

ECOSOC Dialogue on the longer-term positioning of the UN development system in the context of the post-2015 development agenda

Summary/Update of the Second Phase* of the ECOSOC dialogue by the Vice-President of ECOSOC, H.E. Mr. Héctor Alejandro Palma Cerna, Representative of Honduras to the United Nations Economic and Social Council, on behalf of the ECOSOC Bureau

Phase 2: December 2015 – July 2016

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(*) The summary of phase I was issued on 5 June 2015 and is available on the ECOSOC website
<https://www.un.org/ecosoc/en/content/phase-1>

1. Introduction

In ECOSOC resolution 2014/14, the Council decided to convene a transparent and inclusive dialogue on the longer-term positioning of the United Nations development system in the context of the post-2015 development agenda, including the interlinkages between the alignment of functions, funding practices, governance structures, organizational arrangements, capacity and impact and partnership approaches.

The first phase of the ECOSOC Dialogue took place between December 2014 and May 2015 and focused on building a solid understanding among Member States of the opportunities and challenges facing the UN development system in anticipation of the adoption of the 2030 Agenda. Comprehensive information on the various meetings and other events that took place during the first phase, including relevant background documentation, is available on the ECOSOC website: <https://www.un.org/ecosoc/en/content/what-ecosoc-dialogue>

The purpose of the second phase, which began with a Briefing Session on 17 December 2015 and culminated in a formal Meeting of the Council on 7 July 2016, was to discuss concrete ideas, options and proposals for strengthening the UN development system. With that objective in mind, the ECOSOC Bureau, at the outset of the second phase, decided to further enhance the knowledge base of this process by enlisting the support of a group of high-level experts to assist Member States by providing ideas, proposals and options for adapting the UN development system to the requirements of the 2030 Agenda.

An Independent Team of Advisers composed of 14 members and co-chaired by Dr. Klaus Topfer, former Under Secretary-General and Executive Director of the United Nations Environment Programme and Ambassador Juan Somavia, former Permanent Representative of Chile to the United Nations and former Director-General of the International Labour Organization, was formally established in early 2016 and met for the first time in February 2016 in conjunction with the Operational Activities for Development Segment of ECOSOC. The team of advisers presented its conclusions and recommendations as an input to the discussions at an ECOSOC Dialogue workshop that took place 22-23 June 2016.

Background papers prepared by the Independent Team of Advisers and specific proposals submitted by Member States and the UN development system informed discussions during the second phase of the ECOSOC Dialogue. Comprehensive information about ECOSOC Dialogue meetings held during this phase, such as agendas, background documents and summaries, where relevant, as well as relating to the work of the team of advisers and specific proposals submitted by Member States, can be found on the above-mentioned website of the Council.

There is deep awareness among Member States that the UN development system is at a crossroads following the adoption of the 2030 Agenda. The organizational renewal needed will require significant changes in (i) capacity, particularly at the system-wide level, (ii) mindset and action in the UN development system, and on the part of Member States, (iii) the same vision and determination as the one that led to the adoption of the 2030 Agenda itself.

This summary is prepared in pursuance of operational paragraph 44 of Council Resolution 2014/14. In this paragraph, the Secretary-General has been requested to reflect the ECOSOC Dialogue discussions in his report on the quadrennial comprehensive policy review of operation activities of the UN system for consideration and action by Member States during the 2016 review.

The purpose of this summary is to synthesize the discussions that took place during the second phase of the ECOSOC Dialogue on the longer-term positioning of the UN development system as a whole, with particular focus on the changes required to achieve effective interlinkages and alignment between functions, funding practices, governance structures, organizational arrangements, capacity and impact and partnership approaches.

2. Understanding the changing development context

The UN development system doesn't operate in a vacuum; it is an integral part of a broader network of organizations working to advance development around the world. The ability of the UN development system to succeed in this environment depends on the Organization's ability to create value for Member States, particularly programme countries. This value creation is ultimately influenced by the benefit and cost positions of the UN development system vis-à-vis other actors in international development cooperation.

For a long time, only individual UN entities have strived to strategically position themselves in the broader development cooperation environment. However, in ECOSOC resolution 2014/14, Member States decided for the first time to engage in a dialogue on the longer-term *positioning* of the UN development system as a whole. This process has provided Member States with an opportunity to engage in a dialogue on the *specific value* the Organization could be expected to deliver in the implementation of the 2030 Agenda.

Besides the 2030 Agenda, a number of other changes in the broader development environment will also influence the longer-term positioning of the Organization. These factors include the changing profile of poverty and development; rising inequality within and across countries; protracted nature of crises in many humanitarian and conflict-affected settings; the need to upscale the transition to sustainable consumption and production patterns and tackle the effects of climate change; technological innovations and the data revolution; the emergence of new powers from the South, a number of which having established significant development cooperation programmes; and the increasing demands from developing countries for more equitable and effective participation in governance of the multilateral system. The universality of the new agenda also means that the pursuit of sustainable development and poverty eradication has become the responsibility of all countries, both individually and collectively, through strengthened international cooperation.

During the ECOSOC Dialogue, Member States repeatedly emphasized that the promotion of sustainable development in the post-2015 era would require the UN development system to strengthen its ability to provide integrated, coordinated and coherent support to programme countries. In this context, two factors were particularly highlighted:

Growing complexity and interconnectedness of development challenges

The 2030 Agenda is bold in its ambition to universally end poverty in all its forms and dimensions and reduce inequalities. All countries have committed to sustainable development that leaves no one behind. While the core issue of alleviating poverty remains at the heart of the 2030 Agenda, other critical challenges such as those resulting from the process of globalization, increasing interdependence of countries, climate change and urbanization, have grown in importance as well. The interconnectedness of these development challenges means they need to be addressed in an integrated, coordinated and coherent manner.

The substantive breadth and depth of the 2030 Agenda, its universal and indivisible nature and the interlinkages and mutual dependency among the sustainable development goals and targets illustrate well the growing interconnectedness of country and global development action. SDG1, *End poverty in all forms everywhere*, for example, will require strengthening of social protection systems at the country level (target 1.3), as well as global action to enhance the resilience of the poor and those in vulnerable situations to climate-related events and other economic, social and environmental shocks and disasters (target 1.5).

Greater emphasis on global development challenges also means that the development prospects of countries are increasingly interconnected. Developed countries can no longer achieve sustainable development without commensurate progress in developing countries and vice versa. While a continued strong provision of assistance for basic needs in LDCs is central to the 2030 Agenda, those countries will also need simultaneous support to allow them to benefit from globalization and to enable them to deal with collective development challenges.

Increased diversification of capacity of programme countries

The past decade has witnessed growing diversification in capacity of programme countries. Many of the 49 least-developed countries -of which 33 are in conflict and crisis situations, with a population of almost 900 million-, continue to face significant capacity constraints and will require support from the UN development system in a wide range of areas. At the same time, many governments in those countries are increasingly expecting the UN development system to be able to deliver not only an integrated and coordinated policy, but also technical and implementation support, in order to strengthen national ownership and improve cost effectiveness in programme delivery. Support to LDCs and those in conflict and other special development situations should continue to be accorded highest priority in the work of the Organization. Engagement at the country level must also remain demand-driven and have a strong focus on capacity building, so as to ensure national ownership of efforts and results.

Although many middle-income countries (MICs) have acquired significant capacities and resources in the past decade, they continue to face significant challenges and vulnerabilities as recognized in many General Assembly resolutions, especially in GA/70/215. In the post-2015 era, the MICs can be expected to demand more integrated policy and technical support from the UN development system aimed at enhancing capacity for policy coherence, institution-building and leveraging of private finance. There is an increasingly competitive market for these types of services and many MICs have the capacity to identify and finance the best expertise available in the market place. Taking into account their broad and complex diversities, MICs, for example, may particularly require integrated support to address global development challenges through strengthening of domestic enablers such as legislative and regulatory improvements and capacity building of national institutions and systems in different areas. MICs are also likely to request support to enhance country-level supply of certain goods of importance to the global community, e.g. for adaptation to climate change and protection of biological diversity.

3. Implications for the UN development system

The adoption of the 2030 Agenda has implications for every aspect of the work of the UN development system, including interlinkages between the alignment of functions, funding practices, governance structures, organizational arrangements, capacity and impact and partnership approaches. The UN development system, as repeatedly highlighted during the

ECOSOC Dialogue process, must become adept at working effectively with different stakeholders and across the peace and security, development and humanitarian pillars of the Organization. An earnest appraisal of the role and capacity of the UN development system to support the implementation of the 2030 Agenda is called for at the outset of the post-2015 era. This will require high-level political commitment of Member States and bold leadership in the UN development system itself. This section briefly summarizes key messages of the second phase of the ECOSOC Dialogue organized around the six areas of focus: functions and impact, funding practices, governance structures, organizational arrangements and capacity and partnership approaches, in the UN development system, as well as interlinkages and alignment among them.

A. Functions and impact

In the view of the Independent Team of Advisers (ITA), the search for sustainability of people and planet has become the overarching vision of the UN development system in the post-2015 era. With this overall vision in mind, the team has identified five *core functions* of the UN development system in response to the requirements of the 2030 Agenda, namely:

- ❖ National development support
- ❖ Humanitarian and crisis operations
- ❖ Norm and standard-setting and thought-leadership
- ❖ Global and regional policy development
- ❖ Global challenges requiring collective action

ITA has also made several recommendations to facilitate the achievement of these functions, including: rebranding the UN development system as “*UN Sustainable Development System*” with a common and unifying identity and logo; developing a *Global Strategic Framework* to provide comprehensive overview of the work of the UN development system in support of 2030 Agenda implementation; strengthening the policy development function across entities; deepening the regional dimension and thought-leadership capacity of the Organization; enhancing networking of staff capacities across entities; and strengthening the leveraging capacity of the Organization. The team has also recommended that it be considered to organize the UN development system around functional groupings, thus facilitating integration and coordination in the work of entities.

In many countries in protracted crisis, ITA has also pointed out it becomes particularly important that development interventions are given due consideration in the support provided by the UN development system. The Organization needs to bridge the humanitarian-development divide in order to ensure that these functions go hand-in-hand in fostering peace, stability and sustainable development. At the same time, it becomes important that humanitarian assistance doesn’t divert resources away from longer-term development activities.

According to UNDG/DOCO, 95 UN country teams (out of 131) are currently supporting programme countries in their national strategies for implementing the 2030 Agenda. In half of those programme countries, the UNCT has received a request to assist the government in mainstreaming the SDGs in national development plans. In many programme countries, UNCTs are also supporting the national government in localizing indicators and strengthening

capacities on data, policy, local service delivery and reporting. To facilitate the SDG mainstreaming process, UNDG has developed the MAPS framework (mainstreaming, acceleration and policy support). UNCTs have also established some 837 results groups to support the implementation of specific SDGs at the country level.

Furthermore, since the adoption of the 2030 Agenda, UNDG has invested significant time in developing more in-depth knowledge on issues such as universality, pooled financing and theory of change. New UNDAF guidance has also recently been rolled out, which demands more strategic programmatic and policy collaboration among entities at the country level. The UNDAF instrument, moreover, is proposed to be renamed as the United Nations Sustainable Development Framework.

There is consensus among Member States that the coverage, priority and intensity attached to the core functions of the UN development system will need to be context-specific while the work of each entity should simultaneously be guided by a clear strategic focus. There is also consensus among Member States that support to LDCs and those in conflict and other special development situations should continue to be accorded high priority in the work of the Organization but this should not be done at the expense of the needs for support of other programme countries. Engagement at the country level must remain demand-driven and have strong focus on national capacity building. In middle-income countries, the UN development system will particularly be expected to provide integrated policy and technical support.

The proposed *Global Strategic Framework* to guide operational activities of the UN system in the post-2015 era, in the view of some Member States, could become a useful tool for consideration, but requires further reflection, particularly with regard to its impact on programme delivery, as well as its relationship with existing instruments such as strategic plans of entities and country programme documents of the funds and programmes. More information is required on how the global strategic framework could contribute to improvements in system-wide coherence, effectiveness and efficiency in the implementation of the 2030 Agenda.

The concept of 'functional groupings' in the UN development system, which would encompass multiple development sectors and SDGs, was also felt by many Member States to warrant further consideration. Some felt that the creation of such functional groupings among UN entities would be particularly relevant at the country level.

Some Member States during the ECOSOC Dialogue also called for a review of the existing mandates and activities of UN entities, with a view to better understanding areas of duplication and overlap. Such a review could serve as an important starting point for planning of UN development system support for the implementation of the 2030 Agenda.

Several Member States recognize that natural complementarity exists between humanitarian assistance and development-related activities of the UN development system in countries in conflict-affected situations. At the same time, there are concerns among many Member States that increased humanitarian assistance should neither lead to 'de-prioritization' of development-related support to programme countries nor weakened policy and operational independence of the respective entities. Some Member States are also concerned that in conflict-affected situations, some development-related activities may be prioritized by donor countries at the early stages of support at the expense of humanitarian assistance. It was also repeatedly emphasized that there should be no diversion of funds from support to other development partners.

There were calls by some Member States for strengthening of joint planning between the two pillars, particularly at the regional and country levels. It is also important for the UN development system to be able to separately track and account for humanitarian and development-related resources. Moreover, the division of labour between the humanitarian, development and peace and security pillars of the Organization should be made more transparent with a view to strengthening accountability of entities in programme delivery.

There was also recognition among many Member States that the Organization will need to strengthen the regional dimension in its work in the post-2015 era. Some Member States also called for better understanding of the implications of the principle of universality in the work of the UN system, particularly at a time of greater interconnectedness of development challenges.

Notwithstanding these views, the five emerging core functions of the UN development system as highlighted at the outset of this section enjoyed broad-based support among Member States during the ECOSOC Dialogue.

B. Funding practices

Funding practices in the UN development system are characterized by a number of challenges. For development-related activities, these include the need to reduce funding risks and volatility and improve predictability and volume of resources flows; increase volume of flexible non-earmarked and loosely-earmarked resources and reduce fragmentation of the resources base; improve financial and other incentives for non-earmarked and higher quality earmarked funding; achieve full cost recovery of non-programme costs for earmarked funding; and improve transparency in reporting on the sources, uses and impact of different types of resources at both planning and implementation stages.

Humanitarian financing and assistance for conflict countries faces many similar challenges, including the need for higher volume and more flexible non-earmarked and loosely earmarked resources due to the unpredictable nature and rapidly growing demand for support; the need to reduce strict earmarking of funding, particularly at early stages of recovery; lack of predictable and flexible financing for peacebuilding and development in countries in protracted crises; and the importance of strengthening the use of integrated strategic results and resources frameworks to address current lack of high-quality data and information on funding gaps and requirements, particularly in countries in protracted crises.

In the past two decades, funding for UN operational activities has become highly fragmented. The high degree of strict earmarking indicates that contributions in the UN development system are strongly influenced by donor-specific priorities. This is generally seen to negatively affect the ability of entities and the UN development system as a whole to implement mandates and core activities in the most effective and efficient manner, and to have been influenced by contributors' need for greater visibility, control over disbursements, enhanced accountability and concerns about distribution of decision-making power at the level of governing bodies. Funding, as a result, is often seen as driving activities in the UN development system.

ITA has made five main recommendations with a view to improving the funding architecture of the UN development system: *firstly*, special efforts should be made to enhance cost-efficiency and effectiveness in the work of the UN development system in order to create incentives for contributors to provide more flexible, demand-driven funding; *secondly*, a consolidated balance sheet for the UN development system should be developed in order to show how non-

earmarked and earmarked resources are aligned with 2030 Agenda implementation, including funding gaps; *thirdly*, the relationship of UN entities with the international financial institutions should be strengthened in order to improve the complementarity of their work, particularly at the country level; *fourthly*, the role of the UN development system as a broker of funding should also be enhanced; and, *fifthly*, a common framework for public-private partnerships should be developed with a view to maximizing development benefits while protecting the Organization against reputational risk.

The UN development system is also exploring various ways to improve the quantity and quality of funding for operational activities. This includes expanding the use of pooled funding mechanisms with a view to driving greater integration and coordination in the delivery of operational activities, particularly on cross-cutting issues, resilience-building and integrated policy support. The examples of the Ebola Response Multi-partner Trust Fund, the Somalia Development and Reconstruction Facility and the UN Delivering-as-One Papua New Guinea Fund were highlighted in this regard. The Multi-partner Trust Fund Office is also leading preparations for setting up a global pooled funding mechanism. The UN development system is also encouraging the development of various innovative financing mechanisms, e.g. with a view to improving the quality of funding for humanitarian assistance.

It was also pointed out that a number of entities have developed good practices to improve the predictability and quality of resources flows for operational activities. The negotiated replenishment process of IFAD, for example, has resulted in a high degree of transparency in terms of results expectations and knowledge of resource requirements and gaps at the governance level, which in turn has helped build trust between IFAD and Member States and other stakeholders. The IFAD process has also served as a vehicle for regular consultations among Member States and the senior management on issues related to reform of the organization. WHO has introduced a funding option aimed at encouraging more flexible negotiated pledges by donors. Through a series of dialogues between the agency and its funding partners, Member States and non-state actors, commitments are negotiated involving flexible resources in addition to assessed contributions to the entity. In 2003, UNEP launched an initiative based on voluntary indicative scale of contributions. The VISIC has improved burden-sharing among Member States compared to the period prior to its introduction, enhanced stability and predictability of non-earmarked resources due to broader donor-base and lowered the dependence of UNEP on top donors.

Member States recognize that the current level of non-earmarked funding to the UN development system is not sustainable. Some Member States, however, are of the view that increased non-earmarked contributions would require a high degree of clarity at the level of governance on what constitutes core functions and activities of an entity and their expected results and impact, along with improved transparency in reporting on results derived from use of non-earmarked funding, as well as strong intergovernmental ownership of strategic plans and resources frameworks.

Member States and UN entities alike also recognize that improving transparency and information flow on the sources, use and impact of both non-earmarked and earmarked funding, including how core and non-core activities are defined, is critical for enhanced resources mobilization at entity and system-wide levels. A culture of transparency can foster better alignment between the preferences of contributors and the strategic intent and work

priorities of entities. Capitalizing on new opportunities to mobilize system-wide funding would also put additional demands on the quality of system-wide statistics, analysis and reporting.

In the view of some Member States, further discussion and analysis is required with regard to the potential of a negotiated pledging mechanism to improve the volume and burden-sharing of non-earmarked funding in the UN development system. It was also pointed out during the ECOSOC Dialogue that further strengthening of the UN resident coordinator system in the post-2015 era may require the introduction of a financing system based on assessed contributions.

Member States generally agree that it would be desirable to earmark funding only at the outcome level of strategic plans of entities. Achieving such high-level of earmarking, however, would require strong ownership of Member States of the strategic plans and resources frameworks of entities and a high degree of confidence in the quality of their results-based management, evaluation and reporting systems.

It was also highlighted that the current predominance of strictly earmarked funding has resulted in a highly complex and resource-consuming reporting system for both entities and programme countries alike. This reporting burden is particularly heavy on governments in small programme countries, including Small Island Developing States, and those with multi-country offices. Representatives of those countries appealed to donors to consider reducing current reporting requirements. Efforts could also be stepped up to adopt common UN results reporting standards, which would help avoid duplication and reduce overall burden on entities and programme countries.

With regard to the ITA-proposed consolidated budget for the UN development system, Member States expressed interest to know how such an instrument would advance more informed governance deliberations at the global level.

C. Governance structures

Member States have debated for a long time how to make the individual parts of the UN development system work more effectively together, without weakening the independence of individual entities, including their governing bodies. This quest for improved governance has become even more critical over time as the volume of operational activities of the UN system has experienced rapid growth and also as the result of the recent adoption of the 2030 Agenda.

The governance system of the UN development system has changed remarkably little since the Organization was established some 70 years ago. It continues to reflect the specialized and decentralized design of the Organization and Member States have been reluctant to alter this system in any significant way. The system is two-tiered, consisting of the General Assembly and ECOSOC at the central level and the Executive Boards of the operational funds and programmes and the governing bodies of the specialized agencies at the entity level. Governance also takes place at the country level, where programme country governments and UN development system entities establish priorities and assess progress in the implementation of activities.

It was stressed by ITA that the requirements of the 2030 Agenda for greater horizontal cooperation among sectors and actors will pose a special challenge for the UN development system due to the vertically-oriented governance, accountability and operational lines of UN entities. The UN development system will therefore need to develop the necessary capacity to perform as a “system” if the Organization is to effectively support 2030 Agenda implementation.

In the post-2015 era, the UN development system will also need governance capacity that can effectively balance agency and system-wide interests as well as the national and global perspective in decision-making. Agency-specific governing bodies, in addition, will require enhanced capacity to provide effective strategic guidance and oversight of the respective entities. Central governing bodies, on the other hand, will need capacity to coordinate with authority in order to enable the UN development system to capitalize on opportunities for synergy in programming and operations across entities and to ensure effective implementation of system-wide mandates. The composition of governing bodies should also help ensure strong political and performance legitimacy of entities of the UN development system.

ITA has made four recommendations to improve governance of the UN development system: *firstly*, strengthen the monitoring and oversight role of ECOSOC by establishing a fulltime ECOSOC President with adequate staff-complement; *secondly*, establish a Sustainable Development Board through the gradual merging of governing bodies; *thirdly*, improve the scope and effectiveness of the quadrennial comprehensive policy review resolution of the General Assembly; and, *fourthly*, enhance the quality of decision-making by individual governing bodies by reviewing their composition and working methods.

The view was also expressed during the ECOSOC Dialogue that the term ‘governance’ needs to be clearly defined in the context of the UN development system. The role of governance is not to manage an entity or provide broad political guidance. This is the role of senior management of entities and central governing bodies like the General Assembly and ECOSOC, for example. The role of a governing body is, inter alia, to carefully negotiate strategic priorities for an entity, or the system as a whole; define key outcome areas and core functions and activities and their financing logic; determine funding requirements and gaps; and assess results and impact. In a well-functioning governing body, these key functions become part of a negotiation process among Member States.

Few governing bodies in the UN development system, however, actually perform such core functions, although they are generally an integral part of governance of most other multilateral institutions. Discussions on the role and functions of governing bodies in the governance of UN development system entities will therefore need to begin with clarity on the expectations of Member States in this regard.

There is recognition among Member States that ECOSOC will need to play an important role in facilitating and supporting the implementation of the 2030 Agenda. There is less consensus, however, whether the establishment of a fulltime ECOSOC President with an additional staff complement is necessary for the realization of that objective.

Some Member States are open to the proposal to establish a *Sustainable Development Board* to enhance coordination in the UN development system. However, other Member States raised a number of issues that would need further discussion, such as the SDB’s scope of work, role, membership, including participation of non-State actors, relationship with the General Assembly and ECOSOC as well as governing bodies of other entities, including the specialized agencies, and also how this change in governance would enhance the impact of the work of the UN development system. Some Member States also asked how a single board would differ from existing governing bodies in terms of efficiency, effectiveness, results, workload and time commitment of members.

Member States also asked how a more centralized approach through the establishment of a Sustainable Development Board would contribute to improved strategic guidance of the work of the UN development system as a whole and whether functioning of existing governing bodies could be enhanced instead, e.g. through capacity-building of members and secretariats and complemented with further strengthening of existing inter-agency coordination mechanisms. Despite these differences, all Member States recognized the gap in horizontal governance and the need to address it.

Member States generally agree that strengthening leadership, coordination, transparency and accountability in the UN development system is closely interlinked with efforts to improve governance of operational activities of the Organization.

The proposal to strengthen the scope of the QCPR and somehow include the specialized agencies in this process, as well as the introduction of annual implementation reviews at the level of entities, was met with general favour of Member States. UNDG has also proposed that the QCPR resolution of the General Assembly be transformed into an overarching strategic framework for the entire UN development system. Member States are also strongly interested in knowing how to make this process more effective both in terms of sharpening the content of the QCPR resolution, but also when it comes to accountability for implementation, including strengthening the participation of the specialized agencies.

D. Organizational arrangements and capacity

It was highlighted several times during the ECOSOC Dialogue that strengthening organizational arrangements and capacities in the UN development system is a key lever for enhanced cost-effectiveness in the delivery of operational activities, which can then contribute to more strategic positioning of the Organization in global development cooperation.

It was explained that according to the latest CEB and DESA figures, the delivery of UN operational activities in the 50 smallest programme countries in 2014 was about \$2 million and \$271,000 per office and staff, respectively. The global averages, in comparison, are \$17.4 million and \$535,000, respectively. Over 30 per cent of all offices of UN development system entities are in programme countries where UN operational activities account for less than 10 per cent of total official development assistance. Some 38 per cent of all offices are in Africa, which accounts for 45 per cent of UN operational activities, translating into some 12 offices per country on average. Nineteen per cent of all UN development system offices are in the Americas region with nearly 10 offices per country on average. The Americas region, however, accounts for about 9 per cent of UN operational activities, of which 40 per cent are so-called “local resources”, or funds provided by governments for in-country activities.

ITA has made seven recommendations to improve organizational arrangements and capacity in the UN development system: *firstly*, the proposed Sustainable Development Board should review the field presence of UN entities; *secondly*, the post of Deputy Secretary-General should be re-designated as Deputy Secretary-General for Sustainable Development with responsibility, inter alia, for harmonization and simplification of business practices; *thirdly*, the DSG-SD should manage the UN resident coordinator system; *fourthly*, funding of the UN resident coordinator system should become the responsibility of the DSG-SD; *fifthly*, the delivering-as-one initiative should be scaled-up; *sixthly*, UN development system should adopt a common human resources policy; and, *seventhly*, the UN development system should strengthen cooperation and

partnerships with the international financial institutions in order to achieve better complementarity of work at the country level.

UNDG/DOCO reports that 54 countries are currently formally applying the delivering-as-one approach. The UN resident coordinator competency framework has also recently been revised by introducing a new performance system for RCs and UNCTs. UNDG also recognizes that the introduction of the SDGs will have important implications for business operations of entities at both field and headquarters levels. A Plan of Action for Headquarters to remove bottlenecks impeding UNCTs in delivering-as-one has been developed and is already under implementation. The introduction of the Standard Operating Procedures and the associated Business Operations Strategy are both steps to provide the basis for further harmonization by entities at country and headquarter levels.

The new UNDG position paper on business operations envisages that global, regional and local service centres can serve as central repositories from which services can be sourced from different entities. Such service centres could be operated by individual entities based on comparative advantage and proven expertise as well as on the basis of mutual recognition of relevant policies, regulations and procedures. UNDG is also actively encouraging member entities to adopt the International Public Sector Accounting Standards. The findings of mid-term evaluations of business operation strategy pilots show that significant savings can be accrued at the country level through greater inter-agency cooperation in the area of business practices.

Member States generally agree that there is need to review the existing field presence of UN development system entities with a view to improving cost-effectiveness in programme delivery at country and regional levels. There is also strong support for the UN development system developing flexible office presence models that respond to different country contexts and which could be implemented in a phased manner. The role of the regional commissions and regional offices of entities should also be considered in this context.

Some Member States, however, asked how re-designating the post of Deputy Secretary-General as Deputy Secretary-General for Sustainable Development, would contribute to better coordination in the UN development system. The role of the DSG-SD in system-wide planning and financing were particularly highlighted as areas where further information and discussion is needed.

Member States strongly agree on the need to streamline reporting procedures and back office functions in the UN development system as part of introducing more flexible joint office presence models in programme countries. Streamlining of back office functions of entities at the country level has been a longstanding priority of Member States, but progress so far has been limited, primarily due to lack of harmonization of rules, regulations, policies and procedures at headquarters level. The current reporting arrangements in the UN development system are also costly and pose significant transaction costs on programme country governments and entities alike. Many Member States also felt there is considerable scope for harmonization of reporting, monitoring and evaluation in the UN development system.

There is also consensus on the need for a highly transparent, inclusive and professional recruitment process for UN resident coordinators in order to attract high-caliber individuals with the skill sets required to effectively contribute to national development efforts in programme countries. Member States also recognize that strengthening of coordination in the UN development system at all levels is an essential precondition for effective delivery of the

2030 Agenda. Some Member States raised their concern regarding the practical application of the current firewall between the UN resident coordinator and the UNDP resident representative function. In that context, some Member States agree with the proposal to abolish fees for participation of candidates in UN resident coordinator competency assessments in order to encourage a more diverse pool of applicants. At the same time, the neutrality and impartiality of the UN resident coordinator function must not be compromised. There is also strong support among Member States for empowering UN resident coordinators and enhancing the capacity of their offices at the country level to ensure UNCTs coordination and coherence. UN coordination at the global and regional levels also needs to be strengthened in support of 2030 Agenda implementation.

There is growing consensus among Member States that empowering the UN resident coordinator and establishing an effective financing framework for the resident coordinator system must go hand-in-hand. Some Member States argue that the role of the UN resident coordinator has become a core function of the UN development system and should therefore be financed through assessed contributions. Member States requested further options for financing the UN resident coordinator system that could be discussed during the upcoming QCPR consultations of the General Assembly. Some Member States also felt that reporting on the country-level results of the UN development system and allocation of system-wide funds should be more firmly established as core functions of UN resident coordinators.

Many Member States highlighted the need to further accelerate the implementation of the delivering-as-one initiative in programme countries. This could include significant strengthening of the UNSDAF as a common inter-agency framework for planning, programming, monitoring and measuring results of the UN development system as a whole at the country level. The Common Budgetary Framework instrument should also be applied in all programme countries as mandated in the 2012 QCPR resolution of the General Assembly.

Some Member States highlighted the need to strengthen the One UN Fund in delivering-as-one countries as an important instrument to foster greater system-wide coherence in the work of the UN development system. The proposal to create one UN logo in delivering-as-one countries generated mixed reaction from Member States. There is general consensus that the relationship between agency and system-wide logos will require further elaboration and discussion. While there is merit in presenting the UN as a system that delivers-as-one, it would also be important not to lose the advantages that the identity of each entity brings to the Organization.

E. Partnership approaches

The scale, universality and ambition of the 2030 Agenda increase the demand on the UN development system to become a catalyst for new multi-stakeholder partnerships. The aim of such partnerships is to leverage the strengths of different public and private actors in support of national and global development priorities. It is also important to ensure that such partnerships are effective, efficient, transparent and accountable.

The UN development system can play an important role as convener, broker, facilitator and implementer of multi-stakeholder partnerships in support of the realization of the 2030 Agenda. The Organization, however, will need to carefully define where such partnerships are most relevant and can provide additional value to accelerate 2030 Agenda implementation. According to UNDG/DOC information, entities of the UN development system were engaged in 304 active partnerships on the ground in 2016.

ITA has made a number of recommendations to improve partnership approaches in the UN development system, which can be grouped into two main categories: *firstly*, UN development system entities should facilitate, and engage in partnerships based on the specific needs and priorities of countries; and, *secondly*, the UN development system should establish system-wide support for partnerships at the global level with delegated responsibilities to regional commissions and UN resident coordinators. The system-wide support for partnerships could develop and implement standardized procedures, simplify and harmonize applicable rules and processes, including good governance principles and appropriate exit strategies; map existing partnerships; work with and through the regional commissions and UN resident coordinators; forge and promote South-South, North-South, South-North and triangular cooperation partnerships; and facilitate the development and implementation of a system-wide review and certification process, incorporating various indicators of success and risks, results framework and performance measures in order to periodically take stock and assess the impact, transparency and accountability of such initiatives.

Some Member states inquired as to what constitutes a ‘multi-stakeholder partnership’. It was explained that a multi-stakeholder partnership involves an agreement among a range of partners to collaborate with a view to advancing a common goal. An important purpose of a multi-stakeholder partnership is to increase the likelihood that such a common objective is effectively realized. A partnership agreement often involves complex negotiations with regard to definition of goals, areas of responsibility, authority lines and impact and results measurement. Learning and innovation and committed leadership are generally recognized as integral elements of any successful partnership, especially when dealing with complex, interlinked development issues. Flexibility, transparency and accountability also become important characteristics of effective partnerships.

Member States stressed that partnerships should complement, not substitute, the role of the UN development system in supporting 2030 Agenda implementation. It is also critical that partnership efforts be driven by the specific needs of countries and augment existing national efforts. Member States also encouraged further analysis on how the UN development system could strengthen partnerships with the Bretton Woods Institutions and other international financial institutions in support of 2030 Agenda implementation.

With regard to the proposal to establish a central support mechanism for partnerships in the UN development system, some Member States raised questions pertaining to its scope of work, role, institutional set-up and oversight mechanism. Member States generally agree that such a mechanism could help harmonize principles and standard operating procedures across entities, including for results and impact measurement, help identify and broker strategic opportunities for system-wide partnerships, and foster sharing of best practices, but should not act as a centralized, bureaucratic hub for vetting such initiatives. An important role of a support mechanism could be to help reduce reputational risk for the Organization in this area. Such a mechanism should also be subject to oversight by a central governing body like ECOSOC.

In the context of increasing need for flexibility and diversity in the generation and implementation of partnerships, aligned with country priorities and needs, some Member States questioned whether centralization could make it more difficult for the funds and programmes to play a catalytic and facilitating role in this area. More analysis is therefore required on how a central support mechanism could strengthen a catalytic, yet strategic, approach to partnership-building in the UN development system, while also helping to ensure that the values, norms and

standards of the Organization are firmly upheld. However, the role of such a mechanism in acting as a knowledge system, collecting and sharing best practices and innovations in the area of partnerships received broad-based support from Member States.

Member States generally agree that regular provision of statistics, analysis and reporting on multi-stakeholder partnerships at different levels can facilitate enhanced transparency, accountability and overview and more informed decision-making at the intergovernmental level. Mapping of existing partnership initiatives can also facilitate better understanding of on-going efforts, capacities and gaps.

There is broad agreement among Member States on the need to strengthen the regional dimension in generating and implementing partnerships in the UN development system, but Member States have varying views on how this objective can be realized most effectively. Some Member States highlighted the essential role of the regional commissions in this regard, while others questioned whether their comparative advantage is to serve as a catalytic actor in this area. Some Member States highlighted the unique operational strengths of the regional hubs of agencies, funds and programmes of the UN development system in initiating partnership efforts, which they deemed more suitable in terms of institutional space and expertise.

Many Member States highlighted the high rate of growth in South-South and triangular cooperation in recent years as an example of effective partnerships among relevant countries. A number of Member States also pointed out in this regard that South-South cooperation should be seen as a complement to traditional development cooperation and partnership efforts, not a substitute. South-South cooperation is also guided by principles contained in the Nairobi Outcome Document of the High-level United Nations Conference on South-South Cooperation.

Some Member States emphasized that a whole range of principles and guidelines for multi-stakeholder partnerships between UN entities and non-governmental actors already exist. It is important that the implementation of those policies is subject to common and systematic approach within the UN development system in order to ensure adequate accountability for results and impact. This includes the development of common standards and reporting rules and regular evaluation, both internally and by independent external bodies. Governing bodies of entities should also be expected to regularly assess the effectiveness of partnership principles, policies and guidelines established at the global level e.g. through the ECOSOC Partnership Forum, as well as to review the findings of independent evaluations. Such deliberations of governing bodies can contribute to the work of the High-level Political Forum, which sets the overall direction for partnerships efforts of the Organization for 2030 Agenda implementation.

F. Interlinkages and alignment among the six ECOSOC Dialogue areas

Member States agree that achieving interlinkages and alignment among the six ECOSOC Dialogue areas is critical for positioning of the Organization in the post-2015 era. The principle of *alignment* in this context is meant to signify the importance of functions driving funding practices, governance structures, organizational arrangements, capacity and impact and partnership approaches in the UN development system as a whole at country, entity and global levels. The concept of *interlinkages* means that these six areas are also interconnected.

When there are clear interlinkages and alignment among the six ECOSOC Dialogue areas, the UN development system is likely to operate at high-level of system-wide coherence, effectiveness

and efficiency. The country level is particularly important in this regard, as it is the foundation for effective interlinkages and alignment at the entity and global levels.

Information presented by ITA members, representatives of UNDG and Member States during the second phase of the ECOSOC Dialogue suggests that the work of the UN development system is currently not characterized by effective interlinkages and alignment among the six areas. According to CEB and UNDG/DOC0 figures, the UN development system has more than 1400 offices in programme countries of which about two-thirds are in middle-income countries; the major UN agencies have near universal presence; there are 131 UN country teams with 15 UNDG members in each team on average (11 resident, 4 non-resident); in one regional hub, ITA was informed that the UN development system employs some 4000 staff with 29 agencies present; there is considerable duplication of regional structures and limited coordination among them; each UN entity has developed its agency-specific rule book for delivery of operational activities which has meant that the use of common services remains limited to few selected areas in most programme countries; the large footprint of agencies in programme countries has also meant multiplication of costs such as those relating to vehicles, meetings, power, water, office expenditures etc. and the ratio of operational activities per staff and agency and as share of total ODA at the country level is often low; and there is little common planning among entities when it comes to staffing to support activities at the country level.

The picture described above shows that the UN development system as a whole at present doesn't operate at a high-level of system-wide coherence, effectiveness and efficiency. Such inefficiencies in the work of the UN development system as a whole can be attributed to three main factors: (a) fragmentation of the funding base, particularly heavy reliance on strictly earmarked contributions; (b) limited system-wide governance at country and global levels; and (c) the current voluntary, consensus-based coordination arrangements.

Some 75 per cent of contributions for operational activities are currently earmarked, of which 90 per cent are strictly earmarked and therefore only indirectly aligned with the strategic plans and mandates of entities. This heavy reliance on strictly earmarked funding creates incentives for UN entities to continuously broaden their mandates, which, over time, has contributed to overlap and duplication of activities and other inefficiencies. For example, some 20 entities engage in water and energy-related activities that often compete for the same funding. A large number of entities have established gender and HIV/AIDS programmes and units, which are often not driven by a common vision, strategy and work plan.

Achieving interlinkages and alignment among the six ECOSOC Dialogue areas will also require significant strengthening of governance, management and planning at country, entity and global levels. At the country level, the UNDAF, proposed-to-be UNSDF, serves as a key instrument to foster alignment of the overall contribution of the UN system with national development plans and strategies. A complementary instrument, the Common Budgetary Framework, has also been introduced in many programme countries. The purpose of the CBF is to present a consolidated picture of how the UN country programme, as defined in the UNSDF, is expected to be financed from both non-earmarked and earmarked resources mobilized by different entities, as well as the likely funding gaps.

During the ECOSOC Dialogue it was pointed out by Member States, ITA members and representatives of UNDG that the role, scope and mandate of the UNDAF and the CBF at present are too narrowly defined in order to ensure interlinkages and alignment among the six ECOSOC

Dialogue areas at the country level. What may be required is transforming the UNDAF instrument into a more comprehensive system-wide planning instrument.

At the entity level, it also becomes an important role of the respective governing body, in cooperation with the senior management, to ensure that contributions to country-level plans/programmes are well-aligned with the main purposes and central mandates of the Organization.

At the global level, it will similarly be important for Member States to have an overview of interlinkages and alignment among the six ECOSOC Dialogue areas for the work of the UN development system as a whole. The proposed Global Strategic Framework is envisaged to provide a comprehensive overview of the contribution of the UN development system as a whole to 2030 Agenda implementation; funding requirements and gaps; expected results and impact; and other resources such as staffing and office presence of entities. Interlinkages and alignment among the six ECOSOC Dialogue areas could also be further strengthened by development of system-wide guidelines for various aspects of country-level work such as: office presence, business practices, staffing, results-based management and partnership approaches.

3. Conclusions

Member States recognize that the UN development system is at a crossroads and that important changes will be required, if the Organization is to be well positioned to respond to the requirements of the 2030 Agenda. It is important in this regard that Member States and the UN development system move quickly in order to ensure that the momentum behind the new agenda is not diminished. The renewal that is called for should build on earlier reform initiatives but transcend them, pick-up the pace and become more ambitious and forward-looking in nature.

A summary of key conclusions of the second phase of the ECOSOC Dialogue is provided below:

Functions and impact

1. The eradication of poverty, promotion of sustainability of people and planet will be the overarching vision of the UN development system in the new era. This will call for strong capacity in the UN development system at country, entity and global levels to integrate economic, social and environmental dimensions including global agreements, norms and standards, in programme activities. Strong provision of assistance for basic needs in LDCs is central to the 2030 Agenda, but those countries will also need simultaneous support to enable them to benefit from globalization and deal with collective development challenges, including strengthened support for data and national statistical capacity development. Middle-income countries will need more focused policy and technical support taking into account their broad and complex diversities.
2. Planning of the UN development system support for the implementation of the 2030 Agenda could begin with an independent review of existing mandates and activities of entities of the UN development system, with a view to better understanding areas of duplication and overlaps. In addition, an overall mapping of the coverage of different agencies by location including entity-specific data and statistics on programme and personnel costs in relation to

programme delivery at national, sub-regional and regional level is necessary to ensure the proper assessment of the current state of the UN development system.

3. The UN development system has a particularly important role to play in countries in humanitarian, conflict or protracted crisis situations. It becomes particularly important in such country contexts to ensure careful balance between humanitarian and development-related support, particularly at early stages of assistance. More effective joint planning, greater transparency and accountability and distinct tracking of resources flows between the two pillars can be helpful in this regard.

Funding practices

4. The high increase experienced in strictly earmarked contributions in the past two decades has weakened the alignment of functions and funding in the UN development system and contributed to duplication and overlaps of activities and other inefficiencies. A fundamentally different approach will be required in the new era in order to put funding of UN operational activities on a sustainable path, including measures such as the following:

Firstly, institutionalizing structured financing dialogues at the level of governance can foster closer alignment between the core functions and activities of an entity and how they are financed. A regular, well-prepared structured financing dialogue process has the potential to enhance the predictability and quality of resources flows and reduce funding risks for the respective entity, as well as the system as a whole.

Secondly, increasing non-earmarked, core contributions to the UN development system will require greater clarity at the level of governing bodies on what constitutes core functions and activities of an entity and their expected results and impact, along with improved transparency and accountability in reporting to Member States on the use of those funds.

Thirdly, outcome-level earmarking of funding is desirable, but would require strong ownership of Member States of the strategic plans and resources frameworks of entities and high degree of confidence in the quality of their results-based management, evaluation and reporting systems.

Fourthly, the crosscutting nature of the 2030 Agenda provides rationale for strengthening system-wide funding. The ability of the UN development system to capitalize on opportunities for system-wide funding would benefit from further improvements in the quality of system-wide statistics, analysis and reporting.

Governance structures

5. The term 'governance' needs to be better defined in the context of the UN development system, including the role of governing bodies at entity and system-wide levels. The overarching objective should be to strengthen the ownership of Member States, individually and collectively, of the work of the UN development system.

Firstly, at the country level, the national government should be empowered in its responsibility for ensuring that the work of the UN development system is fully aligned with national development plans and strategies.

Secondly, at the entity level, governing bodies should have the necessary capacity and legitimacy to ensure strong intergovernmental ownership of strategic priorities, key

outcome areas, core functions and activities and their financing logic and funding requirements and gaps, as well as results and impact.

Thirdly, at the system-wide level, governing bodies such as ECOSOC should have the necessary capacity and legitimacy to ensure that opportunities for synergy across entities are effectively exploited and system-wide mandates such as those established through the QCPR resolution of the General Assembly, duly implemented.

Organizational arrangements and capacity

6. Member States realize that transformation of organizational arrangements in the UN development system is critical for strategic positioning of the Organization in the new era:

Firstly, an ambitious vision, action plan and timetable should be established for harmonization and simplification of business practices across entities, with progress regularly monitored and assessed at the intergovernmental level.

Secondly, an ambitious vision, action plan and timetable should be established for rationalization of office presence of entities at country and regional levels e.g. through introduction of differentiated country office models, with progress regularly monitored and assessed at the intergovernmental level.

Partnership approaches

7. Partnerships should complement, not substitute, the role of the UN development system in supporting the implementation of the 2030 Agenda. Partnerships should also be driven by the specific needs of countries and augment existing national efforts. Regular provision of guidelines, statistics, analysis and reporting on multi-stakeholder partnerships at different levels can facilitate enhanced transparency, accountability, responsiveness and overview and more informed decision-making at the intergovernmental level.

Interlinkages and alignment

8. Achieving interlinkages and alignment among all six ECOSOC Dialogue areas in the post-2015 era will require Member States to put in place effective arrangements for governance, management and planning at country, entity and global levels that ensure high degree of accountability, transparency and responsiveness in the delivery of UN operational activities.