



Annex 1

UNDG Review of Funding Modalities in Support of the Resident Coordinator System

Summary Note

The United Nations Development Group (UNDG) has conducted a review of existing funding modalities in support of the Resident Coordinator system with the objective to make recommendations for improving the provision of resources and support to the Resident Coordinator system based on system-wide cost-sharing. The Secretary General has been requested by Member States to report these recommendations to the Economic and Social Council and to the General Assembly.

1. Mandate

The UNDG review has been called for by Member States in ECOSOC resolution 2011/7 and General Assembly resolution 67/226 on the quadrennial comprehensive policy review of UN operational activities for development (QCPR).

The recommendations resulting from the review also respond to ECOSOC resolution 2008/2 on progress in the implementation of General Assembly resolution 62/208 as well as the *Management and Accountability System of the UN Development and Resident Coordinator System*, which the UN development system has been requested to fully implement by Member States in the QCPR.

General Assembly resolution 67/226 on the quadrennial comprehensive policy review of UN operational activities for development (QCPR)

Urges the United Nations development system to provide further financial, technical and organizational support for the resident coordinator system, and requests the Secretary-General, in consultation with members of the United Nations development system, and based on the recent review of existing funding modalities in support of the resident coordinator system called for in Economic and Social Council resolution 2011/7, to submit, for the consideration of the Council and the General Assembly in 2013, concrete proposals on the modalities for the funding of the resident coordinator system in order to ensure that resident coordinators have the necessary stable and predictable resources to fulfill their mandate effectively, without compromising resources allocated to programmatic activities, with due regard to the principle of fairness, which should reflect the direct involvement of each agency, based on the proportion of services used. (para 128)



ECOSOC resolution 2011/7 on progress in the implementation of General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system

Invites the United Nations Development Group to conduct a review of existing funding modalities in support of the resident coordinator system, including appropriate burden-sharing arrangements among relevant United Nations organizations, and make recommendations to improve the provision of resources and support to the resident coordinator system at the country level, to be reported by the Secretary General to the Economic and Social Council.

ECOSOC resolution 2008/2 on progress in the implementation of General Assembly resolution 62/208

Requests the heads of the funds, programmes and specialized agencies and other United Nations organizations to include in the annual reports to their governing bodies any proposed measures to enhance their respective organization's participation in financial, technical and organizational support to the resident coordinator system.

2. Recommendations

The UNDG has agreed on the following recommendations to improve the provision of resources and support to the Resident Coordinator system based on system-wide cost-sharing, to be reported by the Secretary-General to the Economic and Social Council.

1. Coordination needs to be adequately funded at country, regional and global levels. Priority should be given to support of the Resident Coordinator system at country level through cost-effective and efficient support to Resident Coordinators and UN country teams (UNCTs), which is flexible, light and responsive to country contexts, and provides for adequate strategic planning capacity in all countries.
2. A centralized, predictable funding modality in support of the Resident Coordinator system at global, regional and country levels will replace current ad hoc arrangements and requests for funds;
3. The global funding scenario will amount to some USD 121 million annually, adjusted for inflation in the years ahead. This is equivalent to some 0.8 per cent of development-related UN operational activities;
4. As the manager of the Resident Coordinator system, UNDP would continue to provide the "backbone" costs of the Resident Coordinator system at the global, regional and country levels amounting to some USD 88 million annually;



5. The remaining USD 33 million will be cost-shared by the UNDG, including UNDP;
6. All UNDG member entities are expected to participate in the cost-sharing based on a formula, which takes into account:
 - a) Annual base fee as a reflection that the Resident Coordinator system is owned by and benefits all members of the UN development system and recognizing that all members place a minimum load on the system: USD 175,000 for entities with less than USD 500 million annual expenditures and USD 350,000 for larger organizations. These funding thresholds will be regularly reviewed and adjusted as necessary;
 - b) Agency staff size and expenditures as a reflection of the principle of fairness and to ensure that agencies contribute according to their abilities; and
 - c) System load, recognizing that different entities place a different load on the system and gain different magnitudes of benefit as measured by agency participation in UN Development Assistance Frameworks (UNDAFs) at the country level;
7. Humanitarian organizations, which already contribute to humanitarian co-ordination mechanisms, pay a discounted rate, whereby humanitarian expenditures and staff numbers are excluded from the calculation of agency size. In recognition of its unique coordination role at the country level, in accordance with ECOSOC resolution 1994/24, UNAIDS receives a flat-rate discount of 20 per cent;
8. UNDG members are expected to start contributing the amount agreed by them and their governing bodies from 2014 onwards or, for those agencies whose next budget cycle starts later, the first budgetary opportunity thereafter;
9. For the initial phase in 2014/2015, the funding modality will rely on cash contributions to the greatest extent possible. For the medium term, the UNDG will also develop a methodology for measuring and accounting for in-kind contributions;
10. At country level, ten functions are agreed to constitute the essential coordination activities performed by Resident Coordinators and UNCTs, which this funding supports:
 1. Strategic analysis and planning
 2. Oversight of the UN country programming cycle
 3. Representation of and support of UN Secretariat and UN agencies/NRAs
 4. Support to national coordination systems and processes
 5. Development and management of shared operational support services



6. Crisis management preparedness and response
 7. External communication and advocacy
 8. Human Rights and Development
 9. Joint Resource mobilization and fund management
 10. General UNCT oversight and coordination
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11. At the regional level, the funding supports the four functions of the Regional UNDG Teams articulated in the UNDG Management and Accountability System and General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system. It also funds the costs of the UNDG Secretariat;
 12. A financial management system will be put in place to ensure the accountability and transparency of the central financial system and allow for measuring return on investment;
 13. The UNDG will continue to review its business model and to seek efficiencies to ensure the RC system remains as effective as possible.