

Agenda item: ADM 12

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Report by the Secretary-General

REVIEW OF FUNDING MODALITIES IN SUPPORT OF THE RESIDENT COORDINATOR (RC) SYSTEM AND AD HOC COST-SHARING CONTRIBUTIONS FROM PARTICIPATING UN AGENCIES

Summary

During Council 2013, the secretariat presented a letter dated 22 May 2013 from the Chair of UNDG on the review of funding modalities in support of the United Nations Resident Coordinator (RC) system and the provision of resources and support based on system-wide cost-sharing. The Secretary-General was requested by the Chair of UNDG for ITU's contribution, amounting to USD 175,000 per annum for 2014-2015, until the new modalities become fully operational in 2016. This contribution was not included in the 2014-2015 Budget.

After review by the Council, of this request, a number of delegates expressed the following concerns: a) usefulness and benefit to ITU; b) financial and legal implications; c) source of funding with current budgetary limitations and difficulties; d) more information needed on cost-benefits to the Union. The ADM Committee recommended that the Council take note of the contents of the letter and instructed the secretariat to continue in its negotiation with UNDG for a reduced figure and to seek more information to be presented to Council 2014, including the benefits to ITU.

Action required

The Council is invited to authorize the Secretary-General to reallocate funds at his discretion in order to contribute to the cost-sharing of the RC system at a level according to the availability of funds. The Council is invited to endorse ITU's annual contribution at a recommended amount of USD 50,000.

Reference

[C13/86](#)

Background

1 In 2011, the Economic and Social Council (ECOSOC) resolution 2011/7 invited the United Nations Development Group¹ (UNDG) to conduct a review of existing funding modalities in support of the RC system, including appropriate burden-sharing arrangements among relevant UN organizations.

2 In 2012, the UN General Assembly confirmed in resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the UN system (QCPR) that the RC system, while managed by the UNDP, is owned by the UN development system as a whole (OP 122) and urged the UN development system to provide further financial, technical and organizational support for the RC system (OP 128).

3 As requested by the ECOSOC, the UNDG conducted a review of existing funding modalities in support of the RC system, including of appropriate burden-sharing arrangements among relevant United Nations organizations, and recommendations to improve the provision of resources and support to the RC system at the country level. The UNDG review was agreed by the UNDG Principals Advisory Group and includes the following principles:

- a centralized, predictable funding modality would replace current ad hoc arrangements and requests for funds;
- overall funding levels for the RC system would be maintained in line with 2011 expenditures;
- UNDP would continue to fund the backbone of the RC system, amounting to two-thirds of the overall costs;
- the remaining amount would be cost-shared by the UNDG, including UNDP; and
- all UNDG member entities are expected to participate in the cost-sharing based on a formula, which takes into account (1) an annual membership fee, (2) agency staff size and expenditures, and (3) system load as measured by agency participation in UN Development Assistance Frameworks (UNDAF).

4 During the 1st Session of the Chief Executive Board for Coordination (CEB) in April 2013, the Board noted the results of the review and agreed on a way forward for system-wide cost-sharing to be phased in starting in 2014. The Chair of the UNDG indicated that she would now reach out to UNDG Principals who were not members of the Principals Advisory Group.² The ITU Secretary-General noted, at this meeting, that he was not in a position to endorse the proposed financial contributions as approval would be required from the ITU Council. The Board took note of progress and endorsed the UNDG report.

5 By a note dated 25 April 2013, the Chair of the UNDG, appreciated the current budgetary realities of ITU and requested acceptance of the base fee contribution of USD 175,000 per year instead of the corresponding USD 459,569 from ITU for the first cycle of the cost-sharing modality in 2014/2015.

6 During Council 2013, the secretariat presented a letter dated 22 May 2013 ([C13/86](#)) from the Chair of UNDG on the review of funding modalities in support of the RC System and ad hoc cost-sharing contributions from participating UN Agencies, until the new modalities become fully

¹ ITU joined the UNDG in August 2006, to reinforce the development mission of the Union and further reposition ITU in the UN system as more than a technical agency.

² ITU is not a member of the UNDG's Principals Advisory Group.

operational. ITU is asked to pay an amount of USD 175,000 per annum for 2014-2015, until the new modalities become fully operational. This contribution was not included in the 2014-2015 Budget and would have to be funded from savings and the outcome of efficiency measures from 2013.

7 The Council acknowledged and appreciated the efforts made by the UNDG and the United Nations system as a whole to improve the provision of resources and assistance to the RC system with a view to strengthening the Group's common objective to deliver as one, with more coherent, effective and efficient support at the country level. A number of delegates expressed the following concerns:

- usefulness and benefit to ITU;
- financial and legal implications;
- source of funding with current budgetary limitations and difficulties; and
- more information needed on cost-benefits to the Union.

8 The Secretary-General also expressed his hope that they will find ways to enhance cooperation and increase ITU's strategic objectives within the UN development activities. ITU would raise the point to explore further the synergies and collaboration between ITU's Regional and Area Offices with UN Country Teams (UNCT).

9 The Council took note of the contents of the letter and instructed the secretariat to continue in its negotiation with UNDG for a reduced figure and to seek more information to be presented to Council 2014 including the benefits to ITU.

10 By a joint letter of 24 June 2013, the ITU Secretary-General and UNDP Administrator urged Resident Coordinators to incorporate an information and communication technologies (ICTs) for development component into the UNDAFs.

11 In July 2013, ECOSOC resolution 2013/5 on *Progress in the implementation of General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system*, emphasized that they regard a strong, accountable, and adequately funded RC system as the lynchpin of a well-functioning UN development system. ECOSOC noted the outcome of the UNDG review and requested the governing bodies of UNDG member entities to consider and implement the recommendations for system-wide cost-sharing starting in 2014.

FUNDING MODALITIES AND REQUIREMENTS

12 The UNDG agreement is based on a global funding scenario of some USD 121 million annually. UNDP will continue to provide the "backbone" costs of the RC system at the global, regional and country levels amounting to some USD 88 million annually. The remaining balance of approximately USD 33 million is expected to be cost-shared by all member organizations of the UNDG, including UNDP.

13 The total funding requirement of USD 33,063,053 is distributed across all UNDG members as follows:

Step 1: All UNDG members and observers contribute a base fee of USD 175,000 (for small agencies with annual expenditures of up to USD 500 million) or USD 350,000 (large for agencies with annual expenditures of greater than USD 500 million). The remaining funding requirement of USD 24,488,053 is equally distributed to Step 2 and Step 3, to which UNDG members with operational activities and representation in UNDAFs contribute.

Step 2: Agencies contribute in proportion to their share of total UNDG expenditures and staff count.³

Step 3: Agencies contribute in proportion to their participation in 121 UNDAFs and Integrated Strategic Frameworks.

14 According to the formula, ITU's expected annual contribution amounts to USD 468,483⁴ (see RC system cost-sharing scenario).

BENEFITS OF FUNDING THE RC SYSTEM

15 The funding will support the staffing of the RC system for effective functioning in over 150 countries, as well as at the regional and global levels.

16 At the country level, the funding supports ten essential coordination functions performed by Resident Coordinators and UN Country Teams, including strategic analysis and planning, representation of non-resident agencies, external communication and advocacy and joint resource mobilization and fund management. Over the next four years, Resident Coordinators and UNCTs will strategically reposition the UN development system by developing new UNDAFs in over 100 countries.

17 At the regional level, the funding will enable the Regional UNDG Teams to deliver more coherent, effective and efficient support to countries and strengthened collaboration with regional and sub-regional intergovernmental organizations and regional development banks in support of country development work.

18 At the global level, the funding will support effective coordination of the 32 UN funds, programmes, agencies, departments, and offices that play a role in development to further enhance the coherent development of policies for the UN system, particularly with regard to strengthening normative operational linkages and by providing practical guidance and tools to UNCTs for enhancing coherence in the UN development system's country operations.

BENEFITS TO ITU

19 With regard to concrete benefits to ITU derived from its participation in the cost-sharing:

20 This is not a straightforward quantitative equation but needs to be viewed in a broader strategic context. There is, for instance, evidence that the UNDAF and particularly Delivering as One (now being implemented in 37 countries) has allowed the UN development system to better address cross-cutting issues and also support governments on multi-disciplinary development concerns. Agencies that are predominantly non-resident arguably stand to benefit particularly from a strong RC system that is able to convey their normative mandates and integrate their technical advice into UN programming at the country level. ITU is currently part of nine UNDAFs in Mali, Ethiopia, Cameroon, Thailand, Honduras, Chile, Barbados & OECS, Saudi Arabia, and Egypt.

³ Agency expenditure statistics are drawn from the latest available statistics used by the CEB. Humanitarian organizations, and Peacekeeping expenditures and staff numbers are excluded from the calculation of agency size and have a reduced contribution.

⁴ Adjusted for 2014 ICS staff pro forma costs

21 New UNDAFs will be developed in 40 countries this year and another 40 countries next year. This provides a unique strategic entry point for the UN system.⁵

22 ITU Regional and Area Offices currently benefit, with varying degrees, from one or more of the ten functions agreed to constitute the essential coordination activities performed by Resident Coordinators and UNCTs:

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

STATUS OF THE RC SYSTEM FUNDING

23 Out of the 19 members of the UNDG, eight have already announced that they will contribute with the entire amount requested, including inflation increase.⁶ Two have confirmed their full contribution without the inflation increase (WHO, FAO), four have announced reduced contributions (IFAD, UNESCO, UNIDO, WMO), four others are still pending formal confirmation (ILO, ITU, UNWTO, UN Secretariat), and the World Bank (observer of UNDG), has declined to contribute.

24 ITU's original share requested of USD 459,569 would actually be USD 468,483 taking into account the ICSC staff pro forma cost adjustment.

25 The current funding shortfall amounts to USD 14.3 million in 2014 and another USD 15.5 million in 2015.

CONCLUSIONS

26 The current funding request undoubtedly poses a significant challenge to ITU. On the one hand, ITU has limited resources to meet the current funding request, while on the other, ITU needs to demonstrate that it is a committed and credible partner of the UN development system.

27 The ITU Secretary-General would require the Council's guidance in securing the necessary funds by exploring all options that would allow the Union to commit and contribute, in a predictable manner, its annual share.

⁵ United Nations Development Operations Coordination Office's (DOCO) takes up suggestions from UN agencies and organizes a webinar for agency colleagues, particularly NRAs, on the process and how agencies can meaningfully engage (whether they want to formally co-sign the UNDAFs or offer off-site technical expertise and advice).

⁶ In addition to the original amounts requested, an additional amount corresponding to adjustments for 2014 ICSC staff pro forma costs were being added and requested to UNDG members.

28 The annual amount of contribution, based on a UN agency contribution agreement, would need to be determined according to a forecasted availability of funds. As in the case of four other UN agencies, ITU could consider a reduced contribution, based on current and projected availability of funds.

RECOMMENDATIONS

29 It is recommended that the ITU Secretary-General be given the authority to reallocate funds at his discretion, to contribute to the cost-sharing of the RC system at a level according to the availability of funds (the reduced contribution of WMO of USD 50,000, may serve as a guide to set an appropriate amount). The Council is invited to endorse ITU's annual contribution at USD 50,000.

ANNEXES: See Document [C14/INF/14](#)

a) Funding agreement:

UN agency to agency contribution agreement (for ITU's signature)

Annex 1 – Summary Note UNDG RC System Funding Review (explaining background, rationale, and funding formula)

Annex 2 – UNDG Cost-Sharing Formula (detailed explanation of how the formula is calculated)

Annex 3 – RC System Standard Structure Model (detailed list of positions at global, regional and country level funded by the agreement)

b) Additional background documents:

Fact Sheet RC System Cost-Sharing Status (containing the updated expected contribution figures from each agency for 2014/2015)

RC System Cost-Sharing Scenario Option 2 (original basis for UNDG agreement; contribution figures on p.2 have since been updated based on 2014/15 pro forma costs as outlined in Fact Sheet; p. 3 contains agency-specific statistics on which formula is based)

UNDAF roll-outs 2013-2016

Joint letter of 24 June 2013 sent by the ITU Secretary-General and UNDP Administrator to UNRC.

UNDAF Mapping (identifies which UNDAFs each agency currently participates in) (see excel table in [C14/INF/14](#))
