

UNITED NATIONS



NATIONS UNIES

His Excellency Mr. Nassir Abdulaziz Al-Nasser
President of the General Assembly

Opening remarks

**Funding for UN operational activities for
development: *what is meant by "critical mass" of
core resources***

New York, 29 March 2012

Ambassador Desra Percaya, Vice-President of the
Economic and Social Council

Ms. Michelle Bachelet, Executive Director, UN Women

Ms. Rebeca Grynspan, Associate Administrator, UNDP

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

It is a pleasure to open the second seminar in this series leading up to the General Assembly 2012 quadrennial comprehensive policy review of UN operational activities for development.

I would like to begin by expressing my appreciation to the co-conveners of this seminar, namely the Friedrich-Ebert-Stiftung New York Office and UNDESA, for their

excellent cooperation in the organization of this QCPR dialogue series.

I also wish to express my sincere appreciation to Ambassador Desra Percaya and his colleagues in the Permanent Mission of Indonesia for hosting us this morning and for inviting all the participants for a lunch immediately following the seminar.

The purpose of this series is to provide an informal space for Member States and UN system colleagues to discuss important issues likely to feature prominently in the upcoming QCPR negotiations. And the issue of funding for UN operational activities for development is certainly among the most important ones.

Today's session will particularly focus on the role of core resources in the funding architecture of the funds and programmes. More specifically, this session will examine whether there is a "critical mass" of core resources which if the funds and programmes were to fall below, their effectiveness in serving UN Member

States, particularly programme countries would be seriously affected.

As you recall, in General Assembly resolution 64/289 on system-wide coherence, the Assembly “invited the governing bodies of the funds and programmes to initiate further discussion with a view to exploring the most appropriate definition of, and a process towards arriving at, a critical mass of core funding for each fund and programme, according to their individual mandates”.

The adoption of this resolution already indicates in itself the General Assembly’s concerns about the efficacy of the current funding architecture of UN operational activities for development.

The issue of “critical mass” of core resources, however, has not yet been formally discussed at the level of the Executive Boards of the funds and programmes.

For that reason, I believe this seminar is very timely. It will provide an opportunity for Member States and representatives of the funds and programmes to engage in an informal dialogue on what the “critical mass” concept means and what such resources should be used for.

At the heart of this discussion is the growing concern among many Member States about the rapidly declining share of core funding of the overall resources flows to the funds and programmes.

Last year’s funding report of the Secretary-General, for example, shows that almost all growth in development-related contributions to the UN development system in the past fifteen years has been in the form of non-core resources, which grew by 350 per cent in real terms, while core funding increased only by 2 per cent in the same period, also in real terms.

Part of this large increase in non-core development-related funding flows in the past fifteen years can be

explained by the broadening and diversification of the funding base, mostly provided in the form of non-core contributions, as well as a significant decline in the core ratio of funding provided by DAC donors, or from 72 per cent in 1994 to 47 per cent in 2009.

I believe the upcoming QCPR process provides an important opportunity for Member States to discuss whether this major mismatch in the growth rates of core and non-core funding flows is undermining the principle of multilateralism and the role of the UN development system, as a neutral and impartial provider of support to programme countries.

Another issue that also needs be examined during the QCPR process is whether there are inbuilt incentives in the cost recovery policies of the funds and programmes to encourage donor countries and other contributors to provide non-core, rather than, core funding.

As a result of recent trends, core resources are covering a significantly larger share of programme

support and management costs than non-core funding sources. For example, analysis contained in last year's Secretary-General report on funding suggests that 58 per cent of core funding to the UN development system is available for programme activities at the country-level compared with 91 per cent for non-core resources.

These findings strongly suggest that the cost recovery policies of the funds and programmes need to be reviewed with a view to ensuring that programme support and management costs are equitably shared between core and non-core funding sources.

I am sure that these and related issues will feature prominently in your discussion this morning.

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

I am confident that the issue of “critical mass” of core resources for UN operational activities for development will attract some lively discussion among participants in this seminar.

I wish you great success in this important dialogue.

Thank you.