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## The reform of United Nations' operational activities: challenges and goals

*A Discussion Paper*

(1) The discussion on the reform of the United Nations' operational activities was given a new topicality and urgency in the wake of the **UN World Summit** of September 2005. The Summit had **commissioned** the **UN Secretary General** with drawing up proposals for **more tightly managed entities in the field of development, humanitarian aid and the environment**. The UN SG is supported in this exercise by a "High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment" which is to submit its report by mid-2006. The launch of this "High Level Panel" has opened a unique avenue of opportunities to make the United Nations fit and competitive in its indispensable role in the international aid architecture. In order to make this effort a true success story it is of utmost importance that Member States establish a joint perception on the concrete shortcomings of the present system, they actually want to address. The depth and concreteness of this diagnosis will decide over impact, effectiveness and sustainability of the current reform process of the UN aid architecture.

(2) The German Ministry for Economic Cooperation and Development wishes to contribute to this discussion process with the following reflections.

### **A. Why do we need a reform of the UN operational activities?**

(3) The United Nations offer a unique framework for addressing issues and challenges related to human development and a joint shaping of globalisation, with all aspects being accorded equal ranking. **UN world conferences** (among them the Earth Summit 1992 in Rio de Janeiro, the Vienna Human Rights Conference 1993, the World Social Summit 1995 in Copenhagen, the World Conference on Women in Beijing 1995, the Conference on Financing for Development 2002 in Monterrey and the UN Summit on Sustainable Development 2002 in Johannesburg) have come up with **decisions providing orientation and** have established **standards**. With the

**Millennium Declaration** in 2000 and the **MDGs, binding targets** have been set for the international community's development cooperation as a whole, confirmed and finetuned further by the World Summit 2005. With this process, the United Nations have helped achieve a break-through for an **integrated concept of development**. This concept comprises economic, social, political and cultural dimensions as well as the dimension of ecological sustainability, peacebuilding and humanitarian aid. This advancement of the international understanding of what is meant by 'development' has not been reflected yet, however, in the United Nations organisational structure.

(4) Despite progress having been achieved in the internal management reform of single organisations such as UNDP, and the foundation of the United Nations Development Group (UNDG), the comparative advantage of neutrality and the special legitimacy of the UN cannot play the role it should because of a fragmented organisational structure. The role of the UN in international development cooperation is weakened through the lack of **a coherent and effective operative arm of the international community in the field of human development**.

(5) The fragmentation of the United Nations development cooperation results in **overlapping mandates**, sometimes even **duplication** of work and, hence, a **loss of efficiency**. Development cooperation funds therefore reach the recipients at a loss only. The complexity of the UN development system leads to competition over resources, is a burden on the relations among its institutions, weakens the efficiency of single institutions as well as that of the whole system, and causes **more transaction cost** than necessary in its operative work. The great number of missions which different UN institutions maintain in the respective partner countries swallows up valuable financial and staff resources and puts an unnecessary strain on the administrative capacities of the recipient countries. These operative inefficiencies tie down substantial funds provided by the donor community, which are, thus, withheld from recipients.

(6) The **Specialised Agencies** no longer restrict their activities to their core task of establishing standards, but to a large extent implement their own technical cooperation programmes, and with a great deal of input canvass for additional earmarked funding from donors for these programmes. These programmes account for one third of the overall volume of the UN Funds and Programmes. As these Specialised Agencies are not responsible to the General Assembly or the UN SG, **coordination is particularly difficult** to achieve – apart from the more fundamental issue regarding the extent to which Specialised Agencies should run technical cooperation programmes by themselves.

(7) However, these numerous organisations – Funds and Programmes, Specialised Agencies and institutions of the Secretariat General – did not come into existence by themselves, but were the outflow of what the international community wanted to have, at least at the point of time they were established. Hence, it is now a matter of **mobilising the will of the international community**, both donor and recipient countries, to ensure that a reform of these structures will turn into a success story.

(8) The present **modalities of financing** the UN development cooperation **weaken its capacity to act**, mostly because of two adverse phenomena: As a rule, Funds and Programmes obtain financial commitments **not** on a **multi-year** basis – in contrast to the International Financial Institutions (IFIs). This clearly restrains their planning and acting capacity. In addition **more and more major donors** contribute their **funds** to the UN organisations **on a non-core basis** (either thematically-related or related to specific countries) instead of providing untied funds to the core budget in the first place. In the case of UNDP, these **non-core funds** meanwhile clearly exceed the untied core contributions. This constitutes not only a bilateralisation of multilateral UN development cooperation counter to the system, but also limits the planning and coordinating ability among these UN development organisations and vis-à-vis other bilateral or multilateral players. We therefore need to reach a **more balanced ratio between core and non-core funding**.

(9) Since the foundation of the United Nations, the number of member countries has more than tripled. By contrast, the procedures and management instruments laid down in the charter have hardly ever been adjusted. This means that **ECOSOC and the General Assembly** are scarcely able at the moment to carry out their coordinating and monitoring tasks in a way it would be desirable. The World Summit of September 2005 already adopted important reform decisions in this context. These must be implemented consistently and, if need be, further intensified.

(10) The institutional environment of the UN development cooperation has changed fundamentally. Thus, the **European Union** has further expanded into becoming a major player in the field of international development cooperation. With a grant quota of about 30 %, the **World Bank** is now operating to an increasing extent outside its traditional financing mandate. The World Bank's self-image as a "knowledge bank" is evidence of the fact that the UN no longer stand alone with their original Capacity Building mandate. The United Nations, too, must meet the requirements of aid effectiveness and alignment within the meaning of the Paris Declaration.

## **B. What is our objective?**

(11) We wish to reform the United Nations' operational activities in such a way that the UN can effectively perform their mission. We need more efficiency and a better performance in favour of the recipient countries. Our **vision** is to have **one integrated system of operational activities of the UN**, which is able to contribute consistently and effectively to implementing the development objectives established by the international community.

(12) Concordant with a **holistic understanding of development** it is imperative to bunch together operative tasks in **economic and social development, environment, promotion of democracy, human rights, good governance and the rule of law, peacebuilding and humanitarian aid**. **Gender equality** issues and the special role of **women in development processes** must be effectively embedded in a new organisational setup – with regard to a distinct organisational entity as well as with regard to gender mainstreaming. In the field of humanitarian aid, structures must be put into place which ensure a quick response at all times and

also permit a smooth transition to reconstruction and sustainable development. By amalgamating operative units we will also have to **create new forms of monitoring and governance**.

(13) A comprehensive structural reform of the UN's operational activities can provide the United Nations with a **powerful instrument**, making it a more effective, competitive and cooperative player in international development cooperation. This would strengthen the system of international development cooperation as a whole (especially IFIs, the EU, bilateral development cooperation and UN development cooperation) – an enterprise worth while the effort in view of the ambitious task of reaching the Millennium Development Goals.

(14) Given the manifold problems to be solved, we must focus **initially on operative interim steps**. In doing so, we can build on ongoing reform processes (e.g. the establishment of UNDG).

Hence, we would start work at **four levels**:

a) In the programme countries

(15) First of all, the **system of the "UN Resident Coordinator"** (RC) must be **strengthened**. His current coordinating role without genuine authority must be expanded into becoming a real monitoring task, i.e. he must be given **authority to give instructions to the UN Country Team**. All the operational activities of the UN should be commonly represented by the Resident Coordinator. In countries implementing major programmes in particular, the interlocking function of being both RC and UNDP Resident Representative must be dissolved so as to give the RC sufficient time and capacities for coordination and action on a impartial basis. In the medium term, it will be important to expand the UN Resident Coordinator's **monitoring ability to include also the technical cooperation activities of the Specialised Agencies**.

(16) Additionally, **common premises or UN houses** and, wherever possible, **joint offices** should be established.

(17) **Common country programmes** for Funds and Programmes, based on comprehensive national development strategies, must be **put on a binding basis**; incentives must be created for Specialised Agencies to participate in these programmes.

(18) The **common coordinated approach in the wake of disasters and conflicts**, which has already got off the ground, **must be intensified further**, and a functioning transition of aid contributions must be ensured, from humanitarian to development organisations. Pursuing the ideas of the **Paris Declaration**, the UN development

system must improve its cooperation with other donors – based on a joint and coherent positioning – (e.g. through **accompanying technical cooperation in the case of SWAPs**, or budget aid).

#### b) Monitoring by the member states (intergovernmental level)

(19) A first important step is to ensure that a **common and binding decision-making process of the governing bodies** of Funds and Programmes is introduced (e.g. for *common country programmes*). In the long term, this should gradually be expanded – corresponding to the progress being made in acting jointly at the country level – into **joint executive boards having the final say in decision-making**. Moreover, there is need to **streamline the work of ECOSOC** and **improve its coordinating function** with regard to Funds and Programmes, and to achieve a **more focused work of the General Assembly**.

#### c) Merging of units

(20) This centrepiece of the reform process implies, initially, a gradual **merging into major, more efficient operative units**. This merging should not be based on sector or target group aspects, but rather on the holistic understanding of development. An interim target could be to form a **cluster for sustainable development** having a homogeneous organisational structure, and **comprising also the environment sector**. Discussion could initially be concentrated on operative tasks, currently spread over UNDP, UNICEF, UNFPA, UN-Habitat, UNEP, UNIDO, and parts of the Secretariat. **Gender mainstreaming** and the **empowerment of women in development processes** must be effectively and discernibly embedded in this new organisational set-up.

(21) The present discussion on setting up an environmental organisation ("UNEO") must take account of the fact that as a Specialised Agency it should focus on establishing standards, with operative issues remaining with the cluster for sustainable development.

(22) So long as such an institutional merging has not been achieved, better focus could be achieved by **concentrating support on UNDP**, which has been founded as the central financing and coordinating body of the UN development cooperation.

#### d) Financing issues

(23) It must be our aim to assure **reliable and adequate financing for the UN's operational activities**. Any increase in contributions should also be directed at ensuring a **more even burden-sharing**, with middle-income countries and also some high-income countries, among them Germany, being called upon to play a more active role. Another important prerequisite for achieving our reform aims is a switch to **multi-year funding**.

(24) In our view a perceptible **change in funding** is needed, **away from non-core to more core financing**, so as to ensure a balanced ratio here. If donors wish to make use of the specific advantages of single UN organisations in order to put down thematic or regional markers, this must be fitted into the common country programmes under the administration of the UN Resident Coordinator.

### **C. What supportive steps can be taken ?**

(25) The reform of the United Nations' operational activities is not a new issue. Many of the proposals made here have been developed in earlier studies. Mostly, it had not been a lack of quality or functionality which had been responsible for the failure of earlier reform proposals, but almost always the difficulties arising from a wide range of diverging interests.

(26) For a successful reform process, it is important above all that the group of recipient countries participates as early and comprehensively as possible in the discussion process. The work of the "High-level Panel on System-wide Coherence" will play an eminent role in this context. All parties involved must have a great interest in **clearly demonstrating the positive reform balance in favour of the developing countries and their peoples**. Any improvement in the efficiency of the UN development system releases funds and other resources which can and must directly benefit the programmes in the developing countries.

(27) Our **dialogue with the G-77 countries** will have a special focus on demonstrating the common interest in **strengthening the UN's operational activities**, also with regard to **institutional competition for more ODA funds**. As the developing countries' influence is greatest with regard to the UN system, any improvement in the performance and, thus, competitiveness of the UN operational activities will at the same time **strengthen the voice of the recipient countries**.

(28) The German Ministry for Economic Cooperation and Development would like to play an active role in the reform process and conduct a dialogue with all stakeholders, including the UN organisations concerned, in an inclusive and trustful manner. We will listen attentively to what will be said and will make our constructive contribution to the common weal within the meaning of the Millennium Declaration.