

Draft for discussion¹

THE 'FUNDS' PROJECT

The Future of the UN Development System

What kind of system will be needed after 2025?

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¹ *This draft has benefited from consultations with Veena Jha, Faizullah Khilji, Richard Jolly, Saraswathi Menon, Roberto Picciotti, Richard O'Brien, Roger Riddell and Surya Subedi.*

THE 'FUNDS' PROJECT

The future of the UN development system

What kind of system will be needed after 2025?

The United Nations is probably the best-known organization in the world. The UN Development System and its constituent parts touch a very substantial proportion of the global population as beneficiaries, contributors, employees.

Over the next few years, events and decisions will determine whether the UN Development System goes into decline, or re-emerges as a major force for good and the principal means by which the world will reach its major development goals.

The UN Development System's role, functioning, performance - and the need for its future existence – should be examined thoroughly in the light of the rapidly changing global environment.

The 'UN Development System'

When the United Nations Organization was created and given its broad peace, security, rights, humanitarian and development mandates, there were already several other international organizations in existence, or coming into being, which addressed development concerns. The 'system' which emerged brought some of these other organizations - which had not been part of the 1945 San Francisco process - into an extended family. The most notable were the International Telecommunication Union (ITU) created in 1865, the Universal Postal Union (UPU) from 1874 and the International Labour Organization (1919). The Bretton Woods institutions – World Bank and International Monetary Fund – were created under UN auspices and have ever since been affiliated, but only loosely. Other UN specialized agencies came afterwards, like UNESCO (1946) and WHO (1948). Within this extraordinary hybrid, organizations came and went or were transformed. Thus UNICEF (1946) and UNHCR (1950) were laid on earlier post-War relief foundations. UNDP (1965) was an amalgam of two other programmes. The system continues to grow, with the World Tourism Organisation (UNWTO) joining in 2003.

Dag Hammarskjold, the second UN Secretary General, called the system a "Picasso abstraction" – hard for anyone to grasp organizationally. The UN development system can best be defined as all those parts of the UN – whether UN organization, programme, fund or specialized agency – **which undertake activities on behalf of developing and transition-economy countries with**

long-term human, social and economic objectives. The UNDS includes organizations engaged in longer-term developmental, rather than shorter-term humanitarian or emergency assistance or peace-building, (although these activities may be closely linked in circumstances of conflict or reconstruction). For purposes of this project, the UNDS comprises a total of 30 primary ‘developmental’ UN entities plus three which are constitutionally subsidiaries of UNDP. It will not include the World Bank Group and the IMF but the relationship of the UN and Bretton Woods to the UN Development System will be a subject of essential consideration. The list of organizations is contained in Annex 1.

“We agree on two fundamental premises. The UN in development needs radical reform. The reform must be politically feasible....”

The Case for a UN Development Pillar
Internal UN draft, 2006

The word ‘system’ has been applied to the UN as a convenient collective noun. In the widely accepted sense, UN development does not have – and has never had - a ‘set of things working together or an interconnecting network’. One of the fundamental answers to be sought by this project is what kind of system (in the real sense) may be needed, and what form it might take.

The significance of the UNDS

The UN Charter spoke of promoting “higher standards of living, full employment and conditions of economic and social progress and development”. Today, while the UN is still better known for its peace and security activities, the largest proportion of the UN system’s resources, both financial and human, are devoted to economic and social concerns, along with its humanitarian work. Over more than 60 years, UN-sponsored development has absorbed many billions of dollars of multilateral assistance.

And the UN development system continues to grow, both in human and financial resources. There are now over 100,000 active staff members in the UN system as a whole, and about half are in the development system. The UNDS spends about \$19 billion per year. (See Annex 1).

There has been little debate about the need for a UN role in supporting the development enterprise. UN cooperation is valued for its respect for the will and the sovereignty of developing countries. It also propagates universally acknowledged standards, not so as to impose procrustean frameworks, but to encourage the notions of a single global family of nations striving for the same goals of human well-being.

But the operations of the UN system have declined in relative significance in recent years, particularly in traditional areas of technical assistance, where there are many other large and effective actors. Also, in much of the world, the role of the public sector – both international and national – is being reappraised. As patronage yields to partnership, development demands catalysts rather than

providers. Has the development UN adapted sufficiently and are the original roles still relevant and needed? Are all parts effective? Do they cohere or compete? Are they being superseded by other sources? Is the UNDS too self-driven, and unresponsive to 'demand' signals?

UNDS reform

From Hammarskjold onwards, UN system coherence has been a concern. Forty years ago, the UNDS had reached its first fork in the road, and the answer was sought in Robert Jackson's 1969 '*Study of the Capacity of the UN Development System*' which took a close look at the disparate family of organizations and for the first time provided a blue-print for greater coherence. The study gave clearer identity to the system, recommended a central funding role for UNDP and the assignment of UN Resident Coordinators to every developing country. A Director General was proposed and installed as an overseer of the system, but the position was not sustained. The centre could not hold against the centrifugal forces which perpetuated parallelism.

"The true measure of success for the United Nations is not how much we promise, but how much we deliver for those who need us most."

UN Secretary General Ban Ki-moon, 2007

A potentially very important, but little appreciated development occurred in 1992-93, when Secretary General Boutros Ghali established 15 new UN integrated offices in the newly independent republics of the former Soviet Union. These offices were a model for the later One UN approach to country presence. However, despite its many merits in terms of cost and coherence, the approach was abandoned after only two years. Internal rivalries were again mainly to blame.

Another step towards reform was taken in 1997 when Secretary General Kofi Annan produced '*Renewing the United Nations: a Programme for Reform*'. The report recommended the revitalization of the UN Economic and Social Council (ECOSOC) as the main development forum of the system, and initiated 'triennial comprehensive policy reviews (TCPRs) of operational activities for development' of which there have been four so far.

The present decade has been marked by several UN global conferences, including the Millennium Summit (2000) from which the Millennium Development Goals (MDG) were derived; the Financing for Development Conference (2002); and the World Summit of 2005, which took stock of progress towards the realization of the MDGs. In 2005, prior to the Summit, there were a number of initiatives designed to address the modernization of the UNDS. The Secretary General brought out his report, *In Larger Freedom*, as a response to the findings of the *High Level Panel on Threats, Challenges and Change*. It led to some innovations in the security and human rights domains. But while it acknowledged the challenges of overlapping mandates and incoherence in the UNDS, it did not

propose any significant remedial measures. The same year saw the appearance of the report on the Millennium Project (the “Sachs Report”). It could have been an opportunity to re-position the UNDS in order to address this huge challenge more effectively. But nothing fundamental changed.

In 2006, Kofi Annan set up a *High-Level Panel on System-Wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment*. The

work was rushed, completed in 7 months, but it was authoritative (being guided by the three serving Prime Ministers of Mozambique, Norway and Pakistan). Although steadily watered down in successive drafts, the report, “*Delivering as One*”, was promising. It provided “a framework for a unified and coherent UN structure at the country level...matched by more coherent governance, funding and management arrangements at the centre”. It revived the proposal of Director General, by recommending a UN Development Coordinator.

“Without ambitious and far-reaching reforms the United Nations will be unable to deliver on its promises and maintain its legitimate position at the heart of the multilateral system. Despite its unique legitimacy, including the universality of its membership, the status of the United Nations as a central actor in the multilateral system is undermined by a lack of focus on results, thereby failing, more than anyone else, the poorest and most vulnerable.”

Delivering as One: report of the High-Level Panel on the UN System-wide coherence.

Unfortunately, the report was not taken up for discussion in the General Assembly before Kofi Annan left office at the end of 2006, and in any case it had already aroused the familiar Manichaean tensions between South and North. Almost all that was left was the ‘One UN’ concept at country level: one programme, one ‘coordinator’, one office, one fund. It is a small incremental step but it even falls short of the experience of the UN Representative offices of the early 1990s. Meaningful coherence continues to elude the reform process.

Lessons of reform

The need for a renewed UN development system is beyond dispute. In the development arena, the UN is falling short on many fronts. While the extent of the shortfall is difficult to measure, there is sufficient evidence of waste, duplication and project perpetuation to suggest that the UNDS is performing operationally below par.

Given the urgent need, why has reform failed to address the most fundamental problems of the UNDS? Here are ten reasons:

Absence of results. The inability to determine objectively the effectiveness of many UNDS operations makes it harder to impose necessary change. There are some natural benchmarks, like disease eradication. But for the most part UN agencies do not gauge their accountability by measurable and attributable development targets.

Incrementalism. Change within agencies has rarely been profound and is mostly addressed to internal processes. Yet following each reform phase, they reappear in much the same guise, with a few self-awarded additions to their individual mandates.

No comprehensive overview. Across the agencies of the system, there has been no fundamental questioning of who does what, and whether more should be done by some, and less by others.

Non-strategic development vision. Nor have the roles and relevance of all parts of the UNDS been fundamentally questioned in the light of the huge changes of recent years wrought by globalization of finance, commerce, knowledge and technology, and the emergence of major centres of economic and political power in the South.

Agency autonomy. In contrast to the other parts of the UN, most of the UNDS constituents are able to operate with a high degree of autonomy, facilitated by easy funding access and (mostly) compliant governing bodies.

Lack of continuity. Reform proposals hitherto have been inadequately discussed and only partially acted on. Each reform effort has petered out, awaiting a new initiative.

Political acceptance. Working towards genuine reform will require patiently building the kind of consensus which will make it palatable to all UN member countries. For this reason also, the process is as important as the elegance and the originality of the recommendations.

Non-inclusive. While decisions on reform are ultimately taken by governments, there is inadequate consultation with, or reference to, those for whom the UN development system exists: the poor and deprived in the developing countries.

Objectivity. Reform cannot come only from within. The UNDS secretariats must be a party to the reform debate, but change will need to be inspired from outside by the main stakeholders – ultimately by “we, the peoples”.

Adaptability, variability. Recommendations must be differentiated. One of the potential contradictions of UN development reform is that trying to contrive a more uniform ‘system’ may mistakenly lead to a set of standardized practices and approaches. The reformed UNDS needs to review comprehensively the optimal interface of the UN with individual countries and regions.

Why the 'FUNDS' project?

Given the poor record of reform, the purpose of this project is not to try again to revive and reinforce the many attempts to modernize the UNDS. The FUNDS project goes much further and questions what kind of UNDS the world wants in the future. If there were no development system, it would have to be invented, but it would probably look very different from the present system. The FUNDS projects aims to point towards that future model.

The FUNDS project will:

- Create a momentum for change, by fostering a continuous process of debate and review among many stakeholders, thus maintaining a continuous momentum for change in a manner that will be evidence-based.
- Re-examine the goals. The UNDS was instrumental in helping to define and refine the Millennium Development Goals in the aftermath of the Summit of 2000. The MDGs have gained wide acceptance by the international community as a whole. But they have also raised expectations about the capacity of the UNDS to help countries achieve them. And while every organization in the system has been eager to prove its role in meeting the MDGs, a fuller enquiry is needed to determine how the UNDS could deploy the capacity to manage the campaign effectively. And what lies beyond 2015 for the many countries which will not have met the MDGs? FUNDS will examine the role of the UNDS in the post-MDG era.
- Examine changing development realities. The review will recognize how the world of development cooperation has changed and is likely to continue evolving as globalization progresses, as developing countries take full ownership of development and as the significance of non-state actors grows. FUNDS will review the implications for the UNDS of the Paris Declaration principles of country ownership, alignment with country objectives, harmonisation and coordination, results and accountability.
- Compare with the alternatives: Other multilateral sources – including the World Bank and the European Commission – are larger providers of development cooperation than the UNDS. The Project will compare the UNDS with these larger alternatives in order to clarify a future role for the UN in development.
- Envisage a world of diminishing ODA. A related concern is the need to review how the UNDS will face up to the prospect of diminished development cooperation resources. Aid will grow or decline, but it will change and be allocated differently in the future. The quantitative

significance of the UNDS within the totality of development cooperation is likely to continue to decline.

The FUNDS project objectives

- ***To evaluate the impact and effectiveness of the UN development system and its agencies at the global, regional and country levels***
- ***To assess the capacity of the UNDS to address the evolving major development challenges and***
- ***To deliver a blueprint for 2025 and beyond outlining the nature and scope of 'a (renewed) UN development system'.***

These challenges are on several planes: global, regional, inter-country and national. Because they will require differentiated responses from the UN development system, FUNDS will explore the different contexts for UNDS involvement. At global and regional level, the UNDS role will be reviewed in the context of other international bodies and forums. Its role will be reviewed in inter-country cooperation (including South-South exchange) and in particular within individual countries in different regions and at different levels of development, including fragile states, low- middle- and upper-middle-income countries.

Organization of work

Governance: the project will establish a high-level Advisory Council representing a range of institutions and interests from all regions and the major developing countries. The Advisory Council will meet prior to commencement of the project and at intervals during implementation to review work-plans, approve and guide research approaches, and review findings.

Research team and secretariat will comprise a small multi-national team of knowledgeable development specialists, both from within and outside the UN system, and from both northern and southern countries. The team will be affiliated to one or more centres of excellence with interest and experience in the study of international organisations and the UN.

On-line discussion: the project will establish a web-site to post background documents as well as its own research and findings to encourage a continuous dialogue by stakeholders and interested parties.

Strategic forums: the project will organize horizon-scanning exercises, conferences and consultations to invoke comments and guidance. The project

will also develop a communications strategy to raise awareness of the project and the issues it is examining.²

Desk research: The project will make a thorough review of all reports and materials pertaining to the organizations of the UNDS and their work, of relevance to the objectives of FUNDS.

Country studies will be conducted in some 15 countries to review the historical record of the UNDS in each country over a period of 25-30 years, and examine how the system is positioning itself to address the specific local development challenges. Missions will also be fielded to relevant regional organizations.

Interviews will be conducted with many individuals in organizations of the UNDS, in other multilateral and bilateral development institutions, political capitals, academic and research institutions and elsewhere. The aim will be to gather opinions and evidence from as wide a range of stakeholders as possible, including from intended beneficiaries. Sets of standard questionnaires will be produced to support interviews.

FUNDS will examine the different functions of the constituent parts of the UNDS, which may be listed as:

- promoting norms and standards (of a technical nature)
- developing global public goods (e.g. vaccines, universal learning systems)
- advocating policy
- fostering intergovernmental cooperation
- undertaking research
- delivering technical assistance services.

² *The activities and web-sites of other relevant organizations and projects will be linked to FUNDS, including the UN Intellectual History Project, the World Federalist Movement and the Global Policy Forum.*

Objectives, activities, outcomes, timetable, budget

Phases	Objectives	Activities	Outcomes	Target date	US\$ (000)
Phase 1: 2010	Provide overall guidance on FUNDS project	Conduct global on-line survey on the future of the UN Development System	-	03/10	10.0
	Develop capacity to undertake desk and online research	Appoint secretariat and research team; identify host organisation(s)	Capacity established to commence research	06/10	In kind
	Raise awareness of FUNDS project; foster global dialogue; establish links with other organisations and research teams	Establish FUNDS website, blogs and discussion forum; post documents, research, findings online	Global dialogue established on role and functions of UNDS Comprehensive information, reports and data on the UNDS functions, performance and reforms	01/10	30.0
	Review roles and mandates, governance systems, funding sources and mechanisms of 30 UNDS organizations to produce first report	Undertake desk and internet reviews International conference at Wilton Park, UK on the Future of the UN Development System (proposed) First horizon-scanning exercise: "what kind of UN development system is needed in 2020, 2025, 2030?"	Initial proposals developed for UNDS governance, roles, funding	06/10	40.0 + In kind
					80.0 + in kind

Phases	Objectives	Activities	Outcomes	Target date	US\$ (000)
Phase 2: 2011	Develop and agree on methodology for conducting in-depth interviews and research on countries and on UNDS organizations	Develop detailed interview questionnaires	Detailed and workable research framework	01/11	TBD
	Undertake 15 in-depth country studies	<p>Identify and deploy 15 country teams drawn from local centres of excellence</p> <p>Conduct research and review relevant documentation and reports</p> <p>Conduct interviews in countries with policy-makers, beneficiaries and other stakeholders; conduct interviews with UN personnel with experience of the same countries</p>	Detailed studies of UNDS role and contributions to individual country development over a 25-30 year period, leading to recommendations on appropriate UNDS roles at country and regional levels	09/11	TBD
	Undertake comprehensive review of performance of individual UNDS organizations	<p>Conduct research and review relevant documentation and reports on individual organizations</p> <p>Conduct interviews for a selection of UNDS organizations with management and staff, and with policy-makers, beneficiaries and other stakeholders</p>	Detailed studies of organizations as part of a comprehensive appraisal of the totality of the UNDS value offering, performance and effectiveness, coherence, relevance of mandates – with recommendations	09/11	TBD
	Prepare first synthesis report	Draft report; consult with Advisory Council; hold consultations both on-line and face-to-face	Beginning of the construction of a strengthened, more effective and efficient UNDS	12/11	TBD

Funding FUNDS

The scope of the above activities will be subject to available resources. The project will seek sponsorship from developed and developing governments, private and public foundations, research and academic institutions. Major sponsors will name representatives to the Advisory Council who will help to guide the project and have privileged access to its findings.

A detailed budget will be drawn up when the more precise scope of the project has been determined following further consultation with interested parties.

Phase 1: An indicative initial target to permit activities to commence is US\$80,000.

Phase 2: Sponsors are sought for each of the in-depth country and regional studies, which will be undertaken by local (or regional) research institutes or centres of excellence. Each country study will cost between US\$50,000 and US\$100,000. A tentative (but not exhaustive) list of countries and regional groupings which could be studied is as follows:

Africa

Burkina Faso, Ethiopia, Liberia, Mali, Mozambique, Rwanda, South Africa*, Tanzania, Uganda, Southern African Development Community (SADC)

Asia/Pacific

Afghanistan, Bangladesh, Cambodia, China*, India*, Nepal, Samoa, Pakistan, Vietnam, ASEAN

Latin America/Caribbean

Argentina*, Brazil*, Cuba, Haiti, Jamaica, Mexico*, Nicaragua, MERCOSUR

Arab States

Tunisia, Yemen

Eastern Europe/Central Asia

Romania, Kyrgyzstan, Ukraine, Uzbekistan

** denotes that country may finance its own study*

Phase 2 will also comprise detailed reviews of individual UNDS agencies and organizations, and a series of consultations on findings.

Basic data on the UN Development System

	Agency/ Organisat- ion	Technical services provided by the UNDS						Country/ regional offices	Staff*	Annual expend. (\$mn. latest year)
		Norms and standards	Global public goods	Intergov- ernmental cooperat- ion	Policy advocacy	Research	TA services			
Secretariat	DESA			Yes		Yes	Yes	-	509	140
Funds and programmes	UNCTAD			Yes	Yes	Yes	Yes	-	500	92
	ITC		Yes				Yes	-	290	60
	UNDCP			Yes	Yes	Yes	Yes	20	467	166
	UNEP	Yes	Yes	Yes	Yes	Yes	Yes	25	994	72
	UNICEF	Yes	Yes		Yes	Yes	Yes	166	6,430	3,013
	UNDP				Yes	Yes	Yes	135	5,402	5,300
	<i>UNIFEM</i>				Yes	Yes	Yes	17	115	77
	<i>UNV</i>						Yes	-	17	220
	<i>UNCDF</i>						Yes (and funds)	-	33	34
	UNFPA	Yes	Yes		Yes	Yes	Yes	112	1,719	457
	UN- HABITAT			Yes	Yes	Yes	Yes	3	341	246
	WFP			Yes	Yes		Yes	87	9,139	3,000
Regional Commissions	ECA			Yes		Yes	Yes	6	644	109
	ECE			Yes		Yes	Yes	-	171	39
	ECLAC			Yes		Yes	Yes	2	460	49
	ESCAP			Yes		Yes	Yes	1	522	36
	ESCWA			Yes		Yes	Yes	-	330	28
Specialized agencies	ILO	Yes		Yes	Yes	Yes	Yes	40	2,500	320
	FAO	Yes		Yes	Yes	Yes	Yes	12	3,600	465
	UNESCO	Yes	Yes	Yes	Yes	Yes	Yes	50	2,160	305
	WHO	Yes	Yes	Yes	Yes	Yes	Yes	147	8,000	1,600
	ICAO	Yes	Yes	Yes	Yes		Yes	-	700	67
	IMO	Yes	Yes	Yes	Yes		Yes	-	300	72
	ITU	Yes	Yes	Yes	Yes		Yes	11	822	154
	UPU	Yes	Yes	Yes			Yes	-	230	15
	WMO	Yes	Yes	Yes	Yes		Yes	-	300	165
	WIPO	Yes	Yes	Yes	Yes		Yes	-	939	230
	IFAD					Yes	Yes (and funds)	-	436	260
	UNIDO			Yes	Yes	Yes	Yes	28	650	290
	UNWTO					Yes	Yes	-	90	16
Other UN bodies	UNAIDS				Yes		Yes	5	400	235
	UNOPS						Yes	36	380	1,500
TOTALS								816	49,590	18,832

* excluding short-term experts and project staff