF and WFP approved the common country programme in 2005 for the cycle commencing in 2006 and the Country Programme Action Plan was signed in December 2005 by the Government and the four organizations. The common programme is structured thematically, not according to mandates of participating organizations. A review managed by UNDG in early 2007 focused on the process of establishing the joint office in Cape Verde and found the experience satisfactory taking into the fact that this was a first pilot effort.

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[20] More detailed information on measures to simplify and harmonize rules and procedures can be found in the Consolidated list of issues related to the coordination of operational activities for development, prepared annually, for the substantive session of ECOSOC, by the UN Funds and Programmes in compliance with ECOSOC resolution 1998/27 of 28 July 1998.

[21]  Cost recovery was addressed in chapter II on funding.

[22] A second joint office was initially planned in the Maldives, which was, however, not implemented in the aftermath of the tsunami of December 2004.

131.    Efforts to develop common support services among resident organizations date back to 2001, but the programme was boosted as from 2004, when training of administrative staff from UN country teams was intensified in cooperation within UNDG.  2006 was the last year of the UNDG-led common services programme which, by the end of that year, had provided support to approximately 70 countries. In 2006 a major review of the programme under the UNDG reoriented common services support to focus on the harmonization of core joint office business practices, as well as the provision of support to the One UN pilot countries.

132.    Common support services related to safety and security have gained in importance in the new millennium. The establishment of the UN Department of Safety and Security (UNDSS) in January 2005 consolidated and enhanced existing security and safety structures of the Office of the UN Security Coordinator (UNSECOORD) at headquarters and in the field offices. Owing to the strengthening of the security management system, in particular the increased number of security staff, field-related security costs have almost quadrupled from US$ 42.9 million for the 2002-2003 biennium to a projected US$ 169.1 for the 2006-2007 biennium. Of the 2006 allotments regarding field and field related costs, 85 per cent were allotted to field security.

133.    The *Harmonized Approach to Cash Transfers (HACT)* was launched in April 2005 between the UNDG Executive Committee organizations.  The rationale behind HACT is to a) reduce transaction costs for partners and UN staff by reducing, simplifying and standardizing procedures; b) promote the use of national systems as a way to strengthen the self-reliance of countries in managing their development, and b) focus more on building sustainable national capacity.  HACT bases cash transfers on the upfront assessment of risks rather on the verification of expenditure. The HACT involves two types of capacity assessments that need to be undertaken: a) a *macro-assessment* of the national public financial management system in the country; and b) a series of *micro-assessments* of the adequacy of financial management systems, practices and controls of implementing partners. 82 countries have prepared a detailed HACT implementation plan and 60 countries have introduced HACT to government and/or local donor representatives.  Macro-assessments have been initiated or completed in 53 countries, whilst one in three of the 118 countries involved in implementing HACT have initiated or completed micro-assessments.

134.    Linking the introduction of the HACT to relevant national processes is central to a successful implementation of the modality. Initial results from Cape Verde suggest that partners with the most reliable financial systems tend to benefit most in terms of more timely payments and reduced transaction cost. The HACT also has the potential to promote the quality of financial management in partner organizations. Strong leadership of the resident coordinator and heads of agencies is important, as the process involves sensitive negotiations with national partners. The establishment of an inter-agency HACT team is also of vital significance.

**b)     Key achievements and outstanding challenges**

135. UNDP, UNICEF, UNFPA and WFP have made significant investments in the rationalization of their country presence. However, the number of country teams that have moved into common premises or even established joint offices has remained significantly below target. The involvement of non-resident agencies in the establishment of the joint office in Cape Verde has so far been marginal. There are indications that the dimension of inclusiveness of non-resident agencies will now be addressed more systematically and comprehensively in Cape Verde and in the other new One UN pilot countries.

136. Some progress has been made with the introduction of common support services and new administrative and financial procedures. The monitoring of the benefits of these new procedures has not been satisfactory. It may be assumed that some savings on transaction cost have been made for both national Governments and the UN organizations themselves, but there is little solid evidence in this regard. In general, administrative reform at country level is likely to become more successful when it is driven by a common vision among all stakeholders concerning the role and contribution of the UN system in the national context.

## D. Country-level capacity of the UN development system

### a) Reforms of human resource management

137. All organizations of the UN system presently espouse a common approach to human resource management and most have in place the main elements of a professional human resources management operation. Several funds, programmes, specialized agencies and other entities of the UN system launched human resources strategies and policies that aim to best respond to Member Countries' needs and address the multiple challenges posed by shifts in skill requirements and age structure of their workforce.

### b) Decentralization processes

138. Several UN organizations, including some specialized agencies, have continued to decentralize their capacity – a trend that began more than twenty years ago. Today, the majority of United Nations development system's staff is located in the field. This is also the case for the UN Secretariat. Personnel serving with organizations in the United Nations common system at field level increased to 54 percent of all staff in 2005 from 45 percent in 2000.

139. Looking at selected organizations, the picture is quite mixed. More than 70 percent of the staff of UNDP, UNICEF, UNFPA and WFP are in the field. The specialized agencies retain a stronger portion of their professional staff at headquarters. These different situations depend on mandates, financial constraints, and the role of regional office sub-system. In countries where UNIDO has no full-

fledged regional or country office, the organization has established an arrangement with UNDP, under which a UNIDO national professional staff member works at country level with the UN Country Team making use of UNDP facilities and sharing common services.

140.    Several UN organizations have moved their staff to regional or sub-regional offices, instead of to country offices. Regional structures are becoming increasingly important. Regional directors of the UNDG Executive Committee organizations and of other agencies are becoming a key mechanism to support the country teams and bolster the capacity of response of the UN system in the countries and in the regions. ILO is integrating its regional structures with an increased country presence. Other agencies (e.g. UNESCO) rely on regionally-based experts and technical staff from their sub-regional offices.

**c)      Technical capacity at the country level and the use of knowledge management networks**

141.    Effectiveness of the UN system at the country level is constrained by the quality of expertise available to UN country teams. Studies conducted for this report show that prevailing skills at the country level are still mixed and the staff quality is uneven, although the situation varies depending on the country and the agency.  An effective response to national development processes requires a vast knowledge in several disciplines. However, not all skills need to be present in UN Country Teams, as they can also be accessed from within and beyond the UN system through adequate knowledge management with the use of modern information and communication technologies.

142.    A major approach to strengthen the response capacity of the UN system is through an increasing use of national professional officers (NPOs), who enable UN field organizations, achieve greater relevance and continuity.  A survey conducted by the *International Civil Service Commission* in 2005 found that the number of NPOs had increased throughout the UN system reaching the level of 4,777 as compared with 1,299 reported by seven organizations in 1993[23]. Further growth is to be expected as new arrangements are put in place to extend the services of non-resident organizations and implement *ad hoc* agreements of UNDP with some organizations.

143.    Capacity to attract and retain qualified staff is still a major challenge. Increased inter-agency mobility has made some progress. The *International Civil Service Commission* issued, in November 2005, a revised policy on inter-agency mobility to facilitate greater harmonization of compensations and benefits in the UN common system to favour exchange agreements. Some UN organizations (e.g. UNDP, UNICEF) are engaged in re-profiling their staff in order to achieve the most appropriate mix of skills for effective policy advisory work in key technical, social and economic areas.

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[23] In 2004, UNICEF had the largest number of NPOs with 1,523 staff members, followed by UNDP with 832, WFP (267), WHO (248), UNFPA (228), FAO (92), UNESCO (72) and UNIDO (17).

144.     The UN system taps on external expertise by maintaining networks of specialists and collaborating institutions that provide access to additional specialized expertise knowledge. The UNDG Policy Network makes available on-line to national governments 110 regionally-based technical experts from 15 UN agencies[24]. An excellent example of what the UN system can provide are the *Sub-regional Resource Facilities* (SURF), established by UNDP.

### d)     Key achievements and outstanding challenges

145.     The globalization processes and the new development agenda have generated pressing demand from developing countries for UN development support.  This demand challenges the operational capacity of the UN system at the country level. The system is responding through reforms in human resource management, and ongoing processes such as decentralization, re-profiling and targeted recruitment.

146.     Limitations in the quality of expertise available to UN Country Teams and the access of the recipient countries to a great variety of skills and expertise from the UN system constrain the effectiveness of the UN system's response at country level. The system's capacity to mobilize all the fundamental skills required to support national development strategies and the achievement of the MDGs and other relevant internationally agreed development goals is limited by severe organizational and financial constraints and still requires intensive, harmonized and integrated efforts.

### E.     Evaluation of operational activities for development

### a)     The evaluation function in the UN system and system-wide collaboration on evaluation

147.     Many funds, programmes and agencies of the UN development system now have a dedicated evaluation function, but the importance given to evaluation and the institutional arrangements are still rather uneven. In some organizations, evaluation is embedded within the mandate of oversight services, while in others it is combined with planning, programming and monitoring functions. Very few evaluation offices are independent in the sense that they directly and independently report to governing bodies or to the head of the organization. Evaluation offices are generally under-resourced. Few organizations have fully developed evaluation policies.

148.     Over the last three years, the evaluation function has been strengthened across the UN development system[25]. The *United Nations Evaluation Group*

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[24] Other good examples exist in FAO, IFAD, UNCTAD and UNESCO,
[25] A possible exception is the evaluation function in the Joint Inspection Unit (JIU), as this body has recently focused more on audit and internal oversight.

(UNEG)[26] brings together units responsible for the evaluation function within the UN system  Presently, UNEG's membership comprises 45 evaluation units representing not only funds, programmes and agencies dealing with operational activities for development, but also the UN Secretariat and entities dealing with environmental and humanitarian affairs as well as regional commissions.

149.    The adoption of evaluation norms and standards by UNEG in 2005, which are in line with international standards for evaluation, constituted a landmark for the harmonization and simplification of the evaluation function in the UN system. The agreed norms and standards – acknowledged by ECOSOC in its resolution 2006/14 as a contribution to strengthening evaluation as a UN system function – provide a set of shared values, a solid conceptual framework and sound guiding principles for evaluation. UNEG members are encouraged to promote in their respective organizations the adoption of the principles and approaches set out in UNEG norms and standards.

150.    UNEG has made a proposal to the United Nations System Chief Executives Board (CEB) examining ways of strengthening UN system-wide evaluation. UNEG's proposal comprises a) strengthened and more independent evaluation functions in each of the organizations of the UN system for evaluating the organization's performance and to contribute to harmonized methodologies and system-wide evaluation ; b) strengthened networking, collaboration and innovation through UNEG; and c) the establishment of a new small system-wide independent evaluation unit to conduct system-wide evaluation. In the absence of such a UN wide independent evaluation mechanism, UNEG will collectively be involved in the evaluation of the eight pilot One UN pilots.

b)    **Country-level evaluation**

151.    In resolution 59/250, the General Assembly emphasized that national Governments of developing countries have primary responsibility for coordinating external assistance, including that from the United Nations system, and also for evaluating the impact of this contribution to national priorities. The emphasis on national ownership and leadership of the evaluation process by developing countries represents a paradigm shift as compared to a tradition where evaluation was mostly commissioned by funding organisations.

152.    Recent meta-analyses of samples of evaluations from the new UNEG country-level evaluation database showed that most evaluations were still initiated and conducted by the UN organizations and ownership of and leadership in the evaluation process by the Governments or other organizations in developing countries was assessed as being relatively weak. The meta-analyses also found most evaluations to be agency-specific and to give little room to joint programming and / or joint programmes under UNDAF or poverty reduction strategies.

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[26] The name of the original network was the *Inter-Agency Working Group on Evaluation*. It was created in 1984.

153.    The Government of South Africa and UNEG are presently undertaking a country-led evaluation that will assess whether the current role, functions and strategic position of the UN system are relevant in the present context and whether the contribution enables South Africa to derive maximum value from UN support. The exercise will be co-funded and managed by the Government of South Africa in partnership with UNEG. It is expected that lessons will be drawn on how to conduct country-owned and country-led evaluations of UN contributions for consideration in the conduct of similar exercises in other countries.

154.    In its resolution 59/250, the General Assembly also encouraged country-level evaluations of UNDAF at the end of the programming cycle, based on the results matrix, with full participation and leadership of the recipient Government. This provision has so far not been implemented on a large scale. CCA / UNDAF guidelines for UN country teams contain guidance on monitoring and evaluation plans that should complement results matrices. Reviews are to be undertaken annually and an UNDAF evaluation are expected to be conducted in the penultimate year of the programme cycle. The guidance was found not to be sufficiently complete and practical. Monitoring and evaluation activities need to be planned and resourced from the start of the multi-year plan of the UNDAFs.

### c)    Evaluation capacity development in developing countries

155.    In the international debate, evaluators from developing countries increasingly adapt current evaluation approaches and methods to the specific needs and cultural contexts of evaluation stakeholders and clients. UNICEF, UNIFEM and UNDP as well as other UN organizations have been involved in the promotion and development of professional organizations of evaluators in developing countries and thereby joined similar initiatives of bilateral donors (e.g. Japan) and International Financial Institutions (especially the World Bank and the Asian Development Bank). UNICEF and UNDP have provided much support to the *African Evaluation Association (AfrEA)* as well as other regional and national evaluation associations in other regions of the world.

156.    Not only the individual capacities of professionals and their associations require strengthening. There is also a need to develop and integrate evaluation functions in national Governments and other partner institutions in developing countries. Such evaluation functions should meet the same standards in terms of independence and credibility as those of similar structures in developed countries. Evaluation is an essential part of rights-based approaches and results-based management fostering good governance. Evaluation is an indispensable tool for accountability and learning for both public and private institutions.

157.    The inadequate capacity of UN country teams to design and manage evaluations explains to a great extent why UNDAF evaluations have not been implemented.  Such shortcomings cannot be compensated by the ad hoc use of external consultants if evaluations of UN performance are to be designed and used in ways that adequately meet the organizational requirements in view of best

addressing national development needs and supporting policies and priorities of national Governments and other partners.

**d)      Key achievements and outstanding challenges**

158.    Since 2004, much progress has been made with the strengthening of the evaluation function in funds, programmes, agencies and other entities of the UN system as well as in the harmonization and simplification of norms and standards in evaluation policies and methods. It is now necessary to strengthen evaluation expertise among staff within the UN system at country, regional and headquarter levels and to make optimal use of external specialist resources.

159.    Some progress has been made in national evaluation capacity development but this challenge has so far not been addressed at a sufficient scale nor has it been sufficiently resourced. Evaluation needs to be more integrated in overall capacity development efforts. UN funds, programmes and agencies have a special mandate and role in the development of evaluation capacities in programme countries. Support needs to be provided to dedicated professional institutions in those countries that can assume leadership in evaluation processes, so that Governments and other national partners can increasingly exercise ownership in the evaluation of external assistance, including that provided by the UN system.