

SUMMARY

Special measure in favour of the European Union's contribution to the United Nations Trust Fund in support of the reinvigorated Resident Coordinator System ("1 % levy") to be financed under the Development Cooperation Instrument and the Instrument contributing to Stability and Peace of the general budget of the Union

1. Identification

Budget heading	European Union contribution to the United Nations Special Purpose Trust Fund in support of the reinvigorated Resident Coordinator System ("1 % levy") CRIS number: HUM/2019 / 042-398
Total cost	Total estimated cost: EUR 19170 million (total share the UN expects to collect 2019-2021) Total amount of EU budget contribution EUR 27.1 million. This action is co-financed with other donors to the UN Development System (UN member states), for an amount of EUR 16442.9 million
Basic act	Development Cooperation Instrument and the Instrument contributing to Stability and Peace

2. Thematic background

On 31 May 2018, the UN General Assembly formally adopted a resolution (72/279) laying the foundations of the UN Development system (UNDS) reform. It represents one of the three main reform strands (the other two reform strands being 'management' and 'peace and security') put forward by the UN Secretary-General Guterres, the implementation of which has started on 1 January 2019. The reforms agreed by the UN membership envisage a number of far-reaching changes in the UNDS. These include creating a new generation of UN Country Teams and a reinforced Resident Coordinator system, while delinking the Resident Coordinator's function from UN Development Programme (UNDP) and establishing a new model for its funding. The overall funding formula devised and agreed by UN Member States comprises three sources of funding: (a) a 1% levy on tightly earmarked third-party voluntary contributions to development activities; (b) doubling the current UN Development Group's cost-sharing arrangement among UNDS entities; and (c) contributions to a dedicated voluntary Trust Fund to support the inception period of the new system.

3. Summary of the special, support measure

The 1% levy applies to all providers of voluntary contributions, within its scope of application (tightly earmarked non-core contributions to UN development-related activities), with effect as of 12 March 2019. Tightly earmarked' refers to funds earmarked by the contributor to a specific programme or project of a specific UN entity. The EU provides its funding to the UN through voluntary contributions, given that it has an observer status within the UN.

The levy has two objectives: on the one hand, to ensure the financial sustainability of the Resident Coordinator System over time and, on the other hand, to encourage voluntary core and UN Trust Funds funding in preference to earmarked contributions to UN entities.

There are two ways of providing the financial contribution: Option A: at project-by-project level - most donors, including all EU Member States except Sweden, plan to implement the levy on a project-by-project basis, the so-called "agency administered" option. This option requires the inclusion of a "levy clause" in each contribution agreement signed.

Option B: at source by paying an annual single lump sum, the so-called "donor administered" option, The Commission agreed to financially contribute to the UNDS reform by an amount broadly equivalent to the 1% levy and to contribute through the "donor administered" option.

Complementary actions/donor coordination:

Most donors, including all EU Member States (except Sweden) are planning to implement the levy at project-by-project level . The Commission agreed to financially contribute to the UNDS reform by an amount broadly equivalent to the 1% levy and to contribute through the "donor administered" option, in one instalment annually, paid directly from the donor to the Trust Fund.

4. Cost and financing

Based on the population of eligible contracts in 2018, the EU contribution corresponds to an amount of EUR 27.1 million for the inception period 2019-2021. The calculation of the EU contribution was made according to the principle of proportionality and fair burden sharing among the concerned Commission services. Each will cover its own share of the EU contribution. The respective budget lines were merged and transferred to DG DEVCO. Hence, a single Commission Financing Decision with two legal basis will cover the overall EU contribution: Development Cooperation Instrument and the Instrument contributing to Stability and Peace.

The committee is invited to give its opinion on the attached special measure in favour of the European Union's contribution to the United Nations Trust Fund in support of the reinstituted Resident Coordinator System ("1 % levy).



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX

of the Commission Implementing Decision on a special measure to support the United Nations Special Purpose Trust Fund for 2019 to be financed under the general budget of the Union

Action Document

ANNUAL MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation No 236/2014.

1. Title/basic act/ CRIS number	Special measure to support the United Nations Special Purpose Trust Fund for 2019 to be financed under the general budget of the Union CRIS number: HUM/2019 / 042-398 financed under the Development Cooperation Instrument and the Instrument contributing to Stability and Peace	
2. Zone benefiting from the action/location	The action shall be carried out at the following location: globally.	
3. Programming document	N/A	
4. Sustainable Development Goals (SDGs)	Main SDG: SDG 17 — Partnerships for the goals Other significant SDG(s): All others.	
5. Sector of intervention/ thematic area	Sustainable Development Global Partnerships	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 70 <u>191</u> million (total share the UN expects to collect 2019-2021) Total amount of EU budget contribution EUR 27.1 million. This action is co-financed in joint co-financing by other donors to the UN Development System (UN member states), for an amount of EUR	

	42.9168 million.			
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: - Grants			
8 a) DAC code(s)	998 — Unallocated/Unspecified			
b) Main Delivery Channel	United Nations — 41305			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	x	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	x	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input type="checkbox"/>	x	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	x	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	x	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	x	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	x	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

In the context of the United Nations Development System (UNDS) reform, the United Nations (UN) has imposed a 1% coordination levy on all providers of voluntary contributions, which is the case for the EU as it is not a member of the UN. This levy applies to agreements that tightly earmark the contribution to United Nations development-related activities with single UN agencies, funds and programmes. It will contribute to the UNDS reform for a reinvigorated Resident Coordinator system, which plays a central role at country level in the coordination of UN operational activities for development, for its inception period (2019-2021). The aim is to improve the efficiency and (cost) effectiveness of the UNDS.

The UN proposes to pay this levy either at the level of the individual contract (“agency administered”) or at source (“donor-administered”). With this action, the EU will contribute to the levy by means of the UN’s “donor-administered” option.

1 CONTEXT ANALYSIS

1.1 Context Description

On 31 May 2018, the UN General Assembly formally adopted a resolution (72/279) laying the foundations of the UN Development system (UNDS) reform. It represents one of the three main reform strands (the other two reform strands being ‘management’ and ‘peace and security’) put forward by the UN Secretary-General Guterres, the implementation of which started on 1 January 2019.

1.2 Policy Framework (Global, EU)

The EU has since the beginning been a strong supporter of these reform efforts. Multilateralism is increasingly under attack and the UN is being challenged from various quarters. This increases the importance of the EU showing its commitment in practice to the multilateral system, with a strong and reformed UN at its core. It is in the EU’s interest to support the effective implementation of this reform so it delivers results, including in support of the 2030 Agenda. To this aim, the EU, via its Delegation in New York and in coordination with EU Member States Permanent Representations to the UN, has participated in the Technical Track of the Funding Dialogue at UN level and encouraged the UN membership to contribute to the financing of the Resident Coordinator system.

1.3 Public Policy Analysis of the partner country/region

The reforms agreed by the UN membership envisage a number of far-reaching changes in the UNDS. These include creating a new generation of UN Country Teams and a reinforced Resident Coordinator system, while delinking the Resident Coordinator’s function from UN Development Programme (UNDP) and establishing a new model for its funding. As the UN membership (in particular US, Russia, Japan) rejected the increase of assessed contributions to the general UN budget, that had been proposed by the UN Secretary-General, the overall funding formula devised and agreed by UN Member States comprises three sources of funding: (a) a 1% levy on tightly earmarked third-party voluntary contributions to development activities; (b) doubling the current UN Development Group’s cost-sharing arrangement among UNDS entities; and (c) contributions to a dedicated voluntary Trust Fund¹ to support the inception period of the new system.

1.4 Stakeholder analysis

The 1% levy applies to all providers of voluntary contributions, within its scope of application (tightly earmarked non-core contributions to UN development-related activities), with effect

¹ The Trust Fund collects both the 1% levy contributions as well as the voluntary donors’ contributions in support of the Residents Coordinator system.

as of 12 March 2019. The EU provides its funding to the UN through voluntary contributions, given that it has an observer status within the UN.

1.5 Problem analysis/priority areas for support

The levy has two objectives: on the one hand, to ensure the financial sustainability of the Resident Coordinator System over time and, on the other hand, to encourage voluntary core and UN Trust Funds funding in preference to earmarked contributions to UN entities.²

On 12 March 2019, the policy for the collection and management of this new 1% coordination levy was finalised. On 14 March 2019, the UN Deputy Secretary General sent a letter explaining the new levy and the collection options. In our case, the High Representative/Vice President and the Commissioner for International Cooperation and Development confirmed to the UN Deputy Secretary General in a joint letter from on 25 June 2019 that the preferred option for the EU is the “donor administered”³.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The Special Purpose Trust Fund is not able to mobilise sufficient resources from donors to reach optimal operational levels	M	<ol style="list-style-type: none"> 1. Resource mobilisation plan developed and implemented by UN DCO (Development Coordination Office) 2. Adjust disbursement targets to reflect available resources
Resident Coordinators are not able to perform their tasks properly	M	<ol style="list-style-type: none"> 1. Close monitoring of the situation on the ground 2. Early identification and support (via EU Delegations)
Assumptions		
N/A		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Following the United Nations General Assembly resolution⁴ concerning the Quadrennial Comprehensive Policy Review (QCPR) of Operational activities at the UN, the Deputy Secretary-General (DSG) issued two reports respectively on 5 July and 20 December 2017. The first report provided a comprehensive account of the shortcomings and problems faced by the UNDS, including gaps and overlaps and the lack of a coherent approach. The diagnosis noted that the UNDS has not sufficiently translated the transition from the Millennium

² The latter constitutes the Commission’s normal form of cooperation with the UN family.

³ See section 4.2.

⁴ GA/RES/71/243 (of 21 December 2016)

Development Goals to the Sustainable Development Goals. It proposed reforms at in-country, regional and global level. The second report indicates a number of areas of transformation and is accompanied by a detailed “system-wide strategic document”, which will guide and accelerate the system’s alignment to the 2030 Agenda, focusing on concrete actions to enhance the interagency approach, cohesion and accountability in its collective support to the SDGs.

3.2 Complementarity, synergy and donor coordination

Most donors, including all EU Member States (except Sweden) are planning to implement the levy at project-by-project level⁵. The Commission agreed to financially contribute to the UNDS reform by an amount equivalent to the 1% levy and to contribute through the “donor administered” option, in one single decision, paid directly from the donor to the UN Trust Fund.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The 1% levy applies to all providers of voluntary contributions, within its scope of application (tightly earmarked non-core contributions to UN development-related activities), with effect as of 12 March 2019. The EU provides its funding to the UN through voluntary contributions, given that it is not a member of the UN. The output that can be expected of this action is to ensure the reinvigorated RC system runs properly, that Resident Coordinators and Country Teams are sufficiently financed in order to perform their tasks under the UNDS reform.

4.2 Intervention Logic

‘Tightly earmarked’ refers to funds earmarked by the contributor to a specific programme or project of a specific UN entity. On 12 March 2019, the UN adopted Operational Guidance outlining the possible payment methods and exemptions from the levy to include humanitarian assistance, inter-agency pooled funds and entity-specific thematic pooled funds, local government cost-sharing and cooperation among programme countries (South-South cooperation). The levy applies to all UN members of the UN Sustainable Development Group (UNSDG).

Based on the agreed UN Operational Guidelines for the implementation of the coordination levy, there are two ways of providing the financial contribution:

Option A: at project-by-project level - most donors, including all EU Member States, plan to implement the levy on a project-by-project basis, the so-called “agency administered” option. This option requires the inclusion of a “levy clause” in each contribution agreement signed.

Option B: at source by paying an annual single lump sum, the so-called “donor administered” option, which is not linked to the costs of the relevant operations on the basis of Article 125(1)(a) of the Financial Regulation (FR 2018).

On The Commission agreed to financially contribute to the UNDS reform by an amount equivalent to the 1% levy and to contribute through the “donor administered” option. This

⁵ See section 4.2.

was confirmed to the UN Deputy Secretary General in a joint letter from the High Representative/Vice President and the Commissioner for International Cooperation and Development on 25 June 2019.

4.3 Mainstreaming

The action will mainstream human rights, gender and youth and incorporate the principle of Leaving No One Behind, critical objective of the 2030 Agenda, which this new RC system will help support.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 17, while also contributing to all other SDGs. Specific SDG targets and interlinkages of the SDGs will be addressed.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 30 months from the date of adoption by the Commission of this Financing Decision.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁶.

5.3.1 Grants: (*direct management*)

(a) Purpose of the grant(s)

This action may be implemented in direct management with the UN Secretariat, which houses the UN Special Purpose Trust Fund. (see c) below for justification). This implementation entails to ensure the reinvigorated RC system runs properly, that Resident Coordinators and Country Teams are sufficiently financed in order to perform their tasks under the UNDS reform.

⁶ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

(b) Type of applicants targeted

N/A - direct award of a grant.

(c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to United Nations Secretariat.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the UN has imposed a 1% coordination levy on all providers of voluntary contributions, which is the case for the EU as it is not a member of the UN. The UN Secretariat, which houses UN Resident Coordinator System Special Purpose Trust Fund, has been selected given that it has been established to receive, consolidate, manage and account for all contributions and financial transactions of the new Resident Coordinator system, in a transparent and effective way. The direct grant is therefore justified on the basis of the specific characteristics of the grant beneficiary in compliance with Article 195 (f) of Regulation (EU, Euratom) 2018/1046.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

For the inception period (2019-2021), the EU would contribute, based on the population of eligible contracts in 2018, with an amount of EUR 27.1 million.

	EU contribution (amount in EUR)	Indicative third party contribution (amount in EUR)
Grants – total envelope under section 5.3.1	27 100 000	N.A.
Totals	27 100 000	N.A.

5.6 Organisational set-up and responsibilities

The implementation of the reforms will show whether the UNDS is capable of delivering better results on the ground in terms of supporting countries in their efforts to implement the SDGs. EU will carefully watch the implementation of the reform. The UN Secretary-General will report annually to the ECOSOC on the implementation of the reinvigorated RC system. He will also submit to the UN General Assembly recommendations on the functioning of the reinvigorated RC system, including its funding arrangements, by September 2021.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators.

SDG indicators and if applicable any jointly agreed indicators should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

This action will be financed using the “financing not linked to costs” method as defined in the Financial Regulation Article 125 and 181.

5.8 Evaluation

Having regard to the nature of the action, an ex-post evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.9 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

