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Agenda item 3 (a): Operational activities of the United Nations for international development cooperation: Follow-up to policy recommendations of the General Assembly and the Council

Actions taken by the Executive Boards and Governing Bodies of the United Nations funds, programmes and specialized agencies in the area of simplification and harmonization of the United Nations development system**I. Introduction**

1. The present conference room paper aims to inform the Council of the follow-up to paragraph 112 of the General Assembly resolution 62/208 on the Triennial Comprehensive Policy Review of operational activities for development of the United Nations system (TCPR)¹. In that paragraph, the Assembly requested “the executive boards and governing bodies of the United Nations funds, programmes and specialized agencies to assess the progress achieved, including costs and benefits, in the area of simplification and harmonization of the United Nations development system at the global, regional and country levels, analyze the potential impacts on development programming and report to the Economic and Social Council at its substantive session on an annual basis”.

2. Several executive boards and governing bodies have been apprised of the request of the General Assembly. However, the timing of the annual sessions of the executive boards and governing bodies vis-a-vis the adoption of resolution 62/208 in December 2007 has made it difficult for these bodies to respond extensively to this mandate in time for the substantive session of the Council in 2008.

¹ A/RES/62/208, Resolution adopted by the General Assembly on triennial comprehensive policy review of operational activities for development of the United Nations system

3. The reports of the Executive Boards of UNDP, UNFPA², UNICEF³ and WFP⁴ to the Council contain information on simplification and harmonization of the United Nations system. Therefore the present document will limit its scope to the actions taken by the governing bodies of a number of other United Nations system organizations for the information of the Council.

4. This information herein contained mainly draws on inputs received from UN system organizations, available data, such as the resolutions and final reports of governing bodies and executive boards. Other documentation referred to includes the background documents prepared for meetings of the executive boards and governing bodies.

II. Consideration of issues related simplification and harmonization in the Executive Boards and Governing Bodies of specialized agencies

A. UNESCO

5. At the 179th session of the Executive Board of UNESCO which took place in April 2008, the Director-General submitted to the Board a report on *UNESCO and United Nations reform, in particular efforts and challenges with respect to United Nations System-wide coherence*⁵. The report drew the Board's attention to paragraph 112 of the General Assembly's resolution 62/208, which requested the executive boards and governing bodies of United Nations system organizations to assess the progress achieved in the area of simplification and harmonization. It also provided an update of recent actions taken by UNESCO in the area of simplification and harmonization. One new development highlighted in the report is that the senior management will undertake a thorough analysis of the extent to which the Organization can proceed with harmonization in areas such as IT, procurement, etc. At country level, UNESCO plans to apply Harmonized Approaches to Cash Transfers (HACT) for the field offices in the "Delivering as One" pilot countries and in all other appropriate projects, mainly whenever UNESCO is implementing a project in cooperation with a partner.

6. The Executive Board notably 1) commended the Director-General on his proactive role in coordinating activities and joint action with other specialized agencies and in establishing a constructive relationship with United Nations funds and programmes; and 2) requested the Director-General to present to the 180th session of the Board a strategy and plan for the implementation of the relevant parts of the triennial comprehensive policy review resolution.

² E/2008/5, Report to the Economic and Social Council, Report of the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Population Fund

³ E/2008/6-E/ICEF/2008/3, Annual report to the Economic and Social Council

⁴ WFP/EB.1/2008/4, Annual report for 2007 to ECOSOC and FAO Council

⁵ 179 EX/42, Report by the Director-General on UNESCO and United Nations reform, in particular efforts and challenges with respect to United Nations System-wide coherence

7. It may be recalled that the 34th session of the UNESCO General Conference in November 2007 adopted resolutions⁶ regarding the alignment of management practices with the United Nations reform and the 2004 triennial comprehensive policy review (TCPR). In its resolution on Medium-term Strategy for 2008-2013⁷, the Conference underlined the particular importance of UNESCO contributing through its sectoral and thematic competencies to national development objectives and to United Nations reform and coherence. Also, in its resolution on programme related services, the Conference requested the Director-General to report on UNESCO's programmatic contribution in the context of United Nations reform and United Nations inter-agency cooperation, both at the country and the global inter-agency levels⁸.

8. With regard to cost recovery and harmonization of financial rules, the General Conference requested the Director-General to further rationalize the financial resources by optimizing the use of available resources, increasing the efficiency of current services, avoiding the creation of new structures, and reducing expenditures related to travel and contractual services and to report to the governing bodies periodically on potential cost savings in the above-mentioned areas, as well as on the expenditure on the indirect programme costs as budgeted in programme sectors and central services. In this connection, it is worth noting that UNESCO currently recovers project support costs by charging a percentage, for example 13 per cent of the expenditure of an extrabudgetary project⁹. From 1 December 2007, a programme support cost rate of 10 per cent has been applied to UNESCO's special accounts, unless otherwise decided by the Director-General¹⁰. For the Delivering as One pilot countries, all participating organizations, including UNESCO have agreed to a cost recovery rate of 7 per cent. During 2006-2007, UNESCO undertook several actions with a view to harmonizing cost recovery policies and practices, including internal meetings involving Member States and external consultations with other United Nations organizations. Since 2007, UNESCO has chaired the Working Group on Cost Recovery Policies under the aegis of the UN System Chief Executive Board (CEB) High-Level Committee on Management (HLCM), and proactively pursued further harmonization of cost recovery policies among the United Nations organizations.¹¹

9. Against this backdrop, the Conference authorized the Director-General to: 1) initiate and pursue measures to ensure the most effective use of the budget resources made available to the organization; 2) serve as focal point for United Nations inter-agency coordination on all budgetary issues; 3) closely monitor the United Nations system-wide reform processes and International Public Sector Accounting Standards (IPSAS) implementation in order to ensure that UNESCO's views as regards financial management of the budget are duly taken into

⁶ Resolutions, Volume 1, Records of the General Conference, 34th session, Paris, 16 October-2 November 2007

⁷ 34 C/Resolution 1, IV Preparation of the draft medium-term strategy for 2008-2013, Resolutions, Volume 1, Records of the General Conference, 34th session

⁸ 34 C/Resolution 54 (IV), V Programme and budget for 2008-2009, Programme related services, Resolutions, Volume 1, Records of the General Conference, 34th session

⁹ 176/EX/43, Para. 25, Progress report by the Director-General on extrabudgetary resources and activities, 9 March 2007, 176th session of UNESCO Executive Board

¹⁰ 175/EX/ Decision 36, UNESCO Executive Board decision

¹¹ 35-C3/MAF/BB, Budget preparation and monitoring, Detailed report on the activities of the organization in 2006-2007

account; 4) report, on a regular basis, to the governing bodies on the calculation and use of the indirect programme costs for the five major programmes; and 5) report on the efficient use of resources allocated for staff costs in programme sectors, support services and central services.

10. Furthermore, the Conference requested the Director-General to report on the achievement of following actions: 1) follow-up of harmonization of United Nations policies, including on cost recovery, and their financial and budgetary impact; and 2) active participation in projects such as IPSAS implementation, as well as in development of administrative and managerial tools.

11. The Conference authorized the Director-General to implement the plan of action aimed at providing support for the effective implementation of UNESCO's programmes and at ensuring the appropriate management of the administrative and common support services. It requested the Director-General to report on the implementation of IPSAS project leading to its full adoption by 2010.

12. Noting the decision of the General Assembly in July 2006¹² approving the adoption of IPSAS for the United Nations system, the General Conference approved the adoption of IPSAS as the accounting standard of UNESCO with effect from 1 January 2010; and requested the Director-General to submit to the Executive Board at its 180th session a preliminary proposal on the possible amendments to the Financial Regulations as well as an Action Plan with a timetable in order to reflect the requisite changes brought about by the adoption of IPSAS, and to submit a final proposal of amendments to the Financial Regulations for consideration and approval by the General Conference at its 35th session in 2009.

B. WHO

13. At the 122nd session of the Executive Board of WHO which took place in January 2008, the WHO Secretariat submitted to the Board a report on *United Nations reform process and WHO's role in harmonization of operational development activities at country level*¹³ for review by members of the Executive Board. The report informed the Board that WHO has consistently engaged in the planning processes of the United Nations System Chief Executive Board (CEB) for coordination and its subsidiary bodies for the system-wide collective action to rationalize procedures and reduce transaction costs. As highlighted in the report, an agreement has been signed between WHO and WFP, with a view to strengthening logistics services by developing a common WHO/WFP logistics platform with global and regional readiness and response capacity. This partnership project will enable WHO to use WFP's existing logistical support platforms and related services for a period of 36 months. The proposed joint service will be a key component in emergency health operations for a wide network of health partners, including United Nations agencies, donors and international

¹² A/Res/60/283, Para.1, Section IV, General Assembly resolution, Investing in the United Nations for a stronger Organization worldwide: detailed report, adopted on 7 July 2006, 93rd plenary meeting of the 60th session of the General Assembly

¹³ E/122/18, United Nations reform process and WHO's role in harmonization of operational development activities at country level

NGOs, which altogether will be encouraged to make use of the logistics support services¹⁴. Another bold action taken by WHO is that the Organization plans to implement IPSAS much ahead of the 2010 deadline namely by 2008. WHO has also advanced rapidly towards further streamlining of its field presence. Among 145 countries where WHO has a field presence, 27 country offices are now located at the United Nations common premises.

14. The Executive Board took note of the above report, endorsed it and approved its submission to the 61st World Health Assembly, which took place 19-24 May 2008 in Geneva.

15. At the 58th World Health Assembly in May 2005, the Secretariat submitted a report on *collaboration within the United Nations system and with other intergovernmental organizations*¹⁵, which emphasized that WHO's coordination activities as a member of United Nations Country Teams and its work with other intergovernmental organizations at the country level had resulted in better alignment and synchronization of United Nations activities in support of national priorities in various sectors and with national poverty-reduction strategies. It may be recalled that, in response to the above report, the World Health Assembly, in its resolution on *United Nations reform process and WHO's role in harmonization of operational development activities at country level* of 2005¹⁶, requested the Director-General 1) to ensure that WHO staff and programmes at headquarters, and regional and country offices adhere to the international harmonization and alignment agenda; 2) to examine ways and take specific steps to further rationalize procedures and reduce transaction costs as outlined in Chapter 4, paragraph 36, of United Nations General Assembly Resolution 59/250; and 3) through the Executive Board to submit to the 61st World Health Assembly, a comprehensive analysis of WHO's contribution to the implementation of United Nations General Assembly resolution 59/250, in particular the alignment of WHO's operational development activities at country level with those of the United Nations system and the impact of such coordination effort on aid effectiveness and its monitoring. The report¹⁷ has been submitted to the 61st World Health Assembly.

C. FAO

16. FAO Conference resolution 13/2005¹⁸ adopted in November 2005 requested the Director-General of FAO to take appropriate actions for the full implementation of General Assembly resolution 59/250 on the TCPR and requested FAO Secretariat to submit to the 34th session of the Conference in 2007 an interim report on the implementation of this resolution. In response to the Conference's request, the Secretariat of FAO submitted to the Conference

¹⁴ Health Action in Crises, Highlights No. 141, 15-21 January, 2007, WHO

¹⁵ Para. 11, A/58/40, report by the Secretariat, *collaboration within the United Nations system and with other intergovernmental organizations*

¹⁶ Resolution WHA58.25 adopted at the 58th World Health Assembly on 25 May 2005

¹⁷ A/61/32, *Collaboration within the United Nations system and with other intergovernmental organizations, United Nations reform process and WHO's role in harmonization of operational development activities at country level*, report by the Secretariat, 61st World Health Assembly

¹⁸ 13/2005, on the Implementation of United Nations General Assembly (GA) Resolution 59/250 on the Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System (TCPR)

an interim report on the triennial comprehensive policy review (2004) of operational activities for development of the United Nations system at its 34th session in November 2007, which outlined a set of actions taken and progress achieved by FAO in the area of simplification and harmonization.

17. The above report mentioned that currently FAO shares premises with the United Nations system in 21 countries and participates in joint service contracts in a number of countries. Parallel to this effort, the harmonization of information technology services and financial rules such as adoption of IPSAS is being pursued by FAO. FAO has been actively engaged in the discussions within CEB/High-level Committee on Management (HLCM) and UNDG on reducing transaction costs and pursuing efficiencies in the context of the “Delivering as One” initiative. The Organization is scaling up its efforts to harmonize support cost recovery policies and rates with other United Nations agencies, funds and programmes. One major challenge emerging from FAO’s involvement in the “Delivering as One” pilots is that the Organization has to reduce its support cost rates while at the same time fulfilling its requirement to fully recover related costs.

18. In its resolution 2/2007¹⁹, the Conference took note of the interim report, urged the Director-General to continue to pursue efforts toward the full implementation the Conference Resolution 13/2005 and requested the FAO Secretariat to submit to the next ordinary session of the Conference another interim report on the implementation of the General Assembly Resolution 59/250, taking into full account the negotiated outcome of the 62nd Session of the General Assembly on the *Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations*.

19. A report has been prepared by the FAO secretariat for the May 2008 session of the Joint Meeting of the Programme and Finance Committees titled *Collaboration on Administrative and Processing Work between FAO, WFP and IFAD – Progress Report*. This report provides an assessment to date of the progress in the area of simplification and harmonization of the Rome based agencies.

D. ILO

20. At the 300th session of the ILO’s tripartite Governing Body²⁰ in November 2007, the ILO Secretariat submitted an *information document on United Nations and reform*²¹, which introduced the recent developments with regard to the United Nations reform issues affecting the ILO and the Decent Work Agenda in intergovernmental and inter-agency processes. The report highlighted ILO’s active participation in the inter-agency coordination mechanisms and actions taken to accomplish greater coordination, simplification and harmonization of administrative and business practices, particularly in the context of “Delivering as One”

¹⁹ Resolution 2/2007, Implementation of United Nations General Assembly Resolution on the Triennial Comprehensive Policy Review of Operational Activities for Development of the United Nations System, C 2007/REP, Report of the Conference of FAO (34th session)

²⁰ The Governing Body is the executive council of the ILO, comprising 28 government members, 14 employer members and 14 worker members

²¹ GB. 300/4, the United Nations and Reform (for information), Governing Body’s 300th session, November 2007

pilots. ILO has participated in a number of inter-agency missions, which have been fielded to advise United Nations Country Teams and validate arrangements for the one programme and one fund, and to provide change management support. ILO is also active in an informal senior executives coordination group of the ten largest funds, programmes and specialized agencies, as part of several coordination arrangements that have been established at the inter-agency level in support of the “Delivering as One”. The Governing Body took note of the document and of the comments expressed during its discussion.

E. UN HABITAT

21. UN HABITAT has been very proactive in promoting collaboration with various United Nations organizations in the field. For example, in 2002 UN HABITAT and UNDP agreed to establish Habitat Programme Manager positions in selected developing countries, for the purpose of promoting the implementation of the UN-Habitat mandate and strengthening inter-agency coordination at country level. The main aim of the initiative was not related directly to the simplification and harmonization, but through this inter-agency mechanism, greater synergy could be achieved especially in areas such as programming and associated business practices.

22. It may be recalled that, in the resolution 21/2 adopted at the 21st session of the Governing Council in April 2007, the Council requested the Executive Director, irrespective of the level of funds received, to 1) give immediate priority to the proposed institutional reforms, including further implementation of results-based management, robust knowledge management systems and any institutional adjustments necessary better to align the organization with the Medium-term Strategic and Institutional Plan, consistent with the wider process of United Nations system-wide reform; 2) strengthen partnerships with other United Nations organizations, the World Bank Group and regional development banks in order to achieve the Plan’s overarching vision and objectives in line with overall United Nations system-wide reform; and 3) make optimal use of efficiency gains arising from the reform process in order to redeploy resources for the implementation of the Plan²².

F. UNAIDS

23. The UNAIDS Programme Coordinating Board (PCB) has taken steps to support the implementation of the Global Task Team (GTT) recommendations on harmonization and alignment within the United Nations system. The GTT recommendations have been on the agenda of all PCB meetings since their endorsement in 2005. Actions taken by the Board include endorsement of the recommendations by the Executive Boards of all Cosponsors, provision of guidance on Joint UN Teams and Programmes on AIDS, and development of the 2008-9 Unified Budget and Workplan. The Country Harmonization and Alignment Tool (CHAT) was developed to assist national AIDS authorities to assess the degree of harmonization and alignment among international partners. As an integral component of

²² Supplement NO. 8 (A/62/8), General Assembly official records, 62nd session, Resolution 21/2: Medium-term strategic and institutional plan for 2008-2013, Report of the Governing Council of the United Nations Human Habitat Programme (21st session)

CHAT, the International Partner Assessment provides qualitative information about whether international donors are harmonized among themselves and with the national AIDS coordinating authority to establish common funding and accountability arrangements, simplify their procedures and openly share information about their approaches²³. According to UNAIDS, joint programmes and teams on AIDS that build on CHAT, are serving as a model for joint programming in other areas, and demonstrating the principle of “One UN” as a way to reduce transaction costs and provide more efficient and effective services to stakeholders.

24. PCB at its 21st meeting in December 2007, agreed that the following areas should be assessed by an Independent Evaluation (the second of its kind): 1) the impact of United Nations reform on delivering the mandate of UNAIDS especially in countries; and 2) the impact which UNAIDS has had on United Nations reform and greater coherence at country, regional and global levels²⁴.

G. IFAD

25. At its 93rd session in April 2008, the Secretariat submitted to the Executive Board a *report on progress in IFAD's implementation of the 2007 TCPR*,²⁵ which drew the board's attention to paragraph 112 of the General Assembly Resolution 62/208. IFAD is currently reviewing relevant sections of the TCPR resolution, assessing areas where progress has already been made and identifying areas requiring further work.

26. Furthermore, harmonization of business practices is being proactively pursued by the three Rome-based United Nations agencies namely, FAO, WFP and IFAD. These three agencies have agreed to establish an inter-institution coordination committee to review, approve and prioritize the overall programme of harmonization of business practices and joint administrative activities. As follow up to this, some progress has been made in the areas of common procurement, development of common business standards and sharing of human resources services. For example, IFAD has agreed to open new field offices within FAO country offices. The Board took full note of the actions taken by the IFAD Secretariat in implementing the 2007 TCPR.

H. IAEA

27. IAEA is committed to implement IPSAS as its accounting standard with expected effect from 1 January 2010. Efforts to improve administrative processes and systems supporting IAEA's core business and to harmonize cost recovery policies are also underway. These have been considered by IAEA's Board of Governors.

²³ UNAIDS/07.17E, Country Harmonization and Alignment Tool, UNAIDS, June 2007

²⁴ Decisions, Recommendations and Conclusions, 21st Meeting of the UNAIDS Programme Coordinating Board, 17-18 December 2007

²⁵ EB 2008/93/INF.8, Progress in IFAD's implementation of the 2007 triennial comprehensive policy review, 24-25 April 2008

28. In 2007, the Standing Advisory Group for Technical Assistance and Cooperation (SAGTAC) which reports to the IAEA's Director General, elaborated on potential responses to the challenges associated with the "Delivering as One" exercise and subsequently with the simplification and harmonization of the United Nations development system at the global, regional and country levels. SAGTAC has submitted recommendations to the Director General which are currently undergoing a thorough study by the Secretariat and are expected to significantly contribute to the development of a relevant strategic and operational framework.

29. Moreover, IAEA has recently launched and completed a forward-looking study for the role and structure of the organization in the year 2020. The final report took into consideration aspects and factors that would enhance the compatibility and complementarity of IAEA with other organizations of the United Nations system as well as the simplification and harmonization of IAEA's contributions to national development.

III. Conclusion

30. Executive boards and governing bodies of United Nations agencies have in a variety of ways supported the process of harmonization and simplification in order to reduce transaction costs. Their discussions highlight that some progress has been made in most areas emphasized in the 2007 TCPR, including harmonization of cost-recovery policies, rationalization of country presence, use of common support services and harmonization of other business approaches. In several cases, the board members noted that the "Delivering as One" pilots have pioneered innovative initiatives as possible options and considerations with a view to achieving simplification and harmonization of the United Nations operational activities at the country level. Nevertheless, one of the most important lessons learned from the country pilots is that there is no one-size-fits-all approach to the attainment of efficiency gains through simplification and harmonization.

31. This report has highlighted only some key issues raised by members of executive boards and governing bodies of the United Nations system. As mandated by the General Assembly Resolution 62/208, the executive boards and governing bodies of the United Nations funds, programmes and specialized agencies will be expected to carry out a more comprehensive assessment in the area of simplification and harmonization in line with paragraph 112 of the resolution in view of future sessions of the Council. The compilation and synthesis of the analyses shall be presented to the next session of the Council in 2009.