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**Research Report**

## Unfinished business: an appraisal of the latest UNDS reform resolution

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## Unfinished Business: An Appraisal of the Latest UNDS Reform Resolution

### Summary

Can the United Nations Development System (UNDS) become a resourceful, well-organised partner for member states in implementing the 2030 Agenda? The UNDS is the biggest multilateral development actor, accounting for \$18.4 billion, or 33 per cent, of multilateral aid in 2015. Its functions range from providing a forum for dialogue, decision-making and norm-setting, to research, advocacy, technical assistance and humanitarian aid. Numerous governments, including those of high-income countries, are counting on the UN's assistance for advancing their development in a sustainable way. More than any other development organisation, the UNDS needs to adjust in order to fulfil these expectations.

In May 2018, UN member states set the course for reforming the UNDS by agreeing on a draft resolution. The resolution contains five potentially transformative decisions that will bring the UNDS a step closer to being "fit for purpose", the term under which the reform process was initiated more than three years ago. The global structures of the UNDS are to be strengthened, making the system more strategic and accountable; Resident Coordinators are to coordinate more effectively and objectively; their funding will be guaranteed by a new 1 per cent levy on tightly earmarked contributions; common business operations are to be advanced, with potential efficiency gains of \$380 million per year; and the UN's vast network of country offices is to be consolidated for more efficiency and effectiveness.

In the context of a resurgence of nationalist agendas and mistrust of multilateral approaches in many corners of the world, agreement on the draft resolution is a significant achievement.

However, the resolution falls short of the reform proposals suggested by the Secretary-General and others. Member states chose, yet again, an incremental approach. Key novelties of the 2030 Agenda, such as universality and policy integration, have not been translated into meaningful organisational adjustments. There is still a long way to go if the UNDS is to become the UN's universal branch, facilitating the implementation of the 17 Sustainable Development Goals (SDGs) in and by all countries of the world.

Nevertheless, the resolution is a viable starting point. Member states must play their part in making the reform a success. They need to push for reform in the respective governing boards across the system – this should be the most obvious and effective way of advancing the reform. They could ask the heads of all UNDS entities to subscribe to the reforms and to initiate all necessary adjustments. Furthermore, they should ensure coherence within their own governments and speak with one voice – for the implementation of the reforms, as well as for the acceleration of the implementation of Agenda 2030.

A more reliable funding for the UNDS as a whole, and specifically for the strengthened country coordination, will also be decisive for the changes to be effective. Member states across all income groups should show their support for the reforms and engage in the Funding Compact. They should be prepared to bolster multilateralism in uncertain times by stepping up core contributions and reducing tight earmarking. Specifically, they could link an increase in core-funding to advances in the area of common business operations, which would improve efficiency and enable smoother collaboration among UN agencies.

## New requirements meet old reform needs

The impetus for UNDS reform comes from the 2030 Agenda, the world's bold action agenda for global sustainability that was agreed in 2015. The 2030 Agenda commands a new spirit of working together in order to deal with the challenges of implementing the complex set of 17 SDGs. It entails universal and transformative obligations and the promise to leave no one behind. As a multilateral institution with broad mandates, decades of experience, and universal membership, the UNDS is uniquely suited to be an important change agent in that regard. It can facilitate processes of mutual learning within and across countries and regions, involving countries of all levels of income. It can provide crucial and impartial support to governments in their efforts to set priorities and formulate national plans. Where necessary, it can provide swift and well-coordinated implementation services, even in difficult contexts where member states would rather delegate to the UN than going there themselves.

For this vision to become real, the UNDS must be directed towards new functions. But it also needs to overcome longstanding systemic ills. The fragmentation of the UNDS, as reflected in its 34 semi-autonomous entities and more than 2,900 premises around the world (UN 2017, 15), limits its effectiveness in delivering change towards sustainable development, and creates inefficiencies. Attempts to bring unity to the UN, chief among them the "delivering as one" approach from 2006, are being realised at a frustratingly low pace or have hit structural limits arising from lack of UNDS-wide governance, funding and management systems. Coordination among the, on average, 18 entities per developing country (there is little UNDS presence in industrialised countries and it is mostly geared towards fundraising) continues to be an additional, burdensome process, not a method of working together elegantly to achieve better results.

The system's fragmentation is fuelled by the way it is funded. Over the last decade and a half, the share of core-funding UN agencies can use for implementing their multilaterally agreed agendas has dropped to a mere 22 per cent on average (UN 2017, 32). This constitutes a *de facto* bilateralisation of the UNDS, whereby the UN acts as short-term contractor for donors rather than being a development actor in its own right and a strong partner for developing countries. Earmarked funding drives competition among UN agencies for donor funds, reducing incentives for collaboration. The depleted core budgets of most agencies undermines their ability to assist member states with impartial, longer-term oriented, well-integrated and rights-based services that are deemed so crucial for implementing the 2030 Agenda.

## Key elements of the resolution

Against this background of reform needs, the Secretary-General presented a set of proposals for overhauling the UNDS in late 2017. After a thorough discussion of the proposals, member states in May 2018 agreed on a number

Major past reform efforts	
1969	The "Jackson-Report" investigates the weakness of the UN development system; some of its analysis pertains still today.
1977	The position of the Resident Coordinator is created to improve country-level coordination.
1997	The UN Development Group is established as umbrella structure for the UN development system.
2006	The "Panel on System-wide Coherence" suggests the Delivering as One approach to bring coherence and efficiency to the UN.
2010	Member states create UN Women and take other steps to increase system-wide coherence in Resolution A/RES/64/289.
Current reform project	
2014–2016	To reposition the UNDS for the 2030 Agenda, ECOSOC conducts a dialogue, assisted by the Independent Team of Advisors, to discuss reform options.
2017	SG Guterres issues a comprehensive reform report, makes his deputy head of the UN Sustainable Development Group.
2018	Member states agree on a draft reform resolution, to be adopted in the General Assembly later this year.
2018	The Secretary-General plans to hold a Funding Dialogue, to culminate in a new funding compact.
2019	Further SG proposals due for <ul style="list-style-type: none"> <li>– reform of regional structures</li> <li>– multi-country offices</li> <li>– system-wide strategic document.</li> </ul>
2020	Quadrennial comprehensive policy review will evaluate and advance reform efforts.
Source: Authors	

of reforms in a draft resolution which the UN General Assembly is expected to adopt later this year. Five decisions stand out. They aim to improve coordination and to make the UNDS more strategic, efficient and effective:

1. **System-wide oversight:** In the past, the UN pursued coherence almost exclusively at the country-level. The resolution's attention to the headquarters level marks a break with this approach. Most notably, it mandates the Secretary-General to present a "system-wide strategic document" to the ECOSOC. It will be an essential management tool for UN leadership, while also strengthening the oversight role of ECOSOC. Systematic evaluations of the document will also make the UN's common and joint results regarding the 2030 agenda more visible.
2. **Strengthening Resident Coordinators (RCs):** The RCs are the leaders of the UN country teams, which are composed of all UN entities working in a country. They are to have a bigger role in preparing and implementing

the UN Development Assistance Frameworks, the UN's country-specific action plans. Their office capacity will be increased. The RC position will also be separated from the UN Development Programme and managed by a separate entity within the Secretariat. RCs will be able to act more neutrally and become more credible coordinators.

3. Modified funding mechanism for coordination: The revamped coordination system is estimated to cost \$255 million per year, up from \$175 million currently. Under the new arrangement, UN agencies will continue to share the coordination costs, but double their contributions. The real innovation, however, is a new 1 per cent levy on tightly earmarked contributions.
4. Consolidation of business practices: Mandates to improve "operating as one" have been issued for decades, but implementation of joint procurement, fleet management etc. has been sluggish until now (currently, only 26 out of the 131 UN country teams have a business operations strategy). The resolution emphasises the need to advance common business practices, in particular through the establishment of common back offices at the country-level. According to UN estimates, this has the potential to save up to \$380 million annually – which is a strong signal to member states' electorates. At the same time, operating as one will facilitate smoother interagency collaboration.
5. Consolidation of the UN's country presence: The resolution endorses a new model for a flexible UN country-presence, based on the needs of host countries. This counters, and hopefully reverses, a decades-long trend of an uncoordinated spread of UN country offices. Fewer offices in the country could save \$120 million (UN, 2018), without necessarily reducing relevant capacities, as smaller entities could move in with bigger ones or be represented by them. Smaller, physically integrated, UN teams would also make interagency coordination and joint activities easier, enabling integrated policy advice.

The draft resolution touches on other issues as well, but postpones them and partially hives them off to separate reform tracks. It welcomes a new funding compact. This signature initiative of the Secretary-General aims to trade better performance and accountability on the part of the UNDS for more reliable core and pooled funding on the part of member states. The rearrangement of the ECOSOC processes, as proposed by the Secretary-General, is brought together with the ongoing ECOSOC review process. A reform of the UN's regional structures, spread over 51 cities and marked by duplications, is scheduled for decision in early 2019. Since the UN's regional structure is present in all world regions, this could be an opportunity to embrace the 2030 Agenda's universal character.

### Unfinished business of reforming the UNDS

The decisions entailed in the draft resolution break with the implicit philosophy of the UN as a decentralised system of semi-autonomous agencies, which is at odds with the requirements of the 2030 Agenda for collective efforts. The actions mandated in the resolution point in the right direction, but much remains to be done.

*The resolution could have been much stronger on bringing the system together.* Member states are yet to delegate real authority to RCs, for example by mandating them with the right to make final decisions on UN matters. On business practices, as on other issues, soft language such as "where appropriate" turns binding decisions into mere recommendations, undermining accountability for implementation. The consolidation of the UN's country-presence is entrusted to consensual decisions by UN agencies on the ground and host governments, which usually both have stakes in the UN's country-presence; the Secretary-General had proposed to apply concrete system-wide criteria for determining the country-presence.

*The resolution could have been much stronger on elevating the role of sustainable development in the UN system.* Member states failed to upgrade the UN's development activities, which are supported almost entirely by voluntary contributions from a small set of big donors, to a core function of the UN, such as peacekeeping. The SG had proposed to fund at least the RC system from the UN's regular budget, which is based on mandatory assessed contributions by all member states. While developing countries organised in the G-77 were in favour, Western countries, in particular the United States, rejected new financial commitments and were concerned about G-77 influence in UN budgetary bodies. Furthermore, the resolution does not endorse the integration of the executive boards of New York-based UN agencies. Such joint governance could be the single-most effective measure for reducing fragmentation in the UNDS. Here, as in other matters mentioned above, member states' concerns for sovereignty, control, and costs defined the parameters of the reforms.

*The resolution could have been much stronger in turning the UNDS into a transformative agent for the 2030 Agenda.* Member states chose a narrow and outdated perspective for repositioning the UNDS, ignoring the Agenda's principle of universality, as well as the call for integrating development with other policy fields. Instead of aspiring to turn the UNDS into a key player for addressing transnational and global challenges, they continued to view it as a tool for assisting poorer countries. In the resolution, they also focused on operational activities only, neglecting the fact that these rely on analytical, knowledge, and normative work that must become stronger, given the complexities of sustainable development. Member states also omitted to provide guidance for the nexus of humanitarian, peacebuilding and development work, and did not ask for the alignment of the work of the UNDS with broader UN efforts to implement the Agenda 2030.

## Conclusions and recommendations

The resolution falls short of the expectations that were set out when the reform process began. It seems unlikely that the resolution will deliver a real boost for accelerating the implementation of the 2030 Agenda. However, this is just one perspective on the draft resolution. In the historical context of UN reform initiatives, and given the diplomatic complexities of the UN, in which manifold interests need to be balanced, the resolution is as good as previous reform resolutions. Furthermore, despite a global resurgence of nationalist sentiments, and mistrust of multilateral approaches, including that of the UN's biggest supporters, the resolution also demonstrates that member states have not given up on the UN.

The reform process will now enter the implementation phase. The Secretary-General and his deputy need to provide further details for the preparation of decisions on the pending reform issues, and ensure that the work of the UNDS in implementing the Agenda 2030 in developing countries is well connected with the efforts of the UN as whole.

Member states must now play their part in making the reform a success. The funding compact, to be discussed in the summer, will provide a crucial opportunity to show support for the reforms and improve the funding of the UN. Member states across all income groups should make contributions to the coordination fund to fill the gap in financing the RC system. They should be prepared to bolster multilateralism in uncertain times by stepping up core contributions and reducing tight earmarking. Specifically, they could link an increase in core-funding to advances in the area of common business operations, which would improve efficiency and enable smoother collaboration among UN agencies.

Member states also need to push for reform in the respective governing boards across the system. This should be the most obvious and effective way of advancing the reform. They could ask the heads of all UNDS entities to subscribe to the reforms and initiate all necessary adjustments. Furthermore, they should ensure coherence within their own governments and speak with one voice – for the implementation of the reforms, as well as for the acceleration of the implementation of Agenda 2030.

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