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12 June 2009

Excellency,

As part of our program of work, in the last four weeks two informal consultations, two interactive meetings and a briefing on “Delivering as One” took place in order to address the Secretary General’s discussion notes on Governance and Funding of the United Nations operational activities for development. The Co-Chairs take this opportunity to thank delegations for their active participation and constructive spirit in those meetings.

As foreseen in our letter of 29 May, and in response to requests expressed by many delegations, the Co-Chairs will convene an additional expert-level interactive session of Member States with relevant representatives of the United Nations system in order to address the Governance and Funding dimensions in an integrated manner. The meeting will take place on **Wednesday 17 June from 3 pm to 6 pm** in the Trusteeship Council Chamber.

In order to prepare that meeting, we would like to remind all delegations that the overarching TCP/R consensus should always constitute a key reference in our deliberations. Furthermore, and with a view to facilitating the discussion during that meeting, we are attaching the following documents (also available at <http://www.un.org/ga/president/63/issues/swc.shtml>):

- A table containing the interface between the recommendations proposed on the two Secretary-General's discussion notes on Governance and Funding.
- A list of possible questions for the consideration of Member States during the discussion on 17 June.
- For ease of reference, a copy of the statements delivered by Ms. Helen Clark, Chair of UN Development Group, and Mr. Nikhil Seth, Director, Office for ECOSOC Support and Coordination (UNDESA), during our previous meetings.

We look forward to a fruitful and constructive dialogue next Wednesday.

Please accept, Excellency, the assurances of our highest consideration.



Kaire M. Mbuende
Permanent Representative of Namibia



Juan Antonio Yáñez-Barnuevo
Permanent Representative of Spain

**SOME QUESTIONS ON GOVERNANCE AND FUNDING
OF UNITED NATIONS OPERATIONAL ACTIVITIES FOR DEVELOPMENT**

1. What are the key determinants in fostering synergy between measures to strengthen the governance and funding architecture of UN development cooperation at (a) country, (b) organizational, and (c) system-wide level?
2. How can governance be changed/improved to increase the capacity of the UN to attract funding, while at the same time allowing Member States to jointly and equitably participate in the governance of the operational system?
3. Can common programming, common budgeting and common funding at country-level strengthen national ownership and leadership of UN development cooperation? What is the likely impact of this arrangement on the quantity and quality of funding flows?
4. Can common programming, common budgeting and common funding at country-level enhance the efficiency, transparency and accountability in the delivery of UN development cooperation? If so, would this translate into increased quantity and quality of funding flows?
5. What would be key elements in an effective intergovernmental review process of common country programmes? Could this intergovernmental review role be performed by (a) Operational Activities Segment of ECOSOC, (b) joint meetings of boards of funds and programmes, or (c) an intergovernmentally-appointed expert group?
6. What would be key elements in an effective strategic planning process of UN entities? Would improvements in strategic planning processes at organizational-level translate into improved quantity and quality of funding flows?
7. What are the priorities in strengthening results-based management in strategic planning processes at the organizational-level? Would improved results-based management at the organizational-level translate into increased quantity and quality of funding flows to UN entities?
8. What are the priorities in strengthening results-based management in strategic planning processes at the country-level? Would improved results-based accountability of the UN Country Team towards the Host government translate into increased quantity and quality of funding flows to UN entities?
9. How could the system-wide results and impact of the work of the UN system for development at the country-level be better measured and evaluated? Would improved system-wide evaluation of the performance of the UN system at the country-level translate into enhanced quantity and quality of funding flows?
10. What are major challenges in strengthening the system-wide evaluation role of UN performance at the country-level?

**How Governance and Funding recommendations can contribute to enhanced
system-wide coherence**

	Governance recommendations	Funding recommendations
Strategic overview	<ul style="list-style-type: none"> ▪ Establish/designate central repository of information on UN operational activities for development (G1) 	<ul style="list-style-type: none"> ▪ Standardize funding terminology and procedures (F9) ▪ Improve accuracy and coverage of UN statistical reporting on operational activities for development (F9)
Policy coherence	<ul style="list-style-type: none"> ▪ Improve strategic, policy and operational guidance of quadrennial comprehensive policy review (QCPR) legislation (G2) ▪ Develop UN-wide framework for integrated and coordinated implementation of IADGs, including MDGs (G3) ▪ Establish Advisory Group of national policy-maker to enhance the quality of substantive preparations for Operational Activities Segment and to assist in drafting QCPR legislation (G6) ▪ Enhance coherence in decision-making by Member States in governing bodies (G4) 	<ul style="list-style-type: none"> ▪ Provide minimum of 50 per cent of system-wide contributions as core/regular funding (F2) ▪ Channel minimum of 50 per cent of system-wide non-core resources to thematic funds linked to strategic plans adopted by governing bodies (F4) ▪ Revise budgetary laws and practices to allow for multi-year funding commitments (F3) ▪ Reform multi-year strategic planning frameworks (F6)
Coordination	<ul style="list-style-type: none"> ▪ Promote voluntary, nationally-owned common country programming¹ (G5) ▪ Revitalize coordination and monitoring role of Operational Activities Segment (G6) ▪ Convene joint meetings of boards of funds and programmes during the Operational Activities Segment (G6) ▪ Strengthen coordination role of ECOSOC through enhanced strategic and integrated programming of substantive session (G7) ▪ Harmonize support of regional coordination mechanisms to common country programming (G8) ▪ Strengthen country, regional and global coordination with Bretton Woods Institutions (G9) 	<ul style="list-style-type: none"> ▪ Promote voluntary, nationally-owned common country funds to fill funding gaps in common country programmes (F5)
Accountability	<ul style="list-style-type: none"> ▪ Establish system-wide performance evaluation unit (G10) ▪ Improve cooperation with Joint Inspection Unit in implementation of quadrennial comprehensive policy review (G10) ▪ Enhance evaluation function across UN system (G10) 	<ul style="list-style-type: none"> ▪ Renew donor commitment to funding volumes (F1) ▪ Conduct high-level dialogue on funding of UN development cooperation(F1) ▪ Adopt common standard for organizational & operational effectiveness (F7) ▪ Develop UN-wide standard for results-based management, monitoring and evaluation and reporting systems at country-level (F8) ▪ Publish biennial aid effectiveness report (F10)

¹ Common country programmes could potentially be reviewed at central-level by (a) Operational Activities Segment, (b) joint meetings of boards of funds and programmes, (c) proposed Advisory Group.

Statement by Helen Clark
Chair of the United Nations Development Group
On the Occasion of the Informal Session of the Inter-governmental consultations on
System-wide Coherence
11am, 8 June 2009, New York

Co-chairs for the System-wide Coherence for the inter-governmental process of the General Assembly,

Distinguished delegates,

Colleagues and Friends,

I am pleased to join you today as the Chair of the United Nations Development Group to brief you on the UN development system's efforts to increase its coherence, effectiveness and efficiency, particularly through the "Delivering as One" pilots.

I would like to thank the Co-chairs H.E. Mr. Kaire Munionganda Mbuende, the Permanent Representative of Namibia, and H.E. Mr. Juan Antonio Yáñez-Barnuevo, the Permanent Representative of Spain, for the important leadership role they are playing in the inter-governmental process of the General Assembly.

I would also like to thank their predecessors, H.E. Mr. Augustine Mahiga, the Permanent Representative of the United Republic of Tanzania, and H.E. Mr. Paul Kavanagh, the Permanent Representative of Ireland, for their strong support to system-wide coherence efforts last year.

As I noted in my remarks to the UNDP Executive Board two weeks ago, as Chair of the UN Development Group I am committed to working constructively with all our partners in the UN family, and also to building strong relationships with the largest possible range of stakeholders in development – civil society, donors, the IFIs, and all other partners. Of course, our most important partnerships must be with the governments and peoples of the countries in which we work.

The global recession is a challenging time for the work of the UN development system, but it is also an opportunity to look at fresh ways of doing things, and to innovate.

UNDG members have heard the calls of Member States for a more coherent, effective, and efficient UN development system. Such a system can better support national partners to address the many challenges they face. We clearly cannot be effective working as a disparate set of agencies. We need a coherent programming and operational approach which can maximize the development impact of our support to Governments.

In the last two years, we have increasingly come together as a system : together we are determined to deliver better results, more efficiently and effectively, in support of nationally-

led and demand-driven development programmes. Across the specialized agencies, funds, and programmes, we are implementing measures to improve our collaboration.

This is especially important at this time given the many significant challenges developing countries are facing. The impact of the global economic crisis on the world's poor, the climate change challenge, and recent experiences of high food and fuel prices make it more important than ever that we work together.

What have the pilot countries achieved and what are some of the challenges

I recently had the opportunity to meet with the Resident Co-ordinators and Resident Representatives from the eight "Delivering as One" Pilot countries. One cannot fail to be impressed with the progress that the governments and UN Country Teams of these countries have made in delivering as one. I also recognize the important efforts of numerous governments and UN Country Teams around the world which are working, on their own initiative, to improve the UN's ability to respond and deliver more coherently to national priorities.

My remarks today will draw primarily on the 2008 Stocktaking Reports prepared jointly by the national governments of the pilot countries and the UN Country Teams.

Preparing a joint annual assessment by the national governments and the UN Country Teams is in itself an important development. It allows for a collective and transparent assessment of what is working, what more needs to be done, and where the challenges lie. Yet, while we recognize the importance and value of these Reports, we also recognize that we will only have more conclusive findings on the work and results of the Pilots once a formal evaluation of them has taken place.

The following are some of the important results that the pilot countries are reporting :

First, national leadership and ownership, recognising the central role of the host governments, is at the heart of the reform process in the pilot countries. This was noted as an important achievement in the development of the programmes in 2007.

Governments in these countries increasingly provide specific guidance to the UN development system on the support it can give to national development priorities, in line with the UN's comparative advantage.

It is also being reported that there is more involvement of line ministries in the planning and implementation of the UN's development assistance at the country level. In some countries, there is also increased engagement of other national partners, including of civil society.

It follows, secondly, that the work of the UN Country Teams in the pilot countries has shown increased alignment with national priorities and development strategies, as called for in the Triennial Comprehensive Policy Reviews. Greater emphasis has been placed on the strengthening of national capacities and the increased use of national systems and procedures. Institutional arrangements have been established to promote greater coherence across the development assistance provided by donors to the country. Transaction costs for the governments appear to have been reduced.

Third, as expected, the experience of the Pilots is rich and varied, reflecting the very different country contexts and development needs. The UN system is learning a lot from the lessons learned and the challenges faced. For example, many of the pilot countries have reported that common budgetary frameworks and country funds have significantly improved the transparency of the UN. They enhance inter-agency collaboration and facilitate greater coherence in monitoring and financial reporting obligations. We have also seen the UN Country Teams strengthen their ability to deliver results through the more integrated approach to programming and operations.

Fourth, the pilot country stocktaking has shown that having a pooled “One Fund” mechanism helps to harmonize resource mobilization and reporting among UN organizations on the ground, and reduces the transaction costs which would have been associated with a more fragmented funding model.

Fifth, the enhanced role of the UN Resident Co-ordinator through the strategic positioning of the UN in the pilot countries, and of a strengthened and more accountable UN Country Team, has been very important in responding coherently to national development priorities. At the request of national partners, UN Country Teams have come together more effectively to provide policy advice on a range of important concerns, such as climate change, the food crisis and the global economic crisis. Non-Resident Agencies are playing an increasingly important role in the pilot countries, showing that the “delivering as one” approach enables the UN to leverage the expertise and mandates of its wider family in support of national development priorities.

Sixth, in 2008 many of the pilot countries embarked on and made important progress in harmonizing and simplifying business practices, across the areas of procurement, information and communications technologies, and human resources. This should also enhance the effectiveness and efficiency of UN Country Team operations.

While the 2008 Stocktaking Reports highlight much which is positive, it also identifies some challenges to be addressed for the reform process to progress further. Accelerating the harmonization of business practices is one of those challenges. That also requires continuing reform at the global level of our agencies, even as quick-win solutions are being tested by the pilot countries. Business practice issues which need system-wide agreement and implementation are being taken forward by the High Level Committee on Management of the Chief Executives Board.

Another challenge is to respond to the Triennial Comprehensive Policy Review call to identify and measure transaction costs and efficiencies. This is an important area for further UNDG work.

Funding predictability remains a major issue. The Pilots have put in place elements considered important for reform, including a more integrated and strategic programme; one budgetary framework and one fund; and systems to ensure better reporting of results. Yet, in many of the pilots there are still insufficient resources in the “One Funds”; in others, the funding has been earmarked, leading to reduced flexibility to implement the overall programme as foreseen and to deliver the results that are expected.

A further challenge is the call from the pilot countries for the development of a single results report. That would capture the totality of the UN development system’s results in a country

on an annual basis, and reduce the reporting burden which currently exists. Further streamlining of the common country programming is also being sought.

In all these areas, the UNDG is working closely with countries to identify what further simplification and harmonization can be undertaken consistent with the Triennial Comprehensive Policy Review.

Within the UNDG and through the inter-governmental process we will continue to gather the initial lessons and experiences emerging from the Pilots, so as to improve the UN's response to national development plans and priorities. We are placing great priority on the Triennial Comprehensive Policy Review's call for the UN to be more effective, coherent and efficient.

Evaluation

Let me turn to the important question of evaluation of the pilot experience. The Evaluability Study conducted by the UN Evaluation Group last year has provided important guidance to the pilot countries in preparations for future evaluations. In accordance with the Triennial Comprehensive Policy Review, and in response to the desire of national governments, nationally led evaluations may be undertaken. The UNDG will draw upon the advice of the UN Evaluation Group and support those countries which wish to conduct country-level evaluations in advance of the independent evaluation.

To learn as much as possible from the pilot countries' experiences, and to assess the impact of the many innovations at the country level, we also need to move ahead to prepare for the independent evaluation of the countries as called for in the 2007 Triennial Comprehensive Policy Review.

Conclusion

In conclusion, I would like to take this opportunity to thank the Governments of the pilot countries for leading the "delivering as one" process in their countries, and for encouraging the UN development system to perform to the best of its ability in becoming more coherent, effective and efficient.

The pilots are an important achievement for UN reform. They represent a bottom-up approach which is driven and owned by the national governments involved. As a result, we are starting to see important results from a UN development system which is working better together to support the governments and people we serve.

It is imperative that we all continue to support the pilots, and ensure their success. I am committed to that.

Thank you.

Statement by Nikhil Seth, Director, Office for ECOSOC Support and Coordination, UNDESA, at an informal meeting of the General Assembly on strengthening the system-wide funding architecture of UN operational activities for development

Friday, 4 June 2009

Distinguished Co-Chairs,
Distinguished Delegates,
Ladies and Gentlemen,

Once again, thank you for inviting DESA and our partners from the UN system to respond to the questions raised by Member States in the 19 May consultation on funding. We feel that these interactive sessions are contributing greatly to moving this important consultative process forward.

I would also like to use my remarks this morning to provide further details on the recommendations in the funding paper. My UN colleagues on the podium will elaborate on those issues on which they have greater institutional expertise and experience.

At the outset of this interactive session, I would like to briefly discuss the link between the governance and funding papers – an issue raised by several delegations in the 19 May consultation.

Governance at both intergovernmental and UN system level includes oversight of funding volume, modalities and mechanisms. Thus the recommendation to improve governance will ipso facto include oversight of funding modalities and mechanisms. This will be true at the level of the GA, ECOSOC, the Executive Boards and other governance structures. Moreover, agreements reached by the GA on funding will be assessed and reviewed in the GA/ECOSOC context.

This interface between governance and funding of UN operational activities for development is best explained through concrete examples.

The proposals in the funding paper to raise the ratio of core funding from its present level of 30 per cent to 50 per cent over a period of four years and channel a minimum of 50 per cent of non-core resources to thematic funds linked to strategic plans of UN entities will not only improve coherence and lower transaction cost, but also strengthen the role of governing bodies in determining how resources are allocated, as well as give the GA and ECOSOC a clear role in monitoring implementation.

Other recommendations in the funding paper such as those relating to the reform of strategic planning frameworks, the establishment of a common standard to assess organizational and operational efficiency and the publication of biennial aid effectiveness report would have similar impact in terms of strengthening the role of governing bodies at the central-level.

The funding paper also makes several other recommendations which are more aimed at strengthening administrative governance of the UN system, or how UN entities collaborate at the country-level. The most significant of those is probably the proposal to establish common country funds.

The governance paper similarly makes recommendations that impact the funding system such as the proposed central repository of information, the establishment of the system-wide performance evaluation unit and the promotion of voluntary, nationally-owned common country programming at the country-level.

These examples demonstrate the importance of adopting an integrated and strategic approach to the strengthening of the governance and funding architecture of UN development cooperation. While the governance system provides the overall framework within which UN entities operate, the funding is the lifeblood of UN development cooperation.

Due to this symbiotic relationship between governance and funding, the governance paper advocates further strengthening of the capacity of ECOSOC to provide strategic overview and monitoring of system-wide effectiveness of UN development cooperation, including the overall objectives and priorities of the UN system, funding trends, sources of funding and breakdown of expenditures.

In response to a question by the distinguished delegate of Malaysia, it should be recalled that ECOSOC is tasked to provide coordination and guidance, notably in the implementation of the comprehensive reviews of operational activities. The Council therefore has the mandate to address the fragmentation of funding - an issue regularly addressed in GA resolutions on the comprehensive policy review.

The ten recommendations presented in the funding paper focus on measures to enhance the effectiveness of the existing funding architecture rather than suggesting major structural reform. A compact is proposed where donors would renew their commitment to improve the quantity and quality of resources flows, while the UN system would undertake commensurate action to enhance the effectiveness and efficiency of UN development cooperation at the country-level, and to make it more responsive to the needs of beneficiaries, a long-standing priority of programme countries.

With respect to the first recommendation, “*renewing commitment to funding volume*”, it is proposed that the Secretary-General, with the support of senior colleagues from the UN system, undertake high-level policy dialogue with Member States on how the UN development system can contribute to socio-economic recovery in developing countries during this time of global economic and financial crisis.

Improving the volume, flexibility and predictability of funding flows is critical for enhanced effectiveness of UN development cooperation. The proposed high-level policy dialogue could help focus the attention of the international community on how a better resourced and more effective UN development system could help programme countries address the complex consequences of the global economic and financial crisis. This recommendation, as well as the whole analysis in the funding paper, reiterates the importance of increasing the quantity of funding for UN system's operational activities.

In response to a question raised by the distinguished representative of the Group of 77 and China during the 19 May consultation regarding the nine joint initiatives currently being undertaken under the auspices of the CEB to assist countries and the global community to address the effects of the global economic and financial crisis, I would like to mention that further details on these initiatives will be provided including at the forthcoming substantive session of ECOSOC.

The second recommendation on “*providing minimum of 50 per cent of system-wide contributions as core/regular funding*”, aims to enhance the coherence, effectiveness and efficiency of management and programme implementation of UN development cooperation. This recommendation also aims to contribute to improved intergovernmental governance of the UN development system, as highlighted earlier. The paper argues that raising this ratio from the present 30 per cent to 50 per cent over a period of four years would require shifting annually approximately \$1 billion from non-core to core funding or about \$4 billion over the four year period (based on 2007 price level).

In response to a question raised by the distinguished delegate of Mexico at the 19 May consultation, I can say that the 50 per cent target was selected as it was felt feasible to achieve this goal over the four-year period. Raising this ratio from 30 per cent to 50 per cent would also be a significant step in the right direction in terms of improving the current imbalance between core and non-core contributions, an issue raised by the distinguished representative of the Group of 77 and China during the 19 May consultation. This could be an intermediate target. Some donors, such as Belgium are committed to making 100 per cent contributions as core funding.

With respect to the third recommendation on “*revising budgetary laws and practices to allow for multi-year core funding commitments*”, the distinguished representative of Malaysia requested further information on the difficulties encountered by donors in making such commitments. Here it is important to note that all DAC donors work with annual budgets. The budget is generally approved by parliament 1-3 months before the beginning of the financial year. Most UN agencies, on the other hand, work with biennial budgets.

While the budgets of donors are annual, the budgetary planning is multi-year. In at least half the OECD/DAC countries, the budget proposal includes a forward-looking 3-4 year indicative spending plan presented to parliament for information. While the parliament in some countries endorses a multi-year budget framework, the endorsement doesn't guarantee the availability of funds in later years.

Another issue affecting the predictability of funding flows is the unsynchronized budget cycles of governments in donor countries. In the United States, for example, the fiscal year

starts in October, while in Japan, it begins in April, and other countries use different timeframes.

These and other related factors therefore make multi-year funding commitments to UN development cooperation more difficult.

The fourth recommendation on “*channeling minimum of 50 per cent of system-wide non-core resources to thematic funds linked to strategic plans adopted by governing bodies*” is aimed at reducing the current high degree of fragmentation of the funding architecture of UN development cooperation. In response to a question raised by the distinguished representative of the Republic of Korea, one can say that an important objective of this recommendation is to promote enhanced coherence and lowering of administrative costs of UN development cooperation, while simultaneously contributing to more effective intergovernmental governance, as mentioned earlier.

In response to a question from the distinguished representative of Mexico, I would like to say that the proposed 50 per cent target, in our view, would constitute a sufficiently bold step to transform the funding architecture of UN development cooperation. Once again, this could be an intermediate target subject to evaluation of its impact.

The distinguished representative of the United States also asked why non-core funding has increased at faster rate than core resources in recent years. There are undoubtedly many reasons that can explain the current imbalance between core and non-core resources, but I would just like to mention three, first, the growing demands of donors for enhanced accountability for results, particularly in areas considered of high priority. Accountability for results is easier to attain if the scope of activities is small and well-defined, rather than at the level of much larger programmes, despite recent progress in the introduction of results based management in UN entities. A second reason is the rapid expansion of the work of the UN system in post conflict and post disaster recovery and transition. Thirdly, the shift to national execution in the mid-to-late 1990s meant that specialized agencies could no longer rely on UNDP to provide funds for operational activities, but had to mobilize resources directly from donors.

In response to a question by the distinguished representative of the CANZ Group on how much of the growth in non-core contributions is attributable to country-level project funding, which is channeled through the UN system as opposed to thematic, joint programming or multi-donor funding, the limited data available suggests that country-level project funding has grown faster in recent years than other non-core resources such as thematic funds, multi-donor trust funds and private giving.

A major factor in explaining this growth in non-core country-level project funding has been significant increase in self-supporting contributions by programme countries – an issue raised by the distinguished representative of Japan in the 19 May consultation.

The 2009 statistical report of the Secretary-General estimates that self-supporting contributions of programme countries in 2007 amounted to \$2.15 billion, of which \$1.55 billion was contributed through UNDP and \$400 million through specialized agencies. Of

the \$2.15 billion in 2007, the Latin America region accounted for \$1.63 billion, or approximately 75 per cent.

Such self-supporting contributions of programme countries have grown annually by almost 29 per cent between 2005 and 2007 (current US dollars), while non-core contributions overall have experienced an annual growth rate of 4.4 per cent. For UNDP, self-supporting contributions from programme countries accounted for 43.5 per cent of overall non-core funding in 2007, compared to 33 per cent in 2005.

In addition to such self-supporting contributions, developing countries contributed \$360 million in 2007 to other development-related activities of the UN system, according to the 2009 statistical report of the Secretary-General, which responds to a question raised by the distinguished representative of Japan.

These examples also highlight, in my view, the growing complexity of the funding architecture of UN development cooperation and the need to further build the capacity of intergovernmental bodies such as ECOSOC to exercise effective strategic overview at the central-level, as proposed in the governance paper.

The objective of the fifth recommendation on “*supporting the establishment of common country funds to fill funding gaps in common country programmes*”, is to further strengthen national ownership of UN development cooperation at the country-level and to facilitate joint resources mobilization by the UN system. Each common country fund would be a multi-donor trust fund using UNDG standard documents and procedures. The common country fund would support coordinated resources mobilization, allocation and disbursement of donor contributions for the unfunded elements of the common country programme. Through the establishment of a Steering Committee, co-chaired by the national government and the UN Resident Coordinator, the establishment of the common country fund would help ensure alignment of the common country programme with national development priorities. The establishment of the common country fund would also decrease transaction cost to all stakeholders and improve the efficiency of UN operations by ensuring great degree of flexibility in the allocation of resources within the common country programme. It would, most importantly, help fund the gaps in the implementation of the common country programme.

In response to a question from the distinguished representative of Ireland at the 19 May consultation, one can say that an important end objective of the common country funds would be to align the agendas of different UN agencies behind nationally-owned common country programmes so that the coherence process is truly country-driven. The funding paper envisages that all programme country governments that so decide, would have the option to establish a common country fund.

In response to another question from the distinguished representative of Ireland, I would also like to mention that UNDG is currently developing a paper on how savings in harmonization of business practices at the country-level can be ploughed back into operational activities. This paper is expected to be ready in the next few months.

The increase in programmable resources through the common country funds provides a strong incentive to the UN system to speed up the process and is of crucial importance to the programme countries.

With respect to recommendation seven on “*establishing common standard to assess organizational and operational efficiency*”, it is important to note that the primary objective is to promote greater efficiency in the work of UN agencies at the country-level. This has been a long-standing priority of programme countries as reflected in many TCPR resolutions. There is an expectation that more efficient operations at the country-level will help maximize the impact of the UN system’s support and attract additional funding to UN development cooperation. The establishment of such a standard would also demonstrate the commitment of UN entities to enhance organizational and operational efficiency at the country-level. Although it is envisaged that these assessments be conducted by the respective governing bodies, Member States might also decide to use the standard to conduct such evaluations in an independent manner.

It might be recalled that thus far, methodologies to assess organizational efficiency of multilateral agencies have been mainly developed by donors. This recommendation would enable to put in place a more universally accepted standard, while of course respecting the right of any Member State to conduct its own evaluations.

In response to a question from the distinguished representative of Malaysia, one could foresee that the standard for organizational and operational efficiency, including the definitions of performance and accountability, be developed in partnership between the UN development system, programme countries and donors. In that sense, the process of developing the standard could contribute to improved governance of UN development cooperation.

With respect to recommendation nine on “*standardizing funding terminology and procedures*”, it should be noted that the UN development system classifies contributions and expenditures in a different manner than OECD/DAC. For example, many activities classified in UN statistical reporting as development-related, are not in sync with the OECD/DAC definition. Some extra-budgetary contributions to the UN development system are also classified by DAC as bilateral, while the same contributions are included in UN statistical reporting of operational activities for development.

It has been pointed out that these differences in funding terminology between the UN and OECD/DAC may affect resources mobilization of some UN agencies, as donors may be reluctant to provide additional funds to some UN entities if such contributions cannot be reported as ODA. In addition, the widely different definitions of funding sources among UN entities are also making the reporting on UN operational activities, more challenging.

There are also several other methodological differences in the measurement of ODA among major actors in international development cooperation, for example, when it comes to definition of concessionality, which may qualify certain kinds of loans/credits as ODA, but not others. This highlights the need for further efforts at harmonization.

Recommendation ten “*publishing biennial aid effectiveness report*” is first-and-foremost aimed at addressing the longstanding concern of Member States of lack of efficiency in country-level operations of the UN system. In response to demands from governments in programme countries, the UN system has also made commitments at the international-level in recent years to further enhance aid effectiveness at the country-level. The biennial aid effectiveness report would provide an opportunity to examine progress in realizing such commitments, as well as the implementation of relevant policy guidance established by the GA through the comprehensive policy review. An important objective of the biennial aid effectiveness report would be to facilitate informed deliberations and decision-making on these important issues at both country and global levels.

Distinguished co-chairs,

Through this presentation, I have attempted to answer many of the questions raised by Member States in the 19 May consultation. DESA stands ready to support you in this important work in every possible manner. We would be happy to revert back on these issues in more detail.

Thank you.