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The Chairman
Le Président

General Assembly
5th Committee
Agenda Item 134

Introduction of JIU report by Inspector Istvan Posta
“Policies and Procedures for the Administration of Trust Funds in the
United Nations system Organization”
at the meeting of the 5th Committee of the GA

(New York, 27th October 2011)

Mr. Chairman,
Distinguished Colleagues,

I am pleased to submit for consideration of the 5th Committee the JIU Report (JIU/REP/2010/7) “Policies and Procedures for the Administration of Trust Funds in the United Nations system Organizations”.

The report highlights the policies and major trends in the overall volume and use of Trust Funds in the UN system organizations, and provides an overview on the rules and regulations in force and the specific problems in managing different types of Trust Funds as well as best practices in their administration. The report contains 13 recommendations, four of which are addressed to the legislative bodies of the participating organizations, five to their Executive Heads, three to the CEB and one to the heads of internal audit of the organizations.

The use of Trust Funds is a common and increasing practice across the UN system and there has been an increase in terms of funding volume (and number) of Trust Funds, higher than the one of the regular budgetary resources. Trust Funds are important additional resources for the UN organizations and the beneficiary Member States to finance their mandate and enhance their activity. However, the number of Trust Funds is excessively high, among the funding modalities the project related earmarked funds are dominant, the proportion of thematic and pooled funds are still modest although the dynamics of the Multi-donor Trust Funds has steadily increased during the last years. It resulted in a fragmentation of the funding architecture, often weakening alignment with the strategic and programmatic priorities of the organizations, as well as in increased administrative burden and financial costs for the management of these funds. The rules and regulations for their administration often lack updating and transparency, the related legal instrument are not sufficiently standardized and the specific requirements, particular provisions and conditions in managing and administrating these funds often put unnecessary human and financial burdens for the organizations.

Inspectors call the legislative bodies of the UN system organization to strengthen the integrated management of the regular and extra budgetary resources in order to ensure that the trust funds are in line with the strategic and programmatic priorities of the organizations. The report calls the attention to good practices in some organizations in that regard.

Member States and the management of the organizations should intensify their efforts to increase the portion and volume of thematic trust funds and other type of pooled funds. The strategic priorities of the organizations determined by the legislative bodies should be the basis for such efforts. It needs increased trust of Member States and the donors in the management and strengthened transparency and accountability in the organizations in the course of trust funds utilization and management. And the possible result would be reduction of costs and administrative burden which is a common interest of donors, beneficiaries and the organizations.

Inspectors made a recommendation to the CEB to develop common position regarding the conditions and modalities for accepting and receiving trust fund from regional financial institutions for the UN system organizations in order to promote the fair conditions of competitions for resources among the UN organizations. It was further recommended to the CEB to intensify and conclude its work on the harmonization of the cost recovery policies including an unambiguous rule on the programme support cost rate and the categories of cost to be charged directly to the programmes. To have solution to these longstanding issues will also help donor countries when they are to make decisions on the allocation of their additional resources to various UN organizations.

The Inspectors were please to note that in the note of the Secretary General A/66/384/add.1 the Executive Heads of the participating organizations welcomed the trust fund review by JIU and generally supported the implementation of its recommendations.

As you can learn from the aforementioned note, the CEB suggests a different forum to discuss the lessons learned from the operation of the UNDP /Multidonor Trust Funds Office with the aim to present it to the ECOSOC for consideration (instead of UNDP Executive Committee a meeting to be convened by the Development Operations Coordinating Office, DOCO). This CEB recommendation is an acceptable proposal to the Inspectors provided that all the major stakeholders (donors, beneficiaries and UN organizations) are present at the proposed fora.

Dear Colleagues,

The Inspectors are convinced that the consideration of the JIU report on the policies and administration of the trust funds and the acceptance of the recommendations therein will strengthen the financial framework for the UN system organizations and it will result in increased efficiency of use of financial resources which is in the interest of all the stakeholders of the activities financed from Trust Funds.

Thank you.