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**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*

The analysis contained in the present report 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. That resolution contains detailed recommendations on the funding of the United Nations development system. The report provides an overview of the overall status of the funding of operational activities for development, with a focus on 2019, while linking its analysis to the recommendations contained in the quadrennial review. The analysis complements chapter IV of the Secretary-General's report on the implementation of the quadrennial review ([A/76/75-E/2021/57](#)) and includes additional information on the progress made in the implementation of the funding compact.

\* [A/76/50](#).



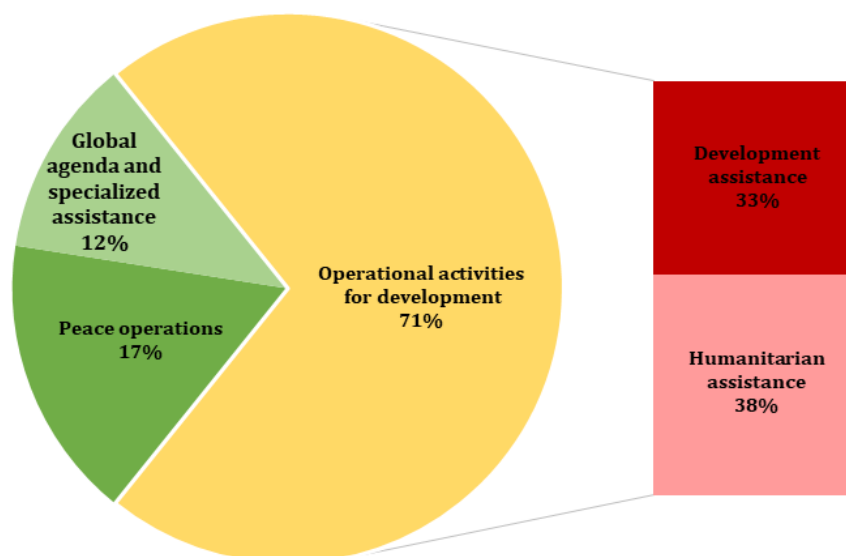
## I. Quantity and quality of funding

### A. Funding in 2019 by type of activity

1. From a financial perspective, operational activities for development accounted for 71 per cent of all United Nations system-wide activities in 2019 (see figure I). Peacekeeping operations accounted for 17 per cent, and the global agenda and specialized assistance<sup>1</sup> for the remaining 12 per cent.

Figure I

**Funding of United Nations system-wide activities, 2019**



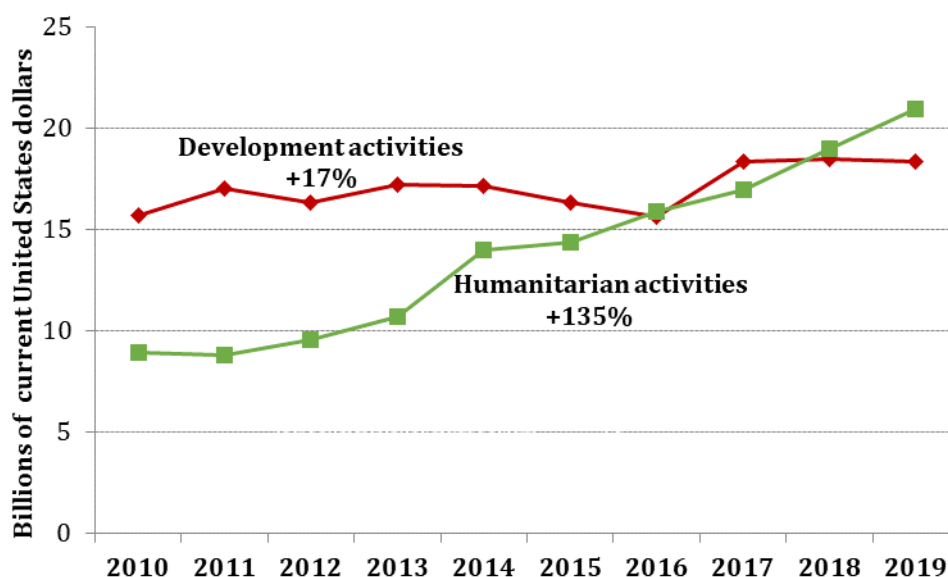
2. Operational activities for development include both development assistance and humanitarian assistance. Resources targeted for humanitarian assistance activities increased by \$2 billion from 2018 to 2019, while resources used for development assistance activities remained at a similar level to the level in 2018.

3. Over the past decade, funding for humanitarian assistance activities has grown by 135 per cent, to surpass funding for development assistance and become the type of activity that the United Nations development system is most actively engaged in (see figure II). This trend should be viewed in combination with the record levels of people with humanitarian needs and/or being displaced by conflict- and climate-related and other crises.<sup>2</sup>

<sup>1</sup> Defined as activities that: (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.

<sup>2</sup> In 2019, more than 166 million people were in need of humanitarian assistance and nearly 80 million people were forcibly displaced.

Figure II  
Funding flows, by type of activity (2010–2019)



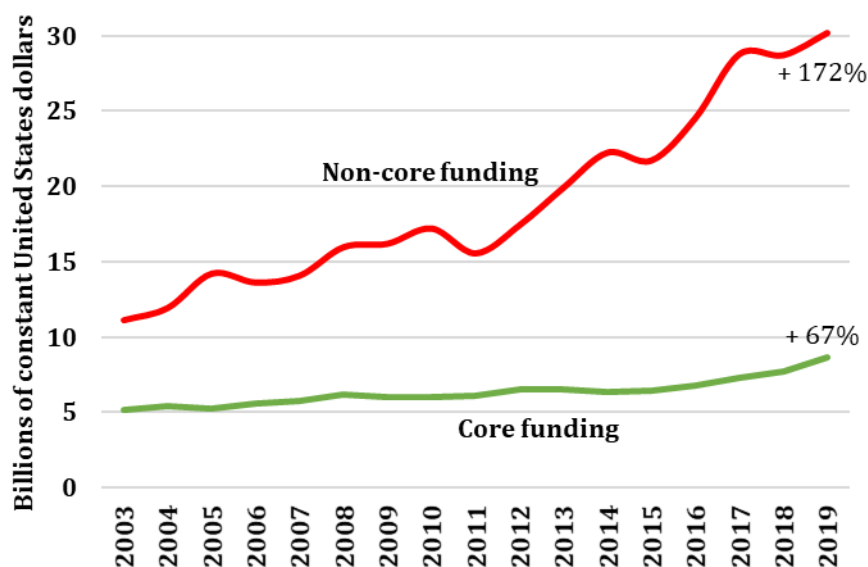
4. Total funding for operational activities for development in 2019 totalled \$38.1 billion. Core contributions<sup>3</sup> amounted to \$8.5 billion, or just over 22 per cent of total funding. Core resources are unrestricted in terms of their use and thereby provide United Nations entities with the flexibility to allocate funds where they are most needed. Assessed contributions accounted for 41 per cent of core funding in 2019, while voluntary unrestricted contributions accounted for the remaining 59 per cent. In the past year, the flexible nature of core funding proved indispensable as the coronavirus disease (COVID-19) crisis unfolded, as these funds could be rapidly repurposed in response to the pandemic, while reprogramming of non-core resources was more complex and sometimes was not feasible because of agreements with individual contributors. It will be important to restore these funds back to development programmes once the crisis has subsided.

5. Non-core resources, which are earmarked by the contributor for specific purposes and/or locations, accounted for the other 78 per cent of funding in 2019.

6. The longer-term trend in funding has been positive, with non-core funding increasing by 172 per cent since 2003 in real terms (considering inflation and exchange rate fluctuations), while core funding has increased by 67 per cent (figure III). When considering figures III and IV together, it is clear that this positive trend has been driven by the role of the United Nations development system in addressing humanitarian crises.

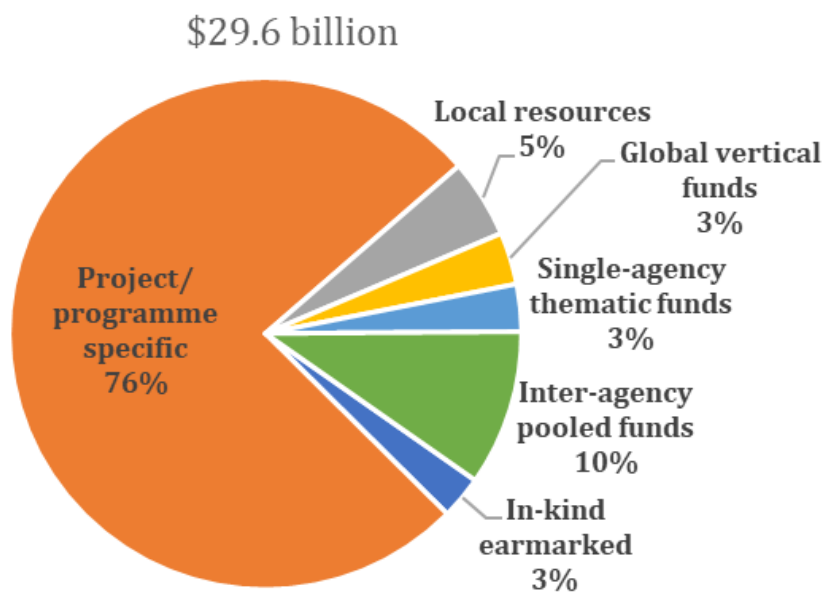
<sup>3</sup> The category of core contributions includes assessed contributions.

Figure III  
Trends in core and non-core funding flows, 2003–2019



7. Figure IV shows the main types of non-core funding and their volumes in 2019. Contributions that are programme and project specific remain the dominant form of non-core resources, accounting for over three quarters of total non-core flows. Member States are urged to make their non-core contributions more flexible to help reduce transaction costs and fragmentation.<sup>4</sup>

Figure IV  
Types and volumes of non-core funding, 2019



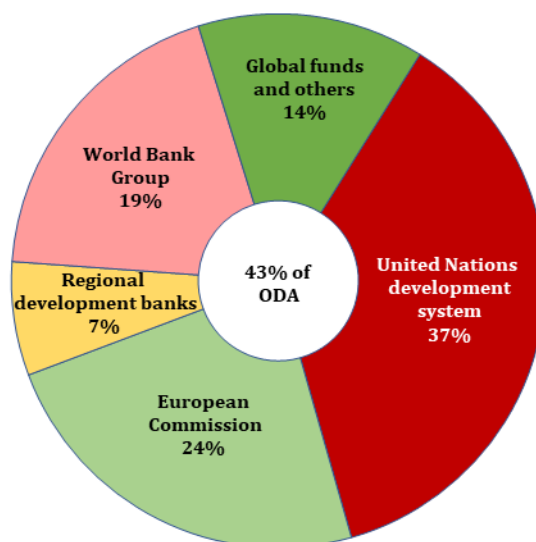
<sup>4</sup> General Assembly resolution 75/233, para. 53.

## B. United Nations development system funding relative to official development assistance

8. The \$38.1 billion received by the United Nations development system in 2019 represents a 2.2 per cent increase compared with 2018 in real terms. By comparison, global official development assistance (ODA) (by member countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD)) rose by 1.4 per cent in real terms.

9. The United Nations development system remains the largest channel of multilateral aid (see figure V) with funding to the system in 2019 accounting for 37 per cent of all funding to multilateral organizations, which is three percentage points higher than in 2018.

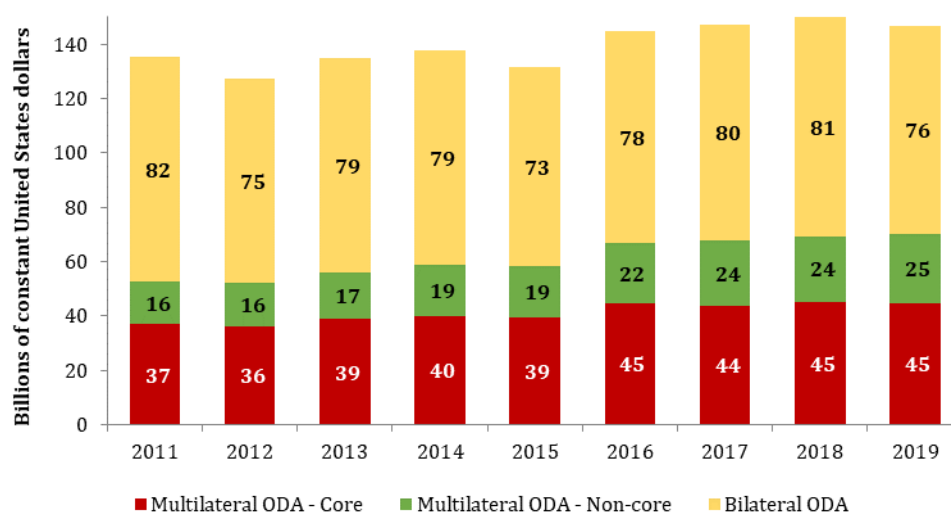
Figure V  
Channels of multilateral aid, 2019



10. The United Nations development system is the only multilateral aid channel that relies primarily on non-core resources, and it accounts for over 70 per cent of all non-core funding channelled through the multilateral system. The share of multilateral aid that comprises core resources dropped from 71 per cent in 2010 to 64 per cent in 2019. This trend, often referred to as the bilateralization of multilateral aid, can weaken multilateralism as individual Governments providing the aid have an increasingly growing influence on how and where the resources that are channelled through the multilateral system are spent.

11. Figure VI compares the trend in bilateral ODA to the one in multilateral ODA, for both core and non-core resources. The data show that the growth in multilateral non-core ODA has not come at the expense of core multilateral aid. Rather, both core and non-core multilateral aid have increased, while bilateral ODA has decreased. The share of total ODA that gets channelled through the multilateral system has increased from 39 per cent to 48 per cent since 2011. This would suggest that the funding pattern over the past decade has not been trending towards a bilateralization of multilateral aid, but rather a multilateralization of bilateral aid. In other words, some funding that previously may have been bilateral aid is now being channelled through multilateral organizations, either as core or non-core funding.

Figure VI  
Trend in multilateral and bilateral official development assistance, 2011–2019

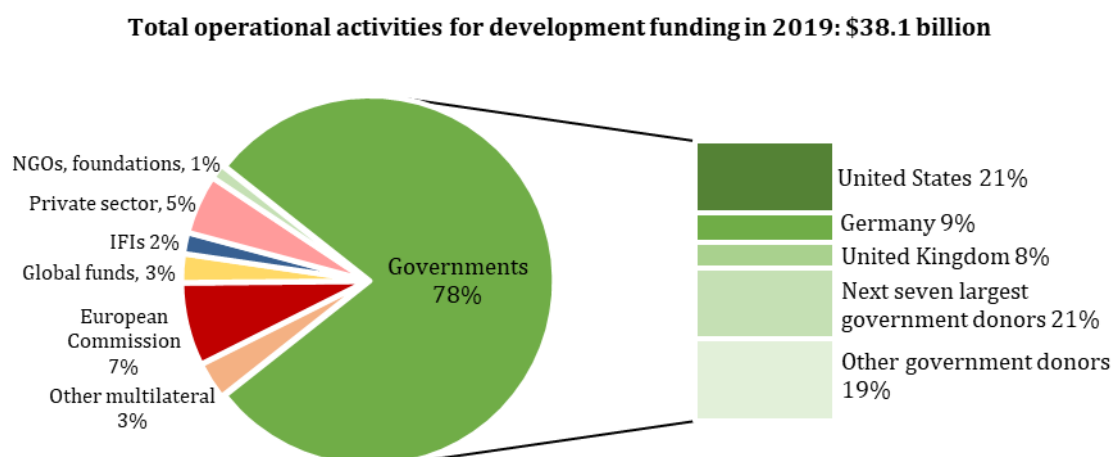


Abbreviation: ODA, official development assistance.

### C. Funding base

12. In 2019, over three quarters of funding for operational activities for development<sup>5</sup> was provided by Governments directly (see figure VII). The European Commission accounted for an additional 7 per cent of funding in 2019. The next largest group of contributors was the private sector, which provided just over \$2 billion in 2019.<sup>6</sup>

Figure VII  
Main groups of funding sources, 2019



Abbreviations: NGOs, non-governmental organizations; IFIs, international financial institutions.

<sup>5</sup> Including contributions to United Nations inter-agency pooled funds.

<sup>6</sup> A complete list of contributions by contributor, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core) is provided in the online statistical annex.

13. The right-side of figure VII shows that the United Nations development system continues to rely on a small number of donors for its funding. The top three government contributors accounted for nearly half of the funding received from Governments, and the top 10 accounted for some three quarters of government funding.<sup>7</sup>

14. In its resolution [75/233](#), the General Assembly continues to urge entities of the United Nations development system to broaden and diversify their donor base. The system's current heavy reliance on a few donors for its funding is particularly concerning when combined with the imbalance that exists between core and non-core funding, as it could mean that the system is influenced by the thematic or geographical priorities of one or more of its large donors, which may not necessarily align with the strategic plans approved by governing bodies. The heavy reliance on a few donors also makes the United Nations development system's funding base more vulnerable as a change in policy by just one Government could potentially have a significant impact on the total amount of resources received by the system, and thus have an impact on the sustainability of its programmes.

15. The funding base for core resources is slightly less dependent on the top core providers than funding in general, although the six largest core contributors<sup>8</sup> still accounted for 49 per cent of total core funding provided by Governments in 2019. Furthermore, despite new engagement strategies and resource mobilization efforts by entities of the United Nations development system, the overall number of contributors of voluntary core funding is decreasing for some entities. Only half of voluntary-funded United Nations entities have seen an increase in their number of core donors since 2016.<sup>9</sup>

16. Strengthened and proactive engagement by the United Nations development system is required to continue building trust with Member States and other potential contributors to significantly broaden the donor base. This is reflected in the funding compact, which links the funding base with transparent reporting to build Member States' trust in the system.

17. Funding from programme countries can help to alleviate some of the high dependency that the system has on its top donors. In 2019, funding from programme countries reached \$4.1 billion, a very significant increase of 40 per cent since 2015 (see figure VIII). This includes \$1.4 billion in local resources for programming in contributors' own countries. Encouragingly, core funding from programme countries has increased by 150 per cent over the same period, from just under \$0.5 billion in 2015 to nearly \$1.2 billion in 2019.

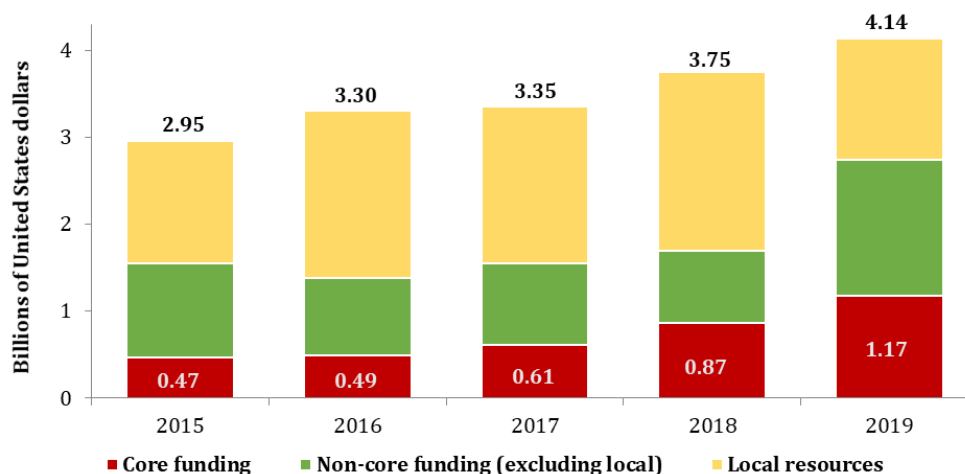
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<sup>7</sup> In descending order, the top 10 contributors in 2019 were the United States of America, Germany, the United Kingdom of Great Britain and Northern Ireland, Sweden, the Netherlands, Japan, Norway, Canada, Denmark and Saudi Arabia.

<sup>8</sup> In descending order, the top six contributors of core funding in 2019 were the United States, Germany, Japan, the Netherlands, Sweden and Norway.

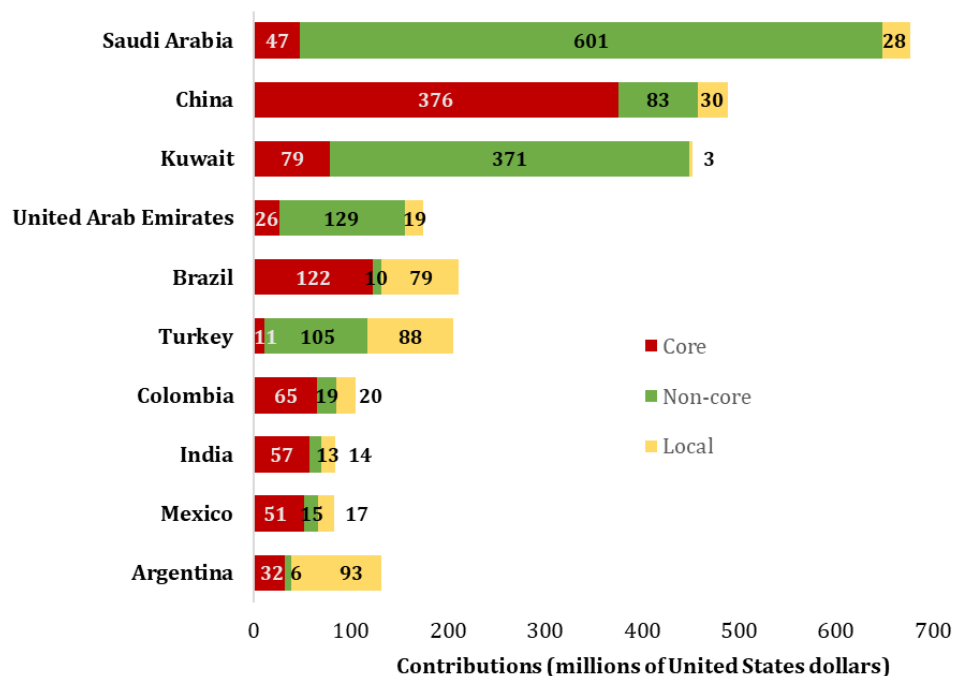
<sup>9</sup> Six out of 12 entities have seen an increase in their number of core donors. This excludes entities that receive assessed contributions.

Figure VIII  
Funding from programme countries, 2015–2019



18. Figure IX shows the top programme country contributors sorted according to total contributions provided, excluding local resources, which are shown for reference.

Figure IX  
Top contributors among programme countries, 2019



19. Partnerships and resources from the private sector, foundations, academic, training and research organizations, non-governmental organizations and public-private partnerships combined provided \$2.5 billion towards funding of operational activities for development in 2019. This represents a small, 1 per cent drop compared with 2018.



## D. Predictability of funding

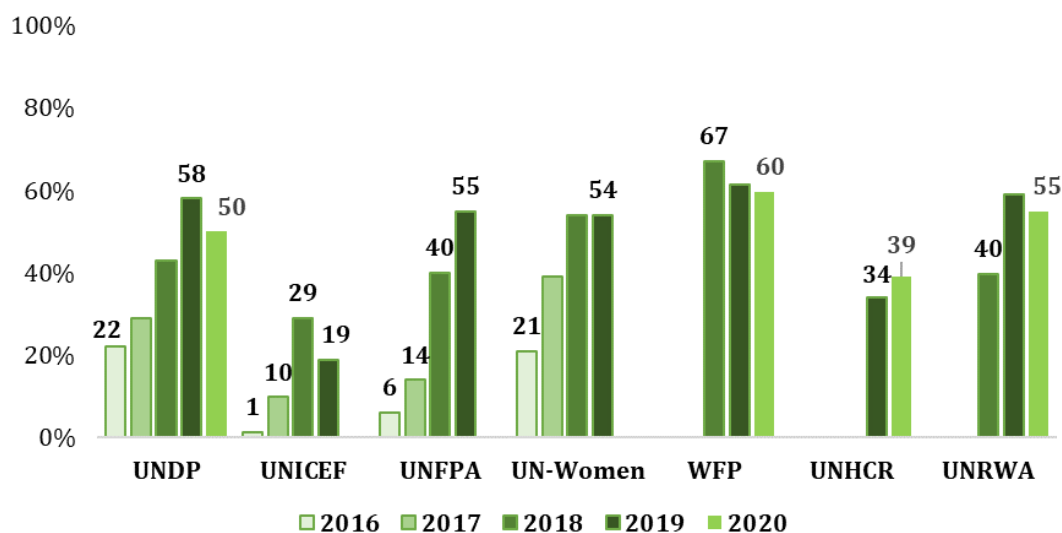
20. The quadrennial comprehensive policy review stresses the need to make voluntary funding more predictable and urges Member States to provide core contributions on a multi-year basis. Multi-year funding provides a measure of predictability as it reduces the negative impact of income fluctuations across years, thereby ensuring continuity of programmes. Multi-year commitments of core funding are particularly beneficial for helping to ensure stability of staffing and the sustainability of the core operations of entities.

21. Figure X shows the recent trend in the proportion of total core funding that is part of a multi-year commitment for the seven entities that account for 87 per cent of all voluntary core funding received by the United Nations development system. A robust positive trend can be observed before a general levelling off in 2020.<sup>10</sup>

22. In addition to multi-year commitments, payment of contributions as early in a calendar year as possible facilitates effective planning and management and reduces the risks associated with currency fluctuations. While some entities, such as the Office of the United Nations High Commissioner for Refugees, receive most of their funding early in the year, the United Nations Children's Fund (UNICEF) received nearly half of its core contributions in the last quarter of 2019.

Figure X

**Share of core voluntary contributions that are part of a multi-year commitment**



*Abbreviations:* UNDP, United Nations Development Programme; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East; UN-Women, United Nations Entity for Gender Equality and the Empowerment of Women; WFP, World Food Programme.

<sup>10</sup> For some entities, 2020 data was not available at the time of issuance of the present report.

## **E. Pooled funding and joint programming**

### **1. Inter-agency pooled funds**

23. Inter-agency pooled funds account for a steadily increasing proportion of total non-core funding flows, doubling in terms of share in seven years to 10 per cent of all non-core funding. United Nations inter-agency pooled funds are multi-entity funding mechanisms in which contributions are co-mingled and thus are not earmarked for a specific United Nations entity. The quadrennial comprehensive policy review and the funding compact both strongly underscore the importance of flexible, quality funding such as inter-agency pooled funding.

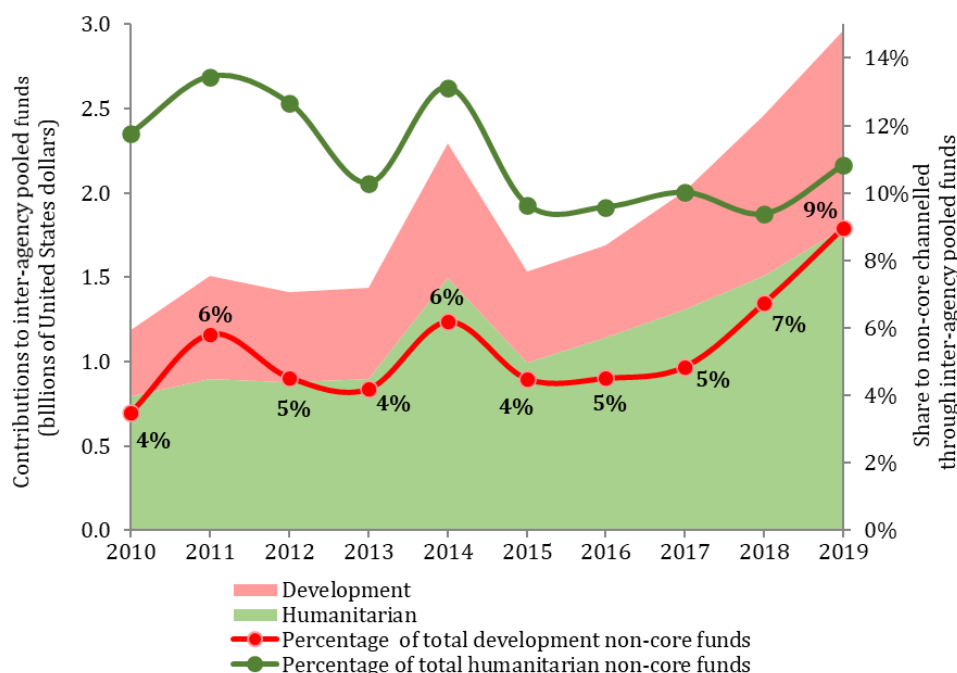
24. As part of the United Nations global response to COVID-19, inter-agency pooled funds have demonstrated their unique added value in supporting joint and rapid responses by the system on the ground. Given their inherent flexibility, existing global pooled funding instruments, such as the Joint Sustainable Development Goals Fund and the Peacebuilding Fund, were able quickly to pivot their activities and reprogramme resources. Complementing these two funds, a specific instrument was launched to support low- and middle- income programme countries in overcoming the health and development crisis caused by the COVID-19 pandemic. The United Nations COVID-19 Response and Recovery Fund has provided the means to bring together the expertise and delivery capacities of United Nations entities, harness the resources of the public and private sectors and offer whole-of-government and whole-of-society approaches to help close gaps in country preparedness and response plans and safeguard progress towards the Sustainable Development Goals. By the end of 2020, the COVID-19 Fund had disbursed \$65 million to 75 projects spanning 61 countries.<sup>11</sup>

25. Total funding to inter-agency pooled funds in 2019 totalled \$2.96 billion, an increase of 20 per cent compared with 2018 and a 93 per cent increase since 2015. A clear change in the trend of funding to inter-agency pooled funds can be observed around the time of the adoption of the Sustainable Development Goals (figure XI).

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<sup>11</sup> Results are presented in the United Nations COVID-19 Response and Recovery Fund's interim results report (Multi-Partner Trust Fund Office, *Global Interim Report of the United Nations COVID-19 Response and Recovery Fund for the Period May to September 2020* (2020). Available at <http://mptf.undp.org/document/download/25496>).

Figure XI  
Funding to inter-agency pooled funds, 2010–2019

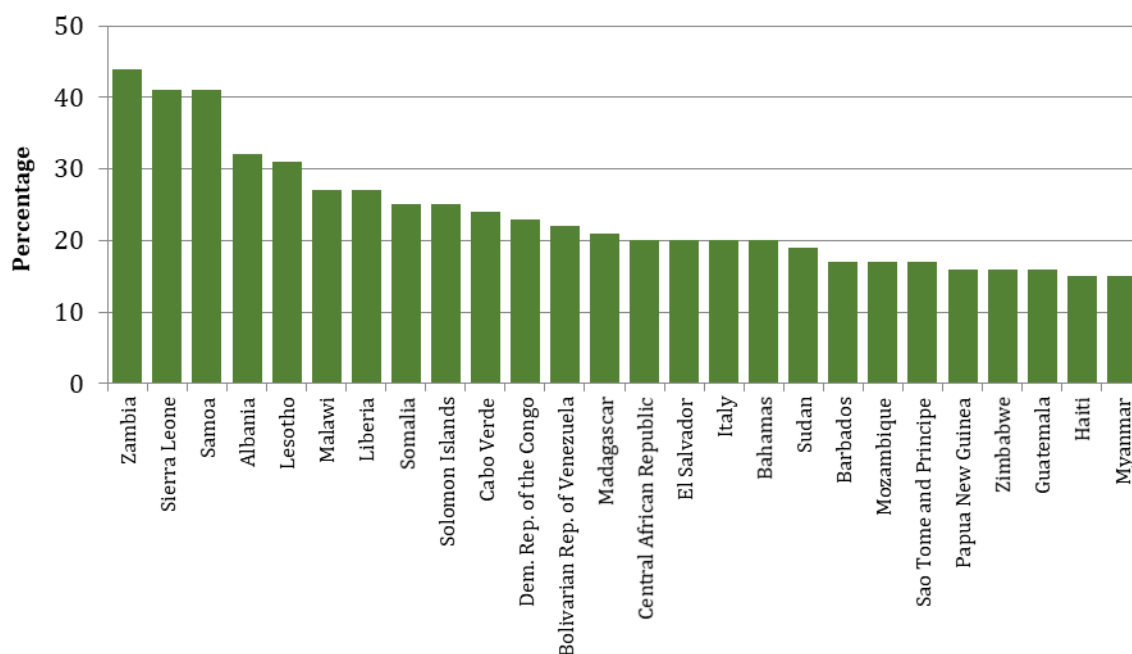


26. While 61 per cent of contributions to inter-agency pooled funds went to funds with a humanitarian focus, still, funding to development-related inter-agency pooled funds has more than doubled since 2015 and now represents 9.0 per cent of all non-core funding to United Nations development-related activities. This represents good progress towards the funding compact commitment to channel 10 per cent of non-core funding for development activities through inter-agency pooled funds by 2023.

27. Comprehensive data on contributions to inter-agency pooled funds for 2020 was not available at the time the present report was issued; however, the Multi-Partner Trust Fund Office reported an increase of 21 per cent in contributions to the funds it administers in 2020 compared with 2019. This can be considered a strong indicator for the system-wide trend in funding to development-related inter-agency pooled funds, given that some three quarters of contributions to such funds are administered by that Office.

28. At the country-level, there were 26 countries where at least 15 per cent of non-core expenditures on operational activities for development were channelled through inter-agency pooled funds in 2019 (see figure XII). This compares with just 16 countries three years earlier.

Figure XII  
**Countries where more than 15 per cent of expenditures from non-core resources were channelled through inter-agency pooled funds, 2019**



29. The growing portion of non-core resources channelled through inter-agency pooled funds demonstrates the importance that United Nations development system entities and Member States place on using integrated approaches to bring collective results. Progressively, an ecosystem of inter-agency pooled funds is emerging, where these financing instruments are allowing efficient multi-stakeholder engagements and acting as catalysers and centres of gravity to strengthen inter-agency collaboration. In addition to better known flagship global funds (such as the Joint Sustainable Development Goals Fund and the Peacebuilding Fund), other specialized funds are promoting United Nations joint action around issues such as gender-based violence, migration, disability inclusion, antimicrobial resistance and forest protection. At the country level, several United Nations country teams<sup>12</sup> have designed and operationalized pooled funds to support key areas and priorities of United Nations Sustainable Development Cooperation Frameworks, particularly following the United Nations Sustainable Development Group guidance note on United Nations country-level pooled funds issued in early 2020.

30. While the total volume of funding to inter-agency pooled funds continues to rise, the base of this funding remains very narrow. Just five government donors accounted for over 70 per cent of all contributions to inter-agency pooled funds in 2019. These were the United Kingdom, Germany, Sweden, Norway and the Netherlands, which should be recognized for rising to their commitments. In addition, most funds rely heavily on a single donor: of the 153 funds that received contributions in 2019, 88 relied on just one donor for all funding in 2019.

<sup>12</sup> Good examples include Albania, Colombia, Malawi, Papua New Guinea and the United Nations Pacific Strategy fund to support development priorities in 14 Pacific Island nations.

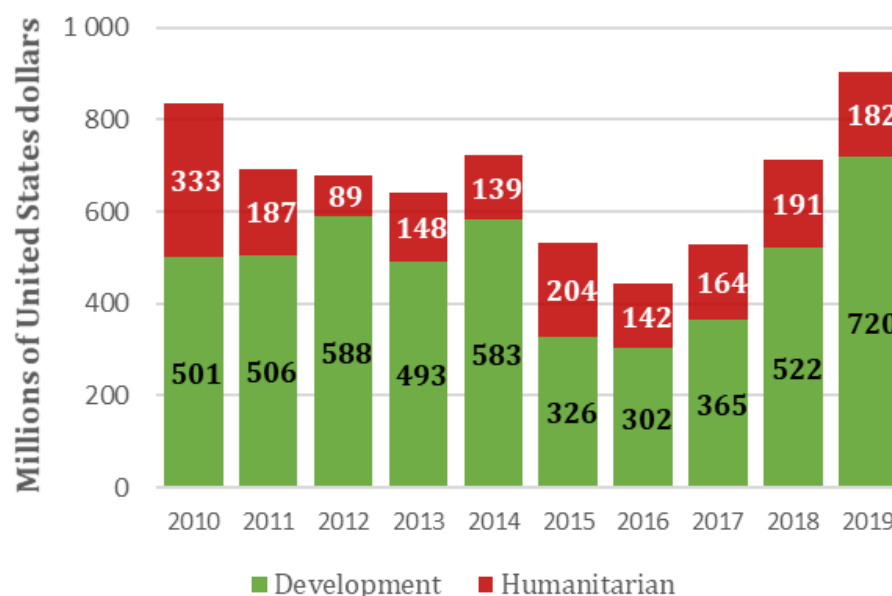
## 2. Agency-specific pooled funds

31. Agency-specific thematic funds are single-entity funding mechanisms that use softly earmarked, co-mingled financial contributions to support high-level outcomes within an entity's strategic plan. As such, they support approved programmes in priority areas, while also facilitating longer-term planning. Both the quadrennial comprehensive policy review and the funding compact highlight the importance of scaling up financial resources for such funds.

32. In 2019, contributions to agency-specific thematic funds reached \$900 million, which is double the amount of contributions provided just three years earlier (see figure XIII). These contributions include \$720 million for funds with a development-related theme, which translates to 5.5 per cent of all non-core funding to development activities. As part of the funding compact, Member States committed to a 6 per cent share by 2023.

Figure XIII

**Trend in funding for agency-specific thematic funds, 2010–2019**



## 3. Joint programming

33. The new quadrennial comprehensive policy review continues to stress the need to substantially increase common resources mobilization and distribution for joint programmes as part of efforts that lead towards a more integrated approach at the country level. Joint programmes support a common goal across two or more United Nations entities with a joint workplan and a common budgetary framework.

34. There are a total of 400 active joint programmes across 84 United Nations country teams with a combined budget of over \$3.4 billion.<sup>13</sup> Some 47 per cent of joint programmes targeted Sustainable Development Goal 16 on peace, justice and strong institutions, more than any other goal.<sup>14</sup> The next most commonly targeted

<sup>13</sup> "Active joint programmes" are considered those that expended funds in the past year.

<sup>14</sup> Joint programmes can target more than one Sustainable Development Goal.

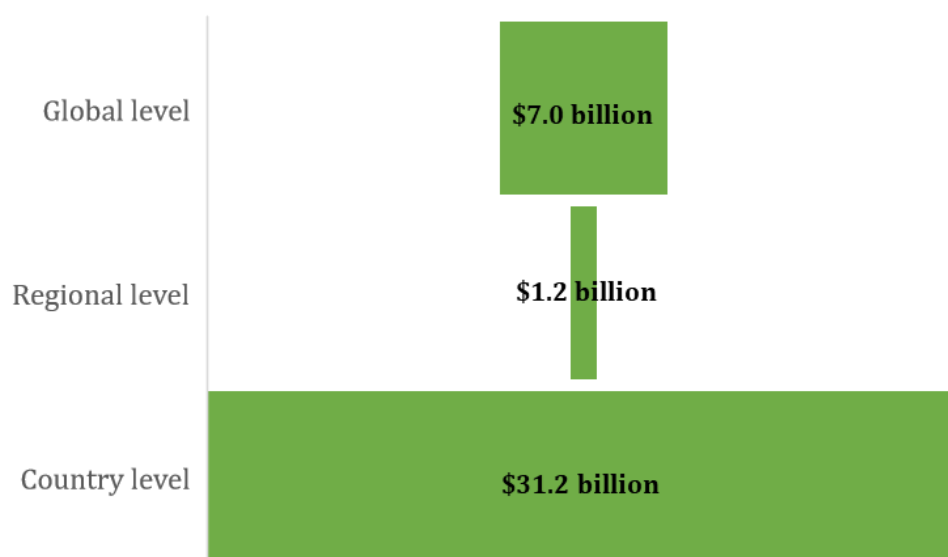
Goals by joint programmes were Goal 5 on gender equality (44 per cent) and Goal 10 on reducing inequality (35 per cent).

35. The existing guidance on joint programmes (which was issued by the United Nations Development Group) dates back to 2014 and there is general consensus among resident coordinators and United Nations development system entities that the guidance needs to be revised so as to strengthen the quality and agility of joint programmes, firmly anchor them in the common country assessments and cooperation frameworks and reduce associated transaction costs. Other dimensions that may merit review are the definition of joint programmes and putting in place a system-wide database that captures the actual expenditure per annum on joint programmes for each United Nations country team and each United Nations entity. The rethinking of the guidance is expected to be part of the work of the United Nations Sustainable Development Group in 2021, with a formal review and endorsement completed by the third quarter.

## II. Use of resources

36. Expenditures on United Nations operational activities for development amounted to \$39.3 billion in 2019. Some 79 per cent of this total, or \$31.2 billion, were attributed to the country level and another \$1.2 billion, or 3 per cent, to support the regional level (figure XIV). Accordingly, 18 per cent of total expenditures related to global activities, management and administrative costs and other activities could not be attributed to a country or region.<sup>15</sup> Those resources are nonetheless essential to support operational activities at the country level as they include, for example, costs associated with global programmes, global shared service centres and headquarters activities.

Figure XIV  
**High-level breakdown of expenditures, 2019**



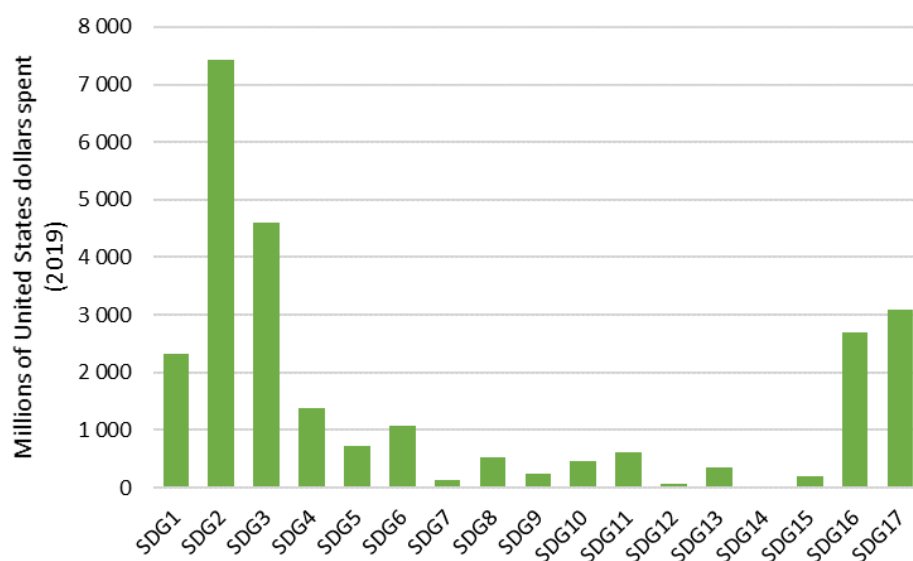
<sup>15</sup> While United Nations Sustainable Development Group entities committed to reporting their expenditures by country and region, as appropriate, four entities still do not provide these disaggregated data, resulting in a modest understatement of resources spent at the country level (and an overestimate of resources spent at the global level).

## A. Expenses by Sustainable Development Goal

37. As part of the funding compact commitment to strengthen entity and system-wide transparency and reporting, all United Nations development system entities are expected to report their expenses against the Sustainable Development Goals in 2021. This is in line with the United Nations data standards for financial reporting, which require all United Nations entities to report their expenses against the Goals and targets to the United Nations System Chief Executives Board for Coordination (CEB) by the end of 2021. In 2020, 11 United Nations Sustainable Development Group entities reported their expenses to CEB against the Goals. Together, these entities accounted for \$25.9 billion in expenditures, or two thirds of all expenditures on operational activities for development. To enable the United Nations development system to articulate its full contribution to countries in a manner that is aligned to the 2030 Agenda for Sustainable Development, all United Nations entities that have not already done so must put measures in place to enable reporting of their spending against the Goals and targets. Expenditure on operational activities by Sustainable Development Goal is shown in figure XV.

Figure XV

### Operational activities by Sustainable Development Goal, 2019



38. As expected, WFP and the International Fund for Agricultural Development allocated 85 per cent and 100 per cent of their expenses respectively under Sustainable Development Goal 2 on ending hunger. UN-Women linked 70 per cent of its expenses to Goal 5 on gender equality, and nearly two thirds of the International Labour Organization's expenses were linked to Goal 8 on decent work and economic growth. UNDP and the United Nations Industrial Development Organization (UNIDO) reported some expenses against all 17 Goals. The Goal most linked to UNDP activities was Goal 16 (31 per cent) and the Goal most linked to UNIDO activities was Goal 9 (39 per cent).

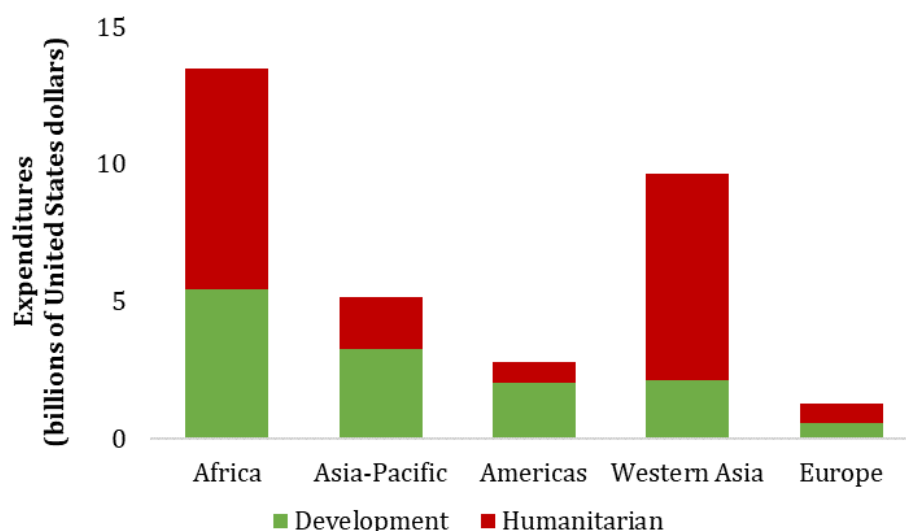
39. Combining the information from the 11 entities that reported expenditures against the Sustainable Development Goals shows that Goal 2 was the most targeted, followed by Goal 3 on ensuring healthy lives and promoting well-being for all. Notwithstanding that just under two thirds of all spending on operational activities

for development is accounted for in this data, it is interesting to compare this information with the responses from Governments concerning what was the most important contribution of the United Nations development system over the past two years: more than any other Goal, the contribution of the United Nations to Goal 3 is cited, followed by Goal 2. Those are areas where the COVID-19 pandemic has had a heavy impact, although hunger was also increasing for a few years before the onset of the pandemic. Unsurprisingly given the spending distribution shown in figure XV, Goals 12, 14 and 15 were the Goals identified by the fewest Governments as areas where the contribution by the United Nations has been significant.

## B. Expenses by region

40. Of the \$32.4 billion in expenditures that were attributed to benefit the country or regional levels, 42 per cent were spent on activities targeting Africa. Nearly \$10 billion, or 30 per cent of expenditures, were for activities supporting Western Asia, the clear majority of which was for humanitarian activities (see figure XVI).

Figure XVI  
Expenditures by region in 2019



## C. Expenses by country

41. The United Nations development system spent just over \$31 billion on operational activities for development at the country level in 2019. Some 60 per cent of this total was spent on humanitarian assistance activities and the other 40 per cent was spent on development assistance activities.

42. Most country-level expenditures are concentrated in a small number of programme countries.<sup>16</sup> Expenditures exceeded \$750 million in 15 countries,<sup>17</sup> and these accounted for 58 per cent of total expenditures across all 162 programme

<sup>16</sup> "Programme countries" refers to programme countries or territories.

<sup>17</sup> Yemen, South Sudan, Lebanon, Syrian Arab Republic, Democratic Republic of the Congo, Afghanistan, Somalia, Turkey, Iraq, Ethiopia, State of Palestine, Nigeria, Jordan, Bangladesh and Sudan (in descending order of expenditure).



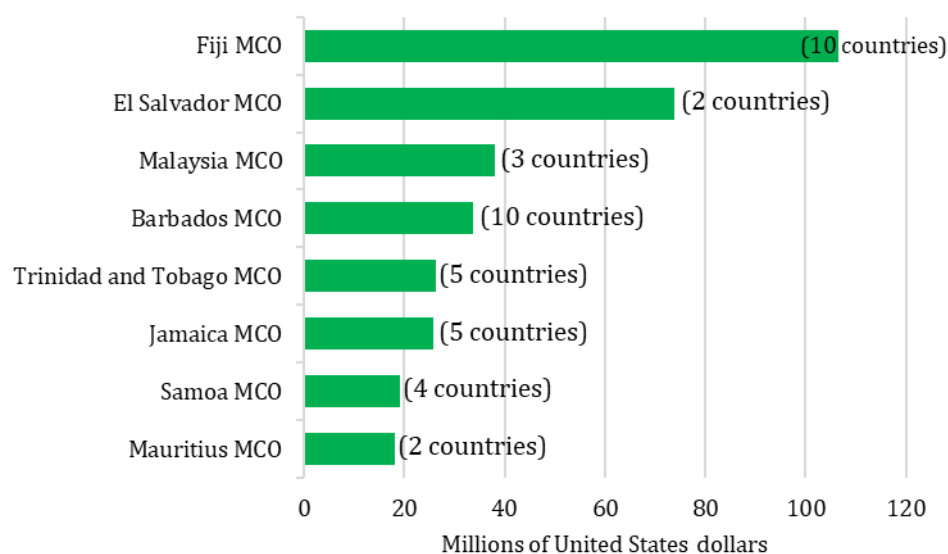
countries. Humanitarian assistance dominated the activities in all of these 15 countries, except Afghanistan.

43. On the other end of the spectrum, in 76 countries (or almost half of all programme countries) expenditures were below \$50 million in 2019. Combined expenditures in these 76 countries accounted for just 4 per cent of total country-level expenditures. This is a diverse group in which more than half the countries have a “very high” or “high” human development index. This group also includes 12 least developed countries, 43 small island developing States and 12 landlocked developing countries. Almost half of the countries and territories in this group are covered by a multi-country office. The large variation in the size of the United Nations development system programmes further underscores the need for the system to have differentiated configurations or operational modalities on the ground.

44. There were 51 programme countries where the United Nations had under \$20 million in expenditures for operational activities for development.

45. A total of 38 countries covered by a multi-country office fall into this category.<sup>18</sup> Figure XVII shows the total spending on operational activities for development for each of the eight multi-country offices and the number of countries that they serve.

Figure XVII  
**Expenditures by multi-country offices, 2019**



Abbreviation: MCO, multi-country office.

## D. Expenditures in countries in special situations

46. The new quadrennial comprehensive policy review gives more focus to groupings of countries in special situations, including African countries, least developed countries, landlocked developing countries, small island developing States and middle-income countries. The present section covers the issue of tailoring support to countries in special situations and looks at the support that the United Nations development system is providing to these groups of countries from a financial perspective.

<sup>18</sup> Exceptions are El Salvador, Fiji and Malaysia.

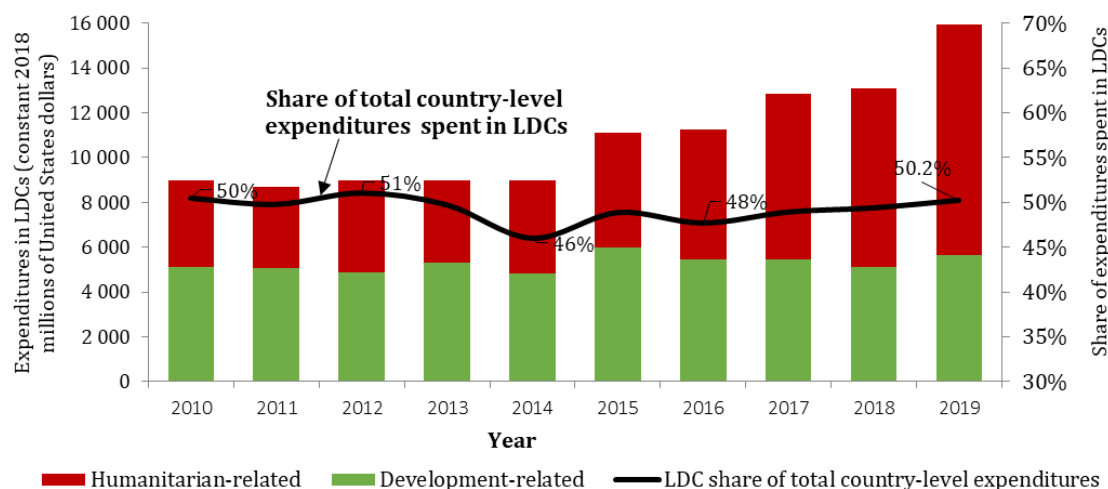
47. The table below provides an overview of spending on operational activities for development in countries in special situations. The average expenditure in the least developed countries<sup>19</sup> was \$333 million per country, or \$15.51 per capita, in 2019. By comparison, spending in landlocked developing countries and small island developing States averaged \$14.76 and \$12.33 per capita, respectively.

### Expenditures by country group

| Country group                   | Number of countries | Total expenditure (millions of United States dollars) | Average expenditure per country (millions of United States dollars) |      | Five-year trend in expenditures (percentage) | Expenditure per capita (United States dollars) |
|---------------------------------|---------------------|---|---|------|--|--|
|                                 |                     |   | 2019  | 2014 |  |  |
| Least developed countries       | 47                  | 15 656  | 333   | 185  | +83  | 15.51  |
| Small island developing States  | 48                  | 809   | 17  | 11   | +54  | 12.33  |
| Landlocked developing countries | 32                  | 7 511   | 235   | 182  | +32  | 14.76  |
| Africa                          | 55                  | 13 070  | 238   | 180  | +32  | 10.26  |
| Middle-income countries         | 105                 | 15 716  | 150   | 118  | +26  | 2.85   |
| All programme countries         | 162                 | 30 448  | 188   | 133  | +41  | 4.84   |

48. The 2020 quadrennial comprehensive policy review urged the United Nations development system to prioritize allocations to least developed countries, while also expressing concern at the fact that less than half of all country-level expenditures were being spent in least developed countries in 2018.

Figure XVIII  
**Expenditures in least developed countries, 2010–2019**



Abbreviation: LDC, least developed country.

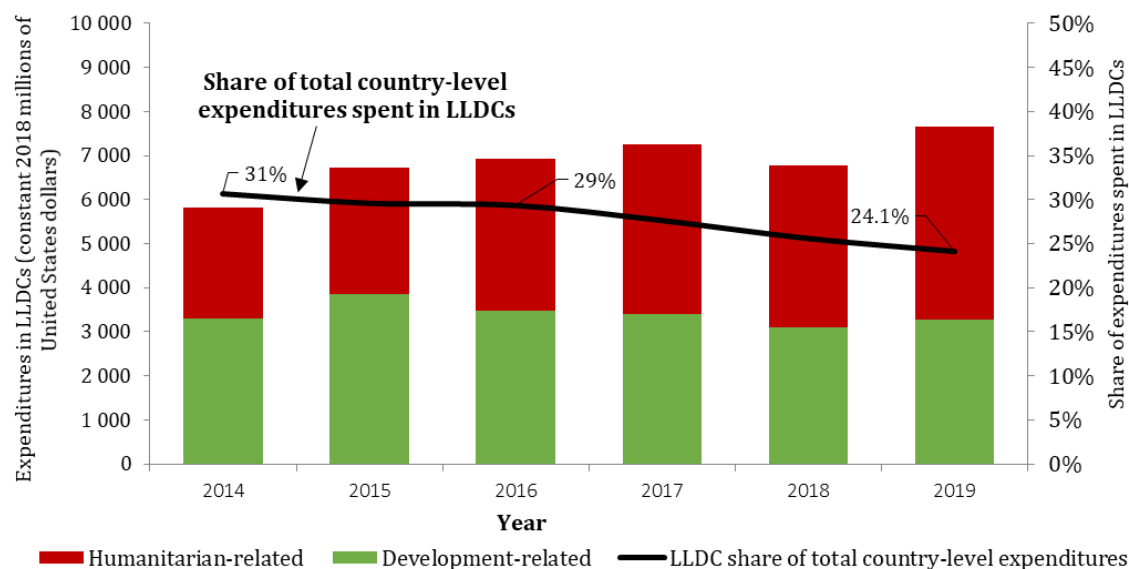
49. Expenditures in least developed countries have increased by 82 per cent in real terms since 2010 to reach \$15.6 billion in 2019 (see figure XVIII). This includes a 22 per cent increase between 2018 and 2019. This trend is primarily driven by an increase in humanitarian assistance activities. Development-related expenditures in least

<sup>19</sup> Vanuatu graduated from least developed country status in 2020 but is included in the least developed country group for this analysis, which is focused on funding flows in 2019.

developed countries have increased by a modest 10 per cent since 2010. The \$15.6 billion spent in the least developed countries in 2019 represents 50 per cent of total expenditures at the country level.

Figure XIX

**Expenditures in landlocked developing countries, 2014–2019**



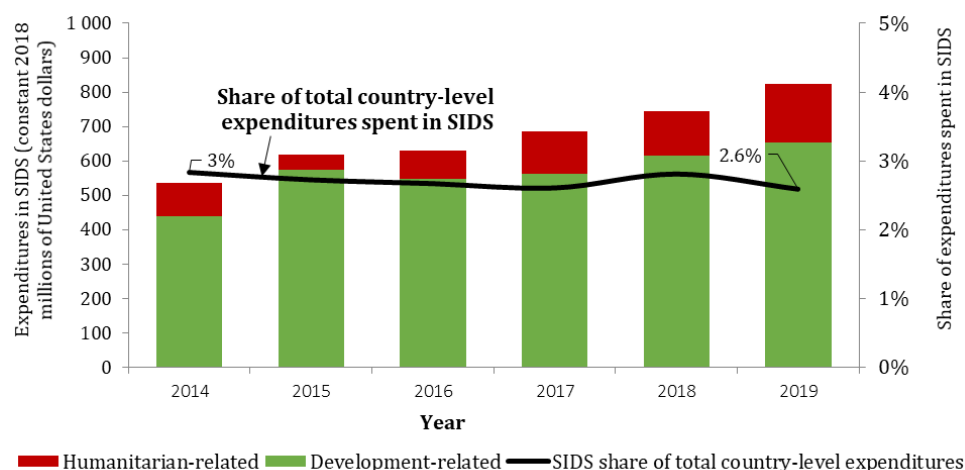
*Abbreviation:* LLDC, landlocked developing country.

50. In landlocked developing countries, there has been a gradual increase in expenditures (in real terms) over the past five years (see figure XIX). The growth trend has been slower than spending in programme countries in general, even though this group includes 17 least developed countries, resulting in a decreasing trend in the share of total expenditures that are spent in landlocked developing countries, from 31 per cent in 2014 to 24 per cent in 2019.

51. Small island developing States are a diverse group that includes nine least developed countries and 28 middle-income countries. Most (37) small island developing States are serviced by a multi-country office. Small island developing States are generally more vulnerable than their income level would suggest owing to factors ranging from their unique geographical contexts, high dependence on imports and economies that tend to be heavily reliant on tourism.

52. Spending on operational activities for development in small island developing States has increased by 51 per cent in real terms over the past five years (see figure XX). Most United Nations activities in small island developing States are classified as development assistance, unlike in landlocked developing countries and least developed countries, where humanitarian assistance is the main type of United Nations activity.

Figure XX  
**Expenditures in small island developing States, 2014–2019**



*Abbreviation:* SIDS, small island developing States.

## E. Expenditures in middle-income countries

53. Middle-income countries comprise a highly diverse group of 105 countries with gross domestic product (GDP) per capita of between \$1,026 and \$12,375. Included in the group of middle-income countries are 19 least developed countries, 18 landlocked developing countries and 28 small island developing States. The group also contains 46 countries with a “very high” or “high” human development index. It can therefore be difficult to convey the special needs of a group that comprises nearly two thirds of all programme countries and three quarters of the world’s population.

54. Member States have frequently highlighted the need for United Nations development system entities to rethink their resource allocation models to more strongly consider country-specific vulnerabilities, which would also help to provide a more accurate picture of the development needs of middle-income countries. The need for a metric to measure country vulnerability has only increased with the COVID-19 pandemic, as the pandemic has not only reversed development gains but also further exacerbated social and economic inequalities (see box). Many United Nations development system entities still rely heavily on GDP per capita as a basis for determining where to spend resources, even though this metric looks only at one narrow aspect of development and is not sufficient to account for the varied needs of middle-income countries. One reason for this is that data on GDP per capita is readily available for almost every country in the world, whereas other measures that would be considered useful indicators for poverty, such as income inequality, tend not to be widely available for all countries. Another challenge is agreeing on a standard methodology to measure a country’s susceptibility to external shocks, such as severe weather events.

**Box****Constructing “beyond GDP” metrics to measure vulnerability**

The work by UNDP on the human development index has been at the forefront of “beyond GDP” metrics. The *Human Development Report 2020: The Next Frontier – Human Development and the Anthropocene* made adjustments through a new dashboard, with four dimensions and 21 indicators that provide a glimpse into the complex interactions between people and ecosystems and helps to monitor country progress towards easing planetary pressures and social imbalances. The four dimensions are the status of human development, energy systems, material cycles (how intensively countries use, and reuse, raw materials) and transforming our future.<sup>a</sup>

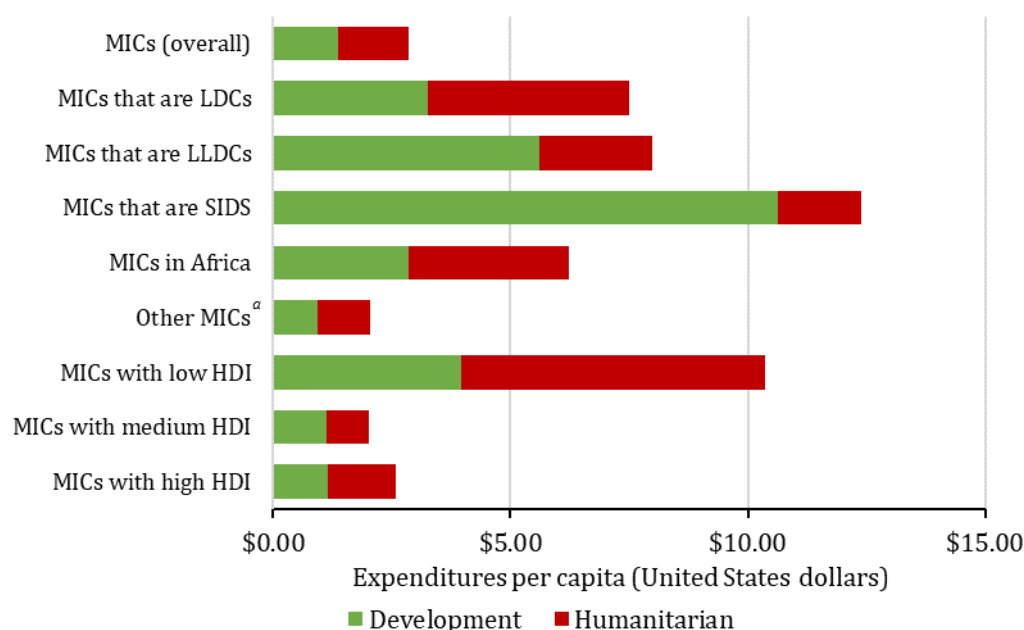
UNDP has also been developing a multidimensional vulnerability index to look beyond GDP and help to build forward better by accounting for both long-term structural vulnerabilities of countries and recent weaknesses uncovered by the COVID-19 pandemic. Many small island developing States that fall into the middle- or high-income groupings are still not eligible for concessional finance owing to their relatively high GDP, even though their size, geographical location and narrow economies can make them particularly vulnerable to external shocks. A recent study by UNDP<sup>b</sup> revealed that 29 of the 34 small island developing States sampled were more vulnerable than their income level would suggest.

<sup>a</sup> For details, see <http://hdr.undp.org/en/dashboard-human-development-anthropocene>.

<sup>b</sup> UNDP, “Towards a multidimensional vulnerability index”, February 2021.

55. Figure XXI shows expenditures on development and humanitarian activities in middle-income countries that also fall into other groups of countries. It shows that expenditure is highest (on a per capita basis) in small island developing States that fall within the middle-income countries group. On average, spending on operational activities for development is nearly three times higher in middle-income countries that are small island developing States than middle-income countries in general.

Figure XXI  
**Expenditures per capita in middle-income countries, 2019**



*Abbreviations:* HDI, human development index; 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

56. In its resolution [75/233](#), the General Assembly places a strong emphasis on the linkage between transparency and flexible non-core funding flows. As described in section I.E, contributions to pooled funding mechanisms accounted for \$3.9 billion in 2019, reflecting a very significant increase of 87 per cent since 2015. As more funding becomes less earmarked, there is a growing need to demonstrate how these resources are spent and the results that they are achieving. Enhancing transparency and accountability and demonstrating the links between high-quality funding and results will help to build and incentivize contributors to provide more flexible forms of funding. This mutually reinforcing aspect between transparency and quality funding is not only prominent in the new quadrennial comprehensive policy review but is also a central theme in the funding compact.

57. Transparency and accountability are at the heart of the structured funding dialogues, which provide a platform for interactive discussions between Member States and United Nations entities on many of the funding issues covered in the quadrennial comprehensive policy review. This includes broadening the donor base, finding a solution to improve the flexibility, predictability and adequacy of funding and maintaining forward momentum in the implementation of the funding compact. In addition, several entities now produce a results matrix that tracks their progress in meeting the funding compact commitments to guide their work and provide a basis for the structured funding dialogue. Thirteen entities, including all funds and programmes, indicated that they held such a structured dialogue on funding with Member States in 2020. These dialogues provide for an in-depth exchange on funding

gaps, needs and practical challenges, and it may be worthwhile considering having such a dialogue or a similar one at the inter-agency level, with a focus on a different funding subject every year.

58. In response to the funding compact commitment to increasing the effectiveness and efficiency of inter-agency pooled funds, the Multi-Partner Trust Fund Office has redesigned its digital platform (Gateway) and integrated a new results-based management system that financially links all interventions to Sustainable Development Goal targets and provides better reporting on programmatic and operational performance. The Office piloted better reporting on programmatic and operational performance for the United Nations COVID-19 Response and Recovery Fund, which enabled improved tracking and reporting on the key markers, such as the gender marker, in view of the impact of the pandemic on women and girls.

59. United Nations entities receiving resources channelled through inter-agency pooled funds are also taking measures to improve visibility for funding partners and results, in accordance with the commitment under the funding compact. The COVID-19 Fund, for example, coordinated a visibility campaign with United Nations country teams to acknowledge and recognize locally the work made possible thanks to the Fund's donors.<sup>20</sup>

60. In line with other funding compact commitments, the United Nations Evaluation Group updated its database of evaluation reports to allow tracking of evaluations specific to pooled funds or joint programmes. Recommendations and lessons learned extracted from these evaluation reports are being incorporated into the design of new pooled funds or the new strategic frameworks of existing funds. A good example is the Peacebuilding Fund's new strategic plan launched in 2020 for the period 2021–2024, which was informed to a great extent by portfolio evaluations. Moreover, these recommendations were also incorporated into the new United Nations Sustainable Development Group guidance for country-level pooled funds and knowledge products of the Multi-Partner Trust Fund Office.

61. The new data standards for United Nations system-wide reporting of financial data have improved the availability of comprehensive and comparable data on United Nations development system funding flows. All United Nations Sustainable Development Group entities now submit financial data to CEB, with almost all disaggregating this data by country. However, only 11 agencies currently disaggregate expenditures by Sustainable Development Goal, limiting the ability to comprehensively track global support and making this a top priority in 2021. In addition, there are now 20 United Nations development system entities publishing information on their resources in accordance with the International Aid Transparency Initiative standard, implying that six additional entities have begun reporting against this standard since 2017. In 2021, the data standards for financial reporting are expected to be revised in collaboration with the Initiative and OECD to better harmonize the manner in which United Nations entities report through these different reporting channels.

62. At the country level, the management and accountability framework serves as a key accountability mechanism, including for the mobilization and utilization of financial resources in the delivery of collective system support to the 2030 Agenda. The resident coordinator is expected to provide timely and comprehensive financial information on inter-agency pooled funding and other country-based pooled funds to members of United Nations country teams, and vice versa. Mobilization of resources is also expected to be done in an open and transparent way. A recent survey of resident coordinators and country team members conducted by the Development Coordination

<sup>20</sup> See <https://twitter.com/sspringett1/status/1331499188635447296> for a typical example.

Office indicated that the management and accountability framework section on funding and resource mobilization needs greater clarity on roles and accountability lines, as most respondents answered negatively to questions on whether the framework has added clarity on accountabilities for results, improved transparency of resources available or led to a more optimized use of resources.

63. The new United Nations Sustainable Development Cooperation Framework guidance calls for the inclusion of a funding framework based on an assessment of the resources required to deliver cooperation frameworks. The funding framework intends to enhance transparency by providing stakeholders with a simplified single reference document that covers the funding situation. It also enables country team members to maximize synergies, including for joint programming, through meaningful and timely sharing of information about their fundraising activities. The cooperation framework guidance places a strong emphasis on updating the funding framework on an annual basis to make it a realistic, useful tool. Prior to the guidance, only 20 per cent of United Nations development assistance frameworks had a budgetary framework that was updated annually. Of the 21 funding frameworks developed to date, 12 are updated annually.

64. The quadrennial comprehensive policy review reaffirmed the principle of full cost recovery, which requires entities to avoid the use of core resources to subsidize activities financed from non-core resources, and reiterated its request to the United Nations development system to further explore harmonized cost recovery policies. Cost recovery policies have considerable implications for institutional transparency, as they specify what portion of core and non-core resources are spent on programme activities versus programme support, administrative, management and other overhead costs. Almost every United Nations entity has adopted a cost recovery policy with standard rates and methodologies aimed at ensuring non-core projects are not being subsidized with core resources. At the same time, several governing bodies have decided that certain institutional costs should be entirely financed from core resources. As a result, system-wide in 2019, 58 per cent of core resources were spent on programme activities compared with 89 per cent of non-core resources. As part of the funding compact, Member States also committed to complying fully with cost recovery rates, including eliminating exemption waivers. Good progress was made in that regard, as the total value of the agreements for which waivers were granted went down from \$1.3 billion in 2017 to \$530 million system-wide.<sup>21</sup>

65. The quadrennial comprehensive policy review also took note of the good practice established by UNDP, UNICEF, UNFPA and UN-Women in developing a joint cost recovery policy, which was approved by their boards and will become effective in 2022. The Finance and Budget Network within CEB established a working group to further explore harmonized principles of cost recovery, including consideration of a common principle for United Nations to United Nations agreements, and a system-wide definition for different cost categories.

## IV. Conclusion

66. The above analysis highlights that progress has been made on transparency and accountability, including by better linking funding with results. Funding for operational activities for development indicates a continued upward trend and new, innovative funding modalities have helped lead to more flexible funding being

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<sup>21</sup> The value is that of the agreements, not of the fee waived. If the average waiver permitted a donor to take a 1 per cent reduction in the support fee, then the amount of programme cost support income lost system-wide would have been 1 per cent of \$530 million, or \$5.3 million in 2019.



provided to the United Nations development system. However, there is still too little progress in addressing the continuing imbalance between core and non-core resources and in expanding the narrow funding base. The Secretary-General hopes that as further progress is made on the results achieved with the funding entrusted to the United Nations development system, further trust can be built and the kind of change in funding patterns that is needed to enable the delivery of the strategic plans of individual entities based on a vision for collective results can be triggered.

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