Responses to questions raised during the second Deputy Secretary-General's informal consultations on the RC System Funding Model

Held on 30 November 2023, ECOSOC Chamber, UN Secretariat, New York

Would shifting RC system funding to assessed contribution under the purview of the Fifth Committee limit the flexibility of the system to tailor its response to specific country contexts, adapt to emerging priorities and respond quickly in times of crisis?

The General Assembly decides on the administrative and financial matters, based on the advice of the ACABQ. Thus performing its governance role over the financial and administrative aspects. ECOSOC will continue to perform its oversight role. Surge capacity would be administered through the rapid-release framework. Advisory capacities would continue to be tailored for individual country contexts, such as the human rights advisors and the peace and development advisors.

If assessed funding were to increase, the Resident Coordinator system will have more predictability and be able to fill capacities, which will strengthen its overall ability to respond to changes on the ground. Assessed funding would better enable the Resident Coordinators to support the individual country team entities to continue to respond to crisis situations in line with their programmatic mandates. The ability of the Development Coordination Office to support from HQ and respond in country, including in evolving situations, are now hampered by the funding shortfalls.

Why can we not increase the voluntary contributions to meet the funding needs of the RC system?

The RC system has suffered from chronic underfunding since its creation in 2019, with an average annual funding gap of $72 million out of $281 million required. In 2022, the RC system faced a deficit of $85 million which could not be addressed despite intensive resource mobilization efforts including at the level of the Secretary-General. Despite efforts to increase information sharing, better evidence the results of the system, and notable improvements in the system, Member States have yet to provide adequate funding. Only 10 of the 23 donors to date in 2023 have paid equal to or more than what they would pay in a hybrid 2.0 model as previously proposed by the Secretary-General. But voluntary contributions continue to be coming from a small group of member states. As such, the volume and predictably of the voluntary contributions continue to fall below what is needed, despite best efforts by the Secretary-General to mobilize resources.

In his report on the repositioning of the UN development system in 2017, the Secretary-General proposed to fund the RC system through assessed contribution to ensure that it is provided with adequate, predictable and sustainable funding. He noted that Member States were not able to reach consensus on that model presented by the Secretary-General and adopted the current hybrid model. The model relies partially on voluntary contributions. The model was not designed to be an enduring solution to provide funding for the resident coordinator system. For example, the coordination levy was envisaged to disincentivize member states from providing tightly ear

marked funding. As a result, the anticipation was that the income coming through that stream would diminish over time. Member States have committed to providing funding for the system from inception onward (A/Res/72/279) but the funding has never materialized. The General Assembly also provided for a review of this model at the 75th session of the General Assembly.

Further to the review of the functioning of the RC system by Member States in 2021 and the adoption of General Assembly resolution 76/4, Member States decided to continue this funding model, and invited the Secretary-General to report to the General Assembly should the proper functioning of the system not be enabled through the generation of adequate, predictable and sustainable funding.

The Resident System has been consistently receiving the full UNSDG cost-sharing amount ($77.5 million), which of the three streams remains the most reliable funding stream in the current model. The 1% coordination levy has generated steady revenue since its establishment, up to $50 million in revenue in 2023, in line with its projections for 2023, but falling short of the $80 million envisaged in 2018. The voluntary contributions funding stream remains by far the most unreliable.

How is the UNSDG cost-sharing formula calculated?

In QCPR resolutions 67/226 (2012) and 71/243 (2016), the UN General Assembly requested the Secretary-General to ensure appropriate funding support for the RC system, including through an "effective and fair cost-sharing arrangement among UN development system entities". In response, the then-named UN Development Group began implementing a cost-sharing arrangement in support of the RC system in January 2014. Under this arrangement, each entity's share was calculated through a three-step formula, considering an annual base fee, entity size (based on expenditure and staff size) and system load (based on share of entity participation in UNDAFs). Humanitarian and peacekeeping expenditures and loan portfolios were excluded from agency size calculations.

In resolution 72/279, on the repositioning of the UN development system, the General Assembly decided that the cost-sharing arrangement should be doubled from 1 January 2019, based on the existing formula. This amount would be provided by UN Sustainable Development Group entities yearly. In 2020, an independent review was undertaken of the cost-sharing formula by Dalberg, with various aspects considered to ensure the formula was 'up-to-date', fair, consistently and transparently applied, and sufficiently predictable.

Following the doubling, the cost-sharing arrangement has generated $77.5 million annually towards the costs of the RC system since 2019. This funding comes from the core funding of UNSDG entities or the regular budget of the UN.

In preparing for the review of the RC system in 2021, the UNSDG also proceeded to revise the formula underpinning the current arrangements. While some updates to data were made to reflect changes in variables (staffing, activities in countries, overall budget of each entity), the formula remains largely unaltered. Under the leadership of the Chair of the UNSDG, the UNSDG committed to reviewing the formula periodically, to ensure it still aligns with Member States' requirements for an "effective and fair cost-sharing arrangement". Such reviews look at all the

aspects of the cost-sharing formula, including the current exemption for humanitarian and peacekeeping expenditures, and learn lessons from its implementation.

How is the levy currently implemented and what would be the implications of increasing it?

General Assembly Resolution 72/279 also decided on a 1% coordination levy on tightly earmarked third-party non-core contributions to UN development-related activities, to be paid at source. This funding stream has generated steady revenue since its establishment, up to $50 million in revenue in 2023, in line with its projections for 2023, but falling short of the $80 million envisaged in 2018. The projection was based on data from 2016 which showed total tightly earmarked amounts of approximately $8 billion. While Member States and other funding partners have, to a large part, confirmed their preferred modalities for collection and transfer of the levy, a few key Member State contributors to the UN development system, as well as a number of private sector partners, are not systematically implementing the levy on eligible contributions, therefore limiting the performance of this funding stream.

In addition, only Iceland, Sweden and the European Union have selected the donor-administered option. Therefore, the bulk of the levy funding (approximately $40 million) is coming from funding that would otherwise go directly to development programming. The agency-administered option of the levy has resulted in heavy administrative costs for the agencies.

Full payment of the 1% coordination levy, at source, for the eligible Member States and other funding partners has the potential to substantively increase the performance of this funding stream, and free much needed funding from UNSDG entities towards programmatic activities.

What is the role of RCOs and DCO at global and regional level?

As part of the Secretary-General's vision for the development system reform as outlined in his report A/72/684, the five RCO professional functions are the essential posts required to carry out minimum coordination functions, regardless of country context. These teams support the Resident Coordinator in coordinating and convening the UN Country Team.

o **RCO Strategic Planners/Team Leaders** have a critical role in leading the development of Common Country Analysis, Cooperation Frameworks and UN-Socioeconomic Response Plan processes. They also serve as team leads, stepping in to support the Resident Coordinators in identifying opportunities, convening partners, engaging non-resident entities, mobilizing joint funding and coordinating joint programmes.

o **RCO Economists** have been instrumental in ensuring coordinated UN support to the Government on the preparation of their national development strategy, on macroeconomic modelling, and on socio-economic analysis which informs country planning and programming. They typically lead the relationships with international financial institutions – a critical piece in further strengthening collaboration with all development stakeholders to leverage SDG financing in support of national development efforts.

o **Partnerships Officers** lead the expansion of collaboration with partners (including the private sector), consolidating the efforts of UN entities to scale up SDG solutions and facilitating joint resource mobilization for the implementation of Cooperation Frameworks. This includes the identification of opportunities for collaboration, coordination of multi-stakeholder platforms, development of applications for pooled funds and oversight of their implementation afterwards.

o **Data and Results Reporting Officers** are critical in collecting, analyzing and presenting data on a number of results reporting tools at both local and global levels, such as UNCT annual reports and UN INFO. They engage with entities across the broader UNCT to ensure complementary approaches, foster innovation and facilitate accountability on the joint work of the UN development system, including to inform decision-making.

o **RCO Communications Officers** have a critical role developing joint communication strategies and messages across the UNCT, give visibility to the work of UN teams, and advance the 2030 Agenda as well as country-level priorities though advocacy and awareness raising. They contribute to connecting local and global agendas and priorities ensuring that voices from the ground are heard on international fora and global initiatives are contextualized and translated into action in countries.

The five functions in the RCOs were embedded in the reform from the start and deemed essential by the Secretary-General in his December 2017 report (A/7/124-E/2018/3). These functions represent the **minimum necessary** to support developing countries, irrespective of the size or type of country, **given that the SDGs were adopted by all Member States as a universal agenda**.

The remaining three positions in RCOs are the Executive Assistants the Administrative Assistants at the G-6 level, and Driver at the G-3 level. They provide critical administrative and operational support to ensure the functioning of the RC Office.

Created with General Assembly resolution 72/279, the Development Coordination Office (DCO) manages and oversees the Resident Coordinator system and serves as secretariat of the UN Sustainable Development Group. The objective of DCO is to support the capacity, effectiveness and efficiency of Resident Coordinators and the UN development system as a whole in support of national efforts for sustainable development. DCO is based in New York, with regional teams in Addis Ababa, Amman, Bangkok, Istanbul and Panama, supporting 130 Resident Coordinators and 132 RCOs covering 162 countries and territories. Regional teams serve as first port of call for Resident Coordinators and their offices, offering day-to-day support to roll out key tools for integrated planning, policy and programming, especially new common country analyses and UN Sustainable Development Cooperation Frameworks.

Following the General Assembly resolution 72/279, the Secretary-General's issued his report (A/73/424) on "Revised estimates relating to the resident coordinator system", which provided a detailed breakdown of resources and positions. The report outlines the details and responsibilities for each professional position proposed for DCO, including at the regional level. The Secretary-General's proposed programme budget includes information for each additionally created position in DCO in response to RCOs, UNSDG and UN country teams' increasing demand.

How many staff are in each Resident Coordinator office?

A standard RCO structure contains 9 core posts: 1 RC, 5 professional posts and 3 support staff. Deviations from this structure include two scenarios:

1) 44 RCOs have integrated UN Information Centres (UNICS) that provide RCOs with communications and advocacy capacity in lieu of a dedicated communications posts established under the RCOs structure. This is part of the Secretary-General's vision outlined in his A/72/684 report on the repositioning of the UN development system (paragraph 66).
2) Multi-Country Offices (MCO) have additional country coordination officer posts outposted in the countries and territories covered by a MCO hub as well as two regional coordination specialist posts established for Fiji and Barbados. This is in response to the ECOSOC's endorsement on the MCO review as outlined in E/RES/2020/23 paragraph 6.

In addition to the core structure outlined above, 21 Junior Professional Officers (JPOs), 135 UN Volunteers (UNVs), 73 peace and development advisors and 44 human rights advisors are deployed in RCOs as of mid-October 2023. These roles are funded by donor countries or through centralized entity-to-entity programmes, and agreements – they are not funded through the SPTF.

What is the total expenditure for the RC system including the staffing structure in RCOs?

Secretary-General's reports on proposed programme budget report include this information every year. The most recent report is A/78/6(Sect.1) reflects the estimated resources for 2024 by component (Executive Direction and management, Global Coordination, Regional Coordination, Country Coordination, and Programme Support) while reporting on the actual 2022 expenditure by object of expenditure including posts.

Overall

Table 1.156
Financial resources by object of expenditure (special purpose trust fund)
(Thousands of United States dollars)

Object of expenditure	2022 expenditure	2023 estimate	Changes Total	Changes Percentage	2024 estimate
Posts	144 543.4	177 338.0	(8 304.8)	(4.7)	169 033.2
Other staff costs	11 254.6	2 679.5	(1 574.6)	(58.8)	1 104.9
Hospitality	147.9	1 327.7	(220.8)	(16.6)	1 106.9
Consultants	7 634.6	20 410.2	2 523.3	12.4	22 933.5
Travel of staff	10 494.8	11 513.8	778.5	6.8	12 292.3
Contractual services	8 122.5	27 317.6	(195.9)	(0.7)	27 121.7
General operating expenses	38 515.8	34 738.2	9 094.2	26.2	43 832.4
Supplies and materials	428.2	2 112.4	(642.4)	(30.4)	1 470.0
Furniture and equipment	4 493.0	4 389.0	(1 457.5)	(33.2)	2 931.5
Total	**225 634.8**	**281 826.4**	**–**	**–**	**281 826.4**

Regional coordination

Table 1.166
Requirements by object of expenditure: regional coordination
(Thousands of United States dollars)

Object of expenditure	2022 expenditure	2023 estimate	2024 estimate	Variance
Posts	6 434.8	7 118.1	7 542.7	424.6
Other staff costs	1 348.0	607.9	482.4	(125.5)
Hospitality	–	24.0	11.9	(12.1)
Consultants	203.8	594.7	108.4	(486.3)
Travel of staff	717.5	919.9	3 566.1	2 646.2
Contractual services	88.8	194.2	129.6	(64.6)
General operating expenses	934.3	722.4	404.8	(317.6)
Supplies and materials	20.0	52.1	5.3	(46.8)
Furniture and equipment	175.9	155.2	70.4	(84.8)
Total	**9 923.1**	**10 388.5**	**12 321.6**	**1 933.1**

Country Coordination

Table 1.168
Requirements by object of expenditure: country coordination
(Thousands of United States dollars)

(a)   Special purpose trust fund

Object of expenditure	2022 expenditure	2023 estimate	2024 estimate	Variance
Posts	121 597.4	152 434.4	139 892.5	(12 541.9)
Other staff costs	7 486.7	–	–	–
Hospitality	147.9	1 295.7	1 086.4	(209.3)
Consultants	6 689.3	17 500.0	22 500.0	5 000.0
Travel of staff	8 929.4	9 556.8	8 237.1	(1 319.7)
Contractual services	7 025.8	25 815.7	25 980.0	164.3
General operating expenses	30 757.5	26 925.7	38 893.4	11 967.7
Supplies and materials	405.8	2 005.3	1 424.7	(580.6)
Furniture and equipment	4 241.4	4 190.3	2 820.4	(1 369.9)
Total	**187 281.2**	**239 723.9**	**240 834.5**	**1 110.6**

Can DCO rationalize staff in high-income countries by using staff from other RCOs in neighboring countries to cover them?

The RC system has a presence funded through the SPTF in high-income, developing countries and therefore could not redeploy staff in a manner which does not negatively impact developing countries.

RC Offices are currently configured with the minimum capacity to ensure proper delivery of the coordination function that Member States expected from the RC system, to enable the delivery of the universal SDG commitments

Any changes to the RC system footprint at the country-level would negatively affect the delivery of the agreed commitments between government and the United Nations through the Cooperation Framework as well as the objectives set in the RC system's results framework.

How would the budget be impacted if RCO communications functions were moved from the country to the regional or sub-regional level?

Moving dedicated communication functions away from each country, to centralize support at regional level would undermine the ability of the system to effective and ultimately efficient responses to Government's needs. The same would apply to moving any other RCO function from country to regional level. For example, a dedicated communication function in country (the majority being national staff) ensures that the RCO can tailor the communication response of the UNCT to the specific communication support requested by Governments. A single regional communication adviser would not be able to guarantee equal and full delivery of support in each country given the size of many regions, as well as the inability to prioritize one country over another in crisis situations.

Further, it should be noted that the proposal to incorporate the existing capacities of UN Information Centres, reporting to the Department of Global Communications, in 44 countries into the RCOs of those countries was an effort to maximize efficiencies. Resource requirements for UNICs continue to be presented in the budget of DGC.

What is the evidence proving the impact and effectiveness of Resident Coordinators and their alignment with national development plans?

The impact and the effectiveness of the Resident Coordinator system is well documented through the DESA surveys, reporting to ECOSOC Operational Activities for Development Segment and case studies. For example, according to the DESA 2022 survey,
- 88% of host governments confirm that Resident Coordinators effectively lead the delivery of strategic support for national plans and priorities.
- 92% of governments and UNCTs say that Resident Coordinators contributed to leveraging partnerships in support of national efforts to advance the 2030 Agenda and achieve the SDGs
- All LDCs and LLDCs considered that development system activities were closely aligned with their needs and priorities. 95% of African countries and 94% of SIDS perceived likewise.

A full account of the results achieved by Resident Coordinators and their teams in country is offered annually in the report of the Chair of the UN Sustainable Development Group on DCO and the RC system to ECOSOC, including through a multi-annual Results Framework for the Resident Coordinator system. In addition, a UNSDG Common Output Indicator Framework has

been developed to facilitate aggregated reporting on the system-wide contribution to the advancement of the SDGs in country.

In addition, DCO has worked to further develop and strengthen information and data on the work of RCs and their teams and their impact on the ground: case studies accompanied by dedicated briefings to Member States have been presented throughout the course of 2022. UN INFO has a dedicated section on the Cooperation Framework that is updated on a rolling basis, with specific country level information visible on the UNSDG Data Portal. Coordination results are also published on an ongoing basis on the DCO website and programmatic advancements are also shown regularly through stories and other material available on the UNSDG website.

Most of this information is found on the online RC System Library and the RC Funding Library.

How do you manage the constantly growing tasks of RCs?

As mandated by Member States in the 2020 Quadrennial Comprehensive Policy Review, member states asked Resident Coordinators and UN country teams "to contribute their expertise, tools and platforms in line with the their respective mandates strategic plans and as agreed in the Cooperation Frameworks or equivalent planning framework." Resident Coordinators are mandated with supporting the delivery of the Cooperation Frameworks, in support of the implementation of the 2030 Agenda for Sustainable Development, and are fully aligned with national plans and priorities.

In this regard, the Resident Coordinator has a responsibility to bridge that gap by bringing together relevant UN entities, including with external partners, to ensure the response the Governments requires to address new and emerging challenges.

For example, one RC office developed an AI social media monitoring tool to combat hate speech in support of the National Plan of Action to Combat Hate Speech, at the request of the Government, mobilizing resources and partners within and outside the UN. This was possible thanks to the Communications Officer and the other RCO functions supporting the RC. This is not a duplication of the function of any one entity, but rather catalytic support to bring together the relevant capacities from across the system, together with other stakeholders, in response to national needs and priorities.

What is the current oversight system for the RC system? How can the oversight by ECOSOC be enhanced to allow for a more fruitful exchange on the RC system?

The ECOSOC Operational Activities Segment provides the platform for oversight and accountability for the RC system, including for its funding, as guided by the General Assembly resolution 72/279. The Secretary General has repeatedly made recommendations in his reports to strengthen the role of ECOSOC in this regard and stands ready to work with Member States in this regard.

The General Assembly decides on the administrative and financial matters, based on the advice of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) , thus

performing its governance role over the financial and administrative aspects. Every year, information on the RC system's full budgetary requirement is presented to the Fifth Committee of the General Assembly and the ACABQ via the Secretary-General's annual report on proposed programme budget under Section 1.

DCO answers every question presented by the Fifth Committee, the ACABQ, the ECOSOC Operational Activities for Development Segment and other intergovernmental fora.

With respect to all posts falling under the RC system, at the D-1 level and above, the Advisory Committee's concurrence for the establishment or extension of such posts, is sought on an annual basis.

The twin oversight provided by ECOSOC OAS and the General Assembly's Fifth Committee would be sufficient. It is critical that oversight is provided in an inclusive and comprehensive manner.

What other oversight models for governance and oversight of the RC system could be considered?

The mechanisms for oversight and governance of the RC system have always been decided upon by Member States (see paragraphs 15 and 17 of 72/279). As such, the General Assembly has entrusted ECOSOC at its operational activities segment (OAS) with the responsibility of overseeing the RC system's operations, including the administrative, budgetary and financial matters.

The Secretary-General, in his 2023 Report on QCPR implementation has noted the primacy of ECOSOC as the main oversight and accountability forum of the UN development system. The Secretariat has been closely working with the ECOSOC President and Bureau to further strengthen ECOSOC OAS and will continue to do so. Furthermore, any substantive change in the RC system's funding model with a greater share from the UN's regular budget would subject to review by the Fifth Committee (via the Advisory Committee) and the General Assembly.

The Secretariat will remain guided by Member States proposals to further strengthen their governance and oversight in line with the imperatives of independence, impartiality, empowerment and accountability of the RC system as outlined in General Assembly resolutions 72/279, 76/4 and 75/233.

The Executive Boards of the Agencies do not provide oversight of the Resident Coordinator system but they are an important complement by providing oversight of the Agencies' efforts to support the development system reform, including the adherence to the mutual accountability framework (MAF).

Can DCO think of any additional mechanism to supplement the OAS?

In terms of reporting, DCO is guided by the mandates provided by the General Assembly resolutions 72/279, 75/233 and 76/4 as well as relevant ECOSOC resolutions. The establishment

of any additional mechanism to supplement OAS would require a dedicated intergovernmental mandate.

Will there be a formal intergovernmental process through a GA resolution to consider the SG's report on the RC system funding to be presented to Member States in early 2024?

Following the conclusion of the ongoing consultations with Member States mandated by the 2023 ECOSOC resolution on QCPR implementation follow-up (E/RES/2023/31), the Secretary-General will submit a report to the General Assembly in line with its resolution 76/4 on the review of the functioning of the Resident Coordinator system with recommendations for its consideration, taking into account, in this regard, the proposals made in the report of the Secretary-General entitled "Review of the functioning of the resident coordinator system: rising to the challenge and keeping the promise of the 2030 Agenda".

How would a transition to assessed contribution look like from a process standpoint and how would the RC system function during that transition period?

The current funding model will remain in place until the General Assembly decides on the proposal for a new funding model. Until such time, the DCO will continue implementing its resource mobilization strategy and encourage Member States to match their voluntary contributions with their anticipated assessed contributions as per existing scale of assessment (2022-2024).

Any funding gap will continue to significantly impact daily operations and the longer term viability of the system. The RC system will continue the current cost containment measures during the transition period to mitigate the impact of funding shortfall, which includes recruitment pauses, stopping the recruitment for RC/HC talent pipeline, reductions of the coordination budget, etc.

If there were consideration by the General Assembly's Fifth Committee of the Secretary-General's proposal, it would follow analysis by the Advisory Committee on Administrative and Budgetary Questions (ACABQ).