

**His Excellency Mr. Desra Percaya
Vice President of ECOSOC**

Welcome remarks

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

New York, 29 March 2012

Ambassador Nassir Abdulaziz Al-Nasser, President
of the General Assembly

Ms. Michelle Bachelet, Executive Director, UN
Women,

Ms. Rebeca Grynspan, Associate Administrator,
UNDP,

Excellencies,

Distinguished delegates,

Ladies and gentlemen,

Let me begin by extending my warm welcome to all of you. The Permanent Mission of Indonesia is delighted to host this important seminar as part of the preparations for the upcoming quadrennial comprehensive policy review of the General Assembly of operational activities for development of the UN system.

As we all know, the invitation extended by the General Assembly in resolution 64/289 on system-wide coherence to the funds and programmes to discuss the concept of “critical mass” of core resources should be seen against the backdrop of recent trends in funding flows, which have witnessed an exponential growth in development-related non-core resources flows and a stagnation in core funding.

As Member States, our stake in this discussion on “critical mass” is high. It will ultimately affect how the needs of programme countries are served by the UN development system and how we shoulder our responsibilities collectively.

Defining “critical mass” of core funding for the funds and programmes is not a financial issue only. It relates more broadly to how we would like the UN system to deliver in the future. In this spirit, allow me to share a few observations.

The concept “critical mass” of core resources, in my view, should help ensure that the funds and programmes are able to deliver on their core mandates as articulated in their respective strategic plans.

It is therefore necessary for each fund and programme to consider not only its own institutional growth, but also what it can do best to generate tangible development results to remain relevant in a highly competitive environment. Agencies will increasingly have to make strategic choices and decide on what to do and what to stop doing.

Member States have of course a central role to play in this reprioritization process. The governing bodies should be expected to provide a coherent and consistent vision when setting the strategic priorities and plans of the respective entities.

We must avoid the temptation to overburden the UN system with duplicative and inconsistent mandates. We should also make sure funding implications are thoroughly weighed before a new mandate is given.

The “critical mass” concept has much to do with how we as Member States see the role of core resources in the overall funding architecture of the UN development system.

For example, the Secretary-General’s analysis has shown that only 44 per cent of the core-funded development-related expenditures are in the form of country programmable resources.

The “critical mass” discussion should thus answer a few important questions.

Firstly, do we expect core funding to primarily cover institutional costs that allow the funds and

programmes to manage their basic infrastructure and capacity to deliver on their core mandates?

Secondly, what kind of programmes should be funded from core funding within the multiple objectives and priorities of the funds and programmes?

Thirdly, should core funding primarily serve as seed money to leverage non-core contributions? If so, what should be the proper balance between core and non-core resources in the funding architecture of the funds and programmes?

I hope the discussions in this seminar can contribute to achieving greater clarity on what the concept of “critical mass” means so as to facilitate further discussions on this issue at the level of the Executive Boards.

In this regard, the feasibility for implementation must also consider the different budgetary

frameworks and legislative parameters applied in donor countries. For example, in some donor countries, it may not be possible to shift non-core funding to core because of legislative constraints. We need to have a much better understanding of where the non-core funding is coming from in the budgets of donor countries and the legislative constraints placed on such allocations.

Furthermore, I believe that a significant increase in core contributions is not likely to happen unless UN entities are able to significantly improve reporting on development results.

Programme countries should also assume a central role in defining the concept of “critical mass” of core funding. The objectives and priorities of agencies in this regard must be informed by the thinking of programme country governments and other actors.

The recent survey of programme countries which is part of the QCPR preparations sets an example in this regard. I hope similar tools can also be used to ensure that programme countries are widely consulted on the “critical mass” issue.

Finally, let me take this opportunity to assure you that the Permanent Mission of Indonesia will participate constructively in this important process.

I wish you fruitful deliberations this morning on this important issue. In closing, I would like to mention that the Permanent Mission of Indonesia is delighted to invite all of you for lunch immediately following the seminar.

Thank you.