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**Research Report**

## Reform of United Nations development co-operation: despite progress, still a long way to go to achieve more coherence

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## Reform of United Nations Development Cooperation: Despite Progress, still a Long Way to go to Achieve more Coherence

There are numerous United Nations (UN) organisations active at the operational level in development cooperation in developing countries. While these UN organisations are seen as having various strengths in development cooperation, no systematic corroboration of these strengths has yet been presented. These UN organisations furthermore still need to position themselves in the international development cooperation system on the basis of their comparative advantages.

Since the end of the 1990s, reforms have been implemented with a view to overcoming the fragmentation of the UN development cooperation system and thus to rendering the UN organisations' work more coherent. The recommendations of the 2006 UN High-level Panel build on these reforms.

The One UN concept adopted by the High-level Panel is being tested since early 2007 in eight pilot countries. There are, however, some reform-averse foot-draggers to be found in New York in the intergovernmental discussions on the panel's proposals, most of them within the G77. This has caused the process to stall at this point. If the fundamental causes of the fragmentation of the UN development cooperation system are to be overcome, it will be necessary to reform the UN organisations' oversight structures, and the donors will need to alter the practices they use in funding the UN organisations. However, only a reform-minded North-South alliance will prove able to set the stage for real progress on far-reaching structural changes.

### Structure of the UN development cooperation system

The basis for the UN's work on development issues is Article 1 of the UN Charter, which defines as one of the UN's purposes "[t]o achieve international cooperation in solving international problems of an economic, social [...] or humanitarian character." Today a good number of UN organisations are concerned with development issues - from normative work in standard-setting to operational activities.

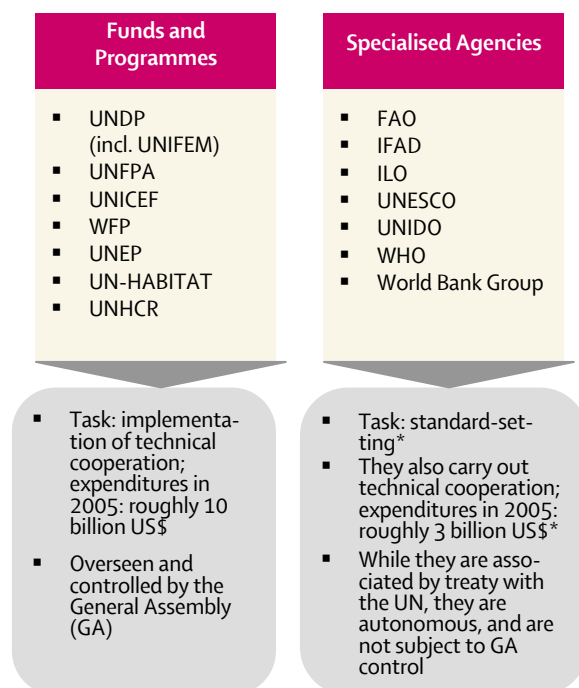
The intergovernmental fora of the General Assembly (GA) and the Economic and Social Council (ECOSOC) and specialised UN agencies like WHO (World Health Organization) have a normative function. The organisations active in technical cooperation include the Funds (e.g. UNICEF, the United Nations Children's Fund) and Programmes (e.g. UN Development Programme, UNDP) as well as specialised agencies (e.g. WHO) (see Fig. 1).

In 2005 the UN organisations spent a total of 13.7 billion US\$ for technical cooperation. In terms of volume, this is roughly the equivalent of 13 % of the official development assistance (ODA) reported by donors to the OECD's Development Assistance Committee (DAC).

The Funds and Programmes are funded through voluntary contributions provided by member states. The donors (= member states) have on the one hand the option of paying their contributions directly into the core budgets of the Funds and Programmes. This enables these organisations to freely stipulate, in accordance with their own strategic planning, the uses to which these funds are put. But donors also have the option of

earmarking the funds they contribute. These funds are then available only for purposes previously stipulated by the donor.

Fig. 1: Institutional structure of the UN development cooperation system



Source: Own presentation

\* Excepting the World Bank Group, which provides both technical and financial cooperation

The specialised agencies receive from their member states assessed contributions calculated on the basis of a predefined key. The specialised agencies are obliged to attract voluntary funds for the technical cooperation they provide. The Funds and Programmes are subject to the oversight of the GA. While the specialised agencies are linked by treaty to the UN, they act autonomously.

### The UN organisations' strengths in development cooperation

The UN organisations are seen as having numerous strengths in development cooperation:

- **Neutrality:** Due to its comprehensive membership (192 member states), the UN is regarded as neutral, and this legitimizes it to set/monitor global standards.
- **Politically sensitive areas:** Neutrality is also seen as strength for the UN's work in politically sensitive areas, e.g. reproductive health and governance.
- **Participation of the developing countries/multilateral character of development cooperation:** The developing countries participate in particular in the UN's operational work in that they are involved, via the Executive Boards, in the elaboration and monitoring of the country programmes. Accordingly, the country programmes are regarded as free of one-sided government influence. In contrast to many bilateral donors, the UN organisations provide untied aid, i.e. technical cooperation is not conditioned on deliveries of goods/services from a given donor.
- **Worldwide representation:** The UN organisations are represented in more than 135 countries, including countries to which bilateral donors lack access because of difficult political conditions on the ground.
- **Policy advice for governments/capacity-building:** Some UN organisations are seen as having strength in policy advice and capacity-building.

As yet, however, no empirical corroboration has been presented of these strengths attributed to the UN organisations - above all of their strengths in policy advice, capacity-building, and in politically sensitive areas. In the growingly complex international development cooperation architecture, however, the UN organisations are going to have to face up to a discussion of their strengths.

### The UN organisations' deficits in development cooperation

The central problems of the UN's operational work are to be found in the following areas:

- **Fragmentation:** For decades member states have created new UN organisations (see Fig. 1) without clearly delineating their mandates. This has led to overlaps in areas of activity and inefficiencies. To cite an example, 11 UN organisations active in Vietnam only account for 2 percent of the ODA the country receives.
- **Incoherence at the central level:** Lack of adequate consultation among the Executive Boards of UN organisations often leads to uncoordinated targets for the operational work at country-level.
- **Funding:** The Funds and Programmes are funded exclusively via voluntary contributions from member

states, most of which are pledged on an annual basis. This makes any meaningful long-term planning difficult.

- **Earmarking of funds:** More and more donors insist on earmarking the funds they contribute, a practice that further aggravates the fragmentation of the UN's operational work. Instead of paying their contributions directly into an organisation's core budget, where the funds are not accessible to direct control, some donors earmark their funds with a view to better controlling the uses to which they are put. These donors thus set their own, unilateral priorities for the work of UN organisations, a practice that militates against the multilateral character of this development cooperation. At present over half of the contributions received by UNDP, UNFPA, UNICEF, and WFP are earmarked.

### Earlier reforms

Since the end of the 1990s, a number of reforms has been implemented with a view to overcoming the fragmentation of the UN's operational work and rendering the UN's work more coherent. While in principle these reforms address the whole of the UN development cooperation system (see Fig. 1), they can in effect – due to the General Assembly's discretionary powers – be implemented in a binding manner only for the Funds and Programmes. **Examples of reforms:**

- Adoption of the *United Nations Development Assistance Framework* (UNDAF). The UNDAF indicates the contributions made by all UN organisations active in a given country, and its purpose is thus to set the stage for an improved coordination of UN development work.
- Adoption of *Joint Programmes* involving several UN organisations.
- The opening of *Joint Offices* in Vietnam and Cape Verde in 2006. UNDP, UN Population Fund (UNFPA), UNICEF, and the World Food Programme share one administration, one UN representative, and a joint country programme and work together in one office.

### The ongoing reform debate: the proposals presented by the High-level Panel on System-wide Coherence

Building on these reforms, a panel appointed by the UN Secretary-General (*High-level Panel on System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment*) presented a number of further reform proposals in November 2006.

The Panel's key idea for the UN development cooperation is what it terms "Delivering as One": Accordingly, the Funds, Programmes, and specialised agencies would enhance the coherence of their country-level work as a means of providing a more effective contribution to development. In this connection the panel presents its **One UN** concept:

- **One programme:** The UN organisations active in a given country would have a joint multi-year programme.
- **One leader:** The UN organisations active in a given country would have one UN representative.

- **One budgetary framework:** Disclosure of the funding for the UN operational activities in a given country would create more transparency.
- **One office:** The UN organisations would set up a joint administration (joint premises) in a given country.

The panel also proposes a reform of the oversight structure of the Funds and Programmes with a view to creating more coherence at the central level. The panel recommends the establishment of a Sustainable Development Board that would merge the Executive Boards of UNDP, UNFPA, and UNICEF, making them segments of the new board.

In addition, the panel recommends efforts to improve coordination with the World Bank Group and the International Monetary Fund. It also presents proposals bearing on a consolidation of the three existing UN entities concerned with gender issues into a single gender entity.

Owing to the sceptical stance of some UN member states toward reforms, the only one of these proposals with any real chances of being adopted is the One UN concept.

### Reform efforts at the country level: the One UN pilot countries

On the initiative of eight countries (Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay, and Vietnam) the One UN concept has been implemented in these countries since the beginning of 2007. The Funds and Programmes can be obliged to join in this process, whereas the specialised agencies have autonomous status.

These reform efforts should be welcomed because they test in pragmatic ways whether the One UN concept will lead to improved development contributions. It would be essential to insist that a systematic evaluation of the pilot countries be conducted, because good results could have a positive influence on the intergovernmental process in New York.

### The Paris Declaration as a further challenge

The UN organisations have also pledged to adhere to the goals set out in the Paris Declaration on Aid Effectiveness. The Declaration's concern is to use binding agreements on targets reached between donors and partner countries on ownership, harmonisation, partner alignment, managing for results, and mutual accountability as a means to enhance aid effectiveness. Much in the sense of donor harmonisation – that is, improved coordination between donors – the Paris Declaration calls on donors to come up with a division of labour based on their strengths. The UN organisations still need to conduct an analysis of their comparative advantages and to define their positions on the basis of the results – just as many other actors are required to.

While earlier reforms of the UN development cooperation system (see above) have laid the groundwork for an improved internal UN harmonisation, the UN organisations need to turn more to the outside and seek to improve their coordination with other development cooperation actors.

### The intergovernmental negotiations in New York

The intergovernmental process in New York is crucial to solve the fundamental structural problems of the UN development cooperation system – e.g. by means of a reform of the organisations' oversight structures – since this would require a consensus of the UN member states. In the intergovernmental discussions on the High-level Panel report, reform sceptics and reform proponents have adopted a confrontational stance toward one another.

In particular, the G77, the alliance of developing and emerging countries, can use its majority in the General Assembly to block any reforms.

### Reservations voiced by many developing countries:

- A reform of the UN organisations' oversight structures based on integration or merger of their Executive Boards would give the industrialised countries more influence on the organisations' operational work.
- A merger of the Executive Boards of the Funds and Programmes would be a first step toward a merger of the organisations themselves. This is rejected because many developing countries see the strength of the UN-system in development in the systems' diversity. A unified UN development cooperation organisation would leave these countries with little more than a say in a single oversight body. Here too, there are fears of an overly large influence of donors.
- Reforms serve the donors (industrialised countries) only as a means to reduce their contributions to the UN development cooperation.

The developing countries also express their dissatisfaction with the voluntary nature of contributions to the Funds and Programmes and with the practice of earmarking funds.

Donors attach great importance to a UN that operates efficiently as they are accountable to their taxpayers and as they want to achieve optimal results with the funds they use.

One problematic aspect is that the smaller developing countries, which would benefit from a more coherent UN, have not broken out of the anti-reform rhetoric typical of the G77 and come out in favour of reforms. Instead, the opinion leaders in the G77 are reform-averse countries that do not play a special role as donors or recipients of UN development cooperation, including e.g. Pakistan, Egypt, China, and India. It appears that for them this discussion is no more than a factor that serves their ends in their struggle for more influence on the UN stage. They are engaged in power politics vis-à-vis the industrialised countries.

The difficult intergovernmental process represents a contrast to the reform dynamics at country level (see above). Positive feedback from the pilot countries should be fed into the negotiations as this could help to overcome blockades between the industrialised and developing countries.

## A reform-friendly North-South alliance as the key to any more far-reaching reforms

The present politicisation of the intergovernmental process makes it unrealistic to expect any more far-reaching reforms to be adopted, e.g. the reform of oversight structures referred to above. The reform proponents would therefore be best advised to proceed pragmatically, aiming at improvements that the member states would be able to implement on their own initiative.

This would mean that the industrialised countries would be called upon to change their contribution-related behaviour, gearing it more to a good multilateral donorship policy: Less earmarking and more contributions to the core budgets of the Funds and Programmes could serve to overcome, at least in part, the fragmentation of the UN development cooperation at the country level. To dispel suspicions that for donors reform is little more than an exercise in cost-cutting, donors could and should commit themselves voluntarily to provide multi-year contributions as well as to raise the levels of their non-earmarked contributions.

In parallel, reform proponents should provide political support for the pilot countries and demand visible results at the end of an agreed-on period of time.

In order to overcome the bloc mentality of the G77 and the industrialised countries, it is essential to forge a North-South alliance. This could also prepare the ground for a discussion on a reform of the oversight structures of the Funds and Programmes.

The G77 is a heterogeneous coalition. Pro-reform developing countries could play a "door-opener" role vis-à-vis the leading critical voices in the G77. Industrialised countries might therefore seek to woo reform-friendly countries – which demonstrably include the eight pilot countries as well as other developing countries interested in acquiring pilot-country status. In New York and member capitals a North-South alliance should enter into informal consultations, with those bent on blocking reforms.

A middle course capable of finding a majority would, initially, provide for small changes to the system as it presently is. Such changes could – assuming they prove their worth in practice – be expanded gradually. It would, for instance, be possible for the Executive Boards of UNDP, UNFPA, UNICEF, and WFP – without having been merged – to adopt joint country programmes for the pilot countries.

It must be clear to member states and UN organisations themselves that time is running short for further reforms of the operational work – and that the risk here is that the UN organisations could otherwise find themselves marginalized by other major actors in the international aid architecture.

### Germany in the reform process

In its foreign policy Germany favours and backs a vigorous multilateralism, with the UN as one of its key components. Germany therefore also has an interest in seeing a UN that is strong and efficient in development cooperation. However, the voluntary contributions that Germany provides to the Funds and Programmes have remained behind what would be expected of such a financially strong donor: Germany's voluntary contributions have declined sharply in recent years, and Germany is now a low-ranking donor when it comes to voluntary contributions – whereas Germany is the third-largest contributor to UN organisations when it comes to assessed (compulsory) contributions. Even though this reduction in contributions is a result of German budget constraints, and thus does not take deliberate aim at the UN, the present contribution situation undercuts the German rhetoric on the need to strengthen the UN development cooperation. If Germany were to boost its voluntary contributions to the core budgets, this would certainly prove conducive to Germany's candidacy for a permanent seat on the Security Council. Furthermore, the German government should give consideration to making multi-year commitments to the Funds and Programmes, something it is already authorized to do in the cases of the EU and the World Bank. Here Germany should retain its exemplary policy of largely refraining from earmarking funds. Germany's contributions should go hand in hand with a clear call for further reforms. The German government might also give consideration to providing additional funding to reform-minded UN organisations. As regards the intergovernmental process, Germany should participate in a dialogue between donors and developing countries and provide its support for a North-South alliance.



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