

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

Update/Report

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Phase 1: December 2014 – May 2015

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United Nations

5 June 2015

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. This is the first time that ECOSOC has been mandated to conduct such an intergovernmental dialogue on reform of the UN development system. The ECOSOC Dialogue process consists of both formal and informal sessions over an 18-month period, with the outcome of these deliberations serving as key input to the quadrennial comprehensive policy review of the General Assembly of operational activities of the UN system in 2016.

This report provides a brief summary of key messages of the first phase of the ECOSOC Dialogue, which took place between Dec.'14 – May'15 and included the following meetings: 3 formal sessions (15 Dec.'14, 30 Jan.'15 and 23 Feb.'15); 4 informal workshops: functions (17 Apr.'15), funding (8 May'15), governance (13 May'15) and organizational arrangements, capacity and impact and partnership approaches (27 May'15); a civil society briefing (28 Apr.'15); and a high-level retreat (29-30 May'15).

ECOSOC Dialogue sessions and workshops have been open to all Member States and other relevant stakeholders and the participation level in both formal and informal events has been high. Background papers prepared by independent experts, DESA and UNDG have informed discussions during the first phase of the ECOSOC Dialogue.

The Coordination and Management Meeting of ECOSOC on 9 June 2015, will take stock of progress of the ECOSOC Dialogue to date and discuss the way forward for the second phase of this process, which will commence in October following the High-level Summit of the General Assembly in September 2015.

2. The post-2015 development context

The broader context within which the UN development system operates is expected to change considerably in the post-2015 era, in particular, as the result of the transformational agenda, to be adopted by the General Assembly in September this year, which includes universal sustainable development goals aimed at human development and preservation of the planet.

Poverty eradication, the greatest global challenge we face as humanity, social equity and equality, and the preservation of the planet and its resources and inclusive sustainable development are brought together in a unified and universal post-2015 development agenda. The SDGs build on the foundations laid by the MDGs, but are more comprehensive and ambitious and closely interrelated.

The SDGs also signify the growing interdependence of country, regional and global action inherent in the broadening of the post-2015 development agenda to include what is

sometimes referred to as global development challenges requiring collective action. This interdependence of development action will require UN entities to further enhance synergy between the normative and operational support functions in the post-2015 era through greater integration and coordination in the delivery of operational activities.

In addition, the capacity and development needs of many programme countries and the nature of development challenges have evolved significantly since the beginning of the century. While the core challenge of alleviating poverty remains at the centre of development cooperation efforts, other critical challenges, including those resulting from the process of globalization, increasing interdependence of countries, climate change and urbanization, have grown in importance at the outset of the post-2015 era.

The shift to a sustainable development agenda, moreover, will require the UN development system to identify means of engagement and implementation that allow for a universal response. Global targets and indicative global indicators will be complemented with additional indicators to be set at the national level, taking into account country circumstances and progress. All countries will need to monitor and report on progress, with the UN development system likely to be called upon by Member States to facilitate progress reviews at global, regional and country levels.

Besides the emerging post-2015 development agenda, the broader development landscape that impacts the work and functions of the UN development system is also changing in several other important ways. This includes, but is not limited to, the changing profile of poverty; rising inequality within and across countries; protracted nature of crises in many humanitarian and conflict-affected settings and, as a result, the growing importance of conflict prevention; the need to make development at the country level more resilient against external shocks; the need to upscale the transition to sustainable consumption and production patterns; increasing demand from people for more equitable and accountable development; the changing balance of economic power in international relations; the rise of new development cooperation actors; the need to tackle climate change and its effects; technological innovations and the data revolution; the growing volume of South-South and triangular cooperation as a complement to North-South cooperation; and the increasing demands from developing countries for more equitable and effective participation in governance and enhanced capacity and working methods of governing bodies in the UN development system.

3. Implications for the United Nations development system

There is recognition that the post-2015 development agenda and other drivers of change pose a significantly different challenge and higher level of ambition for the UN development system than the earlier MDGs agenda. Sustaining the development gains that have been made in many developing countries since the beginning of the century is also an important challenge for the UN development system. Ultimately, the UN development system will be judged in the post-2015 era by the Organization's continued ability to deliver concrete

results in programme countries. Brought together, all these factors will determine the changes required in the positioning of the UN development system in the post-2015 era.

This section briefly summarizes key messages of the ECOSOC Dialogue process to date organized around the six areas of focus: functions, funding practices, organizational structures, capacity and impact and partnership approaches, in the UN development system, as well as the interlinkages among them.

A. Functions

There is shared view that the UN development system should focus on the functions that the Organization is best qualified to perform in support of Member States as they implement the post-2015 development agenda. The UN development system should not expect to be involved in every aspect of the implementation process, but rather focus on those areas where the Organization has established comparative advantage vis-a-vis other development cooperation actors. For example, the comparative advantage of the Organization is generally seen as supporting implementation of the multilaterally agreed norms, universal legitimacy, neutrality, strong focus on national ownership and leadership, global reach and convening power. These functions are critical for the universal agenda and they apply to all countries.

At the global level, the UN development system needs to help ensure the alignment of the full range of global bodies and initiatives behind the sustainable development goals, and provide the advocacy and convening capacity needed to bring the major global development actors and institutions together in a coordinated approach in the realization of the SDGs. At the regional level, the UN development system needs to provide similar convening and coordination functions, to monitor and report on implementation, and to leverage regional capacities to support national implementation of the SDGs, including through the exchange of best practices.

At the national level, the UN development system must be able to provide effective, timely support across contexts and needs. These range from middle-income countries where the highest value is in supporting policy coherence by bringing the legitimacy of the Organization's norms and standards to national policy dialogue, to persistent crisis countries and regions, where the UN development system must drive for greater integration of long-term development and resilience with humanitarian and security responses, to break recurrent cycles that are both devastating to human welfare and debilitating in terms of mounting costs and donor fatigue. In all countries, the UN development system can be expected to provide support, upon request of Member States, to national efforts to monitor and report on the implementation of the post-2015 development agenda.

The significant broadening of the global development agenda as reflected in the proposed SDGs will have commensurate impact on the functions of the UN development system in the post-2015 era. Some functions will continue to be important like the provision of comprehensive support to least-developed and low-income countries and those in

humanitarian and conflict-affected situations, as well as normative and technical assistance to middle-income countries to ensure that no one is left behind. Furthermore, other functions like support to developing countries to address global development challenges, can be expected to require greater attention in the post-2015 era than in the past.

In addition, there are several areas that have been growing in the work of the UN development system in the past decade and which can be expected to become functions in their own right in the new era, in response to the requirements of the post-2015 development agenda and other drivers of change. This includes support to South-South and triangular cooperation; leveraging partnerships for sustainable development; strengthening integrated policy advocacy; and fostering strategic innovations and learning in development in all country contexts, in particular, in middle-income countries.

B. Funding practices

There is growing recognition that the current funding architecture of the UN development system has become too unbalanced, with 75 per cent of total contributions currently in the form of non-core resources, of which some 90 per cent are single-donor and programme and project-specific, thereby leaving only 10 per cent of non-core funding as pooled. The adoption of the post-2015 development agenda provides a window of opportunity to undertake a comprehensive review of the funding architecture of UN operational activities.

Functions should drive selection of funding practices

There is recognition among Member States that funding should flow from agreement on functions, and not the other way around. Different functions require different funding modalities. Some functions like the *normative*, *leveraging* and *convening* role of the UN development system are best funded through core contributions. As these functions become more important in the post-2015 era, the core funding of the UN development system will need to increase commensurately.

At the outset of the post-2015 era, each entity will need to carefully define its functions, followed by a structured dialogue with Member States on the most appropriate funding modalities, e.g. building on the recent experience of WHO and the funds and programmes. There is also need for better system-wide statistics, analysis and reporting on the volume, sources and destination of funding flows for UN operational activities in order to improve the capacity of central governing bodies to provide guidance and coordination of the UN development system.

The need to strengthen the multilateral character of the UN development system

The UN development system has a particularly important role to play in the post-2015 era in strengthening global norms, provide policy advice and support efforts to address inequality. The increased importance of global development challenges and accelerating pace of globalization will also require further strengthening of the capacity to implement global norms and policy advisory function of the Organization in all developing countries. For UN

entities to play this role effectively, core resources will be vital. Towards that end, each UN entity will need to improve information flow to Member States on the use of core funding for operational activities. Structured dialogues with Member States on the medium- to longer-term resources situation can also contribute to improving the funding architecture of entities. There is also recognition that increasing the quality of earmarked funding will have to be accorded higher priority in the post-2015 era. This can be achieved by either broadening the level at which the earmarking is done or by introducing more flexible provisions.

Greater use of integrated financing mechanisms will be needed in the post-2015 era

The post-2015 development agenda will place greater emphasis on the capacity of the UN development system to integrate normative, policy and operational support at the country level. Funding must also incentivize greater integration of humanitarian assistance and development-related activities. This will call for greater use of inter-agency pooled or joint funding mechanisms at both global and country levels, underpinned by strong capacity of entities in the efficient design and operationalization of such instruments. Agency-specific thematic contributions will also need to be scaled-up and become a key element of the funding architecture of the UN development system in the post-2015 era. Furthermore, vertical/global funds can be expected to become an important instrument to support the strengthening of legislative and policy frameworks in developing countries in response to global development challenges. Vertical/global funds in support of specific SDGs that consolidate a number of smaller instruments into broader UN facilities with a view to ensuring a stronger future UN normative role should also become part of the overall funding strategy of the UN development system in the post-2015 era.

The role of partnerships and innovative sources of financing

In the past few years, the UN system has been very active in establishing a number of issue-based coalitions of multiple stakeholders in development areas of high importance. These issue-based alliances will need an appropriate mix of financing mechanisms in order to be effective. The UN development system can be expected to build and support a number of financing facilities for issue-based alliances to be established and/or further strengthened in the post-2015 era. This leveraging role of entities in the post-2015 era will also require significant strengthening of the core funding base of the UN development system.

In addition, the UN development system will have to actively explore options for increasing the use of innovative sources of financing and raise the number of individuals giving to the Organization to complement traditional financing sources. Both these sources of funding are likely to grow significantly in the coming decades and it could become important for the longer-term positioning of UN entities to achieve a strong foothold in these areas. Entities like UNICEF and WFP, for example, have been highly successful in mobilizing contributions from individuals as well as the private sector, for their activities.

C. Governance structures

There is need for a rethink of the governance arrangements that guide and oversee the UN development system at central, agency and country levels. By placing the sustainable development goals at the centre of each entity's strategic plan, there is a window of opportunity to align the vision and priorities of all governing bodies, while using governance arrangements at central, agency and country levels to help ensure greater coherence in advancing the implementation of the post-2015 development agenda. This may also allow for more effective division of labour between governance at the strategic level and the management of entities and their activities.

The multidimensional nature of the post-2015 development agenda and other development challenges and risks emanating from growing interdependence of countries, will require the development of more flexible and coordinated governance capacity in the UN development system. Greater emphasis on policy coherence, interoperability across entities in programming and operations and integration of entity inputs at all levels will be difficult to realize without enhanced policy cooperation among agency and system-wide governing bodies in the UN development system. This will also call for further development of capacity for system-wide governance of UN operational activities, e.g. by capitalizing on the potential of ECOSOC, the informal Joint Meeting of Boards and the quadrennial comprehensive policy review of the General Assembly of operational activities of the UN system. The QCPR has the potential to become a strategic instrument and it should be applied through the UNDS, including the specialized agencies. However, there was a need for in-depth discussions on this idea.

Member States will also need to discuss how to improve representation in governance, as well as the capacity and working methods of governing bodies of UN development system entities. This could involve a review of the experiences of some UN entities like UNAIDS and the Committee on World Food Security in introducing innovative methods such as constituency-based approaches in selecting representatives of Member States and non-state actors in governing bodies. Moreover, there is need to examine other options to enhance equity and effectiveness in participation and improving capacity and working methods of governing bodies. There is also recognition that more effective system-wide governance of operational activities of the UN system will require further improvements in system-wide statistics, analysis and reporting.

D. Organizational arrangements

Current organizational arrangements in the UN development system at the country level have been strongly influenced by the continuous need of entities to focus on the mobilization of resources. In some countries, as a result, where the volume of operational activities is small, there may be large number of entities present. In more than half of all programme countries (53 per cent in 2013)) the UN development system as a whole accounts for less than 10 per cent of total ODA at the country level. Most UN development system entities also have established regional offices to support and

coordinate the work at the country level. In addition, more than 40 programme countries have adopted the delivering- as-one model at the country level. Future efforts should build on the DaO, as this modality has informed the delivery at the country level.

The need for enhanced integration of inputs of entities in the post-2015 era will require stronger coordination capability at both agency and system-wide levels to leverage knowledge, expertise and resources. Greater emphasis on the establishment of multi-sector, issue-based alliances will also require strengthening of system-wide capacity at the central level for strategic planning, coordination and leveraging of expertise and resources, as well as similar role of the resident coordinator at the country level. The need for more coordinated planning, financing and implementation of UN development system support for the realization of the post-2015 development agenda may therefore possibly require the development of new system-wide planning instruments at the global level. It was proposed that a global strategic framework may be adopted. This proposal will need to be analyzed further.

Flexible field presence models of UN development system entities should be guided by the principle of cost-effectiveness, including in countries where the Organization is a relatively small player in development cooperation from a funding perspective. Similarly, in programme countries where adequate national capacities and systems exist, e.g. in middle-income countries, the relevance of the delivery service function (project management and implementation) of the UN development system may need to be examined.

Complementary to the ongoing efforts at harmonization of business practices, policies, rules and regulations, the idea of “mutual recognition” of individual entities’ procedures could be further reviewed. In contexts where harmonization may be less feasible, or could prove too costly, such “mutual recognition” agreements could allow UN development system entities to better leverage each other’s strengths for maximum impact, by both, capitalizing on diversity to engage externally based on core functions and drawing on mutual strengths to operate in effective, efficient and integrated ways.

The nature of the post-2015 development agenda, moreover, will necessitate strengthened and new roles for the UN development system at the regional level, beyond coordination and information sharing. For example, there is need for the UN development system to explore options for new and strengthened regional and/or sub-regional platforms, and instruments on data, statistics, monitoring and review of progress, as well as on transborder, intra-regional and cross-regional issues, and to provide specialized support to country offices.

E. Capacity and impact

To better support implementation of the post-2015 development agenda, the UN development system needs a workforce that has the necessary capacities, flexibility, mobility as well as the ability to transcend agency-specific identity and allegiance. This is

one of the highest priorities of the UN development system in the post-2015 era, which will require a significant culture change in mind-sets.

The strong normative content of the post-2015 development agenda will also require improved capacity in the UN development system at all levels for upstream, integrated and often more sophisticated policy support, building on the specialized expertise of different entities. Most development challenges are now cross-sectoral and the UN development system in order to be effective, will have to be able to field integrated, high-quality policy teams in programme countries. In countries in transition from relief to development, the UN development system will also need to possess capacity for seamless integration of inputs across entities.

In a UN development system transitioning towards a more upstream, integrated policy model in the post-2015 era, it will also be particularly important to step-up the use of national capacities, systems and institutions in programme delivery at the country level. Capacity development is a core function of the UN development system, and the use of national capacities, systems and institutions should be central to the design of all programmes at the country level. There is a growing sentiment among programme country governments and UN Resident Coordinators that national capacities are not sufficiently used by the UN development system, particularly in areas such as procurement, financial management, monitoring, reporting and evaluation.

The impact of the UN development system is also ultimately measured by the ability of the Organization to deliver results in programme countries. Towards that end, the UN development system needs to improve the coherence of results-based management and reporting across entities, including with a view to enabling a better measurement of the results of the system as a whole. At the same time, caution should be exercised in placing too much emphasis on the value-added of reporting on what can be measured, rather than reporting on what is most significant as a contribution of the UN development system.

F. Partnership approaches

There was also a strong call for greater transparency in results and resource reporting. Partnership-building with external organizations has since become increasingly important in the work of the UN development system. And for the UN, as the only universal body, partnerships can be expected to become even more important in the delivery of the post-2015 development agenda. The UN development system will need to possess strong capacity to convene multi-sector, issue-based partnerships, aligned to normative values and standards and good governance principles and with strong accountability for results, to facilitate collective responses to national and global development challenges. Also critical will be fostering greater inclusiveness and increasing and facilitating the engagement and participation of a broad range of stakeholders in the implementation of the post-2015 development agenda.

However, it is important that partnerships do not undermine the core programme of the UN development system, but are primarily aimed at augmenting the Organization's capacity to contribute to the realization of the post-2015 development agenda.

At the outset of the post-2015 era, it will also be important to examine what kind of inter-agency coordination, intergovernmental oversight mechanisms, and other organizational measures, will be necessary to help ensure that partnerships involving many UN entities operate in an effective and transparent manner. It was pointed out that ECOSOC is well-placed to serve as a focal point for intergovernmental review of partnership efforts within the UN development system.

G. Interlinkages

In the early years and till the late 1980s when the UN development system was much less complex than today, it was easier to ensure that interlinkages between the alignment of functions, funding practices, governance structures, organizational arrangements, capacity and impact and partnership approaches, were coherent and mutually supportive. Governance, funding and the use of a single rule book to regulate the delivery of UN operational activities across entities were key instruments to help ensure the coherence and consistency of such interlinkages in this period.

The major change that took place in coordination and funding arrangements in the UN development system in the early 1990s when each entity had to begin mobilizing resources for operational activities directly from donor countries, made the pursuit of interlinkages between the six above areas more complex.

In the post-2015 era, the inter-connection and mutual dependency among the SDGs and targets will make it more important than in the earlier periods to ensure that the interlinkages between the alignment of functions, funding practices, governance structures, organizational arrangements, capacity and impact and partnerships approaches, are coherent and mutually supportive at both agency-specific and system-wide levels.

Each entity, through for example the respective strategic planning process, will need to carefully shape its core functions and then specify the funding, governance, organizational arrangements, capacity and impact and partnership approaches, that would facilitate their effective realization. The delivery of different entity functions can therefore be expected to require different staff capacities, funding practices, organizational arrangements and partnership approaches etc.

What will be unique about the post-2015 era, is that Member States and the UN development system will also have to come together to define the system-wide aspects of funding, governance, organizational arrangements, capacity and impact and partnership approaches, that will be critical for the realization of the post-2015 development agenda. For example, there is likely to be need for strengthening of strategic overview and guidance of UN operational activities at the system-wide governance level. Member States,

accordingly, will need to discuss how to achieve that policy objective, e.g. through ECOSOC, the Joint Meeting of Boards or the QCPR resolution of the General Assembly. QCPR will need to be modernized.

As mentioned earlier, the need for enhanced integration of inputs of entities in the post-2015 era can also be expected to require stronger coordination capability at both agency and system-wide levels to leverage knowledge, expertise and resources. The strengthening of the Organization's capability to engage in strategic partnerships with civil society and private sector organizations will also require enhanced capacity at the central level for planning, coordination and leveraging of expertise and resources. It is therefore particularly important at the outset of the post-2015 era that Member States and the UN development system define carefully the areas that will require strengthening of system-wide response and execution.

4. The way forward

Member States generally recognize that the UN development system is at an inflection point where significant changes will be required, if the Organization is to remain a preferred partner of governments in the realization of the post-2015 development agenda.

The organizational renewal, or what some refer to as "rebirth", of the UN development system in the post-2015 era that is called for, should build on earlier reform initiatives like the delivering-as-one model, but transcend it and become more transformational in nature, commensurate with the ambition level of the new agenda. This will require strong leadership from Member States themselves.

The first phase of the ECOSOC Dialogue process has focused on building a solid understanding among Member States of the current state of play in the UN development system in the context of the post-2015 development agenda and other drivers of change.

The High-level Summit Outcome in September provides an important opportunity for Member States to inject strong political momentum to the second phase of the ECOSOC Dialogue. In addition, there will be need during the second phase of the ECOSOC Dialogue to further strengthen the capacity of this deliberative process by enlisting the support of a group of high-level strategic thinkers and experts to assist Member States in concretizing, analyzing and prioritizing options for strengthening the UN development system.

Based on the discussions undertaken during the first phase of the ECOSOC Dialogue, the following *six strategic priority issues* emerge, which could serve as a starting point for deliberations of Member States during the second phase of this process, which is expected to commence in October following the conclusion of the High-level Summit of the General Assembly in September:

First, clarity on the emerging functions of the UN development system in the post-2015 era is critical for ensuring alignment with the other five areas that are the focus of the ECOSOC Dialogue. Based on discussions during the first phase of the ECOSOC Dialogue, the

UN development system, in the post-2015 era, can be expected to continue to provide comprehensive support across a wide range of areas to least-developed and low-income countries and those in humanitarian and conflict-affected situations, as well as high-quality normative and technical assistance to middle-income countries. The universal nature of the agenda will also have implications for the functions in high income countries. A study should be conducted to analyze these implications especially for the UNDS's work in MICs and HICs.

Support to developing countries to address global development challenges can also be expected to grow in importance in the post-2015 era. In addition, several new functions are emerging in the UN development system which reflect both growing demand from Member States themselves as well as the requirements of the post-2015 development agenda, namely strengthening support to South-South and triangular cooperation; leveraging partnerships for sustainable development; strengthening integrated policy advocacy; and fostering strategic innovations and learning in development.

Second, the current funding architecture of UN operational activities has become too unbalanced and not conducive to the strengthening of the normative, leveraging and convening role of the UN development system that is called for in the post-2015 era. There is therefore need to explore more systematically innovative models to improve the volume and predictability of core funding for UN operational activities, such as, negotiated voluntary pledges and indicative scale of voluntary core funding. At the same time, there is need to improve the quality of non-core resources and use more innovative ways for funding the UN development system.

Third, there is need to improve the effectiveness of system-wide governance in the UN development system, including through strengthened role of the QCPR resolution of the General Assembly. There is also recognition that improving the equity, representation and effectiveness of participation of Member States and non-state constituencies in governance, as well as the capacity and working methods of governing bodies in the UN development system, should be accorded priority in the second phase of the ECOSOC Dialogue.

Fourth, the UN development system will require differentiated country presence models in the post-2015 era in order to effectively meet the needs of programme countries at different levels of development. It will also be important to further strengthen regional platforms. The comprehensive nature of the post-2015 development agenda will also require significant strengthening of system-wide results-based planning in the UN development system.

Fifth, cost-effective measurement of agency and system-wide results in programme countries will require the UN development system to adopt a coherent results-based management system across entities. The system will also require a work force that is well trained, equipped, mobile and driven to work for one UN. Moreover, the UN development system will need to fully utilize national capacities, systems and institutions in the delivery

of the post-2015 development agenda, including in the areas of procurement, financial management, monitoring, reporting and evaluation.

Sixth, successful realization of the post-2015 development agenda will require strengthening of partnerships between governments, civil society, private sector, international organizations and other relevant actors. The UN development system is well-placed to serve as convener of such multi-stakeholder partnerships. It is therefore important to examine what kind of inter-agency arrangements, intergovernmental oversight mechanisms and other organizational measures are needed to help ensure that such partnerships involving many UN entities operate in an effective and transparent manner.

Finally, effective deliberations on the above *six strategic priority issues* during the second phase of the ECOSOC Dialogue process will need to be informed by high-quality analytical work.