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**Operational activities for development: operational activities for development of the United Nations system**

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Agenda item 7 (a)  
**Operational activities of the United Nations for international development cooperation: follow-up to policy recommendations of the General Assembly and the Council**

## **Implementation of General Assembly resolution [75/233](#) on the quadrennial comprehensive policy review of operational activities for development of the United Nations system: funding of the United Nations development system**

### **Report of the Secretary-General**

#### *Summary*

Total funding to the United Nations development system amounted to \$46.5 billion in 2021, representing an increase of 8 per cent compared with 2020. Core funding accounted for 21 per cent of this amount, with non-core funding making up the other 79 per cent.

A growing share of non-core contributions are being channelled to loosely earmarked pooled funding mechanisms. Contributions to inter-agency pooled funds in 2021 increased for a sixth consecutive year. Contributions increased by 13 per cent in 2021 and surpassed \$3.4 billion, while funding to agency-specific thematic funds rose for a fifth straight year to reach nearly \$1.2 billion (an increase of 12 per cent). However, the Joint Sustainable Development Goals Fund and the Peacebuilding Fund, two critical global pooled funds, saw decreases in funding in 2022.

The long-term trend in funding shows strong growth, with total funding to the United Nations development system nearly doubling in the past 10 years in real terms. This growth has primarily been driven by an increase in non-core contributions, although core funding has increased by 44 per cent over the past decade (in real terms).

The United Nations scaled up operational activities by \$5 billion in 2021, surpassing \$45 billion in total, of which some 78 per cent was spent at the country

\* [A/78/50](#).



level. An increase in development activities explains \$3 billion of this rise. The other \$2 billion went to humanitarian assistance activities. This breakdown deviates from a longer-term trend that has seen the growth of humanitarian activities far exceed that of development activities.

Expenditures on operational activities increased in all groups of countries in special situations, most notably in small island developing States, where expenditures were 40 per cent higher in 2021 compared with 2020. At the same time, activities were heavily concentrated in a small number of countries, with the 14 largest programme countries in 2021 accounting for 50 per cent of total country-level expenditures. At the other end of the spectrum, 66 programme countries combined accounted for 3 per cent of the total.

### Key trends

#### IMPROVING TRENDS

	<b>Total funding</b> Increased 8% to \$46.5 billion in 2021
	<b>Core funding</b> Increased 26% to \$9.7 billion in 2021
	<b>Inter-agency pooled funds</b> Increased 13% to \$3.4 billion in 2021
	<b>Resources spent on development activities at the country level</b> Increased 16% to \$13.3 billion in 2021
	<b>Activities in LDCs, LLDCs, SIDS</b> Spending increased 14% in countries in special situations in 2021

#### DECLINING TRENDS

	<b>Concentration of activities</b> 14 donors accounted for 50% of all country-level spending
	<b>Multi-year funding</b> Multi-year funding agreements declined in 2021
	<b>Funding base</b> 3 donors accounted for 38% of all funding in 2021
	<b>Joint Sustainable Development Goals Fund</b> Decreased 75% to \$20 million in 2022
	<b>Peacebuilding Fund</b> Decreased 12% to \$171 million in 2022

Source: Department of Economic and Social Affairs, 2023.

Abbreviations: LDC, least developed country; LLDC, landlocked developing country; SIDS, small island developing States.

The present addendum is submitted pursuant to General Assembly resolution [75/233](#) on the quadrennial comprehensive policy review of operational activities for development of the United Nations system. Resolution [75/233](#) contains detailed recommendations on funding the United Nations development system. This addendum provides an overview of the latest data and trends with a focus on 2021,<sup>a</sup> taking into consideration recommendations on the quadrennial comprehensive policy review. The present document complements chapter IV of the report of the Secretary-General on the implementation of the quadrennial comprehensive policy review ([A/78/72-E/2023/59](#)). Detailed data tables on funding by entity, contributor, recipient country and type of funding (core, non-core, pooled, etc.) are in an online statistical annex.<sup>b</sup>

<sup>a</sup> Operational activities for development include both longer-term development-related activities as well as those with a focus on short-term humanitarian assistance.

<sup>b</sup> See [www.un.org/ecosoc/en/node/47917947](http://www.un.org/ecosoc/en/node/47917947).

## I. Quantity and quality of funding

1. Total funding to the United Nations development system amounted to \$46.5 billion in 2021, representing an increase of 8 per cent compared with 2020. This included a 26 per cent increase in core contributions.<sup>1</sup> Core contributions grew to \$9.7 billion, which represented 21 per cent of total funding in 2021. The remaining 79 per cent of funding entailed non-core resources.<sup>2</sup>

2. The growth in core funding was due in part to an increase in the assessed budget of the World Health Organization (WHO) in 2021, as part of a committed effort by Member States to improve its funding model in response to the global health crisis caused by the coronavirus disease (COVID-19) pandemic. Following this increase, the governing body of WHO, the World Health Assembly, adopted a decision that requested Member States to gradually increase their assessed contributions on a biennial basis through 2031, with the aim of increasing assessed contributions to 50 per cent of the entity's approved programme budget within the next eight years. In the 2020–2021 budget biennium, assessed contributions accounted for 16 per cent of the total budget of WHO.

3. The higher reported core figure for 2021 is also a result of new multi-year commitments made by Governments to the voluntary core budgets of the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF).<sup>3</sup> Multi-year commitments improve the predictability of the funding base and the sustainability of programmes. By definition, however, these amounts are only commitments at this stage, outside the portions received in 2021.

### A. Core and non-core contributions

4. The long-term trend in funding shows strong growth, with total funding to the United Nations development system nearly doubling in the past 10 years in real terms (an increase of 94 per cent).<sup>4</sup> In comparison, global net official development assistance (ODA) increased by 38 per cent in real terms over the same period. While core contributions increased by a notable 44 per cent in real terms (see figure 1), most of the increase has been in non-core contributions, resulting in the core share of total funding declining from 28 per cent in 2011 to 21 per cent in 2021.

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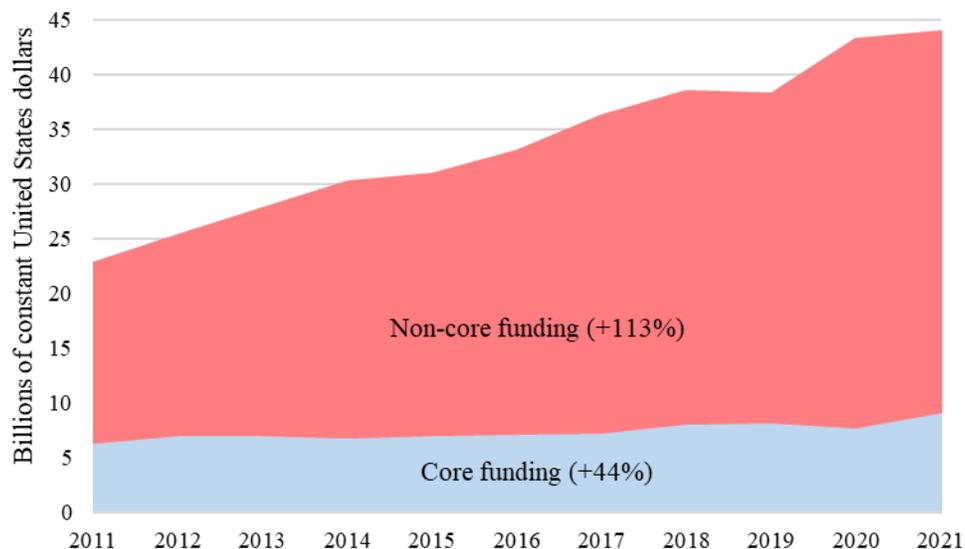
<sup>1</sup> Core contributions include voluntary unearmarked contributions as well as assessed contributions.

<sup>2</sup> Non-core resources are funds that are earmarked by the contributor for specific purposes and/or locations.

<sup>3</sup> Funding data presented in the present report originates from the United Nations System Chief Executives Board for Coordination financial database and reporting system, which is based on the International Public Sector Accounting Standards, meaning that revenue is recognized at the time of an agreement, even in cases of a multi-year agreement. Individual entities may apply a different standard when constructing their annual financial statements.

<sup>4</sup> Accounting for inflation and fluctuations in exchange rate.

Figure 1  
Trends in core and non-core funding flows, 2011–2021



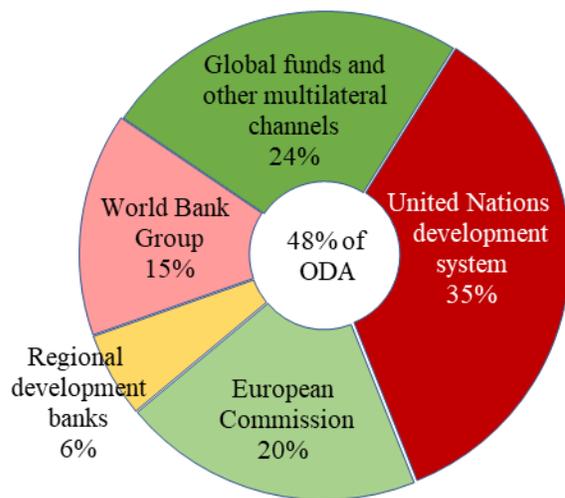
Source: Department of Economic and Social Affairs, 2023.

5. Non-core funding tied to projects is generally not directly regulated by intergovernmental bodies and processes. Direct regulation can lead to funding gaps when there is a lack of flexibility to reallocate funds from overfunded to underfunded areas. Tightly earmarked aid may also contribute to fragmentation, competition and overlapping among entities. It can disincentivize the United Nations system-wide focus, strategic positioning and coherence. Nearly three quarters<sup>5</sup> of Governments<sup>5</sup> in programme countries report the occurrence of competition for donor funding to a large or moderate extent, with little change since 2014.

6. The United Nations development system is the largest single channel of multilateral aid when core and non-core flows are combined, accounting for over one third of all disbursements to multilateral organizations. Figure 2 shows the main channels of multilateral aid flows that together account for 48 per cent of total global ODA.

<sup>5</sup> Excluding those Governments that indicated in the survey that they did not know.

Figure 2  
Main channels of multilateral aid, including core and non-core flows



Source: Based on Organisation for Economic Co-operation and Development (OECD) statistics (OECD.Stat).

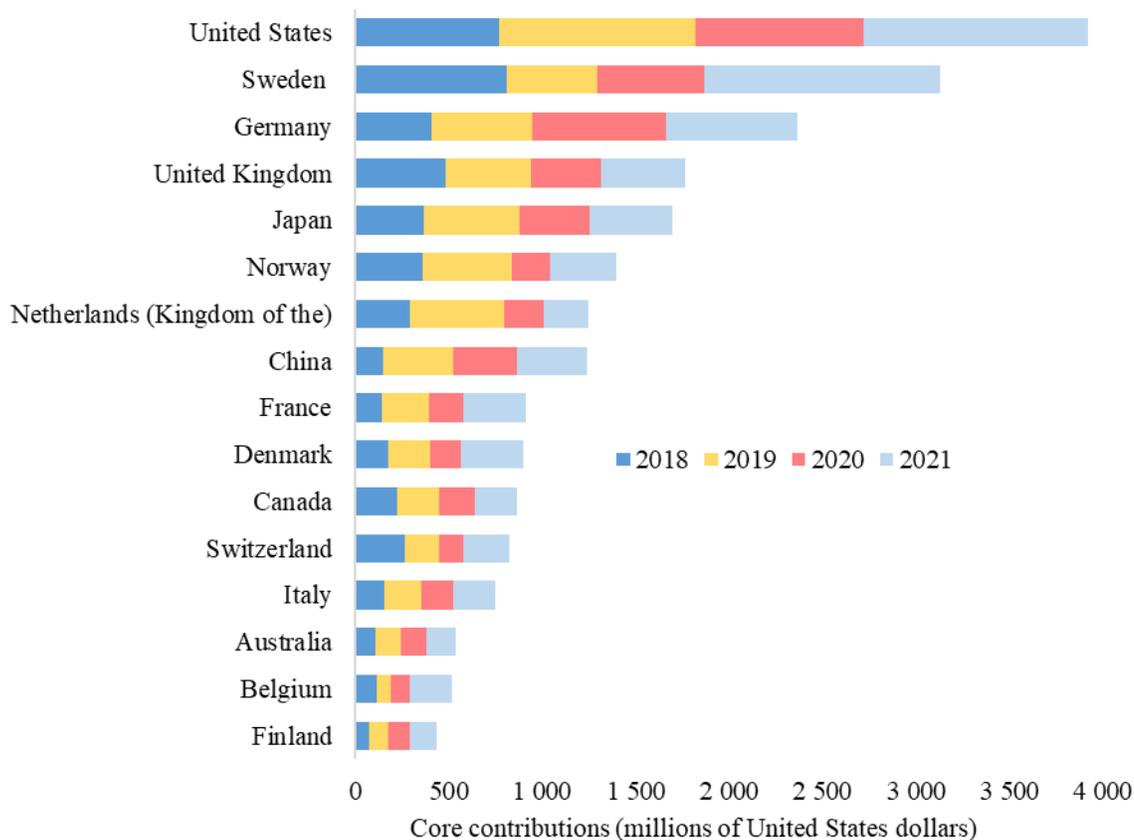
7. Of all the major multilateral channels of aid, the United Nations development system is the only channel that receives fewer core resources than non-core resources. Core resources are indispensable to the effective and efficient functioning of the United Nations development system, and are critical for addressing medium- to long-term development and humanitarian outcomes while minimizing fragmentation. Core funds also constitute an investment in development, as they are used, inter alia, to leverage partnerships and mobilize supplementary non-core resources, thereby enabling a scaling up of programmes.

## B. Diversifying the funding base

8. Diversifying the funding base remains a priority, given that heavy reliance on a few contributors leaves entities vulnerable to donor policy changes. Despite regular discussion in the structured funding dialogues, and with 84 per cent of United Nations development system entities reporting annually to their governing body on concrete measures taken to broaden their donor base, the latest funding data show minimal improvement. In 2021, the top 3 Government contributors alone accounted for 38 per cent of total funding to the United Nations development system, and the top 10 accounted for 56 per cent.<sup>6</sup> These numbers have remained largely unchanged over the past decade. Similar to total funding, the top 5 core providers (see figure 3) accounted for 50 per cent of total core funding from 2018 to 2021. Figure 3 shows the 16 Government contributors that averaged at least \$100 million in core contributions to the United Nations development system per year from 2018 to 2021.

<sup>6</sup> In order, the top 10 contributors in 2021 were the United States of America, Germany, Sweden, the United Kingdom of Great Britain and Northern Ireland, Japan, Canada, Norway, Denmark, the Kingdom of the Netherlands and France.

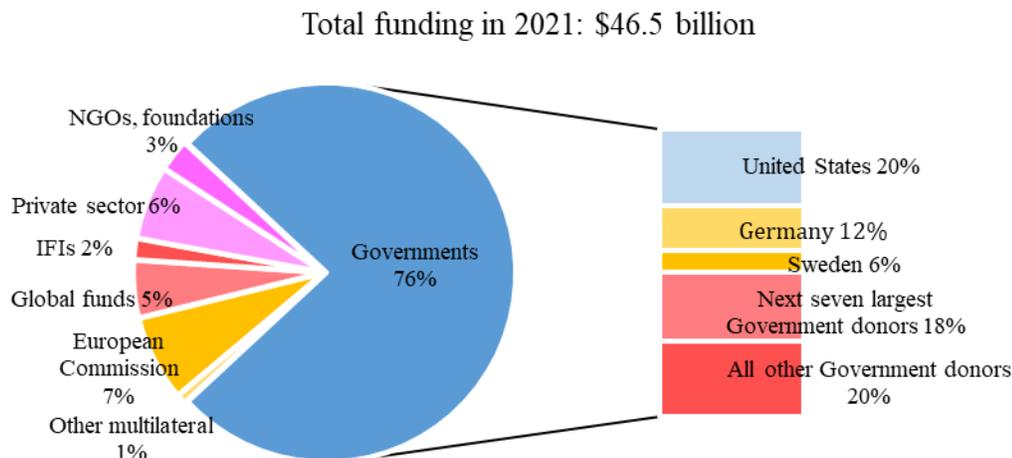
Figure 3  
Top Government contributors of core funding, 2018–2021



Source: Department of Economic and Social Affairs, 2023.

9. All Governments combined provided 76 per cent of total funding in 2021. The other 24 per cent came from the groups of contributors shown in figure 4, the largest being the European Commission. There was a 22 per cent increase in funding from the private sector, boosted by an all-time high in private sector funding to UNICEF.

Figure 4  
Main categories of funding sources, 2021



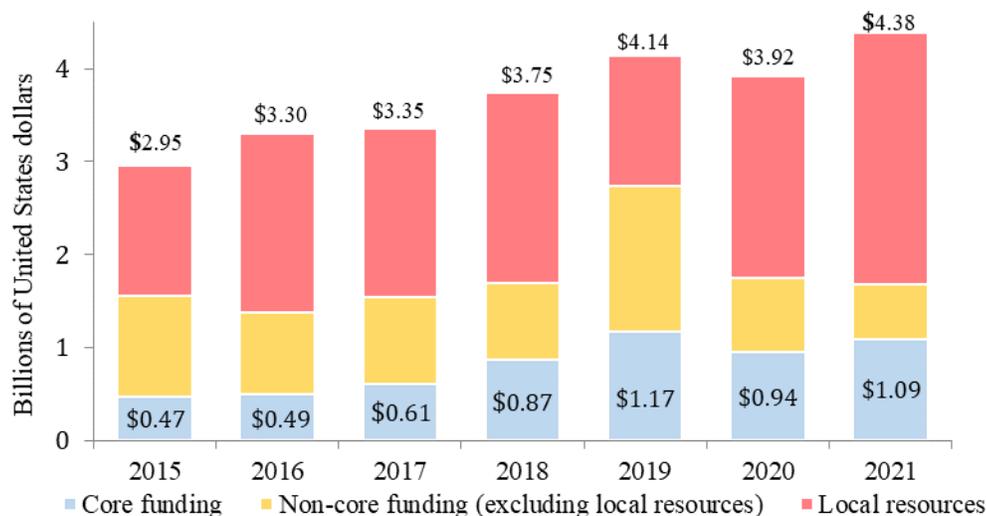
Source: Department of Economic and Social Affairs, 2023.

Abbreviations: IFIs, international financial institution; NGOs, non-governmental organization.

10. Increased engagement with international financial institutions, including on financing for COVID-19 recovery, helped boost funding received from this channel by 32 per cent to \$833 million in 2021.

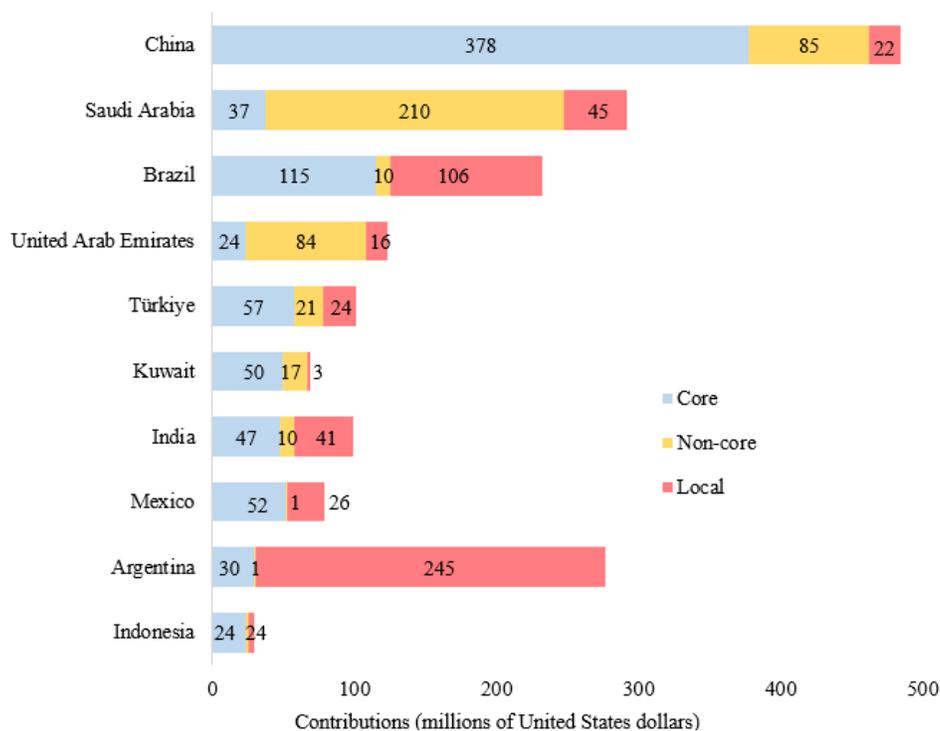
11. The level of funding from programme countries can provide an indication of buy-in and appreciation for the value of United Nations development system support, especially when funds are scarce. There has been a steady increase in funding from programme countries since 2015, with total contributions increasing by 48 per cent and core contributions by 133 per cent from 2015 to 2021 (see figure 5).

Figure 5  
Funding from programme countries, 2015–2021



Source: Department of Economic and Social Affairs, 2023.

Figure 6  
Top contributors among programme countries, 2021



Source: Department of Economic and Social Affairs, 2023.

12. Contributions for programming in their own countries accounted for just over 60 per cent of total funding received from programme countries in 2021. Figure 6 shows the top contributing programme countries, excluding local resources (local resources are shown for reference).

13. Multi-year financial contributions enable the United Nations development system to be strategic, agile and efficient. A survey of 30 United Nations entities was conducted. Of the 25 entities to which the question applied, 20 reported that accessing predictable, flexible and multi-year funding continued to be a significant challenge. Entities also reported fewer multi-year commitments in 2021 compared with 2020. The share of entities reporting that over 30 per cent of their total funding in 2021 came as part of multi-year commitments dropped to 72 per cent (21 of 29) in 2021 from 88 per cent of entities in 2020. In terms of core funding, 42 per cent of entities to which the question applied (11 of 26) indicated that at least 30 per cent of the core contributions they received were part of a multi-year commitment, down from 50 per cent in 2020. Larger entities, such as UNDP, the United Nations Population Fund (UNFPA) and UNICEF, were among those reporting fewer multi-year agreements in 2021.

14. Structured funding dialogues held between United Nations entities and their governing boards aim at building common ground and understanding to help both parties live up to the spirit of the funding compact. In 2022, 79 per cent of United Nations Sustainable Development Group entities held at least one structured funding dialogue with their governing body. This excludes Secretariat entities, for whom funding dialogues occur through the relevant General Assembly processes of the Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions. In 2022, funding compact commitments continued to shape these dialogues, including

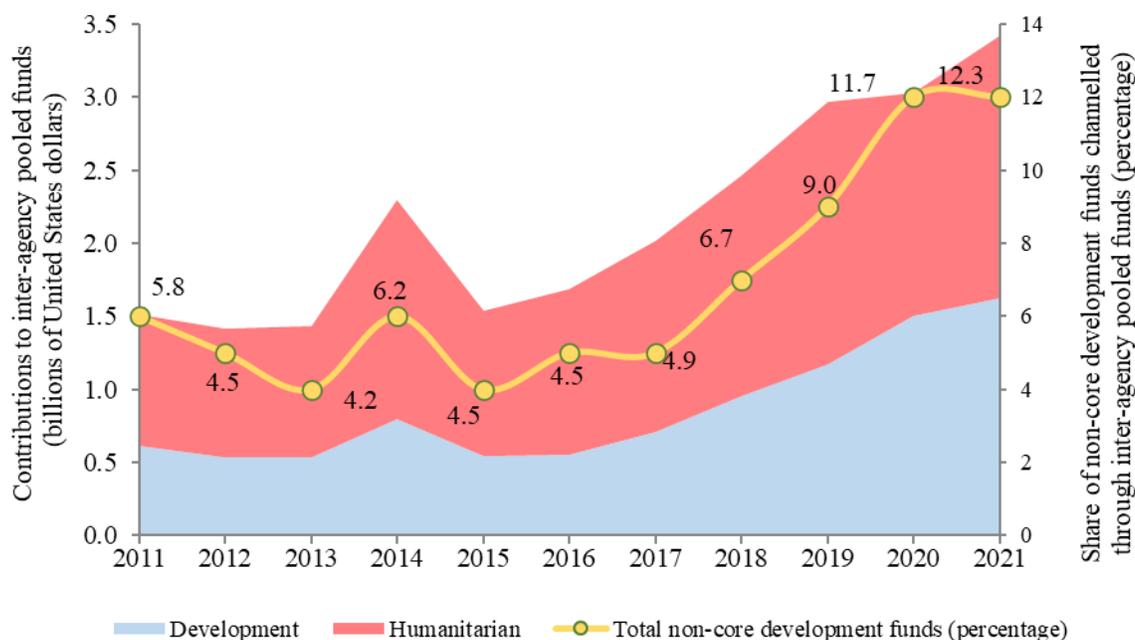
discussions on the importance of predictable and flexible funding, donor diversification, transparency and oversight. The dialogues also provided an opportunity to highlight underfunded parts of entities’ budgets and review progress towards funding compact commitments. In 2022, UNDP, UNFPA, UNICEF and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) continued with their recent practice, started in 2019, of organizing a joint, informal dialogue with Member States. As guided by their respective executive boards, these entities committed to harmonizing the format, methodology and content of their funding dialogue reports to further improve the dialogues’ quality. This included agreeing on methodologies for better comparability and improved analysis of reporting on funding gaps.

### C. Funding inter-agency and thematic pooled funds

15. Total contributions to inter-agency pooled funds in 2021 increased for a sixth consecutive year to \$3.4 billion (see figure 7). Inter-agency pooled funds consist of commingled contributions that are then allocated to multiple United Nations entities working on a common thematic and/or geographical focus. These resources enable flexibility and help bring United Nations entities together to work jointly on collective outcomes.

16. Just under half, or \$1.6 billion, of contributions to inter-agency pooled funds were provided to development funds, which accounted for 12.3 per cent of all non-core funding for development activities in 2021. This exceeded the funding compact target of 10 per cent for the second consecutive year. The other \$1.8 billion in contributions went to humanitarian funds, representing some 7.6 per cent of all non-core funding for humanitarian activities.

Figure 7  
**Funding to inter-agency pooled funds, 2011–2021**

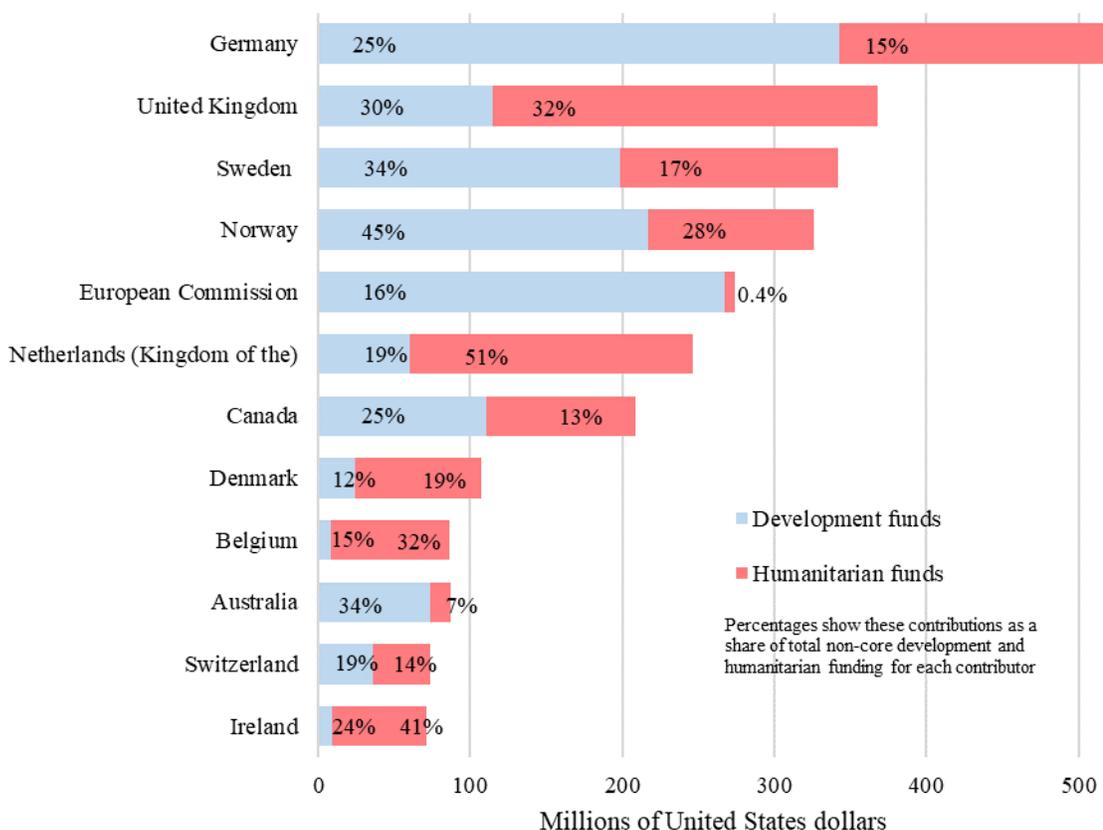


Source: Department of Economic and Social Affairs, 2023.

17. An incremental trend towards a broadening of the funding base can be observed for inter-agency pooled funds, albeit from a narrow starting point. In 2021, 12 donors contributed \$70 million or more to inter-agency pooled funds (see figure 8), compared with just 7 in 2019. This has lowered dependence on the largest contributors to inter-agency pooled funds. For instance, in 2019, the top five contributors accounted for 72 per cent of all contributions to inter-agency pooled funds, compared with 64 per cent in 2021.

18. Figure 8 also shows the portion of each donor’s non-core contributions that go towards inter-agency pooled funds.

Figure 8  
**Top contributors to inter-agency pooled funds and their share of total non-core contributions, 2021**



Source: Department of Economic and Social Affairs, 2023.

19. The United Nations development system has made further progress in developing common management features<sup>7</sup> across inter-agency pooled funds. A second annual survey conducted by the inter-agency group established by the Fiduciary Management Oversight Group confirmed that well-functioning governance mechanisms, results-based management tools, risk management and transparent

<sup>7</sup> Common management features include: a well-articulated strategy, including innovative features where relevant; clear theories of change; solid results-based management systems; well-functioning governance bodies supported by effective secretariats; quality assurance on issues of United Nations norms and values; risk management systems and strategies; operational effectiveness/reporting/visibility/transparency standards; and planning and funding for joint and system-wide evaluations that meet United Nations Evaluation Group norms and standards.

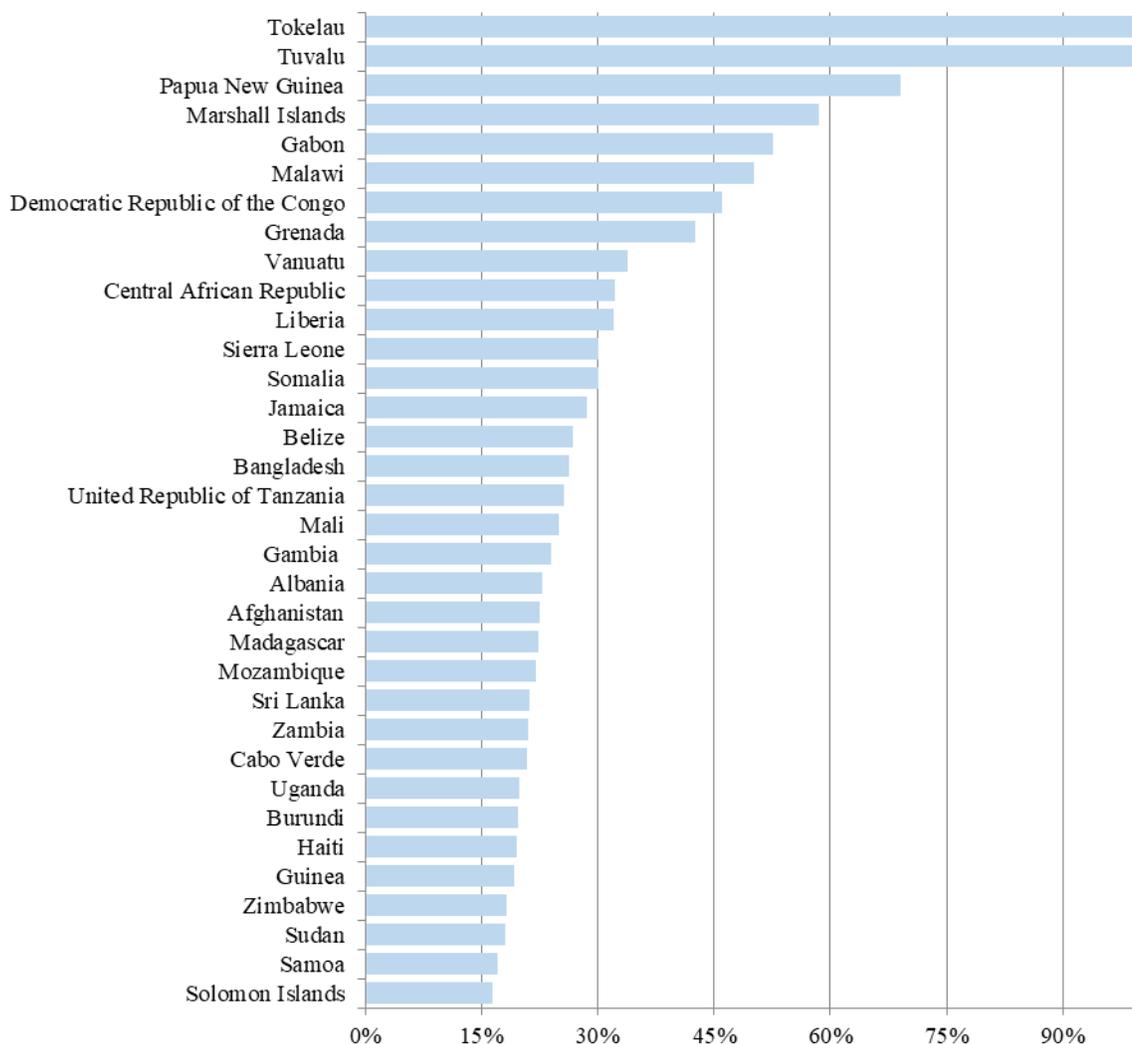
reporting were widely applied across inter-agency pooled funds. Innovative features such as results-based payments were increasingly used. The visibility of contributors to inter-agency pooled funds has increased; 82 per cent of funds now mention their contributors in their communication platforms. Around three quarters of funds use gender markers, but only half allocate at least 15 per cent of resources to programmes with gender equality as the primary objective. Overall, 73 per cent of development-related inter-agency pooled funds have implemented at least 80 per cent of common quality management features, up from 61 per cent in 2020.

20. Contributions to inter-agency pooled funds with global coverage grew to \$1.26 billion in 2021, with half of this amount going to the Central Emergency Response Fund. Several flagship global inter-agency pooled funds remain significantly underfunded, however. Capitalization of the Joint Sustainable Development Goals Fund decreased by 75 per cent between 2021 and 2022, dropping from \$79 million to only \$20 million. This falls significantly short of the funding compact target of \$290 million a year. Current levels of funding jeopardize this vital propeller of reform. The Joint Sustainable Development Goals Fund has been consistently reliant on four contributors that account for nearly 80 per cent of total contributions since 2019. Commitments to the Peacebuilding Fund decreased by 12 per cent, from \$195 million to \$171 million in 2022. This is significantly below the funding compact target of \$500 million annually, and is a concerning trend given growing peacebuilding needs across the world. Similarly, the human rights mainstreaming multi-donor trust fund, a critical enabler to leveraging opportunities to ensure that human rights are at the heart of the system's work, received \$3.8 million in new financial commitments in 2022, representing a fall in contributions of almost 40 per cent since 2021.

21. At the country level, United Nations Sustainable Development Group funding reached \$1.5 billion in 2021, with three quarters dedicated to humanitarian assistance, compared with one quarter for development. Contributions to country-level development funds declined by 5 per cent in 2021, to \$379 million. United Nations country teams use these funds to consolidate and leverage funding for priority Sustainable Development Goals outlined in the United Nations Sustainable Development Cooperation Framework, including when responding to development emergencies.

22. In 2021, only 34 countries had at least 15 per cent of all non-core development expenditures channelled through inter-agency pooled funds – the recommended minimum share that enables these funds to act as gravity centres for a coherent and efficient inter-agency United Nations response in the country (see figure 9). Of these countries, 11 are countries with small United Nations programmes, where the total United Nations development system expenditure is under \$50 million a year, and fragmentation is a considerable challenge.

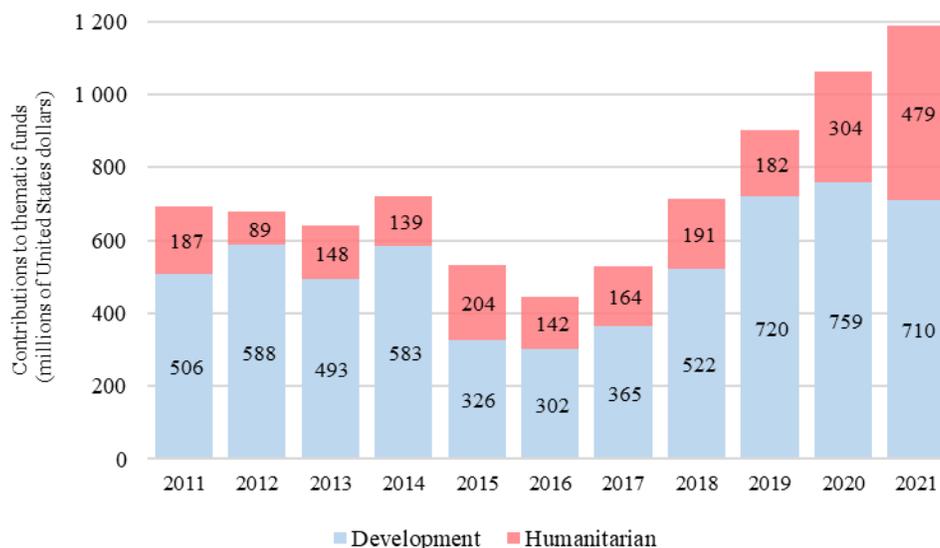
Figure 9  
Countries in which more than 15 per cent of expenditures from non-core resources for development-related activities are channelled through inter-agency pooled funds, 2021



Source: Department of Economic and Social Affairs, 2023.

23. Contributions to single-agency thematic funds rose for the fifth consecutive year in 2021 to \$1.2 billion, a 12 per cent increase compared with 2020, and a 2.5-fold increase since 2016 (see figure 10). Single-agency thematic funds constitute another pooled funding mechanism that several entities have established to enable more flexibility in the use of their resources. These funds support high-level results at the country, regional and global levels, acting as a valuable complement to core resources. Contributions to thematic funds are softly earmarked and give United Nations entities flexibility to direct resources where they are most needed.

Figure 10  
Trends in funding for agency-specific thematic funds, 2011–2021



Source: Department of Economic and Social Affairs, 2023.

24. In the past two years, the growth in contributions to thematic funds can be attributed to those with a humanitarian focus (see figure 10). In 2021, 5.4 per cent (\$710 million) of all non-core contributions for development activities were dedicated to thematic funds, just below the 6 per cent funding compact target.

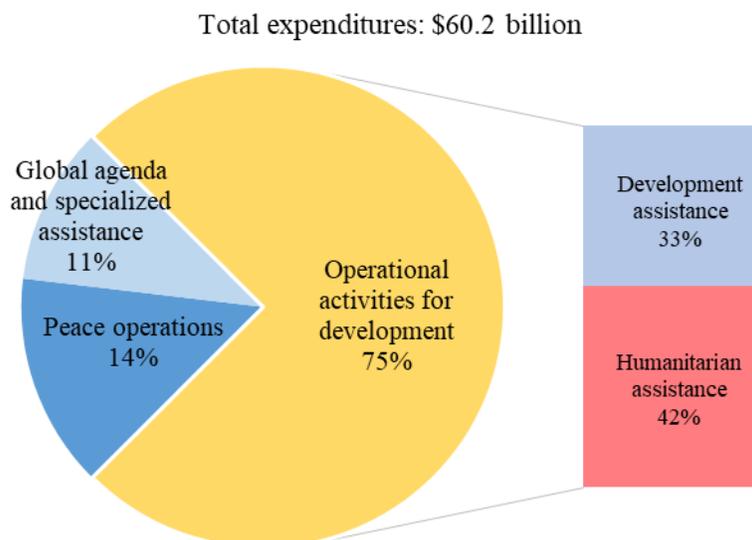
## II. Use of resources

### A. Overall United Nations funding

25. Total United Nations system-wide expenditures in 2021 reached \$60.2 billion, with operational activities for development and humanitarian assistance activities accounting for three quarters of this volume. Peace operations accounted for 14 per cent, and the global agenda and specialized assistance<sup>8</sup> for the remaining 11 per cent (see figure 11).

<sup>8</sup> These are defined as activities that either: (a) address global and regional challenges without a direct link to development and humanitarian assistance, and peace operations; or (b) support sustainable development with a focus on the long-term impact in non-programme countries.

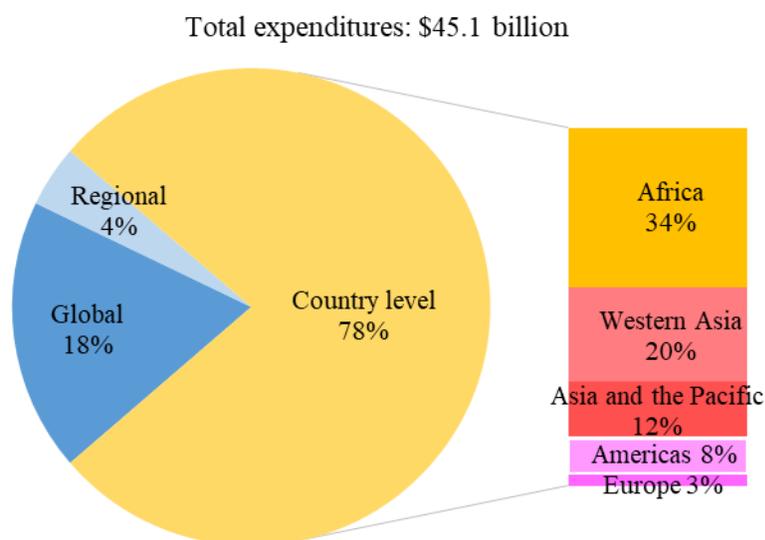
Figure 11  
**Spending on United Nations activities, 2021**



Source: Department of Economic and Social Affairs, 2023.

26. Spending on United Nations operational activities for development, including humanitarian assistance, grew by nearly \$5 billion to reach \$45.1 billion in 2021. Some 78 per cent went to the country level, another 4 per cent supported the regional level and 18 per cent funded global activities, including global programmes and headquarters activities (see figure 12).

Figure 12  
**High-level breakdown of expenditures in 2021**



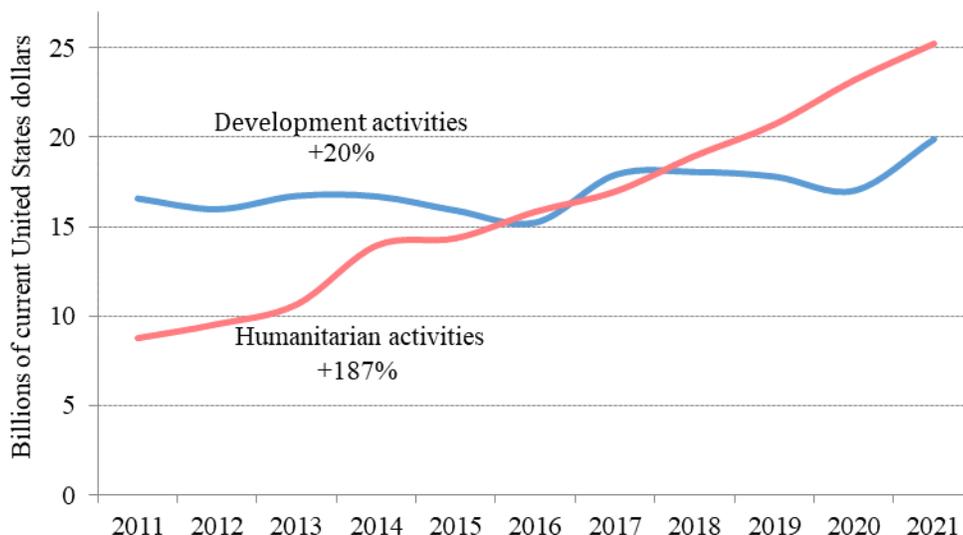
Source: Department of Economic and Social Affairs, 2023.

27. Geographically, the highest share, some \$15.5 billion, was spent on country-level activities in Africa, followed by Western Asia. Together these two regions

accounted for over half of all expenditures in 2021, and 71 per cent of total resources spent at the country level.

28. After nearly a decade during which resources used for development activities remained stagnant (see figure 13), spending on development activities increased by nearly \$3 billion in 2021, topping \$20 billion for the first time. Spending on humanitarian activities was \$2 billion higher in 2021, surpassing \$25 billion.

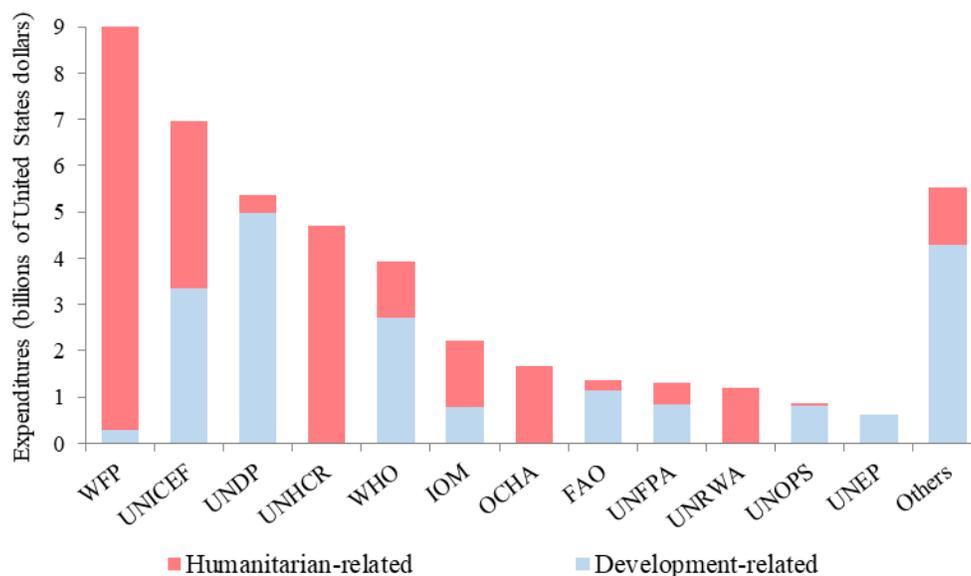
Figure 13  
**Funding flows by type of activity, 2011–2021**



Source: Department of Economic and Social Affairs, 2023.

29. Figure 14 shows the total expenditures on development and humanitarian activities by the 12 largest United Nations development system entities in 2021. They accounted for 88 per cent of total United Nations development system expenditures on operational activities, with the top five alone accounting for over two thirds.

Figure 14  
**Development and humanitarian expenditures by entity, 2021**



Source: Department of Economic and Social Affairs, 2023.

Abbreviations: FAO, Food and Agriculture Organization of the United Nations; IOM, International Organization for Migration; OCHA, Office for the Coordination of Humanitarian Affairs; UNDP, United Nations Development Programme; UNEP, United Nations Environment Programme; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children’s Fund; UNOPS, United Nations Office for Project Services; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; WFP, World Food Programme; WHO, World Health Organization.

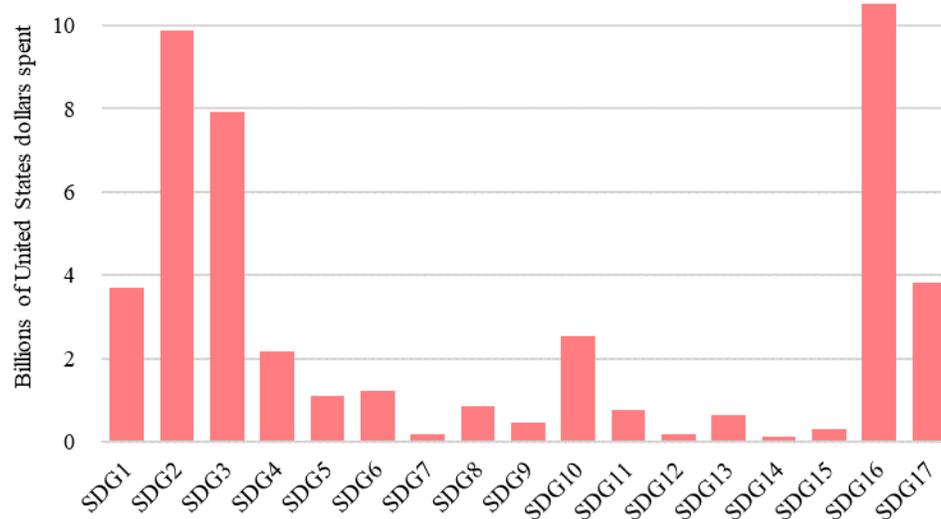
30. Cost-recovery practices are designed to ensure that projects funded from non-core resources adequately cover the related project costs. This avoids the subsidizing, in practice, of non-core activities from core budgets. United Nations development system entities continue to make efforts to attain full compliance with the cost-recovery rate by seeking to further reduce the number of waivers that allow funding partners to avoid the standard cost-recovery rate for certain agreements. Eliminating such waivers is a funding compact commitment. In 2021, the total value of agreements with support-fee reduction waivers was an estimated \$236 million, down from \$449 million in 2020.<sup>9</sup> In addition to greater compliance with agreed cost-recovery rates, Member States, through General Assembly resolution [75/233](#), also called for more transparency in reporting by entities on their costs recovered through cost-recovery policies. In 2022, 85 per cent of United Nations development system entities (17 of 20 entities that responded to the question) reported on approved cost-recovery policies and rates to their governing body, and 87 per cent included estimated and actual cost-recovery amounts recovered through the provision of non-core-funded activities.

<sup>9</sup> This is the value of the agreements, not the fee waived. If the average waiver permitted a donor a 1 per cent reduction in the support fee, then the amount of programme cost support income lost system-wide would have been \$2.36 million in 2021.

## B. Linking expenditures to locations and Sustainable Development Goals

31. Improvements in the quality of financial reporting are helping all stakeholders to better understand the United Nations development system's contribution to the 2030 Agenda for Sustainable Development. Thirty-six United Nations entities, accounting for 77 per cent of all United Nations system expenditures,<sup>10</sup> reported activities and expenditures against the 17 Sustainable Development Goals in 2021 (see figure 15). This is up from 24 United Nations entities reporting on activities and expenditures in 2020.

Figure 15  
Expenditures by Sustainable Development Goal, 2021



Source: United Nations System Chief Executives Board for Coordination, 2023.

Abbreviation: SDG, Sustainable Development Goal.

32. Sustainable Development Goal 16 on peace, justice and strong institutions is the most targeted goal for United Nations activities, followed closely by Goal 2 (ending hunger) and Goal 3 (health and well-being). Programme country governments report that the areas that will require the most United Nations support over the next two years are Goals 3, 1 (ending poverty) and 2, but also Goal 13 (combating climate change), which currently has relatively few resources devoted to it.<sup>11</sup>

33. Figure 16 indicates that resource allocation is concentrated around several key crises. Among the 43 largest United Nations programme countries where spending exceeded \$200 million in 2021, the largest share of resources was allocated to humanitarian assistance.

34. Nine countries<sup>12</sup> alone account for nearly half of all spending on United Nations humanitarian activities at the country level. Strong coordination, collaboration and coherence across humanitarian-development-peace interventions in these countries is essential, as development solutions are the only sure way out of protracted crises. In

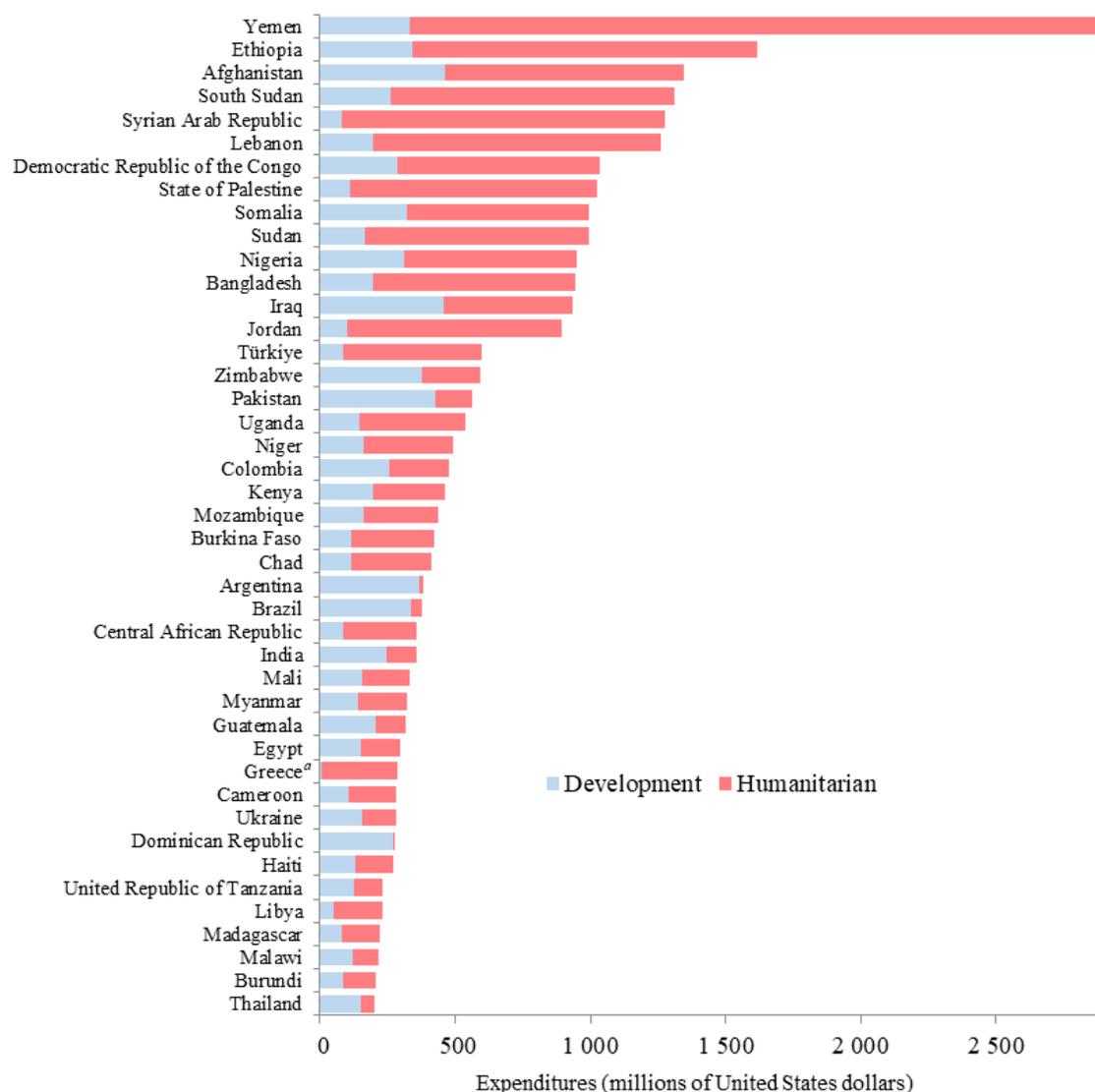
<sup>10</sup> Therefore, figure 15 does not represent a complete picture of United Nations expenditures.

<sup>11</sup> See [A/78/72-E/2023/59](#), sect. IV.

<sup>12</sup> Afghanistan, Ethiopia, Jordan, Lebanon, South Sudan, State of Palestine, Sudan, Syrian Arab Republic and Yemen.

a survey conducted in 2022 by the Department of Economic and Social Affairs, 89 per cent of Governments in countries with large United Nations programmes indicated that there was close collaboration among United Nations entities working across humanitarian and development actions, including 25 per cent that described the collaboration as “very close”. In countries with large United Nations programmes, 96 per cent of Government respondents agreed that the reinvigorated resident coordinator system had contributed to building strong synergies across development, humanitarian and peacebuilding interventions.

Figure 16  
**Countries and territories where expenditures exceeded \$200 million in 2021**



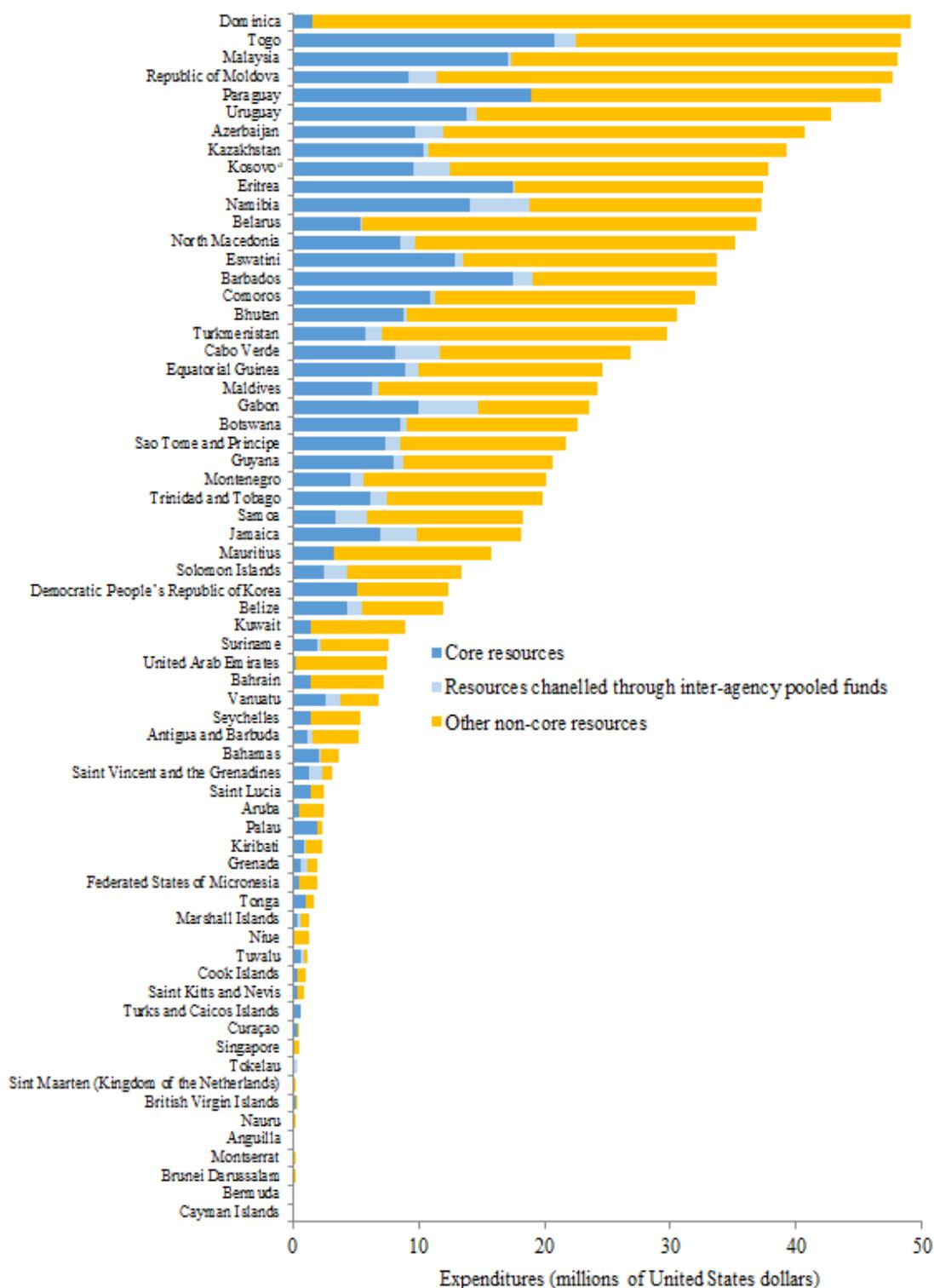
Source: Department of Economic and Social Affairs, 2023.

<sup>a</sup> Greece is not a programme country but is included here due to a high volume of United Nations expenditures in 2021.

35. The 66 countries with the smallest programmes, with under \$50 million in expenditures in 2021, together accounted for 3 per cent of total expenditures. They include 40 programme countries with under \$20 million in expenditures that,

combined, accounted for only 0.5 per cent of total country-level spending. With many United Nations entities operating on limited budgets in these countries, there is an increased risk of aid fragmentation and inefficiency, especially if resources are tightly earmarked at the project level. Flexible core resources and funding provided through inter-agency pooled funds can help reduce this fragmentation. Figure 17 breaks down the types of resources spent on operational activities in the 66 countries with the smallest programmes. Overall in 2021, 30 per cent of resources were core resources, but only 4.5 per cent of resources came through inter-agency pooled funds. These shares vary significantly across countries.

Figure 17  
Countries and territories in which expenditures were less \$50 million in 2021, by type of resource



Source: Department of Economic and Social Affairs, 2023.

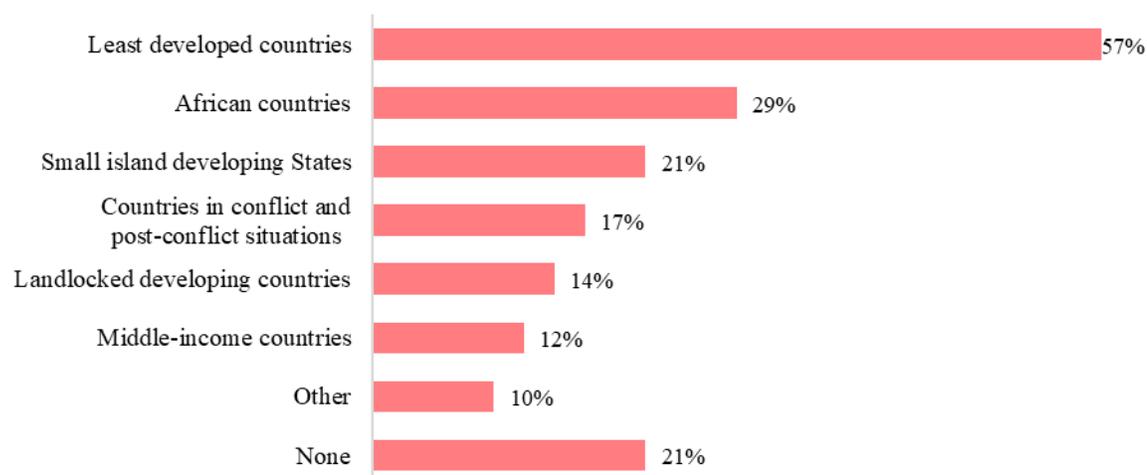
<sup>a</sup> References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

### C. Expenditures in countries in special situations

36. The survey of financially contributing Governments reveals that countries in special situations tend to be prioritized; 57 per cent of respondents said that they prioritize the least developed countries and 29 per cent of respondents said they prioritized countries in Africa (see figure 18).

Figure 18  
Prioritization of country groups in the funding decisions of contributing countries

(respondents selected up to two country groups)



Source: Department of Economic and Social Affairs, 2022 surveys of contributing countries.

37. The table below shows that there has generally been a robust increase in resources for operational activities for development in vulnerable country groups.<sup>13</sup> The past five years have seen a twofold increase in spending in small island developing States.

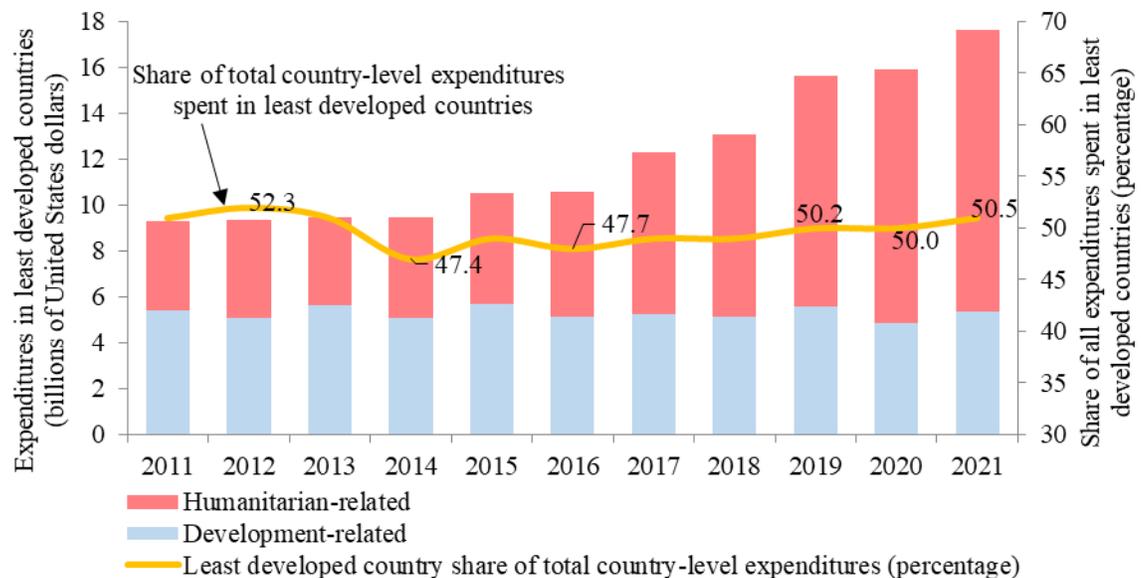
#### Expenditures on operational activities for development, including humanitarian assistance, by country group

Country group	Number of countries	Total 2021 expenditure (millions of United States dollars)	Average expenditure per country (millions of United States dollars)	Expenditure as a share of the total (percentage)	Five-year trend in expenditure (percentage points)	Expenditure per capita (United States dollars)
Least developed countries	46	17 628	383	50.5	+66	16.03
Small island developing States	55	1 313	24	3.8	+121	18.24
Landlocked developing countries	32	9 157	286	26.3	+43	16.62
Africa	56	15 041	269	43.1	+39	10.80
Middle-income countries	109	18 128	166	52.0	+51	3.12

<sup>13</sup> The list of countries under each category is on the website of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. Countries may feature in one or more categories. See [www.un.org/ohrlls](http://www.un.org/ohrlls).

38. There was a notable scaling up of resources spent on operational activities in the least developed countries between 2017 and 2021 (see figure 19). More than half of total country expenditures occurred in least developed countries, after a period that saw this share drop to below 50 per cent. Most of the recent increase can be attributed to an increase in humanitarian activities. Spending on development activities has remained stable over the past decade, and in 2021 only 40 per cent of total development spending benefited the least developed countries (accounting for 57 per cent of total humanitarian expenditures). Only 13 per cent of the resources used in the least developed countries in 2021 came from core funding. Core resources facilitate the kind of strategic, flexible and rapid response that is particularly important for this group of vulnerable countries, where circumstances often change rapidly.

Figure 19  
**Expenditures in least developed countries, 2011–2021**

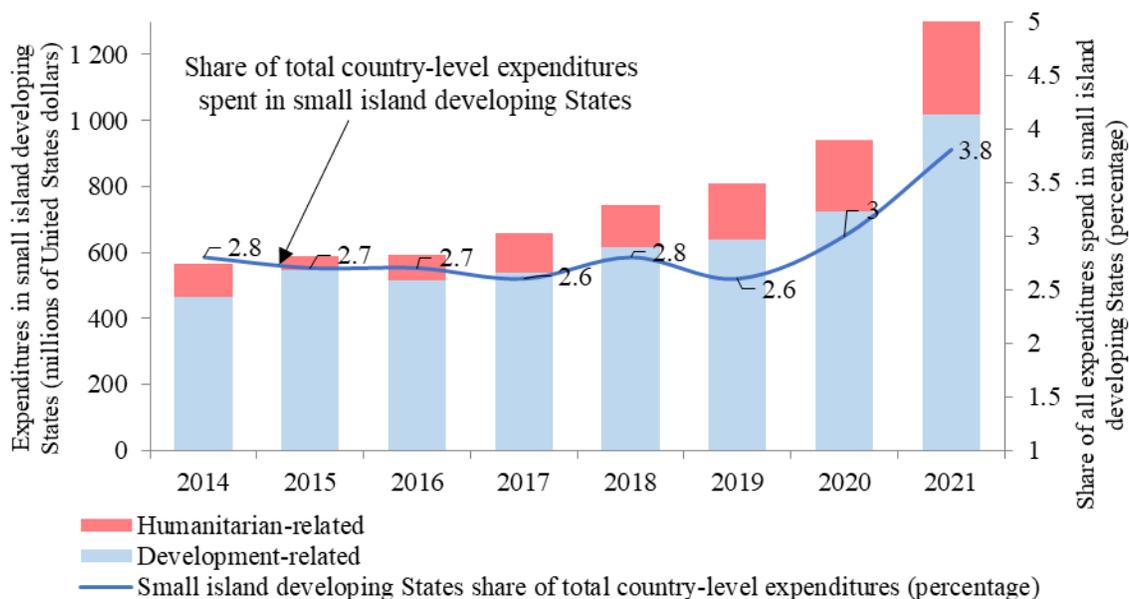


Source: Department of Economic and Social Affairs, 2023.

39. Expenditures in small island developing States increased by 40 per cent in 2021, driven by robust increases in both development and humanitarian activities (see figure 20). This growth was widespread, with nearly three quarters of such States seeing an increase in United Nations development activities in 2021 compared with 2020. Member States have recognized that small island developing States remain a special case for sustainable development and urged the mainstreaming of the SIDS Accelerated Modalities of Action (SAMOA) Pathway and issues related to those States in United Nations development system work. Small island developing States are a diverse group that includes 8 least developed countries and 28 middle-income countries; two thirds are serviced by a United Nations multi-country office. The COVID-19 pandemic hit these countries especially hard, as many rely on tourism. A slow pace of recovery means that projected output levels for 2023 were 9 per cent lower than predicted by pre-pandemic trends, the largest deviation of any country group.<sup>14</sup>

<sup>14</sup> World Bank, *Global Economic Prospects*, January 2022.

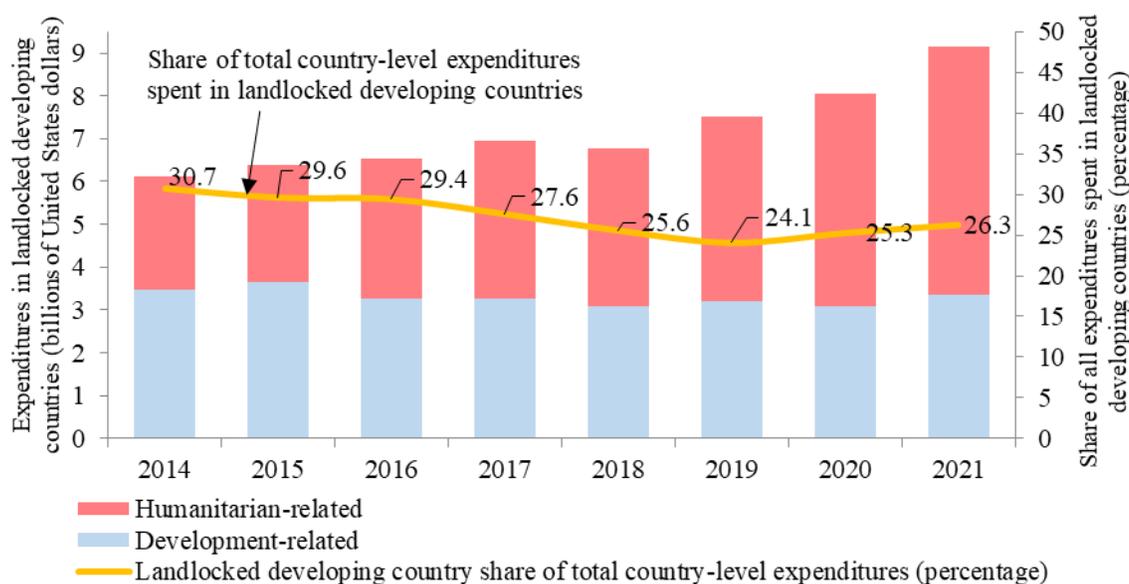
Figure 20  
Expenditures in small island developing States, 2014–2021



Source: Department of Economic and Social Affairs, 2023.

40. Resources available for operational activities in landlocked developing countries have not seen the same robust increase as the above two country groups, although there was a notable 22 per cent increase in spending between 2019 and 2021. This resulted in an increase in the share of total expenditures used for landlocked developing countries from 24 per cent in 2019 to just higher than 26 per cent in 2021. However, this still comprises a lower share than prior to 2018 (see figure 21).

Figure 21  
Expenditures in landlocked developing countries, 2014–2021



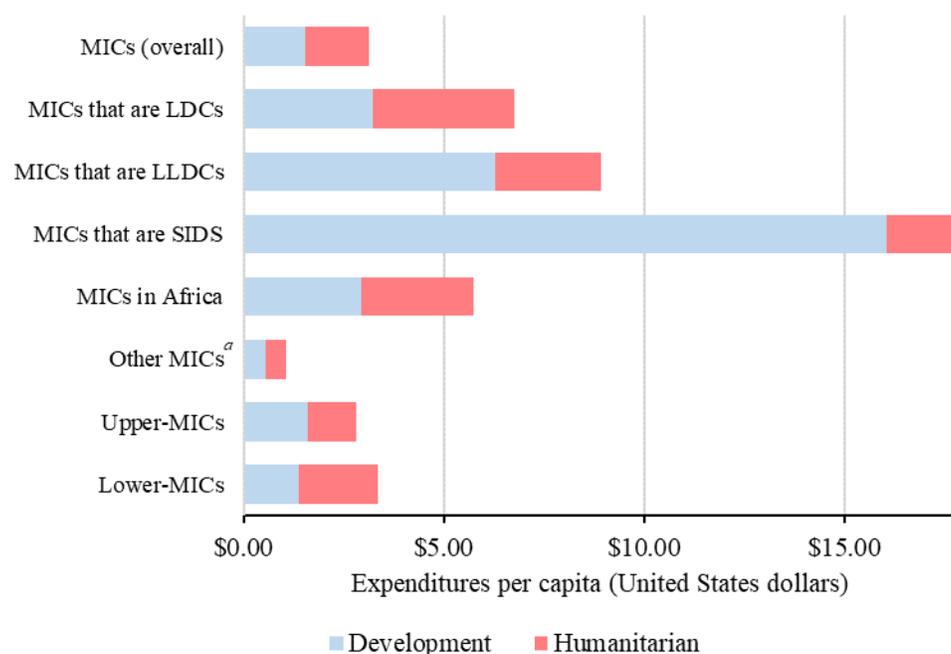
Source: Department of Economic and Social Affairs, 2023.

41. Resources used for operational activities in Africa increased by 11 per cent from 2020 to 2021, surpassing \$15 billion. This growth was distributed throughout most of the continent, with United Nations operational activities expanding financially in 47 of 56 African countries. The latest data (2021) show that 43 per cent of total spending by the United Nations development system at the country level is in Africa.

42. United Nations development system expenditure in middle-income countries has increased by 51 per cent since 2016. Middle-income countries constitute a highly diverse group of 109 countries, including 21 least developed countries, 20 landlocked developing countries, 28 small island developing States and 30 countries in Africa. Twenty-four middle-income countries do not fall into any of these groups. Figure 22 shows the spending on operational activities for development, including humanitarian activities, in these subgroups within the middle-income country group, expressed in per capita terms. Expenditure is highest in middle-income countries that are small island developing States, and goes mostly to development activities.

Figure 22

**Expenditures per capita in middle-income countries, 2021**



Source: Department of Economic and Social Affairs, 2023.

Abbreviations: LDC, least developed country; LLDC, landlocked developing country; MIC, middle-income country; SIDS, small island developing States.

<sup>a</sup> MICs that do not fall into any of the following groups: LDCs, LLDCs, SIDS, Africa.

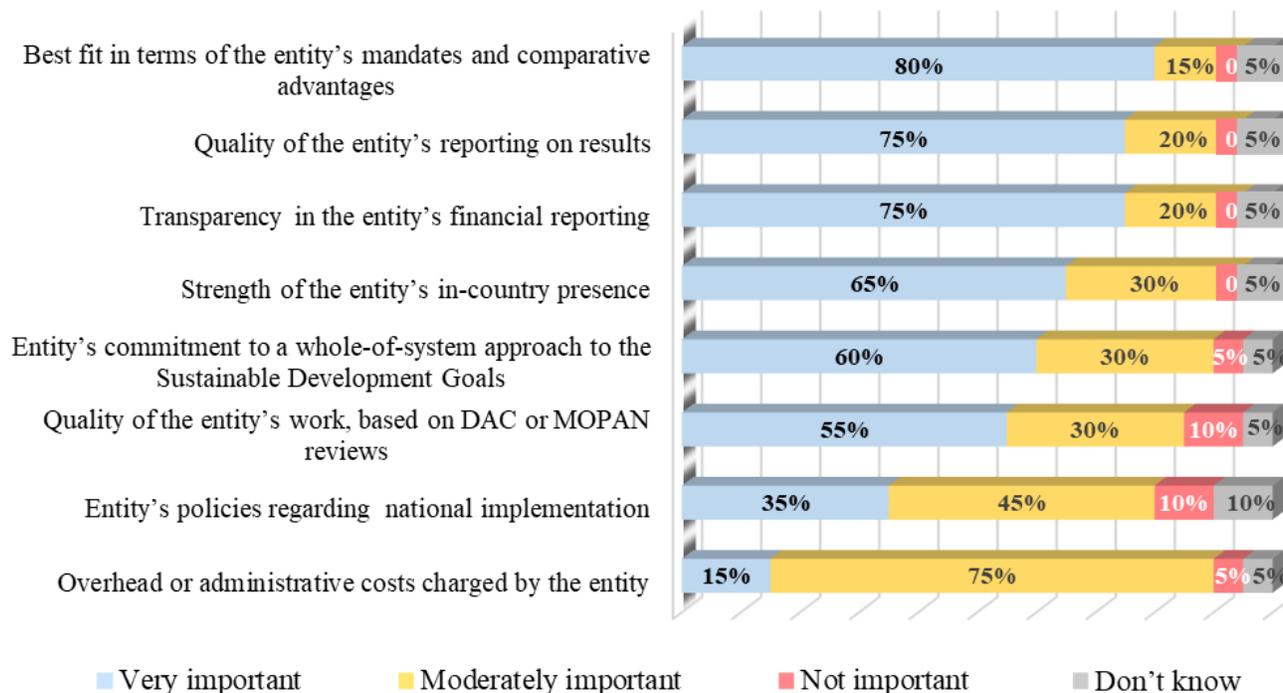
### III. Transparency and accountability of funding flows

43. Transparency and accountability for how the United Nations development system uses resources entrusted to it has been repeatedly mentioned as a top priority by Member States, including in General Assembly resolution 75/233. A clear message from the survey of financially contributing Governments was that the quality of results-reporting was a very important factor in determining resource allocation choices. Non-programme country Governments indicated that the quality of reporting on results and the level of transparency in financial reporting were both among the

top three factors for donors in deciding where and how to contribute funding (see figure 23). Overhead costs were deemed relatively less important than other factors.

Figure 23

**Important factors for donors in deciding where and how to contribute funding**



Source: Department of Economic and Social Affairs, 2022 surveys of contributing countries.

Abbreviations: DAC, Development Assistance Committee; MOPAN, Multilateral Organisation Performance Assessment Network.

44. Top financial contributors surveyed highlighted that the reporting of results remained inconsistent across United Nations development system entities, and that in general, this reporting tended to be better for tightly earmarked contributions. Only 26 per cent of respondents indicated that the quality of reporting on results achieved with core resources was “good”, with 63 per cent describing it as “fair” and 11 per cent as “poor”. Some 47 per cent of respondents indicated that reporting on results achieved through non-core contributions was “good”, with the other 53 per cent indicating that the reporting was “fair”.

45. Equally important is the accessibility of reporting. The latest survey results showed improvement in this area. Some 88 per cent of respondents indicated that the accessibility of reporting on results was “good”, compared with 74 per cent in 2021. Most United Nations development system entities have also set up online open data portals that contain detailed financial and geographical information associated with their activities and programmes. Further details on results reporting can be found in section V.A of A/78/72-E/2023/59. The United Nations development system has made significant strides in strengthening accountability and transparency with regard to its financial reporting, and it will be important to continue with these efforts to build trust with Member States and make the case that core and other forms of flexible funding are efficient ways to invest in development results.

46. At the global level, United Nations entities continue to improve their reporting in line with the common standards for system-wide financial reporting. In 2022, all United Nations entities submitted financial data to the United Nations System Chief

Executives Board for Coordination (CEB), which publishes data aligned to these common standards, ensuring strong comparability of the system-wide data on which much of the present addendum is based. Of those entities responding to the recent survey of headquarters, 61 per cent indicated that they publish financial data in accordance with the International Aid Transparency Initiative. Most entities that have not put the tools in place to report against this standard are based in the United Nations Secretariat. Implementation of the new “data cube” strategy for 2022–2025 has begun with the integration of detailed system-wide data on agency-specific thematic funds into the CEB database and reporting system. This ensures the high quality and granularity of data on flexible funding, improving contributors’ visibility. Finally, the new multi-partner trust fund gateway was launched in July 2022.<sup>15</sup> It is equipped with transparency functionalities built over recent years and adds new data analytics, visibility and content to facilitate partner engagement in inter-agency pooled funds.

47. At the country level, funding frameworks are providing an in-depth look at the volume and mix of resources required to deliver United Nations Sustainable Development Cooperation Framework outcomes. These funding frameworks replace the common budgetary framework and should be updated annually to ensure there is an informative and realistic perspective on available resources and funding gaps. Of the 109 United Nations country teams that now have a Cooperation Framework, 74 (68 per cent) have a funding framework that is updated annually. These numbers are expected to increase in the coming years, as funding frameworks are based on an analysis that is conducted only after the Cooperation Framework has been finalized and the United Nations country team configuration has been determined. The funding frameworks are also intended to outline a strategy for securing needed resources, including by types of resources (core, country-level pooled, thematic, other non-core, etc.). Of the 74 funding frameworks developed, 84 per cent contain information that is disaggregated by source of funding and 77 per cent of the frameworks have information disaggregated by type of funding.

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<sup>15</sup> See <https://mptf.undp.org>.