



MINISTRY OF FOREIGN AFFAIRS OF DENMARK

DANIDA | INTERNATIONAL
DEVELOPMENT COOPERATION

Strategy for Denmark's Engagement with
The United Nations Development Programme
2018-2022



1. OBJECTIVES AND PRIORITIES.....	4
2. THE ORGANISATION’S MANDATE, ORGANISATION AND FUNDING.....	5
3. KEY STRATEGIC CHALLENGES AND OPPORTUNITIES.....	6
3.1 RELEVANCE OF THE ORGANISATION IN RELATION TO THE DEVELOPMENT IN INTERNATIONAL FRAMEWORK CONDITIONS.....	6
3.2 RELEVANCE AND EFFECTIVENESS OF THE ORGANISATION IN RELATION TO THE INTERNATIONAL DEVELOPMENT AND HUMANITARIAN AGENDA, AND THE ORGANISATION’S REFORM PROCESS TO STAY RELEVANT AND EFFICIENT.....	7
3.3 THE RELEVANCE OF THE ORGANISATION IN RELATION TO DENMARK’S PRIORITIES IN DEVELOPMENT POLICY AND HUMANITARIAN ACTION.....	8
4. PRIORITY AREAS AND RESULTS TO BE ACHIEVED	9
PRIORITY AREA 1: EFFECTIVELY DELIVERING SIGNATURE SOLUTION 2: STRENGTHEN EFFECTIVE, INCLUSIVE AND ACCOUNTABLE GOVERNANCE.....	9
PRIORITY AREA 2: EFFECTIVELY DELIVERING SIGNATURE SOLUTION 3: ENHANCE NATIONAL PREVENTION AND RECOVERY CAPACITIES FOR RESILIENT SOCIETIES.....	10
PRIORITY AREA 3: CONTINUOUSLY ENHANCE ORGANISATIONAL EFFECTIVENESS CONTRIBUTING TO UN REFORM, CURBING CORRUPTION AND LEVERAGING INNOVATION.....	10
5. FOLLOW UP ON DANISH PRIORITIES	12
6. BUDGET.....	12
7. RISKS AND ASSUMPTIONS	12
ANNEX 1: DANISH PRIORITIES AND MONITORING	14
ANNEX 2: FUNDING AND KEY FINANCIAL DATA	18
ANNEX 3: OVERVIEW OF UNDP’S STRATEGIC PLAN STRUCTURE	21
ANNEX 4: UNDP ORGANIGRAM	22



Empowered lives.
Resilient nations.

UNDP has a dual mandate of supporting individual country-led efforts to achieve the 2030 Agenda, as well as a leadership role in ensuring a coherent and a coordinated UN development system engagement at country level. UNDP’s vision is to help countries achieve sustainable development by eradicating poverty in all its forms and dimensions, accelerating structural transformations for sustainable development and building resilience to crises and shocks.

Denmark supports UNDP because:

- It has a unique mandate in efforts to building sustainable peace and resilience, including through conflict prevention
- It helps rebuild or strengthen critical democratic governance structures
- It’s programming and mandate addresses key Danish priorities and interests relating to curbing violent extremism, irregular migration, human rights, empowerment of women and addressing extreme poverty

Key challenges for UNDP:

- Varying ability to deliver in the field
- Focus on comparative advantages within comprehensive mandate
- Transitioning to its new role within the UN Development System
- Lack of independence and impartiality vis-à-vis host governments
- Ability to respond with flexibility to sudden needs

Denmark will expect UNDP to:

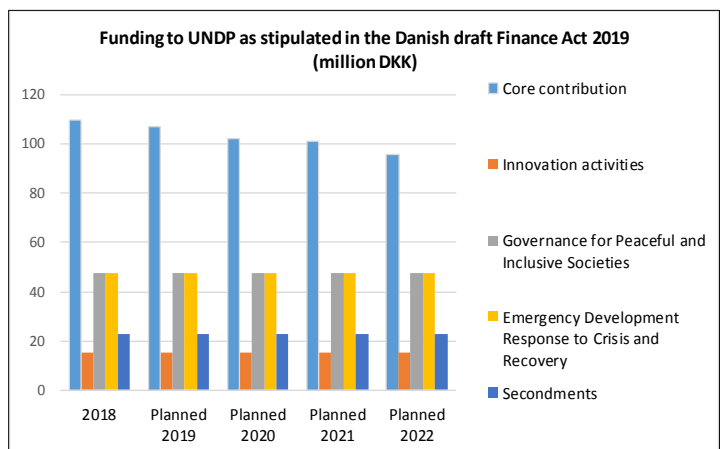
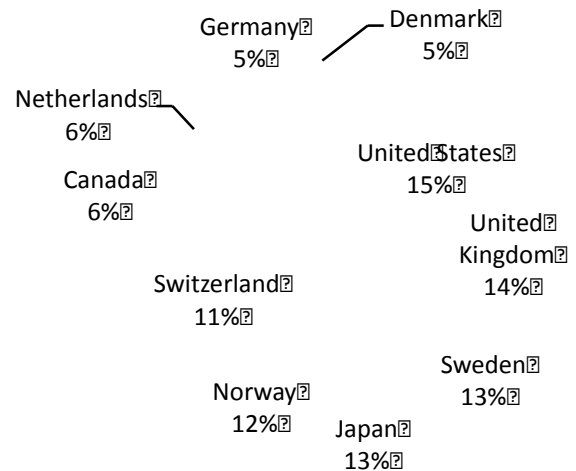
- Deliver on its core mandates specifically related to democratic governance and sustaining peace
- Define its new role within the UN development system as part of UN reform efforts
- Continuously enhance organisational effectiveness contributing to UN reform, curbing corruption and leveraging innovation

Denmark will follow-up by:

- Engaging strategically and constructively with UNDP at HQ, regional and country level
- Monitoring and reporting on Danish priorities based on UNDP’s results framework
- Conducting annual consultations and actively participating in the Executive Board
- Undertaking a mid-term review of the Danish

Established:	1965
Headquarters:	New York
Country Offices:	129 Country Offices, 5 Regional Service Centres and three global shared services centres, which serve a total of 170 countries and territories
Human resources:	17,449 staff members (including consultants, secondees and UNVs etc.) including 91 Danish nationals
Financial resources: In USD (2017)	Core: 612 million Non-core: 4,3 billion
Administrator:	Achim Steiner
Executive Board Sessions:	January, June, September
DK member of the Executive Board:	2007-2008; 2009-2012; 2015; 2017-2018; 2020-2021;

Top ten core contributors to UNDP 2017



1. Objectives and priorities

This Strategy for Denmark's Engagement with the United Nations Development Programme (UNDP), *from this point referred to as the Strategy*, forms the basis for the Danish contributions to UNDP, and it is the central policy document guiding Denmark's dialogue and partnership with UNDP. It complements the Strategic Partnership Agreement between UNDP and Denmark by outlining specific goals and results that Denmark will pursue in its cooperation with the organisation beyond what is directly funded via earmarked contributions. To this effect, the Strategy establishes the Danish priorities for UNDP's performance within the overall framework established by UNDP's own Strategic Plan. Denmark will work closely with like-minded countries towards the achievement of results through its efforts to pursue specific goals and priorities. The Strategy will run in parallel with UNDP's Strategic Plan, 2018-2021, while being six months staggered to allow for the full implementation and evaluation of the current Strategic Plan and the adoption of its successor. The Strategy is aligned with the Strategic Partnership Agreement between Denmark and UNDP (2017-2019), which entered into force in 2017, and will cover the period July 2018 – June 2022.

Denmark's strategy for its partnership with UNDP is anchored in Denmark's Strategy for Development Cooperation and Humanitarian Action, [The World 2030](#), which highlights that the UN, the World Bank and the regional development banks will be key actors in achieving the Sustainable Development Goals towards 2030, and that Denmark will prioritise an active partnership with the UN organisations whose mandates cover Danish priorities in terms of interests and values, and where Denmark can contribute to advancing a global agenda.

The key priorities for Denmark's support to UNDP are to enable the organisation to deliver development responses in crisis contexts and regions characterised by fragility, as well as critical support to democratic governance and peacebuilding processes, including in countries of particular priority for Denmark, and to pursue organisational effectiveness in its operations at all levels and maximize development impact through innovation and fit for purpose staffing. As outlined in the Strategic Partnership Agreement for 2017-2019, Denmark is committed to providing predictable funding to UNDP, amounting to DKK 243 million in 2018.

In addition to the core contribution for UNDP's activities and programmes, earmarked funding is provided for UNDP's Funding Window¹ for *Governance for Peaceful and Inclusive Societies* to be used for activities in the G5 Sahel-countries (Mali, Burkina Faso, Niger, Mauritania and Chad); Earmarked funding for UNDP's Funding Window for *Early Development Response to Crisis and Recovery* to be used for activities in the G5 Sahel-countries (Mali, Burkina Faso, Niger, Mauritania and Chad), Horn of Africa, Syria and Iraq; Funding for UNDP's Innovation Facility; and funding for Cooperation in the Area of Human Resources, which includes the secondment of technical experts (e.g. JPOs and Senior Advisors) at both field- and Head Quarters-level to support the development activities of UNDP within prioritised areas of work agreed between Denmark and UNDP. Denmark also provides contributions to UNDP's work through its bilateral programmes at country level and for specific projects.

The three Priority Areas for Danish support spanning both earmarked and core contributions to UNDP 2018-2022 are:

1. Effectively delivering Signature solution 2: Strengthen effective, inclusive and accountable governance
2. Effectively delivering Signature solution 3: Enhance national prevention and recovery capacities for resilient societies
3. Continuously enhance organisational effectiveness contributing to UN reform, curbing corruption and leveraging innovation

The following two sections will provide the background for these specific priorities by outlining Denmark's view on UNDP's role within the broader multilateral system, including important challenges and key comparative advantages. Section 4 subsequently covers each of the three priority areas in greater depth, while section 5-7 present the projected budget, follow-up mechanisms and risks, risk responses and assumptions relevant to the Strategy.

¹ UNDP established four flexible funding windows in 2016 to help UNDP and partners align around common goals in order to support country-level efforts to achieve the Sustainable Development Goals: 1) Sustainable Development and Poverty Eradication (SDPE); 2) Governance for Inclusive and Peaceful Societies (GIPS); 3) Climate Change and Disaster Risk Reduction (CCDRR); and 4) Emergency Development Response to Crisis and Recovery (EDRCR).

2. The organisation’s mandate, organisation and funding

UNDP has the dual mandate of supporting individual country-led efforts to achieve the 2030 Agenda, as well as a leadership role in ensuring a coherent and coordinated UN Development System (UNDS) at country level. UNDP further performs a leading role in global development policy thinking that covers, e.g. governance and the role of the private sector in development. UNDP has the most comprehensive mandate among all the UN agencies, including a specific, unique and highly challenging mandate on democratic governance, peacebuilding and state building in post-conflict settings. The mandate is further guided by the 2030 Agenda’s commitment to “leaving no one behind” and reaching those furthest behind first.

Operating in 170 countries and territories (of which some are covered by multi-country offices), UNDP currently maintains the most extensive operational platform for development and is the largest UN development organisation worldwide. At country-level, UNDP serves as an operational support platform for UN agencies and other partners, and, in the role of an integrator, as a service provider and implementation partner across the UNDS. In many contexts, UNDP is a long-term trusted partner of host governments, which gives UNDP a privileged position for supporting national development processes. This integrator role is of increasing importance in the pursuit of achieving the 2030 Agenda, as development challenges are increasingly complex and interlinked, requiring strengthened collaboration across sectors in pursuit of transformational change. UNDP’s implementation capacity through its global presence has allowed for the provision of services that include human resources, IT systems, etc. to the broader UNDS. In case no other agency is able to respond to demands at country level, UNDP has a mandate as a *provider of last resort*. UNDP works with other UN entities to promote more integrated United Nations Development Assistance Frameworks (UNDAFs) and has up until recently continued to manage and fund the majority of the UN Resident Coordinator function. As part of the repositioning of the United Nations Development System in the context of the QCPR, the Resident Coordinator function will be separated from the UNDP Resident Representative as of 1 January 2019, which will require the organisation to recalibrate its approach and role within the UNDS at country level. UNDP further administers the United Nations Capital Development Fund (UNCDF) and United Nations Volunteers programme (UNV). UNDP’s administrator, Achim Steiner, serves as the vice-chair of the UN Sustainable Development Group (UNSDG).

UNDP organises its work towards achieving the three overall development outcomes through six Signature Solutions, which can be combined as needed to meet specific development contexts:

1. *Signature solution 1: Keeping people out of poverty*
2. *Signature solution 2: Strengthen effective, inclusive and accountable governance*
3. *Signature solution 3: Enhance national prevention and recovery capacities for resilient societies*
4. *Signature solution 4: Promote nature-based solutions for a sustainable planet*
5. *Signature solution 5: Close the energy gap*
6. *Signature solution 6: Strengthen gender equality and the empowerment of women and girls*

UNDP is funded entirely from voluntary contributions totalling approximately USD 5 billion annually. Donor contributions to UNDP represent about one-fifth of all contributions to the UN Development System. In 2017, Denmark was the 10th largest donor to UNDP’s core resources (8th in terms of total contributions) and has, since 2008, remained a top-ten donor to UNDP’s core resources but has dropped in this ranking in recent years as illustrated in the table below. Denmark contributed DKK 175 million in core funding to UNDP in 2017 as well as approximately DKK 380 million in other resources (non-core or earmarked funding at global or local level).

Denmark’s contributions to UNDP in million USD						
Year	Regular resources	DK's Regular Resources Ranking	Other Resources	DK's Other Resources Ranking	Total	DK's Total Ranking
2014	60.14	7th	32.34	9th	92.48	9th
2015	46.90	8th	21.45	14th	68.36	11th
2016	30.32	9th	20.39	14th	50.71	12th
2017	27.25	10th	58.67	8th	85.92	8th

Based on UNDP’s annual reports.

Over the past years, UNDP has experienced an overall and general decline in core resources as evident in the table in Annex 2, with core resources constituting around 12% of total contributions received in 2017. Among a number of factors, one reason for this trend is that donors have allocated funding in line with a wish to support specific areas of work within UNDP's comprehensive mandate based on what are perceived as the comparative advantages and particular expertise of the organisation. The trend challenges UNDP's ability to respond with flexibility to sudden needs, and Denmark expects UNDP to address this challenge by continuously expanding the donor base with new donors including both government and private sector entities, focusing on its comparative advantages in its programmes and activities, and by expanding the range of services paid for by recipient governments.

3. Key strategic challenges and opportunities

UNDP's specific relevance to Danish foreign, development and humanitarian policies is outlined in the following section as well as how Denmark sees the comparative advantages of UNDP within the broader multilateral system and how the organisation complements other aspects of Denmark's international engagement. Denmark will actively work with UNDP to pursue strategic opportunities and address challenges through its funding; advocacy and policy-oriented engagement in the Executive Board and with the donor community including like-minded donors; through broader political engagement in the multilateral system and through bilateral channels; as well as through secondments and technical cooperation including with Danish authorities.

3.1 Relevance of the organisation in relation to the development in international framework conditions

Denmark's support to UNDP reflects the commitment in Denmark's Strategy for Development Cooperation and Humanitarian Action to the Sustainable Development Goals (SDGs). UNDP's mandate and its Strategic Plan are well aligned with the UN 2030 Agenda. In fact, UNDP is well positioned to help integrate efforts to pursue the achievement of the SDGs, e.g. SDG1, SDG5, SDG10 and SDG16, since UNDP *a)* is a lead agency within the UN Development System, *b)* has a strong country presence, *c)* provides support through all stages of those countries' development, i.e. including before, during and after different types of crises and *d)* has a mandate to operate across a broad range of sectors.

While the broad development mandate enables UNDP to support countries in their realisation of the SDGs within a range of sectors, it is also among the key factors for UNDP's current funding situation and the decreasing trend in UNDP's core resources to execute the mandate with flexibility. A key strategic priority for UNDP should therefore be, within the context of the UNDS reform efforts, to deliver on those areas within the mandate where there is a critical need for UNDP's expertise and support. In the Least Developed Countries (LDC), and particularly those affected by conflict, Denmark sees UNDP as a critical development actor. Evidence shows that the world's extreme poor are increasingly living in conflict-affected contexts and according to World Bank estimates, the number of the extreme poor living in conflict-affected conditions is expected to rise to more than 60% by 2030. In addition to the millions of people trapped in these cycles of violence, the last decade has seen the emergence of new conflicts with alarming new statistics, including widespread civilian deaths and the highest number of forcibly displaced people since the Second World War. By contributing to breaking this node of pervasive violence and endemic poverty, UNDP's main value-added lies in its development support for building *sustainable peace* through conflict prevention (including violent extremism) and support to post-conflict peacebuilding; and in its support to governance, including local governance, rule of law, capacity development, core governance functions and state building more broadly. Denmark remains committed to ensuring that UNDP pursues such objectives through the allocation of adequate resources and will monitor UNDP's prioritisation of resources towards these objectives within its operational activities. Furthermore, while Denmark expects UNDP to establish strong relations with host country governments to pursue progress on these key areas of interest, it is imperative that UNDP simultaneously retains its impartiality and willingness to critically address e.g. issues relating to governance and human rights.

Through its ability to work on early recovery, UNDP plays a key role in supporting a UN-system coherence agenda with humanitarian, development and peacebuilding actors in different crisis contexts. This includes the operationalisation of the New Way of Working (NWOW) as a multi-stakeholder agenda that includes governments, multilateral and bilateral agencies, the World Bank Group and Multilateral Development Banks, as well as civil society. As part of the reforms of the UNDS, a Joint Steering Committee to Advance Humanitarian and

Development Collaboration chaired by the Deputy Secretary-General and vice-chaired by the UNDP Administrator and the Emergency Relief Coordinator will support these efforts.

Denmark therefore expects UNDP to work with humanitarian, development and peacebuilding partners to reduce needs, risks and vulnerabilities in line with the NWOW. UNDP should work with partners in both the Inter-Agency Standing Committee (IASC) and in the UN Sustainable Development Group (UNSDG) to overcome institutional divides and facilitate the rollout of joined up country-level context analysis and planning with a view to build resilience and self-reliance. UNDP should strive to help bridge the humanitarian-development gap in both sudden onset crises settings, such as following natural disasters or the sudden outbreak of armed conflict, as well as in complex protracted crises, such as extended armed conflict or crisis provoked by recurrent climate change pressures. In the context of displacement crisis, Denmark expects UNDP to contribute to finding durable solutions for refugees, IDPs and their host communities in collaboration with other actors at country level as well as to address the root causes of forced and irregular migration.

To address violence, including violent extremism, and create an enabling environment for development, the social contract between the state and its people must be reinforced and UNDP should engage in such efforts, while supporting and coordinating others to this effect. The principles of leaving no one behind and reaching those furthest behind first are critical principles in this context as those most marginalised are often disproportionately impacted by both poverty and external shocks and suffer from manmade or natural disasters. Moreover, UNDP has a crucial role to play in establishing and supporting strong and vibrant civil society organisations. Focus on civil society is a central component of the Danish development policy strategy. Denmark thus envisions a significant value added for UNDP in navigating and facilitating the interactions between civil societies and host country governments. Such principles should guide the work and focus of UNDP.

3.2 Relevance and effectiveness of the organisation in relation to the international development and humanitarian agenda, and the organisation's reform process to stay relevant and efficient

UNDP's Strategic Plan 2018-2021 was adopted in November 2017 and is anchored in the 2030 Agenda. The vision of the plan is to help countries achieve the sustainable development goals through three broad development outcomes: *a) Eradicating poverty in all its forms and dimensions b) Accelerating structural transformations for sustainable development c) Building resilience to crises and shocks.*

In accordance with the NWOW and the Grand Bargain, UNDP has committed to working across traditional silos to achieve collective outcomes and to bridge the divides between the humanitarian system, the development system and the peace and security architecture. Short-term relief must be combined with longer-term development interventions as well as efforts to build sustainable peace. The SDGs can only be achieved if both short-term and long-term needs are addressed in fragile and conflict-affected countries. Denmark expects UNDP to facilitate vulnerability-focused development efforts that deliver preparedness and early action as well as recovery from crises. UNDP must help deliver development programmes that are adaptable to high-risk environments in fragile contexts, thereby helping to stem instability and displacement.

Denmark also expects UNDP to implement its Grand Bargain commitments, including ensuring the humanitarian-development-peace joined-up engagement in an integrated crosscutting manner. UNDP has committed to facilitate joint context and risk analysis, joint needs assessments, multi-year planning (including alignment of UNDAFs and Humanitarian Response Plans) and programming in crises and building the capacity of local actors to help localization of aid and promoting sustainability in preparedness and response.

As UNDP is usually present before, during and after a crisis hits, it is, in principle, well positioned to ensure a continuum between different types of assistance reflecting dynamically changing contexts. However, a recent analysis of UNDP's formal leadership of the Early Recovery cluster, i.e. the cluster working group intended to bring the UN System together in the humanitarian-development nexus, proposed the discontinuation of the cluster and its transformation into a global mechanism. Ensuring effective responses that bridge humanitarian and development interventions is a key priority for Denmark reflecting the enormous costs of cyclical humanitarian responses and development interventions that do not build resilience or take risks into account.

The 2018 repositioning of the UN development system entails changes to the Resident Coordinator System, including the separation of the RC function from that of the UNDP Resident Representative, which may require some adjustments to its Strategic Plan in the context of its mid-term review. It will be a key challenge for UNDP in the years ahead to transition to its new role within the UN Development System and clearly define that role

through a strong focus on comparative advantages and core functions within the context of greater UN reform. In its strategic plan, UNDP has taken steps to pre-empt these changes by articulating two distinct roles, which are: *a) as an integrator across policy, programmatic and organisational silos (with reference to the country support platforms and the global development advisory and implementation services platform), and b) as an operational backbone for the United Nations and other partners.* In relation to the latter, UNDP's role as a service provider within the UN System in many country contexts remains an important operational enabler spanning, for example, procurement services, office accommodation, human resources and payroll and transportation services to other parts of the UN system without presence in the country. The successful implementation of these functions will be of critical importance to the future of UNDP.

3.3 The relevance of the organisation in relation to Denmark's priorities in development policy and humanitarian action

UNDP's mandate also relates directly to global priorities outlined in Denmark's Strategy for Development Cooperation and Humanitarian Action of ensuring *peace, stability, protection and increased resilience in developing countries* (priority 1); in relation to efforts to *address the root causes of forced and irregular migration* (priority 2); and *activities that promote human rights, democracy, rule of law and gender equality* (priority 4). To focus its efforts, Denmark concentrates its earmarked funding under the Strategic Partnership Agreement for 2017-2019 on priorities 1, 2 and 4 through thematic funding via UNDP's funding windows *Governance for Peaceful and Inclusive Societies* in countries of particular interest to Denmark and *Early Development Response to Crisis and Recovery* in regions of particular interest to Denmark.

Denmark's strategic interest in supporting development efforts is articulated in three different contexts: transition and growth economies; poor, stable countries; and poor, fragile countries and regions characterized by fragility. Denmark sees a different role for UNDP in these contexts. UNDP's Strategic Plan operates with three *development challenges a) addressing basic development needs, b) achieving structural transformations for sustainable development, and c) preventing and recovering from shocks, crises and conflicts by strengthening development pathways.* Structural transformation for sustainable development is particularly relevant for transition and growth economies. While transition and growth economies often need technical assistance and advice, they frequently have both financial resources to pay for UNDP's services and capacity to act as an active and capable partner. Denmark therefore expects UNDP to pursue, as a strategic and financial priority, that it is paid for its services in those mid-income contexts where UNDP's presence is requested by the host government, hereby allowing UNDP to further prioritise its core resources to those countries and contexts, where there is a critical need in accordance with the principle of leaving no one behind. Denmark will support UNDP's work towards developing innovative partnerships, solutions and approaches in these various contexts through its support to UNDP's Innovation Facility and through encouraging private sector partnerships. It will potentially also involve Danish private sector companies and "systems export" drawing, for example, on Denmark's comparative advantages in green energy production, distribution and consumption.

Global youth is a key stakeholder in Denmark's development cooperation as three out of four, of an estimated 1.8 billion young people, now live in a developing country. While UNDP's Strategic Plan is not particularly articulate when it comes to a focus on development *for and by* young people, the organisation remains committed to youth inclusion - including through its global youth program. Drawing on UNDP's existing work, Denmark will assist UNDP in ensuring that this key constituency receives the focus and support it needs to leverage its potential as a positive change agent vis-à-vis the 2030 Agenda. This includes testing and developing new models for youth inclusion in formal political processes; differentiating programmatically between how the challenges of young girls and boys are respectively addressed; and the continued implementation of Security Council resolution 2050 on the role of youth in peace and security.

Denmark's focus on women's and girls' rights, protection, empowerment and gender equity is well aligned with UNDP's Strategic Plan 2018-2021 focusing on strengthening gender equality and the empowerment of women and girls. Denmark commends UNDP for putting gender at the forefront and centre of its dedicated *Signature Solution* and its intent to continue to mainstream a gender focus throughout its programming. Denmark expects UNDP to help bridge institutional divides and support collective outcomes, on the basis of comparative advantage, that benefit women and girls in fragile and conflict-affected settings.

4. Priority areas and results to be achieved

The 2018 adoption of resolution 72/279 on the repositioning of the United Nations Development System represents a milestone achievement. The aim of the reform is to strengthen the UN system's collective capability to support Member States realise the 2030 Agenda through greater efficiency, effectiveness, coherence and synergy. Denmark expects all parts of the UNDS to support the adopted reform by implementing the provisions of resolution 72/279, loyally and in close and constructive cooperation with their sister agencies. Particular in the case of UNDP, Denmark further expects the organisation to ensure a smooth transition of the RC-function to the new and reinvigorated RC-system during the implementation phase.

UNDP's new Strategic Plan represents a notable departure from past plans in terms of the way it is organised and how the organisation articulates its value added. Denmark will closely monitor how these new approaches translate into impact at the country level, both in terms of NWOW and through an increased ability to deliver development outcomes tailored to very varying contexts. While the overall plan is largely aligned with Danish development and humanitarian priorities, one key concern will be UNDP's ability to continue delivering in the field and ensuring that the platform concepts add value to the work of the broader UNDS.

Denmark's experience of UNDP's ability to deliver sustaining development outcomes on the field varies significantly from country context to country context, but a general observation is the need for UNDP to focus on its core mandates and competences, including governance, conflict prevention and prevention of, and recovery from, crises. UNDP's work relating to e.g. gender equality may potentially be similarly valuable, but unfolds in a much more crowded space with a significant need to focus on complementarity and alignment with the efforts of a broad range of actors including the IFIs, civil society, the private sector, bilateral actors and other UN agencies. Other observations from the field include the need for UNDP to engage and coordinate more frequently and strategically with key donors at country level and to ensure that country level leadership is both willing and capable of addressing the development challenges in that specific context.

Based on Denmark's experience of working with UNDP at the global and local level, Denmark will, over the four-year period, focus its cooperation with UNDP on the three Thematic Priority Areas detailed below. While Denmark stays fully committed to the Strategic Plan of UNDP as a whole, the Priority Areas are selected to highlight the most important priorities from a Danish perspective relating to both core and non-core contributions. The Danish priorities reflect the structure of UNDP's Strategic Plan, which is organised around outcomes and outputs linked to UNDP's Signature Solutions. Outcomes represent medium-term changes in development conditions to which UNDP contributes, working with governments and other partners. As the outcomes in UNDP's Integrated Results and Resources Framework (IRRF) are very broadly defined, the Danish Priority Areas zoom in on the outcomes generated through specific Signature Solutions and therefore reference priority outputs.

With a particular focus on these areas and with the Danish human rights-based approach and focus on working across the humanitarian-development nexus in line with NWOW and The Grand Bargain, Denmark will hold UNDP accountable for delivering on its stated commitments. At the same time, Denmark will advocate for the further strengthening and prioritisation of the below areas in consultations with UNDP and its partners, particularly in connection with the mid-term review of the current Strategic Plan and the development of its successor plan.

Denmark expects UNDP (and the UN System as a whole) to stand firm on its principle of zero tolerance towards sexual exploitation and abuse and sexual harassment and to implement the required institutional and cultural changes in a coherent and system-wide matter. As part of this, Denmark expects UNDP to have appropriate mechanisms and procedures in place to allow for complaints, reporting and investigation and to ensure support and protection for victims.

Priority Area 1: Effectively delivering Signature solution 2: Strengthen effective, inclusive and accountable governance.

Inclusive and accountable governance systems and processes are recognized as crucial to sustainable development and human security and therefore constitute a key priority for Denmark. This is a particularly important priority area because Denmark believes, that *if* inclusive and responsive governance institutions are put in place and capacitated, *then* they will serve as a critical enabler allowing other development efforts to succeed. This is *because* the quality of governance impacts very directly on the social contract, which is needed for resilience and because it serves as an accelerator for policy action and results across virtually all policy domains.

UNDP has, in its Strategic Plan, therefore included a signature solution focusing on supporting diverse pathways towards peaceful, just and inclusive societies, building on UNDP's comparative advantages and long track record in governance work. Denmark expects UNDP to tailor its support in this domain to reflect needs on the ground. Some development contexts may require support for core governance functions, establishing local service provision, rule of law, anti-corruption capacities and access to justice, support for improved regulatory capacities, enhanced legal frameworks, strengthened institutions and local governance capacities. In crisis contexts, support may be requested for re-establishing core governance functions to support long-term preventive solutions that address root causes of conflict and disasters. Denmark expects UNDP to deliver on its Signature Solution to build inclusive, effective and accountable institutions and mechanisms for the peaceful resolution of conflict and for advancing social cohesion. This requires ensuring the inclusion of women, youth, people with disabilities and other traditionally marginalized groups, working in partnership with agencies such as UNICEF, the High Commissioner for Human Rights, UN-Women and others. Specific indicators for this Priority Area are referenced in Annex 1.

Priority Area 2: Effectively delivering Signature solution 3: Enhance national prevention and recovery capacities for resilient societies

Denmark's second Priority Area focuses on UNDP's comparative advantage to work across issues of conflict prevention, peacebuilding and crisis response - including early recovery efforts. This is a particularly important priority area because Denmark believes that *if* preventive capacities to withstand shocks and stresses are built and if local capacities are strengthened to ensure effective recovery following crisis, *then* significant spending to crisis response can be averted and development investments can be protected and catalysed. This is *because* natural or manmade crisis undermine existing development gains and make new gains harder to achieve if affected communities are not prepared.

Denmark expects UNDP to deliver on its signature solution to enhance national prevention and recovery capacities for resilient societies by harnessing the UNDP developmental approach and expertise across the issues of conflict prevention, peacebuilding, disaster risk reduction, climate change adaptation and mitigation, and crisis response. The solution is thus well aligned with Denmark's support to UNDP's thematic window on *Early Development Response to Crisis and Recovery*. The solution is also well aligned with Denmark's focus on enhancing a coherent crises approach for UN agencies and partners working in the humanitarian-development-peace nexus. According to UNDP's Strategic Plan, building resilience and ensuring effective recovery requires working in partnership with humanitarian agencies. With this, Denmark expects UNDP to facilitate collective outcomes that build resilience in fragile and conflict-affected settings by ensuring greater collaboration across the areas of work related to conflict prevention, governance, disaster risk reduction and climate change adaptation. Specific indicators for this Priority Area are referenced in Annex 1.

Priority Area 3: Continuously enhance organisational effectiveness contributing to UN reform, curbing corruption and leveraging innovation

As the Danish expectations relating to *Reporting and Audit; Monitoring & Evaluation; and Fraud, Corruption-related mismanagement and Counter-Terrorism* are outlined in the Strategic Partnership Agreement, this section will focus on other efforts aimed at enhanced organisational effectiveness and efficiency. This is a particularly important priority area because Denmark believes that *if* the UN system remains committed to continuously enhancing organisational effectiveness; engages in joint action spanning analysis, planning, delivery and documenting results; curbs all forms of corruption; and leverages the potential of innovation; and ensures that the UN System continuously reforms itself to be fit for purpose and to reflect emerging challenges, *then* the system as a whole will be able to deliver results across a broad range of mandates and in a variety of contexts. This is because the world is changing, and the UN must change with it, seizing new opportunities and addressing new challenges.

UNDP's performance stream will focus on making the current business model more cost-efficient and effective in the immediate term. The performance stream is comprised of initiatives aimed at *a)* improved project delivery and cost recovery; *b)* cost effectiveness and efficiency; and *c)* improved operational service arrangements for the United Nations family. The areas for improvement are broadly defined by the 2016 QCPR and the 2018 resolution 72/279 with the call and decision for a more coherent and efficient UNDS, and more specifically by the evaluation of the Strategic Plan, 2014-2017 and its recommendations to seek further efficiencies, review policy advisory services and improve financial sustainability and the funding model. Denmark expects UNDP to implement its

Grand Bargain Commitments, including facilitating joined up humanitarian-development work as a means to enhance effectiveness and coherence in preparedness, response and recover.

Cost-recovery efforts will also focus on the more effective, transparent and simplified use of the direct project cost approach. Various modalities through which program countries contribute to UNDP will also be reviewed and optimized, which is in line with Danish priorities. Denmark expects UNDP to continue to seek efficiencies in its operations as informed by performance metrics, business intelligence and other quantitative and qualitative measures. The focus should be on delivering as effectively and as appropriately as possible to recipients through the streamlining of processes also retaining transparency and accountability.

Denmark will also expect UNDP to improve operational service arrangements for the United Nations family with flexible, cost-effective and collaborative models for its field operations with enhanced “client orientation.” Within the UN system, and in accordance with resolution 72/279 and the implementation plan of the Secretary General, UNDP should offer other agencies better operational support on request to reduce the need for other agencies to have operational capacities on the ground, if not critically needed. Denmark benefits from UNDP-supported infrastructure in many regional and country contexts including, for example, multi partner trust funds; risk management units; aid management platforms and structures; research and analysis; and Resident Coordinator support functions. Denmark expects UNDP to continuously advance such infrastructures, tailor them to the specific context and ensure that UNDP initiatives complement, rather than duplicate, existing infrastructures.

In 2014, UNDP established an Innovation Facility, with Denmark as its main stable financial supporter, as a global mechanism to support innovation for development. The objective of the Innovation Facility, with seven staff in five regions, is to scan the horizon for new ways to address development challenges; award seed funding to initiatives that test or scale innovation; foster networks of innovation champions for knowledge sharing; and create new norms within UNDP to shift away from business as usual.

UNDP’s innovation track will promote, create and expand the use of new approaches to how UNDP does its work, test them for scalability and financial feasibility and replicate as needed. Innovation is also about new financial and legal instruments to enable UNDP to be more nimble and enterprising, and new capacities of staff to develop and deliver an integrated offer to government partners. This is in alignment with Denmark’s broader TechVeloPMENT initiative and with a focus on mainstreaming innovation across the organisation. Further, there is strong potential and mutual interest for technical collaboration and joint thought leadership around emerging technologies. Engagement with Denmark’s Tech Ambassador presents an opportunity for joint advocacy and engagement. From 2014 to date, the Innovation Facility has provided seed funding to more than 160 initiatives in 75 countries with a volume of approximately USD 2.2 million annually. Funds are awarded to initiatives that show potential for forging new partnerships, scaling, and catalysing new funding for human development. Innovation has been explicitly seeded through the global Innovation Facility, which has helped catalyse, foster and enable innovation in 85 Country Offices across 142 initiatives. The portfolio has resulted in new funding mobilised (Country Offices reported that for every USD 100 invested by the innovation fund an additional USD 80 has been mobilised in local resources), new partnerships (50% more partnerships with the private sector than average projects), and new talent for a new portfolio of UNDP services developed for client governments. Initiatives that receive funding from the Innovation Facility also have 40% more partnerships with academia and International Financial Institutions and are 30% more likely to design with users, compared to average UNDP projects.

In its Strategic Plan, UNDP plans to integrate innovation into all its Signature solutions and all country offices, which can lead to large-scale societal transformational change as well as innovation that can optimize UNDP’s delivery. Denmark expects UNDP to document such achievements and to strengthen its communication about Denmark’s role in supporting the Facility. Going forward and supported by its dedicated funding, Denmark will continue to encourage the promotion of innovation in the work of UNDP, whether through the testing of new approaches, operational delivery or other ways of challenging business-as-usual approaches. Funds should be prioritised to projects that have an aim of confronting perceived risks and based on lessons learned either be taken to scale or closed down. Specific indicators for this Priority Area are referenced in Annex 1. In addition, Denmark supports and promotes organisational mainstreaming of the innovation agenda; for example, through the promotion of digital entrepreneurs and innovators in LDCs and cooperation with tech communities to identify innovative solutions on development issues in alignment with the Danish TechVeloPMENT agenda.

5. Follow up on Danish Priorities

Based on the priorities specified above, Denmark will continue to pursue an open and constructive dialogue with UNDP over the next strategic cycle through its Permanent Mission in New York and in the context of the Annual High-Level Consultations between Denmark and UNDP as agreed among the parties. These consultations will be used to follow-up on cooperation over the past year and discuss the way ahead. Another platform for dialogue is the UNDP Executive Board meetings, where Denmark engages actively, even in years when it is not a formal member. As one of its top donors, Denmark maintains a continuous and constructive dialogue with UNDP, which will be used to hold UNDP accountable and to follow-up on Danish priorities. Denmark will continue its collaboration with UNDP to promote joined-up humanitarian-development work at country level and on developing durable solutions in displacement settings. In addition, Denmark will continue to cooperate closely with the Nordic and other like-minded countries regarding issues related to UNDP including through regular coordination meetings prior to important discussions and decision-making. The engagement through dialogue with UNDP also extends to the regional and country level.

UNDP's presence in Copenhagen serves as an important platform for cooperation, and Danish bilateral representations will engage with UNDP offices in the field on issues of joint interest. Reporting will rely on UNDP's own reporting, monitoring and evaluation systems in the case of core support, support to Funding Windows and to the Innovation Facility as outlined in the Strategic Partnership Agreement drawing on UNDP's Annual Report, as well as UNDP's own Mid-Term Review of the Strategic Plan and other relevant documentation. Based on this, Denmark will undertake a separate mid-term review of the present Strategy.

In the ACABQ review of the 2018-2021 budget and during the Executive Board special session in November 2017, UNDP was encouraged to more clearly align its integrated budget to its IRRF, which Denmark will ensure is pursued over the coming years.

6. Budget

Denmark remains a committed partner of UNDP and will continue to provide reliable and predictable funding for its activities and programmes.

In 2018, the core contribution is planned for DKK 110 million, the two thematic funding windows on *Governance for Peaceful and Inclusive Societies* and *Early Development Response to Crisis and Recovery* are each planned to receive DKK 47.5 million. The Innovation Facility is projected to receive DKK 15 million, while DKK 23 million has been earmarked for advisors pending the identification of relevant positions and candidates (see table in annex 2).

According to the 2019 draft Finance Act, the projected Danish contributions to UNDP for 2019, 2020, 2021 and 2022 are foreseen to amount to a total of DKK 938 million, covering the course of the current strategy, and including annual core contribution, thematic contributions, support for the Innovation Facility and advisors. Contributions will be provided on an annual basis, subject to annual Parliamentary approval. Within the current setting, the balance between core and non-core resources is perceived to be well balanced, allowing Denmark to pursue its strategic interests while also investing in and contributing to UNDP's ability to respond with flexibility to emerging opportunities and challenges in alignment with its mandate. This balance will be evaluated and revisited on an on-going basis in accordance with UNDP's ability to and performance on delivering on Danish priority areas, its evolving portfolio and prioritisation, as well as responsibilities and opportunities.

Please consult annex 2 "Funding and key financial data" as well as the Strategic Partnership Agreement for additional information.

7. Risks and assumptions

For UNDP to deliver on Danish priorities, the following risks and challenges should be mitigated.

Imbalance between core and earmarked funding: The ratio between core funding and earmarked funding has become increasingly imbalanced during the past decade and is now 87,5 % (USD 4,3 billion) to 12,5 % (USD 612 million). This could make it complicated to effectively implement the Strategic Plan and to rapidly direct resources to respond to particular emergencies and opportunities. UNDP's focus on effective fundraising through outreach to all Member States and identification of new contributors, including the private sector, will therefore be

important, as will new avenues for generating revenue for the core budget. Core resources are a prerequisite for adequate organisational development, monitoring and documentation of result as well as many of the services and infrastructures provided by UNDP in a range of contexts of interests to Denmark.

Inability to implement Strategic Plan: UNDP's ambitions to establish *country support platforms* will require the buy-in from the rest of the UN System and other development partners, and in fragile and conflict affected countries buy in from humanitarian partners. This becomes increasingly relevant as the Resident Coordinator/Humanitarian Coordinator function is being separated from UNDP, which will necessitate for UNDP to add value added as an operational "connector" at the country level. Further, the Strategic Plan's organisation around the Signature solutions could potentially lead to "mission creep" and duplication of efforts carried out by other UN actors. While UNDP has deliberately presented a flexible Strategic Plan, described as "UN reform ready", there is a need to translate the plan to tangible development outcomes on the ground, which will require focussing on UNDP's core mandate and also being explicit about what not to do.

Misuse of funds: The risk of the misappropriation of funds including corruption is nonetheless evidently prevalent in many of the contexts in which UNDP operates. Denmark expects UNDP to remain committed to and continue its efforts – including through its aid transparency work and its anti-fraud policy – to effectively addressing misuse of funds and operate with a no tolerance policy towards staff members and partners compromising the principles laid out in the Strategic Partnership Agreement between Denmark and UNDP.

Political impediments: UNDP is programming in a range of highly politicised domains including conflict prevention, peacebuilding and preventing violent extremism. UNDP operates at the request of, and/or in agreement with, national counterparts including governments. The proximity to government counterparts must not compromise UNDP's impartiality (including perceptions thereof) and adherence to the UN Charter and fundamental rights. Furthermore, UNDP should be cognisant of the need to find a constructive balance between an impartial and unbiased partner able to work with a very broad range of, also non-governmental, stakeholders on the one hand and the obvious need to work with, and capacitate, government counterparts.

Annex 1: Danish priorities and monitoring

In full alignment with UNDP's own Integrated Results and Resources Framework, Denmark will pay particular attention to the delivery of the outcomes listed in the table below according to the indicators selected and presented in the table. The outcomes are organised under the two Signature solutions prioritised by Denmark with indicators under each of UNDP's overall outcomes as well as one Priority Area related to organisational effectiveness and efficiency.

Priority Outputs from the Common Chapter in the strategic plans of UNDP, UNFPA, UNICEF and UN Women and indicators relating to UN Reform	
Relevant outcome indicators drawn from the annex to the Common Chapter in the respective strategic plans, 2018-2021	
<u>QCPR 11.d:</u>	<p>% of UNCTs with Joint Work Plans (of Results Groups) that are aligned with the UN Development Assistance Framework (UNDAF) and signed by all involved entities.</p> <p><i>Reflecting the renewed focus on, and the revision of, the UNDAF as the key strategic and operational document at the country level and with the new reporting mechanisms outlined in the General Assembly Resolution on the repositioning of the United Nations development system in the context of the QCPR.</i></p>
<u>QCPR 61.a:</u>	<p>Fraction of UNDG entities paying their full contribution of the UNDG Resident Coordinator (RC) system cost-sharing arrangement.</p> <p><i>Reflecting the new financing commitments outlined in the General Assembly Resolution on the repositioning of the United Nations development system in the context of the QCPR.</i></p>
<u>Output on contribution to UNDS reform:</u>	<p>Implement and comply with the mandates related to the entities of the UN development system contained in General Assembly resolution 72/279 of 2018 on the repositioning of the United Nations development system, in the context of the QCPR.</p>

Priority Area 1: Effectively delivering Signature solution 2: Strengthen effective, inclusive and accountable governance		
Relevant output indicators selected from UNDP's Integrated Results and Resources Framework		
<p><u>Output 1.2.2:</u> Enabling environment strengthened to expand public and private financing for the achievement of the SDGs.</p>	<ul style="list-style-type: none"> ▪ 1.2.2.1 Number of countries with an enabling environment in place leveraging additional resources from public and private sources for the SDGs. <p><i>Note: UNDP has a unique role in assisting national governments with putting place the enabling environments to allow private sector financing to be brought to bear for SDG achievement. The ambition of almost doubling the number of such enablers is well aligned with Danish priorities.</i></p>	<ul style="list-style-type: none"> ▪ Policy, legal and regulatory frameworks <ul style="list-style-type: none"> a) Baseline 2018: 13 b) Target 2021: 22 ▪ Institutional mechanisms <ul style="list-style-type: none"> a) Baseline 2018: 18 b) Target 2021: 31
<p><u>Output 1.2.3:</u> Institutions and systems enabled to address awareness, prevention and enforcement of anti-corruption measures to maximize availability of resources for poverty eradication.</p>	<ul style="list-style-type: none"> ▪ Number of countries with effective measures adopted to mitigate and remedy corruption risks. <p><i>Note: Addressing corruption is a critical enabler for good governance and strengthening the social contract and a prerequisite for the effective use of public financial resources and is a Danish priority.</i></p>	<ul style="list-style-type: none"> ▪ National level <ul style="list-style-type: none"> a) Baseline 2018: 26 b) Target 2021: 35 ▪ Sub-national level <ul style="list-style-type: none"> a) Baseline 2018: 12 b) Target 2021: 24 ▪ Sector level <ul style="list-style-type: none"> a) Baseline 2018: 13 b) Target 2021: 26
<p><u>Output 2.2.2:</u> Constitution-making, electoral and parliamentary processes and</p>	<ul style="list-style-type: none"> ▪ Number of parliaments with improved capacities to undertake inclusive, 	<p>Baseline 2018: 28 Target 2021: 44</p>

institutions strengthened to promote inclusion, transparency and accountability.	<p>effective and accountable law-making, oversight and representation.</p> <p><i>Note: This indicator relates to UNDP's ability to support national parliaments to mainstream inclusivity and responsiveness as part of the law-making process, which addresses issues around marginalisation, elite power grab and discrimination, which are key Danish concerns.</i></p>	
<p><u>Output 2.2.3:</u> Capacities, functions and financing of rule of law and national human rights institutions and systems strengthened to expand access to justice and combat discrimination, with a focus on women and other marginalised groups.</p>	<ul style="list-style-type: none"> Number of countries with strengthened capacities for governance and oversight of rule of law institutions. <p><i>Note: This indicator relates to UNDP's support to ensuring the rule of law for all, which is a Danish concern. The criteria for "counting towards the target" should be investigated as should the definition of governance and oversight, which in Denmark's perspective should relate to independence, accessibility and fairness.</i></p>	<p>Baseline 2018: 31 Target 2021: 47</p>
<p><u>Output 3.2.1:</u> National capacities strengthened for reintegration, reconciliation, peaceful management of conflict and prevention of violent extremism in response to national policies and priorities.</p>	<ul style="list-style-type: none"> Number of countries supported by UNDP, upon request, to establish or strengthen national infrastructures for peace. <p><i>Note: This indicator relates to UNDP's support to national peace infrastructures at all levels, which may entail a broad range of mechanisms and processes, which is a Danish priority.</i></p>	<p>Baseline 2018: 27 Target 2021: 31</p>

Priority Area 2: Effectively delivering Signature solution 3: Enhance national prevention and recovery capacities for resilient societies

Relevant output indicators selected from UNDP's Integrated Results and Resources Framework		
<p><u>Output 1.3.1:</u> National capacities and evidence-based assessment and planning tools enable gender-responsive and risk-informed development investments, including for response to and recovery from crisis.</p>	<ul style="list-style-type: none"> Number of countries with recovery plans and systems in place utilizing sex, age and disability disaggregated data and gender analysis. <p><i>Note: This indicator relates to UNDP's support to developing national plans, which are focussed on inclusive impacts in both implementation and reporting. Doubling the number of countries with such mechanisms in place aligns well with Danish priorities - also in the context of SDG implementation.</i></p>	<p>Baseline 2018: 8 Target 2021: 16</p>
<p><u>Output 3.1.1:</u> Core government functions and inclusive basic services restored post-crisis for stabilisation, durable solutions to displacement and return to sustainable development pathways within the framework of national policies and priorities.</p>	<ul style="list-style-type: none"> Proportion of displaced populations benefitting from durable solutions, disaggregated by target groups. <p><i>Note: This indicator and the expansion particularly in the coverage of a much larger target groups align well with Danish priorities to fund durable solutions for displaced populations to prevent further displacement and irregular migration.</i></p>	<ul style="list-style-type: none"> Proportion, Target Group <ul style="list-style-type: none"> a) Baseline 2018: 90% b) Target 2021: 96% Numbers, Target Group <ul style="list-style-type: none"> a) Baseline 2018: 450,300 b) Target 2021: 791,000

<p><u>Output 3.3.1:</u> Evidence-based assessment and planning tools and mechanisms applied to enable implementation of gender-sensitive and risk-informed prevention and preparedness to limit the impact of natural hazards and pandemics and promote peaceful, just and inclusive societies.</p>	<ul style="list-style-type: none"> ▪ Number of countries with operational end-to-end multi-sectorial early warning systems (EWS) to limit the gender-differentiated impact (of the categories listed in the data column). <p><i>Note: This indicator relates to UNDP's support to strengthening the resilience of communities when faced with shocks and stresses and limiting the often disproportionately negative impact on women, which is aligned with Danish priorities.</i></p>	<ul style="list-style-type: none"> ▪ Natural hazards <ul style="list-style-type: none"> a) Baseline 2018: 10 b) Target 2021: 25 ▪ Health shocks (e.g. pandemics) <ul style="list-style-type: none"> a) Baseline 2018: 2 b) Target 2021: 3 ▪ Economic crises <ul style="list-style-type: none"> a) Baseline 2018: 1 b) Target 2021: 4 ▪ Other risk factors <ul style="list-style-type: none"> a) Baseline 2018: 5 b) Target 2021: 5
<p><u>Output 3.3.2:</u> Gender-responsive and risk-informed mechanisms supported to build consensus, improve social dialogue and promote peaceful, just and inclusive societies.</p>	<ul style="list-style-type: none"> ▪ Number of countries with improved capacities for dialogue, consensus-building and reconciliation around contested issues, with equal participation of women and men. <p><i>Note: This indicator relates to UNDP's support to dialogue, consensus-building and reconciliation, which is a Danish priority and supported bilaterally. The equal participation of women is a specific Danish concern and expanding the targeted number of countries with increased capacity to deliver on such processes by one third is well aligned with Denmark's expectations of UNDP.</i></p>	<p>Baseline 2018: 15 Target 2021: 23</p>
<p><u>Output 3.6.1:</u> Women's leadership and participation ensured in crisis prevention and recovery planning and action.</p>	<ul style="list-style-type: none"> ▪ Percentage of women in leadership positions within prevention and recovery mechanisms. <p><i>Note: Following from the above, this indicator aims at having women in leadership positions within at least half of prevention and recovery mechanisms, which is aligned with Danish priorities.</i></p>	<p>Baseline 2018: 28% Target 2021: 50%</p>

Priority Area 3: Continuously enhance organisational effectiveness contributing to UN reform, curbing corruption and leveraging innovation

Relevant output indicators selected from UNDP's Integrated Results and Resources Framework		
<p><u>Output 1.2:</u> Cross-cutting approaches fully integrated into UNDP programmes and projects.</p>	<ul style="list-style-type: none"> ▪ 1.2.6 Percentage of country offices that pilot and/or scale innovative tools and methodologies. <p><i>Note: Innovation is a Danish priority and the increase in country offices that pilot and/or scale innovative tools and methodologies is in line with Denmark's expectations to see its significant support to innovation in UNDP being taken to scale.</i></p>	<p>Baseline 2018: TBD Target 2021: 10% increase</p>
<p><u>Output 2.2:</u> Cost-sharing agreements and projects ensure full cost recovery.</p>	<ul style="list-style-type: none"> ▪ 2.2.1 Use of core and non-core for programme activities: [QCPR related] <p><i>Note: Increasing the percentage of UNDP resources going to programme activities is a good proxy indicator for UNDP's continued efforts to cut costs and improve efficiency.</i></p>	<ul style="list-style-type: none"> ▪ Percentage of total core expenditures on development-related activities directed to programme activities <ul style="list-style-type: none"> a) Baseline 2018: 80% b) Target 2021: 85% ▪ Percentage of total non-core expenditures on development-related activities directed to programme activities

		<ul style="list-style-type: none"> a) Baseline 2018: 95% b) Target 2021: 95%
<p><u>Output 2.5:</u> UNDP equipped with talented and diverse workforce.</p>	<ul style="list-style-type: none"> ▪ 2.5.1 Staff satisfaction <p><i>Note: Staff satisfaction is a good proxy indicator for UNDP's ability to attract and retain good leaders and to look after the personal and professional wellbeing of its staff and should remain at the proposed ambitious level.</i></p>	<ul style="list-style-type: none"> ▪ Leadership/direction index (percentage of all employees surveyed who express confidence in leadership and direction) <ul style="list-style-type: none"> a) Baseline 2018: 75% b) Target 2021: 75% ▪ Engagement index <ul style="list-style-type: none"> a) Baseline 2018: 82% b) Target 2021: 85%
<p><u>Output 3.1:</u> Common UN approaches facilitate efficient and accelerated joint delivery against sustainable development objectives.</p>	<ul style="list-style-type: none"> ▪ 3.1.2 Percentage of country offices that are applying the Standard Operating Procedures, or components of it. <p><i>Note: The percentage of country offices that are applying the Standard Operating Procedures is a good proxy indicator for UNDP's focus on common UN approaches more broadly and a key enabler for collaboration and joint operations.</i></p>	<ul style="list-style-type: none"> ▪ Baseline 2018: 88% ▪ Target 2021: 95%
<p><u>Output 3.2:</u> UNDP support to integrated SDG delivery.</p>	<ul style="list-style-type: none"> ▪ 3.2.3 Percentage of UNDS clients satisfied with UNDP provision of operational services. <p><i>Note: The percentage of UNDS clients satisfied with UNDP provision of operational services is a good proxy indicator for UNDP's ability to serve as an 'operational enabler' for UNDS country-level activities and Denmark hopes UNDP will define ambitious targets to this indicator.</i></p>	<ul style="list-style-type: none"> ▪ Baseline 2018: TBD ▪ Target 2021: TBD

Annex 2: Funding and key financial data

The total estimated revenue in UNDP's integrated resources plan for 2018-2021 is USD 22.7 billion, and USD 25.8 billion, if balances carried forward are included.

The programme budget for 2018-2021 is estimated at USD 21.75 billion with USD 1.92 billion expected to come from core resources and USD 19.83 billion expected to come from other resources. The institutional budget for 2018-2021 is estimated at USD 2.73 billion with USD 1.09 billion expectedly coming from core resources and USD 1.62 billion expected to come from other resources including cost recovery. The chart included in this annex illustrates the expected resources mobilised for the period 2018-2021. They indicate an increasing revenue stream from government cost-sharing (in middle- and high-income countries) as well as revenue generated from cost-recovery and increasing contributions from bilateral/multilateral contributions, up from 52% in the 2014-2017 Strategic Plan to 55% for 2018-2021 Strategic Plan.

Over the past five years, UNDP has experienced a decline in core resources and the ratio between core resources and other resources has become increasingly imbalanced in favour of non-core contributions. Other resources include "lightly earmarked" funds such as contributions to the funding windows to "highly earmarked" funds to specific regions, countries or projects. Denmark's contribution comprises both core resources and earmarked contributions to the funding windows with specific recipient countries specified as well as funding earmarked for the Innovation Facility and Danish human resource contributions.

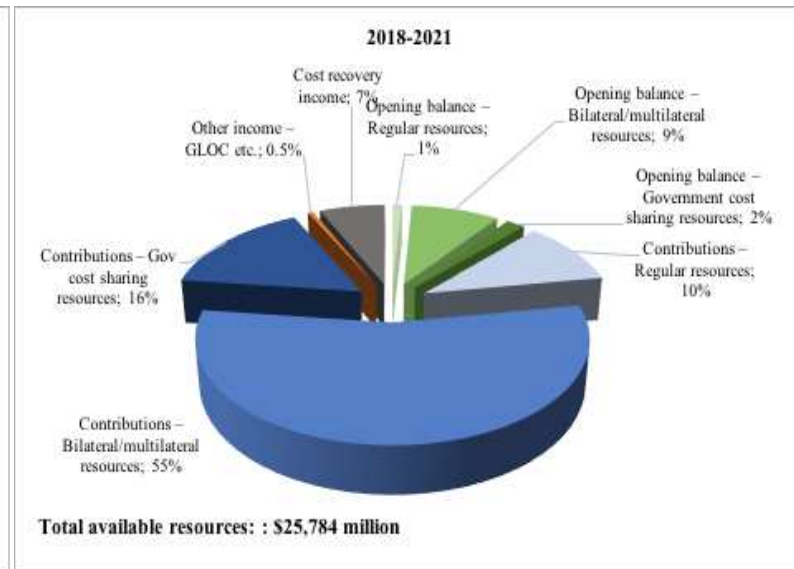
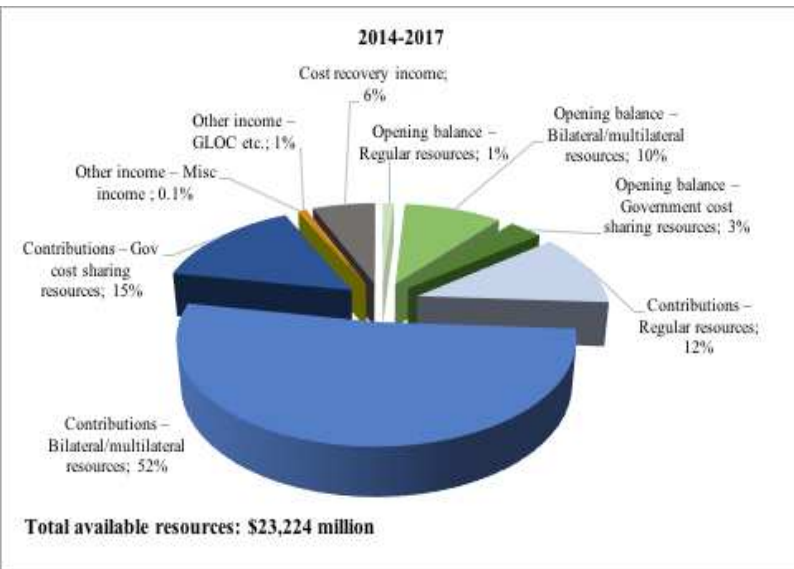
Furthermore, UNDP wants to expand its donor-base with specific focus on the private sector, civil society, South-South and triangular cooperation, and international financial institutions (IFIs) - an ambition Denmark supports and expects to see progress on. UNDP received its first private contribution to its core budget in 2017 and considers its growing revenue from the IFIs promising. UNDP has launched an IFI Partnership Strategy for 2016-2020. For every \$1 of programmatic regular resources, UNDP expects to mobilize between \$6 and \$30 in other resources.

Danish contributions to UNDP 2018-2022*

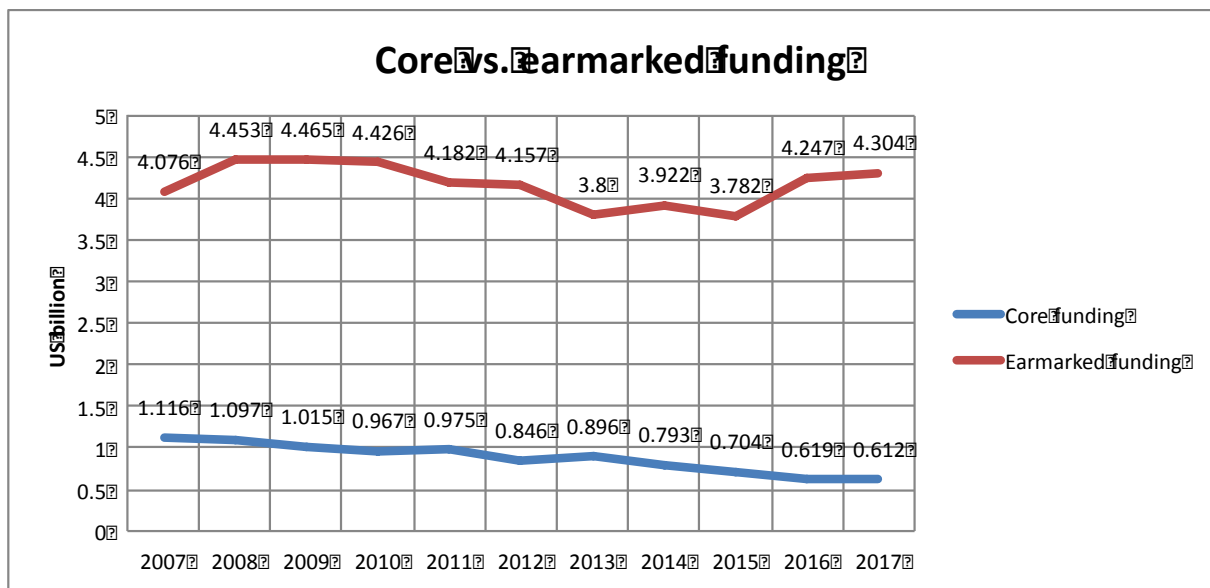
Funding to UNDP (2018-2022) as stipulated in the Danish draft Finance Act for 2019 (resources in DKK million)	2018	Planned 2019*	Planned 2020*	Planned 2021*	Planned 2022*
Core contribution	110	107	102	101	96
Innovation activities	15	15	15	15	15
Thematic funding windows					
Governance for Peaceful and Inclusive Societies	47,5	47,5	47,5	47,5	47,5
Emergency Development Response to Crisis and Recovery	47,5	47,5	47,5	47,5	47,5
Secondments	23	23	23	23	23
Total	243	240	235	234	229

* subject to annual parliamentary approval.

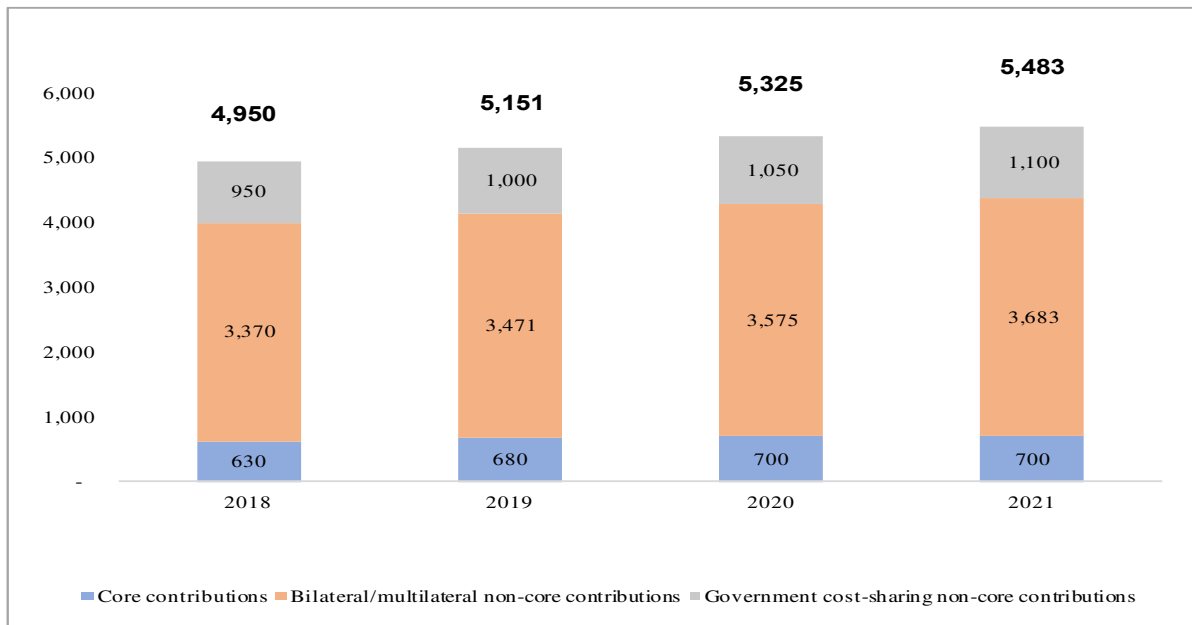
Contributions 2014-2017 compared with 2018-2021



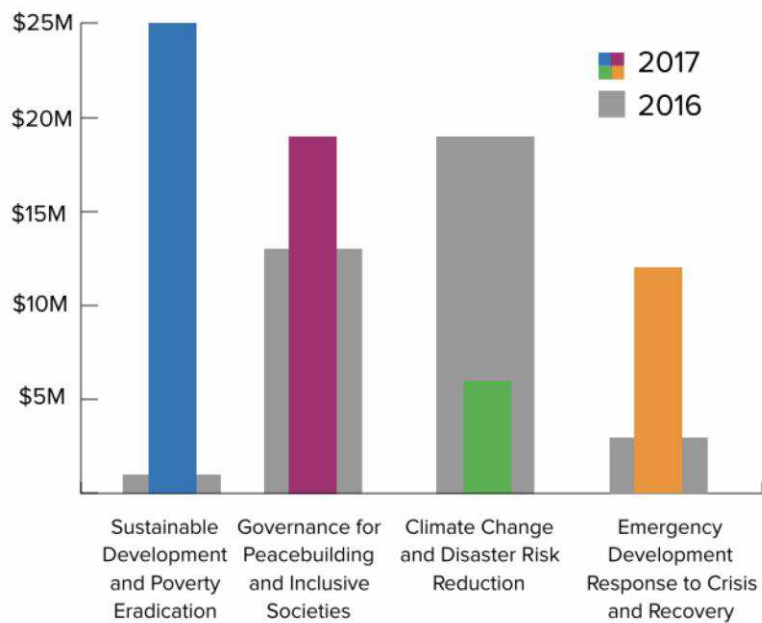
Core versus earmarked funding to UNDP 2007-2017



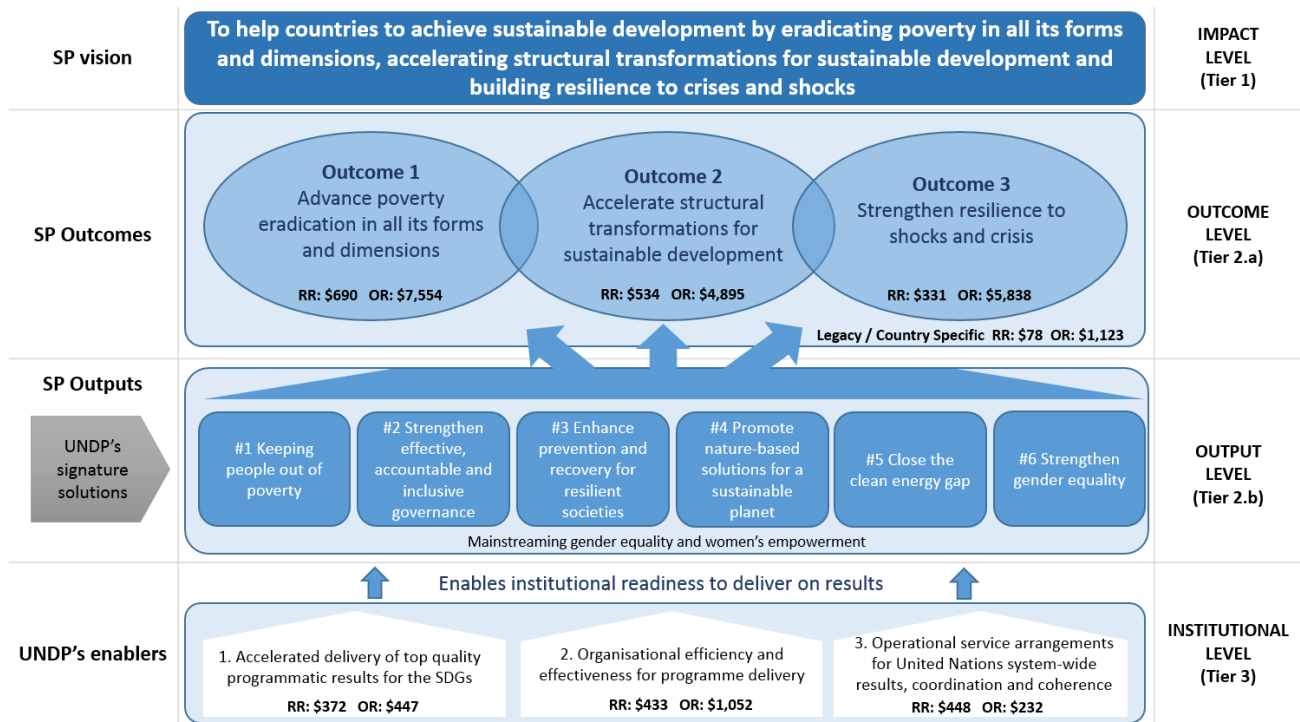
Expected financial development from 2018-2021 in core and non-core contributions and cost-sharing in USD



Total contributions of \$99 million have been received through the Thematic Funding Windows since their launch



Annex 3: Overview of UNDP's Strategic Plan Structure



Note: Resources are in millions of US Dollars, RR-Regular Resources and OR-Other Resources.
 Source: Integrated Results and Resources Framework of the UNDP Strategic Plan, 2018-21

Annex 4: UNDP Organigram

