

UN Development at a Crossroads

A vision of the next phase of reform of the UN Development System - a Nine Point Agenda

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Introduction

The vision for the next phase of reform is based on two drivers of change: a transformation in the development landscape and the adoption of the 2030 Agenda for Sustainable Development. The 2030 Agenda, in its own words, “sets out a supremely ambitious and transformational vision.” Against this background UNDS cannot do business as usual.

Over the last two years, ECOSOC has engaged in an intensive dialogue to find common ground on the reforms the UNDS needs to undertake. There has been strong support for the idea that the UNDS faces a historic opportunity and responsibility to usher in a new phase of reform. ECOSOC has in a Dialogue process since December 2014 examined in detail the different elements that need to be addressed – namely functions, finance, governance, organization, partnerships and capacity. There is broad agreement that while the ECOSOC Dialogue has played a useful role, the level of ambition of the reforms required goes well beyond the roles of ECOSOC, and specifically the QCPR.

The last major system-wide reform initiative focused on the UNDS was the Delivering as One Initiative (DaO), launched almost ten years ago (November 2006) in the Report of the SG’s High-level Panel on System-Wide Coherence (SWC). The premise of this

reform initiative was “to overcome fragmentation through delivering as one”.

The goal was a “unified and coherent structure at the country level” and “the essence of the vision is for the UN to deliver as one in the areas of development, humanitarian and the environment”. This country level reform was to be supported by more coherence at headquarters in governance, funding and management.

DaO has made an important contribution to strengthening the coordination and coherence of the UNDS at the country level. That contribution has been analyzed and documented and should not be underestimated. However, the changing development landscape and the 2030 Agenda have changed the goal posts.

DaO focuses on the effective delivery of services. The logic and language of the SWC report did not focus on integrated policy support, nor did it capture the full scope of the UNDS’ normative agenda. Integrated policy advice moves beyond the silos of development, humanitarian and environment. While overcoming fragmentation in the delivery of services can be achieved to a large extent at the country level, integrated policy support requires transformation at both country and headquarters levels.

The changing development landscape and the 2030 Agenda demand transformation in



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the way UNDS works at all levels. The system needs to bring together the strength that derives from its pluralistic roots with the need for system wide strategic positioning.

Below we identify nine major challenges that UNDS needs to address to elevate its relevance and delivery befitting a post-2015 world. We believe that addressing these nine challenges would provide the basis for a serious UN development system wide change process. Implementing some of our proposals may require further detailed analysis but this should not be an excuse for inaction. The UNDS must seize the window of opportunity that exists or it will quickly close.

Challenge 1: An empowered UNDS in LDCs / fragile states

We must ensure that the UNDS is able to play its critical role in delivering Agenda 2030 in fragile states/ LDCs. For 49 LDCs (33 of these also considered fragile states) with a population of almost 900 million that have limited access to external resources as well as very limited internal capacity, both the role of ODA in volume terms and the role of the UNDS will remain highly significant. In too many cases expectations of UNDS are not met.

Major issues have been raised about UNDS performance in the recent peace operations

and peace-building architecture reviews as well as in the humanitarian sphere. The peace operations review report calls for “a review of the current capacities of UN agencies, funds and programmes to aid in sustaining peace.” The peacebuilding review report for its part makes the same call, using by and large the same language (para 155) and specifies the need for an independent review. Recently, the Secretary General has tasked the UNDG with taking integrated planning forward.

Issues that need to be addressed include increasing the cohesion of development and humanitarian programming cycles, bridging the emergency-peacebuilding-development continuum including by building on integrated peace missions, developing new country programming instruments that address the 2030 Agenda and incorporate risk analysis, and exploring new financing and leadership models.

OCHA has identified some of the key integration challenges. OCHA argues for strategic plans that define clear, collectively agreed outcomes, for moving from assessing to analyzing and for transforming multi-year planning into multi-year action. It argues multi-year planning has not translated into multi-year programming and it calls for RCs/HCs to be empowered to act more like CEOs and less like coordinators.

A major review should be undertaken to come up with concrete proposals to



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strengthen UNDS performance in these critical countries. The review should be a unified response to the calls for reform from the peace operations and peacebuilding reports, from the humanitarian sector as well as in the context of the ECOSOC Dialogue.

Challenge 2: Towards a UNDS Normative Agenda

A key challenge is to equip the UNDS to play its essential normative role in delivering Agenda 2030. At key turning points in the 70 year history of the UN, the organization has demonstrated a strong ability to see opportunities emerge, and to seize those opportunities through adaptation and reinvention, thereby reaffirming its relevance and vitality.

The last decade and a half has been a time of transformational changes in the global economy. These changes have impacted in fundamental ways both on the relationship between states as well as on the relationship between states and markets.

There seems to be a very clear consensus that one of the UN's most vital tasks relates to its normative agenda. The adoption of the 2030 Agenda provides a historical opportunity to translate this Agenda into a normative instrument. In a rapidly changing world, the web of normative frameworks that lie at the foundation of so

many of the processes of an inclusive globalization need to be nurtured, perhaps adapted and certainly strengthened. Repeatedly, in many different fora, the international community has stressed the unique role the UN has to play in this sphere.

In this connection it is necessary to define what is covered by normative activities. This definition should take into account the definition offered by the UNDG Evaluation Group. It defines normative work as:

‘support to the development of norms and standards in conventions, declarations, regulatory frameworks, agreements, guidelines, codes of practice and other standard setting instruments, at global, regional and national level. Normative work also includes the support to the implementation of these instruments at the policy level.’

It is significant that the Evaluation Group's definition of normative work includes activities related to the operationalization of norms. The normative agenda should lie at the core of a focused operational programme. Nowhere has that become more apparent than in the case of the failed response of the international community, and in particular WHO, to respond effectively to the outbreak of Ebola (see Report of the Independent Panel). The huge gap between the normative framework encompassed in the International Health



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Regulations and the capacity on the ground is one of the roots causes of the deeply flawed response system.

An initiative to strengthen the UNDS leadership in the sphere of norm generation needs to capture the full range of the UN's activities. On the other hand any definition of normative work needs to possess the rigor and credibility so that it is clear what is not included in the definition. Above all, the UNDS should take this opportunity to move beyond the separation that the UN promoted almost 20 years ago in the name of reform between the normative and the operational.

Challenge 3: Unpacking a dysfunctional financing system

Addressing Challenge 2 should form the basis for an intensive review of the financing of the UN's normative activities. Similar discussions have been generated regarding assessed financing for development activities related to peacekeeping and peacebuilding.

In the SWC High Level Panel Report, it was recommended that increased assessed funding should be provided as a reward for taking on reform (p4). A more rigorous approach is to consider the history of assessment as a method of financing. The lesson of history is that different types of

financing are appropriate for different types of function.

Historically and empirically, the creation of the UN family as a system based on communities of interest was constructed financially on the basis of the principle of club membership – a form of assessment. With the growth of development cooperation activities from the 50's onwards, the concept of voluntary funding offered an alternative to the concept of assessment. With the adoption of development goals in the 1990s, voluntary contributions were further subjected to earmarking to these goals.

With the renewed emphasis being given to norms and standards, a strong case can be made that these are functions which should be financed as the cost of club membership. Functionality requires some form of assessment, not voluntary, earmarked financing. It needs to be recognized that there is a definite relationship between the political possibility of assessment and the degree of rigor and discipline around the definition of what is covered by normative activities.

Alongside an initiative to reopen the subject of assessed budgets should be another discussion regarding another type of function to another type of financing. This is the appropriateness of negotiated pledges to finance activities that require a collective



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response in order to get sustainable solutions to global challenges.

There is a broad consensus that reform of the UNDS is impossible without reform of the financing system. The current financing system fosters competition, overlap and fragmentation. There would be no better and more logical place to tackle this root problem than in the financing of the UN's activities relating to norms, within a rigorous and disciplined framework.

Challenge 4: Realizing the call for Integrated Policy Support

The UNDS must be empowered to support middle-income countries in delivering Agenda 2030 through integrated policy support. The call for integrated policy support is one of the key elements in the vision behind Agenda 2030. Important progress was made with innovative arrangements under the DaO umbrella, for example in Vietnam, Mozambique and Tanzania. It needs to be recognized that there is an increasingly competitive market for these types of services and many countries have the capacity to identify and finance the very best services available in the market.

There are aspects of Agenda 2030 that require high-level integrated policy advice urgently. For example, addressing the challenges posed by climate change

provides an opportunity to support national policy making that will have a long-term impact economically and socially for decades to come. National policy making on a range of critical climate related issues will become increasingly difficult because the conditions will become even less favorable. If the UNDS is to play a significant role in the provision of such policy advice, it needs to be made fit for purpose urgently and that requires transformational change.

In particular, the relevance of the UNDS in many middle-income countries will depend in large part on whether the UNDS organizes itself to provide this type of support. The current profile of the UNDS in a large number of middle-income countries is not sustainable. Are 1200 separate UN entity premises worldwide the best vehicle for integrated policy advice?

New models need to be developed that address issues related to the quality of services offered, the financing model and leadership. Our recommendation is to encourage up to 15 countries to experiment with a new model of the UNDS' presence in middle-income countries.

In addition we propose 10 headquarters innovation initiatives constructed around specific thematic priorities where it is widely perceived that the capacity of the UNDS to be a credible partner would be greatly strengthened by a more integrated arrangement. The 2030 Agenda requires



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that reform go well beyond field level; changes will need to be implemented at all levels: at headquarters, in regions and in countries.

Challenge 5: Embracing Innovative Finance

One of the central features of the changing development landscape is the proliferation of a range of innovative financing mechanisms that over time will have a deep impact on the financial positioning of the UNDS. Each agency, programme and fund has its own history and experience with the challenge of securing finance. Nonetheless sharing experience and developing a common platform will be critical if the UNDS is to have the capacity to develop smart financing strategies. 36 separate agencies will not have the capacity individually to navigate the complexities that characterize today's financing landscape.

Experiences to be shared include:

- A range of pooled funding mechanisms, including current thinking related to the funding of SDGs;
- Pooled funding arrangements specifically in the health field;
- Multiple mechanisms related to the financing of climate related programmes;

- Innovative finance, including both sourcing and spending;
- The identification of current and potential fee based services (WIPO, IMO);
- Leveraging models.

As argued in the MPTFO/DHF publication on Financing the UN Development system, "the innovative financing market is still evolving – some models have proven to be successful, some are ripe for scaling and others are ideas in the testing stage ... Designing and implementing innovative instruments can be complex, time consuming and fraught with political risks ... Since innovation design is a costly trial and error process, ***it will be critical for the UN system to establish a knowledge-sharing platform on innovative financing to prioritize its engagement with these instruments.***"

One possible home for the management of such a platform could be the UN Multi-Partner Trust Fund Office.

Challenge 6: Catalyzing Multi- Stakeholder Partnerships

Partnerships have always been central to the UN's vision of its role and they are deeply embedded in the history of UN system organizations. Building partnerships goes back to the roots of the UN system and is not a threat to UN values and



principles. Rather, the challenge is the changing role of partnerships in a truly global economy and how best to harness partnerships to support UN goals as endorsed by the international community.

The UNDS needs to address three broad challenges:

1. Over the last 5 years or more, many of the agencies, programs and funds of the UN system have developed formal partnership strategies in consultation with their governing bodies. Each of these strategies relates to a particular set of circumstances and the specificity of each experience needs to be respected. In a world where many goals

are being shaped by ever increasing numbers of partnerships, the UN needs a strategic ability to assess these experiences and draw some conclusions for the strategic positioning of the system as a whole. Without this ability, the UN is condemning itself to be nothing more than the sum of its parts.

2. Measuring results is critical to the credibility of partnership strategies and to the sustainability of investing in those strategies in the future. The UN development system has to continue to invest in building stronger and more robust frameworks for measuring the results and impacts its participation in partnerships is yielding.

3. The UN faces a number of challenges related to the management of risk when it engages in partnerships. A balanced approach to the management of risk by the system as a whole requires a strategic capacity to assess risk against the need to seek opportunities to position the system strategically. Decision-making needs to be done at the individual agency level but it should be informed by strategic considerations at the level of the system as a whole.

The UN has demonstrated a capacity to convene and provide a platform for a broad range of stakeholders. The major challenge facing these partnerships from a UN perspective is the extent to which they can go beyond taking the form of short-term ad hoc task forces and instead drive a strategic allocation of resources within the system. It is only by leveraging through partnerships that the UN development system can aspire to achieve the scale, replication and sustainability that are required to have a lasting impact and to deliver on the 2030 Agenda.

The choices the UN system makes with regard to how it partners will be a determining factor in its strategic positioning in the future. ***The system as a whole would benefit greatly from the establishment of a central capacity to be able to leverage the assets of the system as a whole and to assess and learn lessons with regard to partnership strategies.***



Challenge 7: Pathways for Strategic System-wide Governance

In considering reform of the governance of the UNDS, one must recognize the multiple levels of governance that exist. The current very complex UNDS governance web must be kept in mind when identifying current governance gaps and measures that could be undertaken to address them.

There are at least five levels of governance:

1. System-wide, including the specialized agencies;
2. Entities under the authority of the UNGA and the Secretary General;
3. Agency level;
4. Regional level;
5. Country level (the great bulk of operational decisions are taken at the country level, recognizing the principle of national ownership).

There is a perception that there are a number of governance deficits that need to be addressed. Member states have a wide range of views on the validity of these deficits.

- **A representation deficit** which relates to the composition of the governance structures at different levels.

- **A stakeholder deficit** which limits the role non-state actors can play. 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 2030 Agenda, there must be clarity on the ability of the UNDS to play a significant role in these emerging forms of governance.
- **An efficiency deficit.** Member states should adopt a principle that matters requiring intergovernmental decisions should only be debated and considered in one intergovernmental forum. The principle of subsidiarity should broadly be applied.
- **A governance gap at the system wide level.** To what extent progress can be made is an open question in view of the acute and deeply historically embedded constitutional constraints. In 2006, the SWC Panel made specific proposals for the establishment of a UN system wide Sustainable Development Board but these were never seriously considered by member states.

The strength of the 2030 Agenda is deeply rooted in the need for more integrated approaches to the different dimensions of future development challenges. It would be logical to draw from this a political commitment for a new level of coherence



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in the overall governance of the entire UNDS that would be commensurate with the commitment to a more coherent sustainable development paradigm.

The key objective for a reformed QCPR should be for a highly strategic instrument rather than a comprehensive one. At different levels of governance, including the High Level Political Forum (HLPF) and the QCPR, the mechanisms set up to establish reporting on the implementation of the 2030 Agenda will constitute a critical test of the effectiveness of the governance arrangements that are established.

Broadly speaking, a pragmatic approach, which seeks to identify the governance arrangements most, suited to a particular function is likely to prove to be the most fruitful. The representation deficit needs to be addressed. With respect to the stakeholder deficit, a path to explore would be to experiment with establishing governance arrangements relating to specific issues that draw from existing governance structures. The governance of operational matters should to the extent possible be exercised at the country level. In short, governance reform can only be negotiated as an integral part of a broad package of reform proposals.

Challenge 8: Strengthening Strategic System-wide Capacity

Strategic pluralists see pluralism as the bedrock of the system, an asset in the form of webs of networks that need to be strategically leveraged. Leveraging and working through partnerships is driven by the external reality. The unique asset, which the UN has in a multi-polar and multi-stakeholder world, is the ability to provide a platform that can leverage solutions to global challenges. If the UN is strategic and uses the convening power of the Secretary-General highly selectively, it can be a truly formidable instrument in today's changing development landscape.

Current system-wide organizational arrangements are designed to ensure greater coordination and coherence. But they preclude the idea of a strategic brain that would serve the system as a whole. Calls for more strategic capacity in the UN system to mobilize the assets of the system as a whole have a long history - and have been met for the most part with resistance.

The changing development landscape and the implications of the 2030 Agenda suggest it is time to revisit this issue and set the ambition beyond coordination and coherence. Across a broad range of priority issues, the need for more strategic positioning has become all too apparent. Examples are the need to identify and



organize system-wide integrated policy support; the need to strengthen system-wide normative and standard setting agendas; the setting up of system-wide SDG monitoring mechanisms; the capacity to leverage multi-stakeholder partnerships to find solutions to pressing problems; the need to explore system wide innovative forms of financing; and the need to be able to convene and facilitate agreements requiring collective response.

As an example, let us consider further the challenges posed by the emergence of a class of development issues which require a collective response to have any chance of finding a solution. Generating a collective response requires agreement to be reached on the allocation of responsibility. This in turn requires highly credible and accurate monitoring to ensure free riding does not take place. Giving institutional expression to the exercise of collective responsibility is far more ambitious than the initial step of being a convener and facilitator of conferences. This in turn requires high-level strategic capacity and commitment.

What is striking today is the lack of any capacity for review of the strategic positioning of the UN system as a system at a time that has seen the most radical changes in the external environment affecting the role and functioning of the organization.

UNDS needs to provide leadership in the collection and use of data. This requires an analysis of the optimal configuration and financing of the multiple databases that UNDS generates. As recommended by the Secretary-General, there is need to establish a comprehensive programme of action on data under the auspices of the UN Statistical Commission. But even more than that, championing evidence-based policy needs to be anchored as a priority strategic instrument.

The entire UN development system should embrace the value to the whole system of an empowered capacity to leverage at the apex of the system. This would require a willingness to invest in the capacities of the system to project itself as a system. Is this financially feasible? Arguably a voluntary membership fee to be part of the UN family representing around .001 of total income would be more than sufficient. What this points to is that the UNDS has almost zero concept of leveraging assets to generate a critical mass which is only possible to deploy at the level of the system as a whole. The pathway to relevance is to leverage the system, not to work ceaselessly to demarcate divisions of labor.

Neither centralization nor opportunistic individualism 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



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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.

Challenge 9: Designing a Path to Selective Mergers

The SWC High Level Panel report addressed the need for pursuing mergers within the system. The report estimated that savings of up to 20% could be realized.

Intuitively, deep integration resonates as the proper response to deep fragmentation. There is no doubt that the current system is characterized by deep fragmentation, overlapping functions, duplicative mandates, and, in key areas, a real lack of critical mass. At the same time, the community of interests that form the nucleus of many of the different organizations in the UN Development System represents a powerful vision that has characterized the design of the system since the very beginning. A response to the current fragmentation, which led to bureaucratic centralization, does not provide a promising path forward. The brand recognition, commitment and energy that come from entities supported by deep constituencies need to be cherished and protected. A policy of selective and strategic integration—rather than of deep integration—is a more appropriate pathway

to choose. One approach could be to consider selective integration designed to cluster issues so as to be responsive to the 2030 Agenda.

At the headquarters level, integration has been close to political taboo. Nonetheless, within the framework of a deeply pluralist system, it is not credible to observers outside the system that it is so very difficult to engage in a normal process of attrition and mergers (the case of UN Women excepted).

A highly selective process of identifying emerging functions which would benefit from organizational consolidation may only be politically possible if an independent process were to be put into place. This is not a reform that can be delivered from within the system.

In a first phase the target for achieving savings should be limited to 10% and agreement should be reached a priori for how these resources could be redeployed to support the reform agenda. It is especially important at the beginning of the reform process to build in incentives that indicate a commitment to strengthening the system rather than trying to diminish it.

Conclusion

There is a broad consensus both within and outside the UN development community that the UNDS requires major reform. There



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is also skepticism that this is politically doable. Thus, the practice for several decades has been to tinker at the margins. Agenda 2030 deserves a higher level of ambition. The history of the evolution of the UNDS is that different generations over half a century have engineered major transformations in every aspect of the way UNDS does its business. So we know it is possible to aim high and reach high. At this point what is required are actionable proposals. Concrete proposals that will be transformative in their scope need to be tabled. They need to be debated, no doubt adjusted, and then acted upon. It is our hope that this nine point agenda will contribute to the formulation of such actionable proposals.