6 March 2018

Excellency,

Following-up on my letter of 16 February 2018, I have the pleasure to transmit herewith the summary of the ECOSOC Segment on Operational Activities for Development by the Vice President of ECOSOC, H.E. Mr. Mr. Marc Pecsteen de Buytswerve.

The summary captures the discussions over the course of the Council's Segment and I trust it will serve as important input for the discussions on the repositioning of the United Nations development system during the 72nd session of the General Assembly, under your leadership and that of the co-facilitators, H.E. Mr. Sabri Boukadoum, Permanent Representative of Algeria to the United Nations, and H.E. Mr. Ib Petersen, Permanent Representative of Denmark to the United Nations.

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

Marie Chatardová
President of ECOSOC

H.E. Mr. Miroslav Lajčák
President of the General Assembly
United Nations

Summary by the Vice President of ECOSOC
H.E. Ambassador Marc Pecsteen de Buytswerve,
Permanent Representative of Belgium to the United Nations

Background

The 2018 ECOSOC Segment on Operational Activities for Development was held in New York, from 27 February to 1 March 2018, and served as a key platform for Member States to begin the formal process of consideration of the repositioning of the UN development system. Experts from the UN development system from the field, regional level and global headquarters, as well as other critical stakeholders participated in the Segment. Member States and participants focused their interactive discussion on the vision, the seven key areas of transformation and the related proposals presented by the Secretary-General in his reports A/72/124–E/2018/3 and A/72/684–E/2018/7 presented in response to General Assembly resolution 71/243 on the quadrennial comprehensive policy review (QCPR) of operational activities for development of the United Nations. The Segment also provided opportunities for States to further reflect on aspects of the implementation of resolution 71/243.

The 2018 Segment built on the solid foundation laid by the informal, interactive briefings on key aspects of the Secretary-General's proposals, which were chaired by the Vice President in the weeks before the Segment and provided an opportunity for Member States to seek clarity on the proposals.

Opening of the 2018 Segment

The **Vice President of ECOSOC, H.E. Mr. Marc Pecsteen de Buytswerve**, opened the Segment by underlining the unique opportunity presented by the repositioning process to ensure that the UN development system meets the ambitions of the 2030 Agenda, which is integrated, indivisible and balanced in the three dimensions of sustainable development. He stated that the UN development system must match such commitments by transforming towards an organization that is more integrated, effective, efficient and accountable, as called for by Member States. He also noted that the Secretary-General has placed development at the core of the reforms and that it would be up to the Member States to match the ambition of the 2030 Agenda. The Vice-President expressed his wish for the 2018 Segment to move Member States closer to a consensus on decisions for a UN development system that is fit for purpose.

The **Secretary-General** delivered a keynote address by focusing on the collective challenges that face humanity, underlining the links between these challenges and the imperative for the transformative changes he has proposed. He stated that the world is facing a crisis of legitimacy, confidence and trust, which is rooted in legitimate concerns and fears of people. Despite progress on some fronts, he warned that too many are being left behind and inequalities are increasing, which highlights the lack of progress among vulnerable groups, including youth and women , as well as certain areas, such as "the Rust Belts of our world". Looking ahead, the Secretary-General stated that the technological changes underway can be a vector of hope, as well as a source of fear, singling out artificial intelligence as one specific technology that presents opportunities and challenges. He also stressed the pivotal nature of finance, calling for scaled up efforts and innovation in leveraging resources and financing for development. He elaborated that support must be strengthened for countries to mobilize domestic resources, accompanied by a stronger commitment by the international community to fight tax evasion, money laundering and illicit financial flows.

The **Secretary-General** emphasized that the reality he depicted and the 2030 Agenda, which captures these challenges and offers a path for the future, require ambitious change in the way we operate. In that regard, he highlighted how his proposals to reposition the UN development system are based on reinforced national ownership and leadership, underpinned by a new generation of country teams led by empowered and independent Resident Coordinators, supported by a regional level that is integrated and fully capable to harness trans-boundary opportunities, as well as a global level adjusted to make operations on the ground more cohesive, effective and efficient. Likewise, he informed Member States that the series of work streams to strengthen the capacity of the Organization to harness the power of partnership was already underway. On governance issues, he highlighted that the accountability of the UN development system had to be bolstered, at both the country level and global levels, with an empowered ECOSOC that would challenge the UN development system to work better together, under a more cohesive guidance from their respective governing bodies. He concluded by stating that his reforms would need to be underpinned by a funding compact, one that gives the system the resources and the flexibility that it needs to deliver, in exchange for more transparency and accountability for results.

The **Vice-President of the General Assembly, H.E. Mr. Dian Triansyah Djani, delivering remarks on behalf of the President of the General Assembly**, made a strong plea for Member States to reach consensus to make the United Nations more relevant and effective, and to strengthen multilateralism. He highlighted the need to clearly link the three tracks of reform (management, peace and security architecture, and UN development system) to ensure that these are mutually reinforcing. The President of the General Assembly will promote Member States' ownership throughout the reform. He recalled that the President of the General Assembly appointed co-facilitators (Algeria and Denmark) to take the repositioning of the UN development system forward in the General Assembly. He expressed his full faith that the co-facilitators will steer the process in an open, inclusive and transparent way.

Summary of discussion and key messages:

General remarks:

From the discusisons, there was general support expressed for the Secretary General's reform proposals. The proposals should make the UN development system truly coordinated, efficient, effective, integrated, transparent and accountable, fit for the purpose of better supporting the implementation of the 2030 Agenda.

Many States were of the opinion that the proposed reform package for the UN development system exceeds the QCPR framework, which is not renegotiable. They underlined that development itself must be the focus of the reform process and were of the view that the "cross-pillar approaches" go beyond the mandate of the QCPR.

Reform efforts also require that the UN development system as a whole and all entities implement all provisions of the QCPR.

1.   Planning and delivering collective results : System-wide strategic document

Results at country level must be supported by an integrated system-wide approach at the global level.

There is a common understanding that a more coordinated and unified UN development system will be key to delivering better services and allow a scaling-up of resources on the ground. The UN development system reform is a unique opportunity to find further efficiencies and effectiveness. Funds, programmess and specialized agencies need to be more accountable to the system-wide

mandates and focus on collective results. The 2030 Agenda will help ensure this effective system-wide approach.

All Executive Heads expressed commitment to work collaboratively and provided several examples of joint planning, programming and implementation. They acknowledged that doing so reduces expenditures in the longer-term if done right. The system-wide strategic document (SWSD) developed by the United Nations Development Group and the common chapter in the strategic plans of UN development system funds and programmes embody a joint approach and vision around the UNDAF and national priorities. Agencies are working on accelerating action for collective outcomes. For example, the alignment of agencies' country programmes with the UNDAF is currently in progress. The system committed to work around where agencies have clear leadership roles, and building on their comparative advantages. All actors need to focus on how to achieve objectives together and stop working in silos. There is great potential for efficiency gains with other entities on the regional and global level. However, at first glance efficiency gains such as co-location might not always be the best response. Challenges will be faced in applying these new ways of working and existing lines of accountability to governing bodies should not be a constraint to coherence at country level.

Member States asked for additional clarity on gaps and overlaps, and more specificity on how the system intends to address them. Gaps in the economic and environmental SDGs were particularly mentioned. The gaps in coverage of the SDGs need to be addressed adequately. The establishment of an SDG group with the government in order to cover those gaps could be considered. Nonetheless, 'new SDGs' are to be further clarified even if in specific cases it has allowed for specific thematic focuses in UNDAFs (energy, water etc.). Also, there is still an unclear understanding of how the UN development system and the Secretary-General plans on filling the gaps of the SDG coverage in terms of follow-up and timeframes, taking into account that the UN cannot and should not seek to do everything

Also a better understanding of how agencies can simplify their country planning procedures, work on a common chapter and handle collective results need to be further explained. Further information on existing advantages and disadvantages of working with sister agencies would help clarify the process going forward. For some, emphasis was placed on the need to demonstrate where the UN would focus on building capacities through its own resources and where it would concentrate efforts through leveraging partnerships in support of countries' efforts.

Poverty eradication was repeatedly emphasized as the primary overarching goal. Encouragingly, strategic plans are already largely articulated around vulnerable categories of countries. Also, Member States noted that the language regarding vulnerable countries should remain faithful to the QCPR rather than what is the case in the current system-wide strategic document.

Synergies across development, humanitarian and peacebuilding efforts should be geared towards improved coordination, mindful of the centrality of development action and avoiding the risk of possible politicization and distortions in funding. Finally, there was a call for all individual UNDS entities to align their internal strategic planning processes and activities with the outcome of the reform discussions, once agreed by Member States. Specialized Agencies reminded of their "special circumstances", including by cautioning to deliver with cohesion without undermining existing governance arrangements.

While focus must remain on results on the ground, the role of headquarters in ensuring an enabling environment for change on the ground was underscored. Trade for example is a matter that needs to be resolved at the global intergovernmental level, yet it directly impacts progress at country level. It requires strengthening of capacities within the relevant central nerves of the system, which must be equally fit to deliver in a cohesive and effective manner. The importance of DESA's contribution was also noted, along with calls to streamline the Department and ensure it is results-oriented and works collaboratively, with a focus on areas of comparative advantage.

A group of Member States was of the opinion that the proposed SWSD overlaps with the SG's reform proposals and thus creates a parellel track to the QCPR.

There was a general view that the present SWSD needs to be made more specific and concrete and include a vision on the comparative and collaborative advantage of various agencies, funds and programmes.

2. Supporting country ownership and progress on the 2030 Agenda: a new generation of UN Country Teams and a reinvigorated, impartial and independent Resident Coordinator system

UN development system support should be demand driven, accountable and embedded in the 2030 Agenda. National leadership and ownership ensure the effectiveness and sustainability of SDG progress implementation. National priorities should drive the system's work in-country, and the 2030 Agenda provides a roadmap for ensuring that the system's national-level efforts benefit the people it serves. The highly consultative process that forms the foundation of the UN development system's engagement with partner countries should be continued and strengthened to ensure that the system is acting based on a collective understanding of country needs and being fully accountable to States and their people, to leave no-one behind. In this respect, National Steering Committees were proposed as an effective accountability mechanism at country level.

Poverty eradication and tailored support to the most vulnerable countries and country groups remain a priority of the UN development system. Best practices from the field have demonstrated that the harmonization of existing programmes of action[1] with UN development system engagement on the 2030 Agenda is critical at the earliest possible stage to build synergies at country level. A new strategic UNDAF should fully capture the specificities of each country, regional context and guidance from relevant existing international programmes, and UNCTs must serve to fully operationalize them. While the 2030 Agenda is the overall global roadmap for poverty eradication and sustainable development, the priorities identified through other relevant intergovernmental agreements must be factored in, particularly those pertaining to the least-developed countries, landlocked developing countries, small island developing States and Africa. There are also major challenges for countries in conflict and post-conflict situations, as well as concerns of middle-income countries, that should be addressed.

A new generation of UN Country Teams led by an impartial Resident Coordinator must demonstrate an improved focus on results, especially collective results. Under the impartial leadership of an independent Resident Coordinator with proven sustainable development expertise, UN Country Teams must be organized and laser-focused on producing results identified with their country partners. The Resident Coordinator is ideally placed to coordinate strong and robust common planning in-country, and reaching an agreement on common results and outcomes at the planning stage is essential. This highlights the importance of revitalizing the UNDAF process as a single common instrument to strengthen collective accountability of country teams for delivery of support for 2030 Agenda implementation. Suggestions for strengthening the UNDAFs as the single, joint results-based plan for all UNDS activities at country level included: ensuring full alignment with national priorities, with an enhancement of the results frameworks contained therein; sharpening the strategic approach to the UN development system's engagement and presence within a country, including in collaboration with non-resident agencies and regional entities and offices; and adequately reflecting the UN's comparative advantages, including among the respective entities.
But, the UN cannot support transformational change alone and should therefore open the process to associates in the new UNDAF including the private sector, NGOs, IFIs, non-resident agencies, regional

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[1] Including the Istanbul Declaration and Programme of Action, the SIDS Accelerated Modalities of Action (SAMOA) Pathway, the Vienna Programme of Action for Landlocked Developing Countries for the Decade 2014-2024, as well as the African Union's Agenda 2063 and the programme of the New Partnership for Africa's Development (NEPAD), all of which are integral to the new Agenda.

structures and others to better support SDGs. The UNDAF could become a partnership document in achieving real change.

Development coordination is a core function of the United Nations and this needs to be reflected institutionally, including through a fully dedicated and empowered Resident Coordinator. Development coordination should focus on the substantive work of the UNCT's delivery of collective results, and be less oriented towards the coordination of processes as is presently the case. To achieve this, Resident Coordinators should be highly skilled development professionals with a strong understanding of the United Nations system to steer it towards sustainable development as its focus and poverty eradication at its core, guided by national priorities and leadership. Multi-hatting contexts should be guided by clear reporting and without reopening the provisions of the QCPR[2]. Many countries expressed the view that the development-humanitarian nexus should be limited to countries facing humanitarian emergencies and countries in conflict and post-conflict situations

RCs should be empowered to perform their development coordination function, working closely with national governments. Their pool should fully reflect both gender and geographical balance.

Resident Coordinators should be able to count on strengthened capacities in the Resident Coordinator Offices (RCOs). Key skill-sets and capacities identified for RCOs included additional expertise to fully deliver on the three pillars of sustainable development, particularly on the economic and environmental fronts, as well innovation, partnership and technology skill-sets—along with data and statistics, and monitoring and evaluation capacities to fully inform and track results on an ongoing basis.
The RCs should have access to and authority over necessary resources to incentivize collaboration and system-wide activities.
In addition, UNDS entities should shift from an approach mostly based on project management towards the provision of integrated policy support tailored to increasingly varied country contexts. In this regard, moving the UNDAF from a vision document to an actionable strategy was reiterated as critical, along with incentives such as pooled funding to promote joint programming and incrementally change UNCT behaviors. UNCT accountability to the Resident Coordinators for system-wide efforts towards the implementation of the 2030 Agenda was deemed important.
On this basis the RC should report to the UN SG on the implementation of the UNDAF. The reporting channel of the RC through the regional directors needs to be further clarified.
 UNDP's new role in support of the RC system and UNCTs via the integrational platform requires more clarification. Common business operations, common premises and common back-office functions hold the potential to serve more effectively the development function and to generate efficiencies to the benefit of programmatic efforts.

The new role of UNDOCO as a strengthened structure for coordinating the new RC system, accountable only to the Secretariat, should be further carefully considered.

The UN development system's presence should be responsive and flexible in providing a tailored response to country contexts in line with local particularities and global commitments. There is no one-size-fits-all approach to development or UN engagement given the diversity of country contexts. Therefore, there needs to be different models of country presence. The modularity of entity country presence was underscored as important to respond to country-specific needs, and ultimately agreed with national governments. The capacities and the capabilities of the UNCTs to support the SDGs in a comprehensive manner should be strengthened. The flexibility in administrative arrangements to scale up and/or scale down as needed was underscored as a necessary element requiring greater attention by the system. The experiences of models such as the Joint Office in Cabo Verde and of the multi-country offices in the Caribbean offered other prototypes that could be built on. Ownership by UNDS entities in these models was deemed essential.

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[2] Operative paragraph 24 of GA/RES/71/243.

Closer examination of UNCT staffing is required as risks of creating lower effectiveness and loss of institutional knowledge and memory could happen. Changes should be decided between the host governments, the UNDS and the Resident Coordinator on the ground. A standardized model for physical presence could be considered. Also, staffing is increasingly shifting towards local capacities.

The need for a non- bureaucratic system focused on results for Resident Coordinators to move independently and cohesively with leadership on the frontline was underscored Further clarity is needed on mutual accountability. A shared analysis of the system and a clearer understanding of the Resident Coordinator's role as principal point for discussion with the host government is needed.

Further analysis and consideration is needed concerning the challenges and opportunities posed by multi-country offices. Multi-country offices present opportunities for greater impact and efficiency, in particular in the context of limited resources. They have been able to respond rapidly to multi-sectoral challenges, effectively mobilizing resources and adapting to government needs.

But challenges owing to travel, communication, connectivity and associated costs are factors that can hinder efforts in these settings. The importance of ensuring that each country's specificity is met was emphasized strongly. The experience of the Caribbean multi-country office with a regional strategic framework capable of being disaggregated by country-specific implementation plans, offered a concrete example that could be developed further. Moving forward, Member States called for a review of the multi-country office model in consultation with the countries involved.

Non-Resident Agencies (NRAs) will continue to have a strong role to play in the UN Country Teams, UNDAF elaboration and contribution to supporting the collective results of the system. Member States expressed strong interest in the role that NRAs can play in a new generation of UNCTs and the added value that they bring to collective UNDS results. This can be achieved through remote participation as well as limited staffing presence on the ground, depending on what is required. Specifically, the role of Regional Economic Commissions (RECs) was raised given their potential contributions in support of collective results on the ground.

The UN development system should maintain a strong development focus, while ensuring coordination across development, humanitarian and peacebuilding actions. This is especially critical given the evidence from the field, which shows that these actions are often inter-linked and simultaneous rather than strictly linear. As a result, programmes under each workstream should be oriented towards supporting common, reinforcing results at the national level that can be worked on from different perspectives, as appropriate. In more complex country situations, it thus becomes critical for the Resident Coordinator to possess capacity and expertise to work across such efforts. Further, the siloed nature of funding streams was identified as a challenge that needs to be addressed to ensure the necessary flexibility in support of country priorities, especially in the context of rapidly evolving circumstances and emerging challenges on the ground. At the same time, there are concerns that pooling funds could divert resources from one pillar to another. There were concerns expressed that cross-pillar approaches should not extrapolate mandates for operational activities for development to other aspects of the UN's work.

3. Revamped regional approach

The regional level has important capacities and assets that need to be built upon and adjusted according to specific institutional contexts.
The regional level of the UN development system, with the Regional Economic Commissions in primis, along with the regional outposts of agencies, funds and programmes, hold a variety of

strengths that must continue to be appreciated and built upon. But their added value needs to be better considered for the 2030 Agenda, and the architecture must be transformed where necessary. The different institutional development of the RECs, including in response to the different realities in which they operate, and the plurality of entities present at regional level or contributing from headquarters such as DESA and other NRAs, require careful consideration of the necessary steps moving ahead. In particular, the normative and policy role of the RECs and DESA requires a clear division of labor and streamlining with the policy support work carried out by agencies, funds and programmes in support of their specific entities, avoiding overlaps. There is no "one-size-fits-all" model for the regional approach. Ultimately, the intrinsic importance of considering the repositioning of the regional level as part of the overall package of the UN development system reform was highlighted.

4. Strengthening accountability, transparency and oversight of the UN development system at the global level

There is growing demand from Member States in strengthening the accountability, transparency and oversight role of entity-specific and system-wide governing bodies in the UN development system. The interconnected nature of the 2030 Agenda and development challenges more generally calls for more effective system-wide governance of the UN development system.

Options for enhancing accountability, transparency and oversight of operational activities of the UN system have pros and cons, and will need to be examined in greater detail by Member States. These include the proposal for merging the Executive Boards of Funds and Programs based in New York and more effective use of the ECOSOC Operational Activities for Development Segment. A joint board would provide bureau members with an overview of activities which could foster cohesion and provide agencies specific guidance and synergies. It could promote coordination, coherence, time and costs savings. However, considering the unique mandates and strategic plans of each agency, the merger could run the risk of losing the focus on entity-specific accountability and oversight. Such accountability is essential for maintaining Member States oversight and confidence in the agencies work. More information is still needed on the real impact such a decision could have. There were some suggestions to take intermediate steps regarding the Executive Boards, such as first, improving their working methods – as proposed in the 2017 Executive Board Presidents' White Paper – including by improving quality of management information and data through the use of new technologies, increasing joint meetings of the Boards –also ensuring policy cohesion and coordinated actions – and extending the legislative authority to their Joint Meeting were mentioned as options for further consideration.

A reniewed Operational Activity Segment towards an accountability platform could provide system guidance to Member States. The division of the Operational Activity Segment into two periods is a possibility but will need to be considered in line with the ECOSOC review. Also, bi-annual meetings might not necessarily lead to better accountability and practicality, and will thus need to be further discussed.

The repositioning of the UN development system cannot be thought of as a stand-alone objective, and needs to be considered in relation to other change processes that are in the hands of Member States. These include principally the other reform tracks on internal management and peace and security, as well as intergovernmentally-led processes and specifically the current review of General Assembly resolution 68/1. Emphasis was placed on the need to prioritize complementarity, synergy and impact across Member States' efforts and to avoid contradiction, duplication and inefficiency.

Independent system-wide evaluations of operational activities can provide additional value to governing body deliberations on how the UN development system as a whole is supporting the implementation of the 2030 Agenda.

The logic of the 2030 Agenda, greater coherence and horizontal coordination is a strong argument for a system-wide independent evaluation. This tool should be used to support the UN and steer their activities in the right direction. It will call for a strong system-wide oversight and governance. For the evaluation to be impactful, the information will need to flow from the evaluation to the senior management directly. It will need to be timely information with clear intentions on when, where and how to use evaluation results. Since several States are not convinced on the added value of the new proposed unit, further clarity on why such a measure is more effective than the enhancement of individual inspection units, in the first place the JIU, should be provided. Also, safeguarding the neutrality of the inspection unit will be crucial.

A group of countries supported the idea of System-wide compliance with the IATI standards.

Efficiency should remain at the center of the discussions and examining purpose and function should take precedence over structure.

5. Strengthening partnerships and stakeholder engagement on the 2030 Agenda

The UN can improve its partnership approach by balancing the need for common standards and criteria for partnerships with flexibility and innovation. There was a largely shared view that the UN development system needs to strengthen its capacity to broker partnerships in support of 2030 Agenda implementation, and this could be fostered through common standards and criteria. Common standards and criteria across the system emphasizing sophisticated due diligence, could provide minimum criteria to ensure that partnerships adhered to UN values and made meaningful contributions to the SDGs. Critically, this approach must not add constraints and rigidities that would unduly burden potential partnerships, thus hampering innovation and impact for results. Without a common approach, the UN development system and its partners miss opportunities to engage actors from civil society, the private sector , IFIs and elsewhere who could help contribute to the achievement of the 2030 Agenda. The private sector should not be limited to funding and be considered on its comparative advantage towards expertise and innovation. An effective approach to partnership-building in support of the 2030 Agenda would indicate the roles, responsibilities, principles and oversight and accountability mechanisms.

Solutions are waiting to be scaled up through partnerships at country level that are country-owned. The demand for improved partnerships capacity at country level has risen dramatically, mirroring the partnership approach of the 2030 Agenda. In some contexts, countries are working with the UN development system to explore how the UNDAF could become more partnership-oriented. Increased capacities to harness the power of partnership on the ground are needed. It is proposed that the Resident Coordinator becomes the focal point for partnerships via a one stop shop, because potential partners are often unaware of how to engage with the UN. But there were some concerns about whether this proposal is in line with the provisions of the QCPR and whether the RCOs were the most appropriate point to host them, with an upgraded UN Office of Partnerships suggested as a potentially better "hub". The criticality of mobilizing partnerships on the ground according to specific country context and in line with different nationally guided priorities was unquestioned. Partnership resources should be aligned with national priorities and strategic programmes of countries . There should be a standardized system-wide approach towards how the UN development system will help leverage partnerships.

6. Revitalizing the UN development system's funding architecture in support of the 2030 Agenda and the proposed Funding Compact:

The current funding architecture of the UN development system must answer the call for improvements in the level, predictability and flexibility of the system's funding base. There is consensus among States that the current funding approach is unsustainable in the context of the integrated nature of the 2030 Agenda, that funding practices must be improved and change is

needed, as expressed in resolution 71/243. This requires a multi-pronged approach that matches resources to appropriate funding methods and mechanisms. As the bedrock of UN operational activities for development, core resources allow entities to be more effective, flexible and strategic partners to countries, as well as more collaborative members of UNCTs. Addressing the decline in core resources in recent years is therefore vital. There was broad agreement that progress needs to be made on improving funding practices with respect to voluntary funding, too. The vastly tight earmarked nature of non-core resources fosters a fragmented UN development system. Given the proven benefits of pooled and thematic funding—such as better incentives, better alignment to national priorities, drivers of integration across entities, SDGs and sectors, (EU), reduced fragmentation and reporting burden, reduced transactions costs in the long run and their complementary relationship with core funding—a renewed impetus for these funding mechanisms was voiced by many.

More incentives to move away from earmarked funding to enhance core funding are necessary. The UN development system must rebuild trust with Member States, who are attached to earmarked contributions and which allows them more visibility on their funding. A UN development system based on result-based management, long-term impact, transparency, greater national ownership, steering committees, whilst harmonizing cost recovery models for funds and programs, will enhance accountability and help shape confidence in the system. Evidence and programs driven by results will be key. Exposing the UN's willingness to provide more visibility and cost effectiveness will allow a shift towards increases in core funding. The UN development system needs to advocate its cause, harmonize data sets and provide a clearer notion of the negative consequences of earmarked contributions through outreach initiatives to donor countries.Broadening and diversifying the donor base was also underlined.

The Funding Compact was welcomed by Member States. It is conceived as a pact between the UN system and its Member States to ensure the level, predictability and flexibility of funding, with the system in turn guaranteeing increased transparency and accountability for spending and system-wide results. Overall, the system needs to be clear about what it will provide as part of the Compact, including by showing how and where it can be cost-effective and by quantifying the gains featured as part of the proposals. One example given was on common business services and premises which could free up hundreds of millions of dollars in resources, as well as additional time on delivery instead of administration.

While all Member States agreed on the nature of the Compact, they expressed varying views on the specific elements that it may entail and the stakeholders it could involve. Some called for quantifiable minimum targets for clear budgetary allocations to the most vulnerable countries. Others noted the important role that non-traditional partners can play in supporting the funding base and proposed the Compact could serve as a funding framework opened to all stakeholders. A common understanding among Member States will therefore need to be forged. In addition, in line with the Addis Ababa Action Agenda, the wide range of financing and means of implementation that will be required to support the achievement of the 2030 Agenda should be leveraged. For some countries, the approach to the Funding Compact could encompass all means of implementation, private and public, national and international.

The proposed Funding Dialogue should serve to clarify the scope, modalities and timeframes of the Compact. Member States sought clarifications on this process. Some States suggested that the dialogue should be extended to other stakeholders such as non-state actors. Funding should not be viewed as a philanthropic act but as an obligation. The funding compact should become attractive to other investors and non-traditional donors in the system. It could be preceded by specific outreach to Member States in capitals, including to Parliaments and other potential partners, aimed at building a strong case for increased quality and volume of funding for operational activities.

Improved funding of the Resident Coordinator system is an investment in enhanced country-level performance of the UN development system. Member States generally agreed on the importance of an effective, strengthened Resident Coordinator system that can deliver enhanced

collective results in-country. While the logic for proposing assessed contributions to the newly proposed RC system was understood by many, Member States identified a range of challenges that bear further consideration and analysis vis-à-vis adjustments or alternatives that could be envisaged. Principal among these challenges was the widespread concern that assessed contributions could be subjected to politicization and therefore defeat the predictability and independence sought after through the regular budget. Also funding the RC system through assessed contributions seems to contradict the QCPR principle that the UN's operational activities for development should remain voluntary and grant in nature. One State proposed a hybrid model of funding the RC system through assessed contributions and complementary resources originating from a fixed fraction of the cost recovery applied to all non-core contributions (at a rate of 1 percent) to be collected by UN development system entities, or from the provision of flat, annual contributions by programme countries, where possible and not unduly burdensome. Another State proposed to continue with the voluntary funding model with dedicated streams of funding sources, including donor contributions, inter-agency cost sharing, and/or agency contributions from their cost-recovery income.

It was also suggested that, if implemented, a clear transition plan be developed that minimizes any potentially negative impact on UNDP.

Way Forward

As in previous years, this Chair's summary has been prepared by the Vice-President of ECOSOC and serves as a record of the discussions at the 2018 Segment. This year, it is presented to the President of the General Assembly to serve as an input for the General Assembly's consideration of the package presented by the Secretary-General for the repositioning of the UN development system.