



Dialogue on Funding of UN Operational Activities:

Preparations for 2012 QCPR

Draft Opening Statement by

USG and Executive Director of UN Women Michelle Bachelet

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President of the General Assembly H.E Mr. Al-Nasser,

Vice President of ECOSOC H.E Mr. Percaya,

Permanent Representative of Indonesia Mr. Benlamlih,

Under Secretary General Mr. Sha,

Excellencies,

UN colleagues,

Ladies and gentlemen,

It gives me great pleasure to be here with you at this dialogue. I especially thank the Government of Indonesia for hosting this very important dialogue.

Against the backdrop of the QCPR discussions, the topic of Funding of UN Operational Activities is of utmost relevance. It is also of utmost urgency and it is my privilege to say a few opening remarks on behalf of the UNDG.

As we know, the QCPR comes at a time of momentous change. Allow me to share just a few aspects of this change:

continuing financial and economic stress; the food and energy crises and their combined consequences for the realization of the MDGs by the target date of 2015; the growing voice and influence of middle income countries where almost 75% of the world's poor live today the majority of whom are actually women.

An increasing number of new development actors have entered operational activities; the worldwide clamor for greater justice and for equity cannot be ignored; and the focus on accountability for results is getting ever stronger.

One of the biggest challenges of our times is undoubtedly the urgent need to address inequality, both between people, and between and within countries. Given the rapidly changing context we find ourselves in, given the complex and unmet needs of so many, and the increasing clamor for justice, the funding of the UN's operational activities grounded in its normative agenda is a central and urgent question as Member States discuss the QCPR.

We cannot address funding in isolation from UN reform and the role the UN should play in development. Today, perhaps more than ever before, we need to break down silos between UN entities. In fact there have been significant efforts and achievements to date on UN system-wide coherence, including the establishment of UN Women numbering among them. We understand very well that a fractured and uncoordinated United Nations will not retain the trust of its partners. We also realize that the UN will need to continue to strive to be a much more nimble and efficient partner with influence and focus on relevant policy and technical advice while fully leveraging its normative and convening roles.

However, we are also acutely aware of how critical it is for funding of operational activities to be predictable and adequate so that it allows the UN to carry out our core mandates. We also realize that coordination between different UN organizations for a coherent and optimal impact needs to be aligned with country contexts and needs commensurate resources.

As the Secretary General's Report on Funding for UN Operational Activities for Development 2011 indicates, there has been steady growth in overall resources for the

UN's operational activities in 2010 despite the global financial and economic crises. That resource growth exceeded the growth of 5.1 % in total official development assistance witnessed between 2009 and 2010. This is, I believe, testimony to the confidence that donors continue to place on the UN and the UN's critical role in today's fast changing world.

The problem that is apparent when these aggregate figures are unbundled though is the distribution between un-earmarked core resources and earmarked noncore resources. The imbalance has continued to grow. As the SG's report shows the share of non-core resources grew from 31 percent in 1994 to now 69 percent of the development-related contributions to the UN development system in 2010. We need to ask the question as to whether the current heavy reliance on noncore funding (70 per cent of all funds are by now non-core) is the most effective way to meet the increasing demand from countries for UN support.

Our collective experience from "Delivering as One," and elsewhere, has also shown that there can be different models for more strategic, unearmarked non-core funding. One example is when donors pool together strategic non-core resources through One Funds (including through the Expanded Funding window) or the MDG Achievement Fund to provide system-wide funding against the funding gaps of the One Programmes or other Joint Programmes at country level as opposed to single-donor and project-specific funding. Yet the latter modality, in 2010, still constituted 88% of non core funding. Clearly this is an area in which there is a huge scope for improvement.

Most importantly, the UN's contribution to the achievement of results that affect people's lives, such as gender equality, all require time, sustained efforts and long term engagement. The UN therefore has to be a reliable and sustainable partner for development cooperation for the long run. This must be reflected in its funding patterns too.

Provision of policy advice and capacity development for institutional change at country level and advocacy grounded in the UN's normative mandate requires a minimum base structure that is stable, albeit nimble and lean, to allow agencies and their staff to carry out their mandates in a stable way. Multiyear commitments and the right balance between core and non-core will allow the UN to support member states in a sustainable and equitable way through strategic presence at the country and regional levels and in Headquarters. While non-core resources provide the much needed flexibility for scaling up efforts in line with national priorities, the ratio between core and non-core needs to be right to ensure that global development challenges are addressed effectively. This has implications not just for sustainability of the UN's support but also for its efficiency, outreach and impartiality.

We need to ensure that the ratio is such that it does not lead to higher transaction costs which can often lead to inefficiencies, major inequities in countries coverage and resources availability, but we also need to ensure that non-core resources contribute their fair share to funding the basic structure and presence of UN organizations. The importance of adequate “un-earmarked” core funding is critical to preserving and strengthening multilateralism, impartiality and the universal character of the UN. It is also important for predictability and stability of organizations, especially at the field level where long term commitment is essential to foster national partnerships and influence national development agendas.

As a new entity working to get our programmes, presence, structures and business processes right, we ourselves confront these efficiency questions constantly.

These are all fundamental questions to the future of the UN’s development activities. I am glad that today’s dialogue is addressing them: the question of adequate funding; the best balance between core and non-core resources; the need for a “critical mass” of core funding for UN operational activities for development; the need to ensure adequate resource are provided to support the critical mandates of UN organizations and that core and non-core complement one another and lead a more coherent and synergistic response.

As we approach 2015 and follow-up on the outcomes of Istanbul, Busan and Montevideo, and as the Rio plus 20 debates help set the post-2015 agenda, a clearer understanding of, and commitment to, addressing these critical funding questions are of critical importance and will have a profound influence on the work of the UN system going forward. The problems and challenges the world faces today cannot afford delays. Today’s discussions are most timely and I very much look forward to listening to the debate.

Thank you.