

Operational activities for development

In 2009, the UN system continued to provide development assistance to developing countries and countries with economies in transition through the United Nations Development Programme (UNDP)—the central UN body for technical assistance. During the year, UNDP income fell to \$5.79 billion, while overall expenditure increased to \$5.53 billion. Total income for the United Nations Capital Development Fund (UNCDF) amounted to \$36.2 million. At year's end, cumulative allocations to projects of the United Nations Fund for International Partnerships reached approximately \$1.09 billion.

In May, the Secretary-General reported on progress in the implementation of General Assembly resolution 62/208 on the 2007 triennial comprehensive policy review of operational activities for development of the UN system. In June, the UNDP/United Nations Population Fund Executive Board extended the UNDP strategic plan, 2008–2011, until 2013.

In 2009, the United Nations Office for Project Services (UNOPS) delivered \$1.1 billion through project implementation and spent \$62.1 million administering it. The contribution to the operational reserve was \$12 million, bringing the reserve to \$42.1 million. In January, the Executive Board approved the revised UNOPS financial regulations and rules. In September, the Board endorsed the UNOPS strategic plan, 2010–2013, proposed by the UNOPS Executive Director in July.

The High-level United Nations Conference on South-South Cooperation was held at the United Nations Office at Nairobi from 1 to 3 December on the occasion of the thirtieth anniversary of the 1978 United Nations Conference on Technical Cooperation among Developing Countries. The Conference adopted the Nairobi outcome document, which reaffirmed the key role of the United Nations in supporting and promoting cooperation among developing countries, and reiterated that every country had the primary responsibility for its own development. The Assembly endorsed the Nairobi outcome document in December.

In 2009, 7,545 volunteers working for the UNDP-administered United Nations Volunteers (UNV) programme carried out 7,716 assignments in 128 countries. UNCDF conducted operations in 40 of the 49 least developed countries, with a particular focus on post-crisis countries.

In March, the Assembly confirmed the appointment of Helen Clark (New Zealand) as UNDP Administrator for a four-year term of office ending in April 2013.

System-wide activities

Operational activities segment of the Economic and Social Council

On 10 February (**decision 2009/206**), the Economic and Social Council decided to devote the work of the operational activities segment to progress on and implementation of General Assembly resolutions 62/208 [YUN 2007, p. 877] on the triennial comprehensive policy review of operational activities for development of the UN system and 63/232 [YUN 2008, p. 962] on operational activities for development. During its 2009 substantive session [A/64/3/Rev.1], the Council considered the question of operational activities of the United Nations for international development cooperation at meetings held from 15 to 17 July and on 22 July. The Council considered follow-up to policy recommendations of the Assembly and the Council; the reports of the Executive Boards of the United Nations Development Programme (UNDP)/United Nations Population Fund (UNFPA), the United Nations Children's Fund and the World Food Programme; and South-South cooperation for development.

Among the documents before the Council were the Secretary-General's reports on the comprehensive statistical analysis of the financing of operational activities for development of the UN system [A/64/75-E/2009/59]; actions taken by the executive boards and governing bodies of the UN funds, programmes and specialized agencies in the area of simplification and harmonization of the UN development system [E/2009/61]; results achieved and measures and processes implemented in follow-up to Assembly resolution 62/208 [E/2009/68]; the human resources challenges within the UN development system at the country level [E/2009/75]; and the functioning of the resident coordinator system, including costs and benefits [E/2009/76]. The Council also had before it a May note by the Secretary-General [E/2009/85] on the review of trends and perspectives in funding for development cooperation; and the report of the Joint Inspection Unit (JIU) on the national execution of technical cooperation projects [JIU/REP/2008/4], as contained in a June note by the Secretary-General [A/64/375-E/2009/103 & Corr.1].

On 15 July, the Council held a panel discussion on the economic, food and climate change crises and their effects on the achievement of the Millennium Development Goals (MDGs) [YUN 2000, p. 51]: the role of UN system support to national efforts; and a dialogue on UN system funding. On 16 July, it held a panel discussion with the heads of UN funds and programmes. On 17 July, the Council held a dialogue with UN country teams on strengthening the teams' support to public health.

Implementation of resolution 62/208

In April [A/64/75-E/2009/59], the Secretary-General issued a report on the comprehensive statistical analysis of the financing of operational activities for development of the UN system for 2007, which was to be read in conjunction with his report (see below) on the implementation of General Assembly resolution 62/208 [YUN 2007, p. 877] on the 2007 triennial comprehensive policy review of operational activities for development of the UN system [ibid., p. 874]. It contained information on the 37 UN system entities that reported funding for operational activities for development and examined the extent to which such entities relied on a limited set of donors to fund their operational activities. The report also outlined plans for strengthening future reports towards a comprehensive and sustainable UN system-wide financial data and reporting system.

On 7 May [E/2009/68] the Secretary-General issued the first progress report on the implementation of Assembly resolution 62/208. It was based on the Secretary-General's 2008 report on the management process for the implementation of resolution 62/208 [YUN 2008, p. 958]. The report provided an overview of progress achieved, and information on funding for UN system operational activities for development and the contribution of UN operational activities to national capacity development in the areas of capacity-building and development, South-South cooperation, gender equality and women's empowerment, and the transition from relief to development. It also discussed improved functioning of the UN development system in coherence, effectiveness and relevance; regional coordination; transaction costs and efficiency; country-level capacity; and evaluation of operational activities for development. An annex to the report contained a matrix setting out actions taken by the UN system to implement resolution 62/208. Overall, significant advances had been made in implementing the policy review since 2008. System-wide coordination and the mobilization of UN system capacities at all levels was improved through the streamlining of inter-agency governance and management structures and the development of mutual accountability frameworks,

tools and joint programming operational documents, as well as the mobilization of common resources and funding instruments. The policy review's emphasis on national ownership and alignment of the UN country-level programming process with national systems was reflected in the programming guidance issued by the United Nations Development Group (UNDG), and there were indications of greater alignment of United Nations Development Assistance Frameworks (UNDAFs) with national processes.

Among the remaining challenges was the imbalance between core and non-core resources received by the UN system, which persisted against the backdrop of growing concerns about the possible negative impact of the global economic crisis on UN system aid and funding. Further progress needed to be made in supporting UN country teams in such areas as capacity development, the use of South-South cooperation as a modality for programme delivery and improving coordination, and strengthening of support structures in situations of transition from relief to development. A growing number of normative mandates needed to be implemented at the country level, which would require greater substantive capacities and coherence in approaches. Consistency in the quality of UNDAFs needed to be ensured. Responses from Headquarters to innovations at the country level on simplification and harmonization in terms of procedural and regulatory policy changes needed to keep pace with those developments. The combined economic, food security and climate change crises threatened development and challenged the UN system to provide strategic and cohesive support to Governments.

On 15 May [E/2009/76], the Secretary-General submitted a report on the functioning of the resident coordinator system, including costs and benefits. The report assessed progress since the 2008 report [YUN 2008, p. 958] and reviewed participation and support to the functioning of the system by UN system organizations, with a special focus on coordination in countries in crisis and post-crisis situations. It discussed the enhanced management of the resident coordinator system; examined the support provided by the UN system to the resident/humanitarian coordinator system in situations of early recovery and transition from relief to recovery; outlined the work of the resident coordinator system in contributing to national development priorities and increased efficiency in business processes; and provided information on the costs and funding of country-level coordination. Total expenditure on UN operational activities in 2007, the latest year for which full system-wide data were available, totalled \$17.4 billion. Actual support for the UN resident coordinator system from or through UNDP in 2007 totalled \$92 million, \$76 million of which was provided by UNDP and \$16 million of which was

raised from donors by the United Nations Development Operations Coordination Office. Coordination costs in 2007 stood at 0.53 per cent of the total expenditures for UN system operational activities. Expenditures for the UN resident coordinator system from or through UNDP amounted to \$111.3 million in 2008.

The report concluded that, over the previous two years, progress had been made in enhancing the functioning of the resident coordinator system, including support, in the areas of: management and accountability; resident coordinator recruitment, selection and training; system-wide participation; and coherence in country programming and harmonization in country business processes. Innovations from “Delivering as one” pilot countries [YUN 2007, p. 1418] were producing better tools and business practices. UNDG would further refine and develop additional operational frameworks, guidance and tools in the 2009–2010 period.

The report identified a number of remaining challenges. In general, there was a need to review the appropriate level and type of support that a resident coordinator office required in order to perform effectively in different country contexts, especially in complex situations. Although resident coordinators were expected to function on behalf of the the UN system as a whole, and were subject to performance review by various agencies, there was a need to build on the resident coordinator management and accountability system in order to identify resources and contributions by UN system members in support of the resident coordinator system and to balance mutual accountability between the resident coordinator and UN country team. There was a need for more systematic and consistent reporting among agencies of their participation and support to the resident coordinator system as part of their strategic plans, programme budgets and reports to their governing bodies. Headquarters units/mechanisms needed to coordinate effectively in order to provide relevant and efficient support and guidance to the resident coordinators in managing the UN system country strategy in response to national priorities, especially in crisis and post-crisis transition countries.

The report recommended, among other measures, that the Economic and Social Council might wish to request UNDG to undertake a review of the scope of country coordination functions and requirements in a range of country settings, including in post-crisis transition countries, and establish standards for the type, level of staff and operational support capacities that would be needed to effectively fulfil those functions. Based on such an assessment, the Council might wish to ask UNDG to develop a strategy for mobilizing resources to support functioning resident coordinator offices.

A 15 May report [E/2009/75] on human resources challenges within the UN development system, prepared in collaboration with UN system organizations and the International Civil Service Commission (ICSC), focused on how the UN system could best meet the demands of programme countries while recognizing the differences and unique country requirements. UN country capacities needed to be adjusted regularly so that the system’s operational support remained fully aligned with development priorities and policies in various countries. To that end, the UN system needed to implement policies related to workforce planning, development and reprofiling, and to facilitate mobility and redeployment of staff at the global, regional and country levels.

The report provided information on the diverse and increasingly field-based UN development system workforce. Between 2004 and 2007, the number of international staff members serving with organizations of the UN common system increased by 33 per cent; most of the increase was in the field. The number of staff in offices other than those established at headquarters expanded by 31 per cent for the Professional and above category and by 96 per cent for the General Service category. At the end of 2007, the majority of UN development system staff was located in the field. UN system organizations were increasing the number of field offices and staff as a way to respond to the needs of recipient countries in a timely and efficient manner. Policies aimed at deploying staff to the field were in some cases part of broader reforms of the organizations.

The report identified six human resources challenges faced by the UN system that should be taken into account in designing comprehensive human resources policies and strategies: aligning UN response capacities to national priorities; optimizing the recruitment and career management of UN system staff; dealing with the multiple human resources policies and procedures across the UN system; planning for the succession of retiring staff members; ensuring staff security; and securing the equal representation of women.

The report recommended, among other measures, that the Economic and Social Council might wish to request UN system organizations to: mobilize adequate human resources to support the development of new UNDAFs and invite donors to provide support in that regard; adjust recruitment processes and intensify efforts to identify qualified national and international staff to be placed on a roster of candidates for rapid deployment to situations of transition from relief to development; support UNDG efforts to strengthen the capability of the UN system to attract, develop and retain suitable candidates for the post of resident coordinator; and make greater use of the United Nations System Staff College to train

their staff, notably members of UN country teams. The Council might also wish to call upon UNDG and the Staff College to further develop training on capacity development, and encourage the UN system to conduct, when appropriate, assessments of human resources capacities in UN country teams to respond to UNDAF or country programme priorities. The Council might wish to encourage efforts by: UN system organizations, through UNDG, to make use of each other's training facilities, so as to maximize opportunities and substantive coverage of training offered to UN system staff; the United Nations System Chief Executives Board for Coordination (CEB), in collaboration with ICSC, to pursue its work on harmonizing the conditions of service for National Professional Officers; the UN system to intensify its efforts to achieve gender balance in appointments for positions that affect operational activities for development, including high-level (D-1 and D-2) and resident coordinator posts; and ICSC, CEB and the UN system to promote further research to inform policy decisions on key human resources management issues and develop indicators to monitor human resources effectiveness management in the UN common system. The Council might also wish to encourage the UN system to continue efforts to make human resources procedures coherent across the UN system through the CEB High-level Committee on Management (HLCM) Plan of Action for the Harmonization of Business Practices in the United Nations System [CEB/2008/HLCM/10], excerpts of which were contained in a June CEB report [CEB/2009/HLCM/HR/45/Rev.1].

In response to General Assembly resolution 59/250 [YUN 2004, p. 868] on the triennial comprehensive policy review of operational activities for development of the UN system, the Secretary-General, on 27 May [E/2009/85], submitted a note on the review of trends and perspectives in funding for development cooperation in six major areas: UN operational activities for development; multilateral and regional development banks; global funds; innovative sources of financing for development; South-South and triangular development cooperation; and private philanthropy. According to Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) figures released on 30 March, official development assistance (ODA) by DAC countries in 2008 reached \$119.8 billion—the highest dollar figure ever recorded and an increase in real terms of 10.2 per cent over the previous year. However, since 2005, the ODA/gross national income (GNI) ratio had declined from 0.33 per cent to 0.30 per cent. A key factor explaining the volatility of ODA flows was debt relief, which reached \$25 billion in 2005, declined to \$9.6 billion in 2007 and in-

creased again to \$11.3 billion in 2008. The 2008 ODA level of nearly \$120 billion for DAC countries remained short of the \$150 billion deemed necessary to attain the MDGs. The current outlook suggested that at least \$10 billion to \$15 billion had to be added to forward spending plans if donors were to meet the 2010 commitment of \$130 billion in ODA (at constant 2004 prices). Net bilateral ODA from DAC donors to Africa in 2008 totalled \$26 billion, of which \$22 billion went to sub-Saharan Africa. Excluding volatile debt relief grants, bilateral aid to Africa and sub-Saharan Africa in 2008 rose in real terms by 10.6 per cent and 10 per cent, respectively.

The annual growth in contributions to UN operational activities for development slowed to 5.6 per cent in the 2002–2007 period, while non-UN multilateral ODA grew at 6.6 per cent and bilateral ODA at 6.1 per cent (in constant 2006 dollars). In 2007, total private grants from donor countries amounted to \$18.5 billion, equivalent to almost 18 per cent of overall ODA flows. The volume of private grants as a share of overall ODA from OECD/DAC countries averaged an estimated 15 per cent, representing faster growth than overall ODA. There were early indications, however, that the global financial and economic crisis that began in 2008 was beginning to affect funding to international development cooperation, including the UN development system.

A notable long-term trend in the funding of UN operational activities for development was the decline in core resources as a share of overall contributions, from 37.1 per cent in 2002 to 28.8 per cent in 2007. The reliance on non-core resources, with the corresponding unpredictability of funding and timing of payments and the restricted use for which voluntary contributions might be earmarked, made the management and implementation of UN operational activities for development more challenging. The growth in non-core funding in the previous decade was also an important factor in increasing transaction costs for UN entities.

On 22 July (**decision 2009/214**), the Economic and Social Council recommended that the General Assembly, at its sixty-fourth (2009) session, request the Secretary-General to postpone to its sixty-seventh (2012) session the submission, through the Council, of the comprehensive analysis of the implementation of Assembly resolution 62/208, to be prepared in accordance with that resolution.

ECONOMIC AND SOCIAL COUNCIL ACTION

On 22 July [meeting 32], the Economic and Social Council adopted **resolution 2009/1** [draft: E/2009/L.18] without vote [agenda item 3 (a)].

Progress in the implementation of General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system

The Economic and Social Council,

Recalling General Assembly resolutions 62/208 of 19 December 2007 on the triennial comprehensive policy review of operational activities for development of the United Nations system and 63/232 of 19 December 2008 on operational activities for development and Economic and Social Council resolution 2008/2 of 18 July 2008 on progress in the implementation of resolution 62/208,

Reaffirming the importance of the comprehensive policy review of operational activities for development, through which the General Assembly establishes key system-wide policy orientations for the development cooperation and country-level modalities of the United Nations system,

Underscoring the fact that there is no “one size fits all” approach to development and that development assistance by the United Nations development system should be able to respond to the varying development needs of programme countries and should be in alignment with their national development plans and strategies, in accordance with its mandates,

Reaffirming the need to strengthen the United Nations with a view to enhancing its authority and efficiency, as well as its capacity to address effectively, and in accordance with the purposes and principles of the Charter of the United Nations, the full range of development challenges of our time, and emphasizing that operational activities for development of the United Nations system should be valued and assessed on the basis of their impact on the programme countries as contributions to enhancing their capacity to pursue poverty eradication, sustained economic growth and sustainable development,

Acknowledging the importance of delivering assistance in order to overcome the challenges to improving human life through the implementation of resolution 62/208,

Recalling the role of the Economic and Social Council in providing coordination and guidance to the United Nations system so as to ensure that policy orientations established by the General Assembly are implemented on a system-wide basis in accordance with Assembly resolutions 57/270 B of 23 June 2003, 61/16 of 20 November 2006 and 62/208 and other relevant resolutions,

Results achieved and measures and processes implemented in follow-up to General Assembly resolution 62/208

1. *Takes note* of the report of the Secretary-General on results achieved and measures and processes implemented in follow-up to General Assembly resolution 62/208 and of the efforts of the Secretary-General to identify results and fine-tune targets, benchmarks and time frames, in line with paragraph 7 of Economic and Social Council resolution 2008/2;

2. *Notes* the advances made in some areas by the United Nations system in implementing resolution 62/208, including through the development of guidance by the United Nations Development Group reflecting the principles and guidance contained in resolution 62/208;

3. *Reiterates* the call of the General Assembly for the governing bodies of the funds, programmes and specialized agencies of the United Nations development system to take appropriate actions for the full implementation of resolution 62/208;

4. *Also reiterates* the request of the General Assembly to the executive heads of those organizations to continue to report annually to their governing bodies on measures taken and envisaged for the implementation of resolution 62/208;

5. *Reaffirms* that the fundamental characteristics of operational activities for development 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 the development needs of programme countries in a flexible manner, and that operational activities are carried out for the benefit of programme countries, at the request of those countries and in accordance with their own policies and priorities for development;

6. *Notes* the improvements in respect of the participation of United Nations system organizations in the functioning of the resident coordinator system, including through the streamlining of inter-agency governance and management structures;

7. *Acknowledges* the interim assessments of the progress made and the challenges remaining in efforts to increase coherence in country-level programming, including in the pilot programme countries;

8. *Notes* the voluntary efforts made to improve coherence, coordination and harmonization in the United Nations development system, including at the request of some pilot programme countries, encourages the Secretary-General to support pilot programme countries in evaluating and exchanging their experiences, with the support of the United Nations Evaluation Group, and emphasizes, in addition, the need for an independent evaluation of lessons learned from such efforts, according to the principles contained in resolution 62/208, with regard to national ownership and leadership and in the context of system-wide norms and standards, for consideration by Member States, without prejudice to a future intergovernmental decision;

9. *Encourages* United Nations system organizations to take the necessary steps to further enhance their participation in United Nations country-level coordination mechanisms, including through decentralization, delegation of authority and multi-year programming, encourages the participation of the United Nations development system, by invitation and ex officio, in current and new aid modalities and coordination mechanisms, at the request of the programme country, and invites the United Nations development system to enhance its participation in this regard;

10. *Recalls* the underscoring by the General Assembly, in paragraph 96 of its resolution 62/208, that resident coordinators, supported by United Nations country teams, should report to national authorities on progress made against results agreed in the United Nations Development Assistance Framework, and requests the Secretary-General, through the United Nations Development Group and its member organizations, to develop a standard operational format on reporting for this purpose, bearing in mind the need to reduce the administrative burden and transaction costs;

11. *Encourages* the United Nations Evaluation Group to continue its work to harmonize evaluation practices across the system, to bring evaluation practices up to standard and to professionalize evaluation capacities;

12. *Reiterates its encouragement* to all United Nations organizations involved in operational activities for development that have not already done so to adopt, as appropriate, monitoring and evaluation policies that are in line with system-wide norms and standards and to make the necessary financial and institutional arrangements for the creation and/or strengthening of independent, credible and useful evaluation functions within each organization;

13. *Encourages* the United Nations Development Group to develop indicators to assess the sustainability of the capacity-building activities of the United Nations system, and reiterates that the United Nations development system should use national execution, available national expertise and technologies, and national procurement systems in the implementation of operational activities, in line with paragraph 39 of resolution 62/208;

14. *Recalls* paragraphs 48, 49, 51 and 52 of resolution 62/208, and calls upon the organizations of the United Nations development system to continue to mainstream support to South-South and triangular cooperation into their strategic plans and operational activities for development, including through United Nations Development Assistance Frameworks, at the request of recipient countries;

15. *Encourages* regional, subregional and international organizations to strengthen their support for South-South cooperation, including triangular cooperation;

16. *Calls upon* the organizations of the United Nations development system, within their organizational mandates, to further improve their institutional accountability mechanisms, welcoming in this regard the development of performance indicators for gender equality and women's empowerment (the scorecard) by the United Nations Development Group and encouraging their systematic use by United Nations country teams, and to include, in particular, intergovernmentally agreed gender equality results and gender-sensitive indicators in their strategic frameworks, and takes note of their progress in this regard;

17. *Reiterates* paragraph 20 of General Assembly resolution 63/232, in which the Assembly urged the funds and programmes and encouraged the specialized agencies to carry out any changes required to align their planning cycles with the quadrennial comprehensive policy review, including the implementation of midterm reviews as necessary, and to report to the Economic and Social Council on adjustments made to fit the new comprehensive review cycle;

18. *Recalls* the decision of the General Assembly in its resolution 63/232 to hold its next comprehensive policy review in 2012 and subsequent reviews on a quadrennial basis, and in this regard requests the Secretary-General to continue to submit to the Economic and Social Council detailed reports on results achieved and measures and processes implemented, in accordance with paragraph 142 of resolution 62/208, including at its substantive sessions of 2011 and 2012;

Functioning of the resident coordinator system, including costs and benefits

19. *Takes note* of the report of the Secretary-General on the functioning of the resident coordinator system, including costs and benefits;

20. *Requests* the United Nations Development Group, in close cooperation with the United Nations Development Programme, to further develop approaches and tools for measuring and reporting on the costs and benefits of coordination, including input on best practices and lessons learned from the field on the functioning of the resident coordinator system, and requests the Secretary-General to include in his report to be submitted to the Economic and Social Council at its substantive session of 2010 information on challenges and achievements;

21. *Urges* the accelerated coordination of efforts by headquarters units and mechanisms within the United Nations development system in order to provide relevant, efficient and timely support and guidance to resident coordinators, bearing in mind their various coordination functions;

22. *Encourages* the United Nations Development Group, in close cooperation with the United Nations Development Programme, as manager of the resident coordinator system, to develop standards for the type and level of staff and options for operational support that need to be provided to ensure effective United Nations system coordination in addressing the many interlinked development needs, including for those countries in transition from relief to development, taking into account countries in complex situations and their challenges as well as the country-specific character of those challenges;

23. *Reiterates* the request of the General Assembly to the United Nations development system to provide further financial, technical and organizational support for the resident coordinator system, and requests the organizations of the United Nations development system to include the provision of resources and support to the resident coordinator system in their respective strategic plans and budgets and to continue to include information on their support to the resident coordinator system in their reports to their respective governing bodies;

24. *Encourages* the United Nations development system to continue broadening the system-wide support provided to the resident coordinator system and to improve the response to requests for support from United Nations country teams, bearing in mind the national ownership and leadership of programme countries, and to ensure that the cost of funding the resident coordinator system does not entail a reduction of the resources that are destined for development programmes in programme countries;

25. *Stresses* that the contribution of non-resident agencies in country programming processes, in response to the priorities of national Governments, should be appropriately facilitated, as necessary, by working through the resident coordinator system and by strengthening the accountability of the resident coordinator, and underlines the need for participating non-resident agencies, where they have commitments in relation to programme planning and implementation, to provide the resources necessary to fulfil those commitments;

26. *Requests* United Nations system organizations to support efforts by the United Nations Development Group to strengthen the capability of the United Nations system for improving the process through which resident coordinators are selected and trained, as well as for attracting and retaining suitable and high-performing resident coordinators, without infringing upon or prejudging the decisions of the General Assembly;

27. *Requests* the Secretary-General to include in his annual report to the Economic and Social Council on the functioning of the resident coordinator system information on the operational modalities and the implementation of the management and accountability system of the United Nations development and resident coordinator systems, including the functional firewall of the resident coordinator system, and to report on the independent comprehensive assessment thereof to the Council at its substantive session of 2012, within the framework of the comprehensive analysis of the implementation of resolution 62/208;

28. *Requests* the United Nations funds and programmes to reflect in their respective annual reports to the Economic and Social Council and to their governing bodies their specific contributions to and the challenges faced in the implementation of the management and accountability framework of the United Nations development and resident coordinator systems, including the functional firewall of the resident coordinator system, bearing in mind the authorities established for the Council and the executive boards, including by the General Assembly in its resolutions 48/162 of 20 December 1993, 50/227 of 24 May 1996, 57/270 B, 60/265 of 30 June 2006 and 61/16;

Country-level capacity of the United Nations development system

29. *Takes note* of the report of the Secretary-General on human resources challenges within the United Nations development system at the country level;

30. *Encourages* the United Nations development system to assess, when appropriate, the adequacy of human resource capacities in United Nations country teams with a view to improving their capacity to deliver results in response to the priorities set out in the United Nations Development Assistance Framework, in line with national development priorities and plans;

31. *Calls upon* the organizations of the United Nations development system to continue their efforts to achieve gender balance within the United Nations system at all levels, both in headquarters and at field duty stations;

32. *Recalls* paragraphs 125 and 126 of resolution 62/208 and the need to adopt comprehensive policies and strategies for human resources and workforce planning and development, and in this regard stresses the need to address obstacles to inter-agency mobility, the rapid deployment of qualified national and international staff to situations of crisis and the transparency and competitiveness of recruitment processes for senior high-level posts, while not infringing upon or prejudging the decisions of the Assembly, and to integrate these issues into the annual reports on results achieved and measures and processes implemented in follow-up to resolution 62/208;

Funding of operational activities for development of the United Nations system

33. *Takes note* of the report of the Secretary-General on the comprehensive statistical analysis of the financing of operational activities for development of the United Nations system for 2007 and notes the progress made on broadening and improving the reporting, in line with paragraph 28 of resolution 62/208, and in this regard requests that future reports include further analysis of the current situation and perspectives in respect of core and non-core funding for the United Nations development system;

34. *Also takes note* of the note by the Secretary-General on the review of trends and perspectives in funding for development cooperation;

35. *Stresses* that core resources, because of their untied nature, continue to be the bedrock of operational activities for development of the United Nations system;

36. *Notes* that non-core resources represent an important supplement to the regular resource base of the United Nations development system for supporting operational activities for development, thus contributing to an increase in total resources, while recognizing that non-core resources are not a substitute for core resources and that non-earmarked contributions are vital for the coherence and harmonization of operational activities for development;

37. *Notes with concern* the continuing imbalance between the core and non-core resources received for operational activities for development of the United Nations system and the potential negative impact of non-core funding on the coordination and effectiveness of United Nations operational activities for development at the country level, while recognizing that thematic trust funds, multi-donor trust funds and other voluntary non-earmarked funding mechanisms linked to organization-specific funding frameworks and strategies, as established by the respective governing bodies, constitute some of the funding modalities that are complementary to regular budgets;

38. *Also notes with concern* the negative impact of the financial crisis, and urges countries in a position to do so to increase their voluntary contributions to the United Nations development system, on a predictable basis, to support development activities at the country level;

39. *Calls upon* the United Nations development system to strengthen its ability to support efforts at the country level to mitigate the impact of the crisis;

40. *Recalls* the request by the General Assembly, in paragraph 23 of its resolution 59/250 of 22 December 2004, that the Economic and Social Council undertake triennially a comprehensive review of trends and perspectives in funding for development cooperation, and requests the Secretary-General to integrate all the elements of that review into his biennial report to the Development Cooperation Forum as of 2012;

41. *Emphasizes* that increasing financial contributions to the United Nations development system is key to achieving the internationally agreed development goals, including the Millennium Development Goals, and in this regard recognizes the mutually reinforcing links among increased effectiveness, efficiency and coherence

of the United Nations development system, the achievement of concrete results in assisting developing countries in eradicating poverty and achieving sustained economic growth and sustainable development through operational activities for development, and the overall resourcing of the United Nations development system;

Simplification and harmonization of the United Nations development system

42. *Takes note* of the actions taken by the executive boards and governing bodies of the United Nations funds and programmes and the specialized agencies in the area of simplification and harmonization of the United Nations development system to reduce transaction costs, to enhance efficiency and to achieve financial savings, to be invested back in country programmes;

43. *Encourages* United Nations system organizations to continue to work towards simplification and harmonization under the guidance of their executive boards and governing bodies;

44. *Notes* that, while progress is being made towards the simplification and harmonization of business practices within the United Nations development system, many procedures require further harmonization, as identified in the Plan of Action for the Harmonization of Business Practices in the United Nations System, developed by the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination and its functional networks, and requests the United Nations funds and programmes and the specialized agencies to explore sources of financing to support the implementation of this Plan, including through discussions with their respective governing bodies on the allocation of funds through their respective support budgets;

45. *Urges* the Secretary-General, through the High-level Committee, to step up efforts to standardize and harmonize the concepts, practices and cost classifications related to transaction costs and cost recovery, while maintaining the principle of full cost recovery in the administration of all non-core/supplementary/extrabudgetary contributions, including in joint programmes;

46. *Recalls* the importance of continuing to strengthen national execution, bearing in mind the importance of building national capacity, simplifying procedures and aligning those procedures with national procedures;

47. *Requests* the United Nations funds and programmes and the specialized agencies that practise cash transfer to accelerate the roll-out of the harmonized approach to cash transfers;

48. *Urges* the United Nations funds and programmes and encourages the specialized agencies to ensure that adequate information is included in the existing reporting on simplification and harmonization to their respective executive boards and governing bodies so as to enable intergovernmental bodies to make informed decisions on policy changes in a timely manner, and requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to ensure that information on the Plan of Action for the Harmonization of Business Practices, as well as periodically updated information on its implementation, including related costs and possible savings, is made available.

Operational activities

National execution of technical cooperation projects

A June note by the Secretary-General [A/64/375-E/2009/103 & Corr.1] contained the report of the Joint Inspection Unit (JIU) on the national execution of technical cooperation projects [JIU/REP/2008/4]. The report identified and disseminated lessons learned and best practices in the implementation of national execution (NEX) projects and programmes, including the related issues of auditing, monitoring and evaluation. NEX programmes aimed to achieve greater national self-reliance, enhanced sustainability of development programmes and projects, a reduction of workload and integration with national programmes.

Constraints were identified in the implementation of training programmes, including the lack of clear purpose of such programmes to serve project outcomes. The JIU inspectors were of the opinion that additional efforts should be made to strengthen the capacity of the recipient Government institutions and improve the public professional sector. A fundamental challenge identified in the execution/implementation of NEX projects and programmes was to regard civil society—including non-governmental organizations (NGOs)—as executing entities/implementing partners in development. The inspectors noted that in certain cases, the NEX project manager was substituting the recipient Governments in monitoring and evaluation despite General Assembly resolution 56/201 [YUN 2001, p. 783] on the triennial policy review, which stipulated that such activities should be Government-led. In order to address internal and external challenges related to NEX, more coherence among UN system organizations was required, including further simplification and harmonization of their rules and procedures at the headquarters level. The knowledge possessed by UN regional commissions should be used for the preparation of country programmes, particularly in the planning, implementation and follow-up of NEX projects. The report concluded that the existence of reliable Government institutions was a prerequisite for viable NEX projects. Government-led execution required implementing partners to assume greater risk. Such partners should mitigate risk by promoting sound national policies that advanced accountability and built capacity.

JIU recommended that the Assembly, in the context of the triennial comprehensive policy review, should invite CEB to coordinate compliance with the provisions of Assembly resolutions, including resolution 62/208 [YUN 2007, p. 877], by which it adopted NEX as the norm in the implementation of operational activities. The Assembly and legislative bodies of corresponding organizations should reiterate that

donors should provide less conditioned extrabudgetary contributions, including those financing NEX, with a view to realizing the priorities of the recipient countries and ensuring more flexibility, predictability and geographic balance in NEX expenditures. They should assist recipient Governments in strengthening their capacity in the accounting and audit field, through focused training, as required, to enable them to match international standards. The Assembly and the Economic and Social Council should request UN system organizations to strengthen coordination with the resident coordinator system and the Regional Coordination Mechanism to include the regional perspective and to establish synergies between regional, subregional and national programmes.

The Economic and Social Council, by **decision 2009/215** of 22 July, took note of the JIU report.

In an October note [A/64/375/Add.1-E/2009/103/Add.1], the Secretary-General transmitted to the Assembly his comments and those of CEB concerning the JIU report. CEB welcomed the report and expressed overall agreement with the recommendations contained therein.

GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second (Economic and Financial) Committee [A/64/425/Add.1], adopted **resolution 64/220** without vote [agenda item 58 (a)].

Operational activities for development of the United Nations system

The General Assembly,

Recalling its resolution 62/208 of 19 December 2007 on the triennial comprehensive policy review of operational activities for development of the United Nations system,

Reaffirming the importance of the triennial comprehensive policy review of operational activities for development, through which the General Assembly establishes key system-wide policy orientations for development cooperation and country-level modalities of the United Nations system,

Recalling the role of the Economic and Social Council in providing coordination and guidance to the United Nations system to ensure that those policy orientations are implemented on a system-wide basis in accordance with General Assembly resolution 62/208,

1. *Takes note* of the report of the Secretary-General on the comprehensive statistical analysis of the financing of operational activities for development of the United Nations system for 2007, and notes the progress made in broadening and improving the reporting, in line with paragraph 28 of its resolution 62/208;

2. *Also takes note* of the report on the activities of the United Nations Development Fund for Women;

3. *Further takes note* of the report of the Joint Inspection Unit on the national execution of technical cooperation projects, and of the comments of the Secretary-

General and the member organizations of the United Nations system thereon;

4. *Takes note* of Economic and Social Council decision 2009/214 of 22 July 2009 on operational activities for development and its resolution 2009/1 of 22 July 2009 on progress in the implementation of General Assembly resolution 62/208, and expresses appreciation for the guidance provided by the Council on the further implementation of resolution 62/208 as contained therein;

5. *Recalls* General Assembly resolution 63/232 of 19 December 2008, in which it decided to hold its next comprehensive policy review of operational activities for development of the United Nations system in 2012 and subsequent reviews on a quadrennial basis, and requests the Secretary-General to postpone to its sixty-seventh session the submission, through the Economic and Social Council, of the comprehensive analysis of the implementation of Assembly resolution 62/208 to be prepared in accordance with the guidance contained in paragraph 143 thereof.

Simplification and harmonization of UN development system

On 5 May [E/2009/61], the Secretary-General reported on actions taken by the executive boards and governing bodies of the UN funds, programmes and specialized agencies to simplify and harmonize the UN development system. The report provided an overview of progress achieved system-wide and by individual agencies. It focused on the simplification of cost recovery rates, practices and policies, and of rules, procedures and business practices; and the rationalization of the UN country presence through the use of common premises, co-location and common services.

The Secretary-General concluded that, in the context of the changing aid environment, both programme and donor countries placed growing demand on the UN development system to translate accountability and render processes into more simple and harmonized working modalities that were results-oriented and transparent. The UN development system started to identify and operationalize solutions for streamlining, rationalizing and optimizing key business processes and practices at headquarters and in the field. The endorsement by CEB of the High-level Committee on Management (HLCM) Plan of Action for the Harmonization of Business Practices in the United Nations System [CEB/2008/HLCM/10], excerpts of which were contained in a June report [CEB/2009/HLCM/HR/45/Rev.1], set out a road map for the collective effort. The "Delivering as one" country pilots [YUN 2007, p. 1418] provided a platform to test innovative solutions for application on a wider scale. Management reform had to go hand in hand with progress in reinforcing policy coherence among the various intergovernmental processes. In addition, UN commitment to coherence and effectiveness should be matched with sustained financing. In that regard, the

availability of extrabudgetary resources requested in the funding proposal for the CEB/HLCM Plan of Action remained critical to sustaining the growing momentum towards simplification and harmonization. Fast-paced reform in the field required corresponding policy changes at headquarters, and it was important to ensure adequate sharing of information with the executive boards and governing bodies about the progress of reform system-wide.

The Economic and Social Council took note of the Secretary-General's report on 22 July (**decision 2009/215**).

System-wide coherence

General Assembly action. The General Assembly, during its resumed sixty-third (2009) session, considered discussion notes on "Strengthening the governance of operational activities for development of the United Nations system for enhanced system-wide coherence" and "Strengthening the system-wide funding architecture of operational activities of the United Nations for development", of 15 April and 3 May, respectively. Both notes contained recommendations related to UN operational activities for development, including, in the 15 April note, a recommendation on the creation of a central repository of information on such activities.

In **resolution 63/311** of 14 September (see p. 1368) on system-wide coherence, the General Assembly adopted measures aimed at strengthening the governance of UN system operational activities for development and improving the funding system of such activities for enhanced system-wide coherence. It requested the Secretary-General, in consultation with CEB, to propose to the Assembly, at its sixty-fourth (2009) session, measures for the further improvement of the governance of the operational activities for development, as well as modalities for the submission and approval of common country programmes; and for the establishment of an independent evaluation mechanism to assess system-wide efficiency, effectiveness and performance. The Assembly noted with concern the continuing imbalance between core and non-core resources received by UN system operational activities for development and the potential negative impact of non-core funding on the coordination and effectiveness of operational activities at the country level. It urged countries in a position to do so to increase substantially their voluntary contributions to the core/regular budgets of the UN development system; contribute on a multi-year basis, in a sustained and predictable manner; and undertake voluntary commitments to provide a greater share of system-wide contributions to operational activities for development as core/regular resources. The Secretary-General was requested to create a cen-

tral repository of information on operational activities for development, including disaggregated statistics on all funding sources and expenditures, building on his comprehensive statistical analysis of the financing of operational activities for development.

Report of Secretary-General. In December [A/64/589], the Secretary-General issued a report on follow-up to Assembly resolution 63/311 on system-wide coherence related to operational activities for development. The report put forward proposals for improving the functioning of the governing bodies. The proposals were intended to help ensure that the tiers of governance—including the Assembly, the Economic and Social Council, the executive boards of the funds and programmes and the governing bodies of the specialized agencies—engaged in operational activities for development functioned as an integrated system with clear roles and well-defined lines of responsibility and accountability. It identified four priority areas for enhancing the functioning of intergovernmental bodies governing UN operational activities for development, including key challenges and a possible way forward. The priorities were to: strengthen functional coherence between the Assembly, the Economic and Social Council and the executive boards of funds and programmes, as well as the governing bodies of specialized agencies; ensure that countries participated in governing bodies on an equal basis; improve substantive preparations for meetings of governing bodies; and enhance the impact of intergovernmental decisions. The report concluded that improving the functioning of intergovernmental bodies was critical for more effective UN operational activities for development at the country level. Such improvement would require Member States to take action in several areas, including committing to greater coherence in policymaking; establishing enhanced clarity on the roles and functions of different tiers of the governance system; significantly strengthening the capacity of programme countries to participate in intergovernmental policymaking on UN operational activities for development; making decision-making processes at all levels more action-oriented; and stepping up secretariat support to governing bodies based on a functional needs analysis.

The report outlined possible modalities for submission and approval of common country programmes on a voluntary basis. Options included a common country programme presented to governing bodies of participating UN agencies; a programme consistent with the United Nations Development Assistance Framework (UNDAF) presented to each governing body and internal agency mechanism a programme presented to the Economic and Social Council; and a programme presented to the joint meeting of executive boards. The report also set out key principles for establishing an independent, system-wide evaluation

mechanism and discussed efforts to strengthen financial reporting on operational activities for development.

The Secretary-General reported that a central repository of information on operational activities for development would be created as part of a system-wide financial statistics database and reporting system, building on the CEB mandate to collect and publish financial information on the entire UN system. The database was expected to enhance the scope and detail of financial reporting to Member States, including on operational activities. The first phase of the project included the launch, expected in 2010, of a dedicated section of the CEB website, with analysis based on the 2008 report on the budgetary and financial situation of the UN system organizations [YUN 2008, p. 1562]. The second and final phase of the project—the launch of a central repository—was expected to be completed within two years. The report also addressed the purpose, timing and scope of the independent evaluation, requested by the Assembly in resolution 63/311, of lessons learned from the “Delivering as one” pilot countries [YUN 2007, p. 1418] and proposed options for the management of the evaluation.

CEB was leading efforts to simplify and harmonize business practices within the UN development system through the Plan of Action for the Harmonization of Business Practices in the UN system, excerpts of which were contained in a June report. A funding proposal outlining the scope and objective of the Plan was transmitted to potential donors in October 2008. CEB reviewed projects included in the Plan of Action to ensure their relevance in the context of financial constraints, and it selected priorities among the activities included in the original funding proposals. Further action was taken on the simplification and harmonization of business practices called for in Economic and Social Council resolution 2009/1 of 22 July 2009 (see p. 847).

Financing of operational activities

The UNDP/UNFPA Executive Board, at its September session [E/2009/35 (dec. 2009/21)], took note of the report of the UNDP Administrator on UN system technical cooperation expenditures in 2008 and its addendum [YUN 2008, p. 964]. The Board supported the integration of information from that report into the report on the comprehensive statistical analysis of the financing of operational activities for development of the UN system, in accordance with General Assembly resolution 63/232 [ibid., p. 962], and noted that the UN Department of Economic and Social Affairs (DESA) would prepare such an analysis effective 2010.

UN system expenditures on operational activities amounted to \$18.6 billion in 2008 [A/65/79-

E/2010/76], the most recent year for which figures were available, compared with \$17.3 billion in 2007, representing a 7 per cent increase over the previous year. Of the total expenditures, \$4,270 million was distributed by UNDP; \$3,536 million by the World Food Programme; \$2,808 million by the United Nations Children's Fund (UNICEF); \$1,691 million by the World Health Organization; \$1,597 million by the Office of the United Nations High Commissioner for Refugees; \$807 million by the United Nations Relief and Works Agency for Palestine Refugees in the Near East; \$691 million by the Food and Agriculture Organization of the United Nations (FAO); \$436 million by UNFPA; \$424 million by the International Labour Organization; \$347 million by the United Nations Educational, Scientific and Cultural Organization; \$231 million by the United Nations Office on Drugs and Crime/United Nations International Drug Control Programme; \$231 million by the United Nations Industrial Development Organization (UNIDO); \$142 million by the Joint United Nations Programme on HIV/AIDS (UNAIDS); \$131 million by the United Nations Environment Programme (UNEP); \$125 million by the United Nations Human Settlements Programme; \$121 million by the Office for the Coordination of Humanitarian Affairs; \$69 million by DESA; \$59 million by the UN regional commissions; \$35 million by the United Nations Conference on Trade and Development (UNCTAD) and an additional \$49 million by the International Trade Centre of UNCTAD; and \$379 million by other specialized agencies. The International Fund for Agricultural Development disbursed \$450 million in loans.

The 2009 United Nations Pledging Conference for Development Activities was held in New York on 9 November [A/CONF.208/2009/3]. In August [A/CONF.208/2009/2], the Secretary-General provided a statement of contributions pledged or paid at the 2008 Pledging Conference to 25 funds and programmes, amounting to some \$1.4 billion as at 30 June 2009.

Technical cooperation through UNDP

UNDP/UNFPA Executive Board

In 2009, the UNDP/UNFPA Executive Board held its first (19–22 January) and second (8–11 September) sessions, its annual session (26 May–3 June) and a special session (17 November), all in New York [E/2009/35].

The Board adopted 30 decisions in 2009, including those providing an overview of actions taken at its January [E/2009/35 (dec. 2009/8)], June [dec. 2009/19] and September [dec. 2009/28] sessions. Other decisions dealt with the work of UNDP, the United Nations

Office for Project Services (UNOPS) and the United Nations Capital Development Fund (UNCDF) (see p. 880), as well as that of UNFPA (see PART THREE, Chapter VIII) and the United Nations Development Fund for Women (see PART THREE, Chapter X).

The Economic and Social Council, by **decision 2009/215** of 22 July, took note of the Board's report on its work in 2008 [YUN 2008, p. 966].

Appointment of Administrator

On 21 January [dec. 2009/7], the Executive Board noted with regret that Kemal Derviş would leave his position as UNDP Administrator effective 1 March. The Board commended him on his effective guidance and management of UNDP from 2005 to 2009.

In a 26 March note [A/63/109], the Secretary-General requested the General Assembly to confirm the appointment of Helen Clark (New Zealand) as UNDP Administrator for a four-year term of office beginning on 20 April and ending on 19 April 2013. The Assembly confirmed the appointment on 31 March 2009 (**decision 63/419**).

UNDP/UNFPA reports

On 22 January [dec. 2009/3], the UNDP/UNFPA Executive Board took note of the 2008 report of the UNDP Administrator and the UNFPA Executive Director on the implementation of the Secretary-General's reform programme and the triennial comprehensive policy review of operational activities for development [YUN 2008, p. 966] and transmitted it to the Economic and Social Council, along with a summary of the comments and guidance provided by delegations at the Board's January session. The Board underscored the importance of the full implementation of General Assembly resolution 62/208 on the policy review [YUN 2007, p. 877] and requested that future reports adhere to the structure established in the resolution and include recommendations to improve its implementation further. The Administrator and Executive Director were asked to consider ways to improve the reports, taking into account the need to achieve efficiency and effectiveness in their reporting practices, and to consult with the Board in order to prepare a proposal on the matter at its September session.

The Council took note of the 2008 report on 22 July (**decision 2009/215**).

In response to Assembly resolutions 56/201 [YUN 2001, p. 783], 59/250 [YUN 2004, p. 868] and 62/208, the UNDP Administrator and the UNFPA Executive Director issued, in November [E/2010/5], a joint report containing information on funding for operational activities of the UN development system; the contribution of UN operational activities to national capac-

ity development and development effectiveness; improved functioning of the UN development system; and follow-up to the triennial comprehensive policy review. UNDP and UNFPA were establishing partnerships with regional and national institutions and using knowledge-sharing platforms and communities of practice—networks of development experts who share an interest in a particular area—to carry out capacity assessments and provide policy advice and programme support. In 2008 and 2009, UNDP and UNFPA forged or strengthened partnerships with the World Bank, the African Development Bank, the United Nations University, the New Partnership for Africa's Development, the Asian Institute of Technology, the Council of Europe and the League of Arab States, among other institutions. The partnerships were essential to enhancing capacity-development initiatives. In the Asia and the Pacific region, UNFPA, UNDP and UNICEF established a regional working group on capacity development, which provided support to UN country teams. Similar initiatives were undertaken in Latin America and in Southern Africa.

UNDP and UNFPA launched initiatives to strengthen national capacity to integrate gender equality into national development planning and budget frameworks. Both organizations sought to improve accountability and build capacity to advance gender equality and support women's political empowerment. UNDP worked with electoral management bodies and political parties to enhance women's civic and political participation. It focused its efforts on the implementation of an eight-point agenda for women's empowerment and gender equality in crisis prevention and recovery. In mid-2009, UNDP deployed senior gender advisers to work in seven conflict or post-conflict countries. It launched initiatives to examine financing for gender equality in early recovery programmes and ensure women's political and civic participation in post-conflict elections. UNDP and UNEP were integrating gender issues into their poverty and environment initiative, and developed partnerships with civil society networks that integrated gender issues into national development planning processes.

As a result of their field presence and their ability to liaise with local partners, UNDP and UNFPA were able to support efforts to reduce the vulnerability of countries to crises and conflicts, promote human development principles in humanitarian settings, and establish the foundations for a transition from relief to development. They had to build stronger national and regional capacities and pool regional resources to enable countries to respond jointly to common concerns. UNDP was providing technical support to more than 40 disaster-prone countries by integrating disaster risk management into development planning and programming, and by strengthening institutional structures for disaster preparedness. It was strength-

ening national technical expertise to analyse the risks related to climate variability and develop risk-management solutions. In collaboration with the World Bank and UN system partners, UNDP supported post-disaster needs assessments and the design of recovery frameworks in Western Africa and South-East Asia. The UNDP Bureau for Crisis Prevention and Recovery was implementing plans of action for early recovery in five countries. The plans included strengthening early recovery coordination and programming capacity and early recovery projects at the local level. As part of the Inter-Agency Standing Committee—the primary mechanism for the inter-agency coordination of humanitarian assistance—UNDP helped establish early recovery coordination mechanisms in 32 countries and supported needs assessments and strategic frameworks in 10 countries. UNDP provided technical support to 24 national disarmament, demobilization and reintegration programmes that contributed to the disarmament and demobilization of more than 350,000 former combatants and provided reintegration assistance to 60 per cent of them.

Human Development Report

The UNDP/UNFPA Executive Board, at its annual session, considered a March update [DP/2009/17] on the *Human Development Report* consultations, submitted in response to General Assembly resolution 57/264 [YUN 2002, p. 841]. In 2009, the Human Development Report Office, charged with preparing the *Report* (see p. 828), held two informal consultations with the UNDP/UNFPA Executive Board, focusing on the key findings of the research and writing process, and the statistical data and main messages contained in the *Report*. The Board took note of the update on 3 June [dec. 2009/19].

UNDP operational activities

Country and regional programmes

The UNDP/UNFPA Executive Board, at its January session, considered a report containing proposed measures for the resumption of programme operations in the Democratic People's Republic of Korea (DPRK) [DP/2009/8]. The report requested the Board to authorize the Administrator to approve assistance to the DPRK, and outlined the programme interventions to be supported by UNDP and the operational modalities to be used. On 22 January [dec. 2009/1], the Board took note of the proposed measures and authorized the resumption of programme activities in the DPRK based on those measures, which were further clarified in statements made by UNDP to the Board during the session. The Administrator was authorized to approve

additional projects in the DPRK on a project-by-project basis for the 2009–2010 period.

Also at its January session [dec. 2009/8], the Board approved country programme documents for eight countries.

At its annual session in June [dec. 2009/19], the Executive Board took note of the first one-year extensions of the country programmes for Azerbaijan, Chile, Iran, Serbia, Somalia and Zimbabwe; and approved the second one-year extension of the country programme for the Turks and Caicos Islands and the first two-year extensions of the country programmes for Barbados and the Organization of Eastern Caribbean States, Mozambique and the Philippines [DP/2009/18]. The Board also took note of the draft country programme documents and the comments made thereon for 12 countries.

At its September session [dec. 2009/28], the Executive Board approved the final country programme documents for 12 countries on a no-objection basis, without presentation or discussion, in accordance with a 2006 Board decision [YUN 2006, p. 1038]. It took note of the one-year extension of the country programme for the Libyan Arab Jamahiriya [DP/2009/35], the draft regional programme documents for the Arab States, and the draft country programme documents and the comments made thereon for four countries.

Also at the September session [dec. 2009/24], the Board took note of the UNDP Administrator's July note on assistance to Myanmar [DP/2009/34]; requested that the Administrator take account of and implement the findings of the independent assessment mission under the Human Development Initiative; and endorsed the proposed one-year extension of phase IV of the Initiative until 2011. The Administrator was authorized to allocate for the revised period (2008–2011) an estimated \$38.9 million from regular (core) resources and mobilize other (non-core) resources up to \$65 million; both amounts were inclusive of the \$24.1 million core and \$24.9 million non-core resources authorized by the 2007 Board decision [YUN 2007, p. 889].

Evaluation of regional cooperation framework for Arab States

In March [DP/2009/14], the UNDP Evaluation Office submitted to the Executive Board a report summarizing the findings of the evaluation of the third regional cooperation framework (RCF) for the Arab States. The evaluation, conducted between August 2008 and January 2009, was designed to assess the overall programme performance and outcomes of the RCF and evaluate the contributions of UNDP through the RCF to regional development. RCF activities were organized under three pillars: MDG achievement, democratic governance and building

a knowledge society, with youth as a cross-cutting issue. The total budget for the first three years of the 2006–2008 RCF amounted to some \$30.2 million, with core and other resources totalling \$9.5 million and \$20.7 million, respectively.

The evaluation found that the 2006–2009 RCF had been relevant to the priorities and needs of the Arab region. In most cases, the RCF was positioned to deal with issues that could not have been adequately addressed within the country programmes. The programme on HIV/AIDS was particularly relevant to the region, where the epidemic was not openly discussed. Projects related to education under the knowledge society pillar provided assistance to Arab universities to promote a culture of evaluation, educational quality and reform. Programmes under the democratic governance pillar addressed good governance and judicial reform through advocacy, policy dialogue and training.

RCF programmes were most effective in advocacy and policy dialogue on common priority issues in the region. The programmes developed the capacities of NGOs, governmental organizations and religious leaders, and created partnerships with Governments, civil society and NGOs, and academic and policy institutions.

The RCF faced several shortcomings, most of which stemmed from its design. The regional programme document did not define the expected outcomes or the corresponding indicators that would allow for measuring results in a meaningful manner. Coordination between the RCF and the country programmes in the region was weak at best, and in many cases non-existent. There was a marked absence of concrete projects with sustainable results at the operational level, and funding for the RCF from UNDP core resources was limited. The evaluation report outlined a number of broad conclusions related to the need for an RCF results framework and focused programmes, coordination with country programmes, and greater participation by net contributor countries and least developed countries.

The evaluation recommended that the overall objectives of the RCF be reviewed, with a view to concentrating on fewer areas with clearly defined outcomes and strategic trust. The RCF should be aligned with the 2008–2011 UNDP strategic plan [YUN 2007, p. 898], recognizing country-specific circumstances. Country office management should be involved at all stages of the RCF planning and implementation to ensure alignment with country programmes. Activities under environment and sustainable development—a new RCF component—should be closely aligned with the governance and poverty reduction focus areas. The *Arab Human Development Report* should become independent from the regional programme but remain under the purview of UNDP in

order to maintain its neutrality and quality. The evaluation suggested that a separate fund be set up with, inter alia, private sector contributions from the region. Resource mobilization efforts should tap into the financial resources of the region, and individual programmes should be encouraged to mobilize additional resources and facilitate the application procedures of the funds.

UNDP responded to the evaluation in a March report [DP/2009/15], in which it took note of the issues raised and the recommendations made by the evaluation and proposed follow-up action.

In June [dec. 2009/19], the UNDP/UNFPA Executive Board took note of the evaluation of the third (2006–2009) RCF for the Arab States and the management response thereto.

UNDP programme results

UNDP activities under the 2008–2011 strategic plan, endorsed by the UNDP/UNFPA Executive Board in 2007 [YUN 2007, p. 898] and updated in 2008 [YUN 2008, p. 975], were conducted in four focus areas: poverty reduction and MDG achievement, democratic governance, crisis prevention and recovery, and environment and sustainable development. The annual report of the UNDP Administrator on the strategic plan: performance and results for 2009 [DP/2010/17] provided an in-depth analysis of six outcomes in the poverty and MDG achievement, environment and sustainable development and crisis prevention and recovery focus areas. Other areas of UNDP work discussed in the report included gender equality and South-South cooperation.

(For information on South-South cooperation see p. 873; for other areas of UNDP work, see sections below.)

Poverty reduction and MDG achievement

The UNDP approach to responding to country demand for support in MDG achievement was focused primarily in four interconnected areas: advocacy, assessment and planning, implementation for inclusive development and building resilience. The economic crisis necessitated urgent responses to help countries identify and protect the vulnerable. In addition, the imminent impacts of climate change threatened developing countries, especially the poorest and most vulnerable. UNDP work on poverty reduction and acceleration of the achievement of the MDGs in 2009 was driven by the confluence of those factors. It focused its investments on country capacities and partnerships to deliver sustainable development results and build resilience. UNDP also maintained its focus on the longer-term objective of supporting national efforts to accelerate and sustain progress on the MDGs at the national and local levels. During the year, UNDP initi-

ated steps towards the 2010 MDG summit and took the lead to work with stakeholders at the global, regional, country and subnational levels to ensure a comprehensive and coherent set of inputs that would inform plans for MDG acceleration until 2015. As part of the UN system-wide effort to support partner nations in accelerating progress on the MDGs, UNDP was developing an MDG breakthrough strategy to ensure the best possible impact of UNDP support. It focused on scaling up local development and innovative approaches; sustaining MDG progress through addressing structural constraints; and developing partnerships and mobilizing resources. UNDP, through the provision of guidelines updated in 2009, helped countries prepare national MDG reports that would inform a strategic update of progress, constraints and emerging challenges.

UNDP, as a co-sponsor of UNAIDS, addressed dimensions of HIV related to development planning, governance, human rights, gender and sexual diversity. It also supported countries in implementing HIV and health programmes financed by the Global Fund to Fight AIDS, Tuberculosis and Malaria. As a principal recipient for Global Fund programmes in 34 countries, UNDP contributed to providing community outreach for HIV, tuberculosis and malaria prevention to more than 20 million people. HIV counselling and testing was provided to nearly 3.5 million people, and antiretroviral treatment to more than 100,000 people living with the virus. In more than 30 countries, UNDP contributed to implementation efforts, including audits of national legal frameworks to ensure sensitivity and responsiveness to HIV and gender equality; enactment of protective laws for women and people living with HIV; and improved access to justice for women and men affected by HIV. Those efforts created enabling legal environments for scaling up and sustaining effective responses to the HIV epidemic. UNDP worked with networks of people living with HIV in Kenya to enhance legal and human rights awareness, especially among women. In Ukraine, it sought to extend the network on monitoring and response to human rights violations and conducted information campaigns on tolerance for youth. It supported capacity development of districts, municipalities, civil society and community-based organizations in more than 40 countries to plan and implement inclusive HIV programmes and effectively deliver services at the local level.

Democratic governance

UNDP work in the area of democratic governance focused on support for the expansion of opportunities to participate in political decision-making; on accountable and responsive democratic institutions; and on promotion of the principles of democratic govern-

ance, particularly anti-corruption efforts, gender equality and human rights. In 2009, UNDP supported special measures in 59 countries to increase the representation of women at all levels of government, including training for women candidates on leadership and campaign management. It continued to work on a national level worldwide to strengthen women's property, inheritance and land rights; examine how informal law could be brought closer to international norms and standards; and improve women's legal rights and access to justice. In 2009, 112 countries benefited from UNDP technical support for action aimed at forming anti-corruption policies and organizations, as well as improving the participation of civil society and the media. UNDP organized anti-corruption training activities initiated from a South-South perspective—a development approach that called for the exchange of knowledge and experience between developing countries. UNDP and the Media Institute of Southern Africa organized a training workshop for regional journalists on the investigation and reporting of corruption (Johannesburg, South Africa, 3–5 December), which brought together 20 senior journalists from 11 African countries in addition to trainers from the Philippine Centre for Investigative Journalism. UNDP also provided 16 countries with technical and financial support to strengthen country-led assessments of governance reforms.

Crisis prevention and recovery

UNDP contributed to greater harmonization and coherence in the area of crisis prevention and recovery through stronger partnerships established with UN entities, including the Departments of Peacekeeping Operations and Political Affairs, the Peacebuilding Support Office and international financial institutions. UNDP support to national recovery efforts in 2009 reflected the complexity of recovery. The Programme provided assistance that combined swift support at the outset of a crisis with longer-term approaches dealing with a range of interlinked technical issues. The aim was to support Government capacities to deliver services and drive the coordination of recovery efforts. Rapid assistance in early recovery efforts in 29 countries represented an almost 50 per cent increase compared to 2008. Forging a closer link between jobs and recovery was an increasingly important area for UNDP, along with the overriding priority to focus on women and other vulnerable groups, including refugees and internally displaced persons.

UNDP continued to face a number of challenges, including the need to adapt continuously to a changing global agenda, uncertain funding scenarios and increasingly complex field operations. It needed to hone its capacities and expertise to maximize its comparative advantages, particularly in supporting the coher-

ence of the United Nations on the ground in both prevention and recovery. UNDP was spearheading an initiative to embed disaster risk management and prevention in the MDGs and securing the resources required to formulate and implement multi-year programmes.

Environment and sustainable development

UNDP provided a cross-practice and cross-sector approach to inclusive development that assisted countries in managing the nexus of climate change, poverty reduction and capacity development. It led the UN system in integrating gender equality in global and national climate change policies and finance mechanisms. UNDP provided planning support to countries in Africa that were vulnerable to the impacts associated with climate change through the African Adaptation Programme and in the preparation of National Adaptation Programmes of Action, which identified needs and priorities for adaptation and access to international funding. UNDP was helping countries harness the economic potential of 453 protected areas covering 85.2 million hectares by promoting sustainable tourism and the sustainable harvest of natural resources, and by developing markets for ecosystem services. As part of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, a partnership between UNDP, UNEP and FAO started in 2008, Panama produced the region's first joint programme to participate in the forest carbon market.

UNDP supported inclusive development to enable policy frameworks and financial mechanisms that promoted energy efficiency and made renewable energy more affordable. Through those efforts, 44 countries were able to avoid approximately 26 million tons of carbon dioxide in 2009. UNDP assisted 32 of China's provinces and regions in responding to climate change; by the end of the year, 17 provincial/regional governments in China had endorsed provincial climate change programmes, 13 had established climate change divisions and 22 leading groups on climate change. It supported capacity development programmes that focused on designing, planning and managing low-carbon growth strategies. Under the 1987 Montreal Protocol [YUN 1987, p. 686], UNDP implementation support contributed to the reduction of the use of ozone-depleting substances in over 100 countries. It supported Governments in expanding access to sustainable energy services to the energy poor, including the 3 billion people who relied on traditional biomass and coal for cooking and heating and the 1.5 billion who lived without access to electricity. It was also helping countries identify, finance and implement cost-effective energy efficiency

and renewable energy projects, while at the same time enhancing the quality, reliability and affordability of energy services.

Gender equality

At the January session of the UNDP/UNFPA Executive Board [E/2009/35], the Assistant Administrator and Director of the Bureau for Development Policy and the Bureau's Gender Unit Director provided a comprehensive overview of UNDP's gender equality strategy. The Gender Unit Director also updated the Board with detailed information on enhancing capacity for gender mainstreaming and corporate accountability for gender equality results through improved monitoring and reporting; strengthened knowledge management for gender equality; and increased inter-agency joint programming through UN country team gender thematic groups and inter-agency task forces. The Director discussed the finances for gender equality, including the total regular resources contribution of \$12,800,000 for implementing the gender equality strategy; and human resources for gender mainstreaming, including staffing for regional programmes intended to stimulate and complement country-level gender action.

In January [dec. 2009/6], the Executive Board took note of the oral report on the implementation of the UNDP gender strategy and action plan and requested the Administrator to provide such a report annually, for the remainder of UNDP's strategic plan 2008–2011 [YUN 2007, p. 898], at its first regular session each year.

Programming arrangements

Monitoring and evaluation

The UNDP/UNFPA Executive Board, at its May/June session, considered the annual report on evaluation in UNDP, issued in March [DP/2009/13]. The report, which covered the period from March 2008 to February 2009, provided information on evaluation coverage, compliance, quality, resources and capacity; initiatives undertaken by the United Nations Evaluation Group (UNEG); and evaluation use. It also presented key findings and the Evaluation Office programme of work for the 2009–2010 period.

The methodology of the country-level programme evaluations, known as the assessment of development results, was enhanced and harmonized across all evaluations, which positioned the Evaluation Office to expand coverage of the assessments. The Office codified good practices; identified measures for improving the technical quality of thematic evaluations; and institutionalized an external quality-assurance system. Coverage of assessments of development results increased by more than 100 per cent. Nine such assessments,

compared with four in the previous year, were completed in Afghanistan, Argentina, Barbados and the Organization of Eastern Caribbean States, Bosnia and Herzegovina, Botswana, Guatemala, the Philippines, Tajikistan and Uzbekistan. UNDP developed a directive to reinforce the roles and oversight responsibilities of the regional bureaux with respect to country offices, and UNEG developed ethical guidelines that expanded on its code of conduct for evaluation.

During the reporting period, 50 per cent of country offices carried out 158 evaluations, including 121 project evaluations and 24 outcome evaluations. Audits conducted by the Office of Audit and Investigation highlighted weak compliance in planning and undertaking outcome evaluations. Of the 701 audit recommendations made in 2008, 13 were made in response to the absence of planned outcome evaluations or their delayed execution.

The independent evaluations found that UNDP had made a concerted effort to provide expert policy advice, but more needed to be done in that regard. UNDP was often seen as an effective administrator of donor funds rather than a substantive development partner. In countries where a high proportion of the budget came from the programme country, evaluations pointed to the tendency of UNDP to become a service provider to the Government, and found that UNDP should focus on building the substantive capacities of its staff. Where Government capacity was not sufficiently strong, UNDP might have to engage in the administration of public funds in the short term. UNDP did not, however, always integrate the development of the capacity of national partners and institutions in those programmes. UNDP business services, including procurement and recruitment, risked substituting the implementation capacity of national institutions instead of strengthening them. Nearly every assessment of development results mentioned the lack of an exit strategy. While most programmes were in line with the UNDP mandate and national priorities, they often lacked focus. UNDP programmes were largely relevant to national challenges, but there was often a missing link between the broad strategic goals and outcomes, and associated projects and outputs.

UNDP was seen as an impartial development partner with a nearly universal global presence, which provided the Programme with strategic advantages in facilitating policy dialogue, knowledge-sharing and coordination for development results. Women were increasingly serving as administrators and experts in planning and executing UNDP projects, but seven evaluations highlighted the fact that gender had not been adequately mainstreamed into programme work. Regarding UN coordination, UNDP was generally seen as an effective convener of disparate partners on the ground, and was facilitating joint planning through the United Nations Development Assistance

Framework (UNDAF), but the assessments of development results showed few examples of implementation collaboration through joint programmes. The uneven application of results-based management principles in programming, monitoring and evaluation was a common theme in many evaluations. Although most projects in the country programmes achieved the stated outputs, it was less clear that UNDP contributed to outcomes.

An April report [DP/2009/16], submitted in response to a 2008 Executive Board decision [YUN 2008, p. 973], provided a statistical overview of the status of implementation of key actions in management responses to independent evaluations since the Board had approved the evaluation policy in 2006 [YUN 2006, p. 1040], and a statistical overview of the status of implementation of key actions in management responses to mandatory outcome evaluations at the decentralized level in 2008. It also described internal systems for follow-up to management responses. While those systems had led to progress in the submission and tracking of responses, further efforts were needed to ensure stricter compliance with the management response system as a key element of the UNDP commitment to a culture of monitoring, evaluation and learning across the Programme. Follow-up actions were described in an annex to the report.

On 2 June [dec. 2009/11], the Executive Board took note of the report on evaluation in UNDP and requested UNDP to address the issues raised therein. It noted the decline in the number of decentralized evaluations and asked UNDP to strengthen decentralized evaluation capacity to monitor and evaluate programmes at the country level, and to increase the use of those evaluations as the basis for decision-making for improvements. The Board also requested UNDP to improve compliance with conducting outcome evaluations through the establishment and resourcing of achievable country programme evaluation plans. It emphasized the need for UNDP to improve programme planning and results-based management in order to improve the design and methodology of decentralized evaluations. The Board acknowledged the increase in dedicated monitoring and evaluation specialists in 2008, and encouraged UNDP to continue professionalizing the function through improvements in dedicated personnel and their sustainability to address the fact that some programming units were without such expertise. It encouraged UNDP to further improve the submission and tracking of management responses to evaluations to improve accountability and transparency on evaluation follow-up, and requested UNDP to support national evaluation capacity development. UNDP was encouraged to continue to conduct joint evaluations with other UN organizations while retaining a focus on its accountability.

The Board approved the 2009–2010 programme of work proposed by the Evaluation Office.

On 3 June [dec. 2009/19], the Executive Board took note of the April report on follow-up to management responses to independent and decentralized evaluations.

Evaluation of cooperation agreement between UNIDO and UNDP

The UNDP/UNFPA Executive Board, at its September session, considered a July report [DP/2009/32] containing the Executive Summary of the joint terminal evaluation of the cooperation agreement between UNIDO and UNDP, which was signed on 23 September 2004 for a period of five years. The purpose of the evaluation was to present evidence and findings on past performance, as well as recommendations for both organizations. The evaluation focused on the 2006–2009 period and was conducted jointly from March to July 2009 by the UNDP Evaluation Office and the UNIDO Evaluation Group. It covered the two components of the cooperation agreement: the “UNIDO desks” component and the “joint private sector development” component.

The evaluation concluded, among other things, that the cooperation agreement addressed, at an early stage, issues of enhanced system-wide coherence but did not fully take into account the country-level conditions or the existing modalities for inter-agency collaboration. The UNIDO/UNDP partnership failed to avail itself of the opportunity to involve other UN organizations working in the area of private sector development. The systemic asymmetries in programming arrangements posed a considerable challenge to the successful implementation of the agreement, which was of limited relevance and effectiveness as an incentive for joint programming. Several UNIDO desks demonstrated that the concept worked, but not every UNIDO desk added value to the programme country, and it was a shortcoming that UNIDO had not established a functioning review mechanism for the component. As a result of the agreement, UNIDO expanded its country presence by over 50 per cent, with field representation in 46 countries by the end of 2009. Nevertheless, the goal of UNIDO to expand its presence to 80 countries appeared unrealistic unless the technical cooperation implementation capacity of UNIDO headquarters was increased.

The private sector development component of the agreement did not achieve any results. Only two projects—in the Lao People’s Democratic Republic and Rwanda—from the original joint programming exercise passed the formulation stage and were implemented; in both cases, only a small fraction of the original budget could be mobilized. The lack of established procedures and clear operational guidance for

the implementation of the agreement at the country level led each organization to proceed according to its respective *modus operandi*, slowing progress in joint programming and fundraising for private sector development.

The evaluation recommended that, in line with UN reform efforts, bilateral agreements among UN organizations working on private sector development should be replaced with a system-wide cluster approach involving all relevant units in order to further coordination, coherence and synergies. Until a system-wide approach was developed, the existing partnership agreement between UNIDO and UNDP should be replaced with a memorandum of understanding that defined operational and administrative arrangements at the country level, including provisions for UNIDO desks. The memorandum of understanding should provide an institutional framework of cooperation and facilitate collaboration between the parties. Further recommendations dealt with issues related to UNIDO desks and joint private sector development programmes.

On 11 September [dec. 2009/23], the Executive Board took note of the evaluation and requested UNDP to implement its recommendations, taking into consideration the deliberations of the upcoming UNIDO General Conference (Vienna, 7–11 December). UNDP was encouraged to replace the existing partnership agreement with a memorandum of understanding that described the thematic areas of interest and simplified and standardized cooperation, including administrative arrangements, to ensure flexible and relevant support to national priorities.

Strategic plan, 2008–2011

At its May/June session, the Executive Board considered an April report on the operationalization of the UNDP strategic plan, 2008–2011 [DP/2009/11]. The report outlined proposals for providing the Board with a comprehensive report on performance and results and a midterm review in 2010. It provided information on the status of strategic plan commitments, including baselines for the first of three indicators in the plan’s development results framework: the number of programme countries requesting UNDP support for each outcome; adjustments of priorities and operations in response to events or lessons learned; and priority actions needed to meet those commitments. The report also discussed global development challenges; as well as achievements, challenges and priority actions related to operationalizing the strategic plan, and to coordination and management results. Also before the Board were a March report [DP/2009/11/Add.1] summarizing UNDP management responses to recommendations contained in the reports issued by

JIU in 2008; and a statistical annex issued in May [DP/2009/11/Add.2 & Corr.1].

On 2 June [dec. 2009/9], the Executive Board took note of the annual report on the operationalization of the strategic plan, 2008–2011. It urged UNDP to continue to strengthen the report, starting in 2010, to integrate information on its contributions to the development outcomes of the strategic plan; and supported the UNDP plan to provide more in-depth analysis, starting in programme areas with higher demand. The Board noted with concern that earmarked resources continued to far exceed UNDP regular resources, and that core resources, because of their untied nature, formed the bedrock of UNDP finances. It extended the UNDP strategic plan, 2008–2011, including the integrated financial resources framework and relevant UNDP global and regional programmes, to 2013. The Board requested the Administrator to submit to the Executive Board in 2011 a midterm review of the extended strategic plan, 2008–2013, including the integrated financial resources framework and the relevant UNDP global and regional programmes. The Administrator was also asked to submit to the Executive Board, at its first regular session in 2013, a cumulative review of the extended strategic plan prior to the submission of a draft of the UNDP strategic plan, 2014–2017, at the annual session, and ahead of its formal submission at the second regular session.

On 3 June [dec. 2009/19], the Executive Board took note of the report on the 2008 JIU recommendations and the statistical annex.

Financial and administrative matters

The UNDP Administrator, in the annual review of the financial situation [DP/2010/35 & Add.1], reported that total income—comprised of contributions, interest and other income—decreased by 4 per cent, from \$6.03 billion in 2008 to \$5.79 billion in 2009. Contributions decreased from \$5.50 billion in 2008 to \$5.34 billion in 2009; interest income from \$0.18 billion to \$0.10 billion; and other income from \$0.36 billion to \$0.35 billion. Total regular resources income, including interest and other income, decreased by 13 per cent, from \$1.21 billion to \$1.05 billion. Contributions to core resources decreased by 8 per cent in 2009, to \$1.01 billion, compared with \$1.10 billion contributed in 2008. In 2009, core resources fell short of the projected target of \$1.25 billion of the integrated financial resources framework of the 2008–2011 strategic plan [YUN 2007, p. 897] by 19 per cent. Contributions from the top 10 donors to regular resources decreased by 4 per cent in dollar terms, to \$828 million from \$859 million in 2008.

Non-core contributions reached \$4.13 billion in 2009, just below the \$4.16 billion contributed in

2008. Bilateral contributions amounted to \$1.56 billion in 2009, representing an increase of 8 per cent compared with 2008 and exceeding the annual average of \$1.25 billion estimated in the strategic plan. Non-core resources entrusted to UNDP by non-bilateral partners and multilateral funds reached \$1.55 billion, representing an increase of 15 per cent over 2008 and exceeding the estimated annual average of \$1.37 billion. Local resources amounted to \$0.72 billion, a decrease of 25 per cent compared with 2008. Multi-donor trust fund income, including joint programmes and management and operational services provided by UNDP, increased to \$1.78 billion compared with \$1.5 billion in 2008. Overall income for other resources decreased by \$0.03 billion (1 per cent), from \$4.55 billion in 2008 to \$4.52 billion in 2009.

Overall UNDP expenditures increased by 3 per cent, from \$5.39 billion in 2008 to \$5.53 billion in 2009. Total regular resources expenditure increased by 11 per cent, from \$1.05 billion to \$1.17 billion in 2009. Programme expenditure from regular resources, including programme support to the resident coordinator system, development support services and the UNDP economist programme, increased by 3 per cent, from \$617 million to \$635 million in 2009. By category, 74 per cent of the expenditure was spent on biennial support budget functions, 19 per cent on the UNDP-specific function of country-office support to UN activities, 1 per cent on the United Nations Development Operations Coordination Office, 5 per cent on the United Nations Volunteers (UNV) programme and 1 per cent on UNCDF. In total, 60 per cent of the expenditure related to country offices, with the remaining 40 per cent attributed to headquarters locations, including UNV.

By region, Africa recorded the highest expenditure of regular resources, with \$270 million, followed by Asia and the Pacific with \$161 million, Europe and the Commonwealth of Independent States with \$45 million, and Arab States and Latin America, each with \$41 million. The expenditure for global and other programmes was \$72 million.

At the end of 2009, the overall balance of unexpended resources amounted to \$5.19 billion, compared with \$5.05 billion in 2008. The balance of unexpended regular resources, excluding the operational reserve, was \$354 million, compared with \$499 million in 2008, representing 7 per cent of the overall balance. The balance of unexpended other resources at the end of 2009 increased by 6 per cent with \$4.55 billion, compared to \$4.30 billion at the end of 2008.

In September [dec. 2009/20], the Executive Board took note of the annual review of the financial situation for 2008 [YUN 2008, p. 975] and requested that UNDP include information on cost recovery income and expenditure in its future financial reviews.

Regular funding commitments to UNDP

In May [DP/2009/12], UNDP submitted a report on the status of regular funding commitments to the Programme and its associated funds and programmes for 2009 and onward. Provisional data showed that contributions to regular resources for 2008 amounted to \$1.10 billion, slightly below the \$1.12 billion achieved in 2007 but meeting the first annual target for regular resources as set out in the UNDP strategic plan, 2008–2011 [YUN 2007, p. 897]. Although not all donor countries were in a position to maintain their contributions, the 2007 level was reached due to volume increases in regular contributions in nominal local currency terms in some countries; exchange rate gains; and full payment of pledges made by Member States. Based on UN exchange rates as at 1 May, contributions were expected to decrease to approximately \$985 million in 2009, falling considerably short of the second annual target set out in the strategic plan. Most donors pledged to maintain their contributions in 2009, but for the first time in many years, some countries would decrease their contributions. Eight members of the Organisation for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) increased their contributions to regular resources in 2008; one increased its contribution by 71 per cent and two increased their contributions by 40 per cent or more. Twenty-five Member States, including 21 of the 22 OECD/DAC members, contributed \$1 million or more to regular resources. Although a number of donors delayed payment of significant proportions of their pledges, UNDP did not have to draw upon its operational reserves.

In June [dec. 2009/10], the Executive Board took note of the report. It noted that UNDP was able to meet the first annual (2008) funding target for regular (“core”) resources set out in the 2008–2011 strategic plan, and requested all countries that had not done so to make contributions to regular resources for 2009. The Board also noted with concern that UNDP regular resources were expected to fall to \$965 million and therefore not reach the targeted \$1.25 billion in 2009, in addition to being highly unpredictable for 2010. In that regard, it called on UNDP to hold an informal consultation with the Board on a strategy to address the projected funding gap. The Board recognized that strengthening the role and capacity of UNDP to assist countries in achieving their development goals required an increase in resources in line with the projections calculated in the UNDP 2008–2011 strategic plan and an expansion of its resource base on a continuous, predictable and assured basis. Member States were encouraged to announce and adhere to multi-year pledges and payment schedules.

Biennial support budget, 2010–2011

The UNDP/UNFPA Executive Board, at its September session, considered an August report [DP/2009/30] on the methodology and approach to the UNDP biennial support budget, 2010–2011. The report contained an overview of major areas and proposals that would be included in the biennial support budget. The proposals sought to ensure that UNDP was able to provide high-quality policy advice and capacity development support in providing demand-driven development, coordination and management services funded from regular and other resources, in response to the needs of programme countries. Within the overall framework of the strategic plan, 2008–2011, the Administrator determined that priority should be given to working effectively with programme countries to reduce poverty and achieve the MDGs [YUN 2000, p. 51]. The report described the financial context for the 2010–2011 budget, including cost efficiency, investing in the organization and improving transparency. It contained a proposed outline of the integrated resources plan, which sought to provide a coherent, transparent presentation of UNDP activities, costs and budgetary allocations, and their linkages to organizational goals and plans, primarily through improved alignment, integration and harmonization. In order to implement a strategic alignment in which all activities funded from regular and other resources were classified transparently, UNDP was seeking guidance from the Executive Board on three broad cost classifications defined in the report: development, management and special-purpose costs. The report also described a series of harmonization review initiatives launched in 2009 that supported the overall objective of the integrated resources plan and the classification of activities and costs. The reviews included an internal UNDP country office cost classification review; an internal central programme unit cost classification review; an external cost classification benchmarking exercise with bilateral agencies; and a harmonization review with UNFPA and UNICEF. The methodology and approach for results-based budgeting in the biennial support budget, 2010–2011, would continue to be based on the 16 harmonized and 3 UNDP-specific management functions introduced in the biennial support budget, 2008–2009 [YUN 2008, p. 976]. UNDP recommended that the biennial support budget, 2010–2011, be considered in the context of a comprehensive discussion of the resources framework, encompassing the UNDP integrated resources plan, with an emphasis on the biennial support budget and the programming arrangements framework, and the link between them.

In an 11 September decision [dec. 2009/22], the Executive Board took note of the report on the methodology and approach to the UNDP biennial support budget, 2010–2011. It endorsed the approach proposed in the

report, with the provisions outlined in the decision. In the context of improving transparency, the Board recommended four broad classifications of activities and costs: development, management, UN development coordination and special purpose. In that regard, it requested UNDP to propose how to treat costs relating to UN development coordination as a separate cost category within its budget instruments. As to improving transparency, accountability and harmonization, it endorsed the UNDP decision to base post cost classification on the “whole post” approach—whereby each individual post was paid from a single cost category—for all posts charged against budget categories and functions within the budget instrument(s) of the organization, with the exception of the posts relating to UN development coordination. Regarding development activities and costs, the Board endorsed two subclassifications of activities and costs: programmes and development effectiveness. It endorsed those categories of activities and costs that were more appropriately considered “programmes”, and those that were more appropriately considered “development effectiveness”. The Board also endorsed two categories of activities and costs: programme development and implementation, and programme policy advisory services. Under special-purpose costs and activities, it endorsed three sub-classifications of activities and costs: General Assembly—mandated activities, capital investments and non-UNDP operations administered by UNDP.

The Board requested UNDP, in applying the decision, to strengthen harmonization in cooperation with UNFPA and UNICEF; underlined that the changes would not cause a reduction in the allocation for programme activities; and stressed the need to outline clearly the costs relating to the sub-classifications shifted between budget instruments. UNDP was also asked to engage in an informal consultation process with the Board, with a view to taking action on the biennial support budget, 2010–2011, in 2010. The Board requested the UNDP Administrator to continue to improve the method of budgeting in collaboration with UNFPA and UNICEF, with a view to presentation by each organization of a single, integrated budget that included all budgetary categories to complement the next strategic plan, and, in that regard, requested a joint preliminary briefing note on steps taken and progress achieved in 2011 and a joint report in 2012. The Administrator was also asked to collaborate with UNFPA and UNICEF towards greater harmonization in the UNDP biennial support budget, 2012–2013, and to submit a joint report in 2010 on: improved results focus and enhanced linkages with the institutional results of the strategic plan; and further harmonized budget methodologies, including the attribution of costs between programme and support budgets, and the determination of a common method for the treat-

ment of similar cost items across and within respective budgets and funding frameworks. The Administrator was further asked, as a step towards the single, integrated budget for UNDP, to improve the UNDP biennial support budget, 2012–2013, by: improving the linkages between biennial support budget resources and results; providing summary explanations of any proposed budgetary changes and their attribution to volume and to nominal and statutory changes; and providing information on cost recovery by describing how projected recoveries from extrabudgetary resources were calculated, including updated information on UNDP variable indirect costs. The Board emphasized the need for consultation with its members in making improvements to the UNDP biennial support budget, 2012–2013, and to the single, integrated budget for each organization, beginning in 2014. In that regard, it requested UNDP, in collaboration with UNFPA and UNICEF, to present, in 2010, a note outlining a road map for achieving the objectives identified in the decision.

At its special session held on 17 November [dec. 2009/29], the Board approved an interim budget allocation for January 2010 in the amount of \$38.1 million, pending final approval of the UNDP biennial support budget for 2010–2011. It agreed that the interim budget allocation would be part of, and not incremental to, the 2010–2011 budget.

Audit reports

The UNDP/UNFPA Executive Board, at its January session [DP/2009/5], considered the Administrator's report on the implementation of the recommendations of the United Nations Board of Auditors for the 2006–2007 biennium [YUN 2008, p. 1559]. The Board of Auditors issued an unqualified audit opinion on the UNDP financial statements for that period; UNDP was one of 7 UN organizations of the 16 audited to receive such an opinion. The significance of the unqualified opinion was that for the 2004–2005 biennium, the Board had issued a modified opinion, which signified audit concerns. The Administrator stated that the positive result reaffirmed the strategic thrust of management initiatives implemented over several years aimed at addressing key audit findings, as well as systemic issues underlying those findings.

Of the 82 audit recommendations made by the Board of Auditors for the 2006–2007 biennium, 5 were fully implemented as at 31 October and another 70 were partially implemented. Together, those numbers represented 91 per cent of the recommendations. UNDP targeted full implementation of at least 80 per cent of the recommendations by the fourth quarter of 2009 and the remaining recommendations by the second quarter of 2010.

The report also reviewed progress made since the Administrator's previous update in 2008 [ibid., p. 979] in addressing the top 15 audit priorities in UNDP in the 2006–2007 biennium, as set out in the Administrator's 2007 report [YUN 2007, p. 900]. Significant progress included improved management of fiduciary risks associated with nationally executed projects and audit results; reconciliation of all headquarters and country office bank accounts; mitigation of key risks with enhanced internal controls in the Atlas enterprise resource planning system and exception transaction monitoring; and, with the migration of UNDP Brazil human and financial resources management to Atlas in 2008, the achievement of a truly global financial and human resources management system covering all UNDP offices. UNDP was revising its top 15 audit priorities to better reflect remaining risk and new or emerging risks highlighted by the Board of Auditors. Progress in addressing the priorities reflected the significant investment made in implementing specific management strategies. It was envisaged that UNDP would move towards 10 top priorities for the 2008–2009 period.

In January [dec. 2009/2], the Executive Board, having reviewed the reports of UNDP, UNFPA and the United Nations Office for Project Services (UNOPS) on the implementation of the recommendations of the Board of Auditors, 2006–2007, requested the three bodies to provide a joint briefing at the annual Executive Board session in May and June, including a conference room paper, on the preparations, implementation and implications of the International Public Sector Accounting Standards on those bodies. It noted that the Board of Auditors had issued an unqualified audit opinion for UNDP with respect to the biennium ended 31 December 2007; recognized the progress made by UNDP in addressing the top 15 audit priorities in the 2006–2007 biennium; expressed its support for the specific efforts made by UNDP to address key audit priorities in the 2008–2009 biennium; and stressed the importance of timely and full implementation of the recommendations of the Board of Auditors. UNDP was requested to provide, with future reports to the Executive Board, an accompanying matrix illustrating the status of implementation of the recommendations of the Board of Auditors, including proposed actions.

In March [DP/2009/23], the UNDP Office of Audit and Investigations (OAI) submitted to the Executive Board its report on internal audit and investigation activities for the year ended 31 December 2008. As requested by the Board in a 2008 decision [YUN 2008, p. 980], the report contained a list of the key findings and audit ratings; a table containing the unresolved recommendations by year and category; an explanation of findings that had remained unresolved for 18 months or more; the outcome of investigations

on the misconduct of staff members; an update on progress made regarding audits rated unsatisfactory; the outcome of risk-based audit planning; and the status of the OAI staffing situation. The annual report of the Audit Advisory Committee was appended to the report.

OAI issued 57 reports in 2008, pertaining to 3 headquarters audits and 54 country office audits, which included 3 special audits and 2 audits of projects directly executed by country offices. The 54 country office audits accounted for about \$0.95 billion, or 25 per cent of the \$3.9 billion in expenditures incurred by UNDP at the country-office level in 2007. The country office audit risk assessment conducted in 2008 for the planning of 2009 audits resulted in 4 (3 per cent) of the 141 offices assessed being ranked high audit risk, 84 (60 per cent) ranked medium risk, and the remainder ranked low risk. Six of the internal audit reports pertaining to country offices had no overall rating, since they were either special reviews or follow-up audits. Based on the results of the remaining 48 audits, with 40 having either satisfactory or partially satisfactory ratings, OAI found that the internal controls and risk-management practices were generally established and functioning, but needed improvement. Eight audits resulted in an unsatisfactory rating. The majority of the issues identified in the audits were rated high-risk, and originated mostly in the areas of strategic management and procurement, thus jeopardizing country office objectives. Periodic desk reviews showed that two of the eight country offices rated unsatisfactory had already made substantial progress in implementing recommendations as at 31 December 2008. The 54 reports issued in 2008 contained 701 recommendations.

OAI introduced a risk-assessment methodology in selecting projects to be audited, resulting in a sharper focus on high-risk projects and a reduction of about 200 audit reports compared with the previous year. A total of 1,765 audit reports from 122 countries were expected, covering \$2 billion, or 85 per cent, of the total expenditure of \$2.4 billion related to projects executed by NGOs or Governments for fiscal year 2007. As at 31 December 2008, OAI had received 1,733 (98 per cent) of the audit reports required, encompassing project expenditures amounting to \$1.96 billion (98 per cent). The audit reports covered audit opinion and net financial impact, outcome, scope, and administration.

Regarding investigation activities, OAI received 135 complaints in 2008, which constituted a 19 per cent increase in caseload compared with the 113 complaints received in 2007. In addition, 85 complaints were carried forward from 2007. The majority of complaints related to fraud or other financial misconduct (31 per cent) and abuse of authority or workplace harassment (26 per cent), followed by staff

misconduct, such as insubordination, inappropriate acts, or violation of local laws (21 per cent), and personal disputes (18 per cent). A total of 142 complaints were closed in 2008, reducing the caseload by 9 per cent. As a result of the preliminary assessment, 69 per cent of the 142 complaints processed were found to be unsubstantiated and did not require further investigation. The rest (31 per cent) were formally investigated by OAI and were found to be substantiated, leading to submission of an investigation report to the Legal Support Office. Twenty cases were closed, and 20 investigation reports were submitted to the Office recommending disciplinary proceedings against 19 staff members. From February to December 2008, the Legal Support Office concluded such proceedings in 10 cases, of which 8 resulted in the imposition of disciplinary measures. During the period, an additional 8 staff members were formally charged with misconduct.

At the beginning of 2009, OAI subjected itself to an external quality-assurance review of its investigation function. The review would assess the conformity of OAI with generally accepted standards for investigators in international organizations and identify potential areas for further improvement.

In June [dec. 2009/15], the Executive Board took note of the report on internal audit and investigations and the annual report of the Audit Advisory Committee for 2008; the report on UNFPA internal audit and oversight activities in 2008 (see p. 1053); and the report of UNOPS on internal audit services to the organization in 2008. It requested UNDP and UNFPA to address all operational issues identified in the reports, with particular attention given to capacity-building. It also requested UNDP, UNFPA and UNOPS to provide the concerned Governments with adequate time to review and comment on the internal audit reports, prior to disclosure. The Board endorsed the decision of UNDP, UNFPA and UNOPS to defer implementation of the International Public Sector Accounting Standards (IPSAS) by 2012, and requested the UNDP Administrator and the UNFPA and UNOPS Executive Directors to commit, as a matter of priority, to adopting IPSAS no later than 2012 and submitting to the Board their IPSAS-compliant financial statements for the year 2012 in 2013. UNDP, UNFPA and UNOPS were asked to make their IPSAS implementation plans available on their respective websites, and to update the Executive Board on a regular basis until the financial statements were submitted in 2013. The Board shared the concern of UNDP and UNFPA management on the recurrent findings outlined in their respective internal audit reports relating to project and programme management and monitoring and evaluation, and looked forward to significant improvements in audit findings relating to those areas by 2010, to be reported to the Board in 2011. UNDP and UNFPA management were asked to

inform the Board on strategies and activities they had implemented to address the recurrent audit findings identified. The Board encouraged UNDP to expand its audit coverage of headquarters units, and noted with concern the number of country office audits, which gave rise to an unsatisfactory audit rating. It noted the decreasing number of audit recommendations that remained outstanding after more than 18 months, and requested UNDP to maintain its follow-up efforts for implementing those recommendations. The Board noted with appreciation the significant progress made in the timely submission of audit reports covering projects executed by NGOs and/or Governments. UNDP was requested to address the recurrent findings on audit issues identified in its report on internal audit and investigation, including weaknesses in procurement, asset management and financial resources, as a matter of priority and in future planning efforts in country offices and at headquarters.

Regarding UNOPS, the Board took note of the annual report of the Strategic and Advisory Committee for 2008 and endorsed the revised terms of reference included therein, subject to modifications set out in the decision.

UNDP Ethics Office

In response to a 2008 Executive Board decision [YUN 2008, p. 980], the UNDP Ethics Office in March submitted to the Administrator, the first report on its activities from 1 December 2007 to 31 December 2008 [DP/2009/25]. The Administrator established the Office on 1 December 2007 pursuant to the Secretary-General's bulletin ST/SGB/2007/11 on UN system-wide application of ethics: separately administered organs and programmes. The Office's main areas of responsibility included developing standards, training and education on ethics issues; providing guidance to ensure that UNDP rules, policies, procedures and practices reinforced and promoted the standards of integrity called for under the Charter of the United Nations; providing confidential advice and guidance to staff on ethical issues; serving as a focal point for raising staff awareness on ethical standards and expected behavior; protecting staff against retaliation for having reported misconduct and having cooperated with authorized audits or investigations; administering the financial disclosure policy; and reporting annually to the executive head on its activities.

During the reporting period, the Ethics Office received 186 requests, including 89 related to ethics advice; 29 to training; 17 to protection against retaliation for reports of wrongdoing; 45 to general information; and 6 to standard-setting. Of the 17 complaints of retaliation received, 1 was dropped and 7 were found to be outside the scope of the Ethics

Office mandate. Advice was provided in three cases, and referrals to other offices were made in four cases. Of the remaining nine complaints that warranted preliminary review, three were determined to meet the test of a *prima facie* case, and were referred to OAI for investigation. At the conclusion of the investigation, evidence of retaliation was found in one case.

The 2007 financial disclosure exercise filing period began in October 2008. Of the 1,718 staff members who were required to comply, 1,716 fulfilled the filing requirement, representing a 99.9 per cent compliance rate. The Office was following up on those staff members who had not complied with the mandatory disclosure exercises in 2006 and 2007, and was reviewing 3,309 statements submitted during those exercises by staff, who reported 14,227 transactions.

The report also contained information on the United Nations Ethics Committee, which was established in 2008. The Committee's mandate was to create a unified set of ethical standards and policies across UN funds and programmes, and to consult on issues raised by the Committee Chairperson or members that had implications for the UN system. The Ethics Office participated regularly in the Committee meetings in 2008. The Committee's 2008 work programme focused on drafting the UN system-wide code of ethics, comparing the protection against retaliation policies of its members, with a view to harmonization, and reviewing existing ethics training programmes.

The report concluded that there was a need to clarify UN staff regulations and rules, as well as UNDP human resources practices, in regulating outside gifts, hospitality and honours. Although the Office's work should be characterized by independence, it needed to be seen within the larger context of the UNDP goals. In particular, the Office needed to support initiatives for strengthening human resources management and organizational accountability. The Ethics Office would support UNDP efforts to operationalize the accountability framework approved by the Executive Board in 2008 [YUN 2008, p. 980].

The Board took note of the report in June [dec. 2009/15] (see p. 854).

Other technical cooperation

Development Account

In response to General Assembly resolution 56/237 [YUN 2001, p. 810], the Secretary-General submitted, in June [A/64/89], the sixth progress report on the implementation of projects financed from the

Development Account. The report provided an update on the management and coordination of the Account and contained proposals for the way forward. Since the establishment of the Account by the Assembly in 1997 [YUN 1997, p. 1394], 138 projects had been or were being implemented under six consecutive tranches, for an overall budget of \$92.5 million. A four-year implementation cycle and the corresponding submission of mandatory detailed project documents and final evaluation reports were instituted. Although all 23 projects of the fourth tranche were closed as at 31 December 2008, 7 projects remained open for evaluation. The fifth tranche—the largest to date—comprised 24 projects, and its resource level totalled \$21,551,900. The sixth tranche comprised 32 projects. Seventy-two projects—nearly half of all projects programmed since the inception of the Account—were being implemented through the fifth and sixth tranches for a total budget of approximately \$40 million. The rate of implementation of the initial 24 projects of the fifth tranche was 59.6 per cent. Implementation of the six projects added through the recosting of the Account implemented following the adoption of resolution 60/246 [YUN 2005, p. 1489] and the additional appropriation of \$2.5 million provided by the Assembly in section IV of resolution 61/252 [YUN 2006, p. 1615] was 53.2 per cent. The implementation rate for the initial 27 projects of the sixth tranche was 13 per cent. Activities under the 10 additional projects of the fifth tranche included through the additional funding of \$5 million provided in resolution 62/235 A [YUN 2007, p. 1436], as well as the five additional projects of the sixth tranche funded from the \$2.5 million appropriated by the Assembly in resolution 62/238 [ibid., 1436], were expected to be completed by 2011.

Preparations for the launch of the seventh tranche were made in the context of the proposed programme budget for 2010–2011 concerning the Development Account, as set out in a March report [A/64/6 (Sect. 35)]. The report provided information on 28 projects proposed for funding under the seventh tranche, which required \$18,651,300 in resources. That amount was the same level as the revised appropriation for the 2008–2009 biennium, but represented an increase of \$5,586,300 over the level of \$13,065,000 approved by the Assembly in resolution 52/221 A [YUN 1997, p. 1434] at the inception of the Account for the 1998–1999 biennium. With the Assembly's approval of the proposed projects (see below), the Development Account would comprise 166 projects.

Although the volume, scope and complexity of managing the Account had increased considerably since its inception, the Account was well positioned to support the response of the United Nations to key global development challenges. Management of the Ac-

count was strengthened through the formation, by the Under-Secretary-General for Economic and Social Affairs, of the Steering Committee of the Development Account, an inter-entity coordination framework of the Executive Committee on Economic and Social Affairs; the Steering Committee would provide advice and assistance to the Under-Secretary-General concerning the Account. The provision of support to the Under-Secretary-General in the exercise of his responsibility as programme manager was assigned to the newly established Capacity Development Office in DESA.

The Advisory Committee on Administrative and Budgetary Questions (ACABQ), in its first report on the proposed programme budget for 2010–2011 [A/64/7], recommended that the Assembly approve the Secretary-General's proposal concerning the Development Account. In **resolution 64/243** of 24 December (see p. 1395), the Assembly appropriated an additional \$5 million for the Development Account.

UN activities

Department of Economic and Social Affairs

During 2009, the Department of Economic and Social Affairs (DESA) had approximately 442 technical cooperation projects under execution in a dozen substantive sectors, with a total project expenditure of \$69.8 million. Projects financed by UNDP represented \$2.5 million, and those by trust funds, \$67.3 million. On a geographical basis, the DESA technical cooperation programme included expenditures of \$40.5 million for interregional and global programmes; \$22.9 million in Asia and the Pacific; \$3.5 million in Africa; \$2.5 million in the Middle East; and \$0.4 million in the Americas.

Distribution of expenditures by substantive sectors was as follows: associate expert programme, \$30.3 million; programme support, \$24 million; regional development, \$3.7 million; governance and public administration, \$3.1 million; knowledge management, \$1.9 million; statistics, \$1.8 million; socio economic governance management, \$1.8 million; communication and outreach, \$1.4 million; water and energy, \$1.1 million; small islands developing States, \$0.2 million; advancement of women, \$0.2 million; social development, \$0.1 million; policy analysis and networks, \$0.1 million; and the United Nations Forum on Forests, \$0.1 million. Of the total delivery of \$69.8 million, the associate expert programme comprised 43 per cent; programme support, 34 per cent; regional development, 5 per cent, and governance and public administration, 4 per cent.

On a component basis, the Department's delivery in 2009 included \$61.6 million for project personnel; \$3.2 million for training; \$2.9 million for sub-

contracts; \$1.3 million for equipment; and \$0.8 million for miscellaneous expenses.

The total expenditure for DESA against the UN regular programme of technical cooperation was \$7.8 million. The total expenditure against the United Nations Development Account was \$1.5 million.

UN Office for Partnerships

The United Nations Office for Partnerships, formed in 2006 [YUN 2006, p. 1046], served as the gateway for public-private partnerships with the UN system in furtherance of the MDGs. It oversaw the United Nations Fund for International Partnerships, the United Nations Democracy Fund, and Partnership Advisory Services and Outreach.

The Secretary-General, in his report on the activities of the Office in 2009 [A/65/347], said that it continued to facilitate innovative and rewarding partnerships and engage in valuable initiatives supporting the international development agenda. In addition to its work within the UN system, the Office's collaboration with the private sector and non-State actors continued to be essential in achieving the MDGs. The Office would focus on the regions most in need of support to achieve the final MDG targets: the Middle East, South-East Asia and sub-Saharan Africa.

The General Assembly, by **decision 64/547** of 24 December, took note of the Secretary-General's report on the 2008 activities of the Office for Partnerships [YUN 2008, p. 982].

UN Fund for International Partnerships

The United Nations Fund for International Partnerships (UNFIP) was established in 1998 [YUN 1998, p. 1297] to serve as an interface between the UN system and the United Nations Foundation, the public charity responsible for administering Robert E. Turner's \$1 billion contribution in support of UN causes. As at 31 December, the cumulative allocations to UNFIP projects reached approximately \$1.09 billion, of which \$438.5 million represented core Turner funds and \$651.2 million (59 per cent) was generated from other partners. More than 479 projects had been implemented by 43 UN entities in 124 countries.

In 2009, the projects of the children's health programme area were valued at \$663.1 million for 103 projects; the population and women programme area, \$137.9 million for 108 projects; the environment programme area, \$165.9 million for 144 projects; and the peace, security and human rights programme area, \$53.9 million for 61 projects. Sixty-three other projects were valued at \$66.1 million.

United Nations Democracy Fund

The United Nations Democracy Fund (UNDEF) was established in 2005 [YUN 2005, p. 655] to support democratization throughout the world. It focused on supporting democratic institutions, promoting human rights and ensuring the participation of all groups in democratic processes. Through UNDEF, the United Nations Office for Partnerships had channelled approximately \$75 million to 271 projects in 99 countries; 47 regional projects covering a further 28 countries; and 17 global projects. The projects ranged from strengthening civil society leadership skills and promoting the participation of women and youth, to media programmes allowing civil society to project its voice.

In 2009, UNDEF began funding its third round of projects. The Fund's Advisory Board recommended a portfolio of projects, which was approved by the Secretary-General. Following negotiations with the short-listed applicants, 67 projects were funded at a total cost of \$18.9 million. UNDEF collected the required reports on projects funded under the first, second and third rounds; closed completed projects from the first round; reported on its achievements to the Advisory Board; and undertook initiatives to strengthen its donor base. As at 31 December, total contributions received exceeded \$106 million.

UNDEF launched its fourth round of project proposals in November. By year's end, 1,966 applications from organizations in 137 countries had been received. The majority of applications came from local or regional organizations in Africa, Asia, the Americas and Europe.

Partnership Advisory Services and Outreach

Through Partnership Advisory Services and Outreach, the United Nations Office for Partnerships provided advice to academic institutions, companies, foundations, Government agencies, media groups, civil society organizations and other entities on how best to develop and implement public-private partnerships. Investment in high-impact initiatives was encouraged by providing advice to potential partners regarding procedures and best practices; assisting in the design of programmes and projects; advising companies on the conversion of the principles of the Global Compact, a multi-stakeholder corporate social responsibility initiative launched in 2000 [YUN 2000, p. 989], into practice; helping to establish and manage global and regional networks; and promoting the MDGs as a framework for action.

In 2009, the Office for Partnerships served on 17 task forces, including regionally focused groups, issue-based groups and coordination mechanisms. It received more than 1,400 external requests for ad-

visory services, representing a 40 per cent increase compared with 2008. The majority of requests from non-State actors offered assistance in programmes focused on poverty reduction, education, health and disaster relief, and humanitarian assistance in the least developed countries. During the year, agreements and memorandums of understanding were established with external actors to formalize some of the partnerships in support of the MDGs. The Office provided advisory services concerning operational partnerships; policy and advocacy partnerships; resource- and expertise-sharing; and networks and alliances.

UN Office for Project Services

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

2009 activities

The UNOPS Executive Director, in his annual report on UNOPS activities [DP/2010/30 & Corr.1], informed the Executive Board of progress made in 2009 towards the implementation of the 2007–2009 business strategy [YUN 2007, p. 905], which focused on financial viability, partner satisfaction, world-class business practices and performance, and workforce competence and motivation. In 2009, UNOPS delivered \$1.1 billion through project implementation and spent \$62.1 million administering it. The contribution to the operational reserve was \$12 million, bringing the reserve to \$42.1 million—a 40 per cent increase compared with 2008. Business acquisition in 2009 exceeded targets at \$1.44 billion.

The UNOPS strategic plan, 2010–2013, endorsed by the UNDP/UNFPA Executive Board in September 2009 (see p. 854), articulated focus areas, known as implementation support practices (ISPs), which were demand-driven and would be reviewed annually. While the strategic plan did not come into effect until January 2010, the report reflected its structure and provided information on operational results in line with the goals outlined in the plan. The focus was to provide implementation support services to partners in the areas of physical infrastructure, public order and security, census and elections, environment, and health. In 2009, health was the largest ISP (30 per cent of total delivery), followed by public order and security (21 per cent); infrastructure (16 per cent); environment (10 per cent); and census and elections (2 per cent). UNDP continued to be the most important

UNOPS partner, accounting for 44 per cent of total implementation expenditures, with 6 per cent from core funds, about 10 per cent from trust funds (excluding United Nations Development Group multi-donor trust funds) and 28 per cent from management services agreements.

UNOPS issued or revised 12 of its 26 corporate policies, including the Legislative Framework, the Financial Regulations and Rules, the Engagement Acceptance Policy and the Client Pricing Policy. The UNOPS global structure was revised to institutionalize the “practice approach”, which aligned policy, business processes, tools and people across functions, areas of service and support, and geography. It also enabled coordinated decision-making across the four management practices of project management, finance, procurement and human resources.

UNOPS was preparing to implement the International Public Sector Accounting Standards (IPSAS) by January 2012, in harmony with UNDP and UNFPA, which shared the same enterprise resource planning system. UNOPS was managing the transition from United Nations System Accounting Standards to IPSAS on the Prince2 project management methodology. The UNOPS Ethics Office was established as an independent office in February, and UNOPS adopted the draft United Nations Code of Ethics in April. In 2009, there were 96 referrals to the Ethics Officer, of which 92 were completed as a result of advice, the resolution of issues raised, or referrals to other officers. UNOPS implemented around 900 projects on behalf of its partners. It contributed to programme outcomes, which were split between the four goals described in the strategic plan (see below).

In May [dec. 2009/14], the Executive Board took note of the annual report of the UNOPS Executive Director on 2008 activities [YUN 2008, p. 983] and encouraged UNOPS to integrate additional information on analysis of its client satisfaction surveys into future reports.

Financial, administrative and operational matters

UNOPS strategic plan, 2010–2013

A July report [DP/2009/36] outlined the UNOPS strategic plan, 2010–2013, which focused and articulated the role of the Office as a provider of management services that contributed significantly to UN peacebuilding, humanitarian and development operations. In the spirit of UN coherence, the plan assumed a UNOPS without political, policy or substantive mandate. It recognized the UNOPS commitment to operating in a transparent, accountable manner, and emphasized the need to communicate openly and clearly with stakeholders. The report stated that the UNOPS mission was to expand the capacity of the UN system and its

partners to implement peacebuilding, humanitarian and development operations that mattered for people in need. Its vision was to always satisfy partners with management services that met world-class standards of quality, speed and cost-effectiveness. UNOPS committed to the following core values and principles as the foundation for its organizational culture and operations: accountability for results and the efficient use of resources; respect of national ownership and capacity; harmonization within and beyond the UN system; and service to others. Through the strategic plan, the role and niches of UNOPS within the UN family should be well established and widely accepted. Essential elements of that objective included transparent, accountable management services meeting the highest international standards; external recognition through certification of core management functions, business processes and staff performing those functions; a proven track record of contributions to the operational results of the United Nations in peacebuilding, humanitarian and development operations; and systematically collected and shared knowledge in UNOPS focus areas. The four UNOPS management practices were project management, procurement, human resources and financial management. The strategic plan would commence with five ISPs: physical infrastructure; public order and security; census and elections; the environment; and health.

During the 2010–2013 period, four high-level “contribution goals” would define the work of UNOPS and contribute to the work and results of its partners. The goals included rebuilding peace and stability after conflict (contribution goal 1); promoting early recovery of communities affected by natural disasters (contribution goal 2); contributing to the ability of people to develop local economies and obtain social services (contribution goal 3); and contributing to environmental sustainability and adaptation to climate change (contribution goal 4). Cross-cutting concerns included gender equality and the empowerment of women; national capacity development; and environmental sustainability.

The report outlined a management results framework, which mapped goals and strategic performance objectives related to the partner, business, personnel and financial perspectives. Implementation of the strategic plan was supported by management tools based on the public sector version of the “balanced scorecard” and reinforced by target agreements with managers. Implementation of the plan would be reviewed in annual reports. The United Nations Board of Auditors would present audit reports to the Executive Board for the 2010–2011 biennium and annually thereafter.

In September [dec. 2009/25], the UNDP/UNFPA Executive Board endorsed the strategic plan proposed by the UNOPS Executive Director in July. It reaffirmed

the UNOPS mandate to act as a service provider to the UN system agencies, funds and programmes; international and regional financial institutions; intergovernmental organizations; donor and recipient Governments; and NGOs. The Board reconfirmed the role of UNOPS as a central resource for the UN system in procurement and contracts management, as well as in civil works and physical infrastructure development, including the relevant capacity development activities. It authorized the Executive Director to: sign, in consultation with the resident coordinator or the humanitarian coordinator, as appropriate, direct service agreements with Governments; appoint UNOPS representatives; and, where it was not covered by a framework agreement of another UN entity, to sign host-country agreements on behalf of the United Nations with Governments regarding the activities of UNOPS in the host country, having previously informed the resident coordinator or the humanitarian coordinator, as appropriate. The Executive Director was requested to inform the Board, in his annual report, on the use of the authority given to sign host country agreements.

Financial regulations and rules

The UNDP/UNFPA Executive Board, at its January session, considered the UNOPS financial rules and regulations [DP/2009/4] proposed by the Office in response to a 2008 Board decision [YUN 2008, p. 984]. The regulations and rules codified and reinforced a number of institutional imperatives, including risk management; the internal financial controls mechanism; separation of duties; and internal and audit functions. They would enable UNOPS to operate on the basis of full cost recovery and generate sufficient net surplus to maintain operational reserves. Significant changes to the previous regulations and rules would permit the Executive Director to: accept contributions to the UNOPS biennial administrative budget or projects; enter into commitments and/or make project payments in advance of receipt of project funds; and redeploy funds within an approved biennial administrative budget. They also allowed the Executive Director to make such *ex gratia* payments as might be necessary in the best interests of UNOPS, provided the combined total of all such payments made in a biennium did not exceed 0.25 per cent of the biennial administrative budget approved by the Board. The proposed financial regulations and rules required that UNOPS make full accrual for the value of future personnel benefits, including post-employment, termination and other long-term personnel benefits.

The Executive Board also had before it the ACABQ report on the proposed revised UNOPS financial regulations and rules, and on the proposed comprehensive post classification contained in a 19 December 2008

letter from the Committee Chairman to the UNOPS Executive Director [AC/1673].

In a January decision [dec. 2009/4], the Executive Board took note of the proposed financial regulations and rules and the related ACABQ report. It approved the proposed financial regulations and rules, to take effect on 1 February 2009, with exceptions and modifications set out in the decision. The Board welcomed the engagement of UNOPS in inter-agency efforts to achieve harmonized financial regulations and rules, and recommended that the Executive Director review the financial regulations and rules, following completion of the inter-agency exercise, with a view to achieving harmonization to the extent possible, and that the Executive Director consult accordingly with the Board. It requested UNOPS to ensure that, when implementing rule 103.05 concerning the establishment of policies and procedures related to performance management, compensation schemes and increased competitiveness, its human resource practices did not contradict the United Nations Staff Regulations and Rules. The Strategy and Audit Advisory Committee was asked to inform the Board periodically on the implementation of the revised financial regulations and rules with a view to their further improvement. UNOPS and its UN partners were urged to continue to consult on the issue of trust funds and multi-donor trust funds, and their potential impact on the activities of UNOPS, and to present the recommended conclusions to the Executive Board at its May/June session.

Post classification

In January, the Executive Board considered a report [DP/2009/7] on comprehensive post classification at UNOPS and proposals concerning the implementation of the recommendations made by the team of consultants that conducted a comprehensive review of all 193 international posts approved by the Board. The Executive Director proposed a comprehensive package of post reclassifications to conform to UN job standards and reflect the operational realities of UNOPS. Existing gaps hampered optimal performance and the ability of the organization to contribute to UN development, peacebuilding and humanitarian operations. Based on the consultant's report, a number of posts were proposed for upgrade or downgrade. The most important upgrades included an Assistant Secretary-General position for the Deputy Executive Director and D-2 level positions for five regional directors and the directors of finance, human resources and procurement. Five deputy regional directors would be placed at the D-1 level. Operations Centre directors with large and complex portfolios were consistently placed at the D-1 level, whereas operations centre managers in other locations would serve at the

P-5 level. The oversight and policy functions were enhanced to appropriate levels, including an upgrade of the head of internal audit to D-1. The estimated costs of the proposed changes, if all were implemented as at 1 March 2009, was \$1.045 million, or an increase of some 1.7 per cent over the total approved biennial administrative budget for the 2008–2009 biennium. The additional expenditure should contribute to the ability of UNOPS to meet its net revenue targets. Due to its fully self-financing status, UNOPS sought no external funding to meet those costs.

On 22 January [dec. 2009/5], the Executive Board took note of the report and of the UNOPS management objective to achieve, through the reclassification exercise, a reduction in the current attrition rates, as well as increased cost savings from greater productivity and reduced selection and training expenditures for new staff. The Board approved all the proposed post reclassifications set out in the report and the associated increase in the 2008–2009 biennial administrative budget of up to \$1.045 million, and encouraged the Executive Director to prioritize the post upgrades for those positions with the greatest transformational impact for the Office. UNOPS was requested to report to the Board, in the Executive Director's annual report, on the implementation of the post upgrades, as well as on the productivity of the organization, including the impact on staff attrition rates and the ratio of administrative budget to programme expenditure.

Audit reports

In January [dec. 2009/2], the Executive Board, having reviewed the 2008 UNOPS report on the implementation of the recommendations of the Board of Auditors for the 2006–2007 biennium [YUN 2008, p. 985] noted that the Board of Auditors had issued an unqualified audit opinion for UNOPS with respect to that biennium, and stressed the importance of timely and full implementation of the recommendations. It acknowledged the progress made by UNOPS in strengthening internal controls and improving its financial viability since the release, in 2007, of the audit report for the biennium ending 31 December 2005 [YUN 2007, p. 906].

In April [DP/2009/24], the head of the UNOPS Internal Audit Office submitted the activity report on internal audit and related services for the year ended 31 December 2008, the first full year of operation for the Office. The report contained, among other details, a list of the key findings and the ratings of audit reports; information on unresolved audit recommendations; and an explanation of findings that had remained unresolved for 18 months or more. The audit strategy of the Office during the 2008–2009 period was to extend audit coverage to those UNOPS locations deemed as high and medium risk and to conduct func-

tional audits of key operational areas. The 2008 workplan was based on the overall objective of assisting the Executive Director in ensuring that internal controls and procedures function as envisaged. In preparing the workplan, the Office refined its risk assessment model to ensure consistency between internal audit priorities and UNOPS management goals. By early 2008, the Office was fully staffed and had significantly increased internal audit coverage, enhancing the overall UNOPS internal control environment.

During 2008, 40 audits were completed by the Office and submitted to the UNOPS Executive Director, a 67 per cent increase over the 24 audit reports issued in 2007. The reports generated 581 audit recommendations that could be analysed, a significant increase (505 per cent) from the 115 recommendations made in 2007. The results of the internal audit reports indicated that UNOPS did not have significant gaps in its internal controls, but rather that such controls were not being fully complied with and/or understood.

As at 31 December 2008, the implementation rate for 2007 audit recommendations was 72 per cent; for 2006, 77 per cent; and for 2005, 96 per cent. The percentage of outstanding audit recommendations unresolved for 18 months or more, when compared to the total unresolved recommendations at that date, was 4.6 per cent and 18.8 per cent as at 31 December 2007 and 31 December 2008, respectively, reflecting the increase in total recommendations issued in 2008.

Annexes to the Internal Audit Office report containing the 2008 annual report and the terms of reference of the UNOPS Strategy and Audit Advisory Committee, as well as the UNOPS management response to the Office's report, were provided on the UNDP/UNFPA Executive Board web page.

In a 3 June decision [dec. 2009/15], the Executive Board welcomed the progress made to increase the internal audit capacity and coverage of UNOPS in 2008. It took note of the 2008 annual report of the Strategic and Advisory Committee and endorsed the Committee's revised terms of reference, subject to modifications set out in the decision.

In October [DP/2010/14], UNOPS submitted a progress report on the implementation of the recommendations of the Board of Auditors for the 2006–2007 biennium. The report provided a response to each of the 48 recommendations, including three "matters of emphasis": unreconciled interfund amounts, the bulk of which concerned UNDP; deferred revenue; and non-expendable assets. The interfund balance with UNDP—about \$43 million at the end of 2007—was fully reconciled as at 31 December 2008, and work aimed at eliminating discrepancies was nearing completion. Both UNDP and UNOPS reconciled interfund balances frequently, greatly reducing the likelihood of recurring interfund problems. The UNOPS–UNFPA

interfund account was also fully reconciled and settled as at 31 December 2008. As to the problem of deferred revenue, work was well under way to complete the reconciliation exercise by the time the 2008–2009 accounts were closed. UNOPS made tangible improvements to its asset management systems during the 2008–2009 period. As at October 2009, UNOPS began to manage property, plant and equipment using the Atlas assets module, and was on track to train personnel and strengthen procedures for proper “tagging” of assets. Implementation of IPSAS represented a major hurdle for UNOPS, and the Office embarked on a change management programme, including IPSAS as one of its five pillars.

Procurement

In response to a 2007 Executive Board decision [YUN 2007, p. 905], the UNOPS Executive Director submitted, in July, the executive summary of the annual statistical report on the procurement activities of the UN system in 2008 [DP/2009/37]. The report provided details on UN system procurement by country of supply. The report stated that the overall procurement volume of goods and services of UN organizations had increased to \$13.6 billion in 2008, from \$10.1 billion in 2007—a 34.4 per cent gain. Total procurement of goods increased by \$1.5 billion (28.1 per cent), while procurement of services grew by \$2 billion (41.3 per cent). Between 2004 and 2008, UN procurement more than doubled in volume, from \$6.5 billion to \$13.6 billion, primarily attributable to a \$4.1 billion growth in the procurement of services. In 2008, the share of services exceeded that of goods by 0.6 per cent, reversing the 2007 data in which the procurement of goods exceeded that of services by 4.6 per cent.

In 2008, procurement from developing countries and countries with economies in transition increased by \$1.5 billion over 2007, but their share of overall procurement volume decreased by 2.9 per cent. Procurement from such countries exceeded 50 per cent of total UN procurement volume in 2007 (53.6 per cent) and 2008 (50.7 per cent), while procurement from industrialized countries remained steady at 37.7 per cent in 2007 and 37.8 per cent in 2008.

In September [dec. 2009/25], the Executive Board took note of the annual statistical report on the procurement activities of the UN system organizations.

UN Volunteers

In 2009, 7,545 volunteers worked for the UNDP-administered United Nations Volunteers (UNV) programme, compared with 7,753 in 2008. The volunteers, representing 158 nationalities, carried out 7,716 assignments in 128 countries. Volunteers from developing countries represented 80 per cent of the

total number; women accounted for 37 per cent. By region, 48 per cent of assignments were carried out in sub-Saharan Africa, 19 per cent in the Arab States, 17 per cent in Asia and the Pacific, 13 per cent in Latin America and the Caribbean, and 4 per cent in Europe and the CIS. Total contributions to UNV in 2009 amounted to \$214.7 million; other income totalled \$9.98 million. The total expenditure for the year was \$218.9 million.

Economic and technical cooperation among developing countries

South-South cooperation

In response to General Assembly resolution 62/209 [YUN 2007, p. 908], the Secretary-General submitted an August report [A/64/321] on the state of South-South cooperation. The report reviewed the progress, main trends and challenges in South-South cooperation for development from 2007 to mid-2009, especially in the areas of regional integration, trade, investment, and monetary and financial co-operation. Developing and developed countries alike continued to prioritize the strengthening of regional, interregional and global institutional mechanisms aimed at mitigating the impact of the financial crisis through mutual partnerships and cooperation mechanisms. Key issues that emerged as significant areas of South-South and triangular cooperation included climate change, energy and the environment. Developing countries consolidated interregional, regional and subregional cooperation to address larger global trends, including the increasing vulnerability of countries to financially volatile markets, rapid rates of urbanization, epidemics and food security problems.

The rapid deterioration of the global economy over the previous several years created new opportunities for South-South cooperation, as many countries looked to one another and to their cooperation mechanisms to facilitate market recovery and ensure greater stability. It was clear that South-South cooperation benefited countries regardless of their level of development, and was necessary for countries that wished to address transnational challenges successfully. The international community was increasingly using South-South cooperation as a practical framework and a flexible modality for partnership-building and collaboration towards achieving internationally agreed development goals, including the MDGs. Under the guidance of the High-level Committee on South-South Cooperation of the Assembly, the UN system prioritized South-South cooperation as a key modality for promoting collaborative initiatives at the national, regional and interregional levels. With the Special Unit for South-South Cooperation acting as system-wide coordinator and focal point, UN bodies

and agencies, including regional commissions, supported innovative, demand-driven South-South cooperation initiatives. The UN system and other multilateral organizations increasingly sought to devise demand-based, South-South support facilities and innovative financing mechanisms to enable developing countries and their development partners to more systematically share knowledge, exchange experiences, transfer expertise and technologies and pool resources to deal effectively with development challenges. In December 2008, the Special Unit launched the first Global South-South Development Expo in New York, in conjunction with the fifth United Nations Day for South-South Cooperation.

The report stated that there was a need to translate the renewed commitments made by the international community in support of South-South and triangular cooperation into action in order to preserve the development achievements made over the previous decade. As global commitments increased, multilateral support for South-South development also needed to increase, which would require closer inter-agency collaboration. The report recommended that the United Nations Inter-agency Focal Points Network for South-South Cooperation, facilitated by the Special Unit for South-South Cooperation, be strengthened in order to achieve that objective.

Communications. In an 8 October letter to the Secretary-General [A/C.2/64/6], Venezuela transmitted the Declaration of Nueva Esparta II, issued by the Second Africa–South America Summit (Isla de Margarita, Nueva Esparta, Venezuela, 26–27 September).

On 21 October [A/C.2/64/8], Venezuela transmitted to the Secretary-General the Declaration of the Seventh Summit of the Bolivarian Alliance for the Peoples of Our America–Peoples' Trade Agreement (Cochabamba, Bolivia, 17 October).

In a 16 November letter [A/C.2/64/13], Qatar transmitted the summary report of the Second High-Level Meeting on Oil and Gas Management (Nairobi, 12–15 October). The Nairobi meeting was aimed at continuing the collaboration among southern oil and gas producers begun at the first South-South High-Level Meeting in 2007 [YUN 2007, p. 907].

GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly, on the recommendation of the Second Committee [A/64/425/Add.2], adopted **resolution 64/221** without vote [agenda item 58 (b)].

South-South cooperation

The General Assembly,

Reaffirming its resolution 33/134 of 19 December 1978, in which it endorsed the Buenos Aires Plan of Action for

Promoting and Implementing Technical Cooperation among Developing Countries,

Recalling its resolutions 57/270 B of 23 June 2003, 60/212 of 22 December 2005, 62/209 of 19 December 2007, 63/233 of 19 December 2008, 64/1 of 6 October 2009 and other resolutions relevant to South-South cooperation,

Recalling also the 2005 World Summit Outcome,

Welcoming with appreciation the generous offer of the Government of Kenya to host the High-level United Nations Conference on South-South Cooperation,

1. *Takes note* of the report of the Secretary-General on the state of South-South cooperation;

2. *Decides* to hold the sixteenth session of the High-level Committee on South-South Cooperation on 4 February 2010, preceded by an organizational meeting on 21 January 2010 to elect the President and Bureau of the sixteenth session of the High-level Committee;

3. *Also decides* to include in the provisional agenda of its sixty-sixth session the sub-item entitled "South-South Cooperation for development", and requests the Secretary-General to submit at that session a comprehensive report of the state of South-South cooperation for development.

High-level Conference on South-South Cooperation

Preparations for High-level Conference

In response to General Assembly resolution 63/233 [YUN 2008, p. 989], the President of the High-level Committee on South-South Cooperation held consultations with Member States in preparation for the proposed High-level United Nations Conference on South-South Cooperation, which, in accordance with resolution 62/209 [YUN 2007, p. 908], was to be convened no later than the first half of 2009, on the occasion of the thirtieth anniversary of the adoption of the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries [YUN 1978, p. 467]. In a 30 January letter [A/63/741], Qatar, in its capacity as President of the High-level Committee on South-South Cooperation, submitted to the Assembly a report summarizing the outcomes and recommendations of the consultations, including the proposed nature of the Conference and its objectives, themes, venue, date, modalities and preparations. The Committee President recommended that the Assembly accept Kenya's offer to host the Conference in Nairobi. It was proposed that a comprehensive report be prepared, in the form of a report of the Secretary-General, highlighting the new dynamism and trends in South-South cooperation and the progress made in advancing such cooperation since the adoption of the Buenos Aires Plan of Action. The Conference should result in an intergovernmentally agreed outcome, including a declaration and plan of action.

GENERAL ASSEMBLY ACTION

On 6 October [meeting 15], the General Assembly adopted **resolution 64/1** [draft: A/64/L.1 & Add.1] without vote [agenda item 114].

**High-level United Nations Conference
on South-South Cooperation**

The General Assembly,

Reaffirming its resolution 33/134 of 19 December 1978, in which it endorsed the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries,

Recalling its resolution 62/209 of 19 December 2007, in which it decided to convene a High-level United Nations Conference on South-South Cooperation on the occasion of the thirtieth anniversary of the adoption of the Buenos Aires Plan of Action, no later than the first half of 2009, and its resolution 63/233 of 19 December 2008,

Taking note with appreciation of the report of the President of the High-level Committee on South-South Cooperation submitted pursuant to resolution 63/233,

Reaffirming its previous resolutions relevant to South-South cooperation,

Taking note of the growing importance of South-South cooperation, and recognizing the increased role undertaken by the United Nations to support economic cooperation activities among developing countries,

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

Stressing also that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation,

Recalling the United Nations resolutions relevant to South-South cooperation and the outcomes of the major United Nations conferences and summits in the economic, social and related fields, including the Doha Declaration on Financing for Development, and acknowledging the Havana Programme of Action adopted at the first South Summit, the Marrakesh Framework for the Implementation of South-South Cooperation and the Doha Plan of Action adopted at the Second South Summit,

Welcoming with appreciation the generous offer of the Government of Kenya to host the High-level United Nations Conference on South-South Cooperation,

1. *Decides* that the High-level United Nations Conference on South-South Cooperation:

(a) Will be held in Nairobi from 1 to 3 December 2009;

(b) Will be held at the highest possible level;

(c) Will have as its overarching theme “Promotion of South-South cooperation for development”;

(d) Will consist of plenary meetings and interactive multi-stakeholder round tables on the following sub-themes:

(i) Strengthening the role of the United Nations system in supporting South-South and triangular cooperation;

(ii) South-South and triangular cooperation for development: complementarities, specificities, challenges and opportunities;

(e) Will result in an intergovernmentally agreed outcome;

(f) Will also result in summaries by the Chair;

2. *Requests* the Secretary-General to prepare a comprehensive report, consistent with the overarching theme of the Conference, reviewing the trends in South-South cooperation, including triangular cooperation, reviewing also the progress made by the international community, in particular the United Nations, in supporting and promoting such cooperation and identifying new opportunities, as well as challenges and constraints and measures to overcome them;

3. *Reaffirms* the role of the Special Unit for South-South Cooperation within the United Nations Development Programme as a separate entity and a focal point for South-South cooperation within the United Nations system, and requests the Unit to continue to provide the necessary substantive and technical support to the preparatory process for the Conference;

4. *Encourages* Member States and their partners, including non-governmental organizations, to consider preparing reports on South-South and triangular cooperation for the purpose of the Conference, on a voluntary basis, taking into account the themes of the Conference and the outcomes of regional, subregional or sectoral United Nations meetings prior to the Conference;

5. *Requests* the President of the General Assembly to initiate informal consultations with all Member States, in an open, inclusive and transparent manner, commencing at an appropriate date to enable sufficient discussion, with a view to producing a draft outcome prior to the Conference, by the end of November 2009;

6. *Invites* United Nations organizations, including the specialized agencies, regional commissions and funds and programmes, to provide input to the preparations for the Conference;

7. *Invites* international and regional organizations, international financial institutions, non-governmental organizations and business sector entities to participate in the Conference, in accordance with the rules and procedures of the General Assembly;

8. *Invites* intergovernmental organizations and entities that have observer status with the General Assembly to participate in the Conference;

9. *Requests* the Secretary-General to provide all necessary assistance to the preparatory process and the Conference;

10. *Also requests* the Secretary-General to proceed with the organizational arrangements for the Conference in cooperation with the Government of Kenya, and further requests the Secretary-General to provide a note on the organizational aspects of the Conference;

11. *Encourages* all Member States and other relevant stakeholders that are in a position to do so to consider supporting the participation of developing countries, in particular the least developed countries, including by making voluntary contributions through the United Nations Fund for South-South Cooperation, in order to ensure the broadest possible participation;

12. *Decides* to postpone the sixteenth session of the High-level Committee on South-South Cooperation, which was to be held from 2 to 5 June 2009, to one convenient day in January 2010.

On 6 July [A/63/919], Qatar informed the Assembly that the negotiations on the draft resolution on the High-level United Nations Conference on South-South Cooperation [A/63/L.68] had resulted in an agreement between Member States on the terms and modalities of the Conference. Nevertheless, a pending issue was delaying Conference preparations, and Member States were encouraged to demonstrate flexibility to reach a consensus.

In **decision 2009/216** of 22 July, the Economic and Social Council decided to defer consideration of the report of the High-level Committee on South-South Cooperation on its sixteenth session to the substantive session of the Council in 2010.

Report of Secretary-General. In October [A/64/504], the Secretary-General issued a report on the promotion of South-South cooperation for development: a thirty-year perspective. The report was submitted in response to General Assembly resolutions 62/209 [YUN 2007, p. 908] and 63/233 [YUN 2008, p. 989], by which the Assembly decided to convene the High-level United Nations Conference on South-South Cooperation. It reviewed the implementation of the Buenos Aires Plan of Action [YUN 1978, p. 467] by Member States and organizations of the UN system, including action at the national, interregional and global levels, and highlighted key priorities for South-South cooperation. The report found that developing countries as a group possessed the entire range of modern technical competencies, with centres of excellence in key areas that increased their national and collective self-reliance. Many developing countries, however, also continued to suffer from serious socio-economic deficits, and some were not on track to achieve the minimum goals set by the 2000 Millennium Summit [YUN 2000, p. 51]. A growing number of developing countries were becoming middle-income economies, and the largest of them were gaining a voice in global governance. Regional integration had fuelled economic progress, leading to further expansion of South-South flows of finance, technology and trade. The industrial growth of the South posed growing environmental problems. UN agencies and programmes had a key role in promoting cooperation among developing countries, but stronger mechanisms for coordination, monitoring, funding and reporting were needed to improve their performance further. Clear but uneven progress had been made in the 30 years since the Buenos Aires Conference. The first decade laid the foundations for action with the appointment of national focal points and clarification of concepts and procedures. Projects

and programmes proliferated in the second decade as conceptual barriers fell and South-South cooperation was redirected to deal with globalization. The third decade saw a large expansion of South-South trade, investment and tourism, mainly guided by policy reforms and driven by the private sector.

The Secretary-General observed that despite significant advances, developing countries needed stronger mechanisms for effective policy coordination and related institutions to spur greater collective action in a coherent manner. South-South flows of finance, trade and development assistance continued to be important for the growth of developing countries. Such assistance included knowledge- and experience-sharing, training, technology transfers, in-kind contributions, cost-sharing arrangements, soft loans, credit lines and other innovations. More advanced developing countries played a pivotal role as drivers of multi-country programmes, hubs for knowledge- and experience-sharing, and as sources of expertise, technology and funding. Nevertheless, there were areas in which those countries required assistance to build capacity and ensure that the benefits of growth were equitably distributed within their borders. Developing countries should ensure that the necessary policy and institutional infrastructure was in place for them to avail themselves of assistance. The United Nations should focus on national capacity development in priority areas through facilitating intra- and interregional knowledge-sharing. The UN system should support South-South and triangular cooperation primarily from the regional perspective by linking national centres of excellence; bringing in global normative expertise corresponding to the respective mandates of the UN funds, programmes and agencies; and exercising political neutrality in responding to local sensitivities.

High-level Conference

In accordance with Assembly resolution 64/1 (see p. 875), the High-level Conference on South-South Cooperation was held at the United Nations Office at Nairobi from 1 to 3 December [A/CONF.215/2]. The Conference held a general debate on the theme “Promotion of South-South cooperation for development”, which offered a multifaceted view of the evolution of South-South cooperation over the previous three decades. There was general appreciation of the importance of such cooperation in the individual and collective pursuit of sustained and sustainable economic growth by developing countries, and of the need to strengthen and invigorate its processes, including through its support by developed countries and the UN system. South-South cooperation was seen as vital in reshaping global institutions that did not reflect the important role and

new weight of developing countries in world affairs. The solidarity of the economically dynamic developing countries with those facing acute developmental challenges energized South-South cooperation and increased political, economic and institutional linkages between Southern countries. Representatives of developed countries said that there was inadequate documentation on what actually worked in South-South cooperation, which was “one of many instruments” for development; its “methodological framework” needed to be elaborated, and there was a need for a better understanding of its particularities, potential and impact. The value of increased support for South-South cooperation from developed countries was recognized, as was the key role of UN specialized agencies, funds and programmes in building the technical and technological capacities of developing countries. In calling on the UN system to mainstream support for South-South cooperation, representatives appealed for greater support for building institutional capacity in developing countries. UN specialized agencies, funds and programmes were requested to help developing countries establish centres of excellence and networks to improve information flows. Representatives also called for increased commitment of resources for South-South cooperation, appealing for more direct support from developed countries, cost-sharing arrangements, funding of joint research and development projects, third-country training programmes, arrangements to exchange experience and knowledge, and the establishment of institutional hubs for outreach and enhanced cooperation. Interactive round tables on the Conference theme focused on strengthening the role of the UN system in supporting South-South and triangular cooperation, and South-South and triangular cooperation for development: complementarities, specificities, challenges and opportunities.

The Conference adopted the draft Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation, as contained in the Conference report, and recommended that the General Assembly endorse the document during its sixty-fourth (2009) session (see below).

GENERAL ASSEMBLY ACTION

On 21 December [meeting 66], the General Assembly adopted **resolution 64/222** [A/64/L.37] without vote [agenda item 58 (b)]

Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation

The General Assembly,

Taking note of the holding of the High-level United Nations Conference on South-South Cooperation in Nairobi,

from 1 to 3 December 2009, and the adoption by the Conference of the Nairobi outcome document,

1. *Expresses its deep appreciation* to Kenya for hosting the High-level United Nations Conference on South-South Cooperation;

2. *Decides* to endorse the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation, which is annexed to the present resolution.

ANNEX

Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation

1. We, heads of delegations and high representatives of Governments, gathered in Nairobi, from 1 to 3 December 2009 at the High-level United Nations Conference on South-South Cooperation, on the occasion of the thirtieth anniversary of the 1978 United Nations Conference on Technical Cooperation among Developing Countries, held in Buenos Aires, which produced the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries.

2. We recognize and contribute to the goal of the Conference to strengthen and further invigorate South-South cooperation.

3. We recall and renew our commitment to the full implementation of the outcomes of all major United Nations conferences and summits in the economic, social and related fields, and all General Assembly resolutions relevant to South-South and triangular cooperation.

4. We note the outcomes of the South Summits of the Group of 77 and other relevant South meetings.

5. We recognize the role of the Non-Aligned Movement in promoting South-South cooperation.

6. We take note of relevant processes and dialogues related to enhancing South-South cooperation.

7. Since the Buenos Aires meeting, the increasing economic dynamism of some developing countries in recent years has imparted greater energy to South-South cooperation, including through regional integration initiatives across the developing world, seen in, among other things, the creation of regional common markets, customs unions, cooperation in political fields, institutional and regulatory frameworks, and inter-State transport and communications networks. In this regard, we recognize the solidarity of middle-income countries with other developing countries with a view to supporting their development efforts, including in the context of South-South and triangular cooperation.

8. At the same time, we duly note that many developing countries continue to face serious development challenges and that many of them are not on track to achieve the internationally agreed development goals, including the Millennium Development Goals.

9. We stress that South-South cooperation, as an important element of international cooperation for development, offers viable opportunities for developing countries in their individual and collective pursuit of sustained economic growth and sustainable development.

10. We reaffirm the key role of the United Nations, including its funds, programmes, specialized agencies and

regional commissions, in supporting and promoting co-operation among developing countries, while reiterating that every country has the primary responsibility for its own development. We reaffirm resolution 33/134 of 19 December 1978, endorsing the Buenos Aires Plan of Action, which constitutes a major milestone in the evolution of South-South and triangular cooperation.

11. We recognize the importance and different history and particularities of South-South cooperation, and we reaffirm our view of South-South cooperation as a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Millennium Development Goals. South-South cooperation and its agenda have to be set by countries of the South and should continue to be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.

12. We recognize that South-South cooperation takes different and evolving forms, including the sharing of knowledge and experience, training, technology transfer, financial and monetary cooperation and in-kind contributions.

13. We recognize the need to enhance local capacity in developing countries by supporting local capabilities, institutions, expertise and human resources and national systems, where appropriate, in contribution to national development priorities, at the request of developing countries.

14. We stress that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation.

15. We recognize the value of the increasing support provided by developed countries, international organizations and civil society to developing countries, upon their request, in improving their expertise and national capacities through triangular cooperation mechanisms, including direct support or cost-sharing arrangements, joint research and development projects, third-country training programmes and support for South-South centres, as well as by providing the necessary knowledge, experience and resources, so as to assist other developing countries, in accordance with their national development priorities and strategies.

16. We welcome efforts by multilateral, regional and bilateral financial and development institutions to increase financial resources to promote South-South cooperation, where appropriate, including for the least developed countries and countries with economies in transition.

17. We recognize that developing countries tend to share common views on national development strategies and priorities when faced with similar development challenges. The proximity of experience is therefore a key catalyst in promoting capacity development in developing countries and, in this regard, accentuates the principles of South-South cooperation. It is important to enhance South-South cooperation in order to fulfil its full development potential.

18. We reaffirm that South-South cooperation is a common endeavour of peoples and countries of the South, born out of shared experiences and sympathies, based on

their common objectives and solidarity, and guided by, inter alia, the principles of respect for national sovereignty and ownership, free from any conditionalities. South-South cooperation should not be seen as official development assistance. It is a partnership among equals based on solidarity. In that regard, we acknowledge the need to enhance the development effectiveness of South-South cooperation by continuing to increase its mutual accountability and transparency, as well as coordinating its initiatives with other development projects and programmes on the ground, in accordance with national development plans and priorities. We also recognize that the impact of South-South cooperation should be assessed with a view to improving, as appropriate, its quality in a results-oriented manner.

19. South-South cooperation embraces a multi-stakeholder approach, including non-governmental organizations, the private sector, civil society, academia and other actors that contribute to meeting development challenges and objectives in line with national development strategies and plans.

20. In order to realize the potential of South-South cooperation in accordance with its principles and to attain the objectives of supporting national and regional development efforts, strengthening institutional and technical capacities, improving the exchange of experience and know-how among developing countries, responding to their specific development challenges and increasing the impact of international cooperation, we:

(a) Welcome the achievements made by developing countries towards promoting South-South cooperation initiatives and invite them to continue to intensify their efforts in this regard;

(b) Invite developed countries to support South-South cooperation through triangular cooperation, including for capacity development;

(c) Encourage developing countries to develop country-led systems to evaluate and assess the quality and impact of South-South and triangular cooperation programmes and improve data collection at the national level to promote cooperation in the development of methodologies and statistics to this end, as appropriate, while bearing in mind the specific principles and unique characteristics of South-South cooperation, and encourage all actors to support initiatives for information and data collection, coordination, dissemination and evaluation of South-South cooperation, upon the request of developing countries;

(d) Also encourage developing countries to enhance their national coordination mechanisms, as appropriate, in order to improve South-South and triangular cooperation through the dissemination of results, the sharing of lessons and good practices, and replication, including through the voluntary exchange of experience for the benefit of developing countries, and according to their policies and priorities for development;

(e) Recognize that interrelated global crises, in particular the financial and economic crisis, volatile energy prices, the food crisis, poverty and the challenges posed by climate change, as well as other challenges, including communicable and non-communicable diseases, are already reversing the gains achieved in developing countries and hence require action at all levels. In this regard, we invite developed

countries and multilateral institutions to enhance their support for South-South cooperation to contribute to addressing these challenges;

(f) Emphasize the need to promote, including through South-South cooperation, access to and the transfer of technology. In this regard, we welcome efforts made by developing countries in improving technology cooperation arrangements, such as the Consortium on Science, Technology and Innovation for the South. We also emphasize the need to promote, through South-South cooperation, broader technological developments such as technological management capabilities and information networks that are demand-oriented and involve participation by users of technology or by those involved in the process of technological development and infrastructure and human resources development;

(g) Call for the strengthening of various interregional dialogues and the exchange of experience among subregional and regional economic groupings for the purpose of expanding South-South cooperation by integrating the various approaches to economic and technical cooperation among developing countries;

(h) Acknowledge the various national, regional and subregional initiatives to enhance South-South cooperation in the social (particularly health and education), economic, environmental, technical and political fields;

(i) Recognize regional mechanisms and initiatives for infrastructure cooperation and integration, including in the energy field, based on solidarity and complementarity, to overcome asymmetries with regard to access to energy resources;

(j) Recognize that international support for South-South cooperation in trade, investment and other areas can be catalytic in strengthening and consolidating regional and subregional economic integration and take note of the São Paulo round of negotiations relating to the Global System of Trade Preferences among Developing Countries in order to reinvigorate and strengthen the agreement in general, promote greater interregional trade, diversify export markets and enhance investment flows among them.

21. We acknowledge the need to reinvigorate the United Nations development system in supporting and promoting South-South cooperation. To this effect, we:

(a) Urge the United Nations funds, programmes and specialized agencies to take concrete measures to mainstream support for South-South and triangular cooperation to help developing countries, at their request and with their ownership and leadership, to develop capacities to maximize the benefits and impact of South-South and triangular cooperation in order to achieve their national development goals and internationally agreed development goals, including the Millennium Development Goals;

(b) Call upon the United Nations funds and programmes and invite the specialized agencies to continue to enhance the capacities of developing countries to develop and formulate development cooperation programmes, strengthen the capacities of regional and subregional organizations and conduct research to identify areas where support for South-South cooperation will have the greatest impact;

(c) Call upon the United Nations funds, programmes and specialized agencies to continue to focus and coordinate their operational activities in support of South-South cooperation, in accordance with national development plans and their respective mandates, and to produce practical results, taking into account South-South characteristics and approaches;

(d) Call furthermore upon United Nations regional commissions to play a catalytic role in promoting South-South and triangular cooperation and in strengthening their technical, policy and research support for countries of their regions;

(e) Welcome the recent initiatives by the United Nations Conference on Trade and Development, the United Nations Industrial Development Organization, the Food and Agriculture Organization of the United Nations and other United Nations specialized agencies to establish, within their respective mandates, new units and work programmes to support and promote South-South cooperation, and request United Nations funds, programmes and specialized agencies, as well as regional commissions, to help developing countries to establish or strengthen existing South-South centres of excellence, within their respective areas of competence, and to enhance closer cooperation among such centres of excellence, especially at the regional and interregional levels, with a view to improving South-South knowledge-sharing, networking, mutual capacity-building, information and best practices exchanges, policy analysis and coordinated action among developing countries on major issues of common concern;

(f) Encourage such institutions and centres of excellence, as well as regional and subregional economic groupings, to establish closer links among themselves, with the support of the Special Unit for South-South Cooperation, including through its Global South-South Development Academy, Global South-South Development Expo and South-South Global Assets and Technology Exchange;

(g) Reaffirm the mandate of the Special Unit for South-South Cooperation, hosted by the United Nations Development Programme, as a separate entity and coordinator for promoting and facilitating South-South and triangular cooperation for development on a global and United Nations system-wide basis;

(h) Call for the effective implementation of the United Nations Development Programme fourth cooperation framework for South-South cooperation and, in this regard, encourage Member States in a position to do so to support the United Nations Development Programme and the Special Unit for South-South Cooperation in fully implementing this framework;

(i) Invite the Secretary-General, in consultation with States Members of the United Nations, to take measures to further strengthen the Special Unit for South-South Cooperation, as reaffirmed by the General Assembly in its resolutions 58/220 of 23 December 2003, 60/212 of 22 December 2005 and 62/209 of 19 December 2007, so as to enable it to carry out its full responsibilities, in particular through the mobilization of resources for the advancement of South-South cooperation, including triangular cooperation;

(j) Reaffirm the relevance of the previously established Guidelines for the Review of Policies and Procedures con-

cerning Technical Cooperation among Developing Countries in conducting and managing South-South cooperation. We therefore call for their full implementation and recognize the need for their continued improvement, in particular in strengthening the capacity of the United Nations Development Programme and United Nations funds, programmes and specialized agencies to promote and support South-South cooperation, as well as to further develop the specific framework of operational guidelines to facilitate the use of technical cooperation among developing countries in their programmes and projects;

(k) Emphasize that South-South cooperation needs adequate support from the United Nations funds, programmes and specialized agencies, including through triangular cooperation, and call upon all relevant United Nations organizations to consider increasing allocations of human, technical and financial resources for South-South cooperation, as appropriate;

(l) Recognize the need to mobilize adequate resources for enhancing South-South cooperation and, in this context, invite all countries in a position to do so to contribute in support of such cooperation through, *inter alia*, the Pérez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries and the United Nations Fund for South-South Cooperation. In this context, we encourage the Special Unit for South-South Cooperation to undertake additional resource mobilization initiatives to attract more financial and in-kind resources, while avoiding the proliferation and fragmentation of financing arrangements. In this regard, we reaffirm that regular resources will continue to fund the activities of the Special Unit, and invite the Executive Board of the United Nations Development Programme to consider measures to allocate adequate resources for the Special Unit.

22. We convey our appreciation and gratitude to the Republic of Kenya and its people for the excellent organization and hosting of the High-level United Nations Conference on South-South Cooperation and the warm hospitality extended to us in the city of Nairobi.

UN Capital Development Fund

The United Nations Capital Development Fund (UNCDF) worked to reduce poverty in the least developed countries by strengthening local services and increasing access to microfinance. In 2009, UNCDF operated in 40 of the 49 least developed countries, with a particular focus on post-crisis countries. Local development programmes accounted for 61 per cent of the 2009 programme expenditure; microfinance accounted for 39 per cent. The 2009 programme targets in both local development and microfinance were achieved and in some cases exceeded. While management targets were largely met, strengthening UNCDF operational effectiveness remained a priority.

Total contributions in 2009 amounted to \$36.2 million, consisting of \$19.7 million in regular resources, including a \$1 million contribution from UNDP, and \$16.5 million in other resources. The volume of regular resources grew by \$1 million in 2009.

The decrease in other resources, from \$26.6 million in 2008 to 16.5 million in 2009, was anticipated, as a large contribution from the Bill and Melinda Gates Foundation made in 2008 had been intended for both 2008 and 2009. UNCDF continued to be overly dependent on too few donors to regular resources: its six largest donors contributed 95 per cent of regular resources. Total expenditures in 2009 amounted to \$49.1 million. Programme expenditures increased by 12.2 per cent to \$41.5 million, from \$37 million in 2008. Other resources expenditures increased by 35 per cent. Fund balances at the end of 2009 were approximately 53 million. Operational reserves amounted to approximately \$26 million.

In response to a 2008 decision of the UNPD/UNFPA Executive Board [YUN 2008, p. 989], UNDP and UNCDF reported in April [DP/2009/20] on progress made in implementing their strategic partnership, proposed in 2007 [YUN 2007, p. 909]. The integration of the UNDP and UNCDF strategic planning and results agendas within the framework of the UNDP strategic plan helped to maximize synergies between the two organizations and reflected the complementary nature and added value of the organizations in local development and microfinance. UNDP and UNCDF formulated joint development outcomes and outcome indicators. The contributions of UNCDF in its two practice areas—local development and microfinance—were being integrated more effectively into UN common country programming, assessments, documents, action plans and United Nations Development Assistance Frameworks (UNDAF). While more progress was required, ongoing discussions with UNDP regional bureaux had led to more UNCDF engagement in UNDAF formulation processes.

UNDP and UNCDF began implementing programmes jointly. Over the previous two years, nearly 100 per cent of new UNCDF programmes were joint with UNDP and other UN system partners. Fourteen joint programmes were signed by UNDP and UNCDF as at 31 December 2008, generating \$34 million in cost-sharing from seven donors. UNCDF and UNDP formalized their strategic partnership through regular headquarters, regional and country engagements. At the corporate level, the frequency of interaction between UNCDF, regional bureaux and the relevant practices in the UNDP Bureau for Development Policy increased. In early 2010, UNCDF and UNDP would co-host the Global Forum on Local Development in Addis Ababa, Ethiopia, and the two organizations were working together on a joint global initiative on scaling up local level support for the MDGs. Regionally, UNCDF technical advisers were co-located and worked closely with the staff of the UNDP regional service centres and participated in the thematic clusters of the UN regional teams. Joint programme formulation and implementation was becoming the norm at the country level.

The strategic partnership aimed at greater simplicity, coherence, effectiveness and increased resource flows. In that respect, the two organizations promoted the application of the 2005 Paris Declaration on Aid Effectiveness [YUN 2005, p. 957] through joint programmes that supported national decentralization efforts and local development, as well as national strategies for inclusive financial sectors. Financial alignment between the two organizations was evidenced by the integration of the UNCDF administrative budget in the UNDP biennial support budget. Knowledge-sharing and strong synergies in the local development and microfinance portfolios of both organizations resulted in increased joint programming and joint resource mobilization, especially at country level.

The annual report on results achieved by UNCDF, submitted in April [DP/2009/19], analysed performance against established programme, management and financial results targets in 2008. Total regular and other resources increased by 76 per cent, reaching \$50.1 million, the highest level of income to UNCDF in at least 15 years. Regular resources totalled \$23.5

million in 2008, short of the \$25 million per year minimum called for in the 2008–2011 UNCDF investment plan. Total programme expenditure amounted to \$37 million. Other resources expenditures reached \$14.4 million and accounted for 39 per cent of total programme resources. The UNCDF support expenditure amounted to \$6.8 million, compared with \$5.4 million in 2007. The increase of \$1.3 million could be attributed to 2007 outstanding service-level agreements and non-recurrent staff costs.

In June [dec. 2009/12], The Executive Board took note of the annual report on results for 2008. It encouraged Member States in a position to do so to contribute to UNCDF regular resources or to make multi-year thematic contributions at the level necessary to implement the UNCDF investment plan, 2008–2011, which would allow UNCDF to expand its services and investment support from 38 to 45 least developed countries. The Board recommended that UNDP and UNCDF further strengthen their strategic partnership as outlined in the April report, and requested that the two organizations report to the Board regularly on the challenges and lessons learned in that regard.