



# U.N. System Development Assistance: Issues for Congress

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## Summary

Members of Congress continue to demonstrate an ongoing interest in the efficiency and effectiveness of United Nations (U.N.) development activities, both in the context of U.N. reform and broader U.S. development and foreign assistance efforts. Thirty-two U.N. agencies, funds, programs, and offices play a role in development. These entities, collectively referred to as the U.N. development system (UNDS), are independent intergovernmental organizations with distinct mandates, rules, membership, and financial resources. They work to help countries achieve social and economic progress through a range of development activities—including program implementation, technical assistance, providing forums for intergovernmental cooperation, setting and facilitating international standards and norms, advocacy and awareness raising, and research and data collection. In 2009, U.N. system development-related expenditures were estimated at \$14.7 billion and accounted for 41% of all U.N. system-wide contributions.

Many experts and policymakers recognize the unique role that the United Nations plays in development. In their view, the United Nations' universal membership provides it with a neutrality, legitimacy, and convening power not enjoyed by countries and other development organizations. At the same time, however, the United Nations has been criticized for lacking effectiveness and cohesion in its development activities, particularly at the country level. Some experts suggest that the decentralized nature of the U.N. system has had an unfavorable impact on development coordination, accountability, and information-sharing efforts. To address these issues, U.N. member states have implemented incremental reforms every 10 to 15 years. While some of these reforms have shown progress, experts generally agree that additional changes are needed for the UNDS to operate as effectively as possible.

The United States is the largest contributor to the U.N. system as a whole and is often one of the top financial contributors to UNDS entities. It holds leadership roles in U.N. governance mechanisms and annually appropriates funding to UNDS organizations. Given the extent of U.S. participation in and funding of the UNDS, the 112<sup>th</sup> Congress may raise questions regarding:

- **The overall effectiveness of the UNDS, particularly at the country level**—A 2006 report on U.N. system-wide coherence found that U.N. development assistance was “fragmented and weak,” contributing to inefficiencies and duplication across the UNDS. Members of Congress may wish to consider ways to improve UNDS activities by examining current challenges and reform efforts.
- **The level and extent of U.S. contributions to the UNDS**—During the past decade, some U.S. policymakers have raised concerns about perceived lack of transparency and accountability within the U.N. Development Program (UNDP) and the UNDS. Consequently, some Members of Congress have debated whether providing financial contributions to UNDP and, more broadly, other parts of the UNDS, is an effective use of U.S. foreign assistance.
- **The benefits and drawbacks of multilateral versus bilateral assistance**—The role of the United States in the UNDS plays into broader discussions about U.S. foreign assistance and the role of multilateral and bilateral aid in achieving U.S. foreign policy and national security goals. Some contend that bilateral aid provides the government with control over how money is spent. On the other hand, many argue that multilateral aid, including contributions to the UNDS, allows the government to share development costs with other donors.

## Contents

Introduction .....	1
Setting the Context: Background, Role, and Perceptions.....	2
Origins.....	4
Role in Global Development .....	5
Criticism and Support .....	6
Overview of U.N. Development System Activities .....	7
Country Activities .....	9
Regional Activities.....	10
Headquarters Activities and U.N. System-wide Coordination .....	11
Funding Structure and Trends.....	12
Distribution of Expenditures .....	12
Implications of Core and Non-core Contributions.....	14
U.N. System Share of Multilateral Aid .....	15
Obama Administration Perspectives .....	17
Options and Issues for Congress.....	18
U.S. Funding of U.N. System Development Assistance .....	20
Bilateral Versus Multilateral Aid .....	21
Examples of Current Reform Efforts .....	22
Comprehensive Policy Reviews .....	23
U.N. System-wide Coherence: The Delivering As One Initiative .....	24
Strengths and Weaknesses .....	25
Ongoing Challenges and Policy Issues .....	25
Different Member State Perspectives.....	26
Competition Among U.N. Entities.....	26
Limited Data Collection and Information-Sharing .....	27
Obstacles to Monitoring and Evaluation .....	27
Role of the U.N. Resident Coordinator .....	28
Transitioning from Humanitarian Relief to Development.....	29
Relationships with Other Development Partners .....	30
International Financial Institutions .....	30
NGOs .....	31
Private Sector.....	31
Looking Ahead .....	32
Effectiveness of U.S. Foreign Aid Structures .....	32
Rise of Other Development Actors and Mechanisms .....	32
U.N. System Focus and Priorities .....	32
Reform and the Future of the U.N. Development System.....	33

## Figures

Figure 1. Primary Entities Involved in U.N. System Development-Related Activities .....	8
Figure 2. Comparison of UNDS Activities by Sector, 1993 and 2008.....	9

Figure 3. U.N. System Development-Related Expenditures, Core and Non-core, 2003-2009 ..... 13

Figure 4. Use of Resources for Development-Related Expenditures by Major Cost Groupings, 2009 ..... 13

Figure 5. Core and Non-core Contributions to UNDS Longer-Term Development Activities, 1994-2009 ..... 15

Figure 6. Contributions to the U.N. Development System as a Share of Total Multilateral Aid by OECD-DAC Countries, 2006-2009 ..... 16

Figure 7. Core Contributions to the U.N. Development System as a Share of Core Multilateral Aid by OECD-DAC Countries, 1995-2009 ..... 17

Figure 8. U.S. Bilateral and Multilateral Official Development Assistance, 2000-2009 ..... 22

## Tables

Table 1. U.S. Contributions to UNDP, UNICEF, WHO, and FAO, FY2009-FY2012 ..... 19

Table A-1. U.N. Development Group Membership: U.N. Entities that Play a Role in Development ..... 34

Table B-1. List of Abbreviations ..... 36

Table C-1. Top 10 Recipient Countries of Funding (Country Programmable Resources), 2009 ..... 38

## Appendixes

Appendix A. U.N. Development Group Membership ..... 34

Appendix B. Abbreviations ..... 36

Appendix C. Top Recipients of UNDS Funding, 2009 ..... 38

## Contacts

Author Contact Information ..... 38

## Introduction

Since the United Nations (U.N.) was established in 1945, Congress has demonstrated a continued interest in U.N. system development assistance. Thirty-two U.N. funds, programs, agencies, departments, and offices play a role in international development. These entities, which are referred to by many as the U.N. Development System (UNDS), conduct development-related activities in 180 countries with expenditures estimated at \$14.7 billion per year.<sup>1</sup> The United States generally supports these activities; it is often among the top donors to UNDS entities and serves on various U.N. executive boards and other governance mechanisms. The United Nations estimates that in 2009, the United States contributed \$1.306 billion to U.N. development-related activities, more than any other country.<sup>2</sup> Congress appropriates funds to several U.N. entities involved in development, and as such has demonstrated an ongoing interest in UNDS efforts, including:

- the role and efficiency of the U.N. system, and multilateral assistance as a whole, in international development;
- the U.N. system's effectiveness in providing development assistance at the country level; and
- the level of U.S. funding of such activities, most recently in light of the global financial crisis, economic recession, and calls to reduce the U.S. budget deficit.

These issues have been discussed individually, as well as in the broader context of U.N. system reform, U.S. and international efforts to achieve the Millennium Development Goals (MDGs), and U.S. foreign aid reform.

This report discusses the origins and evolving role of the UNDS and its perceived strengths and weaknesses. It examines the current UNDS structure, including country, regional, and global activities, as well as funding levels and trends. It also discusses congressional perspectives, Obama Administration policy, and current UNDS reform efforts. In addition, it analyzes possible challenges and policy issues related to U.N. development assistance efforts, including:

- **Lack of system-wide data collection and sharing mechanisms**—The UNDS lacks a central mechanism for collecting and disseminating information about its activities. Consequently, donors, host governments, and in some cases U.N. entities themselves, do not have a full picture of the range of activities occurring in the countries where they operate. Many contend that this leads to a lack of coordination and duplication within the UNDS. Moreover, it makes it more difficult for donors, recipient governments, and the U.N. system to identify gaps and areas for improvement.

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<sup>1</sup> There are many definitions of the UNDS. For the purposes of this report, the UNDS refers to the 32 members of the U.N. Development Group (UNDG), the main U.N. system coordinating mechanism for development. (See “A Note About U.N. Development System Definition and Data Sources,” text box for further explanation.) **Appendix A** lists UNDG members, including type of U.N. entity and primary funding source. **Appendix B** lists UNDS-related abbreviations.

<sup>2</sup> Table A-5 of the Statistical Annex to U.N. document, A/66/79-E/2011/107, *Analysis of the Funding of Operational Activities for Development of the United Nations System, 2009* (hereafter referred to as *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*), May 6, 2011. (Drawn from the “development-related activities only,” columns of Table A-5, which include core, non-core, and local resources.)

- **Competition among and within U.N. system entities**—Many in the development community debate the impact of competition among U.N. entities on overall UNDS efforts. Generally, experts agree that competition can benefit U.N. development activities by encouraging organizations to improve the quality of their services. At the same time, some have questioned whether the decentralized nature of the U.N. system creates an environment where U.N. entities act in their own best interest rather than that of the host government or of the UNDS as a whole.
- **The impact of different funding flows on UNDS activities**—Non-core (or earmarked) funding has become the largest source of development-related expenditures in the UNDS.<sup>3</sup> Some experts are concerned that such funding may limit the degree to which host countries are involved in the design of programs in their countries. Some also worry that an increase in non-core funding, which is often unpredictable, may impact the ability of organizations to fund their mandates and missions and could affect long-term planning. Others, however, argue that non-core funding allows donors to contribute to activities in sectors and countries that align with their development priorities and therefore encourages donor participation.

## Setting the Context: Background, Role, and Perceptions

The 32 U.N. entities that comprise the UNDS include seven Secretariat offices or departments, nine specialized agencies, nine funds and programs, five regional commissions, and two additional U.N. bodies. (See **Appendix A** for a list of these U.N. entities by type and primary funding source.) The UNDS aims to help countries achieve social and economic progress by undertaking or supporting a range of operational and normative development activities—including technical assistance, setting and facilitating technical standards and norms, providing forums for intergovernmental cooperation and policy-sharing, advocacy and awareness raising, and research and data collection. These activities are guided by the priorities of the national governments as well as by various international laws, norms, and standards such as treaties, U.N. resolutions and decisions, and the MDGs.

For the past several decades, the international community has repeatedly acknowledged the need to improve U.N. development efforts through enhanced coordination and substantive reform. Various expert panels, commissions, and U.N. Secretaries-General have made recommendations on how to enhance the efficiency and effectiveness of the UNDS. Many of their proposed reforms have been markedly similar, calling for more integrated planning and budgeting systems, strengthening coordination at the country level, and harmonizing the activities of U.N. specialized agencies. In 1966, for example, the U.N. Development Program (UNDP) commissioned *A Study of the Capacity of the United Nations Development System (Capacity Study)*, which found that “at

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<sup>3</sup> There are two main types of donor contributions to the U.N. system: “core” and “non-core.” Non-core resources are determined by donors. They are restricted in their use and application to specific projects, funds, programs, regions, or sectors. Core resources include those that may be commingled with no restrictions; their use and application is directly linked to the mandates, guidelines, and priorities established by U.N. entities. For more information, see the “Funding Structure and Trends” section.

the country level capacity suffers because the U.N. development system is not presented in an integrated fashion.”<sup>4</sup> It recommended that governments and the United Nations take steps to address lack of governance, coordination, interagency competition, and administrative barriers within the UNDS.

In 2006, nearly 40 years later, then-U.N. Secretary-General Kofi Annan appointed a high-level expert panel on system-wide coherence to evaluate U.N. system development activities. The panel found that U.N. development assistance was “fragmented and weak,” contributing to inefficiencies and duplication across the U.N. development system, particularly at the country level. The similarities between the high-level panel’s observations and those made decades earlier in the *Capacity Study* illustrate the continued challenges to institutional reform faced by the U.N. system and governments, including the United States, as they try to improve UNDS efficiency and effectiveness.

Despite what many view as the slow pace of development reform, U.N. member states and the U.N. Secretary-General have made incremental efforts to improve the UNDS. In 1997, for example, Secretary-General Annan established the U.N. Development Group (UNDG) to help coordinate the activities of U.N. entities that play a role in development. In 2006, at the recommendation of the high-level panel on system-wide coherence, U.N. member states established the Delivering as One (DAO) initiative, which aims to enhance coordination and coherence among U.N. agencies at the country level by consolidating all U.N. entities into one building with one budget and management structure. DAO, which is generally supported by the Obama Administration, has been implemented as a pilot program in several countries with varied degrees of progress.<sup>5</sup>

### **The U.N. Millennium Development Goals**

Development assistance today is often viewed in the context of the U.N. Millennium Development Goals (MDGs). In 2000, 189 U.N. member states, including the United States, adopted the U.N. Millennium Declaration, committing themselves to achieving a series of measurable development targets by 2015 known as the MDGs.

The goals are (1) eradicating extreme hunger and poverty; (2) achieving universal primary education; (3) promoting gender equality; (4) reducing the under-five child mortality rate; (5) reducing the maternal mortality rate; (6) combating HIV/AIDS and other diseases; (7) ensuring environmental sustainability; and (8) developing a Global Partnership for Development.

Governments have worked to achieve the MDGs with mixed results. Experts generally agree that while some goals are on track to be met, the majority are unlikely to be achieved by 2015. Many have also found that progress toward the goals is unevenly distributed across regions and countries.

<sup>4</sup> *A Study of the Capacity of the United Nations Development System, Volumes I and II Combined*, United Nations, Geneva, September 30, 1969.

<sup>5</sup> For a more detailed discussion of UNDS reform activities, see the “Examples of Current Reform Efforts” section.

### A Note About U.N. Development System Definitions and Data Sources

**Definitions.** Development organizations, academics, governments, and the U.N. system itself define the U.N. development system (UNDS) differently. Some, for example, consider international financial institutions (IFIs) and U.N. entities that focus on humanitarian operations to be part of the UNDS. For the purposes of this report, the UNDS refers to the 32 U.N. agencies, funds, programs and offices that are part of the U.N. Development Group (UNDG), the primary U.N. system mechanism for development coordination. UNDG membership does not include IFIs such as the World Bank or International Monetary Fund or U.N. entities that primarily engage in humanitarian efforts, such as the U.N. Office for the Coordination of Humanitarian Affairs (UNOCHA) or the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

**Data Sources.** The majority of UNDS-related data in this report are drawn from U.N. system sources. However, the data have some limitations because the U.N. system lacks a centralized mechanism for collecting and disseminating information on its development activities. Each year, for example, the U.N. Secretary-General provides the U.N. Economic and Social Council (ECOSOC) with an annual report that analyzes U.N. system funding of operational activities for development. The report, which is a key source for annual data on U.N. development efforts, highlights UNDS activities, expenditures, contributions, and any emerging UNDS-related issues. It does not, however, always paint a clear picture of UNDS activities over time because the definitions of development and the data itself are often inconsistent and not comparable from year to year.<sup>6</sup> For example, some data from the 2008 report were not updated or included in the 2009 report.

This report refers to information cited in both the 2008 and 2009 U.N. reports on operational activities for development. Although some of the 2008 data are not updated for 2009, it provides a valuable snapshot of UNDS activities—including distribution by sector, funding type, entity, and location—during a specific year or group of years.

## Origins

When the United Nations was first established in 1945, many people did not foresee the role that it would eventually play in global, long-term development efforts. During the United Nations' first few years, there were no mechanisms for addressing overall development activities. The founders of the U.N. specialized agencies viewed development operations as secondary to the primary goals of encouraging international cooperation in focus areas such as agriculture, education, health, and aviation, and dealing with more acute crises in the aftermath of World War II. In 1948, the General Assembly began to recognize the role the United Nations could play in development and decided that in addition to the programs already undertaken by the specialized agencies, U.N. activities should be expanded to include technical assistance carried out under the U.N. Secretary-General.<sup>7</sup> It established the Expanded Program of Technical Assistance (EPTA) in 1949 to provide technical assistance to developing nations. In 1958, it created the Special U.N. Fund for Economic Development, which was charged with conducting surveys and analysis for major development projects. In 1965, in response to increased U.N. membership and to consolidate financial resources and reduce duplication, U.N. member states decided to merge the two bodies into one entity—UNDP. This merger laid the foundation for the current UNDS.<sup>8</sup>

Initially, UNDP's role was to coordinate the provision of technical assistance, making funds available to other bodies in the U.N. system depending on the expertise required. The particular

<sup>6</sup> The report format has been modified over the years by General Assembly Resolutions 35/81, 59/250, 62/208, 63/232, and 63/311. Per General Assembly Resolution 63/311, the Secretary-General created a "central repository" for information on operational activities for development. This repository is maintained by the U.N. Office for ECOSOC Support and Coordination. The office's website includes previous annual reports of the Secretary-General to ECOSOC on operational activities for development, [http://www.un.org/esa/coordination/dcpb\\_stat.htm](http://www.un.org/esa/coordination/dcpb_stat.htm).

<sup>7</sup> U.N. General Assembly Resolution 199 (III), adopted December 4, 1948.

<sup>8</sup> U.N. General Assembly Resolution 2029 (XX), adopted November 22, 1965.



agency or program would execute the project using UNDP funds and financial support provided by the host government. In 1971, the General Assembly updated the organizational structure and functions of UNDP.<sup>9</sup> At that time, the concepts of country programs and country resident representatives were introduced as additional coordinating tools. These concepts were strengthened and broadened by more reforms in the 1990s. Presently, UNDP carries out development activities, particularly technical assistance, in specific regions and countries. It also works to coordinate, focus, and in some cases finance the work of U.N. specialized agencies, funds, programs, and offices that play a role in development.<sup>10</sup>

## Role in Global Development

The UNDS is one of many players in a complex global development landscape. It conducts its activities parallel to and sometimes in collaboration with governments, intergovernmental organizations, non-governmental organizations (NGOs), other multilateral organizations, and the private sector. Over the years, the nature of global development has shifted with the emergence of new types of donors and evolving development challenges. Many experts have increasingly recognized that the UNDS needs to adapt to these changes. Levels of Official Development Assistance (ODA) to developing countries have increased, as have the number of governmental and intergovernmental aid donors.<sup>11</sup> The emergence of new bilateral donors (that are also aid recipients) such as Brazil,

### The UNDS and International Donor Coordination

U.N. entities have generally recognized the importance of improving aid effectiveness and coordination both within and outside of the U.N. system. During the past decade, representatives from U.N. entities, along with governments, NGOs, and other donors, have participated in Organization for Economic Cooperation and Development (OECD) high-level forums on international donor coordination. These forums, held in Rome in 2003, Paris in 2005, and Accra in 2008, used the MDGs as a basis for assessing donor and host country activities, identifying obstacles to development and working to make development assistance more effective. At the Paris Forum in 2005, the UNDG, along with representatives from more than 100 countries and aid agencies, endorsed the Paris Declaration on Aid Effectiveness, which included specific goals and a monitoring component, and highlighted five partnership principles: ownership, harmonization, alignment, results, and mutual accountability. It was notable for its degree of detailed agreement on objectives; however, it included no provisions on how to translate the agreement into change at the country and broader policy implementation level. Consequently, UNDS and donor progress in implementing the Paris Declaration has been mixed. In 2008, forum participants met in Accra, Ghana, where they agreed to the Accra Agenda for Action, which served as a progress report on the Paris Declaration. Many attendees were disappointed by data from the 2008 Survey on Monitoring the Paris Declaration that was prepared for the meeting. Some observers noted that coordination among donors appeared to diminish between the Paris and Accra forums.

<sup>9</sup> U.N. General Assembly Resolution 2688 (XXV), December 11, 1970.

<sup>10</sup> For a description of UNDS reform efforts in the 1990s, see Doris Bertrand, "A Short History of United Nations Reform in Development," Part I of *Some Measures to Improve Overall Performance of the United Nations System at the Country Level*, U.N. Joint Inspection Unit Report 2005/2 (Part I), Geneva, 2005; and UNDG, *United to Deliver Effective Support for Countries, Promoting U.N. Coherence, Effectiveness, and Relevance: An Overview of Progress Since 1997*. For a comprehensive history of UNDP, see Craig N. Murphy, *The United Nations Development Program: A Better Way?* (New York: Cambridge University Press, 2006).

<sup>11</sup> ODA is defined as flows to developing countries and multilateral institutions that are administered with the promotion of economic development and are concessional in character and conveys a grant element of at least 25%. ODA does not include, for example, other official flows including military assistance. Also note that ODA reports only assistance to developing countries, excluding U.S. assistance to Israel, Ireland, Russia, and other developed nations. Aid flows from OECD-Development Assistance Committee (DAC) donor countries was \$129 billion in 2010, representing the highest level ever and an increase of 6.5% over 2009 levels. (*Development Aid Reaches Historic High in 2010*, OECD/DAC Aid Statistics.) According to the Brookings Institution, 263 multilateral organizations, 197 bilateral agencies, and 42 donor countries provide development resources. (Kermal Dervis, Homi Kharas, and Noam Unger, *Aiding Development Assistance Reform for the 21<sup>st</sup> Century*, Brookings Institution, Brookings Blum (continued...))

China, India, and Russia, have challenged the more traditional structure of foreign assistance in which aid flows from developed to developing countries. Contributions from the private sector, foundations, NGOs, and others have continued to grow, and many experts have increasingly recognized the significant role of private foreign investment in fostering development. Donors have also changed the way they fund development activities, often earmarking their contributions for specific projects rather than providing contributions that directly relate to the mandate and mission of development organizations. Increased competition among global development organizations has demonstrated the need for U.N. entities, and the UNDS as a whole, to provide more effective, streamlined, and accountable development services.

## Criticism and Support

Since its inception, the UNDS has been criticized by many development experts and governments who contend that the system is not living up to its potential. Most U.N. entities are independent international intergovernmental organizations with distinct rules, membership, and financial resources. They report to their governing bodies, which are comprised of member states, and do not fall under the direct authority of the U.N. Secretary-General or U.N. system coordinating mechanisms.<sup>12</sup> Consequently, U.N. development activities, particularly those at the country level, have continued to be criticized for inefficiency, duplication, and fragmentation. The expansion of UNDS activities and the creation of new U.N. development organizations during the last several decades has magnified many of these concerns.

Some criticism of the UNDS as a whole has been compounded by apprehension about UNDP's management and oversight mechanisms. Since the mid-2000s, reports of UNDP misusing funds in North Korea have raised questions about U.N. system management in-country, as well as overall transparency and accountability within UNDP and the UNDS—especially related to internal auditing and investigation procedures.<sup>13</sup> This had led some policymakers in the United States, including Members of Congress, to question whether providing financial contributions to UNDP and, more broadly, other parts of the UNDS, is the most effective use of U.S. foreign assistance dollars.

Although the UNDS has faced criticism from some corners, it is also recognized for its unique role in global development efforts. Many experts and policymakers have argued that while the decentralized nature of the U.N. system can hinder its development activities, it can also be a strength. They assert that the array of U.N. agencies specializing in various sectors and populations allows for U.N. entities to develop long-term, issue-specific expertise and more efficiently respond to specialized development concerns as they arise. Supporters also point to the United Nations' neutrality as a distinct advantage in development cooperation. The United Nations comprises 193 member states with equal voting rights. This universal membership provides it with a neutrality and legitimacy not enjoyed by other development organizations.

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(...continued)

Roundtable, Washington, DC, August 2010.)

<sup>12</sup> U.N. system decentralization has its roots in the U.N. Charter. The idea of having a decentralized U.N. structure was intentional, stemming from the failure of the League of Nations. For further discussion, see "Chapter IX. International Economic and Social Co-operation," in *The Charter of the United Nations, A Commentary*, ed. Bruno Simma, 2<sup>nd</sup> ed., vol. 2 (Oxford: Oxford University Press, 2002), pp. 953-954.

<sup>13</sup> Senate Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs staff report, *United Nations Development Program: A Case Study of North Korea*, January 24, 2008.

Developing states, for instance, may hold seats on executive boards and cast votes in U.N. forums that directly impact the nature and financing of UNDS efforts. These opportunities are not always available in other organizations; in the World Bank Group, for example, nations with the largest financial contributions tend to have the most influence.

The legitimacy provided by the United Nations' universal membership also allows the UNDS to operate in politically sensitive areas where other organizations and governments may not be permitted. Moreover, unlike bilateral aid, UNDS assistance is not tied to the priorities of a specific donor nation; many contend that this makes recipient countries more open to receiving development assistance and the policy advice that often accompanies it. Some experts also assert that because of what some view as its universality, broad mandate, and global expertise, the U.N. system has a comparative advantage over other organizations in key areas of development—particularly in providing capacity building and technical assistance, offering policy advice to governments, and setting and maintaining international norms and standards.

## Overview of U.N. Development System Activities

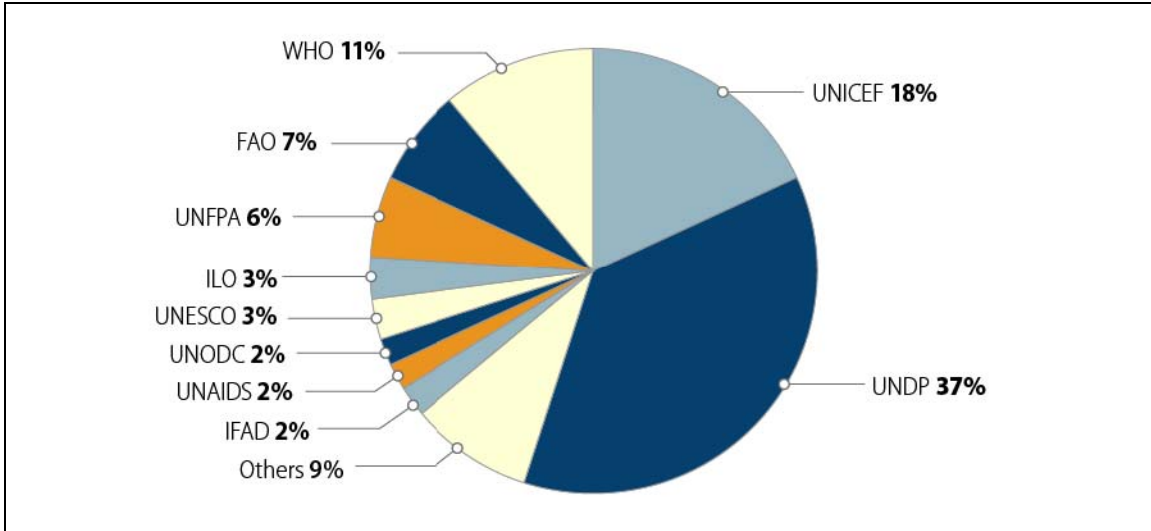
In 2009, the last year for which data are available, development-related activities represented almost half (41%) of total U.N. system-wide contributions.<sup>14</sup> As illustrated in **Figure 1**, while a large number of U.N. entities are engaged in such activities, only a handful account for the bulk of these efforts. In 2008, four entities—UNDP, the U.N. Children's Fund (UNICEF), World Health Organization (WHO), and Food and Agriculture Organization (FAO)—accounted for more than two-thirds of all development-related activities. UNDP alone accounted for 37% of all U.N. development expenditures.<sup>15</sup>

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<sup>14</sup> Based on 2009 contributions to U.N. system-wide activities which totaled \$34.3 billion. *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, May 6, 2011, p. 11.

<sup>15</sup> U.N. document, A/65/79-E/2010/76, *Analysis of the Funding of Operational Activities for Development of the United Nations System, 2008* (hereafter referred to as *The Secretary-General's Report on U.N. System Operational Activities for Development, 2008*), May 14, 2010, p. 29.

**Figure 1. Primary Entities Involved in U.N. System Development-Related Activities**  
(Based on 2008 contributions of \$13.6 billion.)



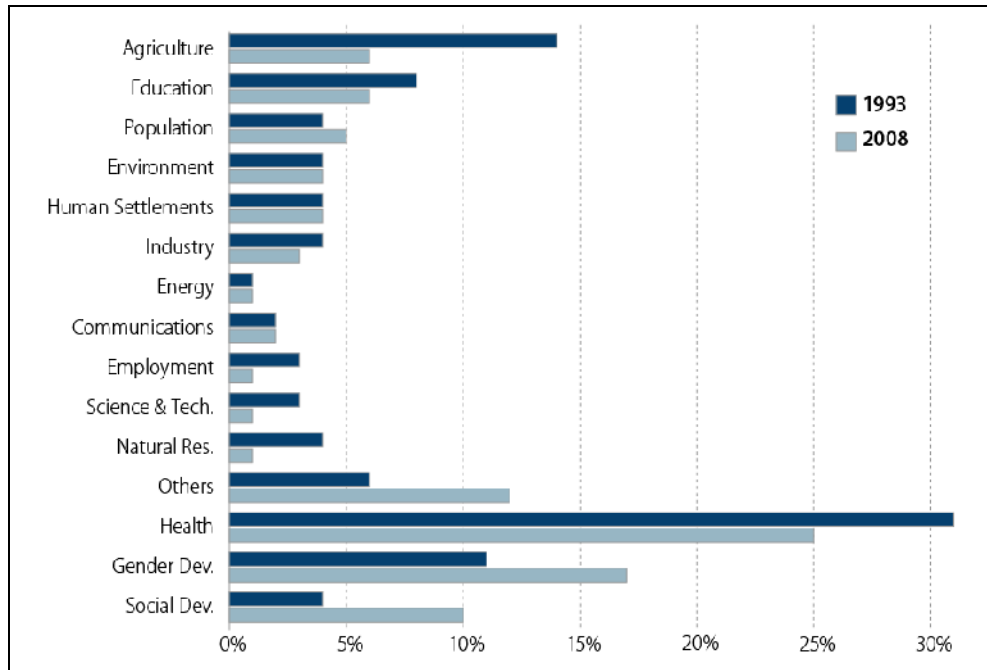
**Source:** U.N. Office for Economic and Social Council (ECOSOC) Support and Coordination, CRS representation.

**Notes:** See **Table B-1** for a list of abbreviations. This figure represents 2008 data. A breakdown of 2009 U.N. system development-related activities by entity is not available.

UNDS activities focus on a number of sectors including health, gender, science and technology, and social development. As demonstrated in **Figure 2**, UNDS's areas of focus have gradually shifted during the last two decades. Since 1993, activities focused on health have declined from 31% to 25%, while those focusing on agriculture have decreased from 14% to 6%. At the same time, activities related to gender and social development have each increased by 6%.<sup>16</sup>

<sup>16</sup> *The Secretary-General's Report on U.N. System Operational Activities for Development, 2008*, p. 39.

**Figure 2. Comparison of UNDS Activities by Sector, 1993 and 2008**



**Source:** U.N. Office for ECOSOC Support and Coordination, CRS representation.

**Notes:** Data are based on 1993 development-related expenditures of \$3.7 billion and 2008 development-related expenditures of \$11.8 billion. When considering these figures, it is important to note that it is difficult to present the sectoral distribution of expenditures due to lack of consistent and adequate methodologies and standards within the U.N. system over time. A comparable breakdown of 2009 sectoral distribution for development-related activities is not available.

## Country Activities

At the country level, the UNDS has 136 U.N. Country Teams (UNCTs) covering 180 countries that aim to ensure the effectiveness of U.N. system interagency coordination and decision making. The Teams, which are comprised of representatives from all U.N. system entities operating in-country, work with host governments to ensure that the U.N. system delivers tangible results in line with the host government’s priorities. UNCTs engage in a range of activities, including developing and implementing a country-specific strategic program framework referred to as U.N. Development Assistance Framework (UNDAF); endorsing annual work plans; and overseeing internal U.N. theme groups that carry out program design, implementation, and monitoring under UNDAF priorities. The UNCTs also review their overall performance and make decisions about country-level fundraising and joint financing.

UNCTs are led by U.N. Resident Coordinators (RCs), who are funded and managed by UNDP and report to the Secretary-General through the Chair of UNDG. The purpose of the RC is to have one person in each country coordinate all U.N. entities addressing operational activities. Many RCs hold multiple positions, also serving as the Humanitarian Coordinator (HC), the Designated

Official for Safety and Security, or the UNDP Resident Representative. There are currently 127 RCs globally, plus two RC-type posts in the occupied Palestinian territories and Kosovo.<sup>17</sup>

### Indonesia: Example of a U.N. Country Team

Indonesia has one of the largest UNCTs, with 26 U.N. entities and nearly 3,300 staff. Of these entities, 15 are members of the U.N. Country Team whereas 11 support projects and project staff in the country.<sup>18</sup> During emergency situations (such as an earthquake or tsunami), the UNCT becomes a Disaster Management Team and is responsible for overseeing emergency relief efforts.

In Indonesia, the UNCT is led by an RC who is also the HC, currently El-Mostafa Benlamlih. The RC/HC holds regular UNCT meetings to ensure coordination among all U.N. entities operating in-country. His work is supported by the Office of the Resident/Humanitarian Coordinator (RC/HC Office), which brings together resources from U.N. agencies and provides support to U.N. entities that do not have offices in Indonesia. The office plays a key role in coordinating cross-cutting issues and UNCT joint programming and activities related to avian influenza, HIV/AIDS, youth collaboration and support, and achieving the MDGs. It also works to develop and coordinate Indonesia's UNDAF, the most recent version of which covers the years 2006 through 2010.

The UNCT for Indonesia maintains an online database of major projects and activities undertaken in-country by U.N. entities. The database reports 10 ongoing multi-year projects, including a \$28.3 million International Fund for Agricultural Development (IFAD) program focusing on rural empowerment and agriculture development in Central Sulawesi; a \$22.6 million International Labor Organization (ILO) education and skills training program for youth across various provinces; and a \$9 million UNDP project based in Jakarta addressing disaster risk reduction. It also reports several smaller activities, including a \$100,000 UNDP project that aims to promote community livelihoods through sustainable management of the Mahakam Delta.<sup>19</sup>

## Regional Activities

At the regional level, UNDS activities are conducted through five regional economic commissions, and some 30 regional or sub-regional offices of various funds, programs, and specialized agencies.<sup>20</sup> The regional commissions work to promote multilateral dialogue, enhance cooperation, and share knowledge at the regional level.<sup>21</sup> Regional offices established by UNDS entities such as the International Labor Organization (ILO), UNICEF, and UNFPA, work to promote regional knowledge and cooperation at the agency level and among partners.<sup>22</sup> Many regional offices are outfitted to provide technical capacity and resources to help UNCTs develop and implement projects. UNDP, for instance, has sent some policy specialists to its regional posts,

<sup>17</sup> CRS correspondence with the U.N. Development Operations Coordination Office (UNDOCO), June 2011.

<sup>18</sup> Indonesia UNCT members include ILO, ITU, FAO, OCHA, UNAIDS, UNDP, UNESCO, UNFPA, UNHCR, UNIC, UNICEF, UNIDO, UNOPS, WFP, and WHO. The entities with projects and project staff in the country include IAEA, IFAD, IMO, UNCTAD, UNEP, UNESCAP, UN-HABITAT, UNIFEM, UNODC, UNV, and WTO. (See **Appendix B** for a list of abbreviations.)

<sup>19</sup> The online database is available at <http://un.or.id/projects/index.asp>. More information on the Indonesia UNCT is available at <http://un.or.id/main.asp>.

<sup>20</sup> U.N. publication, "System-wide Coherence at the Regional Level, Regional Coordination Mechanism and Regional Directors' Teams: Functions and Complementarities," U.N. Regional Commissions, April 1, 2010.

<sup>21</sup> The regional commissions include the Economic Commission for Africa, based in Addis Ababa; the Economic Commission for Europe, based in Geneva; the Economic Commission for Latin America and the Caribbean, based in Santiago; the Economic Commission for Asia and the Pacific, based in Bangkok; and the Economic Commission for West Asia, based in Beirut.

<sup>22</sup> UNICEF, for example, supports seven regional offices; UNFPA supports 11 regional and sub-regional offices; and ILO supports 20 regional and sub-regional offices.

while UNICEF regional offices are fully responsible for providing oversight of and support to UNCTs.<sup>23</sup>

## **Headquarters Activities and U.N. System-wide Coordination**

At the headquarters level, UNDS entities engage in a range of activities that address global, regional, and country-specific efforts.<sup>24</sup> The exact nature of a U.N. entity's work depends on the mandate, structure, and governance of the organization. Examples of work that may be undertaken at headquarters include formulating regional and country-specific policies and programs; coordinating and overseeing regional and field offices; and supporting governance mechanisms such as executive boards, committees, and member state assemblies. Many U.N. entity headquarters also conduct human resources and budget-related activities and liaise with other U.N. entities, governments, and NGOs.

U.N. entity headquarters also participate in internal U.N. system coordination mechanisms related to development, particularly the U.N. Development Group (UNDG), which was established by Secretary-General Kofi Annan in 1997 as part of broader U.N. system-wide reform efforts. The UNDG is comprised of the 32 U.N. entities that play a role in development; it aims to coordinate approaches to operational activities at the country level in support of national governments' development priorities. The group is based at U.N. Headquarters in New York and is chaired by the Administrator of UNDP. Its main activities include developing measures to improve strategic and operational coherence at the country level, and developing policies and procedures for the management of the Resident Coordinators (RCs).<sup>25</sup> Through the UNDG Advisory Group, it also provides guidance to the Chair of UNDG (the UNDP Administrator) on the management of the RC system on behalf of the U.N. system.<sup>26</sup>

UNDG is one of three pillars of the U.N. Chief Executives Board for Coordination (CEB), which is the primary U.N. system mechanism for supporting and reinforcing the coordinating role of U.N. intergovernmental bodies on social, economic, and related issues.<sup>27</sup> The U.N. Development Operations Coordination Office (UNDOCO) provides technical support for UNDG and works to link UNDG headquarters activities and U.N. system operations at the country level.

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<sup>23</sup> *Effectiveness of the U.N. Development System and its Operational Activities: Capacity of the System to Provide Country Level Support and Develop National Capacities*, U.N. Economic and Social Council, Conference Room Paper, 2004, p. 15.

<sup>24</sup> U.N. entity headquarters are interspersed throughout the globe. For example, some are headquartered in New York City (UNDP, UNFPA), while others are based in Geneva (ILO, WHO), Vienna (UNIDO, UNODC), Nairobi (UNEP, UN-HABITAT), and other cities.

<sup>25</sup> UNDG also has a regional presence. It organizes itself through six regional teams that aim to provide coherent technical support to RCs and UNCTs, review the performance management of RCs and UNCTs, and deal with difficult country situations through dispute resolution and other measures. The regular membership of the regional UNDG teams varies by region, with an average size of 16 to 18 U.N. entities. (CRS correspondence with UNDOCO, June 2011.)

<sup>26</sup> The UNDG Advisory Group provides the UNDG Chair with advice and guidance on the operational management of UNDG and the RC system. Group members include those who are heads of U.N. entities and those at the Assistant Secretary-General/Assistant Director-General level.

<sup>27</sup> The other two CEB pillars include the High-Level Committee on Management, which addresses system-wide administrative and management issues, and the High-Level Committee on Programs, which considers global policy issues.

## Funding Structure and Trends

The UNDS is funded by donor contributions to individual U.N. entities. Donors include governments, intergovernmental organizations, NGOs, private organizations, and individuals, among others. Total government contributions to U.N. system development-related activities in 2009 was \$14.2 billion. Approximately one-third of these contributions were in the form of core resources.<sup>28</sup> The top five government donors were the United States (\$1.3 billion); Japan (\$804.6 million); the Netherlands (\$796.9 million); the United Kingdom (\$743.9); and Norway (\$695.2 million).<sup>29</sup>

Funding mechanisms for UNDS entities vary depending on their governance and structure. For instance, U.N. funds and programs such as UNDP, UNFPA, UNICEF, and UN Women rely primarily on voluntary contributions from donors. Payment of contributions are up to each individual country; no country is legally obligated to contribute to these programs. U.N. specialized agencies, such as ILO, WHO, WFP, and FAO, however, rely on assessed contributions to their regular budgets. Payment of such contributions is one of the legal obligations accepted by a country when it joins an organization. Assessed contributions provide entities with a regular source of income for staffing and implementation of authorized programs.

### Distribution of Expenditures

As demonstrated in **Figure 3**, since 2003 overall UNDS expenditures have generally increased in both current and constant dollars. In 2009, the UNDS spent approximately \$14.7 billion on development-related activities, compared with \$8.7 billion in 2004. This represents a 69% increase in current dollars and a 46% increase in constant dollars.<sup>30</sup>

#### Explanation of Core Versus Non-core Resources in the U.N. System

There are two main types of donor contributions to the U.N. system: “core” and “non-core.” Core resources include those that may be commingled with no restrictions and whose use and application is directly linked to the mandates, guidelines, and priorities established by U.N. entities, including basic operating costs and infrastructure. Non-core resources, which are determined by donors, are restricted in their use and application to specific projects, funds, programs, regions, or sectors. In the U.N. system, non-core contributions are programmed and administered through four primary mechanisms: multi-donor trust funds, thematic funds, local resource contributions from host governments, and single-donor and project-specific funding.

The use of the terms core versus non-core varies by U.N. entity. UNHCR, for example, uses the terms “unrestricted” and “sector earmarked,” while WFP uses the terms “multilateral contribution” and “directed multilateral contribution.” Other U.N. entities, particularly the specialized agencies, use the term “extrabudgetary resources” when referring to non-core funding.

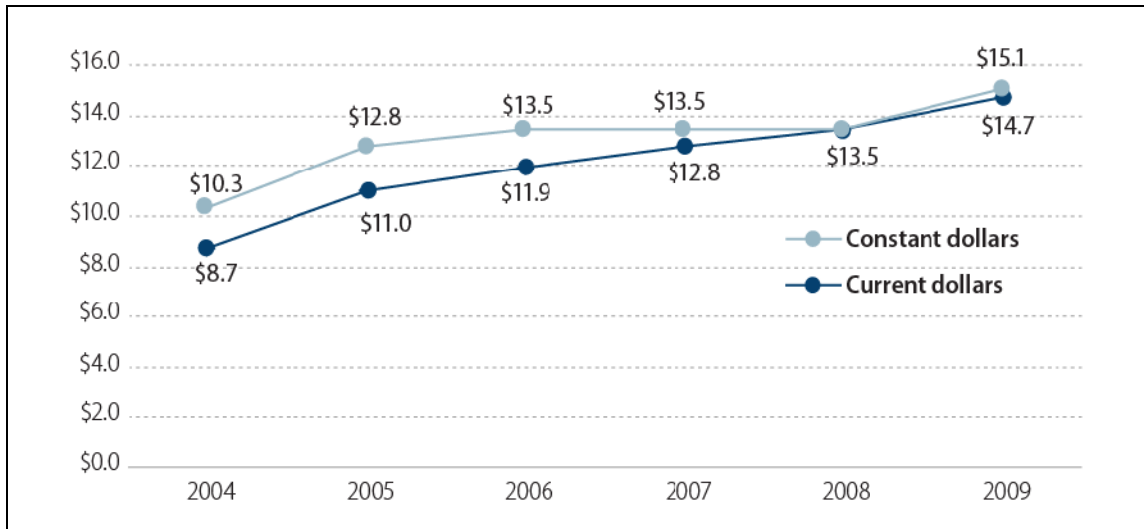
<sup>28</sup> Total contributions to U.N. system operational activities for development, which include both development-related activities and humanitarian assistance, were \$21.9 billion. (Humanitarian assistance accounted for \$7.7 billion; development-related assistance was \$14.2 billion.) *The Secretary-General’s Report on U.N. System Operational Activities for Development, 2009*, p. 14.

<sup>29</sup> Table A-5 of the Statistical Annex to *The Secretary-General’s Report on U.N. System Operational Activities for Development, 2009*. (Drawn from the “development-related activities only,” columns which include core, non-core, and local resources.)

<sup>30</sup> *The Secretary-General’s Report on U.N. System Operational Activities for Development, 2009*, p. 36.



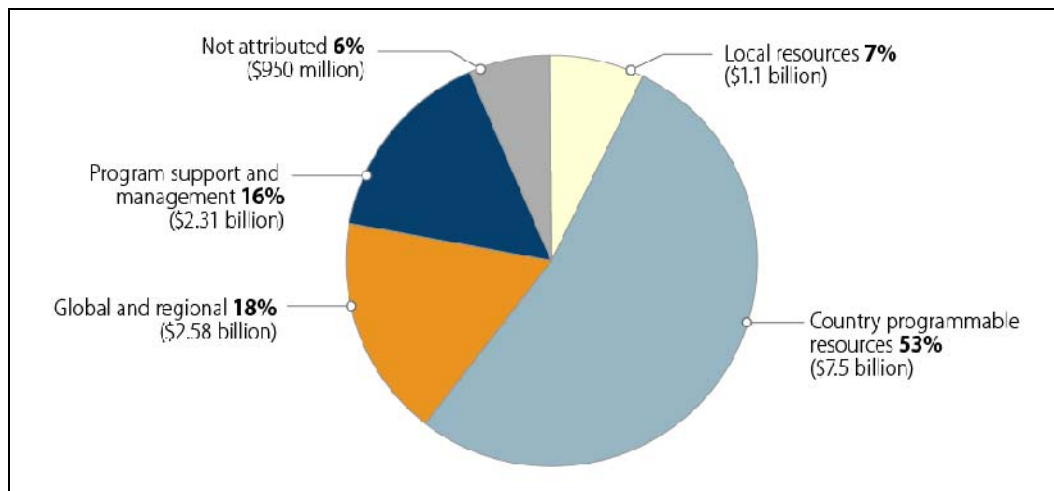
**Figure 3. U.N. System Development-Related Expenditures, Core and Non-core, 2003-2009**  
(In billions of U.S. dollars.)



Source: U.N. Office for ECOSOC Support and Coordination, CRS representation.

Of the \$14.7 billion in expenditures for 2009, approximately 53% were designated for country programmable resources; 18% for global and regional programs; 16% for program support and management; 7% for local resources provided by recipient countries; and 6% were not attributed to any specific activities. (Figure 4.)

**Figure 4. Use of Resources for Development-Related Expenditures by Major Cost Groupings, 2009**  
(Based on \$14.7 billion in expenditures.)



Source: CRS analysis of U.N. Office for ECOSOC Support and Coordination data.

Notes: “Not attributed” refers to expenditures not allocated by U.N. entities for any specific activities. The United Nations defines “country programmable resources” as total expenditures in a country less (a) humanitarian assistance; (b) regional and global activities; (c) program support and management; and (d) local resources.

Africa received the largest proportion of expenditures from both U.N. funds and programs as well as the specialized agencies, with 25% of development-related expenditures occurring in the region in 2009. It is followed by the Asia/Pacific (19%); the Americas (10%); Western Asia (4%); Europe (2%); regional and global programs (14%); and program support and management (15%).<sup>31</sup> Development-related expenditures to the Americas were funded primarily from local resources (payments or financial support provided by the host governments). Afghanistan, Sudan, the Democratic Republic of the Congo, and India received the most funding from the UNDS for country programmable resources in 2009.<sup>32</sup>

## Implications of Core and Non-core Contributions

Non-core or earmarked funding has become the largest source of development-related expenditures in the UNDS. As illustrated in **Figure 5**, between 1994 and 2009, core contributions for long-term UNDS development activities rose from \$3.4 billion to \$4.8 billion in current dollars. During the same period, non-core contributions increased from \$1.5 billion to \$9.4 billion. In constant dollars, this represents a 2% increase in core contributions and a notable 355% increase in non-core contributions.<sup>33</sup>

As non-core resources have become a more prevalent source of UNDS contributions, some development experts have expressed concern that such funding may limit the degree to which host countries are involved in the selection and design of programs in their countries. More broadly, some worry that a rise in non-core funding may affect the ability of organizations to fund their core mandates and missions. Core resources, some argue, allow organizations to be more efficient and effective in ensuring that infrastructure and resources are in place for long-term development planning. Non-core funding, on the other hand, is less predictable and may lead to higher transaction costs for organizations due to additional monitoring and reporting requirements that may be instituted.

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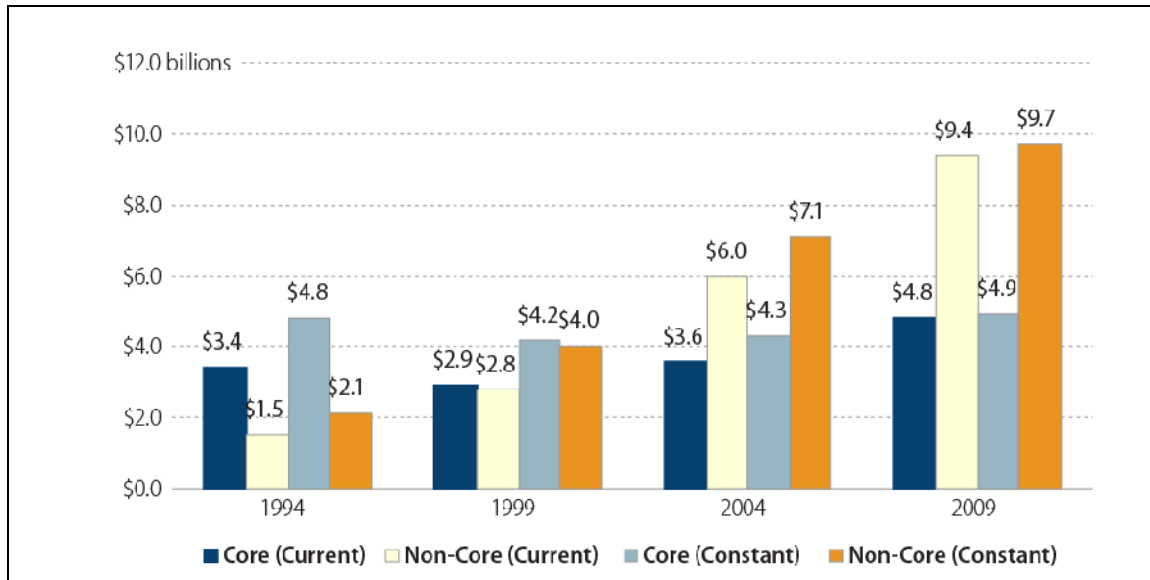
<sup>31</sup> This information is based on 2009 UNDS development-related expenditures of \$14.7 billion. An additional 10% of expenditures are not attributed to any regions or programs. See *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 39.

<sup>32</sup> *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 41. See **Appendix C** for a list of the top 10 recipients of country programmable resources in 2009.

<sup>33</sup> *Ibid.*, 26.

**Figure 5. Core and Non-core Contributions to UNDS Longer-Term Development Activities, 1994-2009**

(In billions of current and constant U.S. dollars.)



**Source:** U.N. Office for ECOSOC Support and Coordination, CRS representation.

Others, particularly donor governments and organizations, contend that non-core funding allows donors to fund activities in sectors, countries, and regions that align with their domestic and foreign policy priorities. They argue that as a whole, non-core contributions are important mechanisms for increasing multilateral organizations' total resources available for development. (Without non-core funding options, some suggest, governments may be more inclined to engage in bilateral development activities instead of contributing to multilateral organizations.) Some also emphasize that non-core funds allow development organizations to participate in more activities than they would otherwise be able to under their existing institutional mandates.

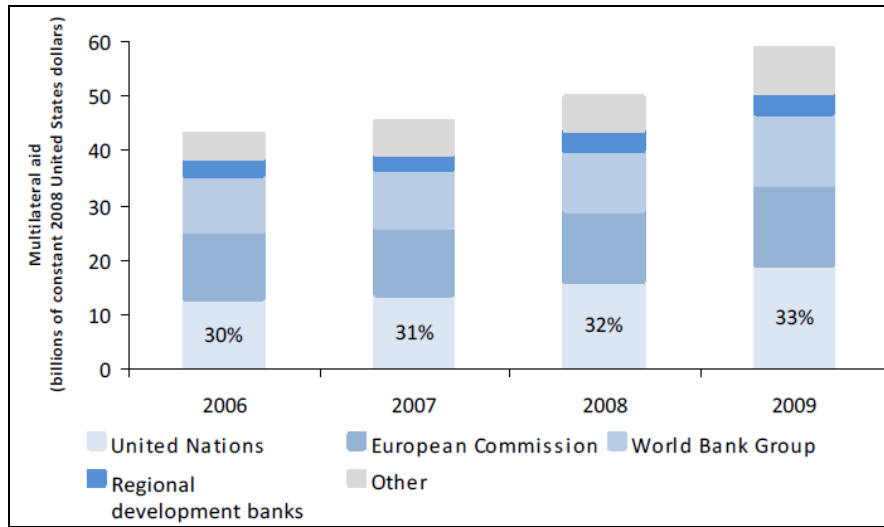
## U.N. System Share of Multilateral Aid

The United Nations accounts for the largest share of multilateral funding by OECD Development Assistance Committee (DAC) countries when core and non-core contributions are combined.<sup>34</sup> In 2009, total OECD-DAC aid to multilateral organizations such as the UNDS, World Bank, regional banks, and European Commission (EC) was \$57.3 billion. UNDS core and non-core funding accounted for about \$18.7 billion, or 33%, of the total share—a slight increase from the 2006 share of 30%.<sup>35</sup> (See **Figure 6**.)

<sup>34</sup> The DAC, which is one of the main committees of the OECD, is an international forum where donor governments and multilateral organizations work to reduce poverty by improving aid effectiveness. It has 24 members: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States, and the Commission of the European Communities. For more information, see *Inside the DAC, 2009-2010*, at <http://www.oecd.org/dataoecd/43/32/40986871.pdf>.

<sup>35</sup> The \$18.7 billion number is lower than the \$21.9 billion reported by the U.N. system because it excludes contributions by the private sector and local resource contributions. *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 23.

**Figure 6. Contributions to the U.N. Development System as a Share of Total Multilateral Aid by OECD-DAC Countries, 2006-2009**



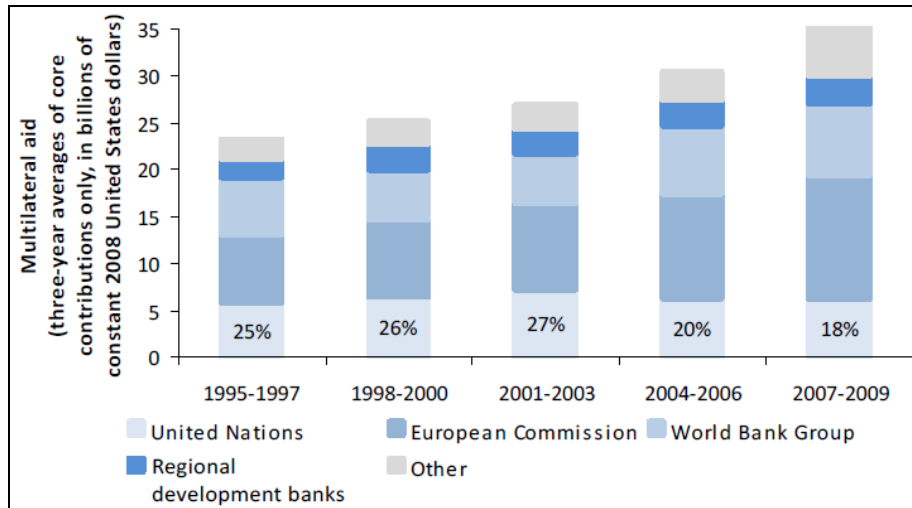
**Source:** *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 24; OECD Creditor Reporting System.

Despite these recent increases in the overall UNDS share of multilateral aid, some experts have expressed concern regarding what appears to be an ongoing drop in the share of core multilateral funding. As illustrated in **Figure 7**, the United Nations' share of core multilateral aid has steadily decreased in relative terms during the past decade, falling from 25% during the 1995-1997 time period to 18% during the 2007-2009 period. The United Nations attributes the decrease to strong growth in the funding of the EC's multilateral activities.<sup>36</sup> The OECD agrees and suggests that increased contributions to the Global Fund and World Bank Group have also contributed to the relative decline.<sup>37</sup> More broadly, some speculate that the apparent drop may indicate not only the growth of other multilateral organizations, but also a lack of donor confidence in the effectiveness and benefits of U.N. development efforts. Nevertheless, the broader implications of this data for the U.N. system remain to be seen. Statistics for the 2010-2012 time period will likely shed further light on whether this is part of a longer-term, ongoing trend or a temporary change.

<sup>36</sup> Ibid., 19.

<sup>37</sup> *2010 DAC Report on Multilateral Aid*, OECD, September 2010, p. 4.

**Figure 7. Core Contributions to the U.N. Development System as a Share of Core Multilateral Aid by OECD-DAC Countries, 1995-2009**



**Source:** *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 24; OECD-DAC statistics.

## Obama Administration Perspectives

The Obama Administration has expressed ongoing support for UNDS activities and multilateral cooperation as a whole. In the State Department's 2010 Quadrennial Diplomacy and Development Review, the Administration stated that U.N. agencies and programs are "particularly critical [development] partners" with the United States, and emphasized that given the magnitude of U.S. assistance to multilateral organizations, the U.S. government must work to "improve operational cooperation with U.N. agencies" in New York and in the field, particularly in situations that involve complex emergencies that are U.S. priorities such as in Afghanistan, Haiti, Pakistan, and Sudan.<sup>38</sup>

When discussing U.N. system development activities in U.N. forums, Administration officials have consistently raised the importance of:

- **achieving overall coherence at the country level**, which includes enhancing and recognizing the important role of the U.N. Resident Coordinator, strengthening the individual capacities and coordination of U.N. entities, and supporting the concept of country ownership in the development process;
- **improving transparency and accountability** through enhanced oversight, such as results-based budgeting and greater access to audit information to ensure that expenditures are accounted for and that programs demonstrate effective results; and

<sup>38</sup> U.S. Department of State, *Leading Through Civilian Power: The First Quadrennial Diplomacy and Development Review*, 2010, p. 97. In addition, the President's September 2010 U.S. Global Development Policy stated that the United States would "redouble" its efforts to "support, reform, and modernize multilateral development organizations." See *Fact Sheet: U.S. Global Development Policy*, The White House Office of the Press Secretary, September 22, 2010.

- **improving evaluation mechanisms** to better demonstrate the effectiveness of UNDS activities to donors and host countries, and to provide mechanisms for organizations to measure their effectiveness.<sup>39</sup>

The Administration has also emphasized that U.N. entities need to continually update management practices to keep up with emerging development institutions that are “more nimble, transparent, and accountable.”<sup>40</sup> It generally supports U.N. system-wide coherence efforts, including the Delivering as One (DAO) pilot program, a country-specific pilot program that is part of broader U.N. member state efforts to improve U.N. system-wide coherence.<sup>41</sup> Notably, the Administration has emphasized many of these same issues in efforts to improve U.S. bilateral development agencies such as the U.S. Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC).

## Options and Issues for Congress

Each year, Congress authorizes or appropriates U.S. contributions to UNDS entities and often seeks to influence U.S. policy within the United Nations to further U.S. development and foreign policy objectives. Examples of legislative tools that Members may use to seek influence or direct U.S. participation in the U.N. system include:

- passing “sense of the Congress” resolutions;
- confirming U.S. nominees for U.N. posts;
- conducting oversight of U.N. programs or U.S. Administration policies through hearings and investigations;<sup>42</sup> and
- funding, withholding, or placing limits on U.S. contributions to U.N. entities.

During the 111<sup>th</sup> and 112<sup>th</sup> Congresses, Members have introduced legislation linking U.N. system reforms to U.S. contributions, held hearings on issues related to U.N. system efficiency and effectiveness, and issued committee reports addressing aspects of U.N. system transparency, particularly related to UNDP.<sup>43</sup>

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<sup>39</sup> Drawn from various U.S. statements in U.N. forums, including but not limited to (1) “Statement by Robert S. Hagen to the working-level interactive meeting on ‘Strengthening governance of operational activities for development of the United Nations system for enhanced system-wide coherence,’” May 8, 2009; (2) “Statement by Ambassador Rick Barton at the UNDP Executive Board Meeting,” January 31, 2011; (3) “Remarks by Frederick D. Barton to the Executive Board of UNFPA,” February 1, 2011; and (4) “Remarks by Ambassador Joseph M. Torsella at the UNDP Executive Board Meetings,” June 13, 2011.

<sup>40</sup> “Remarks by Ambassador Frederick D. Barton at the UNICEF Executive Board Meeting,” February 8, 2011.

<sup>41</sup> For more information on DAO, see the “Examples of Current Reform Efforts” section.

<sup>42</sup> In 2008, for instance, the Senate Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, published a staff report, *United Nations Development Program: A Case Study of North Korea*, which was released in conjunction with the Permanent Subcommittee on Investigations Hearing on UNDP on January 24, 2008. The report is available at [http://hsgac.senate.gov/public/\\_files/UNDPREPORTFINAL.pdf](http://hsgac.senate.gov/public/_files/UNDPREPORTFINAL.pdf).

<sup>43</sup> See, for example, (1) House Committee on Foreign Affairs (HFAC) hearing, “Reforming the United Nations: The Future of U.S. Policy,” April 7, 2011 and HFAC hearing, “Reforming the United Nations: Lessons Learned,” March 3, 2011; (2) U.S. Congress, Senate Committee on Foreign Relations, Fraud and Abuse of Global Fund Investments at Risk Without Greater Transparency, Committee Print, prepared by minority staff, 112<sup>th</sup> Cong., 1<sup>st</sup> Sess., April 5, 2011, (continued...)

U.S. contributions to UNDS entities are generally made in two ways: (1) assessed contributions, which are required dues at percentage levels established by the membership of each organization; and (2) voluntary contributions, which finance special programs and offices created by the U.N. system and represent more than half of the total aggregated funds received by the U.N. system.<sup>44</sup> U.S. assessed contributions are funded through the Department of State budget. Congress authorizes these funds in foreign relations authorization acts and appropriates the money in Department of State, Foreign Operations, and Related Programs appropriations legislation. The regular assessed budgets of U.N. system organizations, including many in the UNDS, are included in the Contributions to International Organizations (CIO) account.

U.S. voluntary contributions to UNDS entities are financed through the foreign assistance authorization and foreign operations appropriations legislation, primarily through the International Organizations and Programs (IO&P) account. IO&P does not include voluntary contributions to the U.N. High Commissioner for Refugees (UNHCR), which has a different authorization and is funded through the Migration and Refugee Assistance account.<sup>45</sup>

The United Nations estimates that in 2009, the United States made \$1.306 billion in development-related contributions to the U.N. system, more than any other country.<sup>46</sup> As shown in **Table 1**, in FY2010 the United States contributed over \$450 million in resources to the four UNDS entities that account for over two-thirds of UNDS activities in 2008—UNDP, UNICEF, FAO, and WHO.<sup>47</sup>

**Table 1. U.S. Contributions to UNDP, UNICEF, WHO, and FAO, FY2009-FY2012**

(Core contributions in millions of \$ U.S. dollars.)

Entity	FY2009 (actual)	FY2010 (actual)	FY2011 (enacted)	FY2012 (request)
UNDP	100.000	100.500	TBD	71.535
UNICEF	130.000	132.250	TBD	126.600
FAO	109.035	113.342	TBD	111.985
WHO	106.573	106.573	TBD	109.403
<b>TOTAL</b>	<b>445.608</b>	<b>452.665</b>	<b>TBD</b>	<b>419.523</b>

**Source:** Foreign Operations Congressional Budget Justification, FY2012.

**Notes:** TBD = to be determined. FY2011 appropriations were enacted in a continuing appropriations act, P.L. 112-10, on April 15, 2011. Pending further consultation between the executive branch and Congress, the allocation of assistance for many program areas has not yet been determined.

(...continued)

S. Prt. 112-17 (Washington: GPO, 2011), pp. 8-9, 12; and (3) H.R. 557 [111<sup>th</sup>], the United Nations Transparency, Accountability, and Reform Act of 2009, introduced on January 15, 2009 by Rep. Ileana Ros-Lehtinen.

<sup>44</sup> Examples of UNDS entities that receive assessed contributions include FAO, ILO, UNESOC, WFP, and WHO. Examples of entities that receive voluntary contributions include UNDP, UNFPA, UNICEF, and UN Women. See **Appendix A** for a complete list of U.N. development entities and their primary funding sources.

<sup>45</sup> The Migration and Refugee Assistance Act of 1962, as amended (P.L. 87-510), approved June 28, 1962.

<sup>46</sup> Table A-5 of the Statistical Annex to *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*. (Drawn from the "development-related activities only," columns which include core, non-core, and local resources.)

<sup>47</sup> For more information on U.S. contributions to U.N. entities, see CRS Report RL33611, *United Nations System Funding: Congressional Issues*, by Marjorie Ann Browne.

The following sections highlight two issues that might be of particular significance to the 112<sup>th</sup> Congress as it considers U.S. participation in and funding of the UNDS: (1) the impact of limiting U.S. contributions to U.N. system entities, and (2) the benefits and drawbacks of multilateral versus bilateral assistance.

## U.S. Funding of U.N. System Development Assistance

In the past, Congress has placed financial contributions or limits on U.S. funding to U.N. entities or programs of which it did not approve, including those that are part of the UNDS. Since 1980, for example, it has withheld funds from regular budget programs, including the U.N. Special Unit on Palestinian Rights and the Preparatory Commission on the Law of the Sea. Within the UNDS, Congress has withheld or restricted funds to the U.N. Population Fund (UNFPA) due to concerns regarding the organization's role in coercive abortion activities in China.<sup>48</sup> It has also withheld funding and withdrew membership from the U.N. Educational, Scientific, and Cultural Organization (UNESCO) due to concerns about politicization of the organization and unrestrained budgetary expansion.<sup>49</sup>

Policymakers disagree on the political and practical implications of withholding or restricting U.S. contributions to the U.N. system. Opponents of withholding funds are concerned that doing so may weaken U.S. influence at the United Nations and on UNDS activities, thereby undercutting the United States' ability to conduct diplomacy and pursue its development objectives in the multilateral system. Supporters of withholding funds argue that the United States should use its position as one of the largest financial contributors to the UNDS to push for the implementation of policies that lead to comprehensive reform. They emphasize that limiting or withholding U.S. contributions to the UNDS may encourage countries to find common ground on divisive issues. Some also assert that legislation threatening to cut off U.S. funding of the United Nations has led to substantive changes.<sup>50</sup>

The impact of withholding U.S. funds from a UNDS entity or program depends on the origin of the organization or program's funding. For example:

- If a program is funded, in whole or in part, through the U.N. regular budget and the United States withholds its proportionate share of its assessed budget contributions, regular budget funding of the program or entity will continue, as regular budget contributions are used to finance the budget as a whole and are not

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<sup>48</sup> During the George W. Bush Administration, UNFPA did not receive U.S. funding as a result of the Kemp-Kasten amendment, a provision included in appropriations bills since FY1985, that bans U.S. assistance to organizations that, as determined by the President, support or participate in the management of coercive family planning programs. President Obama resumed U.S. funding for UNFPA in FY2009. To address ongoing concerns regarding UNFPA activities in China, Congress has adopted related funding restrictions. For further details, see CRS Report RL33250, *International Family Planning Programs: Issues for Congress*, by Luisa Blanchfield.

<sup>49</sup> In December 1984, the United States terminated its membership in UNESCO. It officially rejoined the organization in October 2003.

<sup>50</sup> The Kassebaum-Solomon amendment (Section 143, Foreign Relations Authorization Act, FY1986-1987, P.L. 99-93, August 17, 1985), for example, reduced U.S. assessed contributions by 20% unless steps were taken by the United Nations to give the major contributors to the U.N. regular budget an influence on budget questions proportionate to their rates of assessment. In response to the legislation, in December 1985, the General Assembly established a group of experts to review the administrative and financial functioning of the United Nations. The group made 71 recommendations, most of which were approved by the 1986 Assembly session. The Assembly also adopted a revised budgeting process that used consensus as a basic decision-making mechanism.



targeted for specific programmatic purposes. (Some programs or entities may be financed in part through the regular budget; their funding may come from a variety of extrabudgetary resources, such as trust funds.) Thus, targeted withholding of regular budget contributions, by the United States or other U.N. member states, may not achieve the desired effect.

- If the United States withholds or limits contributions to a U.N. entity funded primarily by member state voluntary contributions, the impact could be significant because these organizations depend on such contributions for the bulk of their activities. Withholding contributions to a specialized agency where the United States is assessed at a certain amount could also have a substantial effect on the entity's operations, particularly in the first several budget cycles after the money is withheld. For example, the United States is assessed at 22% of the FAO budget. If the United States were to withhold this contribution, nearly one-quarter of the organization's budget would be reduced by that amount. Nonpayment might also lead to the United States losing its membership in the specialized agency.

## **Bilateral Versus Multilateral Aid**

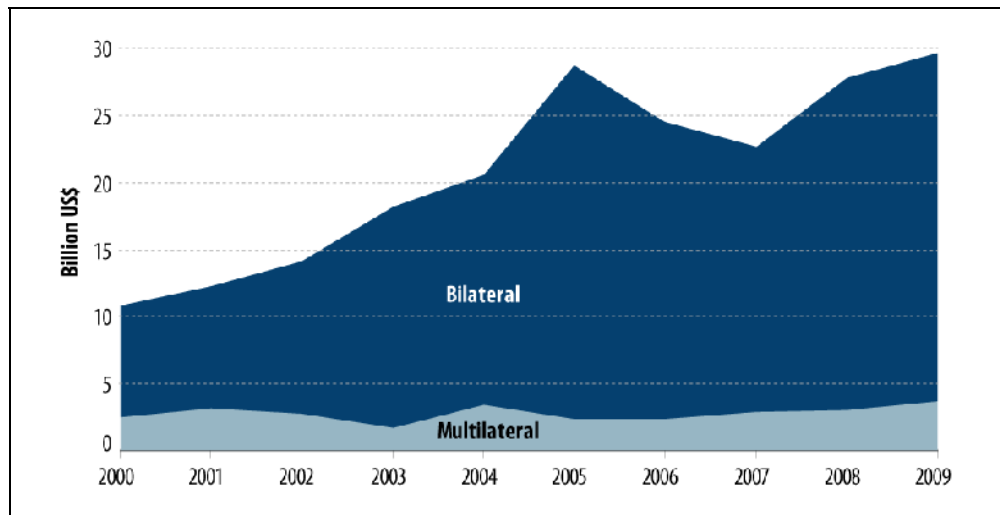
When considering UNDS activities, U.S. policymakers may wish to consider the benefits and drawbacks of providing bilateral versus multilateral foreign assistance. Many donors contend that through bilateral aid they have more control over how and where their money is spent. (Bilateral assistance, for example, allows countries to channel resources to countries or organizations of strategic importance regardless of the development needs.) In contrast, multilateral donors have little direct control over how their contributions are spent. Some donors and experts further contend that multilateral institutions, including U.N. entities, lack accountability and do not provide enough evidence of their effectiveness or overall impact on development. In their view, such organizations are more concerned with short-term results like conferences, reports, and studies, rather than achieving sustainable results through long-term monitoring and evaluations processes. Some experts also hold that it is politically easier for governments to justify bilateral rather than multilateral aid to their citizens due to the perceived institutional complexities and bureaucratic nature of multilateral organizations.

Despite potential drawbacks, many donors, including the United States, have recognized the advantages of multilateral aid. Experts maintain that it benefits the United States because it allows the government to share development costs and resources with other governments and organizations (often referred to as burden sharing). Moreover, some argue that U.S. support of multilateral organizations provides development assistance at lower costs and with relatively little political risk. It also allows the United States to contribute to development activities in areas or sectors where it might not otherwise engage. From a political perspective, many assert that by funding and supporting positions in multilateral organizations, the United States can potentially influence the policy direction of such organizations and demonstrate its leadership in global development. More broadly, some have suggested that U.S. financial contributions to and participation in the multilateral development activities, including the UNDS, can impact the United States' influence and credibility in other multilateral forums such as the U.N. Security Council, Group of 20 (G-20), and international financial institutions.

Although the United States has generally supported and funded U.N. system development activities, its overall contributions to U.N. entities are less than other U.S. foreign assistance

activities, particularly bilateral efforts. Indeed, U.S. multilateral assistance as a whole—which includes contributions to the U.N. system as well as to multilateral development banks and other multilateral organizations—is a relatively small portion of overall U.S. foreign assistance, representing 7% (\$2.6 billion) of total aid in FY2010.<sup>51</sup> (In contrast, countries such as the United Kingdom and Germany disbursed about one-third of their foreign aid to multilateral organizations.)

**Figure 8. U.S. Bilateral and Multilateral Official Development Assistance, 2000-2009**



**Source:** OECD-DAC data at <http://www.oecd.org/dac/stats>.

**Notes:** DAC reports data on gross disbursements at current prices of ODA.

The OECD-DAC reports that during the past decade, U.S. contributions to multilateral organizations, including the U.N. system, have remained relatively steady while U.S. bilateral ODA has significantly increased.<sup>52</sup> (See **Figure 8**.) Experts suggest this trend has been precipitated by several factors, including increased U.S. investment in bilateral programs such as the Millennium Challenge Corporation and the President’s Emergency Plan for AIDS Relief (PEPFAR) and other global health efforts, as well as ongoing concerns about the effectiveness and efficiency of multilateral organizations, including the U.N. system, in fulfilling U.S. foreign policy objectives.<sup>53</sup>

## Examples of Current Reform Efforts

Over the years, U.N. member states, including the United States, have repeatedly recognized the need to improve the UNDS. Accordingly, they have implemented reforms that have generally

<sup>51</sup> Humanitarian constitutes approximately 13% of overall foreign assistance; political/strategic, 25%; civilian security, 9%; military, 12%; and bilateral development, 34%. See U.S. Department of State, Summary and Highlights, International Affairs, Function 150, FY2011; House and Senate Appropriations Committees; CRS calculations.

<sup>52</sup> Data for 2009 based on gross disbursements at current price. OECD-DAC aid statistics are available at <http://www.oecd.org/dac/stats>.

<sup>53</sup> For further discussion of these issues, see CRS Report R40213, *Foreign Aid: An Introduction to U.S. Programs and Policy*, by Curt Tarnoff and Marian Leonardo Lawson.

been undertaken every 10 to 15 years, usually with mixed results. During the last decade, some of these reform efforts, such as the establishment of the UNDG to coordinate UNDS activities, have demonstrated progress. Generally, however, experts agree that additional changes, some of which are discussed below, are needed for the current system to operate as efficiently and effectively as possible.<sup>54</sup>

This section provides examples of two recent reform-related frameworks and activities that Members of the 112<sup>th</sup> Congress may wish to take into account when considering U.S. funding of and participation in the UNDS: the General Assembly's comprehensive policy reviews, which provide a foundation for UNDS reform efforts; and the Delivering as One (DAO) initiative, a country-specific pilot program that is part of broader member state efforts to improve U.N. system-wide coherence.

## Comprehensive Policy Reviews

The primary U.N. mandates for current UNDS reform efforts reside in a series of comprehensive policy review (CPR) resolutions adopted about every three years by the General Assembly, most recently in 1998, 2001, 2004, and 2007.<sup>55</sup> These resolutions, which have been implemented with varying degrees of success, work to address concerns that include poor operational coherence at the country level; insufficient UNDS data coverage, availability, and reliability; and lack of coordination and communication among all levels of the UNDS (country, regional, headquarters).<sup>56</sup> The 2001 CPR, for example, asked U.N. entities to emphasize simplification and harmonization in their rules and procedures, calling for concrete steps to decrease duplication and transaction costs. The 2004 CPR resolution called for further operational harmonization, especially at the country level. It also undertook an evaluation of UNDS capacity to assist national efforts of developing countries.

Most recently, in 2007, the General Assembly adopted CPR resolution 62/208 that underscored the importance of national ownership and leadership in the UNDS as well as the need for flexibility in responding to national development requirements. It provided specific guidance on funding and contributions to UNDS, cooperation among developing countries, development of national capacity, and enhanced evaluation mechanisms. It also acknowledged the need to improve UNDS information-sharing and reporting. In 2008, U.N. member states agreed that the CPR resolutions should be reviewed every four years instead of every three years. Thus, a new

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<sup>54</sup> See, U.N. document A/62/253, *Triennial Comprehensive Policy Review of Operational Activities of the United Nations Development System: Conclusions and Recommendations, Report of the Secretary-General*, published August 13, 2007; and U.N. document, E/2009/L.18, *Progress in the Implementation of General Assembly Resolution 62/208 on the Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System*, published July 17, 2009.

<sup>55</sup> See, U.N. documents A/RES/53/192, December 15, 1998; A/RES/56/201, December 21, 2001; A/RES/59/250, December 22, 2004; and A/RES/62/208, December 19, 2007.

<sup>56</sup> According to UNDG, "With the 2004 Triennial Comprehensive Policy Review, Member States gave the U.N. system very specific directions that helped the UNDG reach several important agreements for planning and implementing reforms .... However, not all [country] teams have adopted these agreements with great consistency or enthusiasm. At times, country level efforts and initiative to enhance further coherence have foundered on the lack of progress on some issues at headquarters." See *United to Deliver Effective Support for Countries, Promoting U.N. Coherence, Effectiveness, and Relevance: An Overview of Progress Since 1997*, UNDG publication p. 1.

quadrennial comprehensive policy review resolution will be addressed by the General Assembly in the fall of 2011.<sup>57</sup>

## U.N. System-wide Coherence: The Delivering As One Initiative

In September 2005, heads of state and government met at U.N. Headquarters in New York for the U.N. World Summit to review the progress made in fulfilling the 2000 Millennium Summit goals and commitments made in earlier major U.N. conferences. In the Summit Outcome Document, governments called on the Secretary-General to improve U.N. system-wide coherence and coordination by “strengthening linkages between the normative work of the United Nations system and its operational activities.”<sup>58</sup> Accordingly, in February 2006, the Secretary-General announced the creation of a high-level panel to examine how the U.N. system can work more effectively, especially in the areas of development, humanitarian assistance, and the environment. The panel’s final report emphasized the overall value and progress of the United Nations, but also noted that without substantial reforms the United Nations would be “unable to deliver on its promises and maintain its legitimate position at the heart of the multilateral system.”<sup>59</sup>

The high-level panel recommended the concept of Delivering as One (DAO) to promote greater coherence and consolidation of U.N. offices and agencies at the country, regional, and headquarters levels. The panel also recommended an overhaul of U.N. business and management practices at the country level to bring greater focus on achieving the MDGs. Under DAO, U.N. agencies operating in-country share one budget, one leader, one office, and one program with harmonized business practices. Participants hope that such changes create greater country ownership, reduce transaction costs for governments, and increase the impact and effectiveness of the U.N. system through more coherent and coordinated programs. In December 2006, the United Nations announced that it would test a voluntary DAO pilot program in Vietnam. (In Vietnam, 16 U.N. agencies operated in 10 separate locations in Hanoi, leading to a lack of harmonization among

### Establishment of a New U.N. Entity for Women: “UN Women”

Some experts and observers view the recent establishment of UN Women as an example of increased harmonization and reform within the UNDS. In 2006, the panel on system-wide coherence recommended that the United Nations establish one entity focused on women’s equality and empowerment. It found that the U.N. system’s contribution to these issues was “incoherent, under-resourced and fragmented.”

In July 2010, the General Assembly unanimously adopted resolution 64/289 that transferred the mandates and functions of four existing U.N. entities—the Division for the Advancement of Women, the U.N. Development Fund for Women (UNIFEM), the Office of the Special Advisor on Gender Issues and Advancement of Women, and the International Research and Training Institute for the Advancement of Women—into the U.N. Entity for Gender Equality and the Empowerment of Women (UN Women.)

In September 2010, the Secretary-General appointed Michelle Bachelet, former president of Chile, as the Executive Director and Under Secretary-General. Bachelet is a member of all senior U.N. decision-making bodies and reports directly to the Secretary-General. UN Women became operational on January 1, 2011.

<sup>57</sup> For more information on the CPR resolutions and the upcoming quadrennial comprehensive policy review, see <http://www.undg.org/index.cfm?P=1022>. For an overview of recent U.N. system efforts to harmonize the UNDS during the past three years, see U.N. document E/2011/88, *Simplification and Harmonization of the United Nations Development System, Report of the Secretary-General*, published April 25, 2011.

<sup>58</sup> U.N. document, A/RES/60/1, *2005 World Summit Outcome*, adopted September 16, 2005, p. 36.

<sup>59</sup> The 15-member panel released its report, *Delivering as One*, on November 9, 2006. The panel met over a six-month period and engaged in an examination of the strengths and weaknesses of the U.N. system. See U.N. document, A/61/583, *Delivering as One, Report of the Secretary-General’s High-Level Panel*, November 9, 2006.

U.N. entities operating in-country.) It subsequently announced the establishment of voluntary DAO initiatives in seven other countries: Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, and Uruguay. A “One U.N.” multi-donor trust fund was established to provide donors with a direct means to support DAO.

## Strengths and Weaknesses

Since the DAO initiative was launched, participants have sought to evaluate the initiative’s progress and challenges through various stocktaking reports, meetings, and working groups. In June 2010, donors, countries, and U.N. agencies convened in Hanoi for a High-Level Tripartite Conference to discuss lessons learned and a possible way forward. Overall, participants found that the implementation of DAO in the pilot countries has provided renewed host government leadership to U.N. programs, better alignment of national priorities and U.N. efforts, and enhanced coherence and effectiveness of U.N. support.<sup>60</sup> At the same time, many agree that much more could be done to improve DAO. Several pilot evaluations, for example, found that the RCs do not have full authority over all U.N. entities operating in-country, leading to a lack of coordination and accountability in UNCTs. Moreover, U.N. agency headquarters and governing bodies are viewed by many as being “behind the curve” on DAO, particularly because the pace of reform at the headquarters level appears to lag behind reform and innovation at the country level. Finally, the evaluations found that a lack of multi-year and predictable core funding has reduced the United Nations’ capacity to improve long-term planning and limited its ability to provide accurate and timely inputs in country planning.<sup>61</sup>

The future of DAO remains uncertain. It is unclear whether U.N. member states will decide to expand the initiative beyond the eight pilot countries.<sup>62</sup> An independent evaluation of DAO is currently being conducted by an ad hoc Evaluation Management Group comprising representatives from selected U.N. member states. Secretary-General Ban hopes that the evaluation will be completed by mid-to-late 2011 so that it can inform the upcoming quadrennial comprehensive policy review.<sup>63</sup>

## Ongoing Challenges and Policy Issues

As the 112<sup>th</sup> Congress considers U.S. participation in and contributions to the UNDS, it may take the following challenges and policy issues into account.

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<sup>60</sup> In Mozambique, for example, U.N. agencies estimate that by harmonizing procurement procedures and long-term agreements, it will reduce the costs of procurement per purchase by up to 89%. Statement of Outcome and Way Forward, adopted in Hanoi, June 16, 2010, at the High-Level Tripartite Conference, *Delivering as One: Lessons from Country-led Evaluation and Way Forward*.

<sup>61</sup> In addition, a 2008 UNDG stocktaking report found that for many U.N. entities there appears to be a higher cost associated with participating in DAO during the initial pilot period, particularly for the specialized agencies. It remains to be seen whether such costs are temporary or whether they can be decreased over time. The report also expressed concern that donors were earmarking their contributions to the One UN multi-donor trust fund. See Statement of Outcome and Way Forward, adopted in Hanoi, June 16, 2010.

<sup>62</sup> *Delivering as One 2008 Stocktaking Synthesis Report, Joint Reports by Government and U.N. Country Teams*, p. 3, at <http://www.undg.org/docs/10289/UNStocktakingSynthesisReportV6.pdf>.

<sup>63</sup> The group includes evaluation professionals from each of the five regional groups and two from DAO pilot countries. For more information on this evaluation, see “The Deputy Secretary-General, Remarks on the Independent Evaluation of the ‘Delivering as One’ Pilot Countries,” March 2010.

## Different Member State Perspectives

U.N. member state perspectives and relationships are constantly evolving; however, fundamental disagreements between developing countries (represented primarily by the G-77 and China) and developed countries (often represented by the United States, Japan, and the United Kingdom) regarding the role of the United Nations in development have remained relatively consistent. In general, developed countries, which account for the majority of assessed contributions to the U.N. regular budget and donor contributions to the UNDS, would like the Secretary-General to have greater flexibility and authority to implement UNDS reforms, specifically those related to oversight, transparency, and human resources. While they recognize the importance of maintaining the autonomy of the specialized agencies, some developed countries would also like to see a more centralized and coordinated U.N. presence at the country level. Developing countries, on the other hand, generally object to policies that may enhance the power of the Secretary-General or developed countries and decrease the power of the General Assembly and its budget and administrative committees. Some experts contend that developing countries have resisted the idea of creating a more consolidated and centralized UNDS because a decentralized system suits their interests. In such a system, some experts hold, developing countries have “better possibilities” to control the system and use it to their advantage.<sup>64</sup>

One of the foremost challenges facing the UNDS, including its administration, funding, and operations, is the dynamic between and among U.N. member states. The majority of UNDS entities are controlled by various governance structures, including executive boards and committees. These bodies include representatives of governments that have their own political agendas, foreign policy and national security goals, and definitions of development and U.N. reform. For instance, some governments hold differing opinions on how to most effectively implement reform and how to measure the success or failure of a given reform initiative. Others present their policy priorities as reform to further their own policy goals, causing distrust among governments that question whether certain reform proposals are based on a national self-interest or a desire to enhance U.N. development efforts. Moreover, some governments appear to support contradictory reform proposals and recommendations in different executive boards, making it difficult to implement consistent and coordinated reforms across the development system.

## Competition Among U.N. Entities

Many in the development community have raised questions about the impact of competition among U.N. entities on overall U.N. development efforts. On the one hand, experts agree that competition can benefit U.N. development activities by spurring organizations to improve the quality of their services. On the other hand, many are concerned that the decentralized nature of the U.N. system may lead U.N. entities to consider their own institutional interests above the interests of host governments or the UNDS as a whole. For example, the recent shift from core to non-core contributions, both within the UNDS and the broader development community, has increased competition for funding among some U.N. entities. As a result, U.N. organizations often work separately, rather than together, to raise funds.

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<sup>64</sup> “A Short History of United Nations Reform in Development,” Part I of *Some Measures to Improve Overall Performance of the United Nations System at the Country Level*, U.N. Joint Inspection Unit Report 2005/2 (Part I), p. 6.

In addition to vying for scarce funds, U.N. entities may also compete for access to government officials and ministries, office space, or control over various projects and programs. Such competition, experts argue, could lead to duplication of activities and excess expenses. In addition, some have suggested that UNDP's increasingly centralized role in U.N. country operations has led to resentment and increased competition among some UNDS entities that feel that they are losing control of development activities for which they were previously responsible.

## Limited Data Collection and Information-Sharing

The UNDS lacks a central mechanism for collecting and disseminating comparable and comprehensive information on its activities at the country, regional, and headquarters levels. As a result, donors, host governments, and in many cases U.N. entities themselves, may not have a clear picture of the range of activities occurring in the country where they operate. A U.N. Country Team (UNCT) is not required to track or maintain a database of all UNDS activities undertaken in its country, and if such a mechanism exists, it is usually at the discretion of a Resident Coordinator (RC). There are also no formal mechanisms in place for RCs or UNCTs to share best practices or lessons learned. Many argue that this dearth of information and knowledge-sharing leads to a lack of coordination and duplication within the UNDS. Moreover, it makes it more difficult for donors, governments, and the U.N. system itself to identify gaps and areas of possible improvement in UNDS activities.

Efforts to streamline U.N. system data collection and information-sharing are in various stages of development and implementation. The U.N. System Chief Executives Board for Coordination (CEB) and the General Assembly acknowledged the need for system-wide data coverage, availability, and reliability. In 2007, for instance, the General Assembly requested the Secretary-General to continue to "broaden and improve the coverage, timeliness, reliability, quality and comparability of system-wide financial data, definitions and classifications for the financial reporting" of UNDS operational activities for development in a coherent way. It also called on him to "build a comprehensive, sustainable and consistent financial data and reporting system" for UNDS activities.<sup>65</sup>

## Obstacles to Monitoring and Evaluation

A key challenge facing the UNDS is monitoring and evaluating the development impact of its activities, which is often difficult to measure or quantify. Sufficient baseline data are needed for organizations to monitor and assess the impact of their programs, yet in many cases such data are not available due to a lack of national statistical capacity in developing countries. There are also questions as to how development results (or a lack of results) can be attributed to the work of one particular organization or, more narrowly, one program or project. Changes in the political atmosphere, external shocks such as natural disasters, and shifts in national priorities can severely impact the success, or failure, of development efforts.<sup>66</sup>

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<sup>65</sup> U.N. document A/RES/62/208, December 19, 2007. See Part II, paragraph 28 a and b of the resolution. In January 2011, the Department of Economic and Social Affairs and CEB chaired an expert group meeting, "Strengthening system-wide reporting for funding for the UN system," that discussed ways to modernize, simplify, and strengthen U.N. system-wide reporting on funding for the U.N. system.

<sup>66</sup> For further discussion of these issues, see *Effectiveness of the U.N. Development System and its Operational Activities: Capacity of the System to Provide Country Level Support and Develop National Capacities*, U.N. Economic (continued...)

The obstacles associated with monitoring and evaluation (M&E) in the UNDS are further magnified by a lack of harmonized evaluation mechanisms within the UNDS and across the U.N. system. During the 1990s and early 2000s, many U.N. entities adopted evaluation mechanisms based on results (referred to as results-based frameworks). These frameworks have been implemented to varying degrees and often include disparate definitions and criteria for evaluation. Recognizing the importance of harmonizing evaluation practices, some U.N. entities have taken steps to coordinate evaluation activities.<sup>67</sup> Many development experts agree, however, that efforts to improve M&E within the U.N. system need to be expanded. In 2007, for example, governments called on the UNDS to “pursue and intensify efforts to strengthen evaluation capacities in program countries.”<sup>68</sup>

## Role of the U.N. Resident Coordinator

Some development experts contend that the quality of UNDS staff varies among countries, and that in many cases the success of a U.N. Country Team (UNCT) often hinges on the leadership qualities and effectiveness of the Resident Coordinator (RC). Experts and governments, including the United States, have acknowledged the challenges associated with the RC position, recognizing that its “complexities and demands have not always made it an attractive career option.”<sup>69</sup> RCs are charged with a broad mandate of leading all UNCT activities, yet they have little management authority over other U.N. entities to carry out their responsibilities.<sup>70</sup> One reason for this is lack of incentives; U.N. system staff are evaluated based on their contributions to their individual agencies rather than the U.N. organization as a whole.<sup>71</sup> RCs, on the other hand, are evaluated primarily based on their performance of U.N. system-wide objectives. Consequently, RCs and other UNCT members may be working towards different objectives. The UNDG has acknowledged this inconsistency and notes that in recent years some entities, such as UNFPA, have taken steps to add recognition of U.N. system-wide work to its appraisals.<sup>72</sup> In

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(...continued)

and Social Council, Conference Room Paper, 2004.

<sup>67</sup> In 2005, for example, the U.N. Evaluation Group (UNEG), a network of 45 units responsible for evaluation in the U.N. system, endorsed U.N. system-wide norms and standards for evaluation. In addition, UNDG has incorporated results matrices into UNDAFs.

<sup>68</sup> The Assembly also laid out specific guidelines for enhancing UNDS evaluation mechanisms. See U.N. document, A/RES/62/208, December 19, 2007.

<sup>69</sup> B. Lynn Pascoe, the U.N. Under-Secretary-General for Political Affairs stated, “You give them [RCs] limited authority, no money, and yet somehow they are supposed to keep everybody headed for common goals. Then you add full responsibility for their people’s security with inadequate resources in a dangerous world. It’s no wonder some people don’t even want the job. But the rewards of helping people on a large scale makes it one of the world’s most satisfying.” See UNDG, *Synthesis of Annual Resident Coordinator Reports, 2009, U.N. Country Coordination, Enhancing Leadership for Development*, 2010, p. 101.

<sup>70</sup> According to the RC job description, the coordinator has an “equal relationship with, and responsibility to, all UNCT member agencies,” and is “empowered by clear recognition from each agency of his/her role in strategically positioning the UN in each country.” See *U.N. Resident Coordinator Generic Job Description*, approved by UNDG on January 29, 2009.

<sup>71</sup> According to the UNDG, UNCT members have “direct-line” accountability to their own organization, and only “collegial” accountability to the RC and rest of the UNCT for achieving results specified in the UNDAF. See UNDG, *About U.N. Country Teams*, at <http://www.undg.org/index.cfm?P=1257>.

<sup>72</sup> UNDG, *United to Deliver Effective Support for Countries, Promoting U.N. Coherence, Effectiveness, and Relevance: An Overview of Progress Since 1997*, p. 7.



2008, the UNDG approved a Management and Accountability System to hold UNCT members accountable in areas where they have agreed to lead the Country Team.<sup>73</sup>

At the same time, many point out that the RC's apparent lack of authority is in line with the decentralized nature of the U.N. system and the longstanding autonomy of U.N. specialized agencies. Moreover, some assert that RCs with strong leadership and management skills can and have overcome the inherent challenges of the position to successfully lead UNCT efforts. Accordingly, there is general agreement that RC recruiting should be widened and improved to attract the most qualified people.<sup>74</sup> In 2009, UNDG implemented a "talent-management" initiative that works to align more closely candidate qualifications with post requirements and improve competency assessment and development. It also instituted marketing and communications tools to attract eligible candidates.<sup>75</sup> The extent to which these recruiting efforts have improved the quality of RCs remains unclear.

## Transitioning from Humanitarian Relief to Development

Navigating the transition between humanitarian relief and development has been an issue of longstanding concern within the U.N. system and among the wider development and humanitarian assistance communities. During natural disasters, conflicts, or other humanitarian situations, U.N. operational entities such as the U.N. Office for the Coordination of Humanitarian Affairs (UNOCHA), UNICEF, UNHRC, and WFP, work to alleviate the crisis at hand. While responses to natural disasters or conflicts may differ, typically a U.N. Humanitarian Coordinator (HC) works with U.N. entities, NGOs, the host government, and other partners to coordinate and oversee the U.N. humanitarian response at the country level. In the immediate aftermath, the U.N. system transitions its work from the humanitarian phase (lifesaving and early recovery) to the development phase (restoring livelihoods); in some cases such phases often continue on parallel tracks. Many contend that these relationships could be more effectively coordinated. Moreover, some experts maintain that once the transition to the development phase occurs, humanitarian issues are at risk of falling by the wayside in UNCTs and the UNDS as whole because the majority of RCs and UNCT members are not trained or experienced in humanitarian issues.

One of the key areas of discussion is the role of the HC in UNCTs. In 29 UNCTs, RCs wear two hats as both the HC and RC.<sup>76</sup> Humanitarian experts argue that many RCs, including some that hold the dual RC/HC position, are primarily from development backgrounds and do not have

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<sup>73</sup> UNDG, *The Management and Accountability System of the UN Development and Resident Coordinator System, including the "Functional Firewall" for the RC System*, August 27, 2008. For further discussion of recent debates, see "ECOSOC Discusses Future of Operational Activities of U.N. Funds and Programs, and the Resident Coordinators System," U.N. Office in Geneva Press Release, July 15, 2011.

<sup>74</sup> In January 2011, for example, U.S. Ambassador to ECOSOC Rick Barton said in a statement to the UNDP Executive Board that "getting the Resident Coordinator skill mix right is crucial for the success of U.N. country missions." See "Statement by Ambassador Rick Barton at the UNDP Executive Board Meeting," January 31, 2011.

<sup>75</sup> For more information on these efforts see, UNDG, *Synthesis of Annual Resident Coordinator Reports, 2009, U.N. Country Coordination, Enhancing Leadership for Development*, 2010, p. 101. For further information on the RC system in general, see U.N. document, E/2011/86, *Functioning of the Resident Coordinator System, including Cost and Benefits, Report of the Secretary General*, published April 25, 2011.

<sup>76</sup> The 29 countries are Afghanistan, Burundi, Central African Republic, Chad, Colombia, Côte d'Ivoire, Dominican Republic, Democratic Republic of Congo, Eritrea, Ethiopia, Guinea, Haiti, Indonesia, Iraq, Kenya, Kyrgyzstan, Liberia, Myanmar, Nepal, Niger, Occupied Palestinian Territories, Pakistan, Philippines, Somalia, Sri Lanka, Sudan, Uganda, Yemen, and Zimbabwe. (CRS correspondence with UNDOCO, June 2011.)

sufficient knowledge of humanitarian issues or the humanitarian system. (The United Nations reports that as of June 2011, 64% of the RCs were affiliated with UNDP and 36% were affiliated with other entities.)<sup>77</sup> Critics also contend that some RC/HCs might be reluctant to confront host countries on humanitarian issues because they are afraid of damaging the relationship necessary to carry out the RC role, possibly harming the U.N. system's effectiveness in addressing humanitarian-related issues in specific countries.<sup>78</sup>

## Relationships with Other Development Partners

Effective coordination with other development organizations is an ongoing challenge for the UNDS. Many development experts argue that in light of how the international development community has and will likely continue to evolve, the U.N. system must be increasingly willing and able to work with and leverage the expertise of a range of development organizations. They suggest that improved communication and collaboration among these organizations, particularly at the country level, might minimize duplication of activities and promote information sharing, which in turn could lead to more effective development programs that align with host country priorities.

Despite incremental progress in improving coordination in recent years, several obstacles remain.<sup>79</sup> For example, a more crowded development field has led to increased competition for scarce resources. As previously discussed, U.N. entities are often competing with each other, as well as other development organizations, for funding. They may be reluctant to coordinate their funds or activities due to concerns that they might lose influence in a country or sector, or because they have different strategic interests than other donors. In addition, donors are more likely to earmark funds for specific projects, leaving the UNDS and other development organizations with less flexibility in program implementation or coordination. Finally, development experts view the lack of coordination among U.N. entities as a significant obstacle to collaboration with other donors.

## International Financial Institutions

UNDS entities and international financial institutions (IFIs) such as the World Bank Group, International Monetary Fund (IMF), and regional development banks, share similar development priorities and have been known to undertake nearly identical development projects with little collaboration or communication. (UNDP, for instance, supports a project to decrease green house gas emissions from deforestation and forest degradation, while the World Bank supports a parallel Forest Carbon Partnership Facility and other similar facilities in the Amazon and Congo river basins.)<sup>80</sup> As a result, some observers emphasize that they should strive for greater consistency in their strategic frameworks and priorities at the country level. At the same time, while many experts and governments, including the United States, support enhanced coordination, they also emphasize that because U.N. entities and the IFIs are distinct organizations with different

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<sup>77</sup> CRS correspondence with UNDOCO, June 2011.

<sup>78</sup> The NGOs and Humanitarian Reform Project, *Review of the Engagement of NGOs with the Humanitarian Reform Process, Synthesis Report*, October 2009, p. 14.

<sup>79</sup> See text box, "The UNDS and International Donor Coordination." Also see CRS Report R41185, *Foreign Aid: International Donor Coordination of Development Assistance*, by Marian Leonardo Lawson.

<sup>80</sup> See *Aiding Development Assistance Reform for the 21<sup>st</sup> Century*, Brookings Institution, August 2010, p. 20.

mandates and governance structures there needs to be a clear division of labor between their work.<sup>81</sup> In recent years, the UNDS has taken some steps to include the IFIs in U.N. system activities. In 2007, for instance, the U.N. General Assembly called for the “harmonization of strategic frameworks, instruments, modalities, and partnership arrangements” between the U.N. system and Bretton Woods Institutions.<sup>82</sup> In addition, because they are part of the U.N. system, the World Bank serves as a UNDG observer and both the World Bank Group and the IMF are members of the CEB.

## NGOs

During the past decade, many NGOs that work on development issues have become more organized and better funded due to increased contributions from foundations, the private sector, and the general public. As a result, experts contend that their influence on development has grown stronger. Accordingly, many argue that the UNDS should work not only to coordinate its efforts with these institutions, but also to leverage their innovation and expertise. International NGOs in developing countries, for example, are often staffed by experienced local citizens rather than those from outside the country. Some suggest that such individuals could provide unique perspectives on the needs and resources of a particular country.<sup>83</sup> As with the IFIs, many argue that enhancing UNDS communication with NGOs on best practices and ongoing development activities could lead to more efficient and effective development services as a whole.

## Private Sector

In recent years, governments, experts, and the U.N. system itself have increasingly recognized the contributions of the private sector to development.<sup>84</sup> Despite this recognition, many agree that the UNDS and other development organizations remain ill-equipped to leverage the benefits of private sector development activities, many of which are not immediately obvious because they are not undertaken by traditional development participants or labeled as development.<sup>85</sup> Consequently, some development experts maintain that the UNDS should consider modifying its approach to aid so that it more effectively leverages links between the private and public sectors. Many view private investment, in particular, as an untapped opportunity. Unlike several decades ago, the majority of resources that flow to developing countries now come through private capital rather than Official Development Assistance.<sup>86</sup> The U.S. government, for example, reports that

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<sup>81</sup> “Statement of Robert S. Hagen to the working-level interactive meeting on ‘Strengthening governance of operational activities for development of the United Nations system for enhanced system-wide coherence,’” New York, May 8, 2009.

<sup>82</sup> U.N. document A/RES/62/208, December 19, 2007.

<sup>83</sup> *Aiding Development Assistance Reform for the 21<sup>st</sup> Century*, Brookings Institution, August 2010, pp. 27-28.

<sup>84</sup> For example, in 2000 the United Nations launched the Global Compact, a strategic policy initiative for businesses that wish to align their operations and strategies with universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. Most recently, during the September 2010 High-Level Forum on the MDGs, Secretary-General Ban chaired the 2010 U.N. Private Sector Forum to identify concrete actions the private sector can take, both individually and with the public sector, to help achieve the MDGs in the next five years.

<sup>85</sup> Examples of private sector contributions include private investment (i.e., a corporation’s evolving business and commercial activities that may have strong implications for development), or innovative activities that aim to apply private sector strategies to development (these can be either private-private partnerships or, alternatively, be public-private partnerships). See *Unleashing Entrepreneurship: Making Business Work for the Poor*, U.N. Commission on the Private Sector and Development, Report to the U.N. Secretary-General, March 1, 2004, pp. 29-30.

<sup>86</sup> *Aiding Development Assistance Reform for the 21<sup>st</sup> Century*, Brookings Institution, August 2010, p. 25.

more than 80% of its contributions to the developing world are in the form of private capital rather than foreign aid.<sup>87</sup>

## Looking Ahead

The 112<sup>th</sup> Congress may debate aspects of U.S. participation in and funding of the UNDS. As highlighted in this report, issues range from the effectiveness of ongoing UNDS reform efforts, to the role of the U.N. system in the global development landscape, and to improving UNDS coordination and accountability at the country, regional, and global level. As Congress considers these challenges, other overarching issues may arise.

### Effectiveness of U.S. Foreign Aid Structures

In recent years, many foreign aid experts have expressed concern regarding ongoing inefficiencies related to the overall organization, effectiveness, and management of U.S. foreign aid. In particular, some have suggested that the United States should more effectively leverage U.S. funding for multilateral programs and institutions to influence country or program directions. Congress may wish to view U.S. participation in the UNDS in this broader context.<sup>88</sup>

### Rise of Other Development Actors and Mechanisms

Experts suggest that any debates regarding UNDS enhancement or reform should be viewed in the broader global development context. As previously discussed, the rise of middle-income economies like Brazil, India, and China as development donors and the increased role of multilateral donors such as the European Union and World Bank in development activities has altered the development landscape. Members of Congress may also wish to consider the UNDS in the context of the G-20's rise as the premier forum for international economic cooperation. Although its effectiveness moving forward is still being debated, the G-20's increasing influence raises questions about the U.N. system's future role in development and, more broadly, global governance.<sup>89</sup>

### U.N. System Focus and Priorities

Some experts have emphasized that U.N. development efforts may be undermined by a lack of focus. For example, there are over 9,000 mandates in the U.N. system; many argue that this makes it difficult for member states, and the U.N. system itself, to prioritize its development activities. Some have proposed that the UNDS tighten its focus by concentrating its activities on

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<sup>87</sup> *Leading Through Civilian Power: The First Quadrennial Diplomacy and Development Review*, U.S. Department of State, 2010, p. 96.

<sup>88</sup> For more information on issues related to U.S. foreign aid, see CRS Report R40213, *Foreign Aid: An Introduction to U.S. Programs and Policy*, by Curt Tarnoff and Marian Leonardo Lawson.

<sup>89</sup> The G-20 is an international forum for discussing and coordinating economic policies. Its members include Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States, and the European Union. For more information, see CRS Report R40977, *The G-20 and International Economic Cooperation: Background and Implications for Congress*, by Rebecca M. Nelson.

fragile states or countries emerging from conflict. Others, however, argue that focusing only on specific countries or situations undermines the United Nations' universality.<sup>90</sup>

## **Reform and the Future of the U.N. Development System**

To improve U.N. system development activities, some experts have recommended merging, eliminating, or creating new U.N. entities to streamline and unify U.N. system development activities. Others have suggested consolidating U.N. development activities under one central entity. Most agree, however, that in the near future U.N. member states are unlikely to implement the structural and organizational changes necessary for comprehensive and far-reaching reform. This is due primarily to the decentralized nature of the U.N. system; the autonomy of U.N. agencies, funds, and programs; and disagreements among the United Nations' 193 member states on the mandate and role of the U.N. development system. With this in mind, Congress may consider monitoring ongoing and incremental UNDS reform activities, including the comprehensive policy review (CPR) resolutions adopted by the General Assembly and the implementation of the Delivering as One (DAO) initiative. The future of DAO, in particular, is uncertain. Although many U.N. member states, including the United States, appear to support the initiative, it is unclear whether it will continue beyond the current pilot phase.

More broadly, Congress may wish to stay apprised of growing policy debates on the future of the U.N. development system in international development efforts, particularly in light of the global economic crisis, concerns about U.N. system effectiveness, and the emergence of new bilateral and multilateral donors. In the United States, the role of the United Nations in U.S. foreign assistance will likely remain a point of continuous debate for policymakers as they aim to balance domestic concerns and the recession on the one hand, with key foreign policy and development priorities on the other.

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<sup>90</sup> *The Future of the U.N. Development System, Conference Report*, from Wilton Park Conference on the Future of the U.N. Development System; Silke Weinlich, *Reform of the UN Development System: New Multilateralist Reform Coalition Needed*, Briefing Paper 1/2011, German Development Institute.

# Appendix A. U.N. Development Group Membership

**Table A-I. U.N. Development Group Membership: U.N. Entities that Play a Role in Development**

Entity	Type	Primary Funding Source
Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	Secretariat Office	U.N. Regular Budget
Office of the Special Advisor on Africa	Secretariat Office	U.N. Regular Budget
Office of the Special Representative of the Secretary-General for Children and Armed Conflict	Secretariat Office	U.N. Regular Budget
Department of Economic and Social Affairs (DESA)	Secretariat Department	U.N. Regular Budget
Department of Public Information (DPI)	Secretariat Department	U.N. Regular Budget
Economic Commission for Africa (UNECA)	Regional Commission	U.N. Regular Budget
Economic Commission for Europe (UNECE)	Regional Commission	U.N. Regular Budget
Economic Commission for Latin America and the Caribbean (UNECLAC)	Regional Commission	U.N. Regular Budget
Economic and Social Commission for Asia and the Pacific (UNESCAP)	Regional Commission	U.N. Regular Budget
Economic and Social Commission for Western Asia (UNESCWA)	Regional Commission	U.N. Regular Budget
Food and Agriculture Organization (FAO)	Specialized Agency	Assessed Contributions
International Fund for Agricultural Development (IFAD)	Specialized Agency	Assessed Contributions
International Labor Organization (ILO)	Specialized Agency	Assessed Contributions
International Telecommunication Union (ITU)	Specialized Agency	Assessed Contributions
U.N. Office of the High Commissioner for Human Rights (OHCHR)	Secretariat Office	U.N. Regular Budget
Joint U.N. Program on HIV/AIDS (UNAIDS)	Other	Voluntary Contributions
U.N. Conference on Trade and Development (UNCTAD)	Program or Fund	Voluntary Contributions
U.N. Development Program (UNDP)	Program or Fund	Voluntary Contributions
U.N. Environment Program (UNEP)	Program or Fund	Voluntary Contributions

<b>Entity</b>	<b>Type</b>	<b>Primary Funding Source</b>
U.N. Educational, Scientific, and Cultural Organization (UNESCO)	Specialized Agency	Assessed Contributions
U.N. Population Fund (UNFPA)	Program or Fund	Voluntary Contributions
U.N. Human Settlements Program (UN-HABITAT)	Program or Fund	Voluntary Contributions
U.N. High Commissioner for Refugees (UNHCR)	Program or Fund	Voluntary Contributions
U.N. Children’s Fund (UNICEF)	Program or Fund	Voluntary Contributions
U.N. Industrial Development Organization (UNIDO)	Specialized Agency	Assessed Contributions
U.N. Entity for Gender Equality and the Empowerment of Women (UN Women)	Program or Fund	Voluntary Contributions
U.N. Office on Drugs and Crime (UNODC)	Secretariat Office	U.N. Regular Budget
U.N. Office for Project Services (UNOPS)	Other	Self-financing <sup>a</sup>
U.N. World Tourism Organization (WTO)	Specialized Agency	Assessed Contributions
World Food Program (WFP)	Program or Fund	Voluntary Contributions
World Health Organization (WHO)	Specialized Agency	Assessed Contributions
World Meteorological Organization (WMO)	Specialized Agency	Assessed Contributions

**Source:** UNDG, CRS.

**Notes:** UNDG has five observers: the World Bank, the U.N. Fund for International Partnerships, UNOCHA, the Spokesperson for the U.N. Secretary-General, and the Director of the Office of the Deputy Secretary-General.

- a. UNOPS is a self-financing organization, meaning that it operates from fees earned for services rendered, with no assessed or voluntary funding.

## Appendix B. Abbreviations

**Table B-I. List of Abbreviations**

<b>Acronym</b>	<b>Entity</b>
<b>CEB</b>	U.N. Chief Executives Board for Coordination
<b>CIO</b>	Contributions to International Organizations account
<b>CPR</b>	Comprehensive Policy Review
<b>DAO</b>	Delivering as One Initiative
<b>ECOSOC</b>	U.N. Economic and Social Council
<b>FAO</b>	Food and Agriculture Organization
<b>G-20</b>	Group of 20
<b>HC</b>	Humanitarian Coordinator
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFI</b>	International Financial Institution
<b>ILO</b>	International Labor Organization
<b>IMF</b>	International Monetary Fund
<b>IO&amp;P</b>	International Organizations and Programs account
<b>ITU</b>	International Telecommunication Union
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goals
<b>NGO</b>	Nongovernmental Organizations
<b>ODA</b>	Official Development Assistance
<b>OECD-DAC</b>	Organization for Economic Cooperation and Development - Development Assistance Committee
<b>OHCHR</b>	U.N. Office of the High Commissioner for Human Rights
<b>RC</b>	Resident Coordinator
<b>U.N.</b>	United Nations
<b>UN Women</b>	U.N. Entity for Gender Equality and the Empowerment of Women
<b>UNAIDS</b>	Joint U.N. Program on HIV/AIDS
<b>UNCT</b>	U.N. Country Team
<b>UNCTAD</b>	U.N. Conference on Trade and Development
<b>UNDAF</b>	U.N. Development Assistance Framework
<b>UNDG</b>	U.N. Development Group



<b>Acronym</b>	<b>Entity</b>
<b>UNDP</b>	U.N. Development Program
<b>UNDS</b>	U.N. Development System
<b>UNEP</b>	U.N. Environment Program
<b>UNESCO</b>	U.N. Educational, Scientific, and Cultural Organization
<b>UNESCAP</b>	U.N. Economic and Social Commission for Asia and the Pacific
<b>UNFPA</b>	U.N. Population Fund
<b>UN-HABITAT</b>	U.N. Human Settlements Program
<b>UNHCR</b>	U.N. High Commissioner for Refugees
<b>UNIC</b>	U.N. Information Center
<b>UNICEF</b>	U.N. Children's Fund
<b>UNIDO</b>	U.N. Industrial Development Organization
<b>UNIFEM</b>	U.N. Development Fund for Women
<b>UNODC</b>	U.N. Office on Drugs and Crime
<b>UNOCHA</b>	U.N. Office for the Coordination of Humanitarian Affairs
<b>UNOPS</b>	U.N. Office for Project Services
<b>UNRWA</b>	U.N. Relief and Works Agency for Palestine Refugees in the Near East
<b>UNV</b>	U.N. Volunteers
<b>USAID</b>	U.S. Agency for International Development
<b>WFP</b>	World Food Program
<b>WHO</b>	World Health Organization
<b>WMO</b>	World Meteorological Organization
<b>WTO</b>	U.N. World Tourism Organization

**Source:** CRS, United Nations.

## Appendix C. Top Recipients of UNDS Funding, 2009

**Table C-1. Top 10 Recipient Countries of Funding (Country Programmable Resources), 2009**

(Expenditures in millions of U.S. dollars.)

Recipient	Expenditures
Afghanistan	781
Sudan	395
Democratic Republic of the Congo	380
India	251
Bangladesh	210
Ethiopia	204
Nigeria	203
Pakistan	188
Indonesia	183
Somalia	161

**Source:** *The Secretary-General's Report on U.N. System Operational Activities for Development, 2009*, p. 41.

**Note:** The United Nations defines "country programmable resources" as total expenditures in a country less (a) humanitarian assistance, (b) regional and global activities, (c) program support and management, and (d) local resources.

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