

## Annex to the Secretary General’s 2018 Report on Funding

### Technical note on definitions, sources and coverage

#### Operational activities for development and the UN development system

Among the entities that constitute the United Nations development system there has been no commonly agreed definition of key terms such as “operational activities for development”, “humanitarian activities”, “development activities” and “United Nations development system”.

The Secretary General’s 2018 Report on the Quadrennial Comprehensive Policy Review (QCPR) defines operational activities for development (OAD) as those activities carried-out by UN entities for the promotion of development and the welfare of developing countries as the primary objective. They cover both longer-term development-related activities as well as those with a humanitarian-assistance focus and relate to the work of those United Nations funds, programmes, specialized agencies, departments and offices which have a specific mandate in this regard.

The UN development system is composed of the 44 entities<sup>1</sup> that receive contributions for OAD (see Box 1).

#### Box 1: UN entities that receive contributions for operational activities for development

▪ 9 Funds & Programmes:	UNDP (including UNCDF, UNV), UNEP, UNFPA, UN Habitat, UNHCR, UNICEF, UNRWA, UN-Women, WFP;
▪ 12 Secretariat Departments:	DESA, ECA, ECE, ECLAC, ESCAP, ESCWA, OCHA, OHCHR, UNCTAD, UNDP, UNISDR, UNPBSO;
▪ 13 Specialized Agencies:	FAO, ICAO, IFAD, ILO, IMO, ITU, UNESCO, UNIDO, UNWTO, UPU, WHO, WIPO, WMO;
▪ 6 research & training institutions:	UNICRI, UNIDIR, UNITAR, UNRISD, UNSSC, UNU;
▪ 4 other entities:	ITC, UNAIDS, UNODC and UNOPS.

With regard to the distinction between development- and humanitarian assistance-related activities, no harmonized system-wide classification exists. For the purposes of the SG’s QCPR report, all activities of UNHCR, UNRWA, and OCHA are considered humanitarian. In addition, emergency operations of UNICEF and humanitarian operations of WFP are also considered to be humanitarian-related. Accordingly, all other operational activities are treated as development-related.

Based on consultations with the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC), the UN specialized agencies as well as some other UN entities have estimated the proportion of their assessed or regular budget revenue that is spent on operational activities for development (see Table 1). These shares have been applied to all the data presented in the SG’s QCPR report and its statistical annex on funding data.

<sup>1</sup> 46 entities if the UNV and UNCDF (part of UNDP) are counted separately.

**Table 1**  
**Percentage of assessed or regular budget contributions spent on UN-OAD**

<i>United Nations Entity</i>	<i>Share</i>
FAO	51%
IAEA	33%
ICAO	0%
ILO - assessed	60%
ILO – RB supplementary account	100%
IMO	0%
ITU	18%
OHCHR	88%
UNESCO	60%
UNIDO	100%
UNWTO	89%
UPU	16%
WHO - assessed	76%
WHO – core voluntary account	100%
WIPO	3%
WMO	4%

Funding data on contributions refers to actual funding for operational activities for development received in a given calendar year from Governments and other public and private sources by organizations in the United Nations development system. 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 the UNDS for operational activities for development 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 costs<sup>2</sup>. 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. UNDP, UNICEF, UN Women and UNFPA refer to such activities as development effectiveness

The designations employed and the presentation of the information in the report do not imply the expression of any opinion whatsoever on the part of the United Nations Secretariat concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The term “country” as used in the report also refers, as appropriate, to territories or areas. A hyphen between dates representing years signifies the full period involved, including the beginning and end years.

### **System-wide reporting: opportunities and challenges**

There are currently three main actors who report on funding for the United Nations system: the United Nations Department of Economic and Social Affairs (UNDESA), the United Nations Chief Executives Board for Coordination (CEB) and the Development Assistance Committee of the Organization for Economic Co-operation and Development (OECD/DAC). UNDESA and OECD/DAC

<sup>2</sup> Referred to by some UN entities as “development effectiveness costs”

focus on operational activities for development, each from a different perspective. CEB focuses more generally on the overall budgetary and financial situation of the entities of the United Nations system.

With regard to access to information, in compliance with General Assembly resolution 63/311, data on contributions and expenditures are obtained from the financial statistics database and reporting system that is managed by the CEB. 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.<sup>3</sup> Through collaboration, the Department and the CEB secretariat already rationalized and harmonized part of the data collection for the present report.

In a few cases data could not be obtained through the CEB's financial database. Data on the contributions and expenditures of OHCHR and the Office for the Coordination of Humanitarian Affairs were gathered using their annual report. Funding data for UNDESA, UNCTAD and the 5 regional commissions were collected separately by DESA. Data on inter-agency pooled funds were obtained from the system-wide inter-agency pooled fund database.

### **Core and non-core resources**

Core or unrestricted aid is generally seen as the most efficient way of building relevant and effective partnerships with programme countries in the delivery of operational activities for development. Core resources provide the highest quality, flexibility and efficiency of pooled funding. They are critical for ensuring that entities have adequate capacity to deliver on their multilateral mandates and provide continued substantive leadership and innovation around specific goals, advocacy and policy work in addition to programmatic implementation on the ground. Core resources are central to ensuring the United Nations development system's independence, neutrality and role as a trusted partner in a rapidly changing development cooperation landscape.

Restricted aid in the form of non-core resources, on the other hand, is often seen as potentially distorting programme priorities by limiting the proportion of funding that is directly regulated by intergovernmental governing bodies and processes. Restricted aid is further seen as contributing to fragmentation, competition and overlap among entities and providing a disincentive for pursuing United Nations system-wide focus, strategic positioning and coherence. In addition, restricted aid is found to increase transaction costs, especially because of its predominantly single-donor and programme- and project-specific nature.

Many United Nations entities do not use the terms "core" and "non-core" when classifying contributions. For system-wide reporting purposes, all the above terms are grouped under "core" and "non-core" resources, with the former referring to un-earmarked funding that is used at the sole discretion of the respective United Nations entity and its governing board, and the latter meaning earmarked funding that is directed by donors towards specific locations, themes, activities and operations.

Harmonization of the terms "core" and "non-core" within the UNDS is difficult to achieve owing to the different business models adopted by funds, programmes and specialized agencies. Instead, a more pragmatic approach has been used wherein these terms are mapped (see Table 2) against those used in the present report so that it is clear how they relate to each other. UNOPS is not included in this table since it is a fully self-financing service provider which covers its management costs with revenue from its projects.

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<sup>3</sup> See <http://www.unsceb.org/content/statistics>

**Table 2**  
**Terms used by different entities for core and non-core contributions**

Core	Entity	Non-core	Entity
Regular resources	UNDP, <sup>a</sup> UNCDF, UN-Women, UNV, UNICEF, UNFPA	Other resources	UNDP, UNCDF, UN-Women, UNV, UNICEF, UNFPA
Multilateral contribution	WFP	Directed multilateral contribution	WFP
Regular budget	UNRWA, UNDESA, UN-Habitat, UNCTAD, ITC	Projects and emergency appeals	UNRWA
Regular budget supplementary account	ILO		
Un-earmarked contribution	UNHCR, <sup>a</sup> OCHA, <sup>a</sup> IFAD, OHCHR	Earmarked contribution	IFAD, OCHA, UNEP, UN-Habitat, OHCHR
		Tightly earmarked	UNHCR, OECD/DAC
		Lightly earmarked	UNHCR, OECD/DAC
Environment Fund	UNEP <sup>a</sup>		
Core resources	UNAIDS	Extra-budgetary contribution	UNAIDS, UNCTAD, Department of Economic and Social Affairs, ITC, FAO, IAEA, ICAO, ILO, IMO, ITU, UNESCO, UNIDO, UPU, UNWTO, WHO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA
General purpose fund	UNODC <sup>a</sup>	Special purpose fund	UNODC
Assessed budget	FAO, ICAO, ILO, ITU, UNESCO, UNIDO, UPU, UNWTO, WHO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA		
		Technical Cooperation Fund	IAEA, <sup>a</sup> IMO <sup>a</sup>
Voluntary contributions – core	WHO	Voluntary contributions – specified	WHO

<sup>a</sup>Also receives a regular budget contribution.

### Official development assistance (ODA) and other aid

The funding report makes some references to Official Development Assistance (ODA) when analyses are made to compare UN-OAD with other development assistance. Data on 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, the amounts used are those that were presented in December 2017. At this time, it was being reported that ODA provided by OECD/DAC governments in 2016 amounted (in constant 2015 prices) to \$155.585 billion.

### Current versus real terms

In this report, comparisons and trend analyses in “real terms” are based on amounts expressed in constant 2015 United States dollars by applying deflators published by OECD/DAC. These deflators take into account the combined effect of inflation and exchange rate movements.

### **Programme countries**

For the purposes of the funding report, programme countries are defined as the 152 countries that received the DESA programme country government survey in 2017. This list is compiled by excluding members of the European Union, OECD/DAC as well as any country that is not covered by a UN resident coordinator's office.