UNITED NATIONS
DEVELOPMENT OPERATIONS
COORDINATION OFFICE

Revised: 5 February 2018

Advisory Note for the UNDG Cost Sharing Funds for the RC System

Contents

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Background

What is the purpose of the UNDG Cost Sharing Funds?

The UNDG Cost Sharing system provides predictable funding for core coordination functions for the UN Development System at country, regional and global level.

Why was there a review of the RC system funding modalities?

The review was mandated by the quadrennial comprehensive policy review of the UN operational activities for development (QCPR, General Assembly resolution 67/226) in order to ensure that RC Offices have the necessary stable and predictable resources to fulfill their mandate effectively. In addition to the QCPR, it responds to ECOSOC resolution 2008/2 on progress in the implementation of General Assembly resolution 62/208. The funding modality provides increased predictability of funding, provides for adequate strategic planning capacity in all countries, is responsive to country contexts, and allows flexibility with respect to the use of funds in the particular country.

As of when is the new UNDG Cost Sharing arrangement effective?

The UNDG Cost Sharing arrangement went into effective on 1 January 2014. It replaced previous funding arrangements from DOCO and ad hoc arrangements and requests for funds, unless UNCTs agree that these are useful and necessary to conduct joint work.

Who funds the UNDG Cost Sharing arrangement?

The global funding scenario amounts to some $127 million annually of which UNDP – as the manager of the RC system – provides some $90 million in terms of “backbone costs”. The remaining $37 million are expected to be cost-shared among UNDG members, including UNDP[1].

Under the UNDG Cost Sharing arrangement, can donors and the UNCT be requested to contribute financially to the Country Coordination budget, at the country level?

The UNDG Cost Sharing arrangement is predicated on the fact that the UNDG will provide sustained and predictable funding for the ten core coordination functions. The various products and activities that stem from these functions are not fully covered by the global UNDG Cost Sharing. The scope of coverage depends on the funds available through the General Operating Expenses provided under the global Cost Sharing arrangement and the work plans designed by the UNCT under the leadership of the RC. Funding for the ten core coordination functions covered by the global Cost Sharing arrangement is very limited in some country contexts, and this is reflected by the specific allocations provided per country typology (see further).

Therefore, the global UNDG Cost Sharing arrangement allows RCs to mobilize resources locally, and to do so together with the UNCT. This includes to seek funding for specific joint programing activities and substantive analysis and policy briefs, and for JPOs, UNVs or other expertise as deemed necessary by the UNCT. The UNCT annual work plan is instrumental for identifying possible gaps in joint activities or initiatives that the RC and UNCT believe should be co-funded locally, if they add value and help achieve results.

The model depends on UN Country Teams working together as a team to achieve their common results through improved coherence and coordination. The UNCT is best placed to decide how to support this agenda and hence, it is a discussion to be had amongst the UNCT.

[1] A UNDG Task Team in 2013 estimated the funding requirements of the RC system’s coordination functions to amount to USD 132 million, whereby USD 44 million would need to be cost-shared by the UNDG, including UNDP, with the balance, USD 88 million, provided by UNDP as the backbone to the RC system. The UNDG Cost Sharing arrangement, however, only amounted to some USD 33 million – a 25 per cent lower figure than the original UNDG estimate, with no reduction in the number of functions covered. UNCTs therefore need to be given a level of discretion to continue to cost-share joint initiatives locally which they deem necessary to meet the needs of joined up efforts as agreed by each UNCT.

Is there an additional allocation for UNDAFs/One Programme and roll-out countries?

No. UNDAF/One Programme roll-out countries do not receive an additional allocation from DOCO to cover the cost of developing an UNDAF/One Programme, over and above what the UNDG Cost Sharing arrangement provides. It is recommended that during the year of UNDAF/One Programme preparation, the associated costs for the preparation of a new UNDAF/One Programme should be prioritized within the UNCT work plan. It should be supported from the General Operating Expenses provided through the UNDG Cost Sharing, after the allocation of annual fixed costs related to coordination support. In the case where these funds are insufficient, then any unfunded activities for the UNDAF/One Programme preparation or other planned joint UNCT activities, as agreed to by the UNCT, would need to be cost shared locally.

The core coordination functions 1 and 2 (strategic analysis and planning; and oversight of the UN country programming cycle) do not cover the data gathering and assessments to be produced, substantive analysis to scope the political and macro development context, policy briefs that form the backbone of outcome areas, institutional capacity assessments and so on. The substantive leads for each of these product areas will need to work with the RC and UNCT to find local funding solutions, as required.

The UNCT, under the leadership of the RC, should maximize the utilization of the funds provided by the UNDG Cost Sharing when planning its annual work plan and associated budget. Please note that UNDAF/One Programme evaluations are mandatory, and are not covered by the UNDG Cost Sharing. Monitoring and Evaluation activities and expertise is to be cost shared locally by the UNCT, as needed.

Allocation of Funds

How is the allocation amount determined?

The size of the budget allocation originating from the global UNDG Cost Sharing arrangement is based on country typology. The five categories used are as follows: (i) Complex country, (ii) Low Income Country (LIC), (iii) Low Middle Income Country (LMIC), (iv) High Middle Income Country (HMIC), and (v) Net Contributing Country (NCC). In addition to these categories, some additional support is provided to a RC Office if it manages multi-UNCT operations. Countries will receive the following allocations[2] based on these categorizations:

Typology	Allocation (based on pro-forma costs)
Complex countries	P5 P3 GOE: $120,000 + (NOC) (UNCTs are requested to undertake a team approach for M&E and to cost-share the M&E NOC function that will support the RC in coordinating the team approach to M&E)
Low Income Countries	NOC NOB GOE: $100,000
Low Middle Income Countries	NOC NOB GOE: $50,000
High Middle Income Countries	NOC GOE: $100,000
Net Contributing Countries	GOE: $120,000
Multi-UNCT operations	$50,000 additional (on top of the country allocation)

Table 1: Overview of country typologies and associated allocations

[2] The 2018 allocation to UNCTs was reduced due to a funding shortfall.

For example, an LIC would receive the pro-forma equivalent of a NOC post *plus* the pro-forma equivalent of a NOB post *plus* $100,000 for General Operating Expenses. If the country were multi-UNCT operation, this amount would be topped up by an additional $50,000 to cover increased coordination costs. It is important to note that the determination of funds for staffing is not for the actual posts identified, but allows for those levels of posts to be recruited, thus the reference to 'pro-forma equivalent'.

What criteria determines the country classification as LIC, Low MIC, High MIC or NCC?

Countries' classification as a Low Income Country, Low Middle Income Country, High Middle Income Country, and Net Contributing Country is based on decision 2012/28 of the Executive Board of UNDP/UNFPA. Note that the applicable thresholds differ from the comparable World Bank classification.[3]

Revised decisions of the Executive Board of UNDP/UNFPA in this regard will apply beginning in 2019, as per the categorization listed in table 4-e, starting from page 16: http://www.undp.org/content/dam/undp/library/corporate/Executive%20Board/2017/Special-session/dp2017-39_Annex%20A.docx.

What criteria determine the country classification as a "complex country situation"?

In order to determine which countries are eligible to receive funding as a "complex country", the following criteria are used: scale of the crisis; urgency of the UNCT's engagement; complexity of the situation; government's capacity to coordinate the international community's development response efforts; and reputational risk for the UN. Additional criteria that can be applied are: the start-up or phase out of a UN mission, which would require strong coordination support for the UNCT; the phase down and phase out of humanitarian coordination support, whereby the development coordination support should be robust; and countries which have a UN Special Envoy, but do not have a mission set-up.

The Regional UNDG Chairs determine which countries, if any, in their respective regions would most benefit from this enhanced coordination support. The funds available in this category are finite within the funding scope of the UNDG Cost Sharing, which thus requires a prioritization in this regard.

What criteria determine the country classification as a "Multi UNCT" operation?

This status applies to RC Offices where one UNCT supports multiple countries (more than one). It currently applies to: Mauritius/Seychelles; Barbados; Fiji; Samoa; and Trinidad & Tobago

When will the country classification be reviewed?

The classification approach based on UNDP/UNFPA Executive Board decisions is subject to biennial updates.

The complex country status will be reviewed annually. The Regional UNDG Chairs will decide by October each year, at the latest, the subsequent year's classification of complex countries.

When will the country allocation be communicated?

DOCO will inform RCs by October of each year regarding their allocation of Cost Sharing resources for the subsequent year. There might be only minor changes within the biennium (see above) for non-complex countries, as their country classification would remain the same, and the annual allocation would only vary with a change in the pro-forma cost of the allocated posts.

Is there a "transition period" when the country classification is changed?

Yes. Countries that are moving to another classification (for example from HMIC to NCC, or "Complex/crisis Country" to LIC) will have half a year transition period. They will receive 50% of the allocation of the previous year

[3] As neither Palestine nor Kosovo (as per UN Security Council Resolution (UNSCR) 1244) are included UNDP's classification, DOCO uses the World Bank's classification for the West Bank and Gaza, as well as for Kosovo (as per UN Security Council Resolution (UNSCR) 1244).

category and 50% of the allocation according to the new category under which it falls. Consider the following example of a country graduating from "crisis/complex country" status to LIC in 2016:

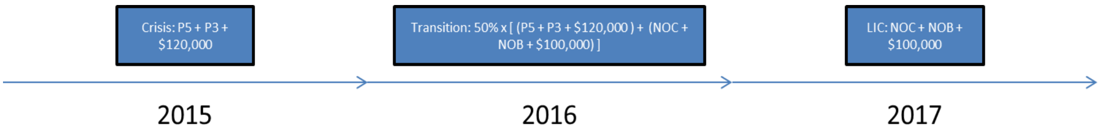

Figure 1: Example for transition period for countries changing typology

Will DOCO adjust allocations within the year according to fluctuations in the pro-forma cost?

No. Given that the allocations are pro-forma equivalent values, there will be no adjustment within the year. The new pro-forma costs are updated on an annual basis.

Is the allocation responsive to…

…programme size?

No. The UNDG Cost Sharing arrangement was prepared by an inter-agency UNDG task team that considered various formulas for supporting RCs and UNCTs with core coordination capacity. Their final recommendations were then agreed by the full UNDG. This task team foresaw a lean coordination capacity based on broad typologies (income and complex status), and not customized support for different country contexts, such as differences in programme volumes.

…the number of UNCT members?

No. The same reasoning as in the above answer with respect to programme size applies.

…humanitarian coordination requirements?

No. Dedicated humanitarian coordination is supported by OCHA, if applicable.

Is there additional funding for non-resident agency (NRA) coordination officers?

No. The ten core coordination functions, funded by the UNDG Cost Sharing arrangement include the functions that would have been assumed by that post through "representation of and support of UN Secretariat and UN agencies/NRAs." This does not cover the costs associated with specific requests from NRAs such as supporting a mission's preparation etc., for which the appropriate cost recovery should be applied.

What are the fund codes that fall under the UNDG Cost sharing modalities?

UNDG Cost sharing funds can only be tagged to coordination as a budget type. The UNDG Cost Sharing funds provided through DOCO have the fund codes: 11980 - UN RC System Fund; and 04500 - Programme Support Resident Coordinator (SRC). In addition, 68030 - UN CTY Coordination Fund (UNCCF) represents funds received from donors. All three together are the funds for Coordination activities only and are collectively referred to as the UNDG Cost Sharing for the RC System.

What are the fund codes to be used when funding is provided by UN agencies, development partners and government Cost Sharing at country level?

UNDP pre-established fund codes to tag different funding sources exist. Please contact UNDP to receive the codes.

Use of Funds

What are the ten core coordination functions?

The ten core coordination functions are the core roles and responsibilities of the staffing of the RC Office to support the RC and UNCT in bringing together the UN system and its partners to collaborate for shared results. It refers to facilitation roles in the following areas:

1) Strategic analysis and planning
2) Oversight of the UN country programming cycle
3) Representation of and support of UN Secretariat and UN agencies/NRAs
4) Support to national coordination systems and processes
5) Development and management of shared operational support services
6) Crisis management preparedness and response
7) External communication and advocacy
8) Human Rights and Development
9) Joint Resource mobilization and fund management
10) General UNCT oversight and coordination

How can RC Offices allocate the pro-forma equivalent cost between posts?

As demonstrated in table 1, the annual allocation is composed of:

a) The equivalent pro-forma costs for salary costs; and
b) General Operating Expenses (GOE).

The UN Resident Coordinator, in consultation with the UNCT, has the flexibility to decide how the allocated resources from the UNDG Cost Sharing will be used with the following limitations:

a) The amount that equals the equivalent of the pro-forma costs (the salary cost component) should be used for staff salaries in support of the ten core coordination functions; and
b) The General Operating Expenses (GOE) can be used to complement the staffing costs, can also be used for short term consultancy fees, and can be used to cover costs related to coordination activities (see further).

N.B. If the actual salary costs are less than the salary cost component, which is allocated based on the equivalent of the pro forma costs (see “a” above), the balance from the salary cost component can be used to meet other coordination costs related the 10 core coordination requirements, as long as the majority of the funds allocated for the salary cost component are used for sustained staffing capacity in the RCO for the ten core coordination functions.

For example *Country X is a Low Income Country. According to the LIC typology, country X is eligible to receive the equivalent of the pro-forma costs of a NOC and a NOB, plus $100,000 GOE.* *Assume the following pro-forma costs:* - *NOC: 80,000* - *NOB: 60,000* - *P2: 140,000* *Instead of hiring a NOB and a NOC, the RC could opt to combine those resources to hire a P2 or alternatively two NOBs and one GS5 staff subject to the pro forma costs in the country for the respective posts..* *The minimum amount that should be spent on salaries is the equivalent of the pro-forma costs of a NOC and a NOB in that country (i.e. 140,000 USD). If needed, part of the GOE could be used to complement salary costs.*

Table 2: Example of distribution of allocation on different posts

Are there generic ToRs developed for the positions funded by the UNDG Cost Sharing arrangement?

No. Generic ToRs for UN coordination posts at the country level can be found on the UNDP intranet. These templates are provided for all Coordination Staff irrespective of the funding source.

Can RC Offices use the salary cost component of the allocation for consultants, or are these monies solely for full year staff contracts?

One of the main objectives of the UNDG Cost Sharing is to provide sustainable capacity to RC Offices. Consultancies are only to be used for short-term support and for the specific functions of the RC Office, and should be based in the RC Office. If a consultant is contracted to temporarily fill a gap in the staff capacity of an RC Office, then the costs of the consultant could be charged against the salary cost component of the allocation. Consultancies for Coordination Activities that support the RCO's capacity to fulfill the 10 coordination functions, however, should be charged against the GOE portion of the allocation.

What are the rules for the recruitment of staff for the RC Offices?

Since the RC system and RC Offices are managed by UNDP in its role as Coordinator and Manager of the RC system, all operations including human resource matters are handled by UNDP as part of its core functions. As such, local post creation, classification, etc., are to be handled by UNDP, as would be the case for any other position in UNDP. Please consider the UNDP intranet for relevant background documents.

Should the RC Office coordinate recruitment with DOCO?

No. Recruitment is decentralized. Therefore, RC Offices do not need to consult with DOCO.

What type of expenses can be covered by the UNDG Cost Sharing?

All costs charged to the UNDG Cost Sharing funds have to be either post costs (salary and HR approved staff benefits) for the RCO coordination-related posts (which should be the majority of your expenditures) and/or linked to specific UN development coordination costs in support of the ten core coordination functions.

These funds cannot be used for programmatic activities or projects, nor other non-staff costs such as office security costs or security coordination (including the functioning of the Security Management Team, preparation of security plans or purchase of security related equipment for MOSS compliance, evacuation costs, staff accommodation costs), humanitarian coordination, UN dispensary costs, standard office equipment and furniture, infrastructure or building premises costs including office rent. In short, only direct Coordination costs can be covered by the UNDG Cost Sharing, such as:

- Internal UN coordination on any of the 10 core coordination functions
- Costs related to convening UN partners to analyze and/or define a plan of action
- Costs associated with the design and/or development of joint or coordinated UNCT work
- Design of joint UN strategies, campaigns or other UNCT plans
- Funds for the design and or implementation of coordination functions (Strategic analysis and planning, Oversight of the UN country programming cycle, Representation of and support to the UN Secretariat and UN agencies/NRAs, Joint resource mobilization and fund management, General UNCT oversight and coordination) are all in this category
- Funds for the design/planning stage of core elements of the Standard Operating Procedures [i.e. development of a business operation strategy, UN communications strategy or joint annual workplan as per the Standard Operating Procedures for Countries adopting the Delivering as One approach: SOPs].
- Funds for the design/planning of joint UNCT activities under "Support to national coordination systems and processes, Development and management of shared operational support services, Crisis management preparedness, External communications and advocacy and Human rights and development" are covered here. The inputs you report against the UNDG Information Management System (IMS) should match what you have entered in Atlas for use of the UNDG Cost sharing funds, which correspond to the areas of work highlighted above.

The UNDG Cost Sharing funds can only be used for the above activities, i.e. coordination activities – and cannot be used for other joint UNCT work or implementation of programs as outlined below. In the UNDG IMS you will be able to indicate whether an activity is a coordination activity or something else. It is also important that any funds mobilized from the UNCT or donors etc for coordination activities as specified above, be indicated in the UNDG IMS. This data will assist the UNDG to understand the scope of work and funds required to support coordination activities, versus costs for joint UNCT work in other areas.

SOME SPECIFIC EXAMPLES ON USE OF RESOURCES

Can the RC or a UNCT member use the UNDG Cost sharing funds for travel?
The RC or any other member of the UNCT can use the UNDG Cost sharing funds for travel only if there is a direct link with UN coordination and this is the only purpose of the trip. This is for example the case to participate in Regional UNDAF Roll out workshops. When the RC also goes in his/her role as UNDP RR, then the travel should be paid by the UNDP budget. This for example the case to participate in the RR/RC Cluster meetings or the UNDP Management Meetings.

Can the UNDG Cost sharing be used for equipment?
The basic equipment for the RCO is part of the UNDP backbone as mentioned above (for example laptop and access to a photocopier). The RCO can buy equipment only if this will be used solely by the RCO, for example camera equipment. The maximum amount a RCO can spend on purchasing equipment per year is $15,000.

Can the UNDG Cost sharing be used for high level visits?
No, all costs related to high level visits, including travel and logistics, should be cost recovered by the visiting entity.

Can the UNDG Cost sharing be used for local salary or duty station classification surveys?
No.

Can the UNDG Cost sharing be used to hire a consultant to develop the UNDAF or any other common programming framework?
Yes, the UNDG Cost sharing can be used to hire a consultant to develop the UNDAF or a joint programme/project. Any programmatic cost linked to the actual implementation of the UNDAF or a joint programme cannot be financed by the UNDG Cost Sharing.

Can the RCO purchase a car with the UNDG Cost sharing?
No, this service should be provided by UNDP.

Are UNCT common services arrangements covered by the Cost Sharing arrangement?
No. The actual costs of common services, including in the areas of ICT, human resources, UN medical, procurement, security, travel, and other administrative services, are not covered in the allocation provided to RC Offices. The RC Office can support the coordination amongst UNCT members if they choose to pursue common services, however the actual cost of the service would be paid by each UN agency based on their share for that common service whether ICT, procurement, human resources, etc.
The actual costs of the common services would need to continue to be locally resourced through the UNCT and/or donor resources, as before.

The UNCT is planning to produce an annual brochure on its work. Can the production of the brochure be funded from the GOE allocation?
The facilitation of preparing joint publications can be funded from the GOE allocation when applicable. However, the cost of producing the brochure or any other joint publication of the UNCT should be cost-shared locally, as a joint UNCT activity.

Can the UNDG Cost sharing pay for the UNDAF evaluation?
Yes, the UNDG Cost sharing can be used for the UNDAF evaluation. However, given the cost of an evaluation, cost sharing between the UNCT is recommended.

Can other funding sources be used to support joint implementation or programmatic activities? If so, how should this be reported in UNDG IMS?

Yes. In the UNDG IMS, a specific budget filter 'Joint Implementation' has been integrated to show those costs. The list below includes activity areas that can be tagged under joint implementation:

- Costs associated with implementation of activities together as a UNCT (for example the implementation of a joint programme, or implementation of activities under a joint UNCT communication plan) ;
- Costs associated with implementing activities under the SoPs (for example setting up a common ICT platform as part of the Business Operating Strategy or implementing other activities under the BOS, implementation of activities under a results group joint work plan, etc)

- Work that directly relates to government and/or external partners (capacity development, etc.)
- Funds associated with the implementation of coordination functions: Support to national coordination systems and processes, Development and management of shared operational support services, Crisis management preparedness and response, External communications and advocacy, Human rights and development.

Please note that UNDG Cost sharing funds CANNOT be utilized for activities tagged under joint implementation budget type.

In the UNDG IMS, there is also an option to put 'Other'. The list below relates to activities that fall under 'Other':
- Costs related to security
- UN dispensary
- Common premises costs
- Common services

UNDG Cost Sharing funds CANNOT be utilized for activities tagged under "Other."

Are UNDG Cost Sharing funds subject to cost recovery by UNDP, including for rent or security costs?

No. UNDP at the corporate level is compensated for the support and the management it is mandated with for the RC system. This compensation is sought to cover all the administrative support costs related to the core functioning of the RC office, and includes among others, the rent, the maintenance, the car pool, the indirect equipment support (photocopiers, LAN, switchboard, etc.), staff support costs (including administrative, HR, financial, IT, etc.). What is charged to the RC Office budget is only: actual invoiced costs, which include RC Coordination Officer/Associate salary and entitlements, and operational activities related to the RC Office only (incl. limited purchase of equipment for the RC Office).

In brief, no cost-recovery for UNDP staff support, premises and infrastructure-sharing costs, nor security costs are to be charged to the RC Office budget by UNDP. These costs are already covered by UNDP at the corporate level and are part of the core budget, and no GMS is applicable either.

For RC programmatic activities, however, such as payments related to joint programmes, General Management Support (GMS) or Implementation Support Service (ISS) may be applied, depending on the nature of the fund and agreement. For example, Implementing Agents (if UNDP in that case) would charge the 8% GMS to cover these support costs. In other cases, the ISS may apply, and compensation as per the Universal Price List would also be used.

N.B. For more information refer to Annex 1 - the joint letter by Darshak Shah, Deputy Assistant Administrator, Deputy Director and Chief Finance Officer of UNDP's Bureau of Management, and Kanni Wignaraja, Director of DOCO, dated 3 July 2014.

Can the RC/RR assistant and the driver be paid by the UNDG Cost sharing?

No. The RC/RR assistant and driver are fully covered by the UNDP backbone. UNDP staff doing UNDP functions, but also assisting the RC/or UNCT should not be charged to the UNDG Cost Sharing. Their costs are calculated as part of UNDP's backbone support to the UNDG Cost Sharing and are captured through the UNDP Workload survey being done annually.

Can funds from previous years be carried over to cover expenses in the following year?

No. Unspent resources at the end of the year cannot be carried forward to the following year, and will be automatically returned to the global Cost Sharing fund. Countries that have spent more than their annual allocation will have that amount deducted from their subsequent allocation. Over- and under-expenditures will be reported to the respective Chair of the Regional UNDG for that country. Any such adjustments shall be made in April when the prior year's financial books are closed.

Financial Management

Who is responsible and accountable for the use of funds?

The RC is fully accountable and responsible for the management, oversight and proper utilization of the UNDG allocation.

The RC needs to monitor the use of the funds to avoid over- or under-expenditure. It is important that RCs oversee and quality assure the use of the UNDG Cost Sharing funds for the express purposes they are provided. Please note that UNDP audits will also include the review of the RC Office.

Who oversees and monitors the budget?

The RC oversees and monitors the budget with the support of the RCO.

How to set up the Cost Sharing resources budget in Atlas?

DOCO issues a specific Fund and Donor Code to a Budget Department (B0XXX) reflecting the respective UNDP Country Office Department Code in Atlas. In order to receive the allocation of funds mentioned above and to allow for proper financial reporting, it is important that two budgets (ie projects) in Atlas are created, one for the management of the staff salary costs (**the project name must be RCO STAFF**) and another one for the management of GOE costs (**the project name must be RCO GOE**).

The funding RC Offices receive from DOCO comes from 3 principal sources: UNDG members (Fund 11980); UNDP SRC (Fund 04500) and Donors to the CCF (Funds 68xxx). With these funds RC Offices establish the projects that will help meet the targets and deliver on the functions a RC Office must fulfill. In case the RC Office receives funding from other sources to cost share activities within their existing projects, they must receive these additional funds under a separate Fund Code, which they have to request from UNDP. Under no circumstances should funds be added under the Fund Codes issued by DOCO (i.e. some RC Offices were using 5xxxx account codes series). RC Offices must be vigilant when using the Donor Codes issued by DOCO. Only Donor codes pertaining to the Fund Codes issued by DOCO can be used. Also as previously noted, all funds utilized for coordination Activities whether from the UNDG Cost Sharing or other sources, must be reported through the UNDG IMS either through the coordination Profile for staffing, or the UNCT Workplan for the activities.

In order for DOCO to report back to the UNDG and ECOSOC and to enable DOCO to track which resources support which UNDG work stream, UNDP has configured ATLAS so that projects can be linked to UNDG work stream attributes. Therefore, the budget in Atlas for coordination funds is developed based on the UNCT work plan. The work plan clearly identifies an outcome with relevant outputs and activities. Given this structure, the project in Atlas should be set-up as follows:

- The system will assign a specific number for your project: the project code. This project is at the outcome level of your work plan.
- Once a project code has been designated, outputs to your project can be added. These outputs are the same as those defined in the UNCT work plan.
- Against each of these outputs, attributes will be added and they correspond to any one of the 11 Work Streams or normative/cross-cutting areas which are already identified in the UNCT work plan for each output.
- Consultancies utilized to deliver on coordination activities (not the RCO staff functions) should be recorded in the Workplan under the appropriate projects/work stream.

A detailed step-by-step instruction on the technical process of creating a budget in Atlas can be found on the UNDP intranet.

Must RC projects in Atlas be linked to the UNDP strategic plan?

Yes. RC Office projects must also be linked to the relevant result areas, linking them to the UNDP Strategic Plan. Only then can UNDP for its agency purpose report back to its Executive Board what the organization has achieved in the area of UN Coordination and what joint results have been achieved through the UNDG Cost Sharing arrangement in support of a strengthened RC system. When setting up the budget, the value of the attribute in ATLAS that should be used is "Strategic Plan Tier III Result Area 9 (UN Development System Leadership and Coordination)".

Note that the 11 work streams or normative/cross-cutting areas and the linkages to the UNDP Strategic Plan Areas are independent from one another – both serve different reporting needs for different audiences in the end. With regard to linking to the Work Stream attributes, each output can only be linked to one attribute in the system. The facility to link can be found under the Attributes tab of the Project page. Users must select the output attribute called UN_COORDINATION and then select the appropriate Work Stream.

How can the RC Offices monitor their expenditures?

Expenditures are monitored in IPSAS reports in ATLAS. All available reports are introduced in the course "IPSAS Reporting for Beginners" in the UNDP Learning Management System. The course is open to all UNDP staff globally, and all finance staff in RC Offices should have attended it.

Reporting

Does the RC report to the UNCT on the use of funds? How often?

It is good practice that the UNRC reports to the UNCT on the use of funds as part of the reporting on progress based on agreed work plan activities. Periodicity of UNCT workplan progress reporting varies from team to team, but at least it should be done once a year as part of the annual review.

What are the most common pre-defined reports in ATLAS to help you monitor expenditure?

Project Budget Balance and transactional detail report. It is important that data from these two reports, which are generated by ATLAS, are uploaded into the UNDG Information Management System (IMS).

How will RC Offices report on the use of funds?

RCOs are reporting on the use of the funds through the Annual Coordination Framework within the UNDG Information Management System (IMS). GOE funds should be reported on through the Annual Coordination Framework (formerly referred to as UNCT Annual Workplan) module of the UNDG IMS. Staffing costs funded through UNDG Cost Sharing should be reported in the UNDG IMS Coordination Profile. The combination between these two modules will encompass the full amount of funds received from the UNDG Cost Sharing.

Expenditures reported in the IMS to deliver on UNCT annual coordination framework results and the costs of RCO staff should match Atlas reports for the calendar year to ensure comparability between expenditures and reporting on use and purpose of funds. Overall coordination results are reported through the UNDG IMS to ensure full accountability to the UNDG contributing members for the global Cost Sharing. Data from the UNDG IMS are presented annually in the UNDG Results Report, available at www.undg.org.

What financial reports ought to be submitted by RC Offices?

DOCO does not require financial reports from the RC Offices beyond from what is submitted through Atlas and the UNDG IMS. Atlas has the possibility for the RC/UNCTs to report on all the resources spent on coordination, including resources received from agencies at the country level, resources received from donors, seconded staff, JPOs, SARCs, and resources received under the umbrella of the UNDG Cost Sharing arrangement. These will also be reflected in the UNDG IMS with the specificities required, it is critical that the reporting be accurate based on what is in Atlas and what is achieved with the use of these funds.

More information, please contact:

- Bradley Foerster, Regional Advisor Arab States bradley.foerster@undg.org
- Frederik Matthys, Regional Advisor Africa, Europe and Central Asia – frederik.matthys@undg.org
- Jorg Schimmel, Regional Advisor Asia-Pacific, Latin America and the Caribbean - jorg.schimmel@undg.org

Annex 1: Joint letter by Darshak Shah, Deputy Assistant Administrator, Deputy Director and Chief Finance Officer, Bureau of Management, United Nations Development Programme and Kanni Wignaraja, Director DOCO of 3 July 2014

From: Darshak Shah <darshak.shah@undp.org> **Date:** July 3, 2014, 2:38:26 AM GMT+05:30 **To:** RBA Resident Representatives <rba.resreps@undp.org>, RBAP Resident Representatives <rbap.resreps@undp.org>, RBAS Resident
Representatives <rbas.resreps@undp.org>, RBEC Resident Representatives <rbec.resreps@undp.org>, RBLAC Resident Representatives <rblac.resreps@undp.org>, RBA Deputy Resident Representatives - O <rba.deputy.resrepo@undp.org>, RBA Deputy Resident Representatives - P <rba.deputy.resrepp@undp.org>, RBAP Deputy Resident Representatives
<rbap.deputy.resreps@undp.org>, RBAS Deputy Resident Representatives <rbas.deputy.resreps@undp.org>, RBEC Deputy Resident Representatives <rbec.drrs@undp.org>, RBLAC Deputy Resident Representatives <rblac.deputy.resreps@undp.org>, RBA Country Directors <rba.country.directors@undp.org>, "RBAP Country Directors (CDs)" <rbap.country.directors@undp.org>, RBAS Country Directors <rbas.country.directors@undp.org>, RBLAC Country
Directors <rblac.cd@undp.org>, Abdoulaye Mar Dieye <abdoulaye.mar.dieye@undp.org>, Ruby Sandhu-Rojon <ruby.sandhu-rojon@undp.org>, Haoliang Xu <haoliang.xu@undp.org>, Nicholas Rosellini <nicholas.rosellini@undp.org>, Sima Bahous <sima.bahous@undp.org>, Mourad Wahba <mourad.wahba@undp.org>, Cihan Sultanoglu
<cihan.sultanoglu@undp.org>, Olivier Adam <olivier.adam@undp.org>, Jessica Faieta <jessica.faieta@undp.org>, Jens
Wandel <jens.wandel@undp.org>, Dafina Gercheva <dafina.gercheva@undp.org> **Cc:** Kanni Wignaraja <kanni.wignaraja@undg.org>, Yves Sassenrath <yves.sassenrath@undg.org>, Dena Assaf <dena.assaf@undg.org>, Valerie Cliff <valerie.cliff@undp.org>, Helen Hall <helen.hall@undp.org>, Martin Loemban Tobing <martin.loemban.tobing@undp.org>, Batdolgor Chuluun <batdolgor.chuluun@undp.org>, Michelle Armfield <michelle.armfield@undp.org>, Sikander Thapa <sikander.thapa@undp.org>, Darshak Shah <darshak.shah@undp.org> **Subject: UNDP/Resident Coordinator's Office relationship**

Dear Colleagues,

As you are aware, leadership of the UN Country Team and hosting of the UN Development Coordination function rests with UNDP. Most UNDP Resident Representatives simultaneously serve as United Nations Resident Coordinators, and in such cases, the two functions are inextricably linked at the field level, and are served by one office and one local support structure (that includes both support personnel and infrastructure/office costs).

RC Offices receive dedicated support administered through DOCO from one or more of the following funding sources:

1. UNDP's Programme line – Support to Resident Coordination (fund 04500);
2. Support administered through UNDP/DOCO that is cost-shared at the corporate level by UNDG members (including UNDP) (this Cost Sharing arrangement is new starting in 2014) (fund 11980);
3. Resources mobilized from bilateral donors either through the Director of DOCO centrally for the UNDG Cost Sharing arrangement or by the UN Resident Coordinator locally (UN Country Coordination funds – funds 68000-68077).

In addition to these dedicated funding streams, the UNDP Country Office workload study is conducted every two years to estimate the amount of UNDP's institutional budget resources (funds 02300 and 02550) that are utilized at the country level for UN Development Coordination functions. Based on the workload study, UNDP attributes a percentage of its Country Office institutional budget expenditures to the UN Development Coordination function. This attribution component at the Country level is included in UNDP's 'backbone' funding of the RC function, which also includes UN Development Coordination allocations made at the Regional (Regional Director Team support) and Central (DOCO) levels. For the two year period 2014-2015, the Country Office workload study conducted in July 2013 serves as the foundation for the attribution exercise.

A corollary of the inextricable linkage between the UNDP Country Office and the UN RC office as well as the funding arrangements outlined above dictates that at the Country Office level, UNDP does not cost-recover for the core services it provides to support the UN RC Office, nor does UNDP charge for UNDP staff time against the dedicated RC Office resource lines noted above. Under the backbone resource support, UNDP core resources are utilized to support the core functioning of the RC office, including, rent, maintenance, security, car pool, shared equipment support (photocopiers, LAN, switchboard, etc.) and administrative, HR, financial, ICT equipment and service support provided.

Items that are directly chargeable to the RC budget lines noted above are: 1) Coordination Officer posts fully funded from RC budget lines, 2)RC Office related activities (e.g. UNCT retreats and events; and 3) operational activities directly related solely to the RC Office including limited purchase of equipment, as needed, for the RC Office, for example, camera/video equipment.

For further details on the use of the RC budget funded by the UNDG funding arrangement, please also refer to the *FAQs on the UNDG Cost Sharing Support of the RC System* posted on the UNDG Website:
http://www.undg.org/docs/13504/FAQ%20on%20Global%20Cost%20Sharing%20of%20RC%20System_rev%204%20June %202014.pdf

If you have any specific follow up queries, you may contact Yves Sassenrath of DOCO and Batdolgor Chuluun of OFRM/UNDP.

Sincerely,

Darshak and Kanni