

Program and Budget Committee

Thirty-Second Session **Geneva, July 12 to 16, 2021**

United Nations Sustainable Development Group (UNSDG) Membership

prepared by the Secretariat

Background

1. Following the discussions on agenda item 12, United Nations Sustainable Development Group (UNSDG) Membership (document WO/PBC/31/10), during the 31st session of the Program and Budget Committee (PBC) in September 2020, the PBC reached the following decision on this agenda item:

“The Program and Budget Committee (PBC) having discussed and considered the invitation for WIPO to become a UNSDG member as contained in this document (WO/PBC/31/10) and its Annex:

- (i) acknowledged the important work of the UNSDG for achieving the SDGs to which WIPO is contributing through many of its programs and projects as per the Program and Budget 2020/21;*
- (ii) requested the Secretariat to seek further clarification from the UNSDG Secretariat and to submit a document to the PBC at its 32nd session elaborating on:*
 - a. The exact amount of the WIPO contribution based on the UNSDG cost allocation review and the associated administrative and reporting implications;*
 - b. The application of a 1% coordination levy on tightly earmarked third party non-core contributions to UN development-related activities, to be paid at source;*
 - c. The use of the WIPO contribution and the possibilities for its future evaluation.*
- (iii) Requested the Secretariat to explore the impact of WIPO membership in the UNSDG as it relates to Program and Budgets and to report it to the 32nd session of the PBC.*

2. In November 2020, the Director General wrote a letter to the Deputy Secretary General of the UN in her capacity as UNSDG Chair, the contents of which are in the Annex, in which he communicated the decision of the PBC and requested further clarifications on the issues raised by the Committee.
3. The Deputy Secretary General duly replied to the letter of the Director General in March 2021, the contents of which are in the Annex.

Amount of WIPO's contribution to the UNSDG

4. The Deputy Secretary General confirmed the exact amount of the WIPO contribution based on the UNSDG cost allocation review as USD 200,000 annually for 2022 and 2023. It was also indicated that cost-sharing allocations will be updated every two years and the next such review is in 2023 for 2024-25. If WIPO were to sign on to more than 25 United Nations Sustainable Development Cooperation Frameworks (UNSDCF), previously known as UNDAFs, the base fee will increase as it would include a larger proportion of the cost-sharing portion of the UNSDG costs. Currently, WIPO is signatory to one such Cooperation Framework, Algeria 2019 - 2021. WIPO also signed the Brazil UNDAF 2017 – 2021 in 2016 before UNSDG was established in its current form.

Application of a 1% coordination levy

5. The Deputy Secretary General confirmed that the 1% coordination levy applies to all tightly earmarked contributions for development activities, irrespective of whether the contribution is for headquarters or field-level activities. The conditions of the levy are outlined in the documents on the application of the levy available on the [UNSDG website](#) as follows; the [Coordination Levy Operational Guidance](#), the [Frequently Asked Questions](#) and the [Simplified Checklist to Determine Levy Application](#). The Deputy Secretary General clarified that these conditions would apply to earmarked contributions to WIPO should it become a UNSDG member, with the exception of core or assessed contributions, pooled funds (multi-donor contributions to a development activity), thematic funding, or contributions from program country governments. The [Coordination Levy Operational Guidance](#), referenced in the Deputy Secretary General's letter further elaborates that a contribution agreement is potentially subject to the levy if certain conditions are true and provides for a list of exceptions to the application of the levy in more detail.

6. The Development Coordination Office (DCO) indicated that the levy broadly applies to those earmarked extra-budgetary funds that qualify and are reportable as Official Development Assistance under the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee and as reportable, by UN System entities to the United Nations Chief Executive Board for Coordination (CEB), as Official Development Assistance (ODA).

7. The Secretariat's interpretation is that the 1% levy will apply to Funds in Trust (FITs) over USD 100,000, unless one of the exceptions indicated in the guidance applies to an agreement. One of the exceptions relates to contributions from "program countries" to development activities. The Funds and Programs of the United Nations have the pre-defined criteria of the United Nations Member States, which identify program countries as those countries with a Resident Coordinator or which are on the [OECD-DAC list of ODA-eligible countries](#). WIPO does not have pre-defined criterion for its member states to be designated as program countries and does not apply the [OECD-DAC list of ODA-eligible countries criteria in its activities](#).

8. WIPO undertakes, or facilitates, activities in various member states subject to specific arrangements. If the country in which such activities are being implemented provides the funding, this could reasonably be considered to be an exception to the application of the levy as explained in paragraph [7] above. The levy would appear to apply to ear-marked contributions (from both WIPO member states and other sources) for development activities undertaken in other member states other than the country providing the funding, such as pursuant to FITs.

FITs would be subject to the UNSDG's criteria on an agreement by agreement basis, to establish whether any of the exceptions would be applicable, as guided by the [Simplified Checklist to Determine Levy Application](#).

9. It is the Secretariat's understanding that the levy would only apply to FITs signed after the date an entity joins the UNSDG. These will also only qualify if they meet the criteria of Official Development Assistance. The UNSDG provides that a standard "levy clause" should be included in the agreement and the template of the clause is provided in the [Coordination Levy Operational Guidance](#). It may be important for Member States to note that the potential impact of the levy being applicable to a FIT may result in a reduction of potentially up to 1% in the resources available for the activities planned.

Use of WIPO contribution

10. All resources, including all contributions to the UNSDG cost-sharing, are considered as co-mingled core resources to fund the RC system and its operations. The funded costs are for a full-time Resident Coordinator and approximately 1,100 UN staff plus operating costs. The Deputy Secretary General informed WIPO that the resources of the functioning of Resident Coordinator (RC) system are not attributable to any specific donor, be they a UNSDG member or a Member State contributor.

11. The Secretariat held a further meeting with the Development Coordination Office (DCO), to discuss the value of UNSDG membership to WIPO, including ways in which WIPO might leverage the Resident Coordinators and their offices, the United Nations country teams, and DCO in support of WIPO's program of work. DCO indicated that joining the UNSDG might improve multilateral collaboration with other UN System entities and partners and inspire new thinking on how to include intellectual property in a more integrated approach towards Sustainable Development Goals. Although WIPO has limited field presence, DCO indicated that it would be included in the discussions at the United Nations Country Team level to contribute to the development of the UNSDCF and that WIPO might determine how it would engage with the Resident Coordinators to support activities related to WIPO's mandate. As an example DCO indicated that one specialized agency had taken the approach of targeting only a few countries where they saw value in engaging with the Resident Coordinators. DCO indicated that UNSDG membership was also a potential opportunity to take activities beyond intellectual property, and interlink them with other development activities that may influence the intellectual property ecosystem.

12. The following decision paragraph is proposed.

13. *The Program and Budget Committee (PBC):*

(i) requests the Secretariat to continue to engage with the Development Coordination Office to obtain additional clarifications on the impact of UNSDG membership on WIPO's work.

(ii) requests the Secretariat to submit a report of the Secretariat's further consultations referred to in paragraph (i) above in order to facilitate the discussion on the decision on UNSDG membership at the 33rd session of the Program and Budget Committee.

[Annex follows]

Letter to the UNSDG from the Director General



Ms. Amina J. Mohammed
Deputy Secretary-General
United Nations Headquarters
405 East 42nd Street
New York, NY 10017
United States of America

November 18, 2020

Dear Deputy Secretary-General Mohammed,

I refer to the invitation from you, as Chair of the United Nations Development Group (UNDG), dated April 26, 2018, to the Director General of the World Intellectual Property Organization (WIPO), to join the UNDG, and the subsequent reply dated May 11, 2018. I have the pleasure to inform you that the WIPO Secretariat submitted the invitation to join the United Nations Sustainable Development Group (UNSDG) to the 31st session of its Program and Budget Committee (PBC) in September 2020 for its consideration.

Following deliberations in the PBC, confirmed by the WIPO Assemblies, Member States tasked the Secretariat to seek further clarifications from the UNSDG Secretariat to facilitate further deliberations by the Member States on the invitation.

The Member States sought clarifications in three areas, namely on: (a) the exact amount of the expected WIPO contribution to the UNSDG and the associated administrative and reporting implications; (b) the application of the 1 per cent levy; and (c) the use of the WIPO contribution and the possibilities for its future evaluation¹.

With regard to the issue of the exact amount of the WIPO contribution, the Secretariat has carefully examined the extensive material available on the UNSDG website, including the Dalberg Report of 2017. While WIPO is aware of some of the general attributes used for the cost sharing formula, including such items as annual base fee, agency size and system load, we would be grateful for further clarification on how the different attributes of the cost sharing formula would be applied to WIPO in determining the contribution amount.

/...

¹ The decision of the PBC is contained in document [WO/PBC/31/13](#), sub-paragraph ii) of Agenda Item 12.

2.

Ms. Amina J. Mohammed, New York – November 18, 2020

WIPO is also aware that the cost sharing formula is currently being revised and would therefore, in this regard, be grateful for information on how the new formula would be applied to WIPO, what the expected contribution would be and the various factors used to calculate the amount. Further clarification is also sought on possible annual or regular increases in the contribution in the future and the modalities by which approval of such increases will be sought from member organizations, noting that the other joint cost sharing arrangements within the UN system are discussed and considered in the Finance and Budget Network.

Regarding the application of a 1 per cent coordination levy on tightly earmarked third party non-core contributions to UN development-related activities, we have consulted the following available documents: *Simplified Checklist to determine whether an agreement is subject to the levy*, the *Coordination Levy FAQs March 2019* and the *Coordination Levy Operational Guidance*.

The explanations provided in these documents, although informative, are more aligned with the business models of the large development funds and programmes that have correspondingly large earmarked resources and an extensive field presence. They do not therefore provide sufficient clarifications on the questions raised by the WIPO Member States as to how the levy would apply to WIPO. We would therefore be grateful if you could kindly provide WIPO with specific information on how the UNSDG Secretariat would interpret the application of the 1 per cent levy in the WIPO context, considering that WIPO has a different business model than that of the major development agencies with a large field presence, is predominantly Headquarter- based and has services provided electronically mostly through technology platforms.

Lastly, concerning the use of the WIPO contribution and the possibilities for its future evaluation if WIPO were to join the UNSDG, the WIPO Secretariat has examined the *2020 Report of the Chair of the United Nations Sustainable Development Group on the Coordination Office*, and specifically, the Annex with the, *Overview of Resources of the Special Purpose Trust Fund of the Resident Coordinator System*. The report does not clarify the link between the individual contribution of an organization such as WIPO and the use of its contribution. Given the results-based nature of WIPO's budget, the link between resources and results is critical to WIPO Member States, and they would therefore appreciate additional information on how WIPO's contribution would be used and, in particular, which activities it would fund within the overall Special Purpose Trust Fund.

I thank you in advance for providing the necessary clarifications in order to facilitate the discussions of WIPO Member States regarding the invitation for WIPO to join the UNSDG at the 32nd session of the PBC which is expected to take place mid-2021.

I look forward to hearing from you and to continuing our excellent cooperation.

Yours sincerely,



Daren Tang
Director General

Letter from the UNSDG



THE DEPUTY SECRETARY-GENERAL

31 March 2021

Dear Mr. Tang,

I would like to thank you for your letter, dated 18 November 2020, regarding the possible membership of the World Intellectual Property Organization (WIPO) in the United Nations Sustainable Development Group (UNSDG), and the recent deliberations of the Program and Budget Committee (PBC) of WIPO on this matter. I appreciate the follow-up by WIPO to my earlier invitation and remain hopeful that positive consideration will be given to joining the UNSDG.

I note the areas for clarification sought by the WIPO PBC and propose that WIPO responds to Member States along the lines below.

If WIPO were to join the UNSDG before or during 2022, then its annual contribution to the UNSDG cost-sharing for 2022 and 2023 would be \$200,000. Following the recent revision to the cost-sharing formula, this remains the minimum base fee for UNSDG members, and it applies to any United Nations entity with an average annual total expenditure (over two years) of less than \$100 million, and/or which is currently signatory to less than 25 United Nations Sustainable Development Cooperation Frameworks. As this second requirement applies to WIPO, only the minimum base fee of \$200,000 would be expected – the agency size and system load criteria would not apply.

Cost-sharing allocations will be updated every two years – in 2021 for the period 2022-23, in 2023 for 2024-25, etc. Updates will be based on the latest data available. Entities are informed of changes to allocations that eventuate as a result of the latest data as early as possible the previous year, to allow for the necessary budgetary approvals by governing bodies. Based on the current formula, the proposed allocation for WIPO would only increase for 2024-25 if the number of Cooperation Frameworks to which WIPO was signatory would increase beyond 25. According to the latest data from the Development Coordination Office (DCO), WIPO is currently signatory to only one such document.

Mr Daren Tang
Director General
World Intellectual Property Organization
Geneva

Regarding the 1% levy, this does apply to any tightly earmarked contribution for development activities, irrespective of whether the contribution is for headquarters or field-level activities. The conditions for the levy outlined in the documents on the application of the levy – i.e. the Coordination Levy Operational Guidance, the Frequently Asked Questions, and the checklist – would apply to earmarked contributions to WIPO should it become a UNSDG member. The levy does not apply to core or assessed contributions, pooled funds, thematic funding, or contributions from program country governments.

I note the question from the PBC regarding reporting on the individual contributions of UNSDG member entities and the use of its contribution. The results of the Resident Coordinator (RC) system are not attributable to any specific donor, be they a UNSDG entity or a Member State contributor. All resources to the Special Purpose Trust Fund (SPTF) for the RC system, including all contributions to the UNSDG cost-sharing, are considered as co-mingled core resources to fund the RC system and its operations. This includes the costs of a full-time Resident Coordinator and their office and staff in 131 countries globally, as well as the costs associated with DCO and its staff at Headquarters and regional level. The report of the Chair of the UNSDG on DCO and its Annex on the Overview of Resources of the SPTF serve as the reporting on the use of all contributions to the SPTF, irrespective of their size or source. The online portal for the SPTF (<https://unsdg.un.org/SPTF>) also provides further details on an updated basis regarding the allocation of the funds globally.

Regarding the specific value of UNSDG membership to WIPO, including ways in which WIPO might leverage the Resident Coordinators and their offices, the United Nations country teams, and DCO in support of its important mandate, I propose that your office liaise and discuss with DCO. Colleagues in DCO can help outline concrete means by which WIPO can draw on the capacities and support of the RC system to advance its objectives and ensure intellectual property issues feature as part of development plans and programs at country and regional levels. Please do not hesitate to contact the Assistant Secretary-General of DCO, Mr. Robert Piper, to discuss this.

Thank you for initiating these discussions with the PBC regarding the possible membership of WIPO in the UNSDG. Should I be able to personally assist in ensuring a positive outcome from the PBC in these deliberations, please let me know. Either way, I look forward to hearing from you on the outcome of the discussions at the 32nd session of the Program and Budget Committee of WIPO.

Yours sincerely,



Amina J. Mohammed