Chapter II

Operational activities for development

In 2003, the United Nations system continued to provide development assistance to developing countries and countries with economies in transition through the United Nations Development Programme (UNDP), the central United Nations funding body for technical assistance. UNDP’s income in 2003 amounted to $3.2 billion, a 10 per cent increase over 2002. Total expenditure for all programme activities and support costs in 2003 was $2.6 billion as compared with $2.8 billion the previous year. Technical cooperation funded through other sources included $50.7 million provided through the programme executed by the UN Department of Economic and Social Affairs, $73.7 million through the United Nations Fund for International Partnerships and $21.1 million through the United Nations Capital Development Fund. In July, the Economic and Social Council endorsed the establishment of the World Solidarity Fund, as a UNDP trust fund, for the eradication of poverty and the promotion of social and human development in developing countries.

In April, the General Assembly confirmed the appointment of Mark Malloch Brown as Administrator of UNDP for a further four-year term of office beginning on 1 July. The Administrator submitted an end-of-cycle assessment of the multi-year funding framework (MYFF), 2002-2003, which highlighted the progress achieved in meeting the MYFF goals, and the 2004-2007 MYFF, which set out the strategic goals and service lines to be pursued by UNDP. He also presented a review of the implementation of the UNDP Business Plans, 2002-2003.

The Secretary-General reported in May on progress in implementing General Assembly resolution 56/201 on triennial comprehensive policy review of UN operational activities for development. In July, the Economic and Social Council reviewed progress in implementing the resolution and called for continued reform of the UN development system. In particular, it noted that most UN organizations were realigning their policies, strategies, programmes and activities on the basis of internationally agreed development goals, including the Millennium Development Goals. In the context of his programme for strengthening the United Nations: an agenda for change, the Secretary-General submitted a report reviewing the functioning of UN technical cooperation and how the clarification of roles and responsibilities could help improve its overall impact.

The United Nations Office for Project Services had a project delivery of $490.6 million, an increase of 1 per cent over its original target for the year.

The United Nations Volunteers programme expanded for the seventh consecutive year, with over 5,600 volunteers carrying out more than 5,800 assignments in 150 countries.

In December, the Assembly called for an intensification of efforts to mainstream technical and economic cooperation among developing countries and declared 19 December as the UN Day for South-South Cooperation.

System-wide activities

Review of UN technical cooperation

The Secretary-General, responding to General Assembly resolution 57/300 on strengthening of the United Nations: an agenda for further change (YUN 2002, p. 1353), submitted a report reviewing technical cooperation of the United Nations (A/58/382). The objective was to provide information on a representative selection of UN technical cooperation issues in order to assist programme countries in their decision-making with regard to technical cooperation and donors in adjusting their funding decisions. It examined how UN system technical cooperation functioned and reviewed how clarification of roles and responsibilities might help to improve overall impact. The issues examined were chosen to illustrate the breadth and differing natures of UN technical cooperation undertakings. Some were traditional sectoral issues, such as natural disasters, trade and energy; others were cross-cutting, such as women and gender, peace-building and information and communication technologies; and some reflected new and emerging issues of a sensitive political and cultural nature, such as the rule of law and peace-building. Yet another, HIV/AIDS, reflected a primary preoccupation for the UN system. For each
issue, the report documented the main focus and type of activity carried out by each UN entity; identified current structural challenges within the UN system to the effective and efficient delivery of technical cooperation; and highlighted areas where future work might be required to determine if some form of consolidation, transfer or clarification of responsibilities was required.

The report stated that the complex and at times under-resourced system of UN technical cooperation appeared to be performing reasonably well. Managers were aware of their mandates and of the need to work with others to achieve the range of inputs required. The system had not been designed for optimal efficiency, but had evolved over decades as a result of incremental decision-making by governance bodies and the system’s funders. The variety of differing mechanisms in the system for the delivery of technical cooperation continued to attract funding support, and their services continued to be of value to developing countries.

Any major structural rationalization would be complex, involving the fundamental questioning of the continued relevance of some existing mandates and an assessment of donors’ willingness to support any such rationalization with a reform of their own funding practices. Rationalization that imperiled resource flows could prove counterproductive. Donor funding practices had a major impact on the structure of the system. Rationalization of the supply-side structure therefore had to be carefully addressed, as there was no guarantee that existing funding arrangements would continue following any functional reorganization in the system. The report emphasized the linkages between the supply side, the demand side and the system of financing. Each had to complement and support the others if an optimal system was to be achieved. Despite the large number of entities involved overall and actions taken by them on any single issue, duplication was limited.

The Secretary-General concluded that follow-up to the main recommendations contained in the report, to be undertaken by the UN Deputy Secretary-General, would ensure that optimum synergies within the system were achieved. The UNDP Administrator would undertake, in collaboration with UN department heads, a review of a few key issues on which the division of labour could be improved and report to the Deputy Secretary-General. Attention would be given to ensuring effective collaboration between the regional commissions and the funds and programmes, in cases where there was shared sectoral priority and where the required expertise existed. Member States would be informed of the follow-up actions as part of the triennial comprehensive review of operational activities in 2004.

The General Assembly, in resolution 58/270 of 23 December, requested the Secretary-General to undertake a comprehensive review of the regular programme of technical cooperation and to make proposals to the Assembly at its fifty-ninth (2004) session.

Operational activities segment of the Economic and Social Council

The Economic and Social Council, at its 2003 substantive session [A/58/3/Rev.1], considered the question of operational activities of the United Nations for international development cooperation at meetings on 3, 4, 7, 10 and 11 July, based on the programme of work for that segment, which it had noted on 5 March (decision 2003/211). The Council held discussions on the follow-up to policy recommendations of the General Assembly and the Council; the reports of the Executive Boards of UNDP/United Nations Population Fund (UNFPA), the United Nations Children’s Fund (UNICEF) and the World Food Programme (WFP); and economic and technical cooperation among developing countries (see p. 910), including high-level panel discussions on resources for operational activities for development and on an impartial and independent assessment of the extent to which UN funds, programmes and agencies at the field level learned lessons from their evaluations, and proposals for improving the feedback mechanisms at the field level.

Among the documents before the Council were the Secretary-General’s reports on progress in the implementation of Assembly resolution 56/201 on the triennial policy review of operational activities for development [E/2003/68], comprehensive statistical data on operational activities for development for 2001 [E/2003/57], assessment of the lessons learned by UN organizations from evaluation activities at the field level [E/2003/61] and funding of UN system development cooperation activities [E/2003/88] (see sections below).

On 4 July, the Council held a dialogue with the UN country team for Senegal.

Implementation of resolution 56/201

In May [E/2003/61], the Secretary-General reported to the Economic and Social Council on progress in the implementation of General Assembly resolution 56/201 (YUN 2001, p. 784) on the triennial policy review of operational activities for development of the UN system, in the areas of funding, capacity-building, strategic frameworks (common country assessment (CCA) and the United Nations Development Assistance
Operational activities for development

Framework (UNDAF)), evaluation, field-level coordination, gender mainstreaming, humanitarian assistance, regional and subregional dimensions and South-South cooperation, and technical and economic cooperation among developing countries.

Progress was assessed in the light of the outcomes of a number of high-level conferences and summits (the Millennium Declaration [YUN 2000, p. 49], the Monterrey Consensus of the 2002 International Conference on Financing for Development [YUN 2002, p. 953], the Doha Development Agenda of the fourth World Trade Organization Ministerial Conference [YUN 2001, p. 1432], and the Johannesburg Declaration on Sustainable Development and the Plan of Implementation of the 2002 World Summit on Sustainable Development and the Plan of Implementation of the 2002 World Summit on Sustainable Development [YUN 2002, p. 821]), which reflected agreement within the international community on an overarching policy framework to support national efforts to fight poverty through a global partnership between developed and developing countries, and on the basis of the Millennium Development Goals (MDGs) [YUN 2000, p. 51]. The Council was invited to undertake the progress review with the aim of preparing the ground for the next triennial comprehensive policy review of operational activities, which the Assembly would conduct in 2004, and to provide guidance to the Secretary-General. Recommendations were made to the Council on action it might consider for further implementation of resolution 56/201.

The Secretary-General reported that the UN system had improved coherence and coordination at the country level in support of the MDGs and other internationally agreed goals, linking regional and country dimensions and adjusting to complex development situations, including humanitarian emergencies and post-conflict situations. Guidance and training were provided to country teams, encouraging learning and the sharing of experience, and establishing quality assurance and support mechanisms at country, regional and global levels. The system assisted recipient countries in integrating macroeconomic imperatives with social concerns and addressing challenges, such as achieving budget trade-offs between economic and social objectives. While significant progress was made in harmonizing and simplifying processes, improving efficiency and reducing transaction costs for government partners, more could be done to improve the mix of skills, expertise and services that the UN system could mobilize to support countries in implementing development strategies.

For capacity-building—a long-term, country-driven process at the core of development—the report suggested that external support should focus on developing existing national capacities and address institutional, organizational and societal dimensions. CCA, UNDAF and the poverty reduction strategy papers (PRSPs) processes should be used as entry points for the system’s support. The report suggested that UN organizations devise country-level strategies for capacity-building and reflect them in CCA and UNDAF, and intensify information-sharing on experience gained, benchmarks and indicators concerning capacity-building as linked to the MDGs.

The focus of CCA and UNDAF on the MDGs was strengthened, thereby improving their quality, enhancing UNDAF’s role in supporting coordinated implementation of the outcome of major UN conferences and summits, and providing an integrated response to national priorities. The United Nations Development Group (UNDG) was developing a new support and oversight system for the CCA and UNDAF processes through a comprehensive system of quality support and assurance for country teams. The new support system would provide consolidated inter-agency feedback with a view to creating a learning development system and a greater sense of accountability at all levels. The CCA and UNDAF guidelines had promoted a results-based approach; the UNDAF results matrix harmonized result-based management terminology to establish a link with national priorities and organizations’ country programmes as the basis for increased inter-agency coordination, joint or collaborative programming and improved evaluations.

In terms of field-level coordination, in response to the Assembly’s request in resolution 56/201 that UN system organizations simplify and harmonize rules and procedures for operational activities, UN funds and programmes had submitted a programme of work to the Council, including proposals to phase out redundant rules and procedures, with benchmarks and time-bound targets to be achieved by 2004. That programme of work was being implemented. New harmonized procedures adopted by UNDP/UNFPA, UNICEF and WFP included simplification and harmonization modalities regarding standard instruments such as: the UNDAF results matrix; the country programme action plan, a standard document highlighting commitments of each UN agency and the Government concerned; the annual output work plan, a standardized document that provided an activity plan for each output; and the UNDAF monitoring and evaluation plan and the UNDAF final evaluations.

Progress in joint programming was still limited, but new guidelines were being completed, which would require new financial mechanisms
for reducing transaction costs and increasing the emphasis on capacity-building and effectiveness and efficiency. The full range of new modalities was being phased in, beginning in five countries with country programmes, starting in 2004.

With regard to decentralization, UN funds and programmes that were members of the UNDG Executive Committee concluded that a high degree of delegation and decentralization of authority had been reached in their country and regional offices and that no further action was needed in that area. However, in other UN agencies, different degrees of decentralization and different levels of authorization still prevailed, hindering collaborative programming. Greater attention was still needed to harmonize recruitment, remuneration and training of national project personnel and information technology standards. The UN Resident Coordinator system played a central role in field-level coordination, and its responsibilities had become more complex. Practical measures were being implemented to enhance the effectiveness of the system in facilitating joint programming, pooling of resources, and establishing common databases and knowledge networks. Mechanisms to select, train and appraise the performance of resident coordinators had improved, broadening the pool of candidates, while attempting to improve the gender balance. Major challenges to the optimal functioning of the system continued to be the mobilization of technical expertise and resources, and more active participation of all UN organizations, in particular specialized and technical agencies and regional commissions. More extensive use of information and communication technologies might lead to improvement.

UN organizations and the Bretton Woods institutions (the World Bank Group and the International Monetary Fund (IMF)) had been working over the past few years to create new opportunities for country-level cooperation, provide greater avenues for joint actions and increase interaction between their respective instruments. Both of them, in particular the World Bank, were recasting their priorities so as to focus on poverty and the MDGs. Areas for further cooperation included: support to national capacity development for policy design and budget management; support to more systematic monitoring and reporting on policy trends; development of policy and reform scenarios for the macro-economic frameworks underpinning PRSPs; alignment of donor assistance to PRSP priorities; efforts to address statistical deficiencies to monitor progress on the MDGs; and building results-based indicators into the PRSP framework.

Efforts to mainstream gender into programmes and policies were carried out through mechanisms such as thematic groups, CCAs and UNDAFs. The Inter-Agency Network on Women and Gender Equality (see p. 1187), chaired by the United Nations Development Fund for Women (UNIFEM), coordinated an assessment of 15 CCAs and UNDAFs, and a parallel assessment was led by UNICEF on CCA and UNDAF initiatives in West Africa. Both called for measures to clarify roles and responsibilities in respect of gender equality and women’s rights, at the country level, strengthened the capacity of gender theme groups in the CCA and UNDAF processes, improve availability of gender-disaggregated data, promote capacity-building, and ensure that lessons learned were shared within the system and with Governments and other partners. Concrete initiatives focused on the development of country-specific gender equality indicators and the identification of intermediary targets for achieving the MDGs.

The work of the United Nations in humanitarian assistance was linked to that in operational activities for development, especially for complex emergency situations such as civil strife and armed conflicts. There was increasing awareness among humanitarian agencies of the need to tailor emergency assistance in support of recovery and development and by development assistance providers for early involvement in rehabilitation efforts. There was also a growing recognition of the need for an integrated approach among all donors to ensure field-level coordination in transition periods. The use of ad hoc approaches and appeals processes in post-conflict periods, using a combination of methodological tools available to country teams, suggested that those teams needed more flexible mechanisms to support Governments and institutions in the early stages of post-conflict, while meeting urgent humanitarian needs.

Regional and subregional coordination of operational activities was encouraged through the involvement of the regional bureaux, among other things, in support of country-level preparation of CCAs and UNDAFs. A more systematic participation of the regional commissions in their preparation would be mutually beneficial.

UNDP played a lead role in promoting technical and economic cooperation among developing
countries, and all UN system organizations had focal points for technical cooperation among developing countries. Advisory services provided by UN system organizations to developing countries increasingly relied on experts from those countries in such fields as judicial reform, local government, and information and communication technologies.

The Secretary-General, in an April report [E/2003/37] issued to complement his report on progress in implementing resolution 56/201, provided detailed statistical data on resources channelled through the organizations of the UN system for 2001, which the Council noted on 11 July (decision 2003/225).

The General Assembly, in resolution 57/270 B of 23 June (see p. 1468), recognized the progress achieved towards a more coherent UN performance in the development field, as reflected by the shared responsibility, cooperation and coordination among members of UNDG, and invited the UNDG Administrator, in his capacity as chair of UNDG, to report regularly to the Council on the Group’s activities relating to the integrated and coordinated implementation of the outcomes of major UN conferences and summits.

ECONOMIC AND SOCIAL COUNCIL ACTION

On 11 July [meeting 30], the Economic and Social Council adopted resolution 2003/3 [draft: E/2003/ L.20] without vote [agenda item 5 (a)].

Progress in the implementation of General Assembly resolution 56/201 on the triennial comprehensive policy review of operational activities for development of the United Nations system

The Economic and Social Council,
Recalling General Assembly resolution 56/201 of 21 December 2001 on the triennial comprehensive policy review of operational activities for development of the United Nations system and Economic and Social Council resolution 2002/29 of 25 July 2002,
Reiterating that the fundamental characteristics of the operational activities of the United Nations system should be, inter alia, their universal, voluntary and grant nature, their neutrality and their multilateralism as well as their ability to respond to development needs in a flexible manner, and that the operational activities of the United Nations system are carried out for the benefit of recipient countries, at the request of those countries and in accordance with their own policies and priorities for development,
Reaffirming and underscoring the collective commitment and political will of Member States to strengthening the role and capacity of the United Nations development system to assist developing countries in the implementation of the goals, targets and commitments set out in the United Nations Millennium Declaration and by the major United Nations conferences and summits,
Noting that national Governments have the primary responsibility for their countries’ development, and recognizing the importance of national ownership of development programmes,
Reiterating the need for all organizations of the United Nations development system, in accordance with their respective mandates, to focus their efforts at the field level in accordance with the priorities identified by recipient countries and with the goals, targets and commitments set in the Millennium Declaration and by the major United Nations conferences and summits,
1. Takes note of the reports of the Secretary-General on the progress in the implementation of General Assembly resolution 56/201, on assessment of the lessons learned by United Nations organizations from evaluation activities at the field level and on funding of development cooperation activities of the United Nations system;
2. Takes note also of the request contained in General Assembly resolution 57/270 B of 23 June 2003 to invite the Administrator of the United Nations Development Programme, in his capacity as chair of the United Nations Development Group, to present, on a regular basis, to the Economic and Social Council at its coordination segment, the activities carried out by the United Nations Development Group related to the integrated and coordinated implementation of the outcomes of the major United Nations conferences and summits;
3. Takes note further of the progress made in the reform of the United Nations development system, and calls for its continuation;
4. Takes note of the fact that most organizations of the United Nations system, within their respective mandates, are currently realigning their policies, strategies, programmes and activities on the basis of internationally agreed development goals, including those contained in the United Nations Millennium Declaration, including through mechanisms such as multi-year strategic frameworks, where they exist, the common country assessment and the United Nations Development Assistance Framework, as well as in the context of their contribution to national poverty reduction strategies, including poverty reduction strategy papers, where they exist;
Funding of operational activities for development of the United Nations system

5. Reiterates that regular/core resources, inter alia, because of their untied nature, are the bedrock of the operational activities of the United Nations and essential for the maintenance of the multilateral, neutral and universal nature of the United Nations development system;
6. Notes with regret that, although significant progress has been achieved with regard to the governance and functioning of the United Nations development system, there has not been, as part of that overall process of change, a significant increase in core resources for operational activities for development;
7. Recognizes that strengthening the role and capacity of the United Nations development system to assist countries in achieving their development goals requires continuing improvement in its effectiveness, efficiency, coherence and impact, along with a significant increase in and expansion of its resource base on a continuous, more predictable and assured basis;
8. **Invites** all United Nations funds and programmes, as well as the specialized agencies, to further explore possibilities to strengthen their resource base, including, as appropriate, through multi-year funding frameworks as resource management tools integrating programme objectives, results and resources;

9. **Calls upon** all donor countries and countries in a position to do so to substantially increase their contributions to the core/regular budgets of the United Nations development system, in particular the funds and programmes, and wherever possible, to contribute on a multi-year basis, and also stresses the need for further exploration of other sources of funding that could complement but should not replace traditional sources;

10. **Requests** the Secretary-General to undertake further analytical work on the issue of funding and to report to the General Assembly at its fifty-ninth session in the context of the triennial comprehensive policy review;

**Capacity-building**

11. **Reaffirms** the need for all organizations of the United Nations development system at the country level to focus on capacity-building as one of their primary objectives, within their respective mandates, and urges these organizations:

(a) To support recipient Governments and other relevant stakeholders in devising country-level strategies for capacity-building in the pursuit of internationally agreed development goals;

(b) To intensify inter-agency information sharing at the system-wide level on good practices and experiences gained, results achieved, benchmarks and indicators, monitoring and evaluation criteria concerning capacity-building, and reflect them in the common country assessment and the United Nations Development Assistance Framework;

(c) To invite all organizations to include reporting on capacity-building in their annual reports to their respective governing bodies;

12. **Recommends** that the United Nations development system should use, to the fullest extent possible and practical, national execution and available national expertise and technologies as the norm in the implementation of the operational activities;

**Common country assessment and the United Nations Development Assistance Framework**

13. **Requests** the United Nations development system and its country-level structures to continue their efforts to enhance the quality of the common country assessment, in particular its analytical aspects, and to strengthen the operational impact of the United Nations Development Assistance Framework, including by inviting the active engagement of the specialized agencies and other partners, as appropriate, in the formulation and the use of these instruments, under the leadership of national Governments;

14. **Welcomes** efforts by the members of the Executive Committee of the United Nations Development Group to explicitly link their programme support to national development goals and priorities, through the revised Framework and its results matrix, invites other United Nations funds and programmes and the specialized agencies to use the results matrix, and requests that the matrix be submitted to the Executive Boards as an annex to the country programme;

15. **Requests** United Nations funds, programmes and the specialized agencies to continue to ensure the alignment and integration of their operational activities for development with national development efforts and priorities, through the active and full government participation and leadership at all stages of the common country assessment and Framework processes, as well as broader involvement of all relevant stakeholders;

16. **Notes** the increased collaboration between the United Nations system and the Bretton Woods institutions, and invites the United Nations system and the Bretton Woods institutions to explore further ways to enhance cooperation, collaboration and coordination, including through greater harmonization of strategic frameworks, instruments, modalities and partnership arrangements, in full accordance with the priorities of the recipient Governments, and in this regard emphasizes the importance of ensuring, under the leadership of national authorities, greater consistency between the strategic frameworks developed by the United Nations funds, programmes and agencies and the Bretton Woods institutions, and the national poverty reduction strategies, including the poverty reduction strategy papers, where they exist;

17. **Also notes** the efforts of the United Nations Development Group to promote the role of the regional bureaux of the funds and programmes in assisting country teams in the preparation of the common country assessment and the Framework;

18. **Encourages** the regional commissions to provide, when requested, their inputs for the preparation of those frameworks;

**Evaluation of operational activities for development**

19. **Emphasizes** the importance of monitoring and evaluation of operational activities of the United Nations system in order to enhance their effectiveness and impact, and calls upon the Secretary-General to integrate in future reports a stronger focus on lessons learned, results and outcomes;

20. **Stresses** the need to ensure the full participation of national authorities as well as the involvement of relevant stakeholders in the design, programming, implementation and evaluation processes, as well as in the drafting of the terms of reference, the development of methodologies and indicators and the selection of teams in all evaluation exercises conducted at the field level;

21. **Recommends** that United Nations funds, programmes and the specialized agencies make systematic efforts to enhance the capacity for identifying, documenting and synthesizing lessons learned from evaluation activities in order to retain and absorb their results, ensure their dissemination, in particular at the country level, by placing the evaluation reports in the public domain using the Internet, and use evaluation findings and lessons learned in the design and implementation of programmes and projects, and also recommends that they assist national efforts to create country-level repositories of evaluation findings and lessons learned that are relevant in each national context, supporting the use of information and communication technology, national databases of lessons
learned from evaluation, the development of analysis, documentation, distillation and synthesis of those lessons learned, and promoting the development of publications and the use of other means of communication;

22. Calls upon all organizations of the United Nations system to make additional efforts to promote the development of national evaluation capacities, including capacities to make use of lessons learned from past United Nations activities that are relevant in each national context, and encourages them to communicate findings of evaluation activities and disseminate corresponding lessons learned to national entities, also, as appropriate, through more frequent use of local languages;

23. Recommends that all organizations of the United Nations development system consider lessons learned and their dissemination as a specific required component of their activities and designate those responsible for monitoring the effectiveness of the lessons learned process both at Headquarters and at the country level;

24. Requests the organizations of the United Nations development system to encourage country teams to make greater use of lessons learned from evaluations in the preparation of the common country assessment, the United Nations Development Assistance Framework, individual country programmes and other relevant country documents and to encourage enhanced country-level absorption of lessons learned, including through the intensification of activities such as joint evaluations, as appropriate under the Framework umbrella, of programmes and joint support to national databases of lessons learned from evaluation;

Simplification and harmonization of rules and procedures on operational activities

25. Welcomes progress made by the members of the Executive Committee of the United Nations Development Group in the harmonization and simplification of rules and procedures, and requests the United Nations funds and programmes to enhance and accelerate their simplification and harmonization efforts to ensure full implementation of the programme of work submitted in 2002 before the end of 2004;

26. Requests that efforts be undertaken across the United Nations system, including the specialized agencies, to make progress in all the areas of simplification and harmonization of rules and procedures at the field level, taking into account efforts and ongoing initiatives by bilateral donors and multilateral development banks, with the ultimate intent of reducing transaction costs, increasing effectiveness and efficiency in aid delivery and enhancing government ownership of development processes through better coordination and management of external assistance;

27. Requests the funds and programmes of the United Nations system, through their Executive Boards, to include in their programmes of work the harmonization and simplification of recovery policies for non-core resources contributions;

28. Requests the Secretary-General, in due consultation with the funds and programmes, through the Executive Committee of the United Nations Development Group, to submit to the next substantive session of the Economic and Social Council, in 2004, a report on the assessment of the value added of the joint meet-

ings of the Executive Boards and their impact on the operational activities segment of the Economic and Social Council and to make recommendations as appropriate;

Common premises and shared services

29. Encourages the members of the United Nations Development Group to continue their efforts in the area of common premises, shared services and joint offices, with the objective of ensuring higher quality and cost-effectiveness of country-level functioning of the United Nations system;

Resident coordinator system

30. Reiterates the need for greater participation by the specialized and technical agencies in the functioning of the resident coordinator system, encouraging all the organizations of the United Nations system to set in place innovative and collaborative ways to enable the resident coordinator system to tap, to an even greater degree, into the wealth of expertise in those areas that are relevant to support national efforts towards internationally agreed development goals;

31. Also reiterates the need to increase the number of women resident coordinators;

32. Encourages the resident coordinators to continue to work closely with the country representatives of individual agencies, including the World Bank and other relevant partners, in order to ensure effective coordination and collaboration under the leadership of national authorities, including in post-conflict situations;

33. Requests the United Nations Development Group and the Executive Committee on Humanitarian Affairs to continue their efforts to provide a coordinated response to the needs of countries in transition from relief to development;

34. Encourages the resident coordinator system to facilitate the formulation and use of integrated and flexible approaches in complex emergency and post-conflict situations, ensuring that all relevant partners, including those outside the United Nations system, are involved under the leadership and with the fullest involvement of the Government, wherever possible;

Gender mainstreaming in operational activities

35. Calls upon the organizations of the United Nations system to improve their gender mainstreaming efforts in operational activities of the United Nations system in all fields, including in support of poverty eradication, reiterating that the empowerment of women is a development priority, and to strengthen their efforts in support of the development of national capacities to improve the status of women in the context of development and poverty eradication policies;

South-South cooperation/economic and technical cooperation among developing countries

36. Requests the organizations of the United Nations system to take appropriate measures to improve the effective incorporation of technical cooperation among developing countries into their programmes and projects and to intensify efforts towards mainstreaming the modality of technical cooperation among developing countries, including through support for the activities of the Special Unit for Technical Cooperation among Developing Countries, and
encourages other relevant international institutions to take similar measures.

**Guidelines for the next triennial comprehensive policy review**

37. Requests the Secretary-General to focus the analysis for the triennial comprehensive policy review in 2004, in the context of the implementation of the internationally agreed development goals, including those contained in the Millennium Declaration, on:

- (a) Assessment of the assistance that the United Nations development system provides to developing countries in order to support their efforts to pursue poverty eradication, economic growth and sustainable development;
- (b) Integration of operational activities for development of the United Nations system with national efforts and priorities;
- (c) Identification of measures for further improvement in coherence and efficiency of the United Nations system at the country level;
- (d) Harmonization and simplification processes, further identifying possible areas for an agenda for the period from 2004 to 2007;
- (e) Identification of ways to enhance capacity-building in order to assist developing countries to pursue poverty eradication, economic growth and sustainable development;
- (f) Adequacy of United Nations development funding, in the light of the challenges that internationally agreed development goals present to the developing countries and the international community, and to make recommendations accordingly, and the identification of ways to ensure adequate funding for operational activities in this context;
- (g) Adequacy of human resources and necessary skills available at the country level within the United Nations system to support national efforts and priorities;
- (h) Effectiveness of the reforms of the operational activities of the United Nations in improving development results and outcomes and increasing the coherence, efficiency and quality of programming at the country level, ensuring in this regard that particular attention is paid to the contribution of the common country assessment and the United Nations Development Assistance Framework and the associated results matrix in improving operational effectiveness;
- (i) Contribution of the Millennium Development Goals as a framework to support the alignment of the operational activities of the United Nations system with national development efforts and priorities;
- (j) Results identified, outcomes and lessons learned at the country level from evaluation activities.

**Assessment of lessons learned**

In response to General Assembly resolution 56/201 [YUN 2001, p. 784], the Secretary-General, in May 2005 [YUN 2005, p. 641], issued an assessment of the lessons learned by UN organizations from field-level evaluation activities.

He stated that the demand for lessons from evaluation had been changing as the content and context of operational activities had changed, shifting the focus of evaluations away from input-oriented accountability towards strategic and policy issues and questions of development success. Evaluation ultimately had to satisfy the requirements of accountability, better programme management and lesson learning. Major contributors to development cooperation activities, in particular bilateral agencies, had devoted considerable attention to evaluation issues and to lesson learning and feedback. However, those considerations focused on management and accountability issues. The evaluation of UN operational activities, however, required special consideration because of the UN role as an advocate and catalyst of developing countries’ efforts to pursue agreed goals. The evaluation of the effectiveness of UN system activities should be able to identify both lessons learned and good practices that might assist Member States in pursuing policies or programmes that moved towards those goals and had a direct bearing on the immediate impact of operational activities.

The report identified weaknesses and strengths in identifying lessons learned from evaluations. In general, it found that not enough efforts were invested in documenting and synthesizing lessons learned from evaluations carried out at the project, programme, thematic and country levels. The capacity to identify lessons learned was small, a major cause of the limited institutional memory of the UN system at the field level. There was a lack of sufficient professional evaluation staff at the headquarters and country levels. The process for incorporating lessons learned from evaluations in training courses and other learning mechanisms was lengthy, and evaluation results were not well disseminated across projects, offices and organizational units.

Among strengths of the lesson learning process, the report noted that most organizations had set up evaluation processes, providing coverage of most activities. Evaluation was often decentralized and linked to demand from local managers and country offices for project evaluations, and from headquarters managers and governing bodies for country programme evaluations and thematic studies. Current practice often relied on external evaluators, so as to preserve independence, with increasing emphasis being placed on the use of local evaluators. Evaluations were participatory, allowing for inputs by stakeholders, thereby increasing national ownership of the results. A small number of UN organizations used evaluation lessons learned in preparing CCAs and UNDAFs and in the collective evaluation of UNDAF outcomes.

The methods used to disseminate lessons learned included country-level workshops, pub-
lication of evaluation reports in several languages, the development of newsletters, the compilation of annual evaluation reports at the agency level, discussion among agency staff, posting lessons learned on intranets, and use of the Internet to reach a wider community. However, on the whole, the way UN system organizations planned and implemented strategies for communicating and disseminating lessons learned from evaluations at both the country and headquarters level was inadequate.

To impact learning from evaluations, the report listed a number of needs that had been identified in its analysis, including: a strong commitment by senior management to organizational learning and to holding managers accountable for taking lessons learned into account; enhancing the independence of the office managing evaluations and producing lessons, and giving it adequate resources; preparing a management response to each major evaluation, along with follow-up proposals; organizing wide dissemination of evaluation findings and lessons in accessible summary formats; greater use of self-evaluation using appropriate evaluation methods; and allocating adequate resources to extracting lessons from evaluations. The report suggested that UN organizations make efforts to enhance the capacity for identifying, documenting and synthesizing lessons learned from evaluation activities in order to absorb their results and to ensure their dissemination and use in project design and implementation. They should also consider lesson learning and dissemination as a specific component of their annual plans and identify the persons to be responsible for monitoring their effectiveness at headquarters and in the field.

**Funding of development cooperation activities**

The Secretary-General, in response to General Assembly resolution 56/201 [YUN 2001, p. 781], reported in June on the funding of development cooperation activities of the UN system [E/2003/89]. He analysed the issue in the new context emerging from the 2000 United Nations Millennium Millennium Summit and the International Conference on Financing for Development had created a new development context with a broad consensus on a shared agenda and had given renewed impetus to international development cooperation and a new global partnership, it was time to address the role of UN operational activities for development in helping to achieve those goals. The UN development system needed to be strengthened with increased funding in order to work effectively with national authorities and other bilateral and multilateral actors at the country level, but the issue was how to ensure that UN system operational activities were funded at an adequate level and on a stable footing. The system of annual voluntary contributions for funding UN system operational activities for development had served reasonably well over the past 50 years, and the recent introduction of multi-year funding frameworks (MYFFs) [YUN 1999, p. 806] was intended to reduce the annual volatility of multi-year programming. However, in spite of reforms to increase effectiveness and efficiency, and the increase in overall funding for UN development activities from $5.61 billion in 1992 to $7.23 billion in 2001 (excluding the World Bank Group), core or regular resources of UN funds and programmes had, with the exception of WFP, remained stagnant or declined, although they improved slightly in 2002. The long-term stagnation in resource flows, when adjusted for inflation, resulted in a decline of the resource base in real terms. Moreover, while development dynamics had not kept pace with the changing demands placed on the system, there was a need not only for new money but for new partners and new ways of working with them. Also, increases in humanitarian assistance needs had tended to crowd out the resources required for long-term development, especially in the case of WFP and UNICEF, and reconstruction and post-conflict recovery initiatives arising from post-emergency situations, were increasingly absorbing resources, making them unavailable for regular development programmes.

Within the UN development cooperation system, the funding of the four funds and programmes—UNDP, UNFPA, UNICEF and WFP—was based on annual voluntary contributions, split between core (or regular) and non-core (or supplementary) funds. Over 95 per cent of their core resources came from member countries of the Development Assistance Committee of the Or-
organisation for Economic Co-operation and Development (OECD/UN), and efforts to broaden that donor base had not borne fruit. While core funding remained the backbone of their development work, non-core funding had increased in recent years, becoming larger than core funding for UNDP and UNICEF. A major concern was the declining trend in UNDP core funding, from a peak of $1.2 billion in 1992 to a low of $634 million in 2000, while non-core contributions, in the form of third-party cost-sharing arrangements, trust funds and extrabudgetary resources, increased fourfold, from $408 million in 1992 to over $1.6 billion in 2001. UNFPA regular resources were unstable, reaching $337 million in 1997, declining to $244 million in 1999 and returning to $260 million in 2001. Non-core funding had increased over those years. UNICEF funding followed the same pattern, while regular contributions to WFP (which included a considerable portion for humanitarian purposes) rose sharply in 1999, as a result of a change in the criteria for distinguishing between core and non-core resources. Other UN entities, such as the United Nations Human Settlements Programme (UN-Habitat), the United Nations Environment Programme (UNEP), the United Nations Conference on Trade and Development, the Department of Economic and Social Affairs and the regional commissions, were funded largely by extrabudgetary resources. The specialized and technical agencies’ activities had been adversely affected by the paucity of programmable funds, and their assessed funding had remained stagnant. Their long-term pattern of technical cooperation funding had also been affected by the reduction of UNDP funding for their activities.

The effectiveness of all the modalities used for funding UN system development cooperation—voluntary contributions, including annual contributions to the core or regular resources and ad hoc non-core or supplementary contributions, the MYFF initiated in UNDP, UNICEF and UNFPA, assessed contributions, such as the Indicative Scale of Contributions used by UNEP, “negotiated replenishment” adopted by the International Development Association and the International Fund for Agricultural Development, and the “programme approach”, based on the provision of ad hoc funds linked to a specific thematic issue, such as the Joint United Nations Programme on HIV/AIDS—could not be judged only on technical grounds, since their suitability depended on the political will of potential contributors and none of them per se could protect the UN system from volatility or inadequacy of funding, unless there was a clear political will on the part of a wide donor base to provide sufficient funding.

However, while funding of operational activities was the primary responsibility of Governments, there was room for intensifying collaborative approaches between the UN development system and the private sector, both domestic private firms and foreign companies. Involvement of the business community was increasing. Collaboration with the private sector had traditionally taken the form of participation of international financial institutions, such as the International Finance Corporation of the World Bank Group, but other schemes included management contracts, private financing of programme components, joint ventures, leasing contracts and arrangements for contracting out services. In spite of those opportunities, public financing, principally official development assistance (ODA), would continue to play the main role in funding UN system development activities, with traditional donors (OECD/DAC countries) being its major donors, although it would be desirable to expand the donor base by increasing the share of other countries and new constituencies, including some developing countries. Moreover, there were encouraging signs that the donor community was making significant progress in fulfilling its commitment to deliver ODA equal to 0.7 per cent of its gross national product. New thinking was also needed on the relationship between UN development funding and domestic financial resources, which bore the brunt of development financing in the vast majority of countries, usually in the form of national contributions to co-finance budgets and in-kind contributions. Tighter links would therefore be required between financial disbursements for UN activities funded by donors and domestic contributions provided by government or non-government sources. Collaboration between the United Nations and the Bretton Woods institutions had increased, including through joint funding, and there had been a shift towards grant funding through the World Bank.

The report noted that all the organizations had implemented reforms designed to bolster their performance, intensifying collaboration to harmonize support for recipient countries, with the expectation that donors would respond with substantial additional and predictable resources. However, there had not been any significant change in the funding dynamics of the UN development system. If the internationally agreed development goals were to be achieved, all countries would have to commit themselves in terms of policies, actions and resource allocations, on a sustained basis, and the international community...
would have to match its declarations of support with real and substantial increases in ODA over a sustained period.

**Financing of operational activities in 2002**

Expenditures of the UN system on operational activities, excluding loans through the World Bank Group, totalled $7.3 billion in 2002 [A/59/84-E/2004/53], the most recent year for which figures were available, as compared to $7.1 billion in 2001. Of the 2002 amount, $2,138 million was distributed in development grants by UNDP and UNDP-administered funds, $1,772.4 million by specialized agencies and other organizations from extrabudgetary sources, $1,592.2 million by UNICEF, $479.3 million by specialized agencies and other organizations from regular budgets, and $312.5 million by UNFPA.

The UNDP Administrator, in an August report on UN system technical cooperation expenditures in 2002 [DP/2002/90 & Add.1], said that the $7.3 billion in technical cooperation between the UN system and the developing world in 2002 was an all-time high, representing a 2.4 per cent increase over the previous year. The high delivery rate by the UN system was due to the positive growth rates attained by other specialized agencies, funds and programmes, UNDP and UNICEF, which posted respective increases of 10.6 per cent (at $2.3 billion), 5.5 per cent (at $2.1 billion) and 3.2 per cent (at $1 billion) in 2002. Although WFP and UNFPA experienced a slight contraction in their delivery levels, their respective performances nevertheless allowed UN system technical cooperation to reach an all-time high.

By region, Africa was the largest recipient, with 25.1 per cent, or $1.8 billion of development assistance. The Asia and Pacific region received the second largest amount, $1.7 billion or 23.1 per cent, reflecting an increase of 9 per cent over the 2001 figure. Latin America and the Caribbean received the third largest share (19 per cent, or $1.4 billion), followed by the Arab States (17 per cent, or $1.2 billion), and Europe and the Commonwealth of Independent States (CIS) (6.6 per cent, or $483 million). Other global and inter-regional activities received 9.2 per cent, or $678 million. The three countries receiving the most development assistance were Afghanistan ($355 million), Brazil ($344 million) and Iraq ($340 million).

The health and humanitarian assistance sectors accounted for 41.2 per cent of the total technical cooperation expenditure, or $3 billion, an increase of 2.3 per cent.


At the 2003 United Nations Pledging Conference for Development Activities (New York, 4 November) [A/CONF.204/3], Governments made pledges to UN programmes and funds concerned with development. The Conference noted that several Governments were not in a position to announce their contributions but proposed to communicate such contributions when they were able to do so.

The Secretary-General provided a statement of contributions pledged or paid at the 2002 Pledging Conference, as at 30 June 2003, to 21 funds and programmes [A/CONF.200/2]. The total amounted to some $0.8 billion.

**Establishment of World Solidarity Fund**

In April, the Secretary-General transmitted to the General Assembly and the Economic and Social Council a progress report of the UNDP Administrator on measures taken to operationalize the World Solidarity Fund [A/58/72-E/2003/53], submitted in accordance with Assembly resolution 57/265 (YUN 2002, p. 831). The Fund was established in February as a UNDP trust fund, whose purpose was to eradicate poverty and promote social and human development in developing countries. It would operate by encouraging the private sector and individual citizens to fund its endeavours, and would support requests received from developing countries for financing poverty alleviation projects, including initiatives from community-based organizations and small private sector entities. Following its establishment, steps were taken to operationalize and publicize the Fund, but at the time of the report, the Fund had not received contributions.

The Administrator proposed the establishment of a high-level committee to define the strategy of the Fund.

**ECONOMIC AND SOCIAL COUNCIL ACTION**

On 11 July [meeting 31], the Economic and Social Council adopted resolution 2003/4 [draft: E/2003/1-L.21] without vote [agenda item 3 (a)].

**World Solidarity Fund**

Recalling General Assembly resolutions 55/210 of 20 December 2000, 56/207 of 21 December 2001 and 57/265 of 20 December 2002,

Recalling also the United Nations Millennium Declaration adopted on 8 September 2000 by heads of State and Government,

Recalling further the Monterrey Consensus, of the International Conference on Financing for Development, and the Johannesburg Declaration on Sustainable Development, as well as the Plan of Implementation of the World Summit on Sustainable Development,
"Johannesburg Plan of Implementation"), adopted at the World Summit on Sustainable Development, 
1. Takes note of the note of the Secretary-General transmitting the report of the Administrator of the 
United Nations Development Programme on the establishment of the World Solidarity Fund; 
2. Endorses the decision of the World Summit on Sustainable Development to establish the World Solidarity Fund to eradicate poverty and to promote social and human development in the developing countries, while stressing the voluntary nature of the contributions and the need to avoid duplication of existing United Nations funds and encouraging the role of the private sector and individual citizens relative to Governments in funding the endeavours, as set out in the Johannesburg Plan of Implementation; 
3. Recognizes the important potential contribution of the Fund to the achievement of the Millennium Development Goals, in particular the objective to halve, by 2015, the proportion of people living on less than one dollar a day and the proportion of the people who suffer from hunger; 
5. Encourages Member States, international organizations, the private sector, relevant institutions, foundations and individuals to contribute to the Fund; 
6. Requests, in this regard, the Administrator of the United Nations Development Programme to take further measures to operationalize the Fund by establishing on an urgent basis the high-level committee whose task it is to define the strategy of the Fund, inter alia, to mobilize the financial resources to enable it to start its activities in the field of poverty alleviation; 
7. Also requests the Administrator of the United Nations Development Programme to take all necessary measures to publicize the Fund and to raise awareness of its existence among the public and private sectors as well as civil society; 
8. Invites developing countries, as soon as resources are made available to the Fund, to identify indicative projects to be submitted for financing by the Fund, and requests the United Nations Development Programme to cooperate with national authorities in this regard; 
9. Requests the Secretary-General to request the Administrator of the United Nations Development Programme to submit a progress report on the operationalization of the Fund to the Economic and Social Council at its substantive session in 2004.

Technical cooperation through UNDP

The UNDP Administrator, in his annual report for 2003 [DP/2004/16], described the results of the internal reform that was initiated in the UNDP Business Plans 2000-2003 [YUN 1999, p. 802]. Those results illustrated the transformation that had taken place in the organization and were reported against each of the five pillars and projected outcomes of the original Business Plans: policy, partnerships, people, performance and resources. In terms of policy, UNDP had become a stronger global advocate for human development. It had worked to operationalize the UN strategy for implementing the MDGs, linking global and country-level campaigning for the MDGs with research, and the institutional and financial reforms needed to achieve them. The United Nations Development Assistance Framework (UNDAF) guidelines had placed the MDGs at the centre of the UN system work at the country level. UNDP also played a leading role in discussions with other development actors on ways to strengthen linkages between the MDGs and the poverty reduction strategy papers (PRSPs), resulting in a joint UNDC/World Bank/IMF statement on the relationship between the two instruments and their respective roles. UNDP’s advocacy work related to the Human Development Report was complemented by regional and national human development reports. The multi-year funding framework (MYFF) 2004-2007 (see p. 901) grouped UNDP’s work around five strategic areas within the MDG framework and reduced by 25 per cent the number of service lines in which UNDP was involved. As a result, UNDP withdrew its programme and technical capacity in non-priority areas and refined a niche in areas such as HIV/AIDS and crisis prevention and recovery. Resident representatives were equipped to respond more swiftly and comprehensively to programme country partner needs, and development policy staffing had been radically restructured. More than two thirds of the international policy experts were located in nine subregional resource facilities. Knowledge management was being consolidated for all practice areas, and UNDP staff were held accountable for their contributions to knowledge networking and organizational learning. UNDP had also become a highly networked organization, creating new development opportunities through strategic partnerships, including with the World Bank, the European Commission and non-State actors, particularly the business sector. Progress in the engagement of UNDP with civil society, a critical element to achieving the MDGs, was evidenced by the positive response of those organizations’ partners.

The challenges ahead for UNDP needed to be viewed in the context of the new security environment facing the organization and the constraints it imposed on many aspects of its programmes.
Against that backdrop, analysis of the 2000-2003 MYFF and the formulation of the 2004-2007 MYFF, the reformed UNDP programming process had identified a number of key challenges for the organization over the coming years, including the need to improve conceptual clarity and sharpen strategic focus by aligning results, organizational capacities and resources, and better reflect the MDGs; strengthen the coherence and effectiveness of the UN system at the country level; move results orientation to the next stage by encouraging knowledge sharing and skills development; and consolidate reform into a framework to improve performance, advance the UNDP mission, promote partnerships and expand the external support base for the organization.

The Administrator stated in his report to the Economic and Social Council (E/2004/4-DP/2004/12) that UNDP continued to assist developing countries in strengthening governance and enabling all actors in the national development context to play a mutually supportive role in achieving economic growth by harnessing the knowledge potential of the Internet and attracting international financial flows. UNDP support to the information and communication technologies (ICT) for development programme had expanded from 16 to 52 countries between 2000 and 2002. Some 26 countries had received UNDP support in preparing national ICT strategies and policies. Its support to national economies in attracting international financial flows facilitated by globalization was reflected in its support of the New Partnership for Africa’s Development (YUN 2002, p. 907). Those efforts led to UNDP support of the development of African stock exchanges and of the African Capital Markets Development Forum in April 2003, a joint initiative with the African Stock Exchanges Association and the New York Stock Exchange. In late 2003, UNDP decided to mainstream ICT elements into all of its practice areas.

As part of UNDP’s work towards achieving the MDGs, the Millennium Project put a basic infrastructure in place and a first set of outputs was delivered by mid-2003. Twenty-five eminent experts were recruited to serve as task force coordinators. Task forces held their second meetings in 2003. A major contribution was made by the task forces and by the secretariat of the Human Development Report towards achieving the MDGs, which included the Millennium Development Compact, a joint effort of the Human Development Report Office and the Millennium Project that outlined how the MDGs could form the core of a goal-oriented development system. The Millennium Development Goals Campaign unit was in place and the building blocks of the Campaign were taking shape. A key focus would be to promote campaigns in developing countries, building on awareness-raising initiatives launched by UNDP country offices and UN country teams. Almost 50 MDG country reports had been produced, and production was planned for 60 more. Five countries had produced their second reports. UNDP took the lead in revising the MDG guidance note on country monitoring with inputs from several UN organizations.

**UNDP/UNFPA Executive Board**

In 2003, the UNDP/UNFPA Executive Board held two regular sessions (20-23 January and 8-12 September) and an annual session (6-19 June), all in New York [E/2003/35].

At the first regular session, the Board adopted six decisions, including one that gave an overview of the Board’s actions taken at that session [E/2003/35 (dec. 2003/6)]. Other decisions dealt with improvement of the Board’s working methods (see p. 892); assistance to Myanmar (see p. 893); the financial situation of the United Nations Office for Project Services (UNOPS) (see p. 908); an independent review of UNOPS (see p. 907); and implementation of the recommendations of the Board of Auditors (see p. 904).

The Executive Board, at its annual session, adopted 15 decisions. In addition to an overview decision that summarized the action taken at that session [dec. 2003/21], the Board adopted decisions regarding UNFPA funding commitments, joint programming, assessment of its MYFF, delegation of personnel authority and its annual report (see PART THREE, Chapter VIII), and others on joint programming with UNDP (see p. 898); assessment of the UNDP MYFF, 2000-2003, and guidance in preparing the new MYFF, 2004-2007 (see p. 901); the United Nations Capital Development Fund (UNCDF) (see p. 914); technical cooperation among developing countries (see p. 911); funding commitments to UNDP (see p. 903); UNOPS (see p. 907); internal audit and oversight for UNDP, UNFPA and UNOPS (see p. 910); joint field visits (see p. 893); and the Global Environment Facility (see p. 1046).

At its second regular session, the Board adopted eight decisions, including an overview decision [dec. 2003/29]. The other decisions concerned the UNDP biennial support budget, 2004-2005 (see p. 903); the biennial support budgets, 2004-2005, for UNCDF (see p. 914) and the United Nations Development Fund for Women (see p. 1044); the UNDP MYFF, 2004-2007 (see p. 901); UNDP evaluation (see p. 899); UNOPS revised budget estimates for 2002-2003 and budget estimates for 2004-2005 (see p. 909); and indepen-
dent review of UNOPS (see p. 908); and the UNFPA support budget for 2004-2005 (see p. 1091).

The Economic and Social Council, by decision 2003/225 of 11 July, took note of the reports of the UNDP/UNFPA Executive Board on its 2002 second regular session and its 2003 first regular session.

Working methods

At its first regular session in January, the UNDP/UNFPA Executive Board approved its work plan for 2003 [DP/2003/CRP.1]. It considered a follow-up report on the rationalization of documentation and the streamlining of its working methods [DP/2003/CRP.6], submitted by the secretariat in response to a request by Board members. The report stated that, although there had been a net improvement in the size, content and quality of documents submitted to the Board, a more focused, action-oriented and clearer presentation was still needed, providing a range of options to facilitate policy formulation. The Board should also restrict the number of documents it received for discussion. As to organizational and procedural changes, the report suggested that: informal thematic meetings should take place during Board sessions; UNDP and UNFPA country programmes should be discussed together; interaction between programme and donor countries should be improved through thematic working sub-groups; Board decisions should be communicated more quickly to Member States and its contacts with programme countries improved; and terms of reference should be drawn up for field visits. Other proposals called for a joint informal meeting between the Board and the OECD Development Assistance Committee to exchange views on development policy, shifting from informal to formal discussions with regard to issues such as field visits and joint meetings of the Boards, at which cross-cutting issues of a more strategic nature should be proposed for discussion.

Taking note of the follow-up report, the Board, in January [dec. 2003/1], encouraged a closer relationship between its deliberations and the work in the field, keeping in mind the need to enhance country-driven programming. It decided to include the item on improving its working methods in the agenda of its 2003 annual session and invited Member States, through its Bureau, to submit contributions before 15 May on the rationale for doing so and specific proposals in that regard.

At the Board’s annual session in June [E/2003/55], a number of areas for improvement were proposed, including expediting the submission of reports to delegations to allow sufficient time for review; ensuring that meetings of the Board were more focused, while encouraging informal and joint statements; and abolishing the Board’s second regular session as it coincided with the opening of the General Assembly. The Board called on its Bureau to follow up on those suggestions and to report accordingly.

Reappointment of UNDP Administrator

The Secretary-General, in an April note [A/57/110], informed the General Assembly that, following consultations with members of the UNDP Executive Board, he was seeking the Assembly’s confirmation of the appointment of Mark Malloch Brown as Administrator of UNDP for a further four-year term of office beginning on 1 July 2003. Mr. Malloch Brown was first appointed to that position on 1 July 1999.

By decision 57/415 of 15 April, the Assembly confirmed the reappointment of Mr. Malloch Brown.

UNDP/UNFPA reports

In January [dec. 2003/6], the UNDP/UNFPA Executive Board took note of the reports of the UNDP Administrator [DP/2003/3] and the UNFPA Executive Director [DP/FPA/2003/2] to the Economic and Social Council and agreed to transmit them to the Council.

In June [dec. 2003/21], the Board took note of the UNDP Administrator’s 2002 annual report [YUN 2002, p. 862].

The Council, by decision 2003/225 of 11 July, took note of the combined annual reports of the UNDP Administrator and the UNFPA Executive Director to the Council [E/2003/13].

In response to General Assembly resolution 57/294 [YUN 2002, p. 841], the Administrator reported in April [DP/2003/17] on strengthening consultations with Member States on the Human Development Report (see p. 864). Since 1994, UNDP had sought to improve the process of consultation with Member States to refine the methodologies used in preparing the Report, with a view to improving quality and accuracy without compromising editorial independence. Over the years, those consultations had taken place at three points in the preparation process, and provided an opportunity for an exchange of information between the Human Development Report Office and the Board. The Office made three proposals for improving the consultation process: increasing the number of consultations with the Executive Board to five; improving the quality of consultation by circulating the proposed “messages” of the report earlier than in previous years; and holding special consultations on specific issues.
In June [dec. 2003/21], the Executive Board took note of the report on strengthening consultations with member States on the Human Development Report and the comments made thereon. By decision 2003/225 of 11 July, the Council also took note of the Administrator’s report.

UNDP operational activities

Country programmes

The UNDP/UNFPA Executive Board, at its first regular session in January [dec. 2003/6], approved country programmes for Bahrain, Bolivia, Botswana, Cameroon, Cape Verde, the Comoros, Côte d’Ivoire, Cuba, the Democratic Republic of the Congo, the Dominican Republic, Equatorial Guinea, Guinea-Bissau, India, Jordan, Liberia, the Libyan Arab Jamahiriya, Malaysia, Maldives, Mali, Mauritania, Nigeria, Papua New Guinea, Samoa, Seychelles, Timor-Leste and Venezuela, and multi-country programmes for the Cook Islands, Niue and Tokelau, and the Pacific island countries. It approved the extensions of country cooperation frameworks (CCFs) for the Central African Republic and Thailand [DP/2003/8], and took note of the corrigendum to the second CCF for Panama [DP/CCF/PAN/2/Corr.1].

Also at its January session [dec. 2003/2], the Board, recognizing the critical humanitarian and basic human development needs of the people of Myanmar, took note of the Administrator’s note on assistance to that country [DP/2003/3] and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic issues and challenges it raised. The Board encouraged UNDP to enhance the impact of the Human Development Initiative, phase IV, taking into account the report submitted by the independent assessment mission.

At its annual session in June [dec. 2003/21], the Board took note of the first country programme outlines for Benin, Croatia, Ecuador, Kenya, the Niger, Pakistan, the Russian Federation and Thailand. It took note of the first one-year extensions of second CCFs for Angola, Mauritius, Tajikistan, the former Yugoslav Republic of Macedonia, Uruguay and Zimbabwe [DP/2003/16], and approved the two-year extension of the second CCF for Georgia [DP/2003/16] and the one-year extension of the second global cooperation framework. The Board took note [dec. 2003/15] of the reports on the field visits to Mozambique [DP/2003/CRF10 & Add.1] and Ecuador [DP/2003/CRF11]. It considered those visits an important contribution to its engagement in the work of the funds and programmes at the country level, and, in particular, to understanding the contribution made by the UN country team to national development strategies. Future joint field visits should focus on themes of common interest to the Executive Boards of UNDP/UNFPA, UNICEF and WFP, such as the UNDAF arrangements, the work of the UN country team on the MDGs and/or other cross-cutting themes. Noting that joint field visits could place a burden on host Governments and the United Nations, the Board requested that that be taken into account in deciding on destinations and the duration of future visits and called for cooperation between the Boards in preparing future joint field visits.

At its second regular session in September [dec. 2003/29], the Board took note of draft country programme documents for the Central African Republic, the Congo, Lithuania, Poland and Sierra Leone. It approved a two-year extension of the CCF for Peru and took note of the one-year extensions of the CCFs for Bosnia and Herzegovina and Chile [DP/2003/57 Rev.1]. The Board took note of the Administrator’s note on UNDP assistance to Afghanistan [DP/2003/36] and an oral report on assistance to Myanmar.

UNDP programme results

Poverty reduction

UNDP’s efforts to reduce poverty had progressed in recent years from implementing scattered, local poverty reduction projects to supporting national poverty reduction frameworks. The World Bank/IMF PRSP process, which promoted poverty reduction strategies, had given additional impetus to that transformation.

The 1999 results-oriented annual report [YUN 1999, p. 735] revealed that the bulk of UNDP support to poverty reduction was targeted at the community level, with “downstream” expenditures twice as high as “upstream” expenditures. More recently, support in that area had achieved greater focus and strategic coherence. UNDP support to national poverty reduction strategies focused on poverty monitoring and participation, but more needed to be done to strengthen government capacity to develop pro-poor policies and budgets. UNDP provided advice on resource and policy implications and options on human development and poverty reduction. Its support was also effective in facilitating the participation of civil society organizations in the PRSP process, particularly in Southern Africa.

UNDP’s expanding role at the country level in furthering the MDG agenda through national goal setting and building capacity for monitoring, reporting and advocacy was reflected in the rapid increase in MDG-linked outcomes. In striv-
ing to build national ownership of, and broader participation in, the MDG campaign. UNDP was putting emphasis on partnering with civil society on MDG monitoring, reporting and advocacy. The challenges were to further cement the relationship between PRSPs and the MDGs, and to meet the deadline of producing MDG reports in every country by the end of 2004.

In the area of employment, although country offices had reported numerous small-scale interventions for generating self-employment, UNDP had not moved far enough upstream on employment issues to strengthen the strategic links between employment generation and poverty reduction. In order to increase the access of the poor to productive assets and resources, UNDP, in collaboration with UNCDF, had moved upstream to influence national legal and regulatory frameworks and develop national strategies for sustainable financial services for the poor. In the area of aid, trade and debt relief, through a series of high-profile publications on globalization and participation in initiatives, such as the Integrated Framework (for trade-related technical assistance to least developed countries), UNDP had positioned itself as an advocate for making aid, trade and debt relief work for the poor. Country reports showed, however, that those initiatives had not been translated into national and regional programmes.

**UNDP role in the PRSP process**

The UNDP Evaluation Office assessed the organization’s role in the PRSP process from August 2002 to March 2003. The evaluation examined UNDP’s role in the achievement of six key PRSP outcomes: increased country ownership of the preparation process; participation of civil society; the private sector; the multidimensional nature of poverty and pro-poor growth; coherence between PRSPs and other long-term national planning instruments; development partnerships; and poverty monitoring capacity at national and local levels. In a June report [DP/2003/24] on its findings, the evaluation team noted that PRSP represented an area of strategic importance to UNDP and a priority for its key global practice of poverty reduction, in particular through partnerships with the UN system, the World Bank and IMF.

Among its other findings, the report noted that only a few PRSPs had benefited from an analysis of the MDGs. Most countries had simply adopted the MDGs as opposed to adapting them through a national consultative process to make them country-specific. There was no clear link in PRSPs between poverty diagnosis and poverty reduction policies; rather, poverty reduction policies tended to be an “add-on” to a general growth strategy. Lack of clarity of the respective roles of the United Nations and the Bretton Woods institutions had hampered the development of a coherent approach by the UN country team in engaging the PRSP process at the country level. UN organizations did not always understand the relationship between the PRSP process and key UN coordination mechanisms, such as the common country assessment and UNDAF.

In terms of PRSP outcomes, progress was made in fostering government ownership of the PRSP process; however, in most cases progress was limited. Broad-based participation facilitated efforts to transform government ownership of the PRSP process into national ownership, and involved participation by civil society, including the private sector, in the drafting process. Fostering broad-based participation was the weakest outcome for UNDP. The pro-poor content of PRSPs increased when UNDP focused on promoting national discussions on the nature and social costs of poverty and on helping to give a voice to the poor. For long-term planning, PRSPs needed to be integrated into sectoral and thematic programmes. UNDP’s partnerships with government and civil society were its strength, yet the full potential of strong partnerships had not been fully realized. Institutional arrangements for poverty monitoring to ensure PRSP implementation were inadequate.

Among the recommendations for strengthening UNDP’s capacity to respond to requests from Governments for assistance in the PRSP process, the evaluation report suggested that the UNDP and UN country teams should influence the PRSP framework and support the process in a manner that promoted national ownership of the MDGs. UNDP and the Bretton Woods institutions should act together within the context of a UN team effort led by the resident coordinator, with UNDP taking the lead in UN commitment to the outcomes of the PRSP process. UNDP should make PRSP play a more central role in its country-level operations, and thus a more central role in its policy development and support activities. It should also maximize its potential to provide critical international input to the PRSP process. The success of the PRSP process depended in part on the ability to measure and assess progress in relation to intended outcomes, requiring clear benchmarks and performance criteria for making an evaluation and performance assessment possible. Strengthening evaluation capacity should be an integral part of PRSP assistance provided by external organizations.
The UNDP/UNFPA Executive Board, at its annual session in June [dec. 2003/21], took note of the evaluation of the UNDP role in the PRSP process. UNDP management, responding to the PRSP evaluation in an August report [DP/2003/35], covered the issues of linking PRSPs to the MDGs, and growth and democratic governance, respectively, to poverty reduction and made recommendations for enhancing UNDP’s role in the PRSP process. Overall, management agreed with the central point of the evaluation that the substantial advantage of UNDP lay in its ability to help Governments establish coordinated monitoring systems for poverty and the MDGs, particularly at the local level, and in supporting MDG reports and human development reports as tools for public advocacy and policy advocacy, respectively.

In September, the Executive Board, having considered the UNDP secretariat report containing the management response to the evaluation of UNDP’s role in the PRSP process, encouraged UNDP to take into account that response in its PRSP work and requested the Administrator to make recommendations to the Board in 2004 [dec. 2003/25].

Democratic governance

The two most widely practiced areas of democratic governance supported by UNDP at the country level were decentralized local governance and public administration reform, with outcomes reported in 90 and 80 countries, respectively. Recently, rapid growth had been observed in decentralization and local governance programme interventions. The major lessons learned in democratic governance involved garnering good practice and moving more rapidly to support integrated decentralization, local governance and public administration reform. Positive results were emerging in the Lao People’s Democratic Republic and Mozambique. The area of electoral assistance was a starting point from which UNDP could move to support a broader governance programme. The challenge was to effect a better balance between short-term, event-specific election support projects and longer-term, development-oriented support to electoral systems. While some countries, such as Bangladesh, took a development-related approach, most UNDP projects in that sphere were of less than one year’s duration.

In support of parliamentary development, a number of programmes had strengthened rules and staff. Several programmes worked to strengthen parliamentary oversight capacity.

Support to justice and human rights was among the fastest growing areas of the governance goal, focusing on strengthening the capacity and functioning of the formal justice sector (courts, prosecutors, justice ministries and police). The next step would be to link support to improved access to justice for the poor.

UNDP supported a number of “e-governance” programmes, with their focus ranging from increased transparency and accountability of national and local governments to the participation of civil society in governance issues. However, despite the demand, UNDP programmes were limited in scope and size by the lack of resources.

Demand had increased for UNDP assistance in multi-stakeholder dialogues on governance priorities and support for national capacities for an independent media and information. Approximately 30 countries had outcomes in that area, ranging from civic dialogue programmes in Latin America to independent media development support in the Gambia and Kazakhstan.

Crisis prevention and recovery

Crisis prevention was a key UNDP priority, with support falling into two categories: downstream support for dealing with the immediate impact of disasters, ranging from the removal of illicit small arms and landmines to the promotion of short-term economic recovery for the worst-affected communities; and upstream support aimed at building capacity for dialogue, facilitating multi-stakeholder consensus on divisive national issues, ranging from constitutional reform to the equitable distribution of natural resources, and addressing the deep-seated inequities and underdevelopment that often constituted the root causes of conflict. In the first category, UNDP provided short-term support for countries emerging from conflict. Joint programmes were launched with the World Bank and the Office of the United Nations High Commissioner for Refugees (UNHCR) to reintegrate refugees and displaced persons into their communities in Afghanistan, Sierra Leone and Sri Lanka. Assistance was provided to the Governments of Angola, Colombia and the Democratic Republic of the Congo. UNDP supported multi-stakeholder dialogue in Fiji, Guatemala, the Niger, Peru, Sao Tome and Principe and Venezuela. Training support in peaceful conflict resolution was provided to national stakeholders in a wide range of countries. In Gambia, UNDP was working with stakeholders to implement constitutional reforms vital to the management of internal tensions and to build dialogue and social
cohesion. UNDP provided support for the revival of the civil service in Afghanistan and in other countries emerging from conflict.

Nearly half of UNDP programme countries were afflicted by crisis situations or were in some stage of post-crisis recovery. UNDP was increasingly regarded as a critical partner of the UN humanitarian and political arms, in particular for its role in helping to bridge the gap between humanitarian and reconstruction work in post-crisis countries. In 2003, that aspect was central to the corporate agenda as reflected in the MDG.

The UNDP/UNFPA Executive Board decided to strengthen the Bureau for Crisis Prevention and Recovery with 15 additional core posts, and to increase crisis funding from 5 per cent to 7.2 per cent of the UNDP core budget.

UNDP led the initial recovery effort in Afghanistan, organizing the UN system-wide immediate and transitional assistance programme. Building on that experience, UNDP, on behalf of UNDG, led the Iraq reconstruction process, for which it coordinated a needs assessment and led discussions on the establishment of the United Nations/World Bank International Reconstruction Fund Facility for Iraq (see p. 353). Another example of collaboration on needs assessment was Liberia, for which the international reconstruction conference pledged $20 million for 2004-2005. Recognizing that collaboration had to go beyond assessment, UNDP, the World Bank and UNHCR addressed critical gaps in repatriation, reintegration, rehabilitation and reconstruction.

In an effort to remove explosive remnants of war and small arms in post-crisis countries, UNDP supported the collection and destruction of 125,750 weapons and 170 tons of ammunition. UNDP advocated for the inclusion of mine action considerations into the development plans and multi-year strategies of countries, donors and aid agencies. In Cambodia, mine action was integrated into the national poverty reduction strategy and adopted by the Government as a specific national MDG. Support in that area was also provided to Afghanistan, Albania, Colombia, Papua New Guinea, the Serbia and Montenegro province of Kosovo, Solomon Islands and Timor-Leste, which were all emerging from violent conflict, and to countries that might have been made vulnerable as a result of conflicts in their neighbourhood.

Environment and energy

UNDP’s activities on the environment and natural resources, particularly with regard to water, energy, agriculture and biodiversity, was aimed at supporting poverty reduction and sustainable development. Most funding for environment and energy was derived from non-core sources, such as global trust funds, including the Global Environment Facility (GEF) (see p. 1045) and the Multilateral Fund for Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer [YUN 1997, p. 686] (see p. 1050). Capacity development to support national and local sustainable development strategies involved development frameworks and policies linked to environmental and human welfare. Country-level efforts included decentralization and governance issues critical to the sustainable use of natural resources, pollution reduction and the generation of livelihoods.

Water governance issues involving access to water resources and related services were increasing in importance. UNDP supported systems of water governance to ensure both ecological integrity and access to adequate safe water resources and services by poor people, as, for example, in Honduras. Other concerns were: strengthening water oversight institutions, legislation and policies, transboundary water issues, and community engagement for improved water management, water supply and sanitation services.

UNDP addressed both poverty and environmental concerns related to access to energy and the consequences of climate change. Significant strides were made in renewable energy, energy efficiency, clean energy technologies and reporting on implementation of the 1992 United Nations Framework Convention on Climate Change [YUN 1992, p. 681] (see p. 1049) in over 70 per cent of country operations. In support of agriculture and drylands management, UNDP worked on local and national planning and management frameworks to address legal, institutional and capacity needs, especially in least developed countries, focusing on the local resource base, agricultural viability and human vulnerability to desertification. In many countries, challenges related to land tenure, access to common lands and the legal status of rural populations. UNDP supported country efforts to maintain biodiversity and related ecosystem services. GEF expanded its mandate to include land degradation and persistent organic pollutants. With respect to ozone layer protection, the Montreal Protocol programme was moving away from individual projects towards multi-year, performance-based national and sectoral programmes requiring policy and institutional support, which were operational in 68 countries and were a significant source of programme resources.

Response to HIV/AIDS

The number of country offices reporting activities undertaken regarding HIV/AIDS had increased
rapidly. Results were achieved in developing leadership skills and capacity for advocating, planning, managing and implementing HIV/AIDS responses at the national and local levels. Given the limited availability of resources, the main challenge for UNDP was to increase synergies between activities in order to achieve society-wide impact.

Leadership development programmes were implemented in 19 countries, with requests received from over 40 more. Six countries in the Caribbean participated in a regional leadership development programme. Those programmes supported a broad range of actors and sectors (government, civil society, the private sector and the UN system) working together for optimum results. In Ukraine, the programme generated partnerships among participants from several ministries, civil society and the private sector. In Senegal, 180 participants from Government, civil society and the private sector participated in the programmes and 65 per cent of them subsequently underwent HIV/AIDS testing.

Community capacity enhancement initiatives were implemented in nine countries, mainly in Africa and Asia, to strengthen the response of community-based organizations to HIV/AIDS, including community capacity for action and social change, and to link communities to national processes and responses. In Cambodia, the initiative addressed discrimination and domestic violence within communities and helped to link community action with national strategic planning and implementation at the local level. In Ethiopia, the programme was expanded to an additional 100 districts, and led to shifts in behaviour to control the spread of HIV/AIDS, including the commitment by communities to stop practices such as female genital mutilation.

Development planning activities introduced innovative approaches to strengthen governance, development planning and systems to respond comprehensively to HIV/AIDS across sectors, and at the national, sub-national and community levels. UNDP supported national strategic planning and implementation, addressing the gender dimensions of the epidemic in development plans. The “City Responses to HIV/AIDS” project was established in Brazil, Cambodia, Côte d’Ivoire, India, Lebanon, Malawi, Senegal and Trinidad and Tobago, and was strengthening local responses to the epidemic and helping to align city plans with national strategies.

UNDP worked with artists and the media in a number of countries, including Botswana, Ethiopia, Ghana, India, Lesotho, Malaysia, Nepal, South Africa and Swaziland, to generate a gender-sensitive response that respected the rights of people living with HIV/AIDS. In the Arab States, a regional programme motivated media and entertainment personalities to respond to HIV/AIDS, helping to break the silence surrounding the epidemic. In South Africa, an arts, film and media festival was held in Johannesburg in October.

The Southern Africa Capacity Initiative, a collaborative effort led by UNDP, aimed to address the challenges that Southern African countries faced in the loss of their most productive people. The Initiative worked to accelerate capacity development by synergizing the efforts of nine countries with the highest prevalence rates in the Southern African Development Community to stem the loss of capacity for planning and managing key sectors. Microsoft was a key partner in the Initiative, developing ways to help Governments use ICT to upgrade services, including distance learning and telemedicine.

Programme planning and management

UNDP Business Plans 2000-2003

In January, the Executive Board heard an oral presentation by the Administrator on the implementation of the UNDP Business Plans 2000-2003 [YUN 2000, p. 831], and considered a conference room paper [DP/2003/CRP.8], which articulated UNDP’s strategy in five areas (policy, partnerships, people, performance and resources) (see p. 890). To measure the progress in UNDP’s transformation, the Business Plans contained a scorecard with indicators that were distributed to all country offices and headquarters units.

The Administrator reported that the agenda for transformation was currently taking hold. UNDP was becoming a more practice-oriented, knowledge-driven organization and its outward-looking, more accountable approach had changed its relationship with both development partners and programme countries. The organization was making its voice heard, advocating and acting on the MDGs. Internally, UNDP had integrated learning and accountability for performance more coherently in its development agenda, while focusing on meeting its own performance targets, and it had progressively transformed itself into a field-oriented, decentralized, networked and service-focused organization. It had sharpened its focus in six priority areas: democratic governance, poverty reduction, crisis prevention and recovery, information and communication technology, energy and environment, and HIV/AIDS, which had become its practice areas. Thematic trust funds had been introduced for each practice area to promote the development of
signature products and services. The transformation had created a totally new “business line” for UNDP and, in addition to contributing financial resources to programme country Governments, UNDP was currently providing timely, high-quality, knowledge-based advisory services. In the area of crisis prevention and recovery, UNDP assumed the unprecedented role in Afghanistan of bringing together the entire UN system around a single coherent strategy. From a risk-averse culture, UNDP had evolved into a more opportunity-driven organization, resulting in an array of partnerships with more than 30 foundations on every continent.

While internal restructuring had resulted in a more responsive Strategic Management Team within a leaner and more efficient headquarters structure, UNDP had also realigned its entire staff profile. The alignment of competencies with needs was implemented at all levels. In particular, an assessment centre, administered by an outside firm, was launched to evaluate candidates for resident representative/resident coordinator positions. The organization’s culture of performance and accountability was reinforced, with leadership management being more performance driven. On the development effectiveness side, results-oriented annual reports were prepared each year for presentation at the Annual Sessions of the Executive Board. A more systematic performance rating of managers was introduced and staff performance was continuously evaluated through the Results and Competency Assessment Instrument.

UNDP’s transformation culminated in the adoption of the new UNDP brand, which was formally unveiled at the 2002 World Summit on Sustainable Development (YUN 2002, p. 821). It was designed to represent the organization’s integral connection to the United Nations and commitment to the goals of the UN Charter. UNDP was thus better placed to lead a concerted effort to help developing countries meet the MDGs.

An assumption of the Business Plans was that the changes would result in increased funding and the expansion of UNDP’s resource base for development services. Realistic considerations reduced the initial MYFF targets for regular (core) resources to $900 million in 2003. While that target was not achieved, the negative trend in core resources was reversed.

Based on positive feedback from donor and programme country Governments, UNDP decided that its corporate priorities for 2003 would consist of the four 2002 priorities—the practice areas; the MDGs; performance and staff development; and the new ICT platform—and two additional ones, namely, UN reform, to ensure that UNDP supported the Secretary-General’s reform agenda, and resources, to ensure that it had sufficient funds to do its work. In each of the six areas, the emphasis was being placed on integration.

In the practice areas, UNDP intended to broaden its global network, elaborate service lines and mobilize funds for the thematic trust funds. It would also introduce a more consistent thematic trust fund allocation process. Its results-based management, talent management and cost-sharing systems would be improved. The crisis prevention and recovery practice would receive special focus in 2003. As for the MDGs, UNDP would focus on capturing results at the country level, including improving the MDG reporting process, involving country teams in spreading awareness, developing capacity for monitoring and analysis, promoting national ownership, cooperating with the World Bank and regional development banks, and aligning policy and programme work to reflect the importance of the new MDG mandate.

As 2003 was the final year of the Business Plans, 2000-2003, and with the preparation of the 2004-2007 MYFF process and the 2004-2005 biennium budget (see p. 903), and the design of the new Enterprise Resource Planning System, UNDP would further align its global and country programmes with its practice areas, business processes, resource mobilization and advocacy efforts to ensure that each complemented the others in a focused and strategic manner. It would also further strengthen its external partnerships and widen its geographical coverage with a view to enhancing its development impact.

In January [dec. 2003/6], the Executive Board took note of the oral presentation and the conference room paper on the UNDP Business Plans, 2000-2003.

Programme arrangements
The Executive Board, in a June decision [dec. 2003/7], requested the Administrator to submit in 2004 a written report containing an assessment, based on specific country examples, of UNDP experience in joint programming and other innovative and collaborative approaches aimed at improving programming effectiveness and reducing transaction costs for programme countries.

Monitoring and evaluation
In August [DP/2003/35], the UNDP Administrator, in his Annual Report on Evaluation covering the period from July 2002 to June 2003, examined progress made by UNDP in deepening the
cultural of performance within the organization. The report, which drew upon evaluative evidence from a global trends analysis of development effectiveness and key country-level and corporate evaluations from UNDP to assess development results, elaborated UNDP efforts to promote more dynamic interaction between country operations and the evaluation function in order to improve the link between evaluations, substantive learning, decision-making and partnerships.

UNDP launched a number of initiatives to revamp its approach to managing for results, including an outreach strategy for promoting knowledge-sharing and lessons-learning throughout the organization and with partners, which was critical for improving development results at the country level. The report emphasized the importance of accessing “real-time” lessons where evaluation recommendations were fed back into decision-making for more effective learning and accountability, especially in view of the challenges in aligning UNDP strategic goals to the MDGs and fostering a broader range of partners for development effectiveness.

In December [E/2004/4- DP/2004/12], the Administrator said that the demand for evaluation and learning had improved substantially. A major focus was “real-time” lessons, which resulted in more effective learning and accountability. Together with outcome evaluations at the programme level and a select number of country evaluations, the development effectiveness report had emerged as a major platform for that perspective. The report assessed country-level development results, as well as global trends and efforts needed to improve effectiveness.

The 2003 development effectiveness report analyzed more than 1,000 UNDP project and programme evaluations, country case studies and reports, which indicated that UNDP interventions were becoming more sustainable.

In August [DP/2003/35], UNDP management responded to the evaluation of the role of UNDP in the PRSP process (see p. 895).

The Executive Board, in September [dec. 2003/25], took note of the report on evaluation for 2002. It appreciated the feeding of lessons learned from previous evaluations into the second MYFF (2004-2007) (see p. 901). The Board encouraged UNDP’s work in promoting partnerships on evaluation capacity with national administrations and welcomed the partnership on evaluation capacity development with other development partners in strengthening national evaluation capacity, such as cooperation through the International Development Evaluation Association and the Inter-Agency Working Group on Evaluation. It stressed the importance of using indicators developed with national Governments’ participation.

The Board requested UNDP to enhance the evaluation of strategic and cross-cutting issues, such as the UNDP role in the UNDAF process and gender. Encouraging UNDP to continue linking UNDP policy work to its operational activities, the Board stressed the need to strengthen the lessons-learned process, especially at the country level. It welcomed the focus on deepening the performance culture and encouraged UNDP to continue working on capacity-building in evaluation. UNDP was urged to submit more thorough evaluation reports on UNIFEM, the United Nations Volunteers Programme and UNCDF. The Board encouraged UNDP to take into account the management response to the evaluation of the UNDP role in the PRSP process in its PRSP work, and requested the Administrator to report to the Board with recommendations in 2004.

Assessing MDG reports

The Evaluation Office conducted an assessment of the MDG reports in early 2003 and submitted in August an executive summary [DP/2003/34] of its report in preparation for a presentation of the full report in 2004. The objective was to assist UNDP and UN country teams to improve reporting on the progress made towards the attainment of the MDGs. The reports were emerging also as an important instrument for tracking and monitoring progress at the national level and for putting into place public campaign strategies for attaining the MDGs. Reporting on the MDGs began in 2001, with seven countries producing reports that year. By April 2003, 23 countries had produced MDG reports and another 50 reports were expected by the end of the year.

Overall, there were wide variations in country ownership, authorship and value added of the reports as advocacy tools and, contrary to expectations, those reports had not yet filtered into national debates on the MDGs. There was a need for convergence and stronger links between the monitoring and reporting processes of the MDGs, PRSPs and other comprehensive national development frameworks and reporting instruments, such as national human development reports, the common country assessment and UNDAFs. UNDP country offices in particular needed to focus on coordinating and harmonizing UN system-wide efforts in support of the MDGs and PRSPs and their alignment with national development frameworks.
There was a lack of clarity on the real value added of the MDG reports and there were major data gaps in reporting. Participation in the preparatory process was often constrained by a country’s capacity. Statistical capacity varied within a country from one goal to another. UN system capacity also varied from one country to another and in-house UNDP capacities for policy advice, monitoring, reporting, advocacy, communication and coordination were limited. The assessment identified seven challenges (communication, participation, reporting, statistical, campaign, evaluation, global cooperation) that had to be met as UNDP and the United Nations moved to strengthen reporting on the MDGs.

The assessment report made recommendations for the UN system, specifically UNDP, and global development partners to meet those challenges. It called on the UN system to focus on the real value added of the reports and to position them to generate maximum debate and public action for the MDGs. A strategy was needed for establishing and nurturing partnerships with civil society organizations at both the global and country levels. The resident coordinator should develop a long-term strategic plan on MDG reporting that took into account key considerations at the country level, together with an effective advocacy and dissemination plan. UNDP should develop new programmes for the capacity-building of civil society organizations. UNDP and the UN system as a whole should mobilize global partners to mount a global initiative on statistics that would bring together international and national statistical organizations to engage in a comprehensive assessment of data needed for monitoring the MDGs. Global development partners should collectively explore collaborative mechanisms that would ensure regular reporting on the MDGs by countries.

The UNDP Administrator, in August [DP/2003/41], commenting on the report on the assessment of MDG reports, remarked that the findings were encouraging. UNDP appreciated the objective nature of the assessment, had taken note of the gaps and limitations identified, and agreed with most of the proposed actions. Consequently, it had revised the MDG report guidance note. The country teams were working to bring more civil society organizations into the process of preparing the MDG reports. It was working to differentiate the national human development reports from the MDG reports and to tap the potential synergies between the two.

On 12 September [dec. 2003/29], the Executive Board took note of the report on the assessment of the MDG reports and of the Administrator’s note on that report.

### Funding strategy

#### Multi-year funding framework

In May [DP/2003/12], the Administrator submitted an end-of-cycle assessment of performance of the multi-year funding framework (MYFF), 2000-2003, UNDP’s primary strategic management tool for guiding its work, comprising a strategic results framework (SRF) and an integrated resources framework (IRF). The report examined the transformation of the organization over three years, provided a summary assessment of progress made towards each SRF goal and an in-depth analysis of specific achievements and trends. It also looked at the IRF for 2000-2002, which presented an overview of the use of UNDP resources during that period.

The Executive Board, in June [dec. 2003/8], took note of the 2000-2003 MYFF end-of-cycle assessment and the supplementary information, and welcomed the progress achieved during 2000-2003 towards meeting the MYFF goals. It requested that, in the MYFF, 2004-2007, UNDP align the IRF and clarify the relationship between the MDGs, the strategic goals and the practice areas with a view to establishing a consistent framework. It should also revisit the practice areas to sharpen the organization’s focus, taking into account the potential for added value and comparative advantages within the multilateral development system. Recognizing UNDP’s progress in results orientation, human resource and knowledge management, and re-profiling of country offices, it urged the Administrator to continue efforts to make UNDP a more effective development partner and to strengthen the results-based management system, including improving its performance indicators.

Expressing concern that progress in gender mainstreaming, the empowerment of women and in achieving gender equality was uneven, the Board encouraged UNDP to strengthen those efforts with UNIFEM. It also expressed concern that the level of regular resources during 2000-2003 had remained far below target, but welcomed the modest upward trend in those resources. It urged member States in a position to do so to increase their contributions. UNDP was encouraged, within the context of the next MYFF, to take account of current estimates. The Board
stressed the need to clarify and develop the relationship between the priorities in the MYFF, the biennial support budget and the programming arrangements. It urged UNDP to simplify the content and format of the next MYFF to ensure that it became the main policy document as well as its strategic resource and management tool.

2004-2007 MYFF

In response to the Board’s request (see p. 900), UNDP, in an August report, submitted the second MYFF, 2004-2007 [DP/2003/32]. The document described the strategic goals and service lines to be pursued by the organization, and detailed the organizational strategies that would be followed over that period. It extended and refined the goals and strategies set out in the UNDP Business Plans, 2000-2003 [YUN 2000, p. 831]. The planned use of resources contained in the 2004-2005 biennial budget estimates (see p. 903) reflected the strategies enumerated in the 2004-2007 MYFF. The strategic goals and service lines of that MYFF were influenced primarily by country-level demand for UNDP support as reflected in the approved UNDAF, the Millennium Declaration, the MDGs, the Secretary-General’s reform programme and the transformation of UNDP in terms of operational effectiveness. The proposed core goals were: achieving the MDGs and reducing human poverty; fostering democratic governance; managing energy and the environment for sustainable development; supporting crisis prevention and recovery; and responding to HIV/AIDS. Those goals provided the basis for UNDP services over the next four years, expressed under the corporate SRF as a series of specific service lines (specific areas in which UNDP would contribute to development results at the country level). Unlike the first MYFF, the SRF under the MYFF, 2004-2007, was streamlined into a simpler two-tiered arrangement, with a reduced set of 30 service lines within five goals. UNDP applied strict criteria in selecting the service lines, each of which demonstrated to some degree the following characteristics: record of results; contribution to advancing the MDGs; institutional capacity; UNDP’s mandate; resource mobilization potential; and the value of UNDP’s country network. Annexed to the report was a list of the strategic goals and corresponding service lines.

In terms of organizational strategies for the second MYFF period, 2004-2007, UNDP intended to consolidate and build on the change initiatives introduced during the MYFF, 2000-2003, focusing on three groups of action: building national capacities, promoting national ownership, advocating and fostering an enabling policy environment, promoting gender equity and forging strategic partnerships; building UNDP’s organizational capacities, including initiatives to provide broad-based knowledge services and improve internal efficiency and performance; and deepening partnerships within the UN system and the development community at operational and programme levels.

The SRF, together with the SRF for the second MYFF, was based on the income assumptions that voluntary contributions to core resources would increase to $800 million in 2004, $900 million in 2005, $1,000 million in 2006 and $1,100 million in 2007; donor co-financing in the form of cost-sharing and trust fund contributions would reach $3,600 million during 2004-2007; and other (local) resources, such as Government cost-sharing contributions, would reach $4,200 million for that period. Thus, total projected resources would amount to $11,600 million, or about 15 per cent more than the original 2000-2003 estimates, and about 23 per cent more than the revised estimates for 2000-2003. About 66 per cent of the total would be invested in programme activities, and the remaining 14 per cent would support budget activities. Total donor resources (regular and co-financing) were projected to be $7,761 million, or 66 per cent of the total. Approximately 20 per cent of total donor resources were earmarked for support budget activities.

In September [dec. 2003/24], the Executive Board reaffirmed that the objective of the MYFF was to serve as the main policy document and as a strategic resource and management tool. It endorsed the 2004-2007 MYFF and, recognizing that implementation would depend on the attainment of the targeted level of income and the use of nationally owned development strategies, requested UNDP to report thereon. The Board reaffirmed its 2002 decision on the funding target of $1.1 billion [YUN 2002, p. 870]. Welcoming that the MDGs, particularly poverty reduction, were recognized as the overarching basis for all UNDP activities, it underscored the importance of a balanced approach in achieving the internationally agreed development goals. The Board urged UNDP to strengthen support to national development frameworks and priorities through developing partnerships, and to enhance the role of South-South cooperation in poverty eradication and in promoting the sustained growth of developing countries. It also reiterated that the special needs of the least developed countries be taken into account in the implementation of the MYFF, 2004-2007. The Board recognized the need for an improved reporting mechanism for the MYFF, including on gender and other cross-cutting issues, and based on performance indicators. It requested UNDP to submit proposals...
on the matter in 2004 and encouraged UNDP to strengthen the relationship between the MYFF, the biennial support budget and the programming arrangements.

Thematic trust funds

In August [DP/2003/31], UNDP provided a summary of the operation of the thematic trust funds (TTFs) mechanism, its programme orientation and initial results achieved during the first year of implementation, with observations regarding key lessons learned, the main challenges and the way forward.

TTFs were established in 2001 as a new instrument to help UNDP address the development priorities expressed in the MYFF, which were referred to as the UNDP practice areas, while allowing donors to provide additional (non-core) resources in support of those areas. Of the eight approved TTFs, seven corresponded to the practice areas (democratic governance, crisis prevention and recovery, poverty reduction, ICT for development, HIV/AIDS, energy and environment) and an additional fund covered gender development. While some TTFs performed better than others, in general the introduction of the funding mechanism had positive results. Two well-funded TTFs supported country offices in generating significant results at the country level (the governance TTF and the crisis prevention and recovery TTF), while two remained unfunded and non-operational (the environment TTF and the gender and development TTF). The remaining four were in the start-up phase and had only limited resources, supporting the process of catalysing country-level alignment with strategic corporate priorities. While the democratic governance TTF had completed two tranches and the crisis prevention and recovery TTF was making allocations as needs arose, most of the other TTFs would complete their first cycle in the third or fourth quarter of 2003.

On 12 September [dec. 2003/29], the Executive Board took note of the report on TTFs.

Financing

The Administrator, in his annual review of the financial situation [DP/2004/34], said UNDP continued to witness a consistent growth in resources, reaching $3.2 billion in 2003, a 10 per cent increase over the 2002 level of $2.9 billion. Compared to 2002, regular resources also continued an upward trend, increasing by 15 per cent to $770 million, as a result of renewed donor support and a weaker United States dollar, while total expenditure under regular resources increased by 12 per cent to $745 million. The resource balance, exclusive of operational reserves but including after-service health insurance costs, increased by 60 per cent. Contributions received from the top 15 non-programme country donors (Belgium, Canada, Denmark, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States) increased by 15 per cent.

Programme expenditure, including programme support to the resident coordinator system, increased by 11 per cent, from $363 million to $404 million. By appropriation group, 59 per cent of expenditure went to programme support activities, 22 per cent to management and administration and 19 per cent to operational activities. In terms of the percentage share of programme expenditure among regions, Latin America and the Caribbean continued to record the highest share of programme delivery ($211 million or 7 per cent and $1.1 billion or 50 per cent for regular and other expenditures, respectively), followed by Asia and the Pacific ($109 million or 27 per cent and $301 million or 14 per cent, respectively), Africa ($175 million or 43 per cent and $184 million or 9 per cent, respectively), the Arab States ($29 million or 7 per cent and $268 million or 13 per cent, respectively), and Europe and the Commonwealth of Independent States (CIS) ($30 million or 7 per cent and $146 million or 7 per cent, respectively).

The percentage share for execution modalities showed that national execution represented 66 per cent of the overall UNDP figure; direct execution, 18 per cent; UNOPS, 10 per cent; the “big five” entities (UN Department of Economic and Social Affairs, Food and Agriculture Organization of the United Nations, International Labour Organization, United Nations Educational, Scientific and Cultural Organization, United Nations Industrial Development Organization), 2 per cent; other agencies, 3 per cent; and nongovernmental organizations (NGOs), 1 per cent.

The growth of direct execution was mainly in crises countries, representing 70 per cent of the total execution.

As at 31 December, the balance of unexpended regular resources stood at $153 million, an increase of 85.5 per cent from the 2002 figure of $83.3 million. UNDP held cash and investments for regular resources totalling $282 million, excluding the operational reserve.

For other resources activities, which comprised local resources (government cost-sharing and cash-counterpart contributions), donor cost-sharing, trust funds, management services agreements, the Junior Professional Officer programme and the reserve for field accommodation, overall income increased from $2.2 billion to $2.3 billion. Overall expenditure increased by 12 per cent ($241 mil-
lion). Net contributions received totalled $2.3 billion, of which 40 per cent ($1.07 billion) accounted for local resources. Contributions from the OECD/DAC countries increased 13 per cent from $496 million in 2002 to $561 million in 2003.

In September [dec. 2003/29], the Executive Board took note of the Administrator’s annual review of the financial situation for 2002 [YUN 2002, p. 871].

Regular funding commitments to UNDP

In June [DP/2003/15], UNDP submitted a report on the status of regular resources funding commitments to the organization and its associated funds and programmes for 2003 and onward. According to the provisional data for 2002, total net income reached $670 million, a 1.5 per cent increase over the previous year. Current projections for gross contributions to regular resources for 2003, using the UN official exchange rate as at 1 May 2003, were $746 million, an 11 per cent increase over the 2002 level. The figure for 2002 resulted from increased contributions in local currency from nine members of OECD/DAC, three of them by over 10 per cent. In United States dollar terms, four of them made contributions in excess of $1 million. Some 33 programme countries made contributions to the regular resource base in 2002, including 7 that increased or resumed their contributions. There were indications that some donors might be in a position to make additional pledges and payments to regular resources during 2003, which was particularly important since the 2003 anticipated income levels were far below the requirements. A total of 14 OECD/DAC countries had provided fixed payment schedules in 2002, compared to 17 in 2001. While the number of donors providing payment schedules had declined over the years, a core group of 12 had systematically done so every year. Donors that had communicated their payment schedules accounted for 77 per cent of the estimated income for 2002. Although adherence to payment schedules was also a concern, 62 per cent of estimated gross income had been received by July 2002, allowing the cash-flow problem to be brought under control and eliminating the need to use the operational reserve. For 2003, five donors had already paid their contributions in full.

In June [dec. 2003/11], the Executive Board welcomed the encouraging, albeit modest, increase in regular resources for the second consecutive year in 2002 and noted the increase in other (non-core) resources. Recognizing that the level of growth in regular contributions continued to be far below target, it urged countries to increase core funding so as to rebuild UNDP’s regular resource base. It looked forward to discussing further UNDP funding requirements when adopting the MYFF 2004-2007 (see p. 901).

Budget estimates for 2004-2005

In June, the Administrator submitted budget estimates for the 2004-2005 biennium [DP/2003/28], which formed part of, and underpinned, the MYFF, 2004-2007 (see p. 901). He proposed a budget in net terms of $575.2 million for 2004-2005, an increase of $72.6 million over the net approved budget for 2002-2003 [YUN 2001, p. 809], and which incorporated total net volume increases of $18.6 million, net cost increases of $54 million, and an increase of $6 million to projected income that offset the gross support budget, amounting to $70.3 million, compared to $64.3 million in 2002-2003. The proposals represented a real growth budget in both gross and net terms.

In another document [DP/2003/CRP/29], the Administrator proposed that the Board grant him exceptional authority to access up to 2 per cent of the 2004-2005 support budget as additional funding for security measures amounting to $11.5 million.

In September [DP/2003/29], the Advisory Committee on Administrative and Budgetary Question (ACABQ) submitted its comments on the 2004-2005 budget estimates.

In September [dec. 2003/22], the Executive Board approved gross appropriations in the amount of $645,478,400 for the 2004-2005 biennial support budget, and resolved that the income estimates of $70,310,000 should be used to offset the gross appropriations, resulting in estimated net appropriations of $575,168,400. The Board endorsed the Administrator’s proposal to grant him exceptional authority during 2004-2005 to access up to $11.5 million as additional funding for security measures. It also endorsed the establishment of a base structure concept funded by the regular support budget for both headquarters and country offices, with the aim of progressively increasing the proportionate share for augmentation over the base structure between regular and other resources, and requested UNDP to report back on the application of that approach in the context of the proposed 2006-2007 budget. It further endorsed the proposed increase in cost-recovery rates as a provisional arrangement. It requested the Administrator to report in 2004 on the cost-recovery policy, including the methodology used for calculating the rates, and to provide an update on the adequacy of the provisional rates, options for transparent reporting on income from cost recovery, including the possibility of adding that
income in the calculation of the next biennial support budget, and a comparison with the practice of the other funds and programmes within UNDG.

The Board approved the Administrator’s proposals for the reclassification of posts and requested UNDP to exercise restraint in future proposals for upward reclassifications. It also approved the proposals on government contributions towards local office costs. Recognizing the need to reach an understanding on the distinction between programme and overhead costs, the Board requested the Administrator to consult with ACABQ, the Board and other UNDG members to address those issues prior to submission of the 2006-2007 biennial support budget. He should also consult with the Board should the level of regular resources available for programming fall below $450 million. It authorized him to redeploy resources between appropriation lines to a maximum of 5 per cent of the appropriation line to which the resources were redeployed.

Audit reports

The Executive Board, at its January session, considered the Administrator’s report [DP/2003/6] on implementation of the recommendations of the Board of Auditors for the 2000-2001 biennium [YUN 2002, p. 1388], which contained an update of the actions taken by UNDP on the Board’s recommendations, including the status of follow-up action and the target date for completion. The Administrator reported that progress had been achieved in most areas and that efforts were being made to address the issues that were still outstanding.

In January [DP/2003/CRP.7], the Administrator provided an update on the implementation of those recommendations, which highlighted UNDP’s ongoing efforts to address the concerns raised by the Board since the earlier report.

In January [dec. 2003/5], the Executive Board took note of those reports and one on the implementation of the recommendations of the Board of Auditors for the 2000-2001 biennium relating to UNOPS (DP/2003/7 & Corr.1) (see p. 900), and welcomed the improvements made in implementing the Board of Auditor’s recommendations. It encouraged UNDP to continue follow-up action with respect to the audits of nationally executed expenditures and welcomed the imminent completion of the service-level agreements for services provided by UNDP to UNFPA and UNOPS. It also welcomed the ongoing consultations between UNDP, UNFPA and UNOPS to develop a fraud-prevention strategy by the end of 2003. Those three organizations were encouraged to take further steps to simplify, harmonize and standardize their financial reporting.

In May [DP/2003/21], the Administrator submitted the annual report on the internal audit and oversight services provided by the Office of Audit and Performance Review, covering 2002. Of the 42 audits conducted, 8 piloted a new approach, which included: sharing audit criteria with country offices to improve transparency and encourage them to undertake regular self-assessments; completing official draft reports within four weeks of field work; limiting the number of recommendations to 30; revising the standard system for rating offices; conducting balanced assessments of performance rather than focusing only on negative findings; and broadening the scope of the audit to include programme as well as financial and administrative aspects. In 2002, 44 internal audit reports were issued, containing 1,336 recommendations, of which 1,264 (95 per cent) were accepted by UNDP management.

In June [dec. 2003/14], the Executive Board encouraged the Administrator and the Executive Directors of UNFPA and UNOPS to address the issues in those reports and to report to the Board in 2004.

Other technical cooperation

UN activities

Department of Economic and Social Affairs

During 2003, the UN Department of Economic and Social Affairs (DESA) had more than 600 technical cooperation projects under execution in a dozen substantive sectors, with a total project expenditure of $50.7 million. Projects financed by UNDP represented $20.1 million; those by trust funds, $30.2 million; and those by UNFPA, $0.5 million.

On a geographical basis, DESA’s technical cooperation programme included expenditures of $26.8 million for interregional and global programmes, $9.6 million in Africa, $6.7 million in Asia and the Pacific, $6 million in the Middle East and $0.5 million in Europe.

Distribution of expenditures by substantive sectors was as follows: associate expert programme, $18.9 million; socio-economic policy, $10.5 million; governance and public administration, $7.1 million; energy, $6.8 million; water, $2 million; Information and Communication Technologies (ICT) Task Force, $1.3 million; infrastructure, $1 million; programme support,
$0.9 million; social development, $0.7 million; knowledge management, $0.6 million; statistics, $0.5 million; and minerals, $0.4 million. Of the total delivery of $50.7 million, the associate expert programme comprised 37 per cent; socio-economic policy, 21 per cent; and governance and public administration, 14 per cent.

On a component basis, DESA’s delivery in 2003 included $37 million for project personnel; $7.4 million for subcontracts; $3.4 million for equipment; and $0.7 million for miscellaneous expenses.

The total expenditure for DESA against the UN regular programme of technical cooperation was $8.5 million. Distribution of expenditures by sector was as follows: sustainable development, $3 million; public administration and socio-economic issues, $2.9 million; social development, $1.1 million; statistics, $1 million; gender issues, $0.2 million; population, $0.2 million; and administrative support, $0.1 million. On a component basis, expenditures for the year included $6.8 million for the provision of advisory services, including travel; $1.1 million for training activities; and $0.6 million for consultancy services.

**Development Account**

The Secretary-General, in response to General Assembly resolution 56/237 (YUN 2001, p. 810), issued, in October [A/58/404], the third progress report on the implementation of projects financed from the Development Account, which was funded through savings derived from efficiencies in the regular programme budget. Activities under the Account were aimed at capacity-building through subregional, regional and interregional economic and technical cooperation among developing countries, and implemented as individual projects to achieve distinct development impact.

Since the Account’s establishment by the Assembly in resolution 52/12 B (YUN 1997, p. 1392), 43 projects had been approved for a total of $39.2 million. An additional 23 projects were proposed for approval for the fourth tranche (2004-2005) of the Account, which would bring total funding to $52.3 million. As at 30 June, the seven projects of the first tranche had utilized 80 per cent of allotted resources. Four of those projects had been or were about to be completed and the remaining three were expected to be finished by the end of 2003. The second tranche spent 76.5 per cent of allocated resources. Of the 16 projects, 5 were completed, 4 were close to completion and 7 would be completed in 2004. The third tranche, launched in 2002, had an implementation rate of 36.3 per cent, with 3 projects well advanced, 11 on schedule, 3 with an implementation rate of under 15 per cent and 2 just starting. The number of jointly executed projects had increased from zero in the first tranche to 12 in the fourth. Preliminary thematic evaluations were undertaken under two large clusters of projects: sustainable development and statistics. The reviews covered project execution, the effect networking and capacity-building had on the long-term impact of projects on beneficiaries, and lessons learned.

Development Account projects contributed to capacity-building in developing countries in specific areas related to follow-up to global conferences in the economic and social fields. Learning from experience, including the slow start of the first tranche, and following on guidance received from the intergovernmental process, both the implementation rate and the reporting on results had improved.

ACABQ, in October [A/58/7/Add.5], reviewed the report and stated that more emphasis should be placed on the pace of implementation of projects and on the results achieved, rather than on a description of efforts made and processes followed in implementing projects. It recommended that the Secretary-General incorporate information on the implementation of projects financed from the Development Account in his proposed programme budgets, thus obviating the need for a separate report.

On 23 December, the General Assembly, in section XVIII of resolution 58/272 (see p. 1419), took note of the Secretary-General’s report on the Development Account and concurred with the ACABQ recommendations thereon.

Also, in resolution 58/270 of the same date (see p. 1399), the Assembly requested the Secretary-General to submit a comprehensive report in 2004 addressing measures to improve the performance of the Development Account, including ways to bring a more focused approach to project formulation, complementarity, implementation and evaluation, and to make proposals for increasing its funding.

**UN Fund for International Partnerships**

The Secretary-General, in his report on the 2003 activities of the United Nations Fund for International Partnerships (UNFIP) [A/59/170], established in 1998 (YUN 1998, p. 1297) to manage the process of grant allocations through the United Nations Foundation, a public charity founded by Robert E. Turner to channel his gift to the United Nations of stock valued at some $1 billion, provided data on the thirteenth and fourteenth funding cycles, information on progress in each programmatic area and a description of UNFIP activities in advocacy and partnership-
of $73.7 million was programmed for 2003, $16 million in the thirteenth funding cycle and $33 million in the fourteenth. Of the total, $44 million was for nine projects related to children’s health; $18.4 million for 18 projects for the environment; $6.2 million for 14 projects for population and women; $2.9 million for five projects for peace, security and human rights; and $2.2 million for four projects outside the four thematic areas. As at 31 December 2003, a total of $565 million had been allocated to fund 922 projects, with activities in 121 countries involving 35 UN organizations.

The General Assembly, in section XXI of resolution 58/272 of 23 December (see p. 1420), took note of the Secretary-General’s report on UNFIP’s 2002 activities [YUN 2002, p. 891].

**UN Office for Project Services**

The United Nations Office for Project Services (UNOPS), established in 1995 [YUN 1995, p. 900] in accordance with General Assembly decision 48/501 [YUN 1994, p. 806] as a separate and self-financing entity of the UN system to act as a service provider to UN organizations, offered a broad range of services, from overall project management to the provision of single inputs.

**2003 activities**

The year 2003 was the first in a multi-year transition and recovery phase for UNOPS, as the Executive Director reported in his annual report on UNOPS activities for 2003 [DP/2004/25]. UNOPS recorded income exceeding recurring and non-recurring administrative expenditures for the year, thereby adhering to its self-financing principle.

UNOPS project delivery remained on track for the year, reaching $490.6 million. Delivery increased by $6.2 million, or 1 per cent over an original target of $484.4 million. Management service agreements provided for 22 per cent of that total, UNDP for 16 per cent, other UN organizations for 40 per cent, trust funds for 17 per cent, and UNOPS as implementing agent for 5 per cent.

By commodity type, 44 per cent was spent on services and works contracting, 28 per cent on personnel contracting services, 24 per cent on equipment and goods, 3 per cent on training services and 1 per cent on miscellaneous activities.

By geographic region, the Arab States received 24 per cent of the total; Africa, 21 per cent; Asia and the Pacific, 18 per cent; Europe and CIS, 15 per cent; Latin America and the Caribbean, 12 per cent; and global and interregional programmes, 10 per cent.

In 2003, UNOPS generated $66.2 million in total revenues, well above the 2003 approved revised estimates of $44.5 million (see below), mainly as the result of one-time advisory services for contract amendments that UNOPS was requested to provide under the United Nations Office of the Iraq Programme. Of the total, project services (total support costs and fees) provided the largest share of total UNOPS revenue ($34.5 million, or 52 per cent). UNDP remained the primary client of UNOPS, accounting for 41 per cent of support costs and fee revenue ($14.3 million). Revenue generated from the loan supervision and administration portfolio—primarily the International Fund for Agricultural Development loans—increased from $6.4 million in 2002 to $7 million in 2003. Interest income remained low during 2002 and 2003, and a small income was generated by subleasing office space in New York.

Administrative expenditures totalled $47.8 million in 2003, or $2.5 million over 2002 actual expenditures. Staff costs for 2002-2003 ($57.8 million) declined from the 2000-2001 biennium ($66.7 million), reflecting the impact of staff reductions. Contractual services, equipment, communications, travel and general operating expenses equalled $9.2 million. UNOPS paid $5.4 million in reimbursements to UNDP and the United Nations for a range of central and operational support services.

The introduction of a single-instance enterprise resource planning system, known as Atlas, increased the UNOPS cost base. UNOPS spent $3.1 million, or 7 per cent of its expenditure base and twice the budgeted amount, on design, gap analysis, technical interfaces with legacy systems, testing, conversion, data scrubbing and training activities. UNOPS paid $1.7 million as a one-time, lump sum settlement for outstanding reimbursements to the United Nations and UNDP for administrative services and costs.

As at 31 December 2003, UNOPS had a fund balance of $23.2 million, composed of $6 million in operational reserve and $17.2 million in working capital.

**Independent review**

In January [DP/2003/CRP.4], the UNOPS Executive Director and the Management Coordination Committee (MCC) submitted jointly a detailed budget estimate totalling $225,750 for an independent review pertaining to the business model and related UNOPS issues, as requested by the UNDP/UNFPA Executive Board in 2002 [YUN 2002, p. 878]. Under the terms of reference annexed to the note, the review would formulate a strategy for the long-term growth and sustainability of UNOPS. It would make proposals for aligning its cost and revenue structures and identifying areas of business expansion.
In January [dec. 2003/4], the Board approved a maximum of $255,000 for the budget for the independent review and requested UNDP to pre-finance the study and arrange for reimbursement from interested member countries. The Board amended the terms of reference (paragraph 16) of the review relating to the core team. It decided that the review should be undertaken by a consultancy firm selected through tender and requested MCC to initiate the process, bearing in mind the amended terms of reference. The Board also requested that a preliminary report on the review mission’s recommendations be presented to the Board in June and that the final report be made available to the Board before its September session.

In response to the Board’s request, the UNOPS Executive Director submitted a June progress report summarizing activities undertaken by UNOPS, MCC, and the consultancy firm [DP/2003/CRP:15]. In June [dec. 2003/12], the Board took note of the progress report and requested that comments by UNOPS and MCC be submitted before its September session.

In August [DP/2003/40], the UNOPS Executive Director transmitted the final report of the independent review, prepared by management consultants Goss Gilroy Inc. It gave an overview of the recent history and the current state of affairs, including recent evaluations of UNOPS, covered the UNOPS business model and compared it with similar organizations, assessed the market for UNOPS services, discussed organizational issues such as human resource management development, financial systems and practices, procurement and governance, and presented a framework for moving forward. The review included development of a cost model to project various scenarios of UNOPS operations in order to assess the viability of the organization. It made 57 recommendations on all aspects of UNOPS operations, including on enhancement of viability by making changes so that the organization would be less vulnerable to external pressures and changes in the business environment.

The report noted that, upon becoming a self-financing agency in 1995, UNOPS retained most of the project workload and revenues from UNDP. Initially, UNOPS revenue levels permitted a considerable operational reserve fund to be built up. However, between 1998 and 2001, UNDP core funding was reduced, leaving UNOPS with lower net revenue margin projects. Facing a financial crisis in 2002, UNOPS implemented drastic cost-cutting measures in administrative expenditures totalling $9.3 million. Although UNOPS ended the year with a small excess of income over administrative expenditure, the budget reduction exercise, the staff reductions and the atmosphere of uncertainty regarding UNOPS’s future caused mutual staff-management mistrust. With the diminished operating reserve and the forecast requirement to reduce it further, UNOPS had lost much of its capacity for enhancing project delivery capabilities, and its capacity to promote the agency and reinvest in systems had almost totally been eliminated. Moreover, the draft 2003 Business Plan specified that forecasting delivery volumes, income and project acquisition might be difficult beyond a one-year planning horizon.

The consultants found that the UNOPS business model resembled, in part, that of a for-profit consultancy firm in the private sector. For several years the business model appeared to work well, but its viability was undermined by the change in the premise that UNOPS would be UNDP’s administrative and implementing arm with the advent of national and direct execution, and the failure of UNOPS management to provide the required leadership to adapt to the new environment and context. The business model had changed as a result of the recent financial difficulties, but further change was required to render it viable and sustainable. It was restricted by its revenue dependency, the condition that it function within the UN system and work through UNDP field offices, and its inability to do its own fundraising. The business model was also affected by the relationship of fees and level of effort, the control of costs in relation to fee income and the fragmentation of the organization.

The consultants were of the view that UNOPS was viable and sustainable within the limitation and independence of a revenue dependency business model, which should allow UNOPS a certain degree of independence, including the loosening of restrictions and the removal of barriers. They recommended that the UNOPS Executive Director seek confirmation from the Executive Board that the revenue dependency business model, together with all its implications in terms of changes, removal of barriers and lessening of restrictions, should be the approach to establishing a long-term viability and sustainability. It should be based on a fee-for-service business model concept with a system to track project-related activities. However, UNOPS needed to undertake considerable change in its organization operations and mechanisms for reducing costs, and prepare a rational market development programme. To that end, UNOPS should prepare a change management plan. Once a new business plan was prepared, the Executive Director should seek the necessary bridge financing to cover the cost of restoring UNOPS to financial
health and ensuring its viability and sustainability.

The UNOPS Executive Director, in his August comments on the independent review [DP/2003/CRP.19], summarized actions being taken to address the concerns raised in the review and presented an overview of the business and financial prospects for the remainder of 2003 and for 2004.

On 12 September [DEC. 2003/27], the Board expressed concern that, despite the anticipated upturn in revenue in late 2003, current business projections for 2004 fell far short of levels needed to sustain the financial viability of UNOPS. It encouraged the Executive Director in his intent to focus on further business acquisition, including through analysing opportunities to build new relationships. It supported his approach with regard to the immediate steps to be taken and welcomed his intention to implement internal changes immediately. He was requested to develop, in consultation with the Board, a full response to the review’s recommendations for the Board to consider in 2004. Noting that the question of UNOPS long-term sustainability was linked to broader issues, such as vision, mandate and governance, the Board considered that that discussion needed to take place in parallel with the implementation of internal reforms, and requested the Executive Director to facilitate that broader consultation process as soon as possible. He should report to the Board in 2004 on the strategy for business acquisition and progress in implementing internal changes; present a comprehensive timetable, detailed budget, benchmarks for monitoring the progress and modalities for meeting the costs of the change process; and report on the broader consultation process.

**Budget estimates**

**Revised 2002 budget and 2003 forecast**

The Executive Board, at its January session, considered the report [DP/2003/CRP.1] of the UNOPS Executive Director on implementation of the UNOPS revised 2002 budget. Notwithstanding the significant difficulties faced in 2002 to align its income and expenditure, UNOPS was able to stay on track with its project delivery targets. As at 31 October, UNOPS income totalled $34.8 million, of which $28.8 million was from project delivery, $5.4 million from its services-only portfolio and $0.6 million as other income. That amount represented 79 per cent of the approved target of $44.3 million [YUN 2002, p. 879]. Based on estimated project delivery of $50.5 million, total income for 2002 was projected at $43.1 million. Administrative expenditures for the same period totalled $36.7 million, exceeding earned income by $1.9 million, which was projected to increase to $3.6 million by the end of the year. Staff separation costs directly charged to the operational reserve amounted to $1 million against the projection of $2 million.

The level of the operational reserve stood at $2.5 million as at 31 October and was projected to fall to $2 million. As there continued to be a number of risk factors that could affect the achievement of targets, UNOPS was ready to implement the contingency plan approved by the Executive Board in 2002 [YUN 2002, p. 878].

A paper [DP/2003/CRP.2] on the special reserve for separations, established by the Executive Board in 2002 [YUN 2002, p. 878], provided information on UNOPS and the liabilities affecting UNDP. It was reported that, as a result of the workforce reduction at UNOPS, 16 people were displaced from their positions, at an estimated cost of $2.3 million. Based on the apportionment agreement between UNDP and UNOPS, the total cost to UNDP would be $1.1 million. As at 30 November 2002, eight other staff were in the process of being separated at an estimated cost of $0.5 million to UNDP. The estimated cost for separating the other eight if needed was $0.6 million.

In January [DEC. 2003/3], the Board noted the UNOPS report on implementation of the revised 2002 budget and that the preliminary 2002 year-end figures were close to those in the revised budget report. It expressed concern over the continued reduction in the operational reserve and requested the Executive Director to submit a report, through MCC, on updated actual end-of-year figures for 2002 and projected income, expenditure and level of the operational reserve for 2003. The Board also noted the report on the special reserve for separations [DEC. 2003/6].

As requested, the Executive Director issued an April report [DP/2003/18] providing UNOPS 2002 year-end figures and revised projections for 2003. Delivery, income and administrative expenditures were all slightly lower than the targets approved by the Board in 2002. When compared with the preliminary year-end projections presented to the Board in January (above), UNOPS achieved better results in all of its business parameters. The level of the operational reserve, carried forward at the end of 2002, stood at $4.2 million, which was $0.9 million higher than projected in June 2002.

UNOPS total 2002 year-end income amounted to $43.7 million, or 99 per cent of the approved income target of $44.3 million, comprising $35.4 million (100 per cent) in project delivery income, $7.5 million (96 per cent) from the service
portfolio and $0.8 million (73 per cent) from other income, including rental income of $0.6 million. Expenditures amounted to $43.5 million, compared to the approved figure of $44 million, resulting in $0.2 million in excess of recurrent administrative expenditures, reversing the trend for the past two years. Staff separation costs charged to the operational reserve totalled $1.1 million in 2002, less than was anticipated due to fewer separations. Project delivery reached $485.1 million or 96 per cent of the target of $500 million.

For 2003, estimated project delivery was revised to $484.4 million. Income was projected at $44.5 million, comprising $35.3 million in project delivery income, $8.2 million in service portfolio income and $1 million in other income. Estimated expenditure was revised to $45.5 million. Staff separation costs were budgeted at $0.3 million, bringing total estimated staff separation costs to $1.4 million, a savings of $0.6 million. The 2003 year-end balance of the operational reserve was projected to be $3.2 million.

In June [dec. 2003/21], the Executive Board took note of the report on year-end figures for UNOPS in 2002 and projected income, expenditure and level of the operational reserve for 2003.


In a July report [DP/2003/38], the Executive Director submitted revised budget estimates for the 2002-2003 biennium, based on actual delivery, income and expenditure for 2002 and on projections for 2003 (see above).

The 2002-2003 target for project delivery was revised to $969.5 million, $294.5 million or 23.3 per cent and $485.1 million or 4.6 per cent below the estimates approved in 2001 and 2002, respectively. Total estimated income was revised to $87.9 million, significantly lower than the original projection of $116.2 million, later revised to $87.9 million in 2002. The 2002-2003 expenditures were revised to $90.7 million, $22.3 million or 19.7 per cent less than the level approved in 2001, but $2.79 million or 3.2 per cent more than the previous year’s revised estimate.

The Executive Director also submitted budget estimates for 2004-2005. He reported that a review of the UNOPS portfolio for 2004 and beyond revealed that it did not have the required budgets to support an annual project delivery of some $500 million, which would be comparable to what was achieved in 2002 and likely to be realized in 2003. While UNDP remained the main client of UNOPS, the UNDP portfolio had continued to decline, and increases in the project portfolio from other organizations had not been able to compensate for that decline. In addition, increasingly shorter duration of its business acquisition and reductions in delivery budgets, owing to political and economic upheavals, had made forecasting beyond a one-year horizon difficult, forcing UNOPS to change its planning and forecasting cycle from a two-year to a one-year cycle. The 2004-2005 budget was also expected to be influenced by the outcome of the independent review of UNOPS (see p. 906), as well as by the vision and strategy to be articulated by the new UNOPS Executive Director.

In the light of those considerations, UNOPS deferred the detailed formulation of the 2004-2005 biennium budget and proposed to use instead the same level of project delivery, income and expenditure estimated for the 2002-2003 biennium.

With regard to the operational reserve, the Executive Director proposed that the end 2004-2005 operational reserve be estimated at $4.2 million, equivalent to the end of 2002 level.

In August [DP/2003/39], ACABQ recommended that the Executive Board approve the revised budget estimates for 2002-2003, the proposed staffing level and the projections for 2004-2005.

The Board, in September [dec. 2003/26], approved the revised budget estimates for 2002-2003 in the amount of $90.7 million, the budget estimates for 2004-2005 at $87 million and the staffing level as proposed for 2002-2003.

**Audit reports**

The UNDP Executive Director submitted to the Executive Board in January [DP/2003/7 & Corr.1] a report on implementation of the recommendations of the Board of Auditors for the 2000-2001 biennium [YUN 2002, p. 158]. Of the 18 recommendations of the Board of Auditors, 15 concerned financial issues and 3 management issues. At the time of the report, 6 of the 18 recommendations had not been completed, although progress was being made towards their completion. The Board, in January [dec. 2003/5], noted that the opinion of the Board of Auditors on UNOPS financial statements was unqualified and expressed concern that a modified report on UNOPS had been issued.

In May [DP/2003/22], the UNDP Office of Audit and Performance Review (OAPR) and the UNOPS Project Services Audit Section reported on internal audit services for UNOPS operations in 2002. The report presented findings in relation to 19 internal audits in 2002 for which reports were issued, covering operational activities in the field (7 audits) and at headquarters (5 audits), and those under management service agreements (7 audits). Together, the reports contained 135
recommendations, of which 51 were in the area of administration (which included contracts and procurement), 36 in finance, 19 in programme, 16 in personnel, 11 in organization and 2 in the area of policy. Based on an arrangement between UNOPS and OAPR, the UNOPS organizational units concerned provided written comments on all the draft audit reports. UNOPS did not agree with only one of the 135 recommendations; in general, the comments indicated that actions had been taken or were being taken to address the audit issues and recommendations.

The Executive Board, in June [dec. 2003/14], strongly encouraged the Executive Director to address the issues contained in the report on internal audit and oversight and to report in 2004.

UN Volunteers

In 2003, the number of volunteers working for the United Nations Volunteers (UNV) programme—administered by UNDP—increased to 5,635 from 5,254 in 2002. The volunteers, from 165 countries, carried out 5,882 assignments in 150 nations. Seventy-two per cent of them were from developing countries and served either in their home countries or abroad. The number of women volunteers grew in absolute terms by 9 per cent during the 2002-2003 biennium, accounting for 37 per cent of all volunteers; however, in percentage terms, the proportion of women volunteers remained unchanged compared to male volunteers. By region, 41 per cent of assignments were carried out in Africa, 25 per cent in Asia and the Pacific, 15 per cent in Latin America and the Caribbean, 12 per cent in Europe and CIS, and 7 per cent in the Arab States.

UN volunteers supported communities and organizations in programme countries through initiatives that brought direct quality-of-life benefits to target populations. Development cooperation activities remained the hallmark of UNV programme implementation. Support was provided to partners in electoral processes, peace-building and humanitarian relief. In those activities, UNV combined the expertise and knowledge of international and national volunteers to enhance capacity development, reinforce sustainability and promote the spirit of volunteerism and global solidarity.

In his report on the UNV financial situation in 2003 [DP/2004/34], the UNDP Administrator stated that income recorded in 2003 for UNV amounted to $24.5 million, slightly below the 2002 level of $24.7 million, due mainly to a decrease in cost-sharing income from $2.6 million in 2002 to $1.4 million in 2003. Programme expenditure in 2003 also decreased to $21.8 million from $23.1 million in 2002. The balance of the operational reserve as at 31 December 2003 was $1.2 million.

Economic and technical cooperation among developing countries

The UNDP Administrator reported in May [DP/2003/14] on the implementation of the second cooperation framework for technical cooperation among developing countries (TCDC) (2001-2003) [YUN 2004, p. 818]. The report assessed the progress made by the Special Unit for TCDC in implementing that framework from 2001 to 2003. The Special Unit continued to promote South-South cooperation in general, including economic and technical cooperation. It developed a strategy for mainstreaming TCDC in the organization, especially in the area of partnerships. It supported strategic interventions to benefit groups of developing countries and to pilot initiatives with the potential for replication in several countries. Particular emphasis was placed on South-South and triangular partnerships, and exchanges of information and expertise. Programme achievements were recorded in the areas of policy dialogue and consensus-building, strengthening multilateral efforts for South-South cooperation, support for South-South sharing of development information, increased economic cooperation among developing countries (ECDC), and cooperation in social policies and social development. Cooperation among Southern countries was also enhanced in science and technology. The Special Unit was the liaison between UNDP and the Group of 77 developing countries, and worked to raise awareness of the importance of ownership by Southern countries in initiating, promoting and building South-South cooperation.

Of the total regular (core) resources of $7,406,000 allocated to the Special Unit for 2001-2003, $2,506,000 was disbursed during 2001-2002, and the remaining resources were fully programmed for implementation in 2003. Other (non-core) resources mobilized for the same period, totalling $9,737,000, were allocated to specific programmes. Of that amount, $8,150,000 was donated by Japan for 17 projects.

In June [dec. 2003/10], the UNDP/UNFPA Executive Board took note of decisions adopted at the thirteenth session of the High-level Committee on the Review of TDRC (see p. 911) and of the Administrator’s report on implementation of the second cooperation framework for TCDC. It encouraged further efforts to make South-South cooperation contribute to the development outcomes of UN conferences and summits, including those contained in the UN Millennium Declaration [YUN 2000, p. 49], and to the mainstreaming of TCDC...
dimensions in implementing UNDP programme activities. The Board recognized the significant role of South-South cooperation in poverty eradication and in promoting the sustained growth and development of all developing countries, particularly the least developed, landlocked and transit developing countries and small island developing States. Welcoming General Assembly resolution 57/263 [YUN 2002, p. 885], which included the Voluntary Trust Fund for the Promotion of South-South Cooperation in the United Nations, the High-level Committee on the Review of TCDC [YUN 1997, p. 891]. Welcoming the emphasis on the promotion of South-South cooperation in the Administrator’s Business Plans [see p. 897], the Committee called on the Administrator to promote the focal point mechanism relating to TCDC, especially at the regional and country levels through the resident coordinator system. The Committee decided to change the name of the Special Unit for TCDC to the Special Unit for South-South Cooperation and to periodically review its functioning. It called for raising the volume of UNDP resources available for promoting South-South cooperation activities and requested the executive boards of other funds and programmes to review, and to consider increasing, the allocation of resources for such activities. It requested the Administrator to report on the implementation of its decision in 2005.

The Executive Board, in June [dec. 2005/10], took note of the Committee’s decisions.

The Economic and Social Council, by decision 2003/225 of 11 July, took note of the Committee’s report on its thirteenth session.
South-South cooperation

The Secretary-General, in response to General Assembly resolution 56/202 [YUN 2001, p. 820], reported in August [A/56/339] on the state of South-South cooperation, covering the 2001-2002 biennium, in particular with regard to monetary, financial, investment and trade arrangements.

At the global level, the Group of 77 developing countries and China and the Non-Aligned Movement continued to serve as the broadest mechanisms for consultation and policy coordination among developing countries. Most South-South and North-South activities occurred within the framework of regional and subregional arrangements, and most of those were oriented towards promoting flows of trade. By the end of 2002, the World Trade Organization had recognized nearly 250 regional and subregional free-trade arrangements intended to promote economic and social development.

In Africa, the largest integration effort in terms of number of countries and long-term scope was the African Union (AU), which envisaged the eventual formation of a common market. A significant initiative at the first summit meeting of the AU was the launching of the New Partnership for Africa’s Development [YUN 2002, p. 907], designed to consolidate democracy and development planning.

The emphasis placed on South-South cooperation at UN conferences reaffirmed the relevance of that approach to international development cooperation. As the number of regional and subregional groups grew, efforts needed to be made to expand the scope of South-South and triangular partnerships within the framework of such collaborative arrangements. Rapid globalization underscored the need for a more strategic approach to South-South cooperation, and cooperation in monetary and financial areas should be strengthened. Developing countries needed to avoid counterproductive competition against one another. Growing participation by the private sector, NGOs and civil society organizations in South-South cooperation was a welcome development to be strengthened in future South-South and triangular initiatives.

In September [A/56/545], the Secretary-General, also in response to resolution 57/263, submitted a report on raising public awareness of and support for South-South cooperation, which highlighted the value added and implications of the proposed international decade on South-South cooperation and a UN day for South-South cooperation. It concluded that the proposed UN day and/or an international decade would, on a South-South basis, present new opportunities to mobilize the increasing human and financial resources in the South towards the objective of meeting internationally agreed development goals, including the MDGs. Outlining objectives of the decade and possible activities, the report recommended that the Assembly de-
clare a UN day for South-South cooperation to be held on 12 September and/or an international decade from 2005 to 2015.

The Ministers for Foreign Affairs of the Group of 77 and China, in a Ministerial Declaration issued at their twenty-seventh annual meeting (New York, 25 September) [A/58/415], affirmed the importance of strengthening South-South cooperation in the UN system, particularly the Special Unit for TCDC, and called on UNDP to provide it with the necessary support. It decided that the High-level Conference on South-South Cooperation (see below) would consider the progress in the implementation of the outcomes of the 2000 South Summit [YUN 2000, p. 894], as identified in the Havana Programme of Action. The High-level Conference on South-South Cooperation (Marrakech, Morocco, 16-19 December) [A/58/683] adopted the Marrakech Declaration on South-South Cooperation and the Marrakech Framework for the Implementation of South-South Cooperation.

GENERAL ASSEMBLY ACTION

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second (Economic and Financial) Committee [A/58/487], adopted resolution 58/220 without vote [agenda item 97 (b)].

Economic and technical cooperation among developing countries

The General Assembly,

Stressing that South-South cooperation, as an important element of international cooperation for development, offers viable opportunities for developing countries and countries with economies in transition in their individual and collective pursuit of sustained economic growth and sustainable development,

Recognizing that developing countries have the primary responsibility for promoting and implementing South-South cooperation, not as a substitute for but rather as a complement to North-South cooperation, and in this context reiterating the need for the international community to support the efforts of the developing countries to expand South-South cooperation,

Taking note of the Ministerial Declaration adopted by the Ministers for Foreign Affairs of the States members of the Group of 77 at their twenty-seventh annual meeting, held in New York on 23 September 2003, in which the increased importance and relevance of South-South cooperation were re-emphasized,

1. Takes note of the report of the High-level Committee on the Review of Technical Cooperation among Developing Countries on its thirteenth session, endorses the decisions adopted by the High-level Committee at that session, and decides to change the name of the Committee to High-level Committee on South-South Cooperation, with no change in its mandate or in the scope of its activities.

2. Also takes note of the reports of the Secretary-General on the state of South-South cooperation and on raising public awareness of and support for South-South cooperation;

3. Recommends that the need to strengthen further, within its available resources, the Special Unit for South-South Cooperation of the United Nations Development Programme as a separate entity and a focal point for South-South cooperation within the United Nations system, recognizes that its activities should be perceived as an integral part of the overall development policy of the United Nations system and the United Nations Development Programme, and in this context calls upon United Nations funds and programmes and other entities of the United Nations development system to intensify efforts to mainstream technical and economic cooperation among developing countries by using relevant national, regional and international mechanisms in consultation with Member States;

4. Notes with interest that South-South cooperation can have a positive impact on global, regional and national policies and actions in the economic, social and development fields in the developing countries, and urges developing countries and their partners to intensify South-South and triangular cooperation in these areas, as they contribute to the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration;

5. Recognizes that regional integration initiatives between developing countries constitute an important and valuable form of South-South cooperation and that regional integration is a step towards beneficial integration into the world economy;

6. Also recognizes the urgent need to help to strengthen the capacities of the developing countries, especially the least developed countries, to participate in and benefit from globalization and liberalization processes, and to this end welcomes the initiatives being undertaken at the subregional, regional, interregional and global levels towards establishing public-private partnership mechanisms aiming to enhance and expand South-South cooperation in trade and investment, and in this context notes the initiatives of the World Trade Forum;

7. Reiterates the urgent need to help to strengthen institutions and centres of excellence in the South, especially at the regional and interregional levels, with a view to making more effective use of such entities towards improved South-South knowledge-sharing, networking, capacity-building, information and best practices exchanges, policy analysis and coordinated action among developing countries on major issues of common concern, and in this context encourages such institutions and centres of excellence, as well as regional and subregional economic groupings, to establish closer links and bridges among themselves, including through the Web of Information for Development of the Special Unit for South-South Cooperation;

8. Notes with interest the holding of the High-level Conference on South-South Cooperation in Marrakech, Morocco, from 16 to 19 December 2003, and calls upon developing countries and their partners and relevant international organizations, to participate actively in the Conference in order to ensure its success and increase the momentum and intensity of South-South cooperation;

9. Urges all relevant United Nations organizations and multilateral institutions to intensify their efforts
to effectively mainstream the use of South-South cooperation in the design, formulation and implementation of their regular programmes and to consider increasing allocations of human, technical and financial resources for supporting South-South cooperation initiatives, and in this regard takes note of the initiatives contained in the Havana Programme of Action adopted by the first South Summit and the follow-up to the High-level Conference on South-South Cooperation in Marrakech, as well as the preparations for the second South Summit in 2005.

10. Recognizes the need to mobilize additional resources for enhancing South-South cooperation, reiterates in this context its decision in its resolution 57/265 of 20 December 2002 to include the Voluntary Trust Fund for the Promotion of South-South Cooperation in the United Nations Pledging Conference for Development Activities, as long as it exists, and in the same manner decides to include the Pérez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries in the same Pledging Conference, and invites all countries, in particular developed countries, to support South-South and triangular cooperation through, inter alia, these funds, bearing in mind the need for these funds to continue to use such resources in an effective manner;

11. Decides to declare 19 December, the date on which the General Assembly endorsed the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries, as the United Nations Day for South-South Cooperation;

12. Also decides to include in the provisional agenda of its sixtieth session a sub-item entitled “South-South cooperation for development”, and requests the Secretary-General to submit at that session a comprehensive report on the state of South-South cooperation and on the implementation of the present resolution.

**UN Capital Development Fund**

Contributions to the United Nations Capital Development Fund (UNCDF) regular resources increased by $4.7 million, or 21 per cent, in 2003, bringing the total to $22.9 million, from $22.2 million in 2002 [DP/2004/54]. That increase resulted mainly from the fluctuation of the United States dollar against the euro, and the increased contribution of one donor. Contributions to trust funds and cost-sharing more than doubled, to $10.7 million compared to $3.4 million in 2002. Expenditures decreased from $24.8 million in 2002 to $21.1 million in 2003. Although regular resources programme expenditures declined by $6.2 million, or 28 per cent, other resources expenditures increased from $2.2 million in 2002 to $4.8 million in 2003. Unexpended resources at the end of 2003 totalled $64.5 million, including an operational reserve of $22.6 million that had decreased from $33 million in 2002. That level of unexpended resources, including the operational reserve, represented 26 months’ expenditure.


In 2002, UNCDF operational activities were severely affected by the low level of contributions to its core resources, which were far short of the $30 million target, forcing UNCDF to reduce expenditures significantly. Starting with a planned budget of about $40 million based on previous years’ programme commitments, UNCDF had to align target programme expenditures with actual resources available. Despite the reduction in programme expenditures, results attained in 2002 were robust in a few areas, while others suffered. The area of local governance showed performance gains, mainly as a result of local resource mobilization. Progress was made towards operational self-sufficiency of microfinance institutions. UNCDF made considerable progress in establishing technical advisory services on local governance and microfinance on a cost-recovery basis. It strengthened cooperation with development partners, especially UNDP, through formal partnership agreements. The results attracted additional non-core resource commitments.

In 2002, UNCDF had an active project portfolio of 93 projects, 54 of which met the criteria for reporting (projects lasting more than five months or with expenditure over $50,000). More than half of those were local development projects, followed by infrastructure, microfinance and eco-development projects.

In June [dec. 2005/9], the Executive Board took note of the 2002 ROAR, welcomed the articulation of the complementarity and partnership between UNDP and UNCDF as reflected in two memorandums of understanding, one on collaboration in microfinance and the other on local governance. The Board took note of the independent impact assessment of UNCDF to be submitted in 2004 and invited countries to make financial or in-kind contributions towards that initiative. It noted with concern that the regular (core) resources fell far below the demand of programme countries, in particular the least developed countries, in its two areas of concentration—microfinance and local governance/decentralization. Recognizing UNCDF efforts to broaden the donor base, the Board requested UNCDF to inform it of a strategy to achieve the objectives set out in 2002 on achieving goals and obtaining resources [YUN 2002, p. 884].

The Board, in September [dec. 2003/25], took note of the UNDP Administrator’s budget estimates for 2004-2005 for UNCDF [DP/2003/28], and approved a gross appropriation for UNCDF for the 2004-2005 biennial support budget in the amount of $14,376,800.