Mr. President,
Members of the Executive Board,
Colleagues and friends,

I am pleased to welcome you to this first regular session of the UNDP Executive Board and wish you a happy 2013.

Let me begin by congratulating H.E. Mr. Roble Olhaye, the Permanent Representative of Djibouti on his election as President of the UNDP/UNFPA/UNOPS Executive Board.

I also congratulate the Vice-Presidents on their election: for the group of Latin American and Caribbean States, Mr. Eduardo Porretti, Minister, Permanent Mission of Argentina; for the Eastern European States group, Mr. Boyan Belev Deputy Permanent Representative, Permanent Mission of Bulgaria; and for the group of Western Europe and other States, Ms. Merete Dyrud, Counsellor, Permanent Mission of Norway.

Allow me also to thank most sincerely the outgoing President, the Permanent Representative of Sweden, H.E. Mr. Mårten Grunditz, for his stewardship of the Executive Board and commitment to UNDP over the past year.

My thanks also go to last year’s Vice-Presidents for their support - Mr. Tarik Iziraren, Counsellor, Permanent Mission of Morocco; H.E. Mr. Yusra Khan, Ambassador and Deputy Permanent Representative of Indonesia; Mr. Eduardo Porretti, Minister, Permanent Mission of Argentina; and Ms. Candida Novák Hornakova, Third Secretary, Permanent Mission of the Czech Republic.

2013 is an important year for UNDP - as we work with the Executive Board on our next Strategic Plan, build into our work the outcome of the QCPR, contribute to the post-2015 and post-Rio+20 discussions, and respond to the wide range of challenges which come our way as circumstances in countries change, often rapidly and without warning.

In my remarks today I will:

- begin by reflecting briefly on some of the major development discussions of last year – most importantly the QCPR - and how to reflect their outcomes in UNDP’s work;
- comment on the work being done on the next UNDP Strategic Plan and the related Integrated Budget; and
- highlight the progress UNDP is making on maximizing transparency and accountability.
Underlining all that is the critical importance of strengthening the coherence and coordination of the UN development system as well as delivering together for results - areas where UNDP will continue to show leadership.

**Building on the momentum of 2012**

I reported to the Board last year on the outcome of, and UNDP’s follow-up to, both the *Rio+20 UN Conference on Sustainable Development* and the *Tirana Intergovernmental High-Level Conference on Delivering as One*.

Let me note now that we are preparing to establish the Rio+ Centre - the World Centre for Sustainable Development – together with the Government of Brazil and other partners, and expect it to start work in the first half of this year and be fully operational by 2014.

UNDP’s Strategic Plan discussions provide a platform on which to address the invitation in the Rio+20 Outcome Document to governing bodies of the UN’s funds, programmes, and specialized agencies. We are all asked to consider appropriate measures for integrating the social, economic, and environmental dimensions of sustainable development across the operational activities of the UN development system.

Since the last Executive Board meeting in September, a range of important intergovernmental meetings and processes have taken place:

- At the *High Level Meeting on Rule of Law* at the UN General Assembly in September, Member States concurred on the criticality of rule of law in fostering development and overcoming conflict and fragility. This is a vital area of work for UNDP;

- At the *11th Conference of the Parties to the UN Convention on Biological Diversity*, in Hyderabad, India, last October, the Parties agreed on important measures to advance implementation of the Strategic Plan for Biodiversity for 2011-2020. UNDP launched its first Biodiversity Framework there;

- the *Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC)* in Qatar took steps forward, including the formal adoption of the second commitment period for the Kyoto Protocol – but progress in the negotiations needs to speed up to reach a quality global agreement by 2015. UNDP is constructively engaged with member states on many of the issues;

- UNDP is playing an important role as a co-chair of the UN Task Team on Post-2015, and of the technical team supporting the Open Working Group of the General Assembly mandated by Rio+20. Together with our UNDG partners, we are co-ordinating wide-ranging national, thematic, and global consultations on what the post-2015 development agenda could look like. Preparation of that agenda will be enhanced by accelerating achievement of the current MDGs,
bringing the development and environment tracks together, and by focusing on the need for clear, measurable, and easily communicated goals and targets which advance sustainable development;

- in December, a major milestone was reached when the UN General Assembly approved the resolution on the *Quadrennial Comprehensive Policy Review of UN Operational Activities for Development (QCPR)*, on which I will now elaborate.

**Quadrennial Comprehensive Policy Review of UN Operational Activities for Development**

The QCPR resolution was an important confidence booster for the UN development system. The overall message from the General Assembly was loud and clear: Member States want a strong UN development system which is strategically relevant, nimble, and ready and able to help deliver sustainable development results.

I would like to comment on aspects of the resolution which I believe - both as UNDG Chair and as UNDP Administrator - are of particular importance for the UN development system:

- **First**, I welcome the resolution’s recognition of the important role and comparative advantages of the UN development system. It emphasises that contributions to regular resources should remain the bedrock of funding for the UN’s Agencies, Funds, and Programmes (AFP), and notes the growing imbalance between core and non-core resources. Going forward it will also be important to broaden the donor base for the AFP.

Many of UNDP’s traditional donors have gone to great lengths to maintain their voluntary contributions to the organization – with some able to increase their funding to us. We sincerely thank all our funders for their commitment to our work, especially in the current challenging circumstances. We appreciate that many face ongoing economic volatility and fiscal constraints.

In 2011, total contributions to UNDP’s regular resources amounted to $975 million, 2.5 per cent below the 2011 revised UNDP strategic plan 2008-2013 funding target of one billion dollars. In 2012, we saw a further and pronounced decrease of $129 million, bringing the total core contributions to UNDP to their lowest level since 2004. Current indications are that our core funding will fall further in 2013. This trend is a serious concern.

Wishing that the outlook was better, however, does not deposit funds in our bank account. Therefore UNDP is taking all necessary measures to keep spending within the new resource planning envelope. We estimate that a $50 million dollar cut from previously planned spending will be needed this year to keep UNDP’s core liquidity balance at a minimum of three months at the end of the year. If necessary, at the mid-year point, we will make further adjustments, either up or
down. Just as member states have to make critical decisions about spending priorities, so must UNDP.

This Executive Board meeting will consider important proposals for programming arrangements and cost recovery. The reforms being proposed in these two critical areas will help UNDP find a better balance in how we fund our organizational costs, harmonized with sister agencies, through a mix of core and non-core pools of resources, with the non-core pool carrying its appropriate share of costs in future.

I must emphasize, however, that a stable and adequate level of core funding is required for UNDP to operate as a forward-looking organization, able to respond to countries’ strategic priorities and needs, and support the achievement of transformational development results. A secure funding base enables UNDP to develop its expertise to respond to emerging issues; preserve its multilateral, impartial, and universal character; and finance its corporate management and oversight systems.

The support of member states for strong core funding for UNDP is also critical for the effectiveness and coherence of the UN development system as a whole, given the critical leadership role we play in co-ordinating the system. The backbone of the system needs strong member state support.

- At UNDP, we are fully cognizant of the need to make every development dollar count. Therefore we strongly support the QCPR’s call for a more strategic and coherent results culture across the entire UN development system – this is the second important message I would like to highlight from the resolution.

Our system needs clear and robust results frameworks. Resident Co-ordinators (RCs) and UN Country Teams are accountable for monitoring and reporting on results to national authorities, and ideally should use common programming documents.

The seriousness with which the UN is taking results-based management is reflected in the Secretary-General’s Five-Year Action Agenda. The UNDG and the High-Level Committee on Management (HLCM) are developing common principles for the clear, measurable, transparent, and mutually accountable reporting of results. I will provide updates of progress on that at future Board meetings.

- Third, the QCPR resolution is very clear in calling on the UN development system to continue to strengthen system-wide coherence and effectiveness at the country level.

In this respect, the resolution highlights a number of issues for action, including: implementation of the UNDG’s Management and Accountability System; the
simplification and streamlining of programming instruments; a strengthened and mutually accountable RC system, and the harmonization of a host of business practices and operations to achieve cost savings. The resolution also emphasizes the need to increase practical collaboration across the UN development system, for instance through co-location where practicable.

As Chair of the UN Development Group and as manager of the RC system, I hear these messages loud and clear, and will continue to work with principals in the Group to advance these important objectives.

Member States also voiced concerns about the challenges facing Resident Co-ordinators/Humanitarian Co-ordinators (RC/HC) in countries in special development situations. It is important that these RCs/HCs have the necessary resources, training, and support to be able to perform at the highest possible standards in difficult circumstances.

The QCPR resolution also highlights the need for RCs to have stable and predictable resources to fulfill their mandate effectively. The UNDG has spent some time on a burden-sharing review for co-ordination at every level which I will be discussing with principals shortly. We expect to be able to present recommendations on this in time for the Secretary-General’s report to ECOSOC this summer.

- **Fourth** - I was pleased to see clear recognition in the QCPR of the achievements of the Delivering as One pilot initiative.

What began six years ago in eight countries as a pilot project has now become the working modality of choice in 32 countries – surely an impressive achievement.

The UNDG is committed to building on the good practices and lessons learned. It has been developing a set of Standard Operating Procedures for countries wishing to adopt the approach voluntarily.

It is worth noting that streamlining agency-specific programming and business processes at headquarters will require approval from the governing bodies of the Agencies, Funds, and Programmes. We count on Member State support to make this possible.

- **Finally**, the QCPR provides important guidance on areas where the UN development system should focus its efforts.

At UNDP, we particularly welcome the resolution’s emphasis on poverty reduction and capacity development. We are firmly focused on MDG achievement and on accelerating efforts right through to 2015. Since 2010 we have led the UNDG in supporting 44 countries to apply the MDG Acceleration Framework and develop acceleration action plans for off-track MDGs.
Later this week, the Board will discuss the Evaluation Report on poverty reduction covering the period 2000-2010. Let me underline that UNDP always welcomes scrutiny of its operations and results, and the opportunity to learn from and exchange views on evaluations.

Reducing poverty is one of the most complex problems humankind has to resolve, even in the most affluent societies. It is “a marathon, not a sprint”, and goes beyond tackling income deprivation to addressing broader human deprivation, including in education, health, dignity, rights, gender inequality, and voice. Approaches to this challenge vary. That diversity is reflected in the difference between the approach favoured in the evaluation report and that advocated by UNDP.

The evaluation notes that while development solutions need to be targeted, UNDP has made valuable contributions to establishing the agenda of poverty reduction from the multidimensional perspective of human development as a priority. Efforts to improve the impact of our work must continue, including by taking into account the lessons and recommendations presented in the evaluation as is clearly stated in the UNDP management response. Throughout my time at UNDP, I have stressed the importance of embarking on work which is capable of being scaled up and contributing to transformational and systemic change – a matter rightly regarded as important by the evaluation.

The QCPR’s focus on countries in transition from relief to development is also important, and very much in line with UNDP’s high-priority work in countries in crisis, or emerging from crisis, whether that be caused by conflict, natural disaster, or any other factor. We can help countries strengthen their peace architecture, national dialogue processes, and rule of law, and overall recovery, and their capacity to prevent, mitigate, and respond to natural disaster. We need to be ever more closely co-ordinated with humanitarian partners, so that our work is complementary to theirs, and contributes to strengthened national capacities and resilience.

Last, as called for in the QCPR resolution, UNDP is strongly committed to the promotion of South-South and triangular co-operation, including through the work of the UN Office for South-South Cooperation. We will also continue to focus on promoting gender equality and women’s empowerment through all aspects of our work. The Associate Administrator will report on our gender work and commitment later today.

We look forward to continued dialogue with the Board on how best to operationalize and align our strategic planning with the QCPR’s guidance and recommendations. The next opportunity to discuss this will be at the Joint Meeting of Executive Boards on Monday.

*UNDP Strategic Plan*
The direction and guidance set by the QCPR are key factors to be taken into account in developing UNDP’s next Strategic Plan.

Work on the plan is progressing steadily. I understand that a large number of Board members attended the workshop on Friday to discuss potential substantive areas of work.

The process being followed in developing the plan is different from that of the past. We began by examining the external realities which are creating current development challenges, to ensure that UNDP is outwardly focused on what the emerging development needs are.

That leads us to examine what will need to be different in future in the range and type of services we supply. That in turn leads us to look at our own strengths and weaknesses, before finally proposing the areas of work in which we should be engaged.

In this process UNDP has reached out to a wide range of perspectives. As well as the important workshops, informals, and other meetings with Board members, internal sessions have been held with staff in headquarters and in the field. Workshops are being conducted with independent experts to ensure that we do not just see the world through our own eyes.

From these deliberations a set of proposed areas of focus for our future and work within each of those has been drawn up. I understand that the Board workshop on Friday had substantive and constructive discussions about the proposals so far. UNDP personnel present report that there was an encouraging degree of convergence among Board members with the direction being proposed.

From that discussion we have noted the need to be more explicit about the development logic of some of the proposals, the importance of being clear about the value UNDP’s work can add, and the fundamental importance of our role in co-ordination of the UN development system at all levels of the UN development system.

It has also been reported to me that there was a level of comfort with our proposal to structure this Strategic Plan differently. The current plan focuses around practice areas. In the new Plan it is proposed to focus on the development issues which UNDP is well placed to address, and to show how we will apply our expertise across disciplines to deliver the support which is requested from programme countries.

We believe that this approach will help us achieve more sustainable results at the country level and better integration within UNDP itself.

Our fast-changing world requires us to be much more innovative in how we approach issues. Increased global volatility requires us to have a more sophisticated approach to risk.
The new plan will also need to be based on innovative approaches to partnerships. South-South collaboration will be more prominent, and our partnerships overall will be more diverse.

But some key things must stay the same. Sustainable human development and poverty eradication have been, and will continue to be, at the heart of what UNDP does. We will continue to be driven by the concept of national ownership. Our goal must always be to assist countries to achieve the development objectives they set for themselves. Throughout we will advocate for the importance of inclusiveness in the design and implementation of development policy, and prioritizing gender equity will be fundamental to our work.

UNDP’s role in leading co-ordination of the UN development system must also be factored in. The QCPR has set out clear expectations from Member States about achieving greater co-ordination and coherence, and it is incumbent on UNDP to lead that effort.

It is inevitable that further organizational change will be required to meet the expectations of the new Strategic Plan, for example:

- to have the expertise available to provide the agreed range of services, we will need to have a more fully developed talent management system throughout UNDP.
- to be able to report on and communicate well on the way resources are being used to achieve results will require us to have our various budgeting and reporting systems better aligned.
- to be able to deliver effectively within a resource constrained environment, we must be even more highly cost conscious, and
- moving from a practice focus to an issues focus will impact on the way we organize our central policy and management services.

Many of the necessary organizational changes are already under way, and others will follow. The Plan we present to the Board for approval will need to be both substantively coherent and organizationally achievable. I am confident that we can achieve this with your support. The positive way in which Board members have engaged with UNDP on the plan to date bodes well, and we thank you for that.

*Integrated Budget, Programming Arrangements, and Cost Recovery*

In September, together with the new Strategic Plan, we will be submitting to the Executive Board the first Integrated Budget, covering the period 2014-2017.
It will be linked to the Strategic Plan’s Institutional Results Framework, and will bring together two budgetary frameworks which are currently subject to separate approval processes: the core Institutional Budget and the Programming Arrangements. As a part of the Integrated Resource Plan, which summarizes the total resource requirements of the new Strategic Plan, the Integrated Budget will cover core resources and is an essential funding mechanism.

At this session we are seeking your support in reaching final conclusions on two critical areas for the Integrated Budget: the Programming Arrangements and cost-recovery.

On Programming Arrangements, I am pleased that last September, following extensive consultations, the Board took a decision on the methodology for allocating TRAC-1 resources.

Building on that, the proposals before the Board at this session focus on three main issues:

- First, on the strategic use of TRAC-2 resources to enable UNDP to respond more effectively to the differentiated needs of programming countries.

- Second, on the establishment of a Contingency Fund, aimed at strengthening UNDP’s ability to provide timely responses to unforeseen and newly emerging priorities at the country level. This becomes even more critical in light of the current constrained core resource environment and the inherently unpredictable emergence of a range of development challenges.

  On these two issues, we are proposing a package arrangement consisting of a contingency fund in combination with a TRAC-2 resource facility. This package would include protection measures to shield TRAC-1 and programme support to Resident Co-ordination activities.

- The third element of our proposal suggests key principles for UNDP’s global strategic presence and differentiated physical presence in MICs. This matter was discussed as part of the TRAC 1 negotiations and on request of the Board, UNDP has provided the requisite details.

On cost recovery, let me reiterate that it is, and will remain, an important element of UNDP’s institutional funding model and the related budget strategy. I am, therefore, pleased that a joint proposal from UNFPA, UNICEF, and UNDP on the harmonized conceptual framework for defining and recovering costs was approved by our respective Boards last September.

Based on that framework, and noting the guidance of the QCPR, the advice of the Executive Board, and further analysis, UNFPA, UNICEF, UNDP, and UN WOMEN are
now proposing a harmonized cost recovery rate of eight per cent, along with an applicable methodology and other measures to attribute costs more equitably between core and non-core funding. A suitable transition process will be needed before these measures are fully implemented.

**Transparency and Accountability**

UNDP remains fully committed to transparency and to being accountable for the contributions we receive from funders.

I am therefore pleased to confirm that internal audit reports issued by the UNDP Office of Audit and Investigations have been on our public website since 1 December last year.

We could not have achieved this milestone without the support of the Board, and I wish to express my sincere thanks to you for that.

Over the past eighteen months, UNDP has continued to implement the International Aid Transparency Initiative. In 2011, an initial set of project expenditures was published online. That work gave us a “top ten” ranking from the NGO “Publish What You Fund”.

In 2012, UNDP published an expanded data set with information on over 6,000 of our development projects and outputs – even surpassing IATI standards. The effort has been very well received by stakeholders. The Task Force for Financial Integrity and Economic Development said: “The usual response from multinationals on country-by-country reporting and policies is that compliance costs would be too high. But UNDP just showed everyone how inexpensive this really is.”

Finally, it is worth highlighting the clean audit opinion received from the United Nations Board of Auditors for the biennium 2010-2011, which represents the third positive affirmation in a row of UNDP’s stewardship of the resources entrusted to us.

This is good news for UNDP, particularly as this is the first year of IPSAS implementation, and is a year in which there has been a change of auditors. This is not a moment to relax however, as we must strive for continual improvement in our work.

**Conclusion**

As I highlighted at the beginning of my statement, these are exciting times for UNDP, and for development at large.

The new normal of the 21st century is volatility. That is challenging for development, but UNDP must be able to rise to every challenge thrown at it.

Our new Strategic Plan will play a critical role in ensuring that our organisation is fully capable of providing relevant, high quality and timely support to developing countries, and in enabling us to demonstrate the impact of our work.
We look forward to working with the Board to ensure that our new plan is “fit for purpose”. I thank you for your continued support.