

Document: EB 2018/124/R.49
Agenda: 13(h)
Date: 5 September 2018
Distribution: Public
Original: English

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Investing in rural people

Update on IFAD's Engagement in the Reform of the United Nations Development System

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Executive Board — 124th Session
Rome, 11-13 September 2018

For: Information

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Abbreviations and acronyms

FAO	Food and Agriculture Organization of the United Nations
RBA	Rome-based agency
RC	resident coordinator
SDGs	Sustainable Development Goals
SSTC	South-South and Triangular Cooperation
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDS	United Nations development system
WFP	World Food Programme

Update on IFAD's Engagement in the Reform of the United Nations Development System

I. Purpose

1. Building on the content of the previous two papers prepared by IFAD and shared with the Executive Board on the same topic¹ and taking into account the latest developments, this paper will: (i) brief Board representatives on IFAD's ongoing and planned actions to contribute to the reform of the United Nations development system (UNDS); and (ii) capture their views and solicit guidance for the way forward.

II. United Nations General Assembly resolution 72/L.52

2. In December 2017, the Secretary-General released the report entitled *Repositioning the United Nations Development System to deliver on the 2030 Agenda*. This report provided the basis for the preparation of a resolution (A/72/L.52),² which was adopted by the General Assembly on 31 May 2018. The resolution – which may be seen in its entirety in the annex of this document – identifies six key areas of transformation for the United Nations Development System in delivering on the 2030 Agenda and the Sustainable Development Goals (SDGs). These are as follows: (i) A new generation of United Nations country teams; (ii) Reinvigorating the role of the resident coordinator system; (iii) Revamping the regional approach; (iv) Strategic direction, oversight and accountability for system-wide results; (v) Funding the United Nations development system; and (vi) Following up on the repositioning efforts of the United Nations development system at the global, regional and country levels.

III. United Nations reform and IFAD

3. IFAD supports and is fully committed to a reinvigorated and more coherent United Nations system to deliver on the objectives of the 2030 Agenda and the SDGs. The aim of this section is to discuss IFAD's ongoing and planned actions in each of the six areas identified in the resolution. However, given the scope of this update, only some of the proposals included in the resolution that merit consideration by the Board are addressed.
4. The timing of the reform of the UNDS is particularly conducive for IFAD, as it largely coincides with the far-reaching transformations under way at IFAD to render the organization more fit for purpose. As such, the United Nations reform provides the overarching framework for IFAD's internal reforms, thereby allowing IFAD to systematically internalize the relevant provisions of the General Assembly resolution.
5. For IFAD, a fundamental aspect of the implementation of the reform is collaboration among the Rome-based agencies (RBAs). In this regard, IFAD will proactively work with the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP) at the global, regional and country levels to leverage mutually reinforcing synergies that strengthen multilateralism, increase coherence within the United Nations system and enable it to effectively and efficiently deliver on the 2030 Agenda and the SDGs.
6. A new generation of United Nations country teams (UNCTs). A strengthened UNCT will play a central role in supporting countries in achieving the SDGs. With the establishment of 12 subregional hubs and three South-South and Triangular Cooperation (SSTC) and Knowledge Centres, in addition to the 40 IFAD Country Offices already established, IFAD's ongoing organizational decentralization will

¹ Dated respectively 6 September 2017 and 12 April 2018.

² See the annex for full text.

strengthen its country presence and better equip it to participate in country-level processes, coordinate action with United Nations organizations and others, enhance its contribution to national level policy dialogue, strengthen partnerships with like-minded entities, and identify cofinancing opportunities including with the private sector.

7. More than 50 per cent of IFAD offices in recipient countries are co-located with either FAO or WFP to advance common business operations, enable joint work and generate efficiencies, synergies and coherence. Pursuant to the "target of 50 per cent common premises by 2021", IFAD will continue to seek new joint locations where feasible.
8. Compared with the large United Nations entities, international financial institutions and regional development banks, IFAD has limited presence in partner countries. Therefore, when IFAD staff cannot participate personally in policy dialogue, FAO and WFP will be in a position to promote IFAD priorities in UNCTs.
9. A revitalized United Nations Development Assistance Framework (UNDAF) will be the most important instrument for strengthening UNCTs, and for planning and implementation at the country level. IFAD will ensure that its development assistance is anchored within the UNDAF. Country directors will coordinate with and draw on the technical expertise of staff located in subregional hubs to support IFAD's participation in the UNDAF. They will also partner closely with the RBAs to ensure the take up of IFAD concerns when the Fund is unable to be represented at UNDAF meetings. The RBAs are also formulating a joint position paper on how they will collectively contribute to UNDAFs through joint reviews and inputs in the context of SDG2.
10. Reinvigorating the role of the resident coordinator (RC) system. The Fund fully supports an impartial, empowered and better-resourced RC system. It subscribes to the proposal that the functions of the RCs and UNDP resident representatives should be separated to reduce potential conflicts of interest and to allow RCs to support individual entities appropriately.
11. IFAD has noted the role of the RCs in appraising the performance of its country directors, who will in turn have an opportunity to provide their response to the performance appraisals of the RCs. There will be a need to develop consistent criteria and evaluation systems that enable the RCs to contribute more systematically to agency performance appraisals of UNCT members. Similarly, while IFAD subscribes to the dual reporting, the additional time and resource implications of such reporting will need to be carefully considered moving forward.
12. With regard to funding contributions to the RC system, in addition to existing price increases from an extended decentralized presence, IFAD is required to double its annual contribution (from the current level of around US\$700,000). As indicated in the high-level preview, this implies a combined estimated 0.7 per cent nominal increase (approximately US\$1 million) on IFAD's annual administrative budget, which requires the Executive Board and Governing Council's endorsement. In this respect, the Deputy Secretary-General has called upon Member States to support United Nations entities' efforts to allocate these resources as part of their budget cycles.
13. IFAD takes note of the 1 per cent coordination levy on what has been referred to as "tightly earmarked third-party (excluding local government cost-sharing and cooperation among programme countries) non-core contributions to United Nations development-related activities." At the United Nations Finance and Budget Network meeting held in June 2018, the need for clarity on definitions and practical implementation relating to this levy was reaffirmed. The United Nations Controller has advised that the Executive Office of the Secretary-General is preparing an implementation document as the basis for a plan for the funding mechanism to be

- submitted to the United Nations Economic and Social Council. IFAD will quantify its share of the levy once it has greater clarity in this regard.
14. Revamping the regional approach. IFAD is seeking to participate more actively in regional forums on sustainable development. It is also taking part in the activities of regional and subregional institutions.
 15. The establishment of subregional hubs in all five geographic regions – several of which are located in the same place as major United Nations hubs – aims to bring IFAD closer to the ground. The three SSTC and Knowledge Centres in Addis Ababa, Beijing and Brasilia have been established to strengthen IFAD’s role in capturing and disseminating knowledge on rural poverty reduction and using SSTC as an instrument for rural transformation.
 16. IFAD’s grant mechanism provides opportunities to conduct analytic work and research, knowledge management and policy dialogue at the subregional and regional levels. In addition IFAD is conceptualizing a new instrument that will allow it to finance regional operations to address the many development challenges that transcend national boundaries in order to bring about wider improvements in incomes and well-being.
 17. Strategic direction, oversight and accountability for system-wide results. With regard to strategic direction, IFAD is strengthening its partnership with the Executive Board, including by organizing periodic retreats and annual visits to IFAD-funded projects. Together with the other RBAs, since 2017, it has been organizing joint informal meetings of the IFAD and WFP Boards and FAO Council as a platform for dialogue on issues of mutual interest.
 18. Regarding oversight and accountability, IFAD recently adopted a comprehensive Development Effectiveness Framework and a value-for-money framework. Increasing attention is being paid to rigorous results measurement through a comprehensive programme of impact assessments and by consolidating reporting to the governing bodies.
 19. Internally, the Enterprise Risk Management Committee ensures that key risks are identified, and that mitigation measures are introduced in a timely manner. IFAD is developing a comprehensive approach to risk management in the context of its evolving business model and financial architecture, and has recently hired a chief risk management officer. A more comprehensive approach to risk management will entail assessing risks and introducing the necessary mitigation measures to cover strategic, operational and financial areas.
 20. Transparency is a key dimension of the United Nations reform. In December 2017, the Executive Board approved an action plan to enhance transparency for greater accountability. Moreover, and in line with one of the UNDS reform proposals, IFAD has been a signatory of the International Aid Transparency Initiative since 2011.
 21. Funding the UNDS. IFAD welcomes the development of a funding compact, to be based on a funding dialogue in 2018. IFAD is taking part in these deliberations through its New York office.
 22. The General Assembly resolution underlines the need, inter alia, to improve voluntary and grant-based funding as a key element for the successful repositioning of the UNDS and the strengthening of its multilateral nature. The emphasis on core resources is similarly important, given that these will remain the bedrock of IFAD’s financial architecture for the foreseeable future.
 23. Nonetheless, IFAD’s financial model is distinct from those of other United Nations specialized agencies, programmes and funds. Traditionally, its main vehicle for mobilizing core funding has been periodic replenishments, whereby Member States provide voluntary contributions.

24. In addition to mobilizing core funding, IFAD is diversifying and expanding its financial resource base by mobilizing concessional partner loans, engaging in sovereign borrowing and preparing for possible market borrowing to meet the ever-increasing demand from Member States for development assistance.
25. Non-core funding – such as supplementary and complementary funds – is also important for IFAD, especially to finance key thematic and related priority activities outside the funding provided through its performance-based allocation system. Non-core funds also provide an opportunity to conduct joint activities at the country, regional and global levels. For the Eleventh Replenishment of IFAD's Resources period, IFAD has increased its (domestic and international) cofinancing targets in support of its programme of loans and grants. Therefore, while core funds will remain central to IFAD activities, non-core funding will be vital in allowing IFAD to fully realize its ambition to be better, bigger and smarter.
26. Following up on the repositioning efforts of the UNDS at the global, regional and country levels. IFAD is supportive of the follow-up actions proposed in the General Assembly resolution, such as the preparation of a system-wide strategic document, and is ready to contribute to the debate. Furthermore, IFAD will support the Secretary-General by providing input for subsequent reports to the Economic and Social Council of the United Nations on progress made in implementing the mandates contained in the resolution. IFAD is closely following the deliberations of the Transition Team led by the Deputy Secretary-General and the latest developments.

IV. Conclusion

27. IFAD supports the United Nations reform and is committed to taking forward the relevant proposals in the General Assembly resolution in line with its mandate and status as a United Nations specialized agency and an international financial institution, and whenever possible, in collaboration with the other RBAs. The Fund will continue to actively participate in the dialogue and take the necessary steps in order to make its contribution to enhancing the coherence of the entire UNDS.



General Assembly

Distr.: Limited
9 May 2018

Original: English

Seventy-second session

Agenda item 24 (a)

Operational activities for development: operational activities for development of the United Nations system

Draft resolution submitted by the President of the General Assembly

Repositioning of the United Nations development system in the context of the quadrennial comprehensive policy review of operational activities for development of the United Nations system

The General Assembly,

Reaffirming its resolution [71/243](#) of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system and its general guidelines and principles for the United Nations development system, to better position the United Nations operational activities for development to support countries in their efforts to implement the 2030 Agenda for Sustainable Development,¹

Taking note with appreciation of the reports of the Secretary-General on the quadrennial comprehensive policy review,² and welcoming his efforts on the repositioning of the United Nations development system,

I

A new generation of United Nations country teams

1. *Welcomes* a revitalized, strategic, flexible and results- and action-oriented United Nations Development Assistance Framework as the most important instrument for the planning and implementation of United Nations development activities in each country, in support of the implementation of the 2030 Agenda for Sustainable Development,¹ to be prepared and finalized in full consultation and agreement with national Governments;

2. *Requests* the Secretary-General to lead the efforts of the entities of the United Nations development system to collaboratively implement a new generation of United Nations country teams, with needs-based tailored country presence, to be built on the United Nations Development Assistance Framework and finalized through open and inclusive dialogue between the host Government and the United

¹ Resolution [70/1](#).

² [A/72/124-E/2018/3](#), [A/72/684-E/2018/7](#) and [A/73/63-E/2018/8](#).



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Nations development system, facilitated by the resident coordinator, to ensure the best configuration of support on the ground, as well as enhanced coordination, transparency, efficiency and impact of United Nations development activities, in accordance with national development policies, plans, priorities and needs;

3. *Also requests* the Secretary-General to work, through the United Nations Sustainable Development Group and in consultation with the Member States concerned, to determine appropriate criteria with regard to the presence and composition of United Nations country teams, based on country development priorities and long-term needs and the approved United Nations Development Assistance Framework, in accordance with the principles of the Charter of the United Nations and United Nations norms and standards;

4. *Further requests* the Secretary-General, in pursuance of General Assembly resolution 71/243, to conduct a review of the configuration, capacity, resource needs, role and development services of multi-country offices, in full consultation with the countries involved, to improve the contribution of the offices to country progress in achieving the 2030 Agenda, to be presented to the Economic and Social Council at the operational activities for development segment of its 2019 session;

5. *Calls upon* the entities of the United Nations development system to strengthen capacities, resources and skill sets to support national Governments in achieving the Sustainable Development Goals and, where relevant, build capacities and expertise across United Nations agencies, funds and programmes to promote progress on those Goals lagging behind, in line with respective mandates and building on comparative advantages, and reducing gaps, overlaps and duplication across entities;

6. *Welcomes* measures by the Secretary-General to advance common business operations, where appropriate, including common back-offices, and with the target of 50 per cent common premises by 2021, to enable joint work and generate greater efficiencies, synergies and coherence, and requests the implementation of those measures in accordance with resolution 71/243;

II

Reinvigorating the role of the resident coordinator system

7. *Reaffirms* that the focus of the resident coordinator system should remain sustainable development, with the eradication of poverty in all its forms and dimensions as its overarching objective, consistent with the integrated nature of the 2030 Agenda and in line with the United Nations Development Assistance Framework and national leadership and ownership;

8. *Decides* to create a dedicated, independent, impartial, empowered and sustainable development-focused coordination function for the United Nations development system by separating the functions of the resident coordinator from those of the resident representative of the United Nations Development Programme, drawing on the expertise and assets of all United Nations development system entities, including non-resident agencies;

9. *Requests* the Secretary-General to strengthen the authority and leadership of resident coordinators, as the highest-ranking representatives of the United Nations development system, over United Nations country teams, and system-wide accountability on the ground for implementing the United Nations Development Assistance Framework and supporting countries in their implementation of the 2030 Agenda, through:

(a) Enhanced authority for the resident coordinator to ensure alignment of both agency programmes and inter-agency pooled funding for development with

national development needs and priorities, as well as with the United Nations Development Assistance Framework, in consultation with the national Government;

(b) Full mutual and collective performance appraisals to strengthen accountability and impartiality, with resident coordinators appraising the performance of United Nations country team heads and United Nations country team heads informing the performance assessment of resident coordinators;

(c) The establishment of a clear, matrixed, dual reporting model, with United Nations country team members accountable and reporting to their respective entities on individual mandates, and periodically reporting to the resident coordinator on their individual activities and on their respective contributions to the collective results of the United Nations development system towards the achievement of the 2030 Agenda at the country level, on the basis of the United Nations Development Assistance Framework;

(d) Reporting by the resident coordinator to the Secretary-General and to the host Government on the implementation of the United Nations Development Assistance Framework;

(e) A collectively owned internal dispute resolution mechanism;

10. *Emphasizes* that adequate, predictable and sustainable funding of the resident coordinator system is essential to delivering a coherent, effective, efficient and accountable response in accordance with national needs and priorities, and in this regard decides to provide sufficient funding in line with the report of the Secretary-General,³ on an annual basis starting from 1 January 2019, through:

(a) A 1 per cent coordination levy on tightly earmarked third-party⁴ non-core contributions to United Nations development-related activities, to be paid at source;

(b) Doubling the current United Nations Development Group cost-sharing arrangement among United Nations development system entities;

(c) Voluntary, predictable, multi-year contributions to a dedicated trust fund to support the inception period;

11. *Strongly urges* all Member States to contribute to the trust fund, in particular as front-loaded contributions for the inception of the reinvigorated resident coordinator system, and in a timely manner, to ensure necessary, predictable and sustainable funding for the inception period;

12. *Calls upon* all Member States in the relevant governing bodies of all United Nations development system entities to ensure that all entities double their agreed contributions under the current United Nations Development Group cost-sharing arrangement;

13. *Requests* the Secretary-General, in consultation with the United Nations development system entities, to present an implementation plan for the inception of the reinvigorated resident coordinator system, including on the operationalization of its funding arrangements, to the General Assembly, before the end of the seventy-second session;

14. *Emphasizes* the need to ensure full achievement of the efficiency gains envisioned in the report of the Secretary-General³ in a timely manner and to redeploy these efficiency gains for development activities, including coordination;

³ [A/72/684-E/2018/7](#).

⁴ The levy would not be charged on local government cost-sharing and cooperation among programme countries.

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15. *Requests* the Secretary-General to report annually, starting in 2019, to the Economic and Social Council at its operational activities for development segment, on the implementation of the reinvigorated resident coordinator system, including its funding, to ensure accountability towards Member States;

16. *Also requests* the Secretary-General to submit for the consideration of the General Assembly, before the end of its seventy-fifth session, a review with recommendations on the functioning of the reinvigorated resident coordinator system, including its funding arrangement;

17. *Endorses* the transformation of the Development Operations Coordination Office to assume managerial and oversight functions of the resident coordinator system under the leadership of an Assistant Secretary-General and under the collective ownership of the members of the United Nations Sustainable Development Group, as a stand-alone coordination office within the Secretariat, reporting to the Chair of the Group, and requests the Chair to present a comprehensive report on an annual basis, including on the operational, administrative and financing aspects of the activities of the Office, to the Economic and Social Council at its operational activities for development segment;

III

Revamping the regional approach

18. *Reaffirms* the role and functions of the United Nations development system at the regional level, including the regional economic commissions and the regional teams of the United Nations development system, and underlines the need to continue to make them fit for purpose in supporting the implementation of the 2030 Agenda, and to revamp the regional structures, recognizing the specificities of each region and bearing in mind that no one size fits all;

19. *Emphasizes* the need to address gaps and overlaps at the regional level, and endorses a phased approach to revamping the United Nations development system at the regional level, and in this regard requests the Secretary-General:

(a) To implement, as part of the first phase, the proposed measures to optimize functions and enhance collaboration at the regional and subregional levels;

(b) To provide options, on a region-by-region basis, for longer-term reprofiling and restructuring of the regional assets of the United Nations to the Economic and Social Council at the operational activities for development segment of its 2019 session;

IV

Strategic direction, oversight and accountability for system-wide results

20. *Takes note* of the proposal of the Secretary-General on the repositioning of the operational activities for development segment of the Economic and Social Council, and looks forward to the outcome of the ongoing review of the implementation of General Assembly resolution 68/1 of 20 September 2013;

21. *Also takes note* of the proposal of the Secretary-General to gradually merge the New York-based Executive Boards of funds and programmes, and urges Member States to continue making practical changes to further enhance the working methods of the Boards with the aim of improving the efficiency, transparency and quality of governance structures, including through deciding on ways to improve the functions of the joint meeting of the Boards;

22. *Stresses* the need to improve monitoring and reporting on system-wide results, and in this regard welcomes the strengthening of independent system-wide

evaluation measures by the Secretary-General, including improving existing capacities;

23. *Welcomes* the decision by the Secretary-General to brief the Economic and Social Council in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to ensure full transparency in the activities of the Board and improve its effective interaction with, and its responsiveness to, the Member States;

V

Funding the United Nations development system

24. *Recognizes* that significantly improving its voluntary and grant-based funding is vital to the successful repositioning of the United Nations development system, as well as to the strengthening of its multilateral nature, with the aim of better supporting countries in their efforts to implement the 2030 Agenda in line with national needs and priorities in a coherent and integrated manner;

25. *Welcomes* the call by the Secretary-General for a funding compact as a critical tool to maximize the investments of Member States in the United Nations development system and the system's transparency and accountability for system-wide actions and results, and, recognizing the need to address the imbalance between core and non-core resources, takes note of the proposals of the Secretary-General to bring core resources to a level of at least 30 per cent in the next five years and double both inter-agency pooled funds to a total of 3.4 billion United States dollars and entity-specific thematic funds to a total of 800 million dollars by 2023;

26. *Also welcomes* the proposals of the Secretary-General to establish a dedicated coordination fund, and in this regard invites Member States to provide voluntary contributions in the amount of 35 million dollars to the resident coordinator system, in support of system-wide activities on the ground associated with the implementation of the United Nations Development Assistance Framework;

27. *Invites* Member States to contribute, on a voluntary basis, to the capitalization of the Joint Fund for the 2030 Agenda for Sustainable Development at 290 million dollars per annum;

28. *Welcomes* the commitment of the Secretary-General to repositioning the United Nations development system in accordance with calls by Member States set out in resolution [71/243](#) and in the present resolution, recognizes that that commitment to reform is an essential component of a funding compact, and therefore requests the United Nations development system, as the starting point for its commitment to the funding compact:

(a) To provide annual reporting on system-wide support to the Sustainable Development Goals and present aggregated information on system-wide results by 2021;

(b) To comply with the highest international transparency standards to enhance transparency and access to financial information in all United Nations development system entities;

(c) To undergo independent system-wide evaluations of results achieved, at the global, regional and country levels;

(d) To comply with existing full-cost recovery policies and further harmonize cost recovery by individual United Nations development system entities through differentiated approaches;

(e) To allocate, where applicable, at least 15 per cent of non-core resources for development to joint activities;

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(f) To enhance the visibility of Member State contributions to core resources and pooled funds, and related results;

(g) To achieve efficiency gains as envisioned by the Secretary-General in his report;³

(h) To achieve common results at the country level;

29. *Also welcomes* the proposal of the Secretary-General to launch a funding dialogue in 2018 with a view to finalizing a funding compact in the form of a commitment between the United Nations development system and Member States, and requests the Secretary-General to report on the outcome of the funding dialogue at the operational activities for development segment of the 2019 session of the Economic and Social Council, noting that the funding compact relates to voluntary funding of the United Nations development system, as well as to other contributions;

VI

Following up on the repositioning efforts of the United Nations development system at the global, regional and country levels

30. *Requests* the heads of the entities of the United Nations development system, under the leadership of the Secretary-General, to submit to the Economic and Social Council at the operational activities for development segment of its 2019 session, for consideration by Member States, a system-wide strategic document, in the light of the present resolution and in line with resolution [71/243](#), and to ensure that it is specific, concrete and targeted in addressing gaps and overlaps;

31. *Reaffirms* the role of the Department of Economic and Social Affairs of the Secretariat, and looks forward to the update by the Secretary-General to the Member States on the alignment of the Department with the 2030 Agenda, in accordance with General Assembly resolution [70/299](#) of 29 July 2016;

32. *Requests* the Secretary-General to ensure an effective and efficient transition to a repositioned United Nations development system, in particular to a reinvigorated resident coordinator system, including by giving due consideration to the role of a responsive United Nations Development Programme as the support platform of the United Nations development system providing an integrator function in support of countries in their efforts to implement the 2030 Agenda;

33. *Also requests* the Secretary-General to report to the Economic and Social Council on progress made in the implementation of the mandates contained in the present resolution and the mandates contained in resolution [71/243](#), as part of his annual reporting to the Council at the operational activities for development segment of its 2019 session, and to the General Assembly at its seventy-fourth session for further consideration by the Assembly and to inform the next cycle of the quadrennial comprehensive policy review to be launched in 2020.