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Proposed partnership framework for UNDP and UNCDF*

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* The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present document.



I. Background

1. At its first regular session in 2006, the Executive Board in its decision 2006/4 requested “the Administrator [of UNDP] and the Executive Secretary [of UNCDF] to work closely to finalize a memorandum of understanding between the two organizations setting forth the key elements of their strategic, operational and financial partnership, and report their arrangements to the Board at its annual session in June 2006”.

2. Following a discussion on the follow-up steps taken jointly by UNDP and UNCDF at the annual session of the Executive Board in June 2006, the Board in its decision 2006/15 requested “the Administrator of UNDP and the Executive Secretary of UNCDF to work closely to finalize the strategic agreement between UNDP and UNCDF, setting forth the key elements of their strategic, operational and financial partnership, and to report their arrangements to the Board at its first regular session 2007.” Furthermore, the Executive Board requested “the Administrator of UNDP and the Executive Secretary of UNCDF to explore ways to cooperate on strategic planning, funding, programming arrangements and the results framework in the context of the preparation of the UNDP MYFF for the period 2008-2011.”

II. Objectives of the UNDP-UNCDF strategic partnership

3. The overall aim of the strategic partnership is to bring UNDP and UNCDF more closely together, to result in: (a) significant improvements in the efficiency, effectiveness and coherence of both organizations; (b) enhanced developmental impact of both organizations in the least developed countries (LDCs) and in other developing countries; (c) more predictable, stable funding for UNCDF investment activities in the LDCs; (d) more equitable burden-sharing among Member States; and (e) greater coherence, simplicity, and harmonization within the United Nations system.

4. The objectives identified below build on the unique investment mandate of UNCDF and its ability to provide efficient, effective service delivery in its two areas of focus (microfinance and local development) in the LDCs.

A. Strategic objectives

5. The strategic objectives include:

- (a) Achieving programmatic synergies based on the comparative advantages value added by each organization;
- (b) Achieving greater efficiency and effectiveness of joint programmes with UNDP and joint programming within the United Nations system;
- (c) Sharing knowledge on good practices in microfinance (which includes building inclusive financial sectors) and local development (which includes decentralization) for the benefit of programme countries, through UNDP and the United Nations country teams (including those not in LDCs); and

(d) Contributing to ongoing simplification and harmonization efforts among United Nations organizations as part of United Nations reform and follow-up to the Paris Declaration on Aid Effectiveness.

B. Operational objectives

6. The operational objectives include:

(a) Clarifying respective roles and functions to support the strategic objectives, especially at regional and country office levels; and

(b) Assuring management, operational and financial alignment with UNDP, including maximizing UNCDF participation in all appropriate UNDP planning and management frameworks and systems and the facilitation of effective resource mobilization.

7. The above objectives and the proposed partnership framework (see chapter III, below) are consistent with the principal recommendation of the High-Level Panel that the United Nations should “deliver as one” and establish “one United Nations at the country level, with one leader, one programme, one budget, and, where appropriate, one office.”¹ Furthermore the “One United Nations” should be based on “a consolidation of United Nations programme activities at the country level...”² It is thus expected that once a decision has been taken, UNCDF will participate eagerly and fully in the “One United Nations” programme at every level.

8. UNDP and UNCDF have taken note of the recommendation of the High-Level Panel to “establish an independent task force to further eliminate duplication within the United Nations system, and consolidate United Nations entities, where necessary.”³ While awaiting the outcome of this task force, the strategy followed by UNDP and UNCDF to integrate UNCDF contributions in microfinance and local development into the UNDP strategic plan, 2008-2011, will assure that UNCDF is not providing “duplicative functions” and that its “complementarity” is clearly established and agreed.⁴

III. The UNDP-UNCDF partnership framework

9. The annex table, on page 5, sets forth the proposed partnership framework between UNDP and UNCDF. It proposes that UNDP and UNCDF: (a) integrate their strategic planning and results frameworks through the UNDP strategic plan, 2008-2011; (b) establish joint programmes as the primary programming modality for working together at the country level; (c) rationalize their management and operations at headquarters, regional, and country office levels; (d) integrate their results frameworks, reporting and evaluation policies and methodologies; and (e) jointly mobilize core and non-core resources at headquarters and country office levels.

¹ Report of the High-Level Panel, p. 2.

² Ibid.

³ Ibid, p. 3

⁴ Ibid, p. 3

10. As a follow-up to the initial discussions regarding the proposed cooperation framework, UNDP invited UNCDF to participate actively in the development of the UNDP strategic plan, 2008-2011, focusing in particular on developing an appropriate methodology and mechanism for integrating its local development and microfinance practice areas into the 'development focus areas' that are being defined.

11. While much remains to be done to further define and finalize how UNCDF will be integrated into the strategic plan, the steps taken to date suggest that considerable progress is being made, and that UNDP and UNCDF are collaborating in a productive, constructive and collegial manner.

12. With respect to table 1, it should be noted that this table was initially prepared before the UNDP strategic plan was finalized. Accordingly, it is expected that the 'practice areas' and 'service lines' will need to be revised as the strategic plan evolves in the coming months. The funding of joint programmes under the framework of the strategic plan is also under consideration.

13. In addition to the issues outlined in the discussion paper, UNDP and UNCDF are further discussing the following actions which will be addressed in more detail in the coming months:

- (a) The need to develop a mechanism for ensuring more management coherence, coordination and synergy between UNDP and UNCDF with regard to programming, planning, reporting, and evaluation functions;
- (b) An appropriate structure for conducting joint resource mobilization between UNDP and UNCDF; and
- (c) The need for UNCDF to engage more fully in sharing knowledge within UNDP and the United Nations system with respect to the UNCDF local development and microfinance practice areas, thereby also benefiting countries that are not LDCs.

14. UNDP and UNCDF expect to make considerable progress on the proposed partnership framework during the next few months. They will be consulting with the Executive Board throughout the process.

Annex

Proposed partnership framework for UNDP and UNCDF

Subject and source	Level of cooperation	UNDP	UNCDF
Legal mandates (General Assembly)	Separate Complementary	* Broad development agenda * Global presence * Coordinating United Nations system * Capacity-building focus	* Grants and loans ('investments') for general development assistance * Focus on LDCs
Focus areas (Executive Board)	Aligned Complementary	* Poverty reduction and sustainable development * Democratic governance * Crisis prevention and recovery	* Microfinance / Inclusive financial sectors * Decentralization and local development
Development outcomes (Executive Board)	Aligned	TBD	* Increased sustainable access of low income households and small enterprises to a broad range of financial services. * Increased sustainable access to pro-poor infrastructure, social services and local economic development by working through local authorities.
Multi-year planning framework (Executive Board, management)	Joint	Strategic plan, 2008-2011	
Regional and country-level programming framework (Executive Board, management)	Joint	United Nations Development Assistance Framework Country programme action plan Joint programmes	
Measuring and reporting results (Executive Board, management)	Joint	Strategic plan report	
Evaluation (Executive Board)	Common evaluation policy	Joint evaluations of joint programmes	
	Separate evaluation units	Focus on strategic and country office evaluations	Focus on programmatic evaluations
UNCDF administrative funding (Executive Board)	Joint	UNDP biennial support budget	
UNCDF core funding (Executive Board, management)	Joint	Joint core resource mobilization	
	Core funding targets established by mutual agreement	Programmatic arrangements through strategic plan	
UNCDF non-core funding (Executive Board, management)	Joint	Joint non-core resource mobilization	
	Non-core funding targets based on programme requirements	Programming arrangements based on programme requirements	