Achieving critical mass for development success

|  |
| --- |
| *Executive summary*  This paper continues the dialogue on funding the Strategic Plan, 2014-2017, within the context of paragraphs 39-47 of General Assembly resolution 67/226 on the quadrennial comprehensive policy review (QCPR) with respect to critical mass and structured dialogues for financing of development activities. It builds on discussions with Executive Board members at a joint informal consultation on 19 December 2013, as well as workshops and informal meetings on funding issues with delegates held on 8 May 2014, 25 June 2014 and 24 July 2014.  The paper argues for an approach to critical mass that would improve the *benefits*of overall (regular plus other) funding available to UNDP, thus, *increasing*the likelihood that the organization can deliver on its commitments in the Strategic Plan within the estimated expenditure of $22.6 billion in the Integrated Results and Resources Framework (IRRF). Accordingly, the concept being advanced in this paper is one that can be described as critical mass plus (CM+). It calls for a shift from a high proportion of highly earmarked non-core resources towards a higher proportion of core and minimally earmarked non-core resources, thereby providing more flexible and predictable funding for development.  The paper addresses the critical mass issue from both the institutional and programmatic perspective, concluding that the critical mass (CM+) of funding needed to most effectively deliver on the Strategic Plan, 2014-2017, is in the region of $11.9 to $13.9 billion.  The paper proposes that the Board agree to the concept as set out and ask UNDP to work further on developing new funding modalities which would allow funding to move in this direction with a view to having the critical mass of funding provided from less earmarked sources for the second half of the Strategic Plan period. |

**Contents**

*Chapter Page*

|  |  |
| --- | --- |
| I. Background and context | 2 |
| II. Critical mass concept and common principles | 3 |
| III. What critical mass of resources means for efficiency and effectiveness | 4 |
| IV. Application of the critical mass concept | 7 |
| V. Next steps | 8 |
| Annex 1. Overview of UNDP resources, 2008-2013 | 9 |
| Annex 2. Estimating CM+ | 11 |

1. Background and context
2. The present paper discusses the concept of critical mass and its relationship to funding the UNDP Strategic Plan, 2014-2017, approved by the Executive Board in decision 2013/27. Connected closely to this objective, in decision 2012/1, the Executive Board ‘reaffirmed the principles of eligibility of all recipient countries on the basis of the fundamental characteristics of the operational activities of the United Nations development system, and of the capacity to respond to the needs of all recipient countries in accordance with their own development priorities; and, in this context, recognizes the principles of the United Nations Development Programme activities, which include progressivity, impartiality, transparency and predictability of flow of resources for all recipient countries, as reflected in decision 2007/33…’.
3. Within this context, three important and closely interrelated principles underlie the mandate of UNDP: predictability, universality and progressivity. Predictability relates to the receipt of sufficient regular resources, which form the bedrock of UNDP and which can be made available to sustain its multilateral and universal character. Universality ensures that UNDP development resources and related activities are available to support all eligible countries. Progressivity focuses the distribution of regular programme resources to primarily low-income and least developed countries.
4. Regular resources allow UNDP to plan ahead, be strategic and responsive, strengthen accountability, transparency and oversight, advance United Nations coherence and coordination and provide predictable, differentiated services across programme countries, particularly the poorest and most vulnerable.
5. It is clear, however, that UNDP faces a major challenge in rapidly and strategically prioritizing and deploying sufficient amounts of resources where they are needed the most, due to the continued erosion of the base of annual regular resource contributions. This imbalance, while maintaining the organization’s total resources approximately at the same level, puts an additional stress on the basic platform of staff, systems and services funded from the core and essential for the delivery of the programme. This situation is making it increasingly difficult to ensure that predictable and sufficient amounts of unearmarked (regular) resources are readily available for distribution in line with the principles outlined in paragraph 2, to support programme countries achieve transformational change. The discussion in this paper should be seen against this setting as well as the schematic overview of revenue by major area of funding during the previous Strategic Plan period, 2008-2013, illustrated in Annex 1. The data shows that more than 75% of UNDP resources in 2008-2013 pertained to highly earmarked project-level contributions, which, whilst an important financial component of UNDP’s work, tend to promote project-level approaches, which are more expensive to administer and provide fewer opportunities to take a holistic, integrated and longer-term view of development that would support increased effectiveness, sustainability and resilience of development outcomes.
6. Against this backdrop, this paper continues the dialogue on funding the Strategic Plan, 2014-2017, within the context of paragraphs 39-47 of General Assembly resolution 67/226 on the quadrennial comprehensive policy review (QCPR) with respect to critical mass and structured dialogues for financing of development activities. It builds on discussions with Executive Board members at a joint informal consultation on 19 December 2013, as well as workshops and informal meetings on funding issues with delegates held on 8 May 2014, 25 June 2014 and 24 July 2014.
7. Based on indications provided at these discussions, the paper argues for an approach to critical mass that would improve the *benefits*of overall (regular plus other) funding available to UNDP, thus, *increasing*the likelihood that the organization can deliver on its commitments in the Strategic Plan within the estimated expenditure of $22.6 billion in the IRRF. Accordingly, the concept being advanced in this paper is one that can be described as critical mass plus (CM+). It calls for a **shift from a high proportion of highly earmarked non-core resources towards a higher proportion of core and minimally earmarked non-core resources, thereby providing more flexible and predictable funding for development, hence, the ‘plus’ in critical mass** Acceptance of a concept such as CM+, towards longer-term reliance on greater regular and minimally earmarked funding, would significantly improve the ability of UNDP to reinforce and sustain the higher standards of quality, timeliness, flexibility, efficiency, effectiveness and accountability demanded by the Strategic Plan, thus, allowing the organization to follow-through on the development and programmatic logic of the Plan.
8. The argument is that every dollar of resources from critical mass, as conceived in this paper, will potentially do more for development effectiveness than an equivalent amount of tightly earmarked funds. Put another way, the return on investment for programme countries and donors of providing UNDP with $22.6 billion of funding structured as proposed is likely to be considerably higher than current forms of financing, extracting the best value feasible from aid budgets and from other forms of financing. This will be possible due to UNDP’s improved ability to take a longer-term view of development, ensure a higher quality of programming, promote a greater level of integrity of outcome level results, reduce transactions costs, facilitate more integrated approaches and tools for management and oversight, and deepen and accelerate joined-up action by the United Nations development system. At the same time, programme countries will benefit as well from greater predictability, universality and progressivity.
9. **Critical mass concept and common principles**
10. The following definitions of common principles of critical mass were discussed at the informal meetings with the Executive Board highlighted above:

* **critical mass of resources reflects** the funds needed to achieve the outcomes as stated in each agency’s respective Strategic Plan;
* critical mass of **core** resources is the **minimum** level of resources adequate to provide the foundation from which to respond to the needs of programme countries and deliver **results** of respective Strategic Plans;
* critical mass of **core** resources reflects the specific mandates and business models of each organization;
* critical mass of **core** resources ensures that organizations are able to respond to changing contexts/needs, including emergencies, in a stable manner and in line with Strategic Plans.

1. Noting UNDP’s specific mandate and business model, this paper builds on and applies the common principles outlined above. Critical mass for UNDP (described as CM+) relates to the institutional and programmatic services that are essential for delivering the outcomes in the Strategic Plan most effectively. Regular resources remain at the heart of CM+ but the concept includes more than that, creating room for more flexible funding of the Strategic Plan.
2. The proposed approach to critical mass would reinforce the principle of **universality** endorsed by the Board, in terms of sustaining the breadth and depth of UNDP’s physical and/or programmatic presence in eligible programme countries, whilst enhancing the complementary principle of **progressivity** that ensures distribution of regular programme resources to primarily low-income and least developed countries. This would, in turn, powerfully strengthen the hand of UNDP in following through on the vision of the Strategic Plan to eradicate poverty and simultaneously achieve a significant reduction of inequalities and exclusion – and help achieve the results laid out in the Plan. The reasons for this are clear: a larger and more stable base of regular resources will allow UNDP to prioritize and ensure a predictable flow of funding to least developed and low-income countries guided by existing Board-approved allocation criteria for regular resources; whereas a significant proportion of minimally earmarked other resources will provide the organization with the flexibility needed to reach the poor and extreme poor wherever they live in programme countries eligible for assistance from UNDP.
3. **What critical mass of resources means for efficiency and effectiveness**
4. **Distinguishing between CM+ and total funding needed for the Plan requires us to consider the most effective ways of achieving the outcomes and outputs in the IRRF as agreed with the Executive Board. To be most effective, UNDP must be able to manage and direct the use of resources to the extent necessary to ensure the appropriate allocation, timing, design, investment and expenditure of funds**. If UNDP is unable to invest resources in a manner that best reflects the Strategic Plan (as detailed in paras 14-16 below), then it will be difficult for the organization to be accountable for meaningful contributions to outcomes and the delivery of outputs.
5. CM+ can be viewed from two distinct but connected perspectives at the heart of UNDP’s ability to achieve the results in the Strategic Plan: (a) the institutional perspective (discussed in paragraph 13 below) - the set of critical functions and services that UNDP needs to reinforce and develop, consistently and dependably, in order to meet the higher standards of quality, timeliness, flexibility, efficiency, effectiveness and accountability demanded by the Plan; and (b) the programmatic perspective (discussed in paragraphs 14-16 below) - the comprehensive and systematic alignment of UNDP’s programme portfolio with the development and programmatic logic of the Strategic Plan. Indeed, the stronger the institutional foundation, the more likely it will be that the structural changes in functions and delivery of services that are currently being made will be successful and lead to substantially improved operations. Equally, the deeper the shift in programme quality, the higher will be the probability of delivering on the development intent and ambition of the Strategic Plan. Together, they will increase the likelihood of achieving the results agreed with the Executive Board in the Plan. This will be true at all levels of the organization and in all country typologies.
6. There are several institutional functions and services – or aspects thereof - that are worth noting:
7. ***Expanded delivery of high quality technical and advisory services for development effectiveness***. This will be particularly relevant given the sophistication, relative ‘newness’ and complexity of the issues being discussed within the context of the post-2015 development agenda and Sustainable Development Goals (SDGs). The ability of an organization such as UNDP, with its coordination and advocacy roles, to quickly tap into the expertise that programme countries will need to follow-through on a new set of development goals and agenda will be vital for early and significant momentum. More broadly, deeper expertise in more areas of UNDP’s mission and mandate will increase the likelihood that high quality policy advisory and programme support services can be provided more credibly, consistently and on time at the most important point of contact: the field. This has been a weakness in the past and requires urgent attention as the development needs of programme countries evolve rapidly, expectations change and rise accordingly, and as alternative providers become more active in the development cooperation space at country level.
8. ***Improved prospects for joined-up action by the United Nations development system***. Even as UNDP is committed to investing substantial core resources in the Resident Coordinator System – and as increased cost-sharing among United Nations development agencies and entities makes headway – there is still considerable unmet potential for more unified, coherent and strategic programmatic support by the United Nations system at the country level. As the number of Delivering as One (DaO) ’self-starters’ continues to grow, as potential is unlocked by the Standard Operating Procedures (SOPs) and as the post-2015 development agenda and SDGs bring fresh demands, UNDP is well-positioned to catalyse joined-up action at country level, especially to pull in those agencies that have limited funding, but crucial expertise, and/or are non-resident. Flexibility within a more predictable envelope of resource flows will be key to achieving such an outcome.
9. ***Greater efficiency and tighter oversight in resource management***. UNDP needs to reinforce and maintain such functions in a planned and strategic manner so that standards, systems and business processes strongly support cost control, speed of response, accountability for performance and better quality of operational outcomes. These functions range from corporate and country office strategic planning and oversight to quality assurance, partnerships, risk management, finance, human resources management, procurement, and security.
10. ***Lower transaction costs***. Improved fund management to lower transaction costs is vital, to free up management resources (time and effort) for higher quality programmatic work, raise efficiency and allocate a higher proportion of funding, over time, for development work at country level. Substantially reduced fragmentation of funding accompanied by a lower burden of compliance with a multiplicity of donor- or activity-specific conditions and stipulations would lessen the ongoing costs of managing resources. UNDP recognises that stronger oversight and greater performance orientation in funding decisions would be necessary to encourage funding to move in line with the CM+ concept. That will require initial investment, but we are confident that the potential exists for net gains across the organization, at corporate, regional and country levels.
11. With regard to the development and programmatic logic of the Strategic Plan, whether in conception or approach, the intent is to:
12. drive UNDP’s development work around a unifying vision that calls for the eradication of poverty and significant reduction of inequalities and exclusion, providing a clear focus, rationale and longer-term trajectory for programmatic work;
13. ensure explicit targeting so that the effects of UNDP assistance can be measured, directly or indirectly, by changes in the condition of specific population groups and geographic areas, as tailored to particular country contexts;
14. insert concepts - such as sustainable and employment-rich growth strategies or development risks and resilience at societal level - that require increased integration of efforts across the entire portfolio of UNDP’s work;
15. break down barriers between practices or disciplines – through structural change and management reforms - so that UNDP’s response to development problems reflect their multi-dimensional nature;
16. aim for transformational development change with an eye, among other things, to systematically examining the scale of work in specific areas and plans for scaling-up;
17. plan for well-timed UNDP exit from particular interventions based on progressive gains in national capacities to sustain and accelerate gains made;
18. foster and deepen partnerships, within and outside the United Nations development system, to build, coordinate and, where appropriate, lead effective coalitions that can advance the global development agenda; and
19. tying many of these threads together, set in motion a major overhaul of programme management with much stronger reliance on better data and evidence, investment in robust design, ongoing learning and adjustment driven by monitoring and evaluation, and active risk management.

The ambition in the Strategic Plan, thus, amounts to a step change in *how* UNDP works with programme countries, United Nations agencies, donors and other partners in pursuit of its mission and mandate.

1. Reflecting this ambition, UNDP has already embarked on its first ever systematic process of programme alignment to the Strategic Plan. The aim is to move as rapidly as possible towards more focused and higher quality programmes that are not only directly linked to the Plan but, crucially, deliver better results more cost-effectively to benefit programme countries. This effort rests on two key principles. First, respect for national priorities and needs as well as commitments made at country level. Second, emphasis on continuous rather than episodic improvements, unfolding through multiple programme cycles, to achieve measurable progress in quality and results over time.
2. The degree of success with programme alignment will depend crucially on the extent to which UNDP can deploy its services and resources – whether in design, operational delivery, management or monitoring and evaluation – to apply the logic of the Strategic Plan in a way that yields the best possible response to the priorities and needs of programme countries. Successful alignment will be able to drive important programmatic shifts that deliver better outcomes across a broad spectrum of concerns:
   * + 1. ***Quicker, broad-based, action on the post-2015 development agenda and the SDGs.*** One of the key lessons learnt from the Millennium Development Goals experience is that there can be a substantial time lag between consensus on a global development agenda and its application at regional and, especially, country levels. This can be compounded by difficulties in translating global perspectives into locally appropriate responses. Furthermore, there is another challenge revealed by the Millennium Development Goals that will demand attention: the unevenness of movement globally. This may be because of higher incomes in certain countries and the associated exit of development partners or simply due to a lack of donor interest despite the fact that these countries remain eligible for assistance from multilateral institutions such as UNDP and have major, even acute, development problems.

At least three bottlenecks will need to be overcome to deal with lags and uneven action: first, quick access to funding that can kick-start or accelerate promising work; second, innovation and risk-taking to demonstrate workable solutions in areas of sustainable development that are not necessarily well understood or with a rich body of extant experience to tap; and, third, rapid leveraging of a much wider pool of funding and technical know-how, especially from the private sector and foundations and through South-South and triangular cooperation, particularly but not only for countries that have limited domestic debt and equity markets or poor access to global capital markets (such as most LDCs and a subset of low-income countries). With CM+, all three bottlenecks become much more amenable to action by UNDP, working with the rest of the United Nations development system, and others.

* + - 1. ***Sharper programmatic focus with a long view and coherent portfolios.*** More focused and strategic country programmes that can take the long view of key national and global development priorities - and pursue them through a tightly knit portfolio of substantial programmes and projects – will be key to implementing the Strategic Plan. This becomes more feasible if there is an adequate, dependable, multi-year pool of funding available for investment. If the latter can be achieved, then it will dramatically reduce incentives to seek funding wherever it can be found in order to maintain office structures and sustain programmatic work. It will also significantly reduce the risk of inadvertently overlapping with the work of other United Nations agencies.
      2. ***Interventions that systematically apply a clear, verifiable and convincing development logic.*** A higher level of development effectiveness requires very careful consideration of the timing, sequencing, scale and focus of work, reflecting what theory, evidence, experience and country dialogue suggest may be the best pathways to results in specific contexts. This requires application of tools such as informal theories of change that translate into much better designed programmes and projects with robust monitoring and evaluation frameworks and systems. But better design will, in all likelihood, fall well short of its potential to generate better results if there is a significant mismatch between what needs to be done and where funds are being earmarked by partners and when. This is a fundamental constraint faced by UNDP country managers in comparison, for instance, with peers in multilateral development banks and agencies with more adequate and stable levels of regular and minimally earmarked funding from other sources.
      3. ***Enhanced flexibility to handle dynamic conditions.*** As much as better design upfront is essential, flexibility is almost equally important to achieving results. Risks, unforeseen externalities, a wide range of contingencies and unexpected opportunities require a swift response, whether to redeploy or reallocate funds and other resources and/or change the sequence or even focus of work so that downside risks are minimized and upside potential maximized. The degree of rigidity present in a funding framework, therefore, correlates directly and powerfully with the flexibility that managers have to utilize resources smartly, in consultation with their counterparts, to deliver on commitments in often fluid circumstances.

This is a crucial variable determining the effectiveness of UNDP’s work in the rapidly expanding area of resilience, in countries that are already in crisis or, indeed, to pre-empt a breakdown in institutions and development progress in relatively stable countries confronted by the onset of a sudden and major crisis. The consequences can be devastating, particularly where institutions are weak or under stress already. The ability of partners such as UNDP to rapidly reprioritize, reprogramme and redirect resources under such circumstances can be an important factor in enabling a more effective response from programme countries to crises that seriously threaten development progress.

* + - 1. ***Increased likelihood of achieving sustainable results rooted in the country context.*** Assuming that intended results are achieved, a key question becomes that of their sustainability, founded upon national ownership, leadership and capacities. The evidence shows that this is a complex and difficult task, beyond just training people or building systems and then exiting from the scene. It requires an ability to take risks with ‘start-up’ funding to galvanize action, patient and sustained investment of resources in relationships and capacities over a period of time, continuous adjustment or recalibration of work based on better tracking of changes in country capacities, and the cultivation of a larger ‘ecosystem’ of partners – national, international, state, non-state - that can sustain results and drive change in the future.
      2. ***Expanded opportunity for forging broader, deeper and more strategic partnerships and coordination arrangements.*** The issue of partnerships is crucial to the achievement of results. One challenge, however, is that partnerships may not necessarily bring together those actors and modalities that are best suited for a particular intervention but, rather, be driven by those who have the funding. This is problematic when vital knowledge, expertise or access reside among national or international entities with limited funding, such as academic institutions, civil society organizations and the smaller, specialized and/or non-resident United Nations agencies. Another challenge is that forging partnerships, especially but not only with the private sector and foundations, requires that UNDP take a credible stake in the shared undertaking, financially (and otherwise). If the ambition is to promote transformational change in the fight against poverty, inequalities and exclusion, then it is hard to see how the current level of regular resources alone could sustain the scale of collaboration that will be required, for instance with the specialized United Nations agencies or the private sector. The possibility of forming coalitions of partners, within and outside the United Nations development system, to pursue shared priorities and results should depend on the ability to go where the capacities and leverage exist, not just on whether there is any money available or on where the money sits.

1. **Application of the critical mass concept**
2. It is important to highlight that in proposing the CM+ concept, UNDP is not seeking an increase in spending beyond the level of resources outlined in the approved Strategic Plan and its IRRF of $22.6 billion, but rather an increase in influence over a larger proportion of it than in the past. UNDP recognizes that greater influence and flexibility through CM+ will require the organization to follow through on higher standards of programme quality and results performance in resource management whilst respecting the principles and parameters set by the Board. This will demand continuing improvements in programme policies and procedures as well as monitoring systems, more systematic and transparent use of higher quality evidence and data to assess performance, strengthened oversight, deepening of ongoing shifts in institutional culture towards a continuous focus on increased efficiency and results performance, and further changes in associated attitudes and behaviours. CM+ will also demand a different structure and management of trust funds in the future: simpler, faster and lower cost to deliver higher performance. CM+ can, thus, reinforce progress already being made through programme alignment to the Strategic Plan, by ensuring that resource flows consistently support the achievement of results for programme countries, as agreed by the Board in the IRRF. At the same time, performance-based approaches can make country officesenior managers and their staff – as well as Regional Bureaux - more transparently accountable for the level of resource flows to their country officess/regions.
3. At the end of the day, adjusting the funding architecture of UNDP to support the Strategic Plan, 2014-2017 – and, as importantly, its broader push to raise organizational and development effectiveness over the medium-term – will be crucial. This will recognize and help advance the shift in intent and design reflected in the Plan as well as the difficult but necessary actions being taken to make the organization more fit for purpose. The changes that will become possible through funding of CM+, as proposed in this paper, will be substantial and their effects will be lasting. It is worth stressing that the argument in this paper is *not* that the results in the IRRF will be completely unattainable in the absence of CM+, but that their likelihood of achievement as well as their scale and quality will be increased considerably with such an approach.
4. The ambition outlined above, as well as application of proposed critical mass concepts to the full Strategic Plan period, suggests a notional breakdown of the $22.6 billion in estimated expenditure in the IRRF as follows (see Annex 2 as well), between:
5. an ‘inner circle’ (or CM+) ranging from $11.9 billion to $13.1 billion, comprising all expenditure funded from regular resources plus additional expenditure funded from minimally earmarked other resources; and
6. an ‘outer circle’ ranging from $9.5 billion to $10.7 billion, funded from other resources earmarked to specific projects and programmes.
7. A possible way forward towards application of the CM+ concept in UNDP would, however, more realistically encompass implementation at the scale outlined in paragraph 19 from 2016 onwards. Such a timeline would allow for agreement to be reached with the Executive Board and for preparatory work to be completed with contributing partners to shift revenue streams from the ‘outer circle’ towards the ‘inner circle’.
8. **Next steps**
9. The UNDP Strategic Plan, 2014-2017, sets out an ambitious vision for the organization and requires a step change in the quality of UNDP programme design and delivery. UNDP is making good progress towards restructuring and redesigning its business models in order to deliver the outcomes needed by programme countries.
10. This paper proposes that the Board recognizes

(a) that a critical mass of resources is needed to deliver these results most effectively, and that the volume of such resources is much greater than the current levels of regular resources; and

(b) the concept of CM+, being the volume of resources deemed desirable to be funded through non- or minimally earmarked sources.

1. If the Board recognizes the concept of CM+ as outlined above, it is proposed that UNDP be asked to further develop the detail of new funding windows which would allow for appropriate performance-based approaches to fund allocation. The intention would be to develop such vehicles by the end of 2014 so that future funding dialogues could aim to steadily change the distribution of funding as proposed, with a view to making initial progress in 2015 and achieving funding more in line with the CM+ concept for the second half of the Strategic Plan period.

**Annex 1. Overview of UNDP resources, 2008-2013**



*Third-party cost-sharing* is a co-financing funding modality under which contributions can be received for specific UNDP programme activities. This modality is used for the direct funding of a specific project, group of projects or part of a country programme. Use of donor contributions is normally limited to the duration of a particular project.

*Government cost-sharing* comprises contributions from programme country governments, in which the government allocates some of its own resources towards a UNDP programme or project.

*Vertical funds* focus ‘vertically’ on specific issues or themes and are not directly managed by UNDP.  They usually have their own funding, governance, trustee, policy and programming arrangements, and fund resources are earmarked for specific purposes (e.g., Global Environment Facility, The Global Fund To Fight AIDS, Tuberculosis and Malaria, Montreal Protocol).

*Trust funds with multiple donors* - contributions received from multiple donors for global, regional or broad thematic programmes, usually consisting of a number of projects. Contributions can be earmarked for a specific project with donors stipulating use, refund and separate reporting requirements.

*Thematic trust funds – Main fund* - TTFs are a flexible co-financing modality designed to help UNDP align and focus its programmes around the goals and thematic priorities in the Strategic Plan (e.g. poverty reduction; democratic governance; crisis prevention and recovery; energy and environment); and address mainstreaming or cross-cutting issues (e.g. ICT for Development, HIV/AIDS, and gender). Contributions to the main TTF are earmarked at the thematic level only.

*TTF service lines* - each TTF offers a range of activities within specific service lines, with each service line representing a particular mix of policy and institutional responses to a development challenge, which align to the outcomes specified in the Strategic Plan (e.g. poverty assessment monitoring; trade, investment and migration; etc.). Contributions to the TTF service line are earmarked at the sub-thematic level.

*TTF windows* - contributions to the TTF windows are earmarked for a specific country/regional/global project.

*Regular resources* - comprises unearmarked programmatic and institutional resources that enable UNDP to plan ahead, be strategic and responsive, and provide predictable and differentiated services across programme countries.

**Annex 2. Estimating CM+**

Please note that the estimates presented in this annex are preliminary and indicative only, thus, subject to change.

**Critical mass+ of $11.9 - $13.1 billion**

The indicative numbers shown above, stated within the overall estimated expenditure of $22.6 billion in the Strategic Plan’s IRRF, are based on past patterns of expenditure and results performance. They reflect UNDP’s best estimate of the amount of funding required to most effectively, and with a reasonably high level of confidence, deliver the results in the Strategic Plan as agreed with the Executive Board. It needs to be noted that, given the multiplicity of factors involved in any such estimation and the complex interactions between them, such numbers are not exact, and should be seen in terms of orders of magnitude.

The ‘inner circle’ (in yellow) – which is equivalent to CM+ - is the estimate of what needed to both influence and deliver base institutional and programmatic services in order to assist programme countries to achieve better development results in a more sustainable manner. From a financial perspective this would comprise regular resources and minimally earmarked other resources. The ‘outer circle’ of funding (in green) is made up of resources from a range of sources, earmarked to specific projects and/or programmes.

CM+ includes estimated expenditure in all of the harmonized cost classification categories which were endorsed by the Executive Board in its decision 2010/32 (same harmonized cost classification categories apply to UNICEF, UNFPA and UN-Women). These are as follows:

1. **Development activities** which comprises two subcategories:
   * + - 1. **Programmatic activities**, which relate to activities traced to specific programme components and/or projects, which contribute to delivery of development results contained in country/regional/global programme documents.
         2. **Development effectiveness activities**, which relate to policy advisory, technical and implementation services.
2. **United Nations development coordination activities**, which form an essential foundation for joined-up action by the United Nations development system in support of programme countries.
3. **Management activities**, which relates to activities whose primary function is the promotion of the identity, direction and well-being of the organization. The same holds for **special purpose activities,** which in UNDP relatetotwo subcategories (i) material capital investments; and (ii) institutional support provided to the United Nations Volunteers and the United Nations Capital Development Fund and fully reimbursable support to other United Nations partners.