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Conference report

# The future of the UN Development System

Thursday 18 – Sunday 21 November 2010 | WP 1033

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## Introduction

The efficiency of the UN development system and the need to reform it has been much discussed but with little progress and with gathering frustration and concern. The core problem is decision making; the historical design of the system and its fragmentation has resulted in the lack of any overall control which is not subject to the national interest of members.

The absence of central governance is the single largest obstacle to any reform of the UN system or any part of it.

## United Nations Development System

There were differing views on which organisations constituted 'The UN Development System' (UNDS). The number ranged from 28 to 53. This is a cause for concern. If it cannot be defined, then how can it be reformed? It was also pointed out that the World Bank Group is a UN Specialised Agency focused entirely on development, but with a separate staff system and independent governance. The UN Development System is also part of the UN as a whole, and it may be wrong to talk of it separately from the peace, security and human rights functions. Indeed, for much of the discussion over the four days at this Conference, these 'boundaries' were blurred: much of what was being raised was applicable not just to the entities constituting the UNDS, but to all UN entities.

This structure is both a constraining factor and a contributor to its success. There is no 'one' UN system as such but a series of specialised agencies, programmes, funds and secretariats overseen by the Economic and Social Council and ultimately, the General Assembly. On the operational side there is a regional and country field system which manifests itself as many different offices for each of the agencies, funds and programmes – all operating out of their own offices.

There was general consensus that the UN plays a number of crucial roles. Were it not to exist, there would be a need to 'invent' an institution that played such roles. However, it was also acknowledged that, were the design to start from scratch now, it would look very different. The current critical roles were identified as:

- Normative – negotiating international laws and regulations, and ensuring members uphold these, independently of specific national interests
- UN perceived as a trusted and 'honest broker' and convenor
- Operational role – working on the ground, in-country, to deliver programmes

A useful distinction was also made between the types of 'UN'. There are in fact three 'UNs', and that the roles of all three needed to be considered when looking at any kind of UN reform:

- First UN; the governments responsible for UN Governance
- Second UN; the staff of the secretariats
- Third UN; all those external to the UN, but who engage with them such as accredited NGOs and the private sector.

Business as usual is seen, on the one hand, as no longer an option. The development landscape is more crowded and UN 'value added' is coming under increasing scrutiny. The

UN should therefore consider four key areas within which change is necessary:

- Its focus
- Its coherence
- Its leadership
- Its results

On the other hand, the point was made that the UNDS is painted as a more unwieldy system than it actually is. Perhaps nothing needs to change drastically, but more done to enable agencies and staff to work together more coherently and collaboratively, recruiting more pluralist thinkers and specialists into the system.

## UN's relations with other actors/entities

The G20 was much discussed; its role and relevance to the UNDS and whether it is a competitor, a distraction or complementary. The G20 has emerged as a strong coalition and it wants to develop a development agenda, but it has a narrow lens compared to the UN's much broader charter. The increased inclusivity has to be better for global relations, but it was agreed that, as a self appointed group, the G20 has neither the legitimacy nor the command of the UN to take decisions on behalf of the remaining G172. Additionally, it has neither a normative role nor an operational role. But it could be seen as a useful bridge between the OECD and the UN.

The UN's role in respect to its donors is complex as each entity has its own relationships with different sets of donors. Increasingly the rise in earmarked funding has meant a reduction in contributions to core costs, which are the only part of the agency subject to formal oversight by its governing body. Donors are under intense domestic scrutiny from taxpayers who need to be convinced that their money is being spent wisely. But the mechanisms for truly demonstrable accountability are not in place. Easier demonstration of the impact of tax payers' contributions is required. This is very closely linked to the discussions on evaluation and impact below.

## Competition

Competition between the various organisations within the UN development system manifests itself in a variety of ways. While some considered that competition was a stimulant to quality, there were nonetheless negative aspects:

1. Competing within the donor community for funds, especially earmarked funds. Many UN entities now function increasingly as if they were international consultancy firms; bidding for funds to execute programmes.
2. At a country level the competition for power and control appears to be the primary issue. UNDP has been criticised for dominating the in-country UN landscape with the result that the other agencies are unwilling to relinquish any part of their "turf" – whether it is office space or access to key personnel within ministries. This leads to an unnecessary duplication in the support required for these in-country operations. There is much to be learned from smaller countries; they have a smaller UN presence on the ground. In Cape Verde, four UN agencies are represented by one person – the basis for Delivery as One (see below)
3. Competing national interests within each UN entity vying for positions of influence, and a refusal on the part of those already in such positions to step aside, despite an obvious shift in the global balance of power.
4. Competition for priority: There are currently 9000 live mandates issued from New York. The UN is being pulled in all directions. Over the next few years, partnerships need to be strengthened and broadened both within the UN and between the UN and other actors. The reality is that there is no common vision within the UN system; agencies do not talk to each other so are not aware of what each is up to. This leads to duplication and unnecessary expenditure.

## One UN and the coherence agendas

Donors were blamed for increased fragmentation because their own governments are not "joined up" when it comes to UN governance. They will not pay more into core funds, because they seem to be less easy to justify to their taxpaying public and are not perceived as providing 'value for money'. Core funds are crucial for the strategic vision of the UN. It is still hard to justify money being poured into an organisation where such a high level of duplication exists and where core costs usually cover buildings, support staff, travel, and fundraising in some of the most expensive capitals in the world (Geneva, New York, Vienna, and Rome ). It was acknowledged that it is much easier to devise new structures than disband them. Each has its supportive constituency. A promising change is the increasing willingness of developing countries themselves to contribute more funds to the UN development system.

Countries need to be clear what it is they want from the UN and the UN needs to be clearer on its capacity to deliver. More authority needs to be delegated to the country level, so that the UN Resident Coordinators can make decisions quickly, coherently, and effectively. (They are chosen by the Secretary General from among the agencies present in a particular country).

In an attempt to harmonise delivery in-country, 'Delivering as One' was initiated in 2007. It started out with 8 pilot countries and between 17 and 20 further countries have expressed the wish to follow. The moderately successful results are:

1. National ownership has been strengthened with the UN's activities being more aligned to national needs; demand-led rather than supply-driven.
2. Cross-cutting themes such as Gender, HIV-Aids etc have benefitted from the increased harmonisation.
3. Potential reduction in transaction costs.
4. Reduced competition between offices, increased transparency and less time spent competing for funds.

However, it was also pointed out that the UN had unified offices in all the countries of the former Soviet Union as far back as the early 1990s, but they did not survive inter-agency rivalry.

Given the successes of "Delivering as One" in-country it was suggested that the various Headquarters should also seek greater coherence and be prepared to delegate more authority to the field. Administration costs for each UN entity are duplicated; many entities have their own dedicated large buildings in a number of different capitals and cities in the Northern hemisphere. It was suggested that overheads should be shared (e.g. in New York and Geneva where there are clusters of UN development entities). The UN could learn from the World Bank system in this respect. It was felt that if the UN did not change its ways, in this time of resource scarcity, people will get impatient and go to the organisations which will get the job done quickly and easily. With the rise in popularity (and impact) of vertical, single-issue funds (such as GFATM, GAVI), philanthropic bodies (Gates, Soros, Foundations) and the private sector, there is no shortage of competition for the UN.

The Millennium Development Goals (MDGs) have helped coalesce UN operations by providing targets and incentives for achievement but more thought needs to be given to a post-2015 situation (which is to be the subject of a Wilton Park Conference in 2011). It was pointed out the MDGs have limited relevance to poor people on the ground, many of whom have not even heard of them. The MDGs do not deal with those on the margin, being more concerned with national averages. A more disaggregated approach is needed in order adequately to reflect each country's progress during a given period.

## Impact, measurement, M&E

Impact and measurement were discussed in several sessions. It was stated that all the UN agencies need to look at their impact legacy – currently they are too process driven. They need to look long and hard at their outcomes. In these times of scarcity, challenges to aid budgets and having to justify public spending (and cuts) to the voting public of its member states, the UN now needs to think beyond itself and decide on its most appropriate role.

The issue of short-term funding for long-term expectations needs to be addressed. For example, the UN Refugee Agency (UNHCR) is expected to operate within a 12-month cash budget and yet make decisions that will have an impact over the subsequent 15 years. The lack of continuity and coherence directly affects impact but because political terms usually last between 3 – 5 years, this tends to the timeframe of default. This is not helpful for the longer-term needs of development especially for the softer, social elements such as Human Rights which need intergenerational stability to take hold. This is increasingly difficult now when there is such a demand for 'value for money' in the short term. This situation is a real issue for development generally, not just the UN.

Much of what the UN does is difficult to measure quantitatively, for example, its work in norm-setting. UNDP's work is also hard to measure in the short term. Industrialised nations have taken over 100 years to achieve the current level of development and agencies such as UNDP are expected to assist countries to do so within a project lifecycle – usually a maximum of five years.

Measurement also came under scrutiny through the issue of country graduation from a low- to a middle-income country. The problem is that there is no one benchmark. The UN entities have different thresholds by which they judge if a country has graduated. The same country can be classified differently by separate parts of the UN.

Several discussions took place around the issue of leadership, big ideas, and a quantum versus incremental approach to reform of the system. It was felt that continuous scrutiny erodes the courageousness of ideas but that accountability is crucial as part of the 'honest broker' role that is one of the UN's main comparative advantages. The quality of staff varies between countries and there is a real issue of attracting and retaining good staff.

## Looking to the future – where to take 'the ring'

Frodo Baggins, in the Lord of the Rings, agreed to "take the ring but I do not know the way". This reflects the dilemma faced by the Conference. Many were willing to take on the challenge, but because of the current level of fragmentation, vested interests and no clear line of command, the pathway to effective reform was not clear.

The Delivering as One programme holds out the greatest hope for reform, and with more countries signing up to it, change may be effected from the bottom up.

In these times of budget cuts the various UN agencies may well be forced to downsize, merge, or even disappear. Core funds are becoming increasingly difficult to obtain and governments will find it increasingly difficult to justify spending via the multilaterals where there is limited direct accountability. Where there is duplication (for instance in buildings, support staff, IT systems, Human Resource processes and other administrative functions) between all the UN entities, streamlining is needed quickly. The merging of four UN entities into UN Women is a good example of the way forward at HQ level.

## Scenarios for 2025

Global Drivers of Change

- Non-state actors – attention was drawn to fundamentalists, gangs, terrorists, drug smugglers, organised crime who can be important shapers. These were given a high level of certainty and considered a major impact.
- Power balance – increasingly to East and South. The US has reached its peak which has implications for partnerships and the UN in its shaping, regulations and values.
- Technology – technology can play a key role in innovation and can create scalability. The risk is of dependence and monopoly of supply, which increases vulnerability. By 2025 it was perceived that there would be a further widening of the digital divide but that it could, as in the case of mobile phone technology, allow Southern countries to overtake the more industrialised countries.
- New vulnerabilities – Climate Change is leading to an increase in natural disasters, in turn leading to migration – both internal and international – which in turn breeds conflict.
- Financial shocks – more resilience is needed. Need to horizon scan for potential shocks.

Development Challenges

- Decline of the Natural Resource base (food, water, energy) was the highest challenge with the greatest certainty, against a backdrop of growing inequality and discrimination beyond income (gender, spatial)
- Equally certain but of less impact were the lack of physical infrastructure, urbanisation and its related problems and the clash of science/modern education/values and pluralism.
- Conflict was high impact but there was less certainty about how it would manifest itself. Changing demographic dynamics in migration and the labour market and unresponsive states were also considered high impact but medium certainty.
- Medium certainty and low to medium impact included technology: the monopolisation of media and communication culture in general. Access to primary health care; violence and criminality by non-state actors (including economic crime); global asymmetries – political, economic and military – also ranked in this category.

Global Governance and Institutions

- Power shifts were considered the highest impact and most certain of the scenarios. An example was the change of the last 10 years in Geneva in terms of alliances being created by China's shift. The US and China are agreed on intellectual property rights but not on human rights. Is there some way of using World Intellectual Property Organisation (WIPO) to influence on human rights?
- Identity – this was tied in with demography and how people perceive themselves. Given that the UN is based around the nation state, how can it satisfy the needs of identities that cross borders, such as religion (Islam in particular)?
- Technology – high impact but less certain. There is a need to increase transparency and democracy and move away from a hierarchical approach to a more horizontal/networking approach to government. Information overload could distract from the main governance issues. More information does not mean more wisdom.
- Sudden shocks – three areas driven by asymmetry: pandemics, climate change and financial.

## Conclusion

***Concept of 'system'***

- Difficult system to define – between 28 and 53 different units (excluding Bretton Woods organisations)
- Ultimately, if we are to define the system, it should not be in terms of administrative entities but in terms of what UNDS is supposed to stand for. There seems to be some agreement around three broad areas:
    - Human development
    - Human security
    - Human rights

***Reform process***

- There was both optimism and pessimism expressed: optimists have seen that there is some progress in the field in creating coherence through Delivering as One, and with the merging of four agencies focused on women into one, UN Women.
- Pessimists see that 8 pilots under Delivering as One are too few and that progress cannot be made without more decentralisation of funding authority and harmonisation of procedures across the system.
- There has been limited concrete progress in reform since the High-Level Panel on System-wide Coherence in 2006.

***Good things***

- UNDS still recognised as trusted, neutral partner
- Medium to good record in reconstruction
- Some advantages in a multiple- choice system
- Valuable for norm setting

***But also weaknesses***

- Institutional: Fragmentation, duplication and lack of coherence
- Financial: budget uncertainties, high degree of earmarking, falling share of multilateral aid, limited number of donors
- Human: highly uneven professional standards

***Causes of weakness***

- The unshakeability of state sovereignty
- Inter-governmental UN interested in process not substance
- North-South divide
- Turf wars among agencies

***Global context***

- Very different world from the simple sectorally-derived world of 1945
- More cross-border 'problems without passports'
- Many more public, private and philanthropic bodies doing what UN does
- Limitations to accretion: new bodies like ICANN, World Trade Organisation (WTO) are outside UN

***Results***

- Poorly developed results mentality in the agencies
- But also difficulty of showing results; as with poverty measurement, there are subjective factors
- Lack of 'system-wide' evaluation – at present all we have are aggregations of results of the different parts
- No real assessment of totality of UN impact in country

***MDGs***

- A promising UNDS agenda but slow to catch on
- Results- 75% full or 25% empty?
- What next?
    - Shift the deadline
    - Add new goals
    - Take a new global public policy approach
    - All three of the above?
- UN needs to show its commitment to MDG8
- Problem of inequalities within countries
- Majority of poor are in middle-income countries

***Overall impression***

Vision of UNDS in 2025 is twofold:

(a) Limited change because the road ahead is strewn with obstacles
(b) A completely different 'system' which is not reformed but is re-made. A parallel road?

***Modalities for reform?***

| ***More difficult to do*** | ***Possible to do*** |
|---|---|
| Close agencies down | Merge, consolidate |
| Move fast on reform | Move incrementally or respond to crisis |
| Reform through 'UN1' | Reform through 'UN3' |
| Simple structure | System-wide knowledge networks<br>Harmonise procedures |
| UN Deputy Secretary General for Development | Strengthen UNDG Chair |
| Single programme Chief at country level | Country Directors with delegated authority |
| Compete on all levels, all fields | More public-private partnerships |

**Frances Hill**
Development Studies Association | 6 December 2010

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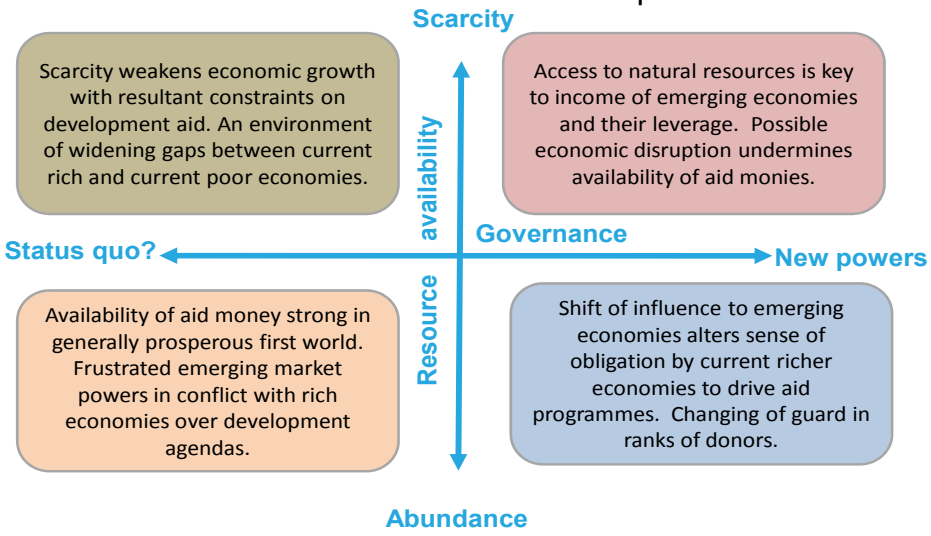
**Conclusion by Stephen Browne, FUNDS Project**

## Conclusions of the scenarios working groups

10

Alternative futures for 2025
Financial resources for development

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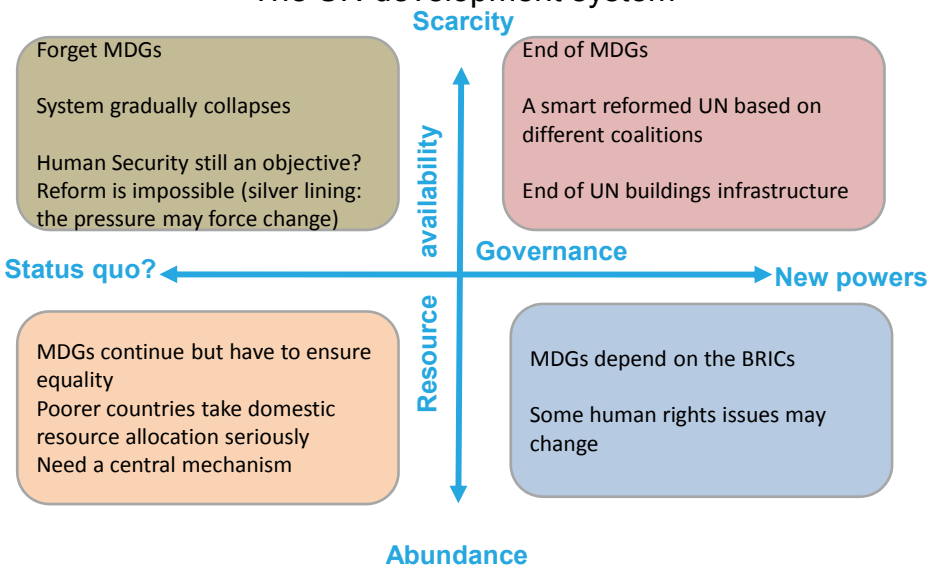
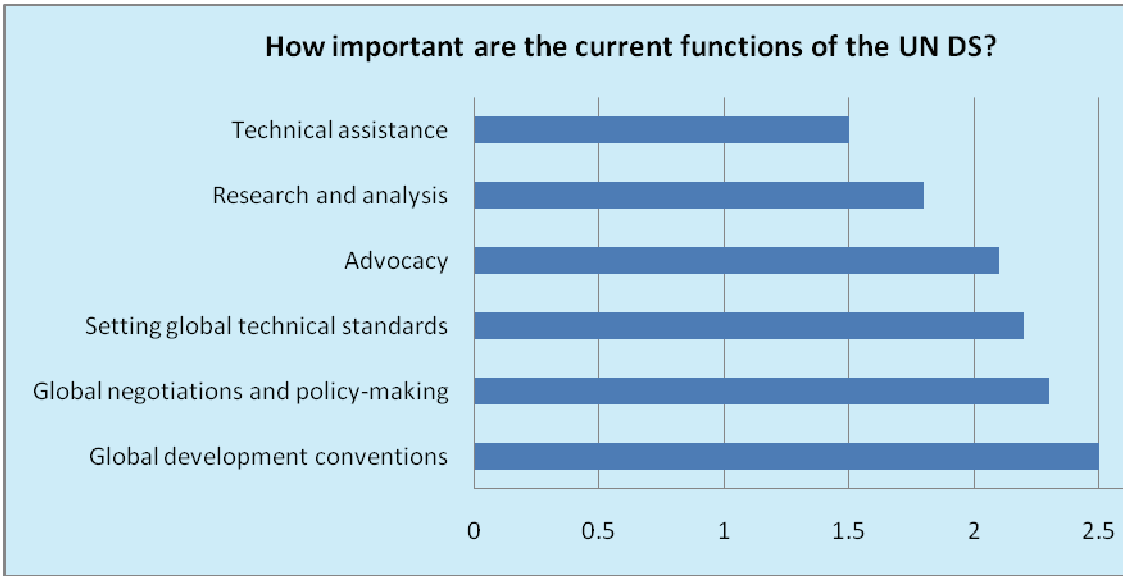
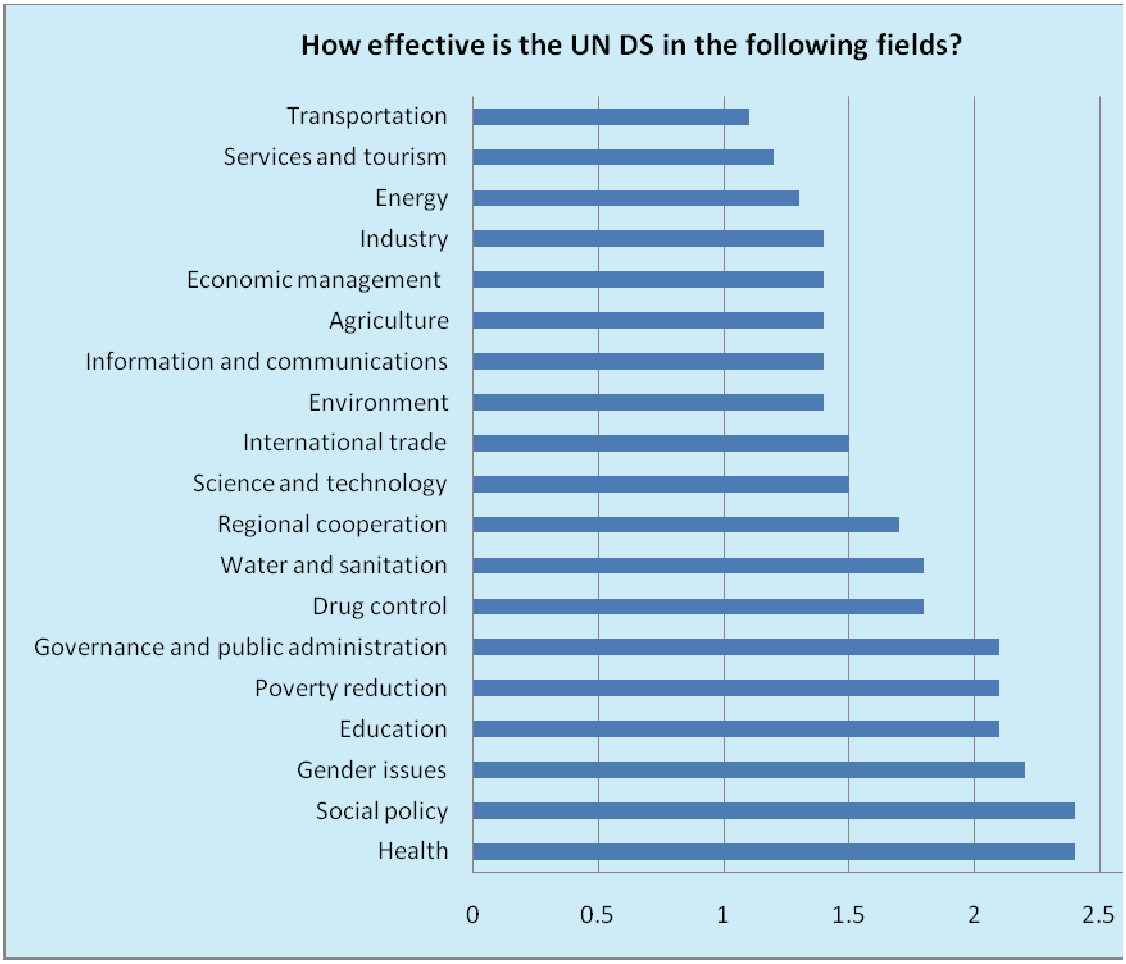
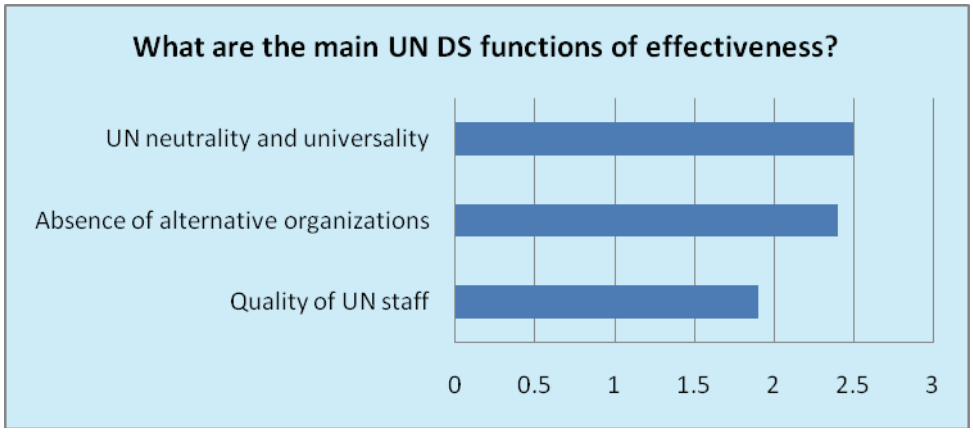
Alternative futures for 2025
The UN development system



## Results of participants' survey on present and future UN development system




What are the main UN DS functions of effectiveness?
UN neutrality and universality
Absence of alternative organizations
Quality of UN staff
0
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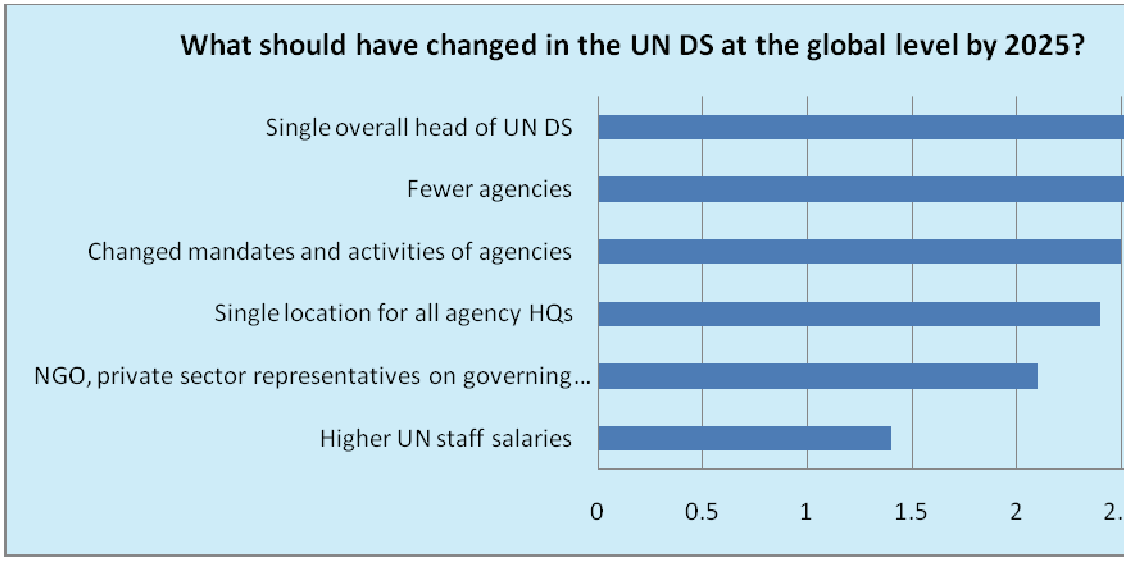
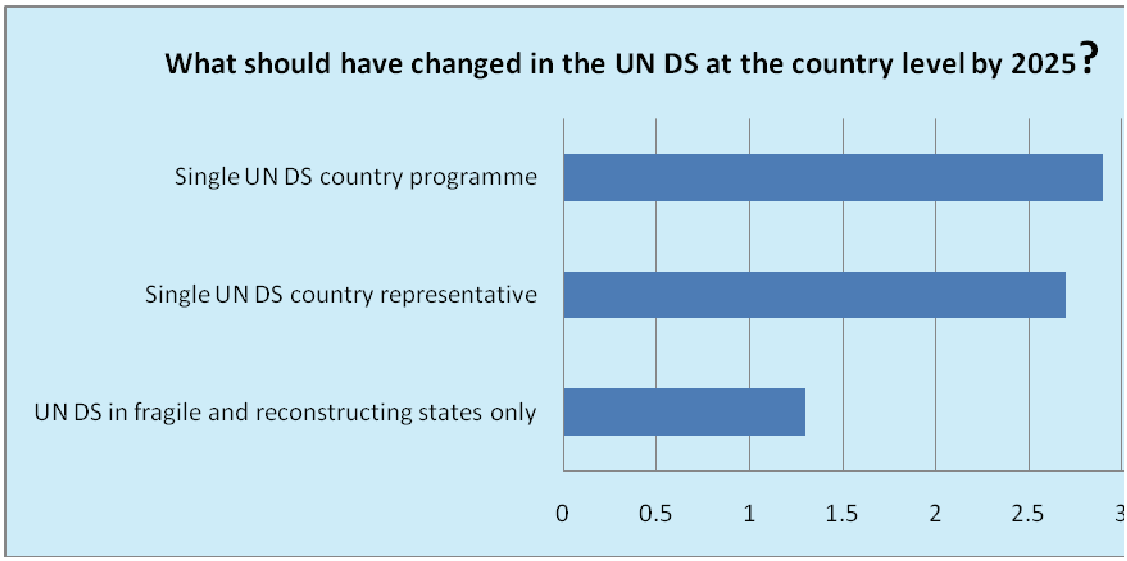
1
1.5
2
2.5
3


What should have changed in the UN DS at the global level by 2025?
Single overall head of UN DS
Fewer agencies
Changed mandates and activities of agencies
Single location for all agency HQs
NGO, private sector representatives on governing...
Higher UN staff salaries
0
0.5
1
1.5
2


What should have changed in the UN DS at the country level by 2025?
Single UN DS country programme
Single UN DS country representative
UN DS in fragile and reconstructing states only
0
0.5
1
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2
2.5