



THE DEPUTY SECRETARY-GENERAL

REMARKS TO THE GENERAL ASSEMBLY
ON UN SYSTEM-WIDE COHERENCE -- INFORMAL CONSULTATIONS ON
FUNDING PAPERNew York, 19 May 2009

Distinguished Co-Chairs,
Excellencies,
Ladies and Gentlemen,

It is a pleasure to join you today and I am pleased to hear that the consultations on governance have gotten off to a good start.

I understand from the co-chairs that you have had a good session at the expert-level with colleagues from across the United Nations system. A better understanding of the proposals in the Secretary-General's note is the starting point for narrowing differences. I am encouraged by these developments.

Today, we will be discussing the paper on funding United Nations operational activities for development.

This paper, like the one on governance, has been developed through an intensive consultative process involving a broad range of stakeholders across the United Nations development system.

The effectiveness and efficiency of United Nations' operational activities for development rely heavily on a coherent and well-functioning funding system. And as rightly stressed by many of you in your recent consultations, funding is intrinsically linked to governance.

The paper highlights how current funding mechanisms do not provide adequate, predictable nor flexible contributions. The burden of contributions is not evenly shared. The declining share of core resources in overall contributions is weakening the ability of the UN system to fully deliver on its operational activities. This trend also limits the impact of the strategic guidance provided by governing bodies of United Nations entities.

Another important trend is the growing fragmentation of non-core resource flows, which is making management and programme implementation more challenging.

This fragmentation is increasing transaction costs, reducing aid effectiveness and weakening policy coherence. Significant streamlining of non-core resource flows is critical if we are to strengthen the funding architecture.

In an effort to address the growing volatility in resource flows, United Nations funds, programmes and specialized agencies have increasingly introduced multi-year funding frameworks and strategic plans. These instruments have enhanced the predictability of resource flows, but their impact varies from one organization to another. Such instruments have also helped entities to focus on high-priority areas and to better measure results.

More recently, several United Nations entities have introduced innovative mechanisms to improve the predictability of funding flows. UNEP, for example, has launched the voluntary indicative scale of contributions, or VISIC, which has helped to broaden its donor base and led to higher contributions.

Agencies such as the ILO, WHO and FAO have introduced core voluntary accounts to enable countries to provide non-earmarked resources over and above assessed contributions. Notably, however, only a small number of donors have started to contribute to these mechanisms.

The funding paper also discusses the increasingly uneven burden-sharing of contributions for UN operational activities for development. The reliance on a small number of countries for a high share of core resources is making UN entities more vulnerable to major fluctuations in overall funding flows. We must broaden the donor base as a matter of priority.

The funding paper recommends that United Nations entities do more to improve organizational performance, enhance aid effectiveness and strengthen country-level coherence.

In proposing options for the way forward, the Secretary-General's paper builds on earlier guidance provided by the General Assembly through the Triennial Comprehensive Policy Review process. It is suggested that instead of undertaking major structural reform of the funding architecture, the focus should instead be on improving the efficiency, effectiveness and coherence of the existing system, underpinned by the following five objectives:

First, a strong commitment by UN entities to common country programming and budgetary frameworks that are based on the principle of national ownership and leadership.

Second, a strengthened commitment of donors to increase overall contributions as a key pillar of the funding system, including core, or regular, resources of United Nations funds, programmes and specialized agencies.

Third, simplification of the present architecture of supplementary funding, including improved alignment with strategic plans adopted by governing bodies of the United Nations system.

Fourth, enhanced performance management across the United Nations development system.

And fifth, a stronger commitment by both donors and United Nations entities to the principle of aid effectiveness.

In short, the funding paper proposes a compact in which donors improve the quantity and quality of resource flows while UN entities enhance performance and aid effectiveness.

A key recommendation is that donors renew their commitment to providing adequate development assistance, in accordance with earlier commitments, particularly against the current backdrop of rapidly deteriorating socio-economic conditions in many developing countries as a result of the economic and financial crisis.

Developing countries are especially vulnerable to this crisis. It is crucial that ODA be targeted at meeting the internationally-agreed development goals, including the Millennium Development Goals.

The paper also recommends that donors help strengthen the system-wide funding architecture.

Firstly donors should provide a minimum of 50 per cent of system-wide contributions as core, or regular, resources. Core funding is currently 30 per cent of overall contributions. It is proposed that the new ratio be reached over a period of four years.

Donors are also encouraged to channel a minimum of 50 per cent of system-wide non-core/extra-budgetary resources to thematic funds linked to strategic plans adopted by governing bodies.

And finally, donors are asked to support the establishment of common country funds to fill funding gaps. This would promote joint efforts to mobilize resources as well as national ownership and leadership.

I wish to also highlight some of those recommendations within the paper which call for specific action by the United Nations development system. These include the following:

1. A common standard should be established to assess organizational and operational effectiveness of UN entities. The new standard could replace those currently used by some donor countries.

2. Results-based management, monitoring and evaluation, and reporting systems at the country-level should be harmonized. The aim here is to strengthen the accountability of the United Nations country team to the national government for the delivery of agreed results; this is also an important recommendation of the TCPR process. And,
3. A biennial report on aid effectiveness should be published. This would enable Member States to review progress in a holistic manner.

Excellencies,

These practical recommendations will further strengthen the funding architecture, and help generate significant benefits to programme countries, donors and the United Nations system alike. This will be especially pertinent in respect of improving the quantity and quality of resource flows, lowering transaction costs, enhancing aid effectiveness and improving policy coherence.

The proposals also respond to General Assembly resolutions 63/232 and 62/208, in which Member States requested the Secretary-General to promote an adequate funding base, an upward trend in contributions, predictability, multi-year pledging and a balance between core and non-core contributions.

We hope that the Secretary-General's recommendations will stimulate constructive dialogue among Member States and contribute to a significant outcome during the current legislative session of the General Assembly.

As always, we stand ready to support you in every possible way in this important undertaking.

Thank you.