

Supplementary note to Addendum 1 on Funding

Technical note on definitions, sources and coverage

The UN development system (UNDS)

To align with the spirit of the quadrennial comprehensive policy review and repositioning resolutions – and in the absence of formal, inter-governmentally agreed definition of ‘United Nations development system’ - the Addendum to the Secretary-General’s 2020 report on the implementation of the QCPR, which consists of the annual system-wide funding analysis, considers the ‘United Nations development system’ to constitute entities that carry out operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development.

Operational activities for development

Operational activities for development (OAD) are considered to consist of those activities that fall under either ‘development assistance’ or ‘humanitarian assistance’. Common, system-wide definitions of ‘development assistance’ and ‘humanitarian assistance’ were approved by the HLCM and UNSDG in 2018 as part of a set of 6 new standards for reporting by UN entities on their financial data.¹ They are defined as follows:

- **Development assistance:** Activities specifically aimed at promoting sustainable development of programming countries with the focus on long term impacts.
- **Humanitarian assistance:** Material or logistical assistance provided for humanitarian purposes, typically in response to humanitarian crises including natural disasters and man-made disaster. The primary objective of humanitarian aid is to save lives, alleviate suffering, and maintain human dignity.

Prior to the adoption of the new set of data standards for system-wide reporting of financial data, the OECD/DAC’s ODA coefficient was used to estimate the proportion of UN entities’ resources that were spent on either development- or humanitarian-assistance activities.² As such, new and improved methodology was used starting this year to determine the volume of resources channelled through the UNDS that was used for operational activities for development. Trend analyses based on OAD expenditure data spanning multiple years can still be presented in this addendum in a comparable fashion since aggregate data for past years was adjusted in alignment with the refined methodology.³

Funding data on contributions refers to actual resources intended for OAD received by organizations in the UNDS in a given calendar year from Governments and other public and private sources. Data on resource transfers from one entity of the system to another are excluded wherever possible to avoid double counting. Data on expenditures represent the support provided by the organizations of

1 “Data Standards for United Nations System-Wide Reporting of Financial Data”

2 See <https://www.oecd.org/dac/stats/annex2.htm>

3 For example, in Figure 5. In practice, the new methodology did not greatly alter the total volume of resources used for OAD. However, it did result in greater humanitarian expenditures being reported and a lower volume of resources spent on development assistance.

the UNDS for OAD in programme countries. Contributions and expenditures are expressed in current United States dollars, unless otherwise stated.

Included within the data on expenditures are programme support costs⁴. These are costs of activities of a policy-advisory, technical and implementation nature that are needed for achievement of the objectives of programmes and projects in the development focus areas of the organizations. These inputs are considered essential to the delivery of development results and are not included in specific programme components or projects in country, regional, or global programme documents.

Sources of system-wide funding data

This addendum to the Secretary General's 2020 Report on the Quadrennial Comprehensive Policy Review (QCPR) depends primarily on data obtained from the financial statistics database and reporting system that is managed by the CEB.⁵ Funding data relating to inter-agency pooled funds is obtained from the system-wide database of inter-agency pooled funds. Data for this database is obtained from all entities that administer at least one inter-agency pooled fund.

Core and non-core resources

Many UNDS entities do not use the terms "core" and "non-core" when classifying contributions. Harmonization of the terms "core" and "non-core" within the UNDS is difficult to achieve owing to the different business models adopted by agencies, funds and programmes. For system-wide reporting purposes, core resources refer to un-earmarked funding that is used at the sole discretion of the respective UNDS entity and its governing board. This includes both assessed contributions and voluntary core (un-earmarked) contributions. Non-core resources refer to voluntary earmarked funding that is directed by donors towards specific locations, themes, activities and/or operations.

More details on the distinction between the different types of funding is available under standard #4 of the data standards for UN system-wide reporting of financial data.

Official development assistance (ODA) and other aid

The funding analysis makes some references to Official Development Assistance (ODA) when analyses are made to compare funding for operational activities for development (OAD) in 2018 with other development assistance. Data on 2018 ODA flows are taken from the OECD/DAC database (aidstats.org). The figures reported through the OECD/DAC database are continually being refined. For the purposes of this report on the QCPR implementation, the amounts used are those that were presented in February 2020.

Current versus real terms

In this report on QCPR implementation, comparisons and trend analyses in "real terms" are based on amounts expressed in constant 2017 United States dollars by applying deflators published by OECD/DAC. These deflators consider the combined effect of inflation and exchange rate movements.

⁴ Referred to by some UN entities as "development effectiveness costs"

⁵ In compliance with General Assembly resolution 63/311 (OP 16) which requested the Secretary-General to create a central repository of information on the funding of operational activities for development. This central repository of information became operational in 2012 as part of the financial statistics database and reporting system that was developed by the CEB.