General Assembly

Advance unedited version

Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet

Report of the Secretary-General

Summary

With the 2030 Agenda for Sustainable Development at its core, the present report is submitted in follow-up to my report released in June entitled "Repositioning the United Nations development system to deliver on the 2030 Agenda: ensuring a better future for all" (A/72/124-E/2018/3). The report responds to the mandates due by December this year of General Assembly resolution 71/243 on the Quadrennial Comprehensive Policy Review, which specifically called for: a system-wide strategic document for collective action to support the implementation of the 2030 Agenda, and a comprehensive proposal on further improvements to the Resident Coordinator system. In this context, the report elaborates on the proposals advanced in June and sets out the major changes required to ensure a more coherent, accountable and effective support to the 2030 Agenda.

The system-wide strategic document, produced by the United Nations Development Group, charts a path for the system to work collaboratively, building on the strengths of each entity, to accelerate its alignment with the 2030 Agenda at country, regional and global levels. This will remain a living document, to be updated and implemented by the UNDG based on the full set of proposals put forward in the present report and their consideration by Member States.

The report elaborates on the vision and the initial proposals I have outlined last June and proposes seven key areas of transformation. Taken together, these proposals would allow for the emergence of a new generation of country teams, centred around a strategic UNDAF and led by an impartial, independent and empowered Resident Coordinator. A coordinated, reprofiled and restructured regional approach is proposed to fully support the work on the ground, along with renewed spaces for Member States to guide system-wide actions and bring greater transparency and accountability for

results. Steps will be taken for a stronger UN institutional response and system-wide approach to partnerships for the 2030 Agenda. A Funding Compact is also proposed to bring better quality, quantity and predictability of resources in exchange for accelerated repositioning and enhanced capacities of the system to deliver on the 2030 Agenda, with increased transparency and accountability for results.

The 2030 Agenda for Sustainable Development is our boldest framework for advancing the well-being of humankind. Its soaring ambition — to ensure peace and prosperity for all on a healthy planet — requires equally bold changes across the United Nations. This imperative for change was at the core of the General Assembly's landmark 2016 resolution on the Quadrennial Comprehensive Policy Review. It was also the guiding force behind my vision and initial set of proposals to reposition the United Nations development system. The international community can take action to galvanize efforts to achieve the Sustainable Development Goals (SDGs) and better serve the world's people. This report sets out concrete proposals to do just that.

One year after Member States have issued the 2016 QCPR Resolution, we are moving ever closer to delivering a repositioned United Nations development system and honouring the ambition of the 2030 Agenda. This is a unique opportunity — and shared responsibility — which we simply cannot miss. This report is about delivering for the people we serve, staying true to our shared ambitious goals, and making good on our collective pledge to leave no one behind. It is our promise for a future of dignity, prosperity and peace in a healthy planet. Together we can deliver better results for the people we serve.

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I. Introduction: the 2030 Agenda is our imperative for change

1.   The 2030 Agenda for Sustainable Development is our boldest framework for advancing the well-being of humankind. Its soaring ambition — to ensure peace and prosperity for all on a healthy planet — requires equally bold changes across the United Nations. This imperative for change was at the core of the General Assembly's landmark 2016 resolution on the Quadrennial Comprehensive Policy Review. It was also the guiding force behind my vision and initial set of proposals to reposition the United Nations development system, as presented to Member States in my report in June 2017. The international community can take action to galvanize efforts to achieve the Sustainable Development Goals (SDGs) and better serve the world's people. This report sets out concrete proposals to do just that.

2.   Since June, we have undertaken intensive consultations with Member States, United Nations entities, an expert reference group and other stakeholders, to hear all perspectives. We commissioned analytical papers by internal and external specialists, to examine all issues in detail. This outreach and analysis has helped build upon my earlier package of ideas.

3.   The 2030 Agenda integrates the economic, social and environmental dimensions of development — thus serving as a guide to all United Nations agencies, funds and programmes. It is rooted in human rights and highlights the importance of strengthening institutions and governance. Through its pledge to leave no one behind, it puts a focus on women and girls, youth, persons with disabilities, indigenous people and other vulnerable groups who continue to see their potential undermined by poverty and exclusion. Universal in scope, it recognizes each country's primary responsibility for its own sustainable development. At the same time, the 2030 Agenda calls for collective action at unprecedented scale.

4.   The 2030 Agenda is our imperative for change. The paradigm shift reflected in the 2030 Agenda requires significant adjustments in the skillsets, leadership, and coordination and accountability mechanisms of the United Nations development system. Our efforts must continue to be oriented around three key principles: reinforcing national ownership; developing country-contextual responses; and ensuring effective delivery of development results on the ground.

5.   It is my mission to ensure that the United Nations, its institutional set up, the quality of its support, and the scale of its results meets the ambition of the Agenda. Over many decades, the United Nations development system has been a pivotal partner for development cooperation. Today, our world faces a multiplicity of complex challenges —including climate change, erosion of human rights, inequality and exclusion, migration and displacement, demographic transitions, rapid urbanization and other global megatrends. The United Nations has a distinct and crucial role to play in addressing these 21st century tests. Making the greatest impact for people and planet will depend on our thinking and acting in the boldly different ways demanded by the 2030 Agenda. This is our moral obligation as we support all nations to eradicate poverty and set the world on a sustainable path.

A.   Transforming the United Nations

6.   Prevention is at the centre of our efforts to adapt and properly equip the United Nations to end conflicts, address the impacts of climate change and mitigate threats to the cohesion and wellbeing of societies. Working transparently with Member States, I have outlined major changes to the Organization, with three strategic priorities: enhancing our contribution to sustainable development; reforming the peace and security architecture of the Secretariat to strengthen the UN's action before

and after a crisis and ensure more agile and effective capacities to sustain peace; and improving our own internal management to deliver. I have also taken steps towards achieving gender parity, eliminating sexual exploitation and abuse, and protecting whistle-blowers.

7.   These priorities are mutually reinforcing. Achieving greater coherence and accountability within each pillar will generate better collaboration and enhanced synergies amongst the pillars. Stronger integrated planning and risk management capacities will bolster the system's ability to anticipate risks and draw on system-wide assets and expertise. Simplified procedures, decentralized action and investment in our human resources — our greatest asset — will underpin all efforts.

8.   Underpinning all the efforts, management reform will provide the Secretariat with the necessary flexibility, accountability and delegated authority to engage with UN Country Teams (UNCTs), where needed. This will include co-location and optimizing common back-office functions. Programme planning by the Secretariat will be more clearly linked to the SDGs, allowing for system-wide reporting on collective support to the 2030 Agenda. Management reform also includes measures to broaden the scope of the *Unforeseen and Extraordinary Expenses* mechanism to also cover the areas of development. This would ensure more flexible deployment of resources and investments in innovative, long-term approaches in response to natural disasters and other systemic shocks.

9.   All reform streams share the same aspiration: to strengthen the effectiveness of the Organization in meeting all its mandates and to enhance leadership and accountability for results and the use of resources. In other words, a responsive United Nations that delivers better results for people and planet.

B.   Repositioning the United Nations development system

10.   With the 2016 QCPR, Member States underscored the urgency of better positioning the United Nations development system to address the full range of development challenges and opportunities. Moreover, they instructed the system to align its functions and capacities with the 2030 Agenda, in order to be "more strategic, accountable, transparent, collaborative, efficient, effective and results-oriented".[1]

11.   In June 2017, as requested by Member States and after careful consideration of their guidance, in-depth data analysis and extensive consultations, I offered an initial vision for a repositioned United Nations development system to support the 2030 Agenda. I outlined concrete ideas and actions that together offer a roadmap for change to significantly enhance the system's effectiveness, cohesion, leadership and accountability. Such an approach would lead to better system-wide coordination, planning and accountability at the country level, with substantially improved linkages to the regional and global levels. It would give the system the necessary tools and expertise to provide Governments with integrated support, spanning policies, partnerships, financing and data.

12.   As stressed in my June report, the envisaged approach is realistic. It proposes significant changes to enhance the system's coordination function and address the fragmented funding base, which currently undermines our ability to meet the high bar set by Member States.

13.   This new report provides more detailed proposals for translating our vision of a repositioned United Nations development system into reality. It presents a package of seven major changes designed to reinforce each other. These changes encompass measures across the 38 actions and recommendations put forward in the June report

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[1] QCPR 2016, Second preambular paragraph.

(see figure 1). They include: (i) the system-wide strategic document, to ensure collective responsibility and accelerate the alignment of UN development system support with the 2030 Agenda; (ii) a new generation of United Nations Country Teams, with enhanced skillsets, optimized physical presence, and consolidated and effective back-office support; (iii) an empowered and impartial Resident Coordinator system; (iv) a revamped regional approach, complemented by a strengthened Department of Economic and Social Affairs; (v) improved strategic guidance, transparency and accountability; (vi) a system-wide approach to partnerships; and (vii), underpinning all the other changes, a new Funding Compact between Member States and the United Nations development system.

14. The United Nations Development System is at a pivotal moment. One can see, across the world, solid momentum behind the SDGs, as civil society support grows, the private sector recognizes the benefits of engaging, and more and more leaders put their political weight behind the enterprise, which has so much potential for so many. The 2030 Agenda reflects the needs and hopes of people. It aims to complete the unfinished business of the Millennium Development Goals and transform economies, consumption and production patterns, while protecting the environment and the dignity and rights of everyone. Two years into the period covered by the 2030 Agenda, there is no time to lose in re-shaping the United Nations' capacity to deliver. I know that Member States universally share this sense of urgency, and look forward to their timely decisions to meet our shared goal of better serving people in need around the world.

Figure I - From June to December: the two reports of the Secretary-General
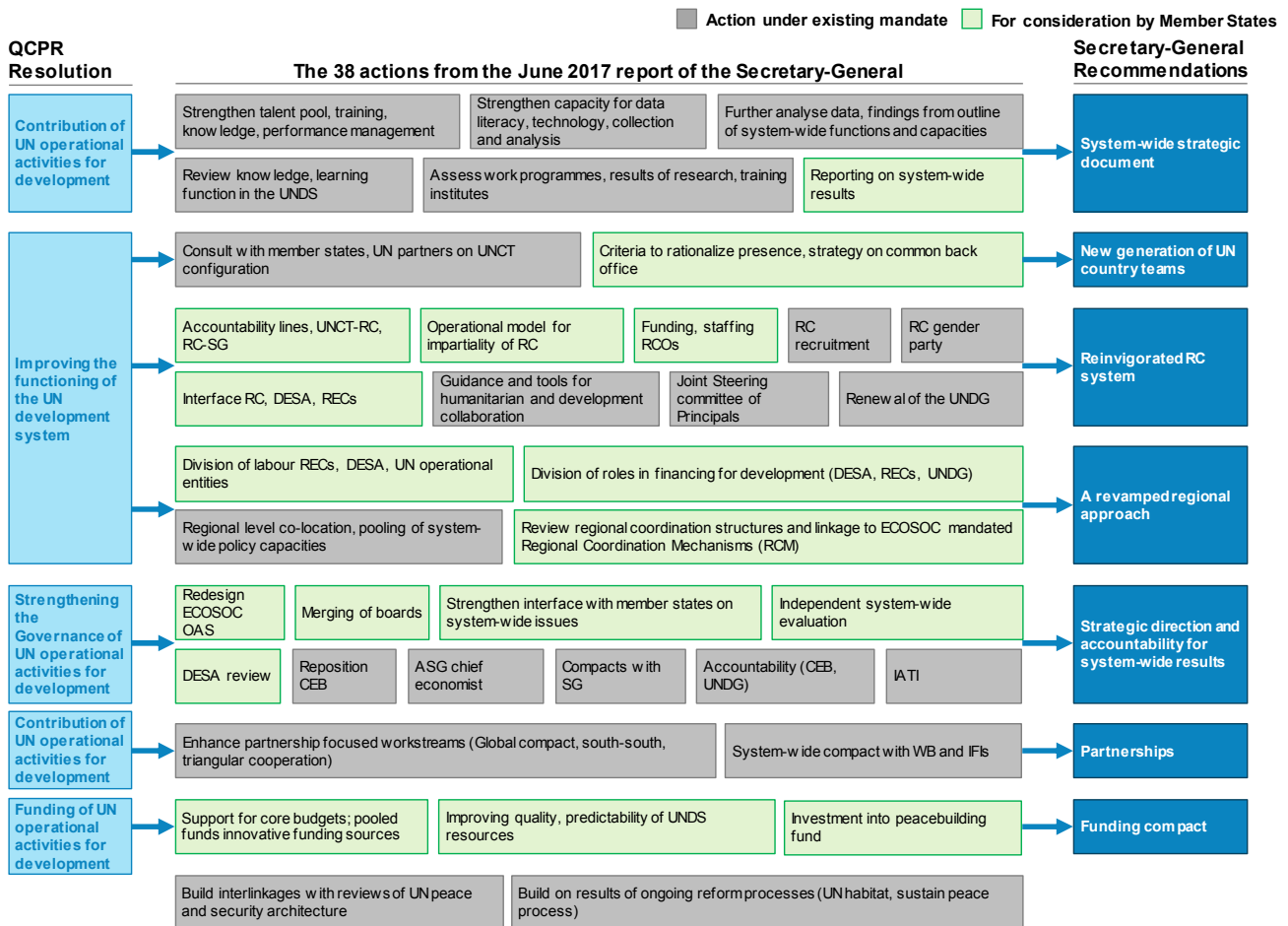
II. System-wide strategic document: realigning collective support for the 2030 Agenda

15.   The 2030 Agenda requires a level of integration and collaboration across different actors and sources, expertise, knowledge and support that most institutions have not previously attempted. Countries have taken the lead and are making important progress in anchoring the Sustainable Development Goals in their national development plans and results frameworks. Thus far, 114 governments — developed and developing alike — have requested UN support to begin the implementation of the 2030 Agenda. Sixty-four Member States — one-third of the membership — have publicly presented their progress towards the SDGs through voluntary national reviews at the High-Level Political Forum. An additional 42 will present their national reports in 2018.

16.   United Nations Country Teams are also taking steps to better align their work to the 2030 Agenda, including through revised United Nations Development Frameworks (UNDAFs) and joint programming tools that show the promise of cross-pillar approaches that integrate normative and operational mandates. Some entities of the United Nations development system have also aligned their strategic plans with the 2030 Agenda and are mainstreaming the SDGs into their work. Others are implementing the Standard Operating Procedures for Delivering as One. The Chief Executives Board, having recently streamlined its own functioning, has elevated the importance of system-wide policy discussions to provide leadership for achieving the sustainable development goals.

A.   Ensuring system-wide alignment to the 2030 Agenda

17.   **The scale and pace of the system's alignment to the 2030 Agenda, however, must be embraced and dramatically stepped up to match the ambition of the Agenda and the efforts and expectations of Member States**. This was the main finding of the system-wide outline of functions and capacities of the United Nations development system, provided to Member States in June in response to the 2016 QCPR. The outline provided robust evidence that the United Nations development system has yet to complete its transition from the Millennium Development Goals (MDGs) to the 2030 Agenda. Its funding and staff remain concentrated on a limited number of SDGs, particularly those Goals that have evolved from the MDG framework.

18.   **Six key recommendations emerged from the system-wide outline of functions and capacities, to accelerate the realignment of the United Nations development system to the 2030 Agenda.**

19.   *First*, the system should enhance its capacities on integrated policy advice, support to the implementation of norms and standards, data collection and analysis. This will require strengthening and reprofiling skillsets, and scaling up related resources. In addition, national capacity development remains the most critical function of the UN development system and must be given priority across all functions.

20.   *Second*, the system requires more in-depth expertise to enhance its support to countries for leveraging financing, partnerships and technologies to support SDG achievement. Governments need to mobilize investments of all kinds to achieve the 2030 Agenda — public and private, national and global — especially as they transition to a new set of goals that require the transformation of behaviours, economies, industry and infrastructure.

21.   *Third*, the outline revealed significant gaps in our collective support to water and sanitation (SDG 6), energy (SDG 7), industry and infrastructure (SDG 9), sustainable consumption and production (SDG 12) and the environment (13,14,15). It also showed that our investment in gender equality and women's empowerment remains insufficient. The system needs to fill these thematic gaps in its coverage of the SDGs and put in place effective mechanisms to ensure the joined-up responses required by the transversal nature of these goals. In addition, the outline revealed significant overlaps in our work, confirming the need for a better division of labour, enhanced coordination and effective accountability systems.

22.   *Fourth*, the United Nations development system needs to be much more cohesive and integrated at the country level to expand the offer of "whole-of-system" expertise to countries. This will imply enhancing joint analysis, better harnessing internal knowledge and making existing data sets and sources more accessible. Specialised Agencies, Funds and Programmes also needs to be more accountable to system-wide mandates and actions, as well as to collective results.

23.   *Fifth*, the entities of the United Nations development system need to improve and harmonize internal data collection mechanisms to produce comparable, system-wide data, with disaggregation at global, regional, country levels. This will enable better capturing of the system's collective investments into the SDGs — by function and capacity — and results achieved, in line with the expectations of Member States and citizens. In doing so, it should also scale up its support to national institutions as they strengthen their statistical and data-management capacities.

24.   *Finally*, collective support needs to be financially incentivized. Our funding base is highly fragmented, with 91 per cent of all non-core flows allocated to single entity projects and only 6 per cent channelled through interagency pooled funds. More funding needs to flow into joint programming and other funding mechanisms that are outcome-based rather than project-based and foster collaboration rather than inefficient competition.

B.   Guiding strategic action for collective results

25.   In line with the demands from Member States, [2] **the United Nations Development Group (UNDG) translated these recommendations into a system-wide strategic document**.[3] This work was spearheaded by a core group of UN entities, under the overall guidance of the UNDG Chair and direct leadership of the UNDG Vice-Chair, in consultation with the full UNDG membership. It will remain a living document, to be updated and implemented by the UNDG based on the full set of proposals put forward in the present report and their consideration by Member States. A first update, with a revised set of actions following feedback by Member States, will be provided to the ECOSOC at its 2019 Operational Activities Segment

26.   **The system-wide strategic document will guide and accelerate the system's alignment to the 2030 Agenda, focusing on concrete actions that will enhance the interagency approach, cohesion and accountability in its collective support to the SDGs**. It is constructed around four cornerstones: coherent and effective support for the 2030 Agenda across the UN Charter; system-wide functions that need to be strengthened in support of the SDGs; system-wide instruments for collective results; and more effective funding mechanisms to underpin these efforts. Each cornerstone

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[2] The 2016 QCPR further requested the heads of entities of the UNDS, under the leadership of the Secretary-General, to develop a "system-wide strategic document" translating the recommendations from the outline into concrete actions.

[3] Document attached.

includes a set of time-bound actions to be implemented by the United Nations development system, with the UNDG at its centre.

27.   **The document focuses on measures that would provide enhanced capacities to ensure that the system is able to harness its comparative advantages to reduce overlaps and bridge gaps in its coverage of the SDGs**. It identifies measures to reprofile and strengthen the skillsets of the UN development system to respond to the 2030 Agenda, including through a review of the work programmes and results of the various research and training institutes of the United Nations, as announced in my June report. It also outlines targeted system-wide flagship initiatives on SDG skillsets or thematic areas that require immediate collective attention.

28.   **The document will ultimately serve as an accountability instrument to drive the process of change unleashed by the QCPR**. It will be initially framed for the period 2018–2019 and subsequently aligned with the four-year QCPR cycle. I will be providing updates annually to the ECOSOC on the implementation of the strategic document, as part of the measures proposed in the current report for a stronger interface between the UN development system and the Council.

29.   **The actions outlined in the system-wide strategic document will build on and complement the early actions already taken to reposition the system within existing resources and mandates**. To strengthen strategic direction, oversight and accountability to the system's collective contribution to the 2030 Agenda, I have renewed the UNDG to enhance strategic direction, impartial oversight and accountability to the system's in-country contribution to the 2030 Agenda. I have also established a Joint Steering Committee to advance Humanitarian and Development Collaboration. Operating under the chairmanship of the Deputy Secretary-General, both mechanisms rely on strong operational leadership by the respective Vice-Chairs.

30.   Specifically, the UNDP Administrator serves as the Vice-Chair of the UNDG, with critical functions in leading a Core Group of UNDG entities that ensures operational coordination and coherence and programmatic support to UNCTs, under the strategic guidance of the full UNDG. Th Emergency Relief Coordinator and the UNDP Administrator serve as Vice-Chairs, leading a joint support team in service of the Joint Steering Committee. I am also re-naming the UNDG as the United Nations Sustainable Development Group (UNSDG) to reflect the comprehensive, integrated nature and the scale of ambition of the 2030 Agenda. These steps respond to the QCPR special mandates for greater system-wide cohesion.

31.   In line with General Assembly Resolution A/70/299, I have also entrusted the new leadership of DESA to strengthen and better align its work streams that provide support to intergovernmental processes for the review and follow-up of the 2030 Agenda and the Addis Ababa Action Agenda; and step up its capacities for policy analysis and knowledge production. I envision that this will lead to an empowered, more effective, efficient and realigned DESA, which reasserts its role at the forefront of sustainable development policy at the global level and provides better support to Member States in achieving the 2030 Agenda. A key step towards a repositioned DESA will be the imminent appointment of a Chief Economist, which will reflect the reprioritization of economics and finance for development and strengthen the system's policy capacities in these areas. I have requested DESA to report to me in the first quarter of 2018 on the outcome of its review, after which I will update Member States on the direction of the DESA reform.

III. New generation of United Nations Country Teams

A. UNCT roles and responsibilities in the SDG era

32. **My vision for a new generation of UN Country Teams is based on country priorities and context**. UNCTs need to respond to a 2030 Agenda that is comprehensive, far-reaching and focused on reaching the furthest behind first. This entails taking new approaches to leadership (how Resident Coordinators can drive system-wide support and hold entities accountable), configuration (physical presence and how agencies work together as a team), reprofiling and capacities (resources, knowledge and skillsets).

33. **The composition, skillsets and programmatic focus of Country Teams must better reflect the conceptual paradigm shift, universality and multi-dimensional nature of the SDGs**. In many cases, UNCTs remain focused on a limited number of SDGs, particularly those that evolved from the MDG framework. In making that shift, the system will leverage its main comparative advantages: its ability to combine operational and normative support across all dimensions of sustainable development; its legitimacy and universal reach; its near universal presence in countries and deep understanding of national context and aspirations.

34. **The United Nations development system must remain a relevant partner to all countries in their path towards the SDGs**. Our priority focus will remain on the most vulnerable — least developed countries, landlocked developing countries, small island developing states, African countries and crisis-affected countries — but we will reinvigorate our support to middle-income countries and seek different forms of engagement on the 2030 Agenda with high-income countries. Our common cause is to leave no one behind, regardless of where they live. Country Teams and Resident Coordinators need tools to adapt more flexibly to changing country needs, sometimes on an urgent basis. Equally, they need enhanced capabilities in foresight methodologies and approaches that take volatility and complexity as their starting point to generate insights that enable transformative actions toward inclusive and sustainable development.

35. In ensuring universal, but differentiated engagement with Member States, we are proposing a demand-driven model that ensures an optimized mix of UN operational capacities and expertise to support country priorities across the SDGs. It is supported by strengthened interagency planning mechanisms, more creative models of physical presence and common services. It relies on stronger linkages to specialized and non-resident agencies at the global and regional level to expand the offer for national partners, and stronger partnerships with local authorities, parliaments, civil society, subregional, regional and international institutions, academia, businesses and philanthropic organizations.

B. Revisiting the UN Development Assistance Framework (UNDAF)

36. **To operationalize this model, the current UN Development Assistance Framework (UNDAF) will be positioned as the single most important UN country planning instrument in support of the 2030 Agenda**. The system will need a more robust planning process to identify the ideal UN development system set-up in each country. UNDAFs will be reviewed and renamed to better reflect the comprehensive and integrated nature of the SDGs, which call for a reinvigorated partnership with Governments. Individual country programme documents will need to be fully aligned to the UNDAFs. Where mandates are not part of operational activities for development, coherence will be achieved through a focus on collective

contribution to national outcomes. This will help ensure a stronger focus on institution building and resilience from the outset of a crisis, and smoother transition back into long-term development.

37. **UNDAFs should become a clear, action-oriented UN response to national development priorities in each country, integrating the Sustainable Development Goals**. The UNDAFs will take a similarly comprehensive and integrated approach in responding to the national context and relevant regional dynamics over a five-year period. UNDAFs will need to be more risk-informed, to ensure that any threats to the SDGs and vulnerable populations are well anticipated and mitigated, and where possible, prevented. In situations of protracted crises, multi-year Humanitarian Response Plans should be harmonized with the UNDAF to ensure a focus on collective outcomes. Under clear national leadership, civil society, development partners, businesses and other stakeholders should be extensively engaged during the design, implementation, monitoring and evaluation of UNDAFs. Finally, UNDAF evaluations should provide the basis for critical inquiry as an integral part of efforts to continuously improve performance and results.

C. Rethinking configuration of the UN development system in country

38. **We need to shift from a model of presence in which most agencies are standalone to a model that provides a more tailored and integrated response to national priorities**. It is critical that the UN development system moves away from a somewhat standardized model of physical presence, which largely reflects the historical evolution of each individual entity. In the most recent QCPR monitoring and reporting survey, more than half of Governments reported that it was 'very important' for the UN to 'consolidate its country presence'. This was also a strong message during our consultations with Member States, across all groups.

39. **A strengthened UNDAF, agreed by the Government, will be the point of departure in rethinking UNCT activities, presence and composition within each country**. The composition of the UNCT membership should to be defined at the outset of each UNDAF cycle, in an open discussion between the host Government and the UN development system, facilitated by the Resident Coordinator. This would involve four steps:

- The *first step* of the process will be determining the specific expertise required from the United Nations to respond to the needs and priorities of the country, as captured in the UNDAF.

- The *second step* will be the identification of entities that need to be active in country given their comparative advantages to support the set priorities. In assessing comparative advantages, it will be important to bear in mind the defined mandates and responsibilities of normative entities, which they will continue to hold.

- *Third*, UNCTs and host governments will employ a set of indicative criteria to evaluate whether the scale of programmatic activity of an entity would outweigh operational and administrative costs. This would be based on relative thresholds, specifically the ratio of programmatic spending compared to operational costs; as well as the identification of entities with expenditures under 10% of the total annual UNCT expenditure. The use of relative thresholds was preferred over absolute thresholds to allow for sufficient nuance to reflect contextual differences, even within countries of similar sustainable development status.

• *Finally*, the respective United Nations entity, with the advice of the Resident Coordinator, will consider the need for — and the type of — physical presence in country. On that basis, the Resident Coordinator will submit to the UNDG the proposed UNCT composition — for internal sign-off and subsequent recommendation to the host Government.

40.   These steps were designed to ensure a flexible, effective and efficient approach, which reasserts the principle of national leadership. Exceptions would occur at government request or for entities that do not meet staff or budget thresholds, but which may necessitate a type of presence for effective response to UNDAF priorities.

Figure II
Indicative criteria for determining presence in-country

A proposed new approach to physical presence

Ongoing discussions between entities and host Government, facilitated by the Resident Coordinator

Step 1	**Step 2**	**Step 3**	**Step 4**
Determine **relevant UN expertise** to respond to country priorities and needs at the start of each UNDAF cycle	Identify **UN entities** that should be active in-country to support set priorities	Determine optimal **type of presence** for each entity to best contribute to UN efforts, based on quantitative criteria	**UNDG sign-off** on recommended physical presence for endorsement by host Government

41.   **This approach for determining agency presence will facilitate concentration on the right system-wide capacities, and encourage more integrative, effective and agile ways of working**. Entities that do not meet the criteria outlined above would continue their activities in-country by leveraging the presence and capacities of the broader UN system, the Government and/or external partners. Many entities have already started to look at more cost-effective ways to support governments and have explored alternative models like secondments and colocation within the Office of the Resident Coordinator or other agencies with related mandates. We have to systematize these models and approaches. Resident Coordinators will also need to proactively and regularly engage Non-Resident Agencies, ensuring their participation in UNDAF elaboration and UN country team meetings.

42.   **The approach will also maximize the effectiveness and impact of UNCTs operating in very specific circumstances and geographical contexts**. The mix of a needs-based approach and quantitative criteria will provide for a practical, cost efficient yet nuanced approach. It will allow us to "modulate" the UN presence to the unique set of priorities and circumstances of each country. SIDS, for example, require

adequate responses to their specific challenges, stemming from their small size, narrow resource base and volatility to climate change and economic shocks. In implementing a new generation of Country Teams in such contexts, we must review and tailor appropriately the configuration, role and development services of the UN multi-country offices.

D. Common business services and back-office functions

43. **I remain committed to advancing common business operations in United Nations Country Teams**. This is a longstanding call by Member States and a critical step to enable joint work and generate efficiencies that can be redeployed into programmes. We have therefore proceeded with a review of the system's current approach to business operations, in consultation with UNDG entities. The review has confirmed the significant potential of common business operations.

44. **Moving forward, I intend to build on the progress achieved in recent years as part of the "Delivering as One" approach. In doing so, the roll out of the Business Operations Strategy (BOS) at a country level must be scaled up further**. I encourage all UNCTs to ensure compliance to an improved BOS by 2021, building on the existing 26 country experiences. Progress towards this goal is also contingent on progress on mutual recognition of policies and procedures of UN development system entities. Accordingly, I request all entities to accelerate efforts to meet the 2016 QCPR mandate to operate according to the principle of mutual recognition, with the aim of facilitating active collaboration across agencies and reducing transaction costs for Governments and collaborating agencies.[4]

45. **We must also ensure greater economies of scale and a more strategic utilization of common premises, our most important and costly physical assets**. We have more than 2,900 United Nations premises globally, of which only 16%, are common premises. We will seek to raise the share of UN common premises to 50% by 2021. To move towards this target, I have requested the UNDG to conduct a review to determine locations where there would be operational viability and Government interest to spearhead common premises.

46. **In moving towards a new generation of Country Teams, we need to go a step forward in our ambition**. A stronger focus on common business operations could yield substantial savings that could be redeployed to programmes. It would also allow us to better integrate technologies and apply advanced management practices. This, in turn, would increase the quality of services, provided both in terms of client satisfaction and compliance with risk metrics and controls. Lastly, and most crucially, this will allow United Nations entities to focus on their mandates and programmatic functions.

47. **I am therefore requesting the High-Level Committee on Management and the UNDG to devise a strategy that would see the establishment of common back offices for all UN Country Teams by 2022**. This would mean that all location dependent services would be consolidated at the country level. While our focus remains on the business operations on the ground, a redesign of Headquarters structures may also be required. As part of this effort, we will explore various options, including the possible consolidation of location-independent business operations into 6–7 networks of shared service centres. These networks would be managed by the larger entities in the system, to take advantage of their scale and geographic coverage, and will offer services to other entities in the system.

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[4] QCPR Resolution, OP 52.

48.   **In the immediate horizon, we will proceed by launching pilots to test these approaches and inform the way forward.** The pilot phase will be based on an opt-in/opt-out model to ensure swift progress by interested entities. It will be supported by a full time interagency team. This will also require that all UN entities conduct a high-level review of the business operations services they could offer to — or purchase from — other entities in the system.

49.   Lastly, **the culture of our corporate business operations must change from risk-adverse compliance to risk-informed service.** To help propel and monitor this change, and drawing on best practices from other industries, I have called on all entities of the United Nations development system to measure client satisfaction on all back-office services.

IV.   Reinvigorated Resident Coordinator system: impartial, independent, empowered

50.   **A reinvigorated Resident Coordinator system is at the centre of a repositioned United Nations development system.** The 2016 QCPR requested a comprehensive proposal to improve the Resident Coordinator system, based on enhanced leadership and responsibility over the United Nations Country Team. In response, I shared in June my initial vison for an impartial and empowered Resident Coordinator System. The follow-up review has reinforced our conviction that the system requires bold changes. While it has been instrumental in driving coherence on the ground in the past four decades, it is now insufficiently robust to respond to the needs of the 2030 Agenda.

51.   **The QCPR itself acknowledged several factors that limit the capacity of Resident Coordinators, including lack of sufficient leadership, prerogative, impartiality, management tools, experience and skill-sets.**[5] This diagnostic was also visible in the latest QCPR Monitoring Survey, in which Governments voiced their interest in seeing Resident Coordinators play a stronger role to boost the system's impact, while reducing the transaction costs for national partners. In the extensive consultations carried out in recent months, we heard time and time again — from Member States, UN Resident Coordinators and UNCTs, and other stakeholders — that a step change in coordination would be critical to a transformational change in the UN development system

52.   **The Resident Coordinator system should shift towards a more integrated working model that can better support SDG achievement, with greater accountability and impartiality.** This new system will require placing greater authority in the Resident Coordinator; increasing the relevance of substantive capacities of Agencies, Funds and Programmes vis-à-vis local needs; establishing clearer accountability lines for collective results; and ensuring adequate funding and resources to incentivize system-wide efforts. This model will build on various innovations and lessons learned within and outside the system, including enabling tools at the disposal of RCs/UNCTs, and clear, impartial systems for recruitment and appraisal of RCs.

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[5] QCPR Resolution, OP 55.

A. Aligning skills and profiles to national sustainable development needs

53.   Serving as a Resident Coordinator is one of the most challenging job profiles in the United Nations. Yet, more will be required as capacities, selection and deployment of Resident Coordinators will have to respond to shifts in the demands of the 2030 Agenda. Several critical changes need to be implemented.

54.   First, **Resident Coordinators must be strong sustainable development professionals, with a deep understanding of the conceptual shift to the 2030 Agenda and of national planning processes.** Underpinning these abilities should be strong leadership, team-building and communications skills, to drive coherence in a collaborative manner. Additionally, Resident Coordinators will need robust knowledge on policy integration, data, innovation and partnership development to respond to the needs of the 2030 Agenda. Financial literacy will be increasingly important as UN Country Teams step up their support to realigning, mobilizing and leveraging financing for the Sustainable Development Goals. Resident Coordinators must also have the requisite political acumen to maintain an effective partnership with host Governments, including local authorities and parliaments, and other development actors.

55.   Second, **Resident Coordinators must be able to draw on the expertise and assets of the entire UN system to address Member States' development priorities.** They should be capable of steering the substantive contribution of the United Nations system to the 2030 Agenda and leading UNCTs on integrated analysis, planning and foresight processes to deliver results. In this vein, we will increasingly consolidate efforts in the current processes for Resident Coordinator/Humanitarian Coordinator assessment, induction, training, skills and leadership development into one team. This should yield more integrated global support to these field leaders.

56.   Third, **Resident Coordinators must be better prepared to work across the development–humanitarian-peacebuilding continuum.** This includes a strong understanding of relevant United Nations normative frameworks, the ability to translate these norms and standards into system-wide analysis planning and programming towards the Sustainable Development Goals. Where country contexts require, Resident Coordinators should have competencies to effectively lead humanitarian responses. In conflict and post-conflict settings, they will need to ensure that UN Country Teams work in an integrated manner with UN peacekeeping or political missions to fully contribute to building resilience and sustaining peace. We will also take steps to improve interagency mobility and ensure it is adequately incentivized — including across United Nations pillars — as we strengthen the pipeline for the Resident Coordinators of the future.

57.   Fourth, **the pipeline of Resident Coordinators must bring the best and brightest sustainable development professionals internationally.** Gender parity and geographic diversity are critical in aligning Resident Coordinator skills and profiles to the needs of the countries and the 2030 Agenda. There is a good foundation on which to build — 47% of Resident Coordinator positions are currently held by women. We now need full parity and an equal effort to achieve geographical balance.

58.   **Moving forward, we will maintain the requirement for independent, merit-based, assessment for every new Resident Coordinator.** In doing so, we will explore ways to strengthen the transparency and independence of the interagency appointment process and to facilitate increased access by qualified individuals outside of the United Nations. In line with the management and peace and security reforms, I also plan to streamline the functions and various programmes of leadership

development provided to the different roles played by Resident Coordinators, such as Designated Official for Security and Humanitarian Coordinator.

B.   Strengthening leadership and accountability

59.   **Accredited as my designated representatives for development operations at the national level, Resident Coordinators should operate within a clear framework for management, accountability and governance.** And they will need to be backed by a strengthened Resident Coordinator Office and access to pooled funds that can facilitate much more integrated support.

60.   **A set of minimum authorities should be institutionalized for Resident Coordinators to fulfil their roles.** Resident Coordinators will lead the UN Country Team in consultations with the host Government to define and agree on the UN's strategic response to the government's priorities. In the absence of consensus within the UNCT, the Resident Coordinator will take the final decision on UNDAF strategic objectives, in line with the 2016 QCPR[6] and according to the agreed dispute resolution mechanism. Resident Coordinators should also have a role in informing the country-level presence and leadership profile of UNCT members, as well as in the sign-off of respective programmes to ensure alignment with UNDAF priorities. In addition, all interagency pooled funding in support of country-level work should be vetted by the Resident Coordinator and captured in the UNDAF to ensure alignment with national priorities. These minimum authorities would build on the current leadership role of the Resident Coordinators over joint activities of the United Nations Country Team, including support and oversight to results groups, joint programmes and other interagency initiatives.

61.   **A matrixed reporting model will be required to ensure accountability on individual mandates as well as on collective results.** UNCT members will remain fully accountable to their respective entities as they deliver on their mandates. At the same time, the entity leadership must support collective responses for the delivery of results on the ground. UNCT members therefore will maintain a direct reporting line to the headquarters of their respective Agency, Fund or Programme on all in-country activities. In addition, UNCT members will report to Resident Coordinators on the implementation of the 2030 Agenda, in the context of mutual accountability. In defining the scope of accountability for collective results, Resident Coordinators and the concerned UNCT members will discuss which activities, for the purposes of oversight and coordination, need to remain outside the UNDAF and tied directly to entity headquarters, due to the nature of certain mandates, normative functions or other exceptional circumstances.

62.   **We will also build on the current UNCT performance appraisal system to strengthen mutual accountability, under the strategic leadership of the UNDG. The RC will appraise the performance of members of the UN Country Team, and the UNCT heads will continue to inform the performance of Resident Coordinators.** This performance assessment system must be reflected in the job descriptions, performance appraisals and relevant programme documents of UN Country Team members. Dual reporting lines, taken together with strengthened accountability, would bring two critical changes for greater impact on the ground: it would strengthen the ability of the Resident Coordinators to steer Country Teams towards collective results of the UNDAF, and it would enhance mutual accountability within Country Teams for shared performance against country priorities.

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[6] QCPR Resolution, OP 57(a).

63. **An empowered and impartial Resident Coordinator system needs to be underpinned by a collectively owned dispute resolution mechanism.** The dispute resolution mechanism will seek to resolve disputes between the Resident Coordinator and entity representatives over issues such as strategic priorities of the UNDAF, programmatic gaps and overlaps or where the Resident Coordinator feels individual country programmes may be in contradiction of the UNDAF. In such instances, the Resident Coordinator can adjudicate after consulting with the Regional UNDG and the relevant Regional Director. As a last resort, the matter will be escalated to the UNDG.

64. **Resident Coordinators will continue to be double-hatted as Humanitarian Coordinators (HC), and triple-hatted as Deputy Representatives of the Secretary-General (DSRSG), in relevant contexts.** An improved Resident Coordinator system will clearly define authorities in situations of humanitarian crises or peacebuilding. The accountability lines between the RC/HC and OCHA will also be reinforced, to ensure the RC/HC is fully empowered and supported to exercise her/his humanitarian functions.

65. **The Resident Coordinator Offices will need to be adequately staffed to ensure sufficient substantive capacities to lead UNCTs.** Specific requirements will vary depending on needs and contexts. A review against the 2030 Agenda and based on inputs by current Resident Coordinators suggests the need for a minimum capacity of five substantive staff members in each Resident Coordinator Office. This would include experts in coordination and strategic planning, economics, tailored policy support, results monitoring and evaluation, and strategic partnerships. The mix of international/national staff would be defined according to each country context, with a preference for national staff whenever possible.

66. **To augment this core capacity, I propose to form an integrated communication structure in each country, by co-locating and merging the United Nations Information Centres (UNICs) country offices with Resident Coordinator Offices.** UNIC staff have substantial experience and extensive networks in close to 50 countries and good linkages to national-level stakeholders and United Nations Headquarters. Merging these two capabilities would generate a strong standing communications capacity within United Nations Country Teams, working alongside communication specialists from all entities to boost impact, while producing significant cost savings.

67. **Additional capacities will be identified on a country-by-country basis, including through colocation or secondment of staff from individual entities into Resident Coordinator Offices.** In moving towards a more streamlined country presence, the Resident Coordinator will also be expected to represent, more systematically, other UN entities. Depending on the country context, Resident Coordinator Offices will also host other system-wide capacities, including peace and development advisors, as well as experts on gender equality, humanitarian action and human rights. In countries where Resident Coordinators are double or triple-hatted, they would be expected to receive integrated support across development, humanitarian and peacebuilding entities to drive an integrated response.

C. Achieving independence and impartiality

68. **A reinvigorated Resident Coordinator system will require the full separation of the functions of the Resident Coordinator and UNDP Resident Representative.** There are consistent concerns regarding the organizational structure of the current Resident Coordinator system. In addition to questions regarding the

impartiality of the function, in our consultations several interlocutors voiced concerns regarding effectiveness of the current system.

69.   **Coordinating collective support at country level to reach the SDGs is not a part-time job.** Currently, the time and energy allocated to coordination by the individual performing the functions of both Resident Coordinator and UNDP Resident Representative varies greatly. In some contexts — such as Delivering as One countries — Resident Coordinators may spend close to 90 per cent of their time on system-wide matters. In others, however, respondents have estimated the division of time at 50-50. The 2030 Agenda and the subsequent changes requested by Member States demand fully empowered, full-time Resident Coordinators. Our analysis shows that the separation of functions is viable and could efficiently bolster the capacity and impact of the Resident Coordinator to deliver collective results towards SDGs on the ground.

70.   **A strong United Nations development system, led by the Resident Coordinator at country level, will continue to rely on a strong and responsive UNDP.** While concerns about the current system were voiced, I also heard about the indispensable value to national efforts of UNDP's unique mix of resources, including in the provision of development services, policy support and strong working partnerships with Governments. UNDP's comprehensive mandate and track-record on capacity development, multidimensional poverty and building accountable and effective institutions, positions it as a key vehicle to support the integrated, multi sectoral and multi-stakeholder approach at the heart of the envisioned UNCTs. Repositioned as the integrator platform at the heart of a new generation of UN Country Teams, UNDP assets and expertise should be put at the service of the wider development system, through the leadership of the Resident Coordinator. As a standard practice, Resident Coordinators will continue to be co-located with UNDP in common premises.

71.   **UNDP's operational platform and advisory services will serve as a bedrock for the United Nations Country Teams and new Resident Coordinator system.** This will involve a dual role for UNDP: first, making available for Resident Coordinators and UNCTs the technical expertise and advisory services to lead system-wide planning, risk management, and support to the localization and monitoring of SDGs and financing for development. Activated on government demand and drawing on the specialised assets of the system, UNDP's integrating platform will help to pool UN expertise or mobilize external partners for support to governments across the Sustainable Development Goals, including those presently underserviced by the UN development system. The platform is hence designed to reinforce the symbiotic relations between the Resident Coordinator and the wider UN development system. Second, UNDP will continue to provide back office support for Resident Coordinators and their offices, including all administrative and operational requirements related to the coordination function, based on a fee-for-service model.

72.   **Changes at the country level must be matched with supporting measures at the regional and global levels.** Resident Coordinators will require managerial, strategic, operational and policy support functions to enable delivery at the country level. Currently, UNDP provides policy support and expertise, while the UN Development Coordination Office (DOCO) carries out other strategic and policy support functions. And regional-UNDG teams carry out managerial and operational functions. These capacities will be increasingly important as we transition to a new generation of UNCT and a reinvigorated RC system, but the respective arrangements and reporting lines of the Resident Coordinator system will be adjusted.

73.   **UN DOCO will also need to be transformed to match the demands of the new system.** DOCO provides the substantive secretariat that supports the UNDG,

including the UNDG Chair and Vice-Chair, and the UNDG's Core Group and Strategic Results Groups. It liaises with regional mechanisms of the UNDG and provides support for the development of operational guidance by the UNDG. It further supports the work of Resident Coordinators and UNCTs with advice on UNDAF implementation, joint communications, integrated business operations, integrated approaches for the mainstreaming of core norms, values and principles, inter alia. Finally, it supports the Resident Coordinator leadership assessment, selection and professional development. While DOCO has developed and nourished in-house expertise in these areas, enhanced capacities and expertise will be required to effectively support a reinvigorated Resident Coordinator system.

74. **UN DOCO will now also assume managerial and oversight functions of Resident Coordinators.** These are functions currently performed by the Chairs of Regional UNDGs, who also serve as UNDP Regional Directors at the ASG level. With these functions transferred to DOCO, Resident Coordinators would have a direct reporting line to the Secretary-General with a more impartial intermediate structure, functionally detached from any specific entity. In executing this oversight and management role, the DOCO Director will report directly to the Deputy Secretary General as UNDG Chair and will have overall responsibility for talent development and performance appraisal of Resident Coordinators.

75. The DOCO Director will also provide "trouble shooting", quality assurance, advisory and dispute resolution services in close liaison with the respective regional UNDG and other senior officials of the system. It is envisioned that the Director of DOCO will chair annual performance assessments of Resident Coordinators in the six Regional UNDGs, which will continue to include Regional Directors of the UN development system entities. A representative of the Regional Economic Commissions and DESA will now be part of these appraisal processes, as ex officio members, to incentivize policy-operational coherence in the work of Resident Coordinators and UNCTs.

76. Day-to-day programmatic support, policy guidance and technical support to UN Country Teams, quality assurance of UNDAFs, UNCT Standard Operating Procedures for Delivering as One and joint initiatives as well as day to day support to RCs and the UN Country Teams will be back-stopped through better resourced DOCO regional desks, working in close collaboration with the Regional UNDGs and the UNDG's Core Group Chaired by the UNDG Vice-Chair. Of particular focus in this new arrangement will be a more formal sign off by all Regional UNDGs on more robust, strategic UNDAFs.

77. **To perform these additional functions and ensure a more impartial and effective oversight and support to Resident Coordinators, I recommend restructuring DOCO as a standalone coordination office, headed by a UN Assistant Secretary-General reporting directly to the Deputy Secretary-General as UNDG Chair. DOCO will also be renamed as the "UN Sustainable Development Group Office" (UN-SDGO), to reflect the expected increased ownership by the UNDG of the development coordination function and the comprehensive and integrated nature of the 2030 Agenda.**

Figure III
A reinvigorated Resident Coordinator system

A reinvigorated Resident Coordinator system: Reporting lines
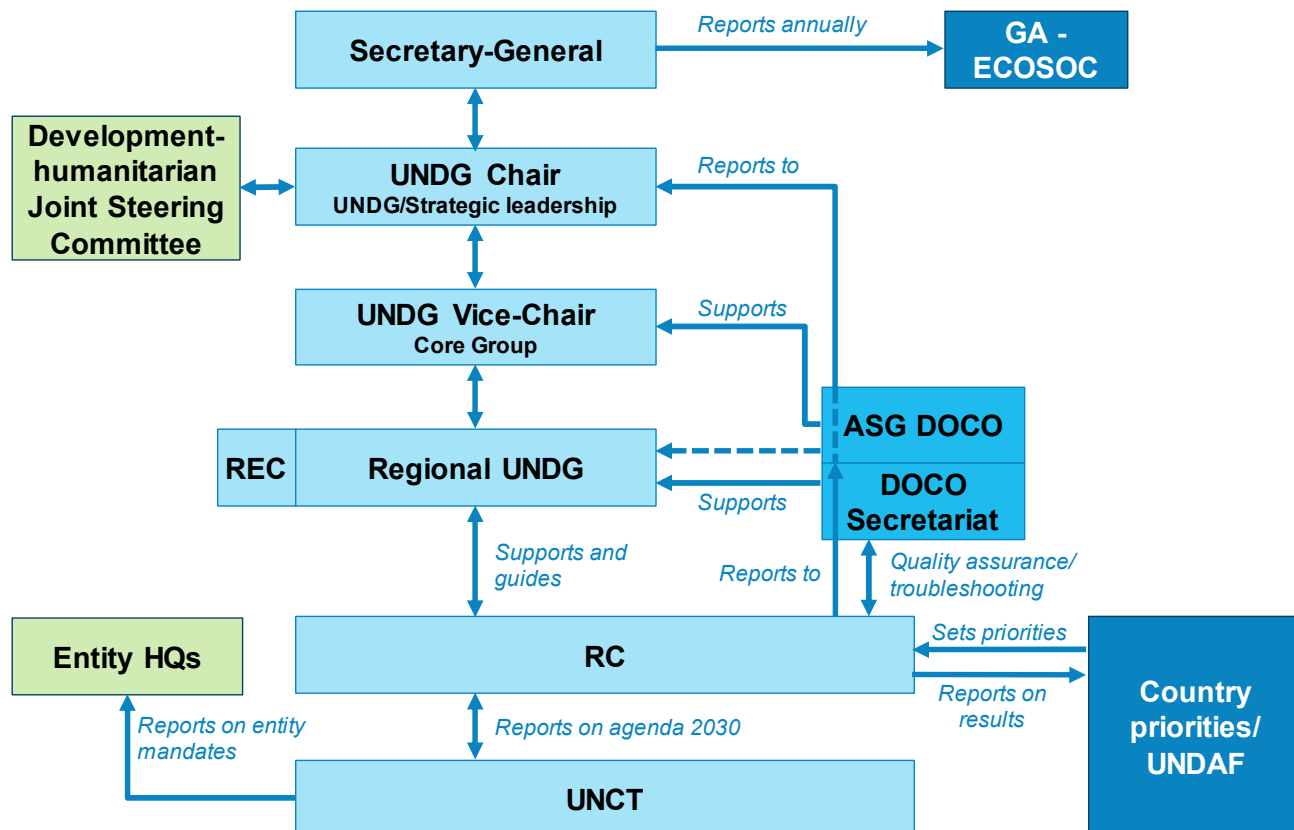
D. Enabling results through new funding arrangements

78. In proposing measures to reinvigorate the Resident Coordinator system, I have exercised caution, by optimizing to the extent possible current arrangements and minimizing additional costs. The envisioned system will be strongly anchored in the assets and resources of the entire UN development system, including UNDP's integrating platform. A truly reinvigorated system, able to meet the ambition of the 2030 Agenda, however, will come at a financial cost. This is a shared expectation — and joint responsibility — of both the United Nations development system and Member States as we move from an underfunded Resident Coordinator system.

79. At present, the basic cost of the Resident Coordinator system is $175 million per annum. This amount includes: (i) the cost of Resident Coordinators for 129 countries; (ii) a driver and an assistant to the Resident Coordinator in those 129 countries; (iii) an average of four staff members per Resident Coordinator Office; (iv) 12 coordination officers to support the six regional UNDGs; (v) an estimated 50 percent time of six UNDP Assistant Secretaries-General, in their role as Regional UNDG Chairs; (vi) the current cost of DOCO; (vii) services and facilities costs; and (viii) travel costs for the UN Resident Coordinators. To date, this cost has been carried predominantly by the UNDP budget. It also includes contributions from UNDG

members — through an agreed cost-sharing formula — as well as ad hoc contributions from Member States and other less tangible costs incurred by the system.

80. **A reinvigorated system will cost $255 million, with the separation of functions of the Resident Coordinator and the UNDP Resident Representative and enhanced capacity to drive a more integrated United Nations response at country-level.** This represents an increase of $80 million over the current underfunded Resident Coordinator system. This increased amount reflects: (i) an additional staff member per Resident Coordinator Office on average, with a minimum requisite capacity of 5 staff members, with reprofiled competencies to cover coordination and strategic planning, economics, tailored policy support, results monitoring and evaluation and strategic partnerships; (ii) two additional professional support staff for each Regional UNDG; and (iii) a significant enhancement of DOCO's capacities, commensurate with its strengthened role.

81. In addition, **I strongly recommend that a discretionary, integration fund of $270,000 on average per Resident Coordinator's Office be established to catalyse in-country efforts for priority initiatives.** These discretionary funds will enable the Resident Coordinator to incentivize collaboration and draw catalytically on the assets of the United Nations development system, including non-resident and specialised agencies, funds and programmes. The total cost of such a fund would be $35 million for 129 countries.

82. **In total, the amount required for the new Resident Coordinator System and the integration fund is equivalent to less than 1 percent of the $29.5 billion in contributions to UN operational activities for development in 2016.** Additionally, more substantial, programmatic, global pooled funding, open to all countries, should be established to empower Resident Coordinators to foster joint efforts to advance nationally determined SDG priorities. This proposal and related considerations are set out as a key part of the Funding Compact (see section VIII).

83. **We have carefully reviewed different options to ensure sustainable funding for a new Resident Coordinator system.** These include voluntary funding; cost-sharing by the United Nations development system; regular budget for specific requirements; other innovative approaches, as well as different combinations of these options. These approaches fall short of meeting the high expectations of the new Resident Coordinator system that is impartial and resourced with predictable funding to support a universal agenda.

84. We need a system that is not dependent on the vicissitudes of voluntary funding or interagency cost-sharing arrangements that require support from a multiplicity of governing bodies and are not working optimally. The volatility of voluntary funding could have devastating effects for the United Nations development system and the countries it serves at a moment where cohesive support is more important than ever. The United Nations' development coordination function will require adequate and predictable resources to be credible.

85. **I recommend that Member States consider funding the core capacities of the Resident Coordinator system through assessed contributions, at an approximate cost of $255 million, to ensure it has adequate, sustainable, predictable and long-term funding to perform its critical function.** It would be a logical step as the Organization repositions sustainable development at the heart of its work. A reinvigorated Resident Coordinator system is indispensable for a more integrated response by the United Nations development system. Additional capacities and resources — including for the proposed discretionary integration fund — would continue to be funded through extra-budgetary, voluntary contributions.

86.   **Development coordination is a core function of the organization.** It needs to be owned by all Member States if Resident Coordinators are to be the impartial and competent catalysts that the new agenda requires. Assessed funding would also guarantee the predictability of the function — and its physical presence — to continue to support countries as they proceed in their sustainable development paths. A more robust coordination function — at only 1% of the annual contributions for operational activities for development — would bring value for money. It would significantly improve effectiveness and strengthen leadership and accountability to guide the results achieved through the other 99% of the budget. By all standards, this is a good investment for the United Nations and for humanity.

V.   Revamped regional approach

87.   In my June report, I committed to conduct a review of regional functions and capacities to better assess the status of the system. The review was a first step to better position the United Nations to respond to the new demands posed by the 2030 Agenda, at the regional level. The findings of the review are upheld by extensive consultations within the system. For the first time, we have a comprehensive picture of the regional set-up.

A.   Findings of the review of regional functions and capacities

88.   **The review has only further underscored that the regional architecture must transform to perform the functions required by the 2030 Agenda.** The regional level must offer a convening platform and deliver integrated policy advice, normative support and technical capacity on regional priorities — swiftly surging when required. In addition, as the world becomes ever more multipolar and inter-dependent, the regional level has an important role to play in enhancing policy and analytical capacities of Resident Coordinators and UNCTs, and contextualising country analysis in key regional dimensions.

89.   The Regional Economic Commissions have been significantly shaped by their respective regional contexts, and have developed differing strengths and focus. They mainly concentrate on knowledge and research products and provide a multilateral platform for governments. At present, the five Regional Economic Commissions have 2800 personnel with an annual expenditure of $360 million.

90.   Specialized Agencies, Funds and Programmes also play critical roles at the regional level. They provide strategic and policy guidance, technical backstopping, policy and operational support to their country offices. They also produce multi-country and regionally focused data and analysis. They have a total of 6800 personnel and an annual expenditure of $1.2 billion.

91.   Regional Economic Commissions and regional offices of Agencies, Funds and Programmes are located in 54 cities globally. Eighty-one per cent of their personnel are located across just 15 cities. Within the seven major hubs, only 50% of personnel are located in the main UN building in the city. Together, the total UN development system regional presence amounts to over 9600 personnel and has an approximate annual expenditure of $1.6 billion per year.

92.   DESA, as part of the Secretariat, does not have a regional presence, but it engages in capacity development activities at regional and country levels through its Development Account, the Secretary-General's Trust Fund for Peace and Development and the Technical Cooperation Trust Fund. It will be important to align

the activities of DESA at regional and country levels with those of the RECs and the regional UNDG.

93. At regional level, two coordination mechanisms exist. The Regional UNDG (R-UNDG), which brings together Agencies, Funds and Programmes at the regional level, provides backstopping support to Resident Coordinators and UN Country Teams and ensures the overall effectiveness and coherence of UNCT activities. The Regional Coordination Mechanism (RCM) convenes entities to promote policy coherence and exchange on regional relevant topics and priority areas.

94. The review has shown that while there is collaboration between UN entities at regional level, there is also overlap in the areas of support to the SDGs, data, analysis, policy advocacy and advice, technical assistance, knowledge management, and South-South cooperation. In the area of data, no clear leadership exists, with multiple data centres co-existing with limited coordination. Overlaps are horizontal, with entities addressing similar topics and issues, and vertical where global and regional actors extend their activities to the country level.

95. Some level of overlapping is to be expected as the UN development system addresses an integrated agenda. Yet, overlaps are also driven by competition for resources, competing mandates and diverse demands from Member States. Disconnects between Regional UN development system entities and RCs/UNCTs are exacerbated by seriously insufficient mutual exchange on planned country-level activities and engagements.

96. We need to recalibrate, streamline and fully align the regional level with the 2030 Agenda. In moving to a UN development system that is "fit for purpose" at regional level, I propose to adopt a two-step approach. It will start by optimizing existing arrangement for greater impact, with full implementation by the end of 2018. This will include clarifying the division of labour and aligning efforts among entities and commencing a reprofiling process. These steps will lay the foundation to move towards a new set of proposals for longer-term restructuring for an improved interface among the different regional structures.

B. Optimizing UN regional structures

97. **The UN development system at the regional level will take immediate steps to clarify the division of labour among its regional structures.** This will include the full implementation of the Statement of Collaboration between the Regional Economic Commissions and the United Nations Development Group, as called for by the QCPR. The arrangement will be extended to DESA for strengthened policy coherence. We will also commence a reprofiling process according to the defined division of labour, in an inclusive and participatory process, involving Regional Economic Commissions and Regional UNDGs.

98. **In 2018, we will also develop and implement a clear protocol for country engagement by Secretariat entities and other non-resident agencies, to ensure that Resident Coordinators are informed of all in-country development activities.** New Resident Coordinators will also be encouraged to undertake familiarisation visits and liaise more systematically with the relevant Regional Economic Commission and regional offices of Agencies, Funds and Programmes to improve understanding of regional assets that can be used to the advantage of the UN Country Teams.

99. **As part of this optimization effort, we will ensure that the process of development and review of UNDAFs includes a more thorough analysis of regional and trans-boundary issues, with Regional Economic Commissions as an**

integral part of this process. This should lead to more effective United Nations action on challenges and opportunities that know no borders, such as climate change and international migration. Inclusion by Regional Economic Commissions of all their country level activities into the UNDAFs will also become a requirement.

100. **In enhancing regional coordination, we will ensure that Regional UNDGs and RCMs hold meetings jointly or back to back, with agendas informing each other, as currently done in the Europe-CIS region.** In doing so, they will be serviced by a common secretariat. DESA's participation in the RCM will also be strengthened. We will also seek to strengthen participation of UNDG entities in the Regional Sustainable Development Forums, under the auspices of the Regional Economic Commissions. This will ensure a stronger policy-operational loop and that these mechanisms are better leveraged as preparatory sessions for the High-Level Political Forum and the Financing for Development Forum at the global level. Finally, a joint publications committee will be established to reduce duplication in knowledge products.

C. Restructuring the UN regional assets over the medium-term

101. **For the medium and longer term, I will set in train a process to define a strategy to take more ambitious measures to streamline and maximize the impact of the UN regional presence.** Options to be considered in consultation with Regional Economic Commissions and Regional UNDGs will include:

- Moving progressively towards an integration of the regional UNDGs and the Regional Coordination Mechanism to bring about the integrated policy advice that the 2030 Agenda demands. This integrated system would ensure enhanced substantive support to Country Teams across the three dimensions of sustainable development. Additionally, it would ensure an effective normative, operational feedback loop underpinned by strong research capability.

- Completing the reprofiling of Regional Economic Commission staff to refocus the role and assets of the Regional Economic Commissions, in light of the requirements of the 2030 Agenda. The objective is to strengthen the effectiveness, convening role and identity of the Regional Economic Commissions as think tanks and providers of intellectual support for policy advice on sustainable development.

- Considering the redeployment of staff of the Regional Economic Commissions away from Headquarters to enhance capacities of UN Country Teams and fill substantive gaps in support of the 2030 Agenda.

- Exploring further opportunities for co-location and efficiencies at the regional level.

102. **I will provide an update to Member States on the options for longer-term restructuring of the regional assets of the United Nations by 2019, as part of my annual report to the ECOSOC Operational Activities Segment.**

VI. Strategic direction, oversight and accountability for system-wide results

103. The 2030 Agenda is built on Member States' commitment to being accountable to their citizens for progress on sustainable development objectives. The UN development system, in turn, needs to reorient itself to better demonstrate results to the Member States and the public. The system has taken decisive steps in recent years

to improve its transparency, accountability and reporting on results. Many entities are leading by example in this regard. However, progress at the entity level has not been matched by improvements at the system wide level.

104. As part of efforts to reposition the UN development system, the QCPR stressed the need to improve its governance to become more coherent, transparent, responsive and effective.[7] Space needs to be created for more effective horizontal oversight and coordination, increased transparency and more consistent engagement with Member States on the system's collective performance.

105. **In response to the QCPR call for improved accountability, coordination and oversight, I have suggested that Member States may consider focusing on the ECOSOC and the Executive Boards of the New York-based funds and programmes**. Reforms of governing bodies are the strict prerogative of the Member States. My proposals are therefore intended as inputs as the membership explores ways to ensure a coherent and effective oversight to the system's response to the 2030 Agenda.

106. **I acknowledge in this regard that the overall review of UNGA resolution 68/1 has been launched by the President of the General Assembly**. I also note that the President of the General Assembly will proceed with efforts to align the work of ECOSOC and the General Assembly with the 2030 Agenda. I commend these efforts and encourage Member States to continue to exercise their leadership to bring about more effective and efficient follow-up to implementation of the 2030 Agenda.

A. Revitalizing the ECOSOC Operational Activities Segment and related mechanisms

107. There is a widely acknowledged need for greater strategic guidance and greater oversight on system-wide action. To bridge this gap, Member States may consider strengthening the role of the ECOSOC, building on the principles of the Charter and the direction given by the QCPR. In enhancing its governance and functioning, the Council may wish to utilize the full range of its tools, including the Operational Activities Segment, the Humanitarian Affairs Segment, the Transition Event and the ECOSOC-Peacebuilding Commission joint meeting. Overall, the Council's deliberative function should also be reinforced, with an emphasis on accountability, knowledge sharing and mutual learning for better results.

108. **In that vein, I propose that Member States consider institutionalizing the ECOSOC Operational Activities Segment (OAS) as an accountability platform for system-wide performance on the 2030 Agenda.** This could be realized through biannual sessions of the OAS with distinctive focuses. The first of the biannual meetings of the OAS would provide policy guidance on system-wide action at all levels. This session would serve to reinforce the linkages between policy and operational functions of the UN development system and their oversight by Member states, including through independent system-wide evaluations and annual reporting on the system's collective support to the SDGs and progress in implementing the system-wide strategic document.

109. **The first session of the OAS would also oversee regional coordination.** The agenda would see annual reporting on the outcome from the newly synchronized regional coordination mechanisms of the United Nations development system. I believe that this new element in the work of ECOSOC would provide a systematic opportunity for Member States to exercise their oversight role over the system's

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[7] QCPR Resolution, OP 45.

regional architecture and coordination. It would provide space for engagement on the state of coherence between the Regional Economic Commissions, specialised agencies, funds and programmes and DESA, with a view to further re-profiling, restructuring and consolidation in serving the 2030 Agenda.

110. **Member States may consider to focus the second of the OAS biannual meetings on strengthening guidance provided to the governing bodies of the UN development system.** In informing the deliberations of respective governing bodies, this session would help to strengthen coherence in the provision of strategic direction and oversight by Member States across the various entities of the system. Ultimately, it would help ensure a common approach in strategic and programmatic efforts towards the implementation of the 2030 Agenda.

111. **Member States may also use this session to enhance guidance on the development system's coordination with humanitarian assistance and peacebuilding efforts.** It could leverage a redesigned ECOSOC event on development and humanitarian collaboration, as well as the joint meeting of ECOSOC and the Peacebuilding Commission. It could be held back-to-back with the Council's Humanitarian Affairs Segment to promote coherence. This could help consolidate the ECOSOC's role as an intergovernmental space to reinforce the UN's transition towards a culture of prevention and focus on results. During the consultations, some Member States also suggested that resuming the former ECOSOC rotation between New York and Geneva could be helpful in this regard. I stand ready to move forward with these discussions, should there be interest amongst the broader membership.

112. **Beyond accountability to Member States, the UN must continue to open up, reach out and be more responsive to the larger public it serves.** Reinvesting in public advocacy and communications for sustainable development results will make it easier for the world to understand and take part in global UN commitments. Development experts and practitioners should also turn to the ECOSOC as a vibrant space for development exchanges and analysis. And as the system expand its outreach to external partners, Member States too may wish to strengthen stakeholder engagement in the deliberations of the ECOSOC, especially by civil society including women and youth groups.

B. Strengthening executive guidance and oversight through a Joint Executive Board

113. The Executive Boards are critical pieces of the system's governance. They provide intergovernmental support and supervision for development activities and ensure adherence to policy guidance emerging from the General Assembly, the ECOSOC and the UN Charter. They also have the responsibility of channelling recommendations to the ECOSOC, through annual reporting. Currently, the norm for Executive Boards is to report on entity-specific mandates, despite efforts to increase system-wide governance and accountability. This creates inefficiencies and fragmentation on joint mandates. A case in point was seen in implementing the "Delivering as One" experience. While governments volunteered to reduce fragmentation, they continued to resort to separate Boards for approval of country programmes. This points to a single, but serious contradiction in the way we pursue collective results.

114. There are different ways to overcome these challenges. **It remains my opinion that the most effective option would be the creation of a Joint Executive Board of the New York-based funds and programmes**. In this regard, I propose that Member States consider progressively integrating the Boards of UNDP/UNFPA/UNOPS, UNICEF and UN Women. A Joint Board would help to unify

Member States' voice and ensure a coherent approach to a set of entities with major operational footprint, in line with guidance from a strengthened ECOSOC. It would reinforce the executive guidance and oversight by Member States on joint strategy, planning and results, without compromising their oversight and engagement on the programmatic priorities of each entity.

115. The Joint Board would continue to offer dedicated space for each individual mandate, to ensure that vertical governance and oversight remain robust. These entity-specific priorities would continue to be addressed through specific segments of the Joint Board, while the common segment would give a special profile to joint action and joint reporting on issues that concern all five entities. A Joint Board would also provide a better interface for increased coordination with the boards of the specialized agencies.

116. Operationalizing the Joint Board will entail some challenges, including determining its composition and finding the right balance between joined-up and entity-specific sessions. These challenges, however, are eclipsed by the potential benefits to be gained from improved horizontal governance and efficiency gains. Illustratively, in 2017 the three Boards formally met in separate tracks for a total of 34 days and informally at least 50 days. An integration of the Boards would eliminate the need for multiple meetings, simplify reporting and enable more interactive discussions on collective action.

117. Other important efficiency gains and potential savings would also be made. For delegations coming from capital to represent Board members, travel, planning and time costs would be reduced. Additionally, having one, stand-alone Executive Board Secretariat manage logistical and organizational support would contribute to deeper understanding across individual agencies' work and minimize duplicative efforts. Joint documents would also decrease the volume of documentation produced by the individual entities and facilitate sharper discussions and decision-making.

118. Additionally, having one, stand-alone Executive Board Secretariat manage logistical and organizational support would contribute to deepened understanding of the work across the various entities and minimize duplicative efforts. Entities could benefit from the Service Level Agreements that UNFPA and UNOPS have with UNDP as host of the Secretariat of their Board.

119. Moving to a Joint Board would be done progressively, under the guidance and leadership of Member States. Depending on the experience with the Boards in New York, consideration could be given to integrating Boards in other locations. **While I encourage Member States to be bold in driving changes to the system's governance and oversight, making immediate practical changes to enhance the working methods of the Boards would be helpful.**

120. I have heard valuable insights in this regard from Member States, including current members of the New York Boards. Such measures could include ensuring that priority agenda items are covered at the same session and harmonizing the approach to agenda items by the various entities. Consideration could also be given to transforming the secretariats of the Executive Boards into independent bodies. This would ensure they serve Member States in a more impartial manner.

121. The membership may also consider granting legislative authority to the existing Joint Meeting of the Boards until a Joint Board is established. The Joint Meeting of the Boards has suffered from a lack of decision-making power that has limited its impact. Member States may wish to formalize its rules of procedure and include a provision for the Joint Meeting to become a decision-making platform.

C. Establishing an independent system-wide evaluation function

122. Independent system-wide evaluation has an important role to play in strengthening the oversight, transparency, accountability and collective learning arrangements of the United Nations development system to enable continual enhancement of its contributions towards achievement of the 2030 Agenda. However, the level of commitment across the United Nations system is not commensurate with the growing demand for and importance of the evaluation function.

123. **I will establish a small, independent system-wide evaluation unit, to be administered by the Department of Management and directly accountable to the ECOSOC. The office will engage with me as Chief Administrative Officer of the organization, but will report directly to Member States.** This builds on my initial recommendations for an overarching vision and strategy for evaluation that is anchored in the organisation's mandates and related to strategic goals and objectives. Given the importance of more robust accountability, it is crucial that the function is structured in a manner that adheres to international best practices for evaluation, with the core principles of independence, credibility, effectiveness and utility being grounded in policy.[8]

124. The office will collaborate closely with the evaluation offices of the UN system through the UN Evaluation Group (UNEG), to ensure we develop a viable and realistic policy and institutional arrangements for system-wide evaluation. It will focus on strategic, cross-cutting issues related to the system's support of the SDGs globally. Drawing on a strengthened UN evaluation function, it would commission a small number of independent system-wide evaluations on strategic development issues to enable a credible evaluation input to system-wide policy and agenda setting, as well as operational implementation and decision making.

125. The office will remain focused on global system-wide activities, while encouraging and supporting UN development system entities at the country level to undertake joint evaluations on their programmatic activities and system-wide efforts to advance the SDGs. The system-wide evaluations would be guided and informed by the system-wide strategic document. Steps will be taken to strengthen the quality of evaluations at the lower levels of the existing evaluation architecture, including UNDAF evaluations, for credible use at higher levels of aggregation and synthesis.

126. This nimble evaluative function will produce high quality and professionally credible reports that are independent and provide evidence and analysis of the impact and value for money for system-wide investments. Its reports would be available to the public. It will also enable us to better assess the impact of system-wide efforts, and provide real-time feedback where possible. The evaluative evidence will inform system-wide policy and management, driving change and improvements, while also serving as a means for forecasting risks and critical trends.

127. In carrying out its functions, the office will draw from and augment the evaluation capacities in the UN development system, which at present are largely geared towards serving agency-specific objectives and individual decision-making needs. It would ensure not to duplicate — but rather complement — the JIU functions, through close contact between the two units. It would link to the UN Evaluation Group by working actively with its membership to seek convergence of evaluation plans towards the SDGs and, where possible, leverage the Group's capacity and outputs. To further avoid duplication, the proposed unit would ensure that roles and

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[8] 2014 JIU Review; UNDP IEO NEC 2013 Brazil.

responsibilities among evaluation offices with agency and system-wide responsibility are guided by principles such as subsidiarity, value-added and efficiency.

128. The office would be staffed by one Director at the D-2 level, supported by a small number of fixed term appointments. This will be complemented by secondments from the UN development system, who would bring in established expertise from across the system and ensure a quick start up. The precise composition and profiles would need to be carefully considered and selected through a rigorous, competitive process, consistent with the UNEG Norms and Standards.[9] The office would operate on a budget of approximately $3 million, or 0.01 percent of the 2016 level of expenditure on UN operational activities for development, excluding assessed contributions.

VII. Partnership for the 2030 Agenda

A. A global partnership for the 2030 Agenda

129. In giving light to the 2030 Agenda, Member States reaffirmed the centrality of solidarity and partnership in international affairs. The new agenda recognized the interdependence across regions and nations, and the increasing scope of challenges that can be addressed only through global collaboration.

130. The SDGs are the fruit of an unprecedented, widescale and inclusive consultation process, with strong leadership by Member States, extending way beyond the United Nations to include key stakeholders at the global, regional and country level in shaping the future we want. National governments, at all levels, as well as parliaments, civil society organizations, businesses and philanthropic organization, the scientific and research community, academia, volunteer groups and other stakeholders — all have a part to play in implementing the 2030 Agenda and ensuring mutual accountability towards the sustainable development goals.

B. Partnerships for the 2030 Agenda

131. **Member States have agreed that partnerships are critical to the 2030 Agenda.** The ambition and breadth of the SDGs make them simply unattainable without robust partnerships. The UN development system will need to draw on its unique convening power to help countries to broker the diverse partnerships needed at global, regional and country levels and to bring together the actors with the appropriate mix of resources — knowledge, science and technology, finance — to find innovative solutions to pressing challenges that can be taken to scale. Building on existing partnership efforts, the UN is uniquely placed to offer the platforms needed for all actors to come together, build trust and mobilize respective assets to achieve the SDGs.

132. **The United Nations development system will need to step up the scale of its partnerships — at a system-wide level — to accompany the requirements of the 2030 Agenda.** The UN experience in engaging in partnerships varies greatly. While some entities have developed advanced policies and practices for engaging external actors, others pursue a more conservative approach, often due to limited capacities and skillsets. Overall, the partnership efforts remain fragmented and overly focused on projectized activities — an approach that is unlikely to generate results at the scale required by the 2030 Agenda.

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[9] UNEG Norms and Standards (2016).

133. **At the same time, the Organization must do better to manage risks and ensure oversight in a manner that protects its values, and yet allows space for innovation and expanded partnership arrangements.** Due diligence standards and procedures are highly heterogenous across the UN system and need to be streamlined. The lack of a system-wide approach to due diligence results in inefficient use of financial and human resources, as multiple UN agencies often screen the same partners, and pose significant reputational risk to the Organization. It sometimes leads to contradictory decision-making across entities, undermining integrity and increasing vulnerability of the Organization.

134. **There is also need for increased transparency around the range and types of partnerships in which entities of the UN development system are engaged.** Measures will be put in place to ensure full transparency and accountability of UN partnership engagements.

135. **We will give priority attention to partnerships in everything we do, to ensure that the system can adequately respond to the needs of Member States in implementing a comprehensive and integrated agenda.** As part of the renewal of the UNDG, I have asked the Deputy Secretary-General to establish partnership as a top priority. In moving towards a new generation of UNCTs, we will ensure that, at the country level, Resident Coordinator Offices are empowered to serve as a one stop shop for partnerships with external partners, including International Financial Institutions, businesses, civil society and other stakeholders. This was a strong call in our consultations with civil society groups in preparing for the present report. UN Country Teams must increasingly champion collaborative and open dialogue with all stakeholders, including the furthest behind, as it supports national institutions.

136. **In addition, I propose to launch six partnership-related work streams.**

137. **First, I have activated senior UN leadership to coordinate a process within the UNDG, with the support of DESA and the Global Compact, to agree on a system-wide approach to partnership.** Such approach should maintain a focus at the country level, with Resident Coordinator offices serving as the country-level hubs for system-wide partnership building and support to countries in mobilizing the means of implementation needed for the SDGs.

138. **Second, I will strengthen system-wide integrity, due diligence and risk management.** Measures include, but are not limited to, the acceptance of the 10 principles of the Global Compact as a common partnership standard for private sector entities, common due diligence criteria for engaging different groups of non-state actors, the creation of an Integrity Task Force comprising senior UN leadership to manage risks of UN-business engagement and foster a pool of "partner ready" companies. The UNDG process will explore all options and ensure action as soon as possible.

139. **Third, I have asked the Global Compact leadership to consider ways to improve governance at the global level, and its oversight and the impact of its Local Networks.** The Global Compact has a critical role to play in supporting these efforts. Global Compact Local Networks can drive membership growth, strengthen uptake of sustainability principles by local businesses, in particular, small and medium size enterprises that comprise more than 70% of local markets, and their integration into business processes to advance the SDGs.

140. **Fourth, the UN Office for Partnerships will be firmly established as the UN's global gateway for partnerships.** We will initiate in early 2018 a review of present operations to inform a reinvigorated platform for more effective partner engagement of public and private sector stakeholders, including civil society organizations with the United Nations development system.

141. **Fifth, I will continue to develop our partnership with the World Bank and other International Financial Institutions** for a refreshed system-wide compact around high-impact actions in support of the Goals. An agreement with the World Bank will be finalized by mid-2018.

142. **Sixth, I will move ahead with efforts to invigorate our support to South-South cooperation,** as requested by Member States. Leveraging the abilities of all actors in development and enabling the fast-growing strengths of developing countries to inform and support each other is at the heart of the 2030 Agenda.

143. Working closely with my Envoy for South-South Cooperation and UNDP, we will formulate proposals to revamp the United Nations structures and mechanisms in support of South-South cooperation, in time to inform the deliberations of the High-level United Nations conference on South-South cooperation on the occasion of the adoption of the fortieth anniversary of the Buenos Aires Plan of Action to be held in March 2019.[10]

144. In the meantime, I have commenced implementation of the Action Plan of South-South Cooperation for my Climate Change Engagement Strategy (2017–2021) to leverage the potential of South-South cooperation to accelerate action, and push for increased ambition in combating climate change.

VIII. A Funding Compact

145. The QCPR recognizes that the 2030 Agenda requires a more sustainable funding approach. Significantly improving the level, predictability and flexibility of its funding base is a prerequisite for the successful repositioning of the United Nations development system. On the other hand, enhanced funding will require far-reaching measures by the system to strengthen results, accountability and transparency of its collective action.

146. This is why in my June report I called for a Funding Compact — an agreement by Member States and the United Nations development system to match the boldness of the 2030 Agenda with decisive action on the way funds are allocated to, and disbursed by, the system. On the basis of consultations held with Member States, I propose to structure the Funding Compact around a limited number of concrete and realistic mutual-commitments. These commitments are rooted on the key principles embedded in the QCPR: universality, multilateralism, neutrality, predictability, transparency, accountability, results orientation, effectiveness and efficiency.

A. Investing in the UN development system to deliver dividends for the 2030 Agenda

147. **For the United Nations development system to effectively support the 2030 Agenda and uphold its neutrality and multilateral nature, the level and predictability of core funding must increase**. The core functions of the United Nations development system agreed by Member States in the 2016 QCPR must be adequately and reliably funded by core resources on a predictable, multi-year basis. It is also critical that the contributor base be broadened and diversified.

148. **Core funding is the bedrock of the United Nations development system**. It allows the entities to plan strategically, adapt more flexibly to country needs and pool resources together to deliver joint results. The rapid decrease in the overall core budget of UN entities in recent years has had evident impact on the system's

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[10] A/Res/71/244; A/Res/71/318.

effectiveness and capacity to collaborate. With core budget now at less than 22 per cent of the total contributions received by the United Nations development system, there is an urgent need to reassert the case for core.

149. **Non-core is also increasingly tightly earmarked**. In 2015, 91% of all non-core flows for UN development-related activities were earmarked for specific projects. While these funds have generated significant impact in the lives of many across the globe, it often leads to unintended inefficiencies stemming from fragmentation, undue competition amongst entities and increased transaction costs for governments. In some cases, it can result in investments in areas of need, but not necessarily those of the highest priorities for governments or at sufficient scale.

150. **Well-designed and professionally managed pooled funds are more effective and transparent and complement agency-specific funds**. Pooled funding mechanisms have a strong track-record in strengthening coherence and coordination; broadening the contributor base; improving risk management and leverage; and providing better incentives for collaboration within the UNDS or across pillars in relevant contexts.

151. Providing the system with more predictable and flexible resources is not only about reaffirming trust in the United Nations. It is about investing in results for the people we serve. It would strengthen the system's ability to address critical global challenges like climate change, human trafficking and displacement and extreme weather shocks, while ensuring greater impact on issues that matter to citizens such as better health systems, better jobs for young people, eradicating poverty and sustainably managing urban areas. It would enable critical, underfunded functions of the system, including policy advice and support to financing for development. Ultimately, the Funding Compact is about increasing the likelihood of universal achievement of the SDGs and eradicating poverty from the face of the earth. In other words, it is about determining whether we can deliver on our ambition to make the world a more prosperous, peaceful and sustainable place by 2030.

152. The full set of recommendations in this report represent the commitments I make on behalf of the UN development system, confident that the changes they will yield will match the ambition of the 2030 Agenda. I also propose specific actions to improve, in the immediate horizon, the transparency, accountability and reporting on results achieved through system-wide action. Specifically, we commit to:

- **Provide annual reporting on system-wide support to the SDGs, both at country level and to the ECOSOC.** This would start immediately and would be strengthened over time, as we proceed in harmonizing methodologies for data collection and reporting within the system. By 2021, we plan to present aggregated information on system-wide results, demonstrating value for money for Member States and their tax payers.

- **Enhance transparency and access to financial information across all entities,** through system-wide enrolment into the International Aid Transparency Initiative, as well as full compliance with international transparency standards.

- **Undergo independent, system-wide evaluations** to provide Member States with a credible assessment of results achieved.

- **Achieve full compliance with existing cost recovery policies and further exploration of harmonized but differentiated approaches to cost recovery by individual entities,** as stipulated by the QCPR.

• **Allocation by United Nations development entities of at least 15% of non-core resources to joint activities, including to complement resources from interagency pooled funds.**

• **Enhance visibility of Member States'** vital contributions to core resources and pooled funds and related results.

153. **We propose, in turn, four critical commitments by Member States commensurate with commitments by the UN development system, for which I will hold its leaders accountable**. These include: an increase in core resources of individual entities; an improvement in the quality of earmarked funding; an adequately funded Resident Coordinator System; and enhancing the United Nations integrated impact at country level through the Joint Fund for Agenda 2030 and my Peacebuilding Fund.

B. Strengthening funding mechanisms to enable critical UNDS functions and capacities

154. **First, we propose a renewed commitment by Member States to reverse the decreasing trend in the share of core resources provided to the entities of the United Nations development system.** Specifically, the percentage allocated to core budgets allocated to individual entities across the UN development system should increase from the current level of 21,7% of total contributions to at least 30% in the next 5 years. This would be a realistic target and a first step in enabling the various entities of the system to operate with the necessary flexibility to act strategically, provide enhanced policy support to partners and collaborate with the wider United Nations development system. It would also rebuild confidence around the principle of universal support for the sustainable development pillar of the United Nations, which needs to be achieved through a burden-sharing solution.

155. **Second, we request the support of Member States to improve the quality of their earmarked, non-core funding.** I propose two specific targets in this regard: (i) doubling inter-agency pooled funds over the next five-year period, from $1.7 billion in 2016 to $3.4 billion by 2023. This would represent an increase from 8% to 16% of total non-core contributions; and (ii) increasing entity-specific thematic funds from $407 million to $ 800 million, also by 2023.

156. **Third, I reiterate my call for support by Member States to ensure adequate and predictable funding for a reinvigorated UN Resident Coordinator System.** I have presented in this report the case for the allocation of assessed contributions from the regular budget to cover the costs of a reinvigorated RC system, at $255 million per year. In addition, I am recommending the establishment of a discretionary integration fund of $35 million, to be funded through extra-budgetary sources, to provide every Resident Coordinator with $270,000 per annum to provide integrated policy support to national partners, drawing on the assets of the system. Funding of the Resident Coordinator system is central to the system's repositioning and, consequently, also lies at the heart of the proposed Funding Compact.

157. **Finally, we count on the support of Member States to financially incentivize scaled up impact at country level, driven by a more integrated UN response, through two key mechanisms: (i) the capitalization of the United Nations Joint Fund for the 2030 Agenda at $290 million per annum; and (ii) a quantum leap in contributions to the UN Peacebuilding Fund.** The Joint Fund for the 2030 Agenda is designed to provide the "muscle" for Resident Coordinators and a new generation of United Nations Country Teams to help countries deliver the SDGs.
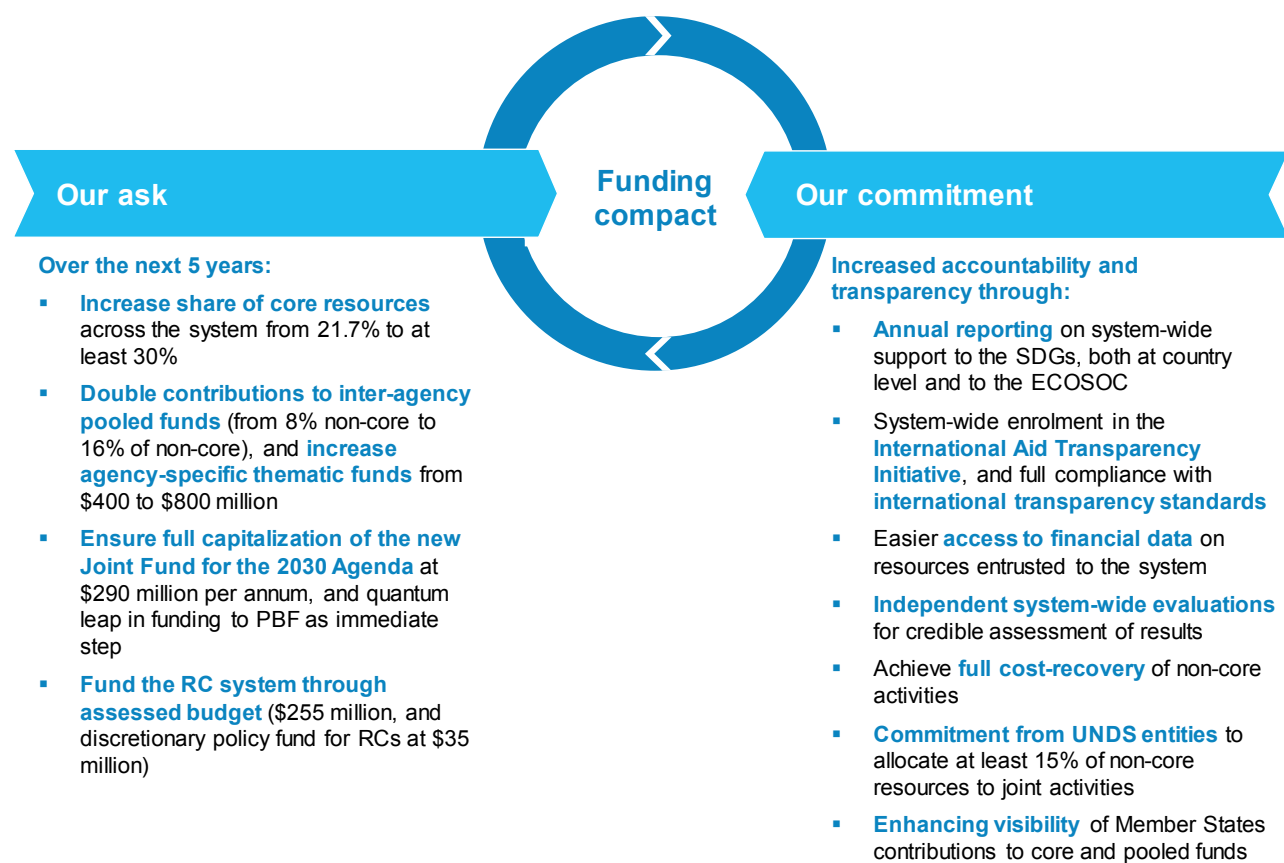
158. Such pooled funds at the country level, clearly linked to the UNDAF, would enable UN Resident Coordinators to mobilize the full range of capacities and cross-agency collaboration required to support SDG achievement. The Peacebuilding Fund is another critical instrument as we step up our efforts to build resilience and drive, at greater scale, integrated UN action for prevention.

159. **Taken together, the total cost of the new RC System, the integration fund and a capitalized Joint Fund for the 2030 Agenda is 2 per cent of the $29.5 billion in contributions received by the United Nations for operational activities for development in 2016.** Given the transformational potential of the 2030 Agenda, the specific role Member States rightly expect the United Nations to play and the urgency of our collective task, this would seem to be the minimum we should strive for.

Figure IV
Mutual commitments of the Funding Compact

Proposed parameters for a Funding Compact

Our ask

Funding compact

Our commitment

Over the next 5 years:

- **Increase share of core resources** across the system from 21.7% to at least 30%

- **Double contributions to inter-agency pooled funds** (from 8% non-core to 16% of non-core), and **increase agency-specific thematic funds** from $400 to $800 million

- **Ensure full capitalization of the new Joint Fund for the 2030 Agenda** at $290 million per annum, and quantum leap in funding to PBF as immediate step

- **Fund the RC system through assessed budget** ($255 million, and discretionary policy fund for RCs at $35 million)

Increased accountability and transparency through:

- **Annual reporting** on system-wide support to the SDGs, both at country level and to the ECOSOC

- System-wide enrolment in the **International Aid Transparency Initiative**, and full compliance with **international transparency standards**

- Easier **access to financial data** on resources entrusted to the system

- **Independent system-wide evaluations** for credible assessment of results

- Achieve **full cost-recovery** of non-core activities

- **Commitment from UNDS entities** to allocate at least 15% of non-core resources to joint activities

- **Enhancing visibility** of Member States contributions to core and pooled funds

160. **To operationalize the funding compact, I intend to establish a funding dialogue with Member States, during 2018, under the leadership of the Deputy Secretary-General as Chair of the UNDG.** In the meantime, we encourage Member States who are in a position to act, to target immediate measures that could be adopted without affecting parliamentary approvals already in progress. It is important to act swiftly to seize the momentum for change.

161. In the end, the success of the Funding Compact will depend on all parties living up to their respective commitments. Failure on any of our parts will result in a United

Nations development system trapped in a cycle of declining core resources and severely limited in its strategic focus and long-term engagement by tightly earmarked non-core resources.

162. I accept that these are substantial requests at a time when many Member States face tight fiscal environments and increased scrutiny from their parliaments and taxpayers. We have heard loud and clear from Member States that a Funding Compact will require commensurate changes in the system's transparency, accountability and results reporting. Ultimately, it is the human reality behind these figures and targets that must drive the case for change — those whose communities have been swept away by climate-induced storms and shocks; health pandemics; spiralling levels of inequality; the one in three women around the world facing some form of violence — and our common commitment to ensure that we leave no one behind and reach those furthest behind first.

IX. Conclusions

A. Preparing for change

163. In responding to the 2016 QCPR, we have sought to adopt an ambitious approach —firmly repositioning the Organization to deliver on the 2030 Agenda. The needs of people and the demands of our time require nothing less. Business as usual approaches and reforms that tinker around the edges will not yield the support countries need to achieve the Sustainable Development Goals. Building on what works well is critical — yet insufficient to remain a relevant partner as countries face their most ambitious development agenda to date.

164. Taken together, the proposed changes offer a bold but realistic way forward. This is a mutually reinforcing, indivisible package. Separating the functions of Resident Coordinator from the UNDP Representative will only lead to transformative change if accompanied by robust measures to strengthen the authorities, mechanisms and resources of Resident Coordinators. Changes proposed to the ECOSOC and other governing bodies of the United Nations will rely on the system's enhanced capacity to report — and be held accountable — on system-wide action. More flexible funding underpins all efforts. Repositioning the United Nations development system also reinforces the impact of concurrent reforms of internal management and the peace and security architecture.

165. There is no time to lose. We are already two years into the implementation of the 2030 Agenda. To meet our shared objectives, I am taking all possible measures, within existing mandates, to enhance the system's cohesion, accountability and effectiveness. I have assigned comprehensive responsibilities for sustainable development to the Deputy Secretary-General, giving full effect to the provisions regarding this position set out by General Assembly resolution 52/12 B. I have created an Executive Committee to promote integrated decision-making, with strategic inputs from throughout the United Nations.

166. These initial steps are already laying the groundwork for precisely what Member States have stated they seek: a more impartial and accountable coordination system for sustainable development. The renewed UNDG and the Joint Steering Committee for Development and Humanitarian Coordination are already operational and will bring solutions, at scale, to challenges faced by countries and UN Country Teams. I have launched strategies to increase action in supporting Member States to advance climate action and financing for development. I count on Member States to support the further changes proposed in this report, which will be critical to reaffirm sustainable development at the heart of our work.

167. The work ahead will be intense and complex. Change is never easy. Nor is it a onetime event. It is a process carried and inspired by our greatest asset — our staff — who are committed to finding innovative ways to deliver on the mandates of the Organization. We are taking steps to ensure that this change process is smooth and well sequenced. I am establishing a change management team to work in an inclusive and transparent manner to prepare the full implementation of all change measures on approval by Member States.

168. We believe that the change process could be completed within four years of the decision by Member States. Critical recommendations — including a new generation of UNCTs and reinvigorated RC system — should be operational by the end of 2019. Other timelines will be determined in line with decisions by Member States on the proposals.

B. Required mandates

169. Repositioning the United Nations development system is a shared responsibility. We have deployed our best efforts to respond to the mandates of the QCPR. I now ask for the support of Member States for the mandates that will allow us to translate the proposals outlined in this report into action, under the leadership of the ECOSOC and the General Assembly.

170. **I ask Member States to support the vision and direction of the package of proposals contained in this report.** Specifically, I ask Member States to:

(a) **Approve the proposed measures to reinvigorate the Resident Coordinator system, including the creation of a dedicated Resident Coordination function. Under a reinvigorated system, Resident Coordinators would be accredited by Governments as the highest-ranking development representative of the United Nations in country, to be supported by a strengthened, standalone Sustainable Development Group Office (SDGO);**

(b) **Support the proposed approach for a new generation of UN Country Teams, including the use of indicative criteria to help inform the country-level presence of the United Nations development system;**

(c) **Agree with the proposed phased approach for the revamping of the UN development system's regional approach;**

(d) **Consider the launching of a process to consider and operationalize the proposals on ECOSOC and on the Executive Boards of the New York-based entities of the UN development system;**

(e) **Support my call for a stronger institutional response and system-wide approach to partnerships for the 2030 Agenda;**

(f) **Endorse the framework for the Funding Compact, founded in a new spirit of cooperation that maximizes the investments of Member States in the UN, while enabling the UN development system to deliver on the 2030 Agenda for all.**

171. I would also welcome **endorsement by the Member States of the scope of the system-wide strategic document, as a guiding framework and roadmap for the response of the United Nations development system to the 2030 Agenda.**

172. One year after Member States have issued the 2016 landmark QCPR Resolution, we are moving ever closer to delivering a repositioned United Nations development system and honouring the ambition of the 2030 Agenda. This is a unique opportunity — which we simply cannot miss. It may sometimes be easy to get lost in the detail of what may seem to the outside as arcane policy. But we can never lose sight of what our work — and this report — is all about. It is about delivering for the people we

serve, staying true to our shared ambitious goals, and making good on our collective pledge to leave no one behind. It is in that spirit that I count on the leadership and support of all Member States to take these proposals forward.

Annex

United Nations System-Wide Strategic Document

20 December 2017

Purpose

1.   The United Nations General Assembly adopted Resolution A/Res/71/243 on the Quadrennial comprehensive policy review (QCPR) of operational activities for development of the United Nations system on 21 December 2016. The QCPR requested the Secretary-General to undertake a review of functions and capacities of the UN development system in supporting implementation of the 2030 Agenda for Sustainable Development to identify gaps and overlaps in coverage, and to provide recommendations for overcoming them, identifying comparative advantages and improving the inter-agency approach, in accordance with their respective mandates.[1]

2.   The QCPR also requested "the heads of the entities of the United Nations development system, under the leadership of the Secretary-General, to develop and present by the end of 2017 for consideration by the operational activities for development segment of the 2018 session of the Economic and Social Council, a system-wide strategic document translating those recommendations into concrete actions to adapt efficiently and coherently in order to improve their collective support to the implementation of the 2030 Agenda for Sustainable Development, as well as options for aligning funding modalities with the functions of the United Nations development system, to be reflected in the new strategic plans and similar planning documents of its entities."

3.   This System-Wide Strategic Document is the initial response of the United Nations Development Group (UNDG) to the QCPR mandate. It provides concrete actions and a preliminary roadmap for more coherent UN development system support to countries in the implementation of the 2030 Agenda for Sustainable Development, to be further revised by the UNDG following the follow-up report of the Secretary-General on the repositioning of the UN development system and related decisions by Member States.

4.   The Strategic Document is initially framed for the period 2018-2019 and will subsequently be aligned with the four-year QCPR cycle. It builds on the assessment of functions and capacities commissioned by the Secretary-General in June 2017, and the Secretary-General's Report on *Repositioning the UN Development System to Deliver on the 2030 Agenda* presented to ECOSOC on 5 July 2017.[2] Since the outline of present functions and capacities was conducted in June 2017, a review of UNDS structures at the regional level and their readiness for the 2030 Agenda has also been conducted. The outcome of the regional review provided additional guidance on how best to address the recommendations to fill capacity gaps or enhance existing skill sets needed to respond to the 2030 Agenda. Follow-up to the recommendations will be informed by the Secretary-General's December report on the Repositioning of the UN Development System, and the parallel management reform, the restructuring of the UN peace and security architecture and the impending report of the Secretary-General on peacebuilding and sustaining peace.

5.   The System-Wide Strategic Document starts from the key guiding ideas that underpinned the Secretary-General's July Report, including a reaffirmation of the shared vision of "a United Nations that advocates on behalf of excluded and vulnerable groups of people and works with national partners in the advancement of

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[1] A/Res/71/243, OP19.
[2] A/72/124.

all human rights: economic, social and cultural, as well as civil and political rights",[3] emphasizing that "our Organization must be firm in upholding the universal values and norms agreed by our member states, but flexible in adapting its presence, support and skillset to each country."[4] It emphasizes the need for accelerating the UN development system's transition from the Millennium Development Goals to the 2030 Agenda for Sustainable Development; a stronger focus on financing for development; establishing a new generation of UN Country Teams that are more focused, flexible, cohesive, and efficient; independent, impartial and empowered Resident Coordinators with sustainable development as their core mandate; strengthened leadership of the UN Development System at all levels; a more cohesive UN policy voice at the regional level; stronger accountability for system-wide results; and a Funding Compact to underpin reform efforts.

6.   This System-Wide Strategic Document reflects an initial set of responses of the UN development system to these ideas, anchored in four guiding principles:

(a)   Coherence and alignment in support for the 2030 Agenda across the UN Charter;

(b)   System-wide functions that need to be strengthened in support of the 2030 Agenda;

(c)   System-wide instruments for measuring, monitoring and reporting on collective results; and

(d)   More effective funding mechanisms to underpin these efforts.

7.   These responses are summarized in the framework below:

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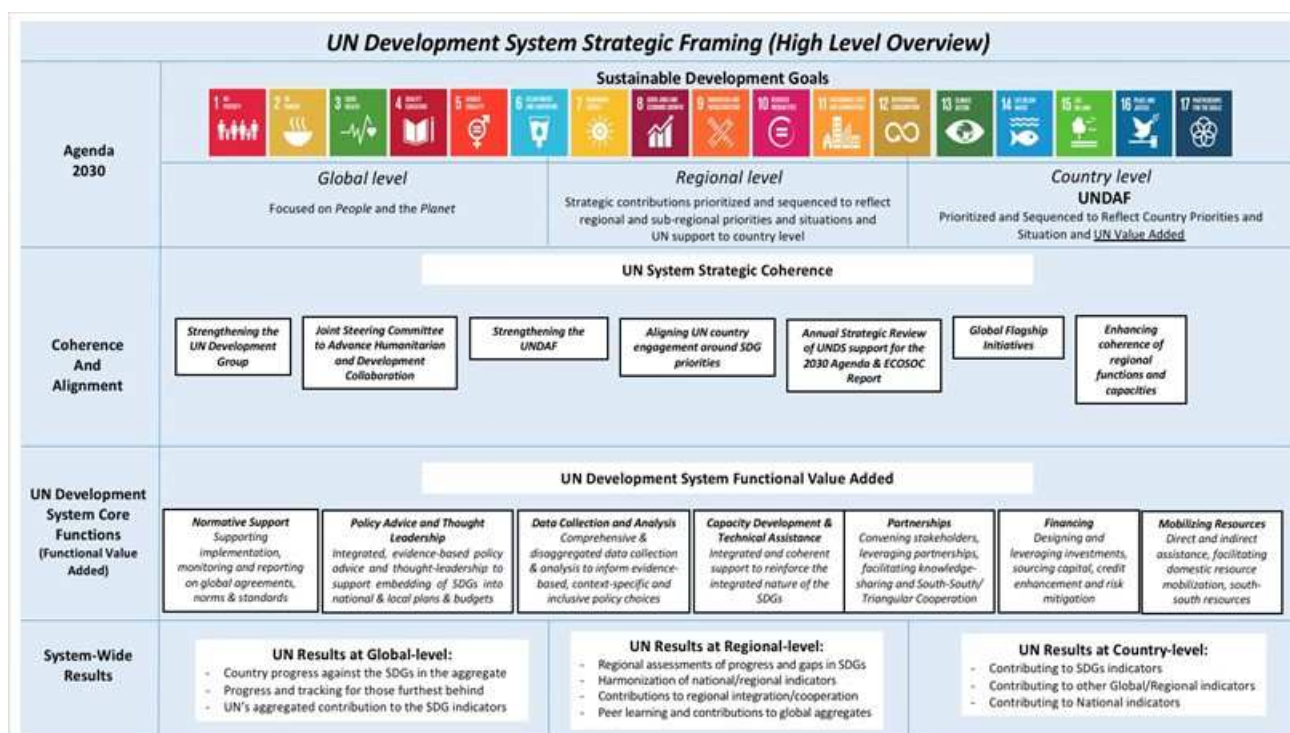
[3] A/72/124, para. 14.
[4] A/72/124, para. 16.

Part I: coherence and alignment in support for the 2030 Agenda

8.   The global UN development system architecture needs to be contextualized and applied at country level through the 2030 Agenda. The Common Country Assessments (CCAs) conducted by the UN development system to inform the UNDAF should be based on shared common analysis from a variety of sources and partners, and an understanding of the country-specific barriers, risks, challenges and opportunities to implementing the 2030 Agenda and achieving the SDGs. The UN's substantive focus, and hence its skills and capacities in a country, should be aligned to national priorities, including the 2030 Agenda, and consistent with the objectives of the UN Charter. In line with the pledge of the 2030 Agenda to "leave no one behind", international norms and standards constitute a core foundation of the UN's work at country level and its unique role, commitment and driving force for an integrated, people-centred approach that incorporates human rights and gender equality as critical components.

9.   UN development efforts should take into account national, local and other capacities at the country level, in developing, monitoring and implementing the UN Development Assistance Framework (UNDAF) for the country. Longer term presence of UN entities must be based on the logic of the UNDAF, rather than stand-alone programming decisions by specific entities or the availability of donor funding. The UN development system should be strategically coherent and integrated at country level. The system would itself address only a subset of the broader priorities and goals, based on analyses of the UN's potential value added and in-country capacity. The UNDAF should become the single most important UN country planning instrument in support of the 2030 Agenda. As such, it should be a strategic, operational and results oriented framework for the UN's collective engagement in support of sustainable development in a country.

10.   The UNDAF should frame its commitment to leave no one behind as its overarching and unifying principle, underpinned by human rights, gender equality and women's empowerment; sustainability and resilience; and accountability. The UNDAF also should link UN development and humanitarian efforts to limit threats and setbacks to progress on the sustainable development goals, and ensure earlier investment in the foundations for resilience, stability, long-term inclusive development and peace. In situations of protracted crises, in particular, multi-year Humanitarian Response Plans should be harmonized with the UNDAF to ensure a focus on collective outcomes.

11.   While being strategically coherent in their action on the ground, particular entities may need to be operationally and/or visibly distinct to comply with specific mandates or humanitarian principles. Integration can be achieved through the application of common lenses across the pillars of the UN without compromising these specific mandates within the UN development system.

12.   To maximize the System's contributions and value to countries, effective integration and coordination are key. Great strides have been made to strengthen the collective and collaborative impact of UN Country Teams through the UN Development Assistance Frameworks, but much more needs to be done. More effective system integration and delivery must be one of the key outcomes of the repositioning of the United Nations. The UN must be focused on where and how it can have the greatest impact in designing collective outcomes to contribute to country results. In countries with peace or political operations where the UN development system is present, planning, programming and financing need to take place in a coherent and aligned manner, aimed at systematically reducing need, risk and vulnerability. This, in turn, will require forging effective partnerships with civil

society, the private sector and other actors who have the responsibility and capacity to contribute to these outcomes.

13. Additionally, the UN system should use its convening role to help expand meaningful civil society participation, especially of marginalized groups, to ensure that the UN development system supports governments in reaching the furthest behind first, and leave no one behind. As recognized by Secretary-General in his June 2017 report on 'Repositioning the UN Development System to Deliver on the 2030 Agenda'[5] improved coherence and alignment are also needed at the regional and HQ level to strengthen integrated UN support to country teams, and to reflect regional priorities and situations.

14. Partnerships will play a crucial role in the implementation of the 2030 Agenda by engaging actors beyond the UN to engage and leverage their resources, capacities and ambitions. UN development system coherence does not require the integration of this diverse ecosystem of country partnerships into one operational framework at the country or regional levels. UN development system integration means strengthened accountability for achieving common results, with flexibility to operate within individual mandates in a wide variety of contexts, while ensuring a common strategic vision and mutual accountability for collective results. There is a need for a stronger and more coherent system-wide response to the partnership needs of the 2030 Agenda.

15. In order to respond to a comprehensive and integrated 2030 Agenda, the UN development system needs to respond more effectively to gaps in SDG coverage, identified in the June outline of present functions and capacities and various regional assessments of progress and gaps in SDGs, especially the goals related to water and sanitation (SDG 6), energy (SDG 7), industry and infrastructure (SDG 9), sustainable consumption and production (SDG 12), and the environment (13,14,15). It also needs to seek greater clarity and explore synergies on SDG targets where UN entities overlap in their engagement and lack a clear allocation of roles and responsibilities (e.g. enterprise development, environment, trade, industry and investment).

16. The UN development system needs to move towards better cross-pillar support, building on existing frameworks, commitments and structures that cut across silos and towards more joint risk analysis and joined-up planning, integrated policy advice, joint monitoring and reporting. This will require a clearer understanding of which issues require a UN system-wide response, which are best addressed through joined-up responses by a few selected entities based on comparative advantage, and which issues are best addressed by external partners.

17. **Strategic recommendations:**

(a) **By early 2018 the new working methods proposed for the UN Development Group, which provides the forum for the operationalization of the UN development system's commitment to operational coherence, will be implemented;**

(b) **By 2018, the recently established Joint Steering Committee to Advance Humanitarian and Development Collaboration at UN Executive Head level, chaired by the Deputy Secretary-General and co-chair with Emergency Relief Coordinator and UNDP Administrator, will be fully operationalized** to guide and support field efforts to articulate and implement collective outcomes, over multiple years, based on the comparative advantage of a diverse group of actors. The Joint Steering Committee also will seek to foster greater synergies in humanitarian and development action, as well as its linkages to peace, in support of the 2030 Agenda;

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[5] A/72/124.

(c) **By 2019, the UN Development Assistance Framework should be reviewed and strengthened as the single most-important mandatory UN planning and 'accountability for results' tool in all countries.** It should be formulated based on a national dialogue on SDG achievement, including prioritization and cross-goal linkages, and identification of national indicators around which the System will focus its efforts, based on the UN's added value;

(d) **By 2019, the UN engagement in support of the implementation of the 2030 Agenda in a country — whether agencies, funds and programmes are resident or non-resident — should be based on the SDG integration and prioritization in the country UNDAF.** The Resident Coordinator should be fully informed of any engagement undertaken outside the framework of the UN Assistance Framework;

(e) **The Executive Heads of the UNDG under the leadership of the Deputy Secretary-General will conduct an annual strategic review of UNDS support for the 2030 Agenda.** The reviews will be conducted at the UNDG fall sessions at the margins of the CEB (November). The review will have three objectives: (i) Identify strengths, weaknesses, gaps and overlaps in UN development system coverage of the SDGs; (ii) ensure complementarity and a clear agreed division of labour among entities of the UN development system; and (iii) initiate system-wide flagship initiatives for collective action by the system (see vi). In doing this, it will also reflect the UNDS' commitment to better cross-pillar support;

(f) **A set of strategic UN development system-wide global flagship initiatives in support of the SDGs will be launched.** Flagship initiatives will be established in areas where existing gaps, overlaps and opportunities in SDG coverage are most effectively addressed through collective UNDS responses that bring UN entities together in support of specific sustainable development goals with clear expected results. Some flagship initiatives will build on and strengthen existing inter-agency initiatives on priority issues for the UN development system. Initially, five strategic UN flagship initiatives will be launched. Additional initiatives could follow in the coming years. The five initiatives will focus on:

(i) Action on climate change (building on UN System Strategic Approach on Climate Change Action approved by CEB at its 2017 Spring Session (CEB/2017/4/Add.1));

(ii) Action on equality (building on UN System Framework for Action on Inequality, endorsed by CEB at its 2016 Fall session (CEB/2016/6/Add.1));

(iii) Action on eliminating violence against women and girls (Spotlight Initiative), launched in September 2017;

(iv) Action on the data revolution for sustainable development (building on UN System Approach to the Data Revolution, endorsed by CEB at its 2015 Spring session (CEB/2015/1));

(v) Action on risk, resilience and prevention (building on UN Analytical Framework on Risk and Resilience, adopted by CEB at its 2017 Fall session (CEB/2017/6 Annex III)).

To ensure a systematic, consistent and transparent approach to how these flagship initiatives are launched, the UNDG will develop clear criteria and methodologies for defining the scope and process by which these initiatives are identified;

(g) **The interface between the UNDG and Member States will be reinforced through annual reporting by the Secretary-General to the ECOSOC Operational Activities Segment (February).** The UNDG-related reporting will focus on (i) the outcome of the annual UNDG strategic **review**; (ii) any proposals or

updates for new UNDS flagship initiatives; and (iii) presenting results on system-wide support to the 2030 Agenda, ongoing flagship initiatives as well as progress on system-wide coherence;

(h)   **By 2019, the coherence of the UN development system's regional functions and capacities will be enhanced, to provide stronger support to UNCTs, better address challenges spanning national borders, deliver stronger data analysis support, promote regional knowledge-sharing and innovation particularly on SDG progress and gaps, and advance regional cooperation, with greater emphasis on normative-functional linkages, advocacy and data-driven analyses. Protocols for data sharing across the system will also be agreed.**

18.   **Implementing recommendations:**

(a)   The *UN should enhance support for country efforts to contextualize the SDG*s, including through support for Voluntary National Reviews and other mechanisms that help countries to ensure effective implementation, addressing cross-sectoral linkages, and leaving no one behind;

(b)   The *UN Resident Coordinator* will be empowered to develop, and be responsible for the coordination of the UN development system's support to the sustainable development goals and targets in the particular country context, in line with national plans and priorities and on the basis of the UNDAF, while respecting the universal and integrated nature of the 2030 Agenda, its people-centred focus and grounding in international norms, and the overall ambition to leave no-one behind;

(c)   At the outset of new UNDAF cycles, the *UN Resident Coordinator*, in coordination with the Regional UNDG, will lead the dialogue with the government on the most effective composition of the UN presence in the country, in order to take forward the UNDAF, bearing in mind normative and humanitarian mandates. The respective United Nations entity, with the advice of the Resident Coordinator, will consider the need for — and the type of — physical presence in country. On that basis, the Resident Coordinator will submit to the UNDG the proposed UNCT composition — for internal sign-off and subsequent recommendation to the host Government.

Part II: system-wide functions to be strengthened in support of the 2030 Agenda

19.   All development activities undertaken by the UN support achievement of the 2030 Agenda across various Goals and targets. This includes the diverse range of capacity building, policy advice and advocacy and operationalization of UN norms and standards.

20.   Within these there are a series of core functions which are central to the effective implementation of the 2030 Agenda. These include the following **six core system functions:**

(a)   Integrated normative support for implementation, monitoring and reporting on global agreements, norms and standards (QCPR OP 21 (b));

(b)   Integrated, evidence-based policy advice and thought-leadership, to support the efforts of countries to embed SDGs into national & local plans & budgets (QCPR OP 21 (a));

(c)   Comprehensive and disaggregated data collection and analysis to inform evidence-based, context-specific and inclusive policy choices (QCPR OP 21 (c));

(d)   Capacity development and technical assistance (QCPR OP 21 (c));

(e) Convening of stakeholders across constituencies, leveraging of partnerships and facilitating knowledge-sharing, and South-South and triangular cooperation (QCPR OP 21 (d) and (e));

(f) Direct support and service delivery, particularly in countries in special situations, such as those affected by conflict, displacement and disasters.

21. In addition to the above, the Secretary-General's July Report (OP 44-46) identified support for financing of the 2030 Agenda as another core function required of the UN development system. This includes strengthened capacities to support countries in designing and leveraging investments, leveraging the normative capabilities of DESA. It also envisions stronger partnerships with the World Bank, other international financial institutions and the broader financial sector to source capital, develop stronger credit enhancement and risk mitigation solutions, and align diverse financing streams behind the achievement of collective outcomes. Underlying all these are the UN development system's long-running support to countries in mobilizing resources (direct and indirect transfers and assistance, facilitating domestic resource generation, and mobilizing donor and south-south resources) and the effective delivery of resources through operations and service delivery efforts.

22. **System-wide approaches will be strengthened and further developed for the UN development system to collectively deliver on these core system functions, which epitomize the unique comparative advantages of the UN.** While not all support delivered under each function will need to be delivered collectively or in an integrated manner, the common approaches will ensure a coherent system-wide understanding of the functions as well as of the contributions entities within the UN development system are expected to provide for these.

23. **Strategic recommendations:**

(a) **By 2019, the UN Development Assistance Framework will highlight and articulate an integrated set of UN offerings based on the system-wide instruments for measuring results, and be focused around identified joint outcomes linked to national results, that take into account the collaboration with a wider set of actors at the country level. Individual agency heads would be accountable for ensuring effective quality, delivery and execution of efforts within the scope of their respective agency responsibilities while at the same time being accountable for collective results;**

(b) **By the end of 2018, in order to overcome gaps, inefficiencies and overlaps in data generation, disaggregation, and analysis, the UN development system will develop a roadmap to produce more integrated analysis jointly, better harness its internal knowledge, including at regional level, and make existing data sets and data sources more accessible, harmonized and actionable, consistent with international data protection principles;**

(c) **By the end of 2019, the UN development system will develop a common approach to partnerships and more effectively engage with the private sector, including consistent due diligence standards built on existing best practices, to be reflected in core entities' business engagement models and processes. It will also be proactive and consistent in using the UN's convening role to help open up space for civil society and in particular ensure meaningful participation of marginalized groups;**

(d) **In 2018, in responding to calls for stepped up support to Financing for Development, the Secretary-General will launch a dedicated strategy, to be implemented in close collaboration with DESA and the UNDG.**

24. **Implementing recommendations:**

(a)   The *UN Resident Coordinator* should be empowered to enhance system integration efforts, and identify, optimize, prioritize and help address gaps through enhanced access to financing streams and mechanisms.

Part III: system-wide instruments for measuring, monitoring and reporting on results

25.   The UN development system must become more accountable for delivering results, including collective results. This will be the litmus test for the UN's relevance in the SDG era. UN accountability and results should be measured by how effectively and how efficiently the system supports countries to make progress towards or addressing threats to achieving the SDG Goals, targets and indicators as reflected in national plans and priorities.

26.   The UN development system should collectively and individually measure its contribution to Agenda 2030 in line with the actual targets and indicators adopted by Member States and by using country systems to track their progress to the extent possible. This will mean putting in place coherent systems that are adequate to measure, monitor and aggregate results, and that enable accountability for performance and value for money for the system overall as well as for individual UN development system entities.

27.   The UN Development Assistance Framework should include all the results the UN is committed to support in a country, framed through the SDGs. These results can be measured through three types of indicators:

(a)   UN results derived from the UN's common contribution to SDG Indicators. These indicators use the same units of measurement as the SDGs global indicators and provide a link between UN actions and the SDGs. The indicators are further disaggregated to show the ways in which the UN contributes to the SDGs, including particularly through the Means of Implementation indicators under each Goal;

(b)   Other Global/Regional Indicators. These indicators are derived from global/regional frameworks other than the sustainable development goals, and fill gaps in SDG targets and/or indicators;

(c)   National Indicators. This analysis of impact is reserved for specific national indicators that may be relevant in the given context (based on country priorities).

28.   The alignment of UN agency results to the sustainable development goals using a common approach is necessary to avoid duplication and contradiction across the System.

29.   **Strategic recommendations:**

(a)   **The UN development system must become overall more accountable for delivering results, including collective results. Each result should be individually applied by relevant agencies and aggregated for all the concerned agencies in a country. Country-level results can then be aggregated for the UN's global contribution to the SDGs. (The focus on common measurements and results does not prevent any UN entity for collecting and/or measuring its performance against additional performance indicators that may be unique to that entity);**

(b)   **By the end of 2019, a system-wide online platform for monitoring and reporting on UNDS contributions to SDG progress should be put in place. Based on a mapping of the multiple knowledge systems currently being used, the UNDS will build on the benefits of these instruments and develop a flexible, light but**

effective instrument that serves the needs both of internal as well as external users;

(c)   **The UNDG will take steps to ensure it is in a position to present, by 2021, aggregated information on system-wide results, through a progressive harmonization of methodologies for data collection and reporting within the system.**

30.   **Implementing recommendations:**

(a)   *Annual reporting* on system-wide results at all levels;

(b)   *Reinforced transparency* on agency-specific expenditures and results through system-wide enrolment into the International Aid Transparency Initiative, to ensure that States and citizens have visibility into our expenditures.

Part IV: funding mechanisms to underpin these efforts

31.   **The UN development system's ability to reposition itself effectively to deliver on collective results will critically depend on a corresponding shift in the way the system is financed that contributes to broaden and grow the UN development system's funding base.** A strategically repositioned UN development system will need to be able to rely on system-wide financial instruments that are equally fit-for-purpose and reward and incentivize coherent support provided to core functions and the changes the system is seeking to foster. The trend towards a continuous reduction of core resources, increased earmarking, unpredictable and short-term funding patterns, where core functions of the UNDS have become underfunded, needs to be reversed to create an environment that encourages collaboration, integration and the generation of synergies.

32.   The status of funding arrangements, including pooled funding, must be urgently reviewed to better align resources with the delivery of core functions needed to support implementation of the 2030 Agenda, while enabling appropriate alignment and sequencing of financing to achieve short- and long-term priorities. The development of an innovative finance platform that helps build the UN development system's knowledge, capacities, expertise and resource base for innovative finance should, in this respect, carry priority. Funding mechanisms might include country-level contributions tied to specific results in the UNDAF managed under the direction of the Resident Coordinator, rather than to specific UN Agencies, Funds or Programmes.

33.   **The effective delivery of collective results under the Strategic Document calls for greater investments in pooled funding mechanisms, particularly in support of core functions delivered by UN development system entities. System-wide flagship initiatives could also be financially supported through inter-agency pooled funds,** managed by the UNDG Multi-Partner Trust Fund Office administered by UNDP. The UNDG has recently established a Joint Fund for the 2030 Agenda, which aims at reaching significant scale to support Resident Coordinators and UNCTs in accelerating progress towards the SDGs. The Joint Fund is designed to serve as an example of how funding can effectively be linked to functions and to collective outcomes — in this case, integrated policy support.

34.   **The UN development system will collectively further explore innovative funding approaches through a UN-wide Innovative Funding Lab.** Working together across the system in this area is necessary to achieve synergy and scale. To benefit from the opportunities presented by innovative funding, Member States could commit to providing seed funding for initial investments and support flexible arrangements for innovative funding solutions for the UN development system, including governance structures and appropriate accountability frameworks.

35.   **Strategic recommendations:**

(a)   **Funding Compact. The UN development system should actively pursue a Funding Compact with Member States to strengthen and align core institutional support with the support being provided to core functions and results to be achieved in supporting countries to implement the 2030 Agenda. This Funding Compact should clearly underscore the need for significantly greater financial resources to be made available in order for the UN development system to deliver the range of support member states will require in implementing the 2030 Agenda;**

(b)   **As part of this Funding Compact, each individual entity would commit to specific actions towards system-wide transparency and accountability. This will include enhancing transparency on financial data, full compliance with existing cost-recovery policies, and reinforced commitment to allocate a greater share of resources to joint activities;**

(c)   **Country-Level Pooled Funding. UN Country Teams should actively pursue the establishment of country-level pooled funding mechanisms aligned with the results architecture of the UNDAF rather than individual UN agencies, funds or programmes.**

Conclusion

36.   Member States and the UN entities recognize the need for new ways of working. The UN development system recognizes the benefits of working coherently and being collectively accountable for results, while taking measures to increase outward facing engagement and coherence with non-UN partners that is required for the UN to contribute effectively to broader efforts at the country level. Whether it is working collaboratively across the Charter, taking a systemic view of interventions in support of the 2030 Agenda, or working together to generate integrated policy support, the case for working in an increasingly integrated manner is more than obvious. This system-wide strategic document provides an initial set of ideas for how such collaboration can be strengthened. Further efforts to strengthen collaboration and coordination will be undertaken in the coming years, building on the lessons learned from these initial actions and the feedback received from Member States.