

**ECOSOC dialogue process on the longer-term positioning of the
UN development system post-2015**

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Report on the status of the ECOSOC dialogues on the longer term positioning of the UNDS, taking into account the post 2015 development agenda

The Economic and Social Council (ECOSOC), through its resolution 2014/14, decided to convene a dialogue on the longer term positioning of the UN Development System (UNDS), taking into account the post 2015 development agenda. Over the last six months in particular, member states and other stakeholders have engaged in an intensive dialogue around the need for longer term positioning and the challenge to the UNDS presented by the anticipated adoption in September 2015 of a new global development agenda. The multiple transformations that have occurred in the global economy over the last two decades have been analysed at some length. There appears to be a broad measure of agreement that it cannot be business as usual for the UNDS if it is to be responsive to these changes. This is all the more the case with the adoption of the post 2015 development agenda. The SDGs represent a new unified and universal agenda which challenges the UNDS in many fundamental respects.

While there may be a broad agreement about the need for change, there is also a deeply held skepticism that change is politically possible. It is therefore important to reaffirm that the UNDS over its seventy-year-old history has demonstrated on several occasions a clear ability to adjust and reinvent itself to serve member states in the context of their changing needs. History tells us that reform is doable.

Over the last decade, the UNDS reform agenda has been driven by a focus on the need for greater organizational coherence in the face of a rising tide of fragmentation. The UNDS today includes some 1200 separate agency country presences. It was therefore quite logical that the High Level Panel that launched the Delivering as One Initiative in 2006 was dubbed the Coherence Panel. The focus was on country level coherence under country leadership. The Delivering as One principles were designed to align UNDS programmes to country priorities, to increase efficiency and to reduce transaction costs. The adoption recently of the Standard Operating Procedures represents a significant achievement in this direction. In following up on the Coherence Panel, member states decided that broader issues related to headquarters structures, possible areas for consolidation and system wide governance were not feasible and should not be pursued.

The intensive dialogue that has developed during the last year builds on this important legacy, but it has a different entry point. There appears to be broad agreement that the reform process needs to start with the impact the changing development landscape and the post 2015 development agenda have on the functions the member states expect the UNDS to perform.

Functions

For the purposes of this paper, we identify a number of the priority functions that have been discussed during the dialogue. We provide a brief explanation of why these functions need strengthening in order for UNDS to be responsive to the changing landscape and the new development agenda. This is not an exclusive list and in no way claims to represent an accurate summary of the balance of opinion of member states.

- The adoption of the SDG framework requires considerable strengthening in the capacity of the UNDS to provide integrated policy support. The SDG framework is universal in principle but this does not imply a one size fits all application of the principle
- The UNDS has a key role in monitoring the achievement of the SDGs
- There needs to be a constructive dialogue on the future role and profile of the UNDS in many middle income countries which takes into account the relative decline in the role of ODA in these countries
- The challenges affecting a number of LDCs and the intractability of a number of conflict and humanitarian situations require the UNDS to review comprehensively its effectiveness in a number of these countries. Almost 80% of UNDS development related expenditures take place in LDCs
- Both the changing distribution of economic power and the emergence of a new class of development challenges that require a collective response in order for solutions to be achievable require strengthening in the capacity to implement the norm and standard setting activities of the UNDS
- The adoption of the SDG framework and the feasibility of negotiating collective responses to urgent problems require system wide the generation and collection of robust and credible data
- The rapid growth in both South-South and triangular forms of cooperation require strengthening in the capacity of UNDS to support these forms of collaboration
- The critical importance of access to new technologies for the implementation of the post 2015 development agenda needs to be reflected in strengthened capacity by the UNDS in this area.

This brief analysis reinforces the idea that the ongoing dialogue on strategic repositioning of the UNDS is both necessary and timely.

The Foundations for Repositioning the UNDS

It is important to recognize that some of the building blocks for strategic repositioning of the UNDS as a whole have been laid down.

With regard to organizational arrangements, the strengthening of country teams and the delivering as one principles reflect an acknowledgement by the UNDS that it has an obligation to serve member

states from an organizational perspective in a coherent and effective manner. UNDS has recognized an obligation to perform effectively as a system and not only as individual entities. This is also reflected in the significant efforts that have gone into the development of integrated strategic frameworks in countries with a combination of peacekeeping, political and peacebuilding, humanitarian and development mandates.

With regard to funding practices, considerable progress has been made with regard to a variety of pooled funding arrangements. The principle that in specific cases, the creation of a single funding window for the UNDS to access is now well established and seen as beneficial to all the parties concerned. The agreement on a formula by which UNDS members pay \$34 million out of the \$121 million that it costs to maintain the resident coordinator system is another example of the acknowledgement by the UNDS of the value of a system wide framework.

With respect to system wide governance, progress has been more limited. The fact that the proposal by the Coherence Panel to establish a Sustainable Development Board was stillborn is an indication of this. Yet even in the area of governance the limited ambition of the setting up of a Joint Board for the UN programmes and funds is an indication of the need for greater cohesion.

With regard to the development of new partnership approaches, the establishment of issue based task forces by the Secretary General provides another stream of evidence that the UN recognizes that in order to pull its weight, it needs to pull together its different assets that together can contribute to finding solutions to emerging challenges. The establishment of the High Level Panel on Food Security, Every Woman, Every Child and Sustainable Energy for All point to an institutional gap in the ability of the UN to provide leadership on key emerging issues.

In all these dimensions there is evidence that the UN is searching to establish new practices and arrangements that would make it more fit for purpose to meet the challenges to come. With the adoption in September of the new development agenda, there is now an extraordinary opportunity to go beyond these piecemeal initiatives and to address the changes required more systematically. It is time to bring together the best practices and the best assets available in the UN Development system to address and solve pressing problems.

Emerging key issues

The rest of this paper is devoted to trying to identify some of the key ideas that have emerged from the dialogue regarding funding practices, governance structures, capacity and impact challenges together with partnership approaches, and organizational arrangements. This represents an independent perspective.

Funding Practices

- Functions require different types of financing. For example the costs of functions relating to the implementation of norms, standards and providing platforms for convening and negotiating should be considered costs associated with 'club membership'. Other ways to describe the financing instrument could be mandated core contributions or assessed contributions. The type of financing instrument needs to be separated out from the

- governance and management arrangements that member states may wish to decide on. Generally it is important that there is an understanding that there is a political trade off between the discipline of the budgetary framework around the activities to be financed and the security and predictability of the financing instrument chosen by member states
- The UNDS needs to successfully leverage its very substantial assets to influence policies and investment flows in directions that promote the post 2015 agenda adopted by member states. Leveraging resource flows that will never go through the UN itself can have a much greater impact than the resources the UN will manage itself. But this requires a change in both mindset and the current incentive structure, which favors concentrating on resource mobilization for the system itself. A change in incentives would again require secure funding as opposed to project oriented financing
 - In LDCs and fragile states, where ODA flows remain substantial, further rationalization of the multiplicity of funding flows is needed, including greater synergy between peacebuilding and prevention, humanitarian and development flows
 - Measurable progress needs to be made, for example along the lines of the financial dialogue pursued by WHO, with the introduction of the concept of integrated budgeting that would increase the flexibility in the allocation of non -core resources
 - The use of pooled funding mechanisms needs to be further explored, in particular with regard to a possible expansion in the use of issue based financing in support of the SDG framework which lies at the heart of the new development agenda
 - The UNDS needs to share experience and knowledge and become more proactive with regard to innovative sources of finance

Organizational Arrangements

- There is a need for the Secretary General to have an institutional strategic capacity that enables him to provide effective leadership on a system wide basis on priority issues. This requires sufficient flexibility to be able to redeploy resources, provide incentives and introduce procedures that make it possible to use fully and without red tape the range of assets available throughout the system to solve problems
- At the country level, the Delivering as One model has to be further developed to strengthen horizontal as well as vertical accountability
- In a number of countries afflicted by conflict and humanitarian crises, further measures to integrate the UN's capacities to provide effective leadership and to deliver services need to be considered
- The future profile and staffing of multiple UNDS presences in middle income countries needs to be reviewed in consultation with the countries
- Selective consolidation and mergers at all levels where the critical mass of entities has been eroded need to be explored
- A major programme to modernize and revitalize the best practices of the international civil service is needed

Governance Structures

- It is important to recognize different levels of governance. Traditionally we differentiate between country, agency, regional and system wide levels. Increasingly there is another level to consider- issue based governance structures. New forms of governance structure, often multi-stakeholder in composition, are emerging to provide leadership on specific issues. The UNDS interacts and participates in many of these emerging entities. For the UNDS to provide leadership on the post 2015 agenda, there must be clarity on the ability of the UNDS to play a significant role in these emerging forms of governance
- At all levels governance practices need to be fully transparent
- At all levels representation issues are critical to ensure legitimacy. This relates in particular to member state representation. It also pertains to the need for inclusive governance and increasing the space for the participation of non-state actors
- Different types of functions may require different governance arrangements. For functions related to norms and standards, the perceived legitimacy of the representation is essential; on the other hand, for operational activities, devolved governance arrangements might be the most effective
- There is clearly a governance gap at the system wide level that needs to be addressed. In what ways the QCPR can contribute to filling that gap and to what extent a system wide strategic framework would be useful should be explored. Analysis must take into account the acute and deeply historically embedded constitutional constraints. UNDS at the intergovernmental level may wish to experiment with constituting governance arrangements relating to specific issues that draw from existing governance structures

Capacity, Impact and Partnership

- A major challenge for UNDS is to strengthen its capacity to provide integrated policy advice. This will require the capacity to mobilize assets across the system around specific issues. The foundations have already been laid down with some of the best practices employed by country teams and a number of system wide task forces
- A system level capability to initiate and provide leadership to key high priority multi-stakeholder partnerships needs to be institutionalized
- Partnership building needs to define the way UNDS does business. This requires barriers to be overcome, incentives to be changed and procedures to be redesigned. Clear Partnership intergovernmental oversight as well as management guidelines needs to be established and these need to reflect that the balance of risk has shifted. Guarding against traditional reputational risk through association remains critical. Increasingly it is also important to recognize that achieving results requires working with those partners that are essential to finding a solution to the challenge being posed
- Measurement of impact needs to be adjusted to capture better the value added of UNDS on policy, capacity, and norms and standards.

Conclusion

The starting point for the next phase of the dialogue on the longer-term positioning of the UNDS should be the analysis and a consensus around a set of key emerging functions. Form should follow function.

Beyond a consensus on functions, member states need to identify areas of agreement on key reform priorities. The paper summarizes a number of ideas that have emerged for reform relating to funding practices, organizational arrangements, capacity, impact and partnership approaches and governance structures. It will be important for member states to identify those areas which they believe require their priority attention moving forward.

In the view of this paper, neither centralization nor market opportunism provides an appropriate vision for the reform of the UNDS. Rather, a system wide strategic capability needs to be built on the pluralist foundation which is the bedrock of the UNDS. A vision of strategic pluralism would empower the UNDS to unbundle and reconstitute its considerable assets and to leverage them in ways that would enable it to punch above its weight.