

Informal Summary of the UN Economic and Social Council’s Operational Activities for Development Segment 23-25 February 2015 (UNHQ)

Background

The UN Economic and Social Council’s 2015 Operational Activities for Development Segment, held 23-25 February at UN headquarters, focused on two main issues, firstly, the longer-term positioning of the UN development in the context of the post-2015 development agenda, and, secondly, progress in the implementation of General Assembly resolution 67/226 on the QCPR.¹

An important objective of the annual Operational Activities for Development Segment is to: (a) provide system-wide guidance on UN operational activities for development; (b) concentrate this guidance on cross-cutting coordination issues related to operational activities; and (c) make efforts to improve the overall impact of operational activities of the UN system in support of national development priorities.

Key messages and recommendations

1. The longer-term positioning of UN development system in the post-2015 era

Tailor support to diverse development experiences

There was broad agreement among Member States that the growing diversity of development experiences of programme countries will require the UN development system (UNDS) to ensure that its operations are adequately targeted to respond to such differentiated demands. The need for tailored responses also implies demand for high-impact and cost-effective assistance. Towards that end, high levels of internal capacity across a wide range of sectors within the UN system need to be maintained.

The special situation inherent to middle-income countries was highlighted as a particular challenge for the future work of the UN development system. In general, these countries have made impressive progress in the development process, but continue to confront a wide range of economic, social and environmental vulnerabilities. Their structural challenges are not captured by the national income-based classification system, according to which they graduate from developing to middle-income country status and which results in reduced ODA levels to adequately support the technical assistance and the capacity-building needed to overcome specific development challenges. The Human Development Index and the structural gap approach to measuring development progress were put forward as alternative methods of graduation measurement.

The UNDS has also a special role to play in countries experiencing or emerging from crisis and/or conflict. Maintaining the focus on an integrated humanitarian-peace and security-development continuum is critical so that the system can lay the foundations for lasting recovery and development in the wake of a crisis. With well-coordinated and integrated action, the system has the ability to take countries through the immediate aftermath of a crisis through reconstruction efforts and longer-term, multi-sectoral policy and development planning, with sustainable results.

¹ See programme here: http://www.un.org/en/ecosoc/julyhls/pdf15/os_hls_programme.pdf

The importance of building synergies with regional approaches was also highlighted. Using a regional lens to address challenges, as well as strengthening regional strategies and partners, could and should be the way to find sustainable solutions. One Member State gave the example of the African region, where the challenge of addressing illicit financial flows is a high development priority for many countries, and can only be tackled if all of them come together around a regional approach.

Strengthen capacities for prevention, resilience and implementation

Investing in prevention, resilience and early recovery was echoed yet again as critical to ensure a path towards sustainable development. Strengthening the preventive arm of the UN system and improving more enduring synergies among the different UN interventions (from humanitarian action, to peacekeeping, peacebuilding and development) was highlighted as particularly important for the work of the UN system in countries in humanitarian and conflict situations. The Ebola response was mentioned by several Member States as a recent example demonstrating how the UN can serve as a singularly unique global force for effectively catalyzing action in response to crises; lessons could also be drawn in this regard to ensure that the UN can respond quickly and efficiently with a common approach to deliver shared results.

Align functions, funding, presence and players to deliver results

The new development agenda requires greater alignment of functions, funding, governance and organizational arrangements, as well as of capacity, partnerships and impact. The work of individual UN entities must be geared towards common strategic objectives based on the integration of inputs and results. The emphasis on integration requires significant strengthening of the ability of the UN development system for coordination at both the inter-agency and intergovernmental levels, and better alignment between headquarters and offices in the field. Towards that end, the “delivering-as-one” (DaO) approach could be scaled-up, the Resident Coordinator system should be fully empowered and funded, the Standard Operating Procedures rolled-out as soon as possible, and the simplification and harmonization of business practices stepped-up.

In addition, the UNDS must focus on its comparative advantage and adjust its country presence vis-à-vis its value added and based on a cost-benefit analysis. One Member State gave an example of UN presence in a country where there are nine UN entities with a number of offices, only two of which have operational activities exceeding \$1 million per annum. Not only does this fragmentation undermine the impact of UNDS support to national development plans and systems, but it also imposes heavy transaction costs on programme countries. As one panellist put it, we may need to look not only at what the UNDS should do, but also at what it should *not* do. Unlocking the full potential of the UNDS does not mean that the system should do everything.

Funding emerged again as a critical topic that affects coherence, predictability and results-based management, as well as how the various entities are able to deliver on their mandates (including how they can bridge the divide between the humanitarian and development nexus). The alignment of funding with the new functions needed in the post-2015 era was highlighted as crucial. In this regard, balancing the core vs. non-core funding remains a high priority. In addition to the need to focus on where the UN can bring value added, several Member States pointed to the potential of partnerships to leverage resources and investments by the private sector, philanthropies, civil society, and individuals in development programmes at the country level, while at the same time not intending these resources as a substitute for ODA.

This spurred discussion on how the UNDS could support efforts to leverage partnerships in programme countries through its own efforts to strengthen internal coherence as well as capacity-building support to national institutions, with a view to enabling them to become more adept in forging partnerships. It was pointed out that developing effective modalities for partnerships will be closely linked to the positioning of the UNDS in the post-2015 context.

Some Member States also pointed to the need to begin discussions on reform of governance of the major funds and programmes as part of strengthening the legitimacy of the UN development system in the post-2015 era.

Communicate effectively the post-2015 development agenda

Looking beyond 2015, it is important that the UNDS communicates more effectively its work in ways that resonate with actors outside the UN system, including its beneficiaries and the general public. Terminology for UN ways of working and doing business need to better link to results that people see on the ground. Citizens in both donor and programme countries need to be convinced of the importance of the post-2015 development agenda and development cooperation by understanding that development progress concerns people everywhere; joint efforts are needed by all potential actors; and Governments have a special responsibility to take strong action on poverty eradication and the promotion of sustainable development.

At the same time, it was suggested that the UN system should give careful consideration to how it communicates the messages it is sending on the post-2015 development agenda. Clear messaging with multi-stakeholder engagement is good, but there is a complex aspect of implementation and review which needs to be taken into consideration to manage expectations and avoid dashing hopes.

Ensure that UNDS is fit-for-purpose

Some Member States indicated that a mandate for a UNDS more fit-for-purpose should be embedded in intergovernmental decisions on the post-2015 development goals. Some argued for the inclusion of such a reference in the outcome document for the Summit on the post-2015 development agenda. The appointment of a high-level panel to advise on the strengthening of the UN development system was mentioned as an option to take the agenda forward.

ECOSOC was endorsed by several Member States as the natural home to advance and review the work to ensure that the UNDS is fit-for-purpose. One Member State highlighted in particular that the proper functioning of the High-level Political Forum (HLPF) on Sustainable Development will be important for the ability of the UNDS to deliver on the post-2015 development agenda.

2. Coherent funding of UN operational activities in post-2015 era

Strengthen commitment to overall funding of UNDS, in particular, core resources

To effectively deliver on the post-2015 development agenda, the UN must secure adequate levels of predictable core funding. The current level of core funding and loosely earmarked contributions for development-related activities highlights a mismatch between resources and expectations for the UNDS to deliver in a strategic, integrated way. To support the implementation of sustainable development strategies and relevant commitments, the trend of steadily increasing imbalance between core and non-core funding will need to be addressed by Member States. Moreover, an improved commitment to predictable core funding makes it easier for the UNDS to plan for and leverage new financial and human resources. Some

participants also expressed concern about the current state of burden-sharing of core funding among Member States.

Some participants remarked that core, non-earmarked funding is often the most efficient way of building relevant and effective partnerships between the UNDS and programme countries, because it ensures independence, neutrality and the Organization's identity as a trusted and reliable partner in development. Moreover, non-core funding risks exacerbating ongoing inefficiencies in the UNDS such as fragmentation, competition and institutional overlap.

For LDCs, both core and non-core funding remain critically important. The appropriate form of financing should be determined by the specific development challenge to be addressed and expected outcomes. The degree to which programme country work is collaborative across agencies might also be influenced by the forms of financing. Commitment to coordination and the reform agenda needs to be equally matched at both country and headquarters levels of agencies.

Some member states also highlighted that non-core resources represent an important contribution to the overall resource base of the United Nations development system and in certain circumstances can complement core resources. That said, the need to make non-core resources more flexible, more predictable and better aligned with strategic plans and national priorities was emphasised.

Some Member States expressed their appreciation for the structured dialogues on financing that were organized by the Executive Boards of several funds and programmes in 2014 and suggested that such dialogues could be organized annually.

One delegation recognized the progress achieved in funding the Resident Coordinator system and urged all UNDG entities to contribute to the cost-sharing arrangement in accordance with the agreed formula.

As a complement to core funding, support flexibility through non-core resources, pooled funding and other funding modalities

Flexible funding mechanisms allow the UN development system to take into account differentiated national priorities and realities. Activities in programme countries should be nationally-owned and demand-driven. The UN can play a powerful, catalytic role in an effort to forge a compact for sustainable development partnership and financing by embracing diversity, through multi-stakeholder approaches and broad, inclusive participation, within a universal development agenda.

Increasing the flexibility in the allocation of non-core resources can make them more core-like, e.g. through increased use of pooled funding mechanisms. Pooled funding through MPTFs enhances coherence between long-term development activities and humanitarian assistance. More broadly, the experience of some programme countries has demonstrated that pooled funding: (i) facilitates better focalization of aid in geographic or thematic areas; (ii) promotes more ambitious and structured programmes; (iii) reduces transaction costs; (iv) enhances flexibility; (v) unifies and simplifies monitoring and reporting; and (vi) improves predictability. Pooled funding is also a good tool for enhancing more integrated delivery across the UN system. One presenter noted that such joint funds require UN development system agencies and programme country ministries to submit joint plans, therefore strengthening cooperation and coordination between the relevant stakeholders at an early stage is critical.

Regarding the use of earmarked funding, this resource has a continued role to play, especially when new needs emerge rapidly, such as in humanitarian emergencies. More earmarked

funding should be directed to particular themes of agencies' strategic plans, thus becoming more loosely earmarked. Currently, UNICEF is the only UN entity to have established such a funding window.

A universal post-2015 development agenda also implies that the UN system will need to think more innovatively about funding streams and leveraging resources. One under-explored area for the UN development system continues to be the potential role played by Southern solutions in meeting global development challenges. Solutions emanating from the South could, in particular, help the UNDS support the realization of core development needs in the post-2015 context, such as building national capacities and strengthening institutions. ECOSOC has an important role to play in this regard, for example in determining how to build platforms to address countries in special situations, and in facilitating the provision of technical assistance and policy advice.

The usefulness and importance of the integrated results frameworks of the funds and programmes' new strategic plans was also highlighted. For example, the *Delivering Results Together Fund* is a critical instrument to ensure coherent implementation of the DaO programme. Unfortunately, amounts channelled through "One Funds" appear to be declining. It was proposed that allowing earmarked contributions at the sector level within the "One Fund" framework could help to incentivize funding to those instruments.

3. Dialogue with Executive Heads of funds and programmes

Enhance use of integrated approaches to make Funds and Programmes more fit-for-purpose

The participating Executive Heads agreed that finding sustainable solutions to address poverty and vulnerabilities and building resilience requires better integration in the work of different UN entities. In addition, the new agenda presents an opportunity for the UN system as a whole, and its various entities individually, to deliver in a fully integrated fashion across the pillars of the UN's work: development, peace and security, human rights and humanitarian action. For this, normative frameworks will need to be strengthened at all levels, which should include reflecting intergovernmental normative commitments in operational work, and ensuring that operational activities inform normative work.

Governments will increasingly need to work across ministries and sectors and within broader partnerships (e.g., through whole-of-government approaches). Similarly, the UNDS needs to be prepared to work collaboratively in support of countries' sustainable development plans. No single ministry, sector or agency working in isolation can make the necessary contribution. A transformative sustainable development agenda demands adaptation and change that goes well beyond any single approach by the funds and programmes; rather, a truly system-wide approach is required.

Harmonize business practices to improve coherence for results

Progress in harmonizing business practices has demonstrated considerable potential for savings. Simplification and harmonization of business operations leads to cost savings as well as better policy and operational coherence. Legal and administrative models for these initiatives can be used, but no one-size-fits-all can be implanted across different institutional contexts.

The recently adopted UNDG Standard Operating Procedures (SOPs) can deliver stronger results in this regards on the ground. The new UNDAFs, which should support countries to deliver on the Sustainable Development Goals, will be based on the new SOPs. These guide UN country teams in planning, implementing, measuring results and joint reporting. The SOPs build on the "Delivering-as-One" experience.

One delegation expressed concern over the reporting received from the UN system at country-level and requested that regular reporting on results achieved by the UN system be provided to governments of programme countries at least twice per UNDAF cycle.

Address remaining bottlenecks in QCPR implementation and bringing change to scale

To overcome the remaining gaps in the implementation of the 2012 QCPR resolution, reforms must first be completed at headquarters level to support common business operations, results management and reporting. The UNDG is making progress on this aspect in cooperation with the High Level Committee on Management.

According to an Executive Head, a UNDS fit-for-purpose at the country level will need to shift its centre of gravity from providing representation to providing expertise, and from having a "multitude of country offices" in a capital to a "strength of country team" approach. To maximize efficiencies, these teams will ideally be supported by integrated back offices. Shared risk management and due diligence are also essential.

Having an agile UN workforce which can operate in both development and humanitarian contexts will be especially important, as well as attracting women, including those from the South, in senior leadership positions in UN country teams. There are important lessons which could be learned from how the UN system collaborates in humanitarian emergencies through the 'cluster' approach, which enables relevant agencies with comparative advantages to work together to deliver results.

Implementation of South-South cooperation (SSC) should be scaled up. The newly-established UNDG Task Team on South-South Cooperation should guide and support the mainstreaming of SSC across UN entities, and update the procedures and guidance needed. The differentiated and voluntary nature of South-South cooperation needs to be supported as a complement rather than as a substitute to North-South cooperation.

One participant highlighted the need to prioritize gender equality in the SDGs, as well by accelerating the implementation of relevant QCPR mandates. Another delegation urged entities to implement and report on the System-wide Action Plan (SWAP), which is a critical tool for monitoring and driving progress towards the objectives of gender equality and the empowerment of women in the UN system.

4. Mainstreaming SSC in order to maximize its impact on national capacity development

Assess opportunities and challenges for advancing SSC in the post-2015 era

South-South cooperation (SSC) will have an invaluable role to play in the process of implementation of the post-2015 development agenda, with its emphasis on ownership, non-conditionality and demand-driven assistance. South-South cooperation can be particularly effective in building national capacities and ensuring that national development priorities are supported in a flexible, context-appropriate way. SSC can also serve as means for resource mobilization within partnering countries to promote the realization of sustainable development over time. South-South cooperation, furthermore, can encompass strong multi-stakeholder frameworks, which is critical for the realization of the post-2015 development agenda.

The UN has the potential to play a convening role in facilitating South-South cooperation and to build a knowledge-sharing system for providing policy advice and offering an interagency platform to address development issues. Furthermore, given its universal and inclusive nature,

the UN system has the potential to mobilize resources and facilitate the establishment of networks for development cooperation, including, in particular, South-South cooperation.

The framework of North-South cooperation cannot automatically be applied to South-South cooperation and further discussions on how to scale-up this form of cooperation in the post-2015 context will be important.

Despite South-South cooperation being an essential element of development cooperation, different perceptions amongst partners and traditional mind-sets sometimes lead to different operational modalities that challenge South-South cooperation. Therefore, a “middle ground” will need to be found between different expectations of partners. As suggested by one participant, this could entail establishing development cooperation principles to enable mutual learning, as well as the incorporation of the UN regional coordination mechanisms (RCMs) within such schemes.

Another challenge is the monitoring, evaluation and accountability of South-South cooperation, whereby mainstreaming of such programmes requires the adoption of indicators that allow for the establishment of an effective, transparent and accountable evaluation and monitoring process. In order to measure impact, it is also necessary to strengthen institutional capacities and establish country focal points for South-South cooperation in developing countries to identify such indicators for measurement of results and impact.

It was suggested that the UN system might consider forecasting and coordinating operational activities in support of South-South cooperation and regional and national efforts, as well as strengthening national capacities to address the countries’ specific challenges. One Member State referred to the important role played by the UN Office for South-South Cooperation in providing greater clarity about what forms of South-South and triangular cooperation are particularly successful and under which conditions. Another delegation urged the UN system to implement the recommendations and measures set out in decision 18/1 of the High-level Committee on South-South Cooperation on strengthening South-South and triangular cooperation.

5. Effectiveness of UN system support for national capacity development

Build capacities in line with the changing development landscape

It was emphasized that the UN system must strengthen its internal processes for supporting national capacity development, from planning and programme delivery to administration. The QCPR resolution has already outlined ways to improve support for national capacity-building by requesting the UNDS to review its internal capacities to support countries in implementing the SDGs. There was some concern that the measurement of programme performance focuses on the delivery of outputs, rather than on results and how those outputs contribute to them.

Lack of coordination among UN entities, a complex bureaucracy, the short-term nature of programmes, and low levels of flexibility in programme implementation, were all identified as areas for improvement in the work of the UN development system. In addition, the increasing horizontality and inter-disciplinarity of development challenges were stressed, calling for even greater demands on the UN system to support national capacities.

Effective coordination is needed given the increase in the number of development actors and the increasing complexity of development cooperation. The impact that new and emerging players in global development will have in the post-2015 context is yet to be defined, but likely to be profound. The UN’s engagement and partnerships with regional organizations, given the rise of regional and sub-regional cooperation in the recent decade, should also be given further

consideration, particularly their potential value-added to certain aspects of the post-2015 development agenda.

Capacity-building is now typically seen as an endogenous, country-driven process at the core of development, requiring the involvement of all sectors and support to institutional, organizations and social dimensions. The UN will need to measure capacity-building through new and innovative ways, with indicators of success focusing on institutional processes, not simply outputs. One participant stressed that too many UNDS programmes focus on technical issues alone, rather than on capacity development, which is a longer-term process.

Various areas were identified by different Member States as needing the particular support of the UNDS. Two principal sectors put forward were (i) statistical capacity and disaggregated data collection and analysis, and (ii) harnessing the data revolution to take informed decisions in real time. Member States also identified a number of sectors and themes with high relevance to the new sustainable development agenda, such as the green economy, renewable energy and climate change mitigation and adaptation, which will require capacity building support in many programme countries. Building institutional and national capacities was further reiterated as a primary function of the UNDS.

It was also proposed by some Member States that the UN has a role to play in the development of capacities for tax authorities, and more at large in the mobilization of domestic revenue resources and international private flows.