



## Post-2015: Recharging Governance of United Nations Development

### Summary

The post-2015 development agenda will constitute a different mission for UN Development than the current one driven by the Millennium Development Goals (MDGs). Unlike the MDGs agenda, the new sustainable development goals (SDGs) aim to integrate the economic, social and environmental pillars of sustainable development while emphasising global challenges to a greater extent. The growing interconnection between local and global development challenges will be a key feature of the SDGs.

Current governance arrangements of UN Development, however, impose a constraint on the organisation's ability to meet the integration requirements of the SDGs.

To deliver on the post-2015 development agenda in an integrated and coordinated manner, UN Development will require governance capacity that can foster policy coherence and interoperability in programming and operations. This means that governing boards will have to be able to coordinate their work more effectively than in the past, with a view to balancing agency and system-wide interests, as well as the local and global perspective in their decision-making. Such changes required in the capability of governing bodies also offer Member States the opportunity to rethink what constitutes legitimacy in governance.

Three options are particularly proposed to address the governance demands of the post-2015 development agenda:

- (1) **ECOSOC as a system-wide governing body:** On the basis of a system-wide strategy, the UN Development Group (UNDG) becomes formally accountable to ECOSOC and the General Assembly for the implementation of system-wide objectives. This would strengthen horizontal governance of development operations;
- (2) **Fulltime Joint Executive Board:** Merging the four executive boards of the funds and programmes with major development operations; and
- (3) **Fulltime Development Board:** A single board for the governance of operational activities of the 19 funds and programmes reporting to the central bodies of the General Assembly and the Economic and Social Council (ECOSOC).

In making the governance of UN Development "fit-for-purpose", Member States would fundamentally recharge multilateral cooperation, whose appeal is withering, despite the reality of growing interconnectedness, complexity and uncertainty in today's globalising world.

## United Nations Development

United Nations Development is the second largest multilateral partner of traditional donor countries, increasingly important for providers of South-South cooperation and a long-standing development partner of poorer countries. UN Development is composed of 34 entities that spent some USD 26 billion on operational activities in 2013, which accounted for nearly two-thirds of all activities of the Organisation.

### Governance system and main challenges

United Nations Development is governed through a two-tiered system composed of central or system-wide organs – the General Assembly (GA) and the Economic and Social Council (ECOSOC) – as well as agency-specific ones – the executive boards of the operational funds and programmes and the governing bodies of the specialised agencies. Governance also takes place at the country level where programme priorities are determined and implementation is assessed through coordination between the respective government and UN Development entities.

An analysis of the current governance system reveals several possible areas for improvement, including the following:

- Governing bodies of UN Development generally operate in isolation from each other. Decisions and policies of entities in one area are often not known to those operating in another.
- The ability of agency-specific governing bodies to provide regular, detailed guidance on development operations is affected by their size and by how often they meet. Governing bodies of some entities meet only every two years, while others report to policy-making bodies not designed to provide guidance on development operations.
- Central governing bodies are not able to hold entities accountable for the implementation of the system-wide mandates that they put in place.
- Central governing bodies have limited capacity to further coherence and interoperability in programming and operations across all entities.
- Key coordination instruments at the country level, such as the resident coordinator system (leaders of UN country teams) and the UN Development Assistance Framework (common planning tool), are left to voluntary agreements between inter-agency bodies such as the UN Development Group (UNDG). Since the UNDG is consensus-based, the final outcomes are often heavily influenced by the specific mandates and business models of individual entities.
- Finally, the fragmented nature of the governance arrangements has reduced the ability of UN Development to capitalise on opportunities for synergy in programming and operations across entities.

## Changing functions of UN Development

The post-2015 development agenda will constitute a different mission for UN Development than the MDGs agenda. The new sustainable development goals illustrate well the growing interdependence of country and global development action. For example, the proposed goal 1, *End poverty in all forms everywhere*, establishes the income level of USD 1.25 per day as a basic need to be accomplished by all countries by 2030. The realization of this goal will require the provision of domestic public goods enablers such as social protection systems (Target 1.3) as well as global action to enhance the poor's resilience to extreme events and other economic, social and environmental shocks and disasters (Target 1.5). This demonstrates that country and global development activities will need to be well-coordinated in the post-2015 era rather than pursued individually or one at a time.

Continued provision of assistance for basic needs in low-income countries will continue to be at the heart of the post-2015 development agenda. At the same time, those countries will also need simultaneous *support* to allow them to benefit from globalisation as well as enabling them to deal with collective action problems. The reduction in agricultural subsidies in the developed world, adaptation to climate change and improving *access* to global public goods such as internet access are cases in point.

For middle-income countries that seek international support to better adapt to global challenges and to benefit from globalisation processes, policy coherence, capacity- and institution-building and leveraging of private finance will be particularly important. This may, for example, require legislative and regulatory improvements and the strengthening of national institutions.

Together, the broadening of the post-2015 development agenda to include global public goods signals an important change in the objectives of global development policy and cooperation. The interdependence of country and global development action means that activities across various sectors need to be pursued in a more integrated and coordinated manner. Realising the post-2015 development agenda can therefore be described as a more complex undertaking than the MDGs. UN Development needs to prepare for this.

### Emerging governance requirements

Today, key institutional processes within UN Development, including *programming, operations, results-based management, reporting and evaluation*, are still regulated differently across entities. However, the post-2015 development agenda can be expected to make even more demands concerning the consistent regulation of such processes in order to harness opportunities for synergy, cost savings and, consequently, greater effectiveness.

Current governance arrangements of UN Development impose a constraint in this respect. UN Development will therefore need to develop governance capacity in the post-2015 era that fosters policy coherence and interoperability in programming and operations across entities, coordinates with authority, and balances agency and system-wide interests as well as national and global perspectives in decision-making. This will require Member States to re-balance the role of agency-specific and system-wide governing bodies in the governance system of UN Development. Such re-balancing would also require Member States to revisit the issue of legitimacy in governance of UN Development, particularly that of representation.

Representation is essential for legitimate governance. The composition of governing bodies needs to be equitable, their working procedures transparent, and the bodies themselves accountable. This gives legitimacy to policy decisions adopted at the intergovernmental level. At the same time, the composition of governing bodies has to be such as to ensure their effective functioning.

The principle of equitable geographical distribution has for a long time been the sole criteria for selecting members of most governing bodies of UN Development entities. UN operational activities, however, are not of equal importance to all Member States. While maintaining the above principle as an anchor, the adoption of more precise criteria for selecting members of governing bodies (e.g. by income groupings, expenditure level, contributions etc.) could give greater voice to those more affected by the work of UN Development and thereby further enhance the legitimacy of the governance system. Two additional innovations could be particularly important. The *constituency-based selection* of members of governing bodies, as in the case of the Global Environment Facility (see Box 1) could help realise the principles of equity and effectiveness. The principle of *variable geometry* could also enable rotational representation within a constituency, depending on the issue for discussion.

### Options to strengthen governance

While there are many ways to further enhance the effectiveness of governance of UN Development, three options are particularly highlighted for further deliberations among Member States. They are inherently different. While the first one aims to strengthen central coordination and oversight through ECOSOC, the latter two rather focus on consolidating governing bodies of UN Development entities.

#### (1) ECOSOC as system-wide governing body

This option involves upgrading the quadrennial comprehensive policy review (QCPR) resolution of the General Assembly to a *system-wide strategy*. ECOSOC would be responsible for annual monitoring. The UNDG, whose status would need to change, would be formally accountable for the implementation of system-wide mandates to ECOSOC and the GA. This approach assumes that existing governing

bodies would be maintained. Policy cooperation among governing bodies of UN Development entities would depend heavily on the ability of ECOSOC and the High-Level Political Forum on Sustainable Development to coordinate with authority the implementation of system-wide policies relating to operational activities.

#### Box 1: Governance of the Global Environmental Facility – A model for constituency representation within UN Development?

The Global Environmental Facility (GEF) was set up in 1991 to help finance new environmental investments in developing countries that have global benefits. A joint undertaking of UNEP, UNDP and the World Bank, it has been innovative in developing new forms of governance. Through a system of constituency representation, the GEF executive board (GEF Council) brings together equity and effectiveness in participation and decision-making, de facto combining the governance principles of the UN and the World Bank.

- **Effectiveness:** With an overall membership of 183, limiting the executive board membership to 32 and having new members join existing constituencies contributes to effective decision-making.
- **Legitimacy:** Each seat represents a constituency from developing countries (16), industrialised countries (14) and economies in transition in Eastern Europe (2). Double-majority voting rules (60 per cent of members and contributions) ensure balance and compromise between them, in turn lending legitimacy.
- **Voice and ownership:** Countries in each constituency group elect a board member (plus deputy) to represent them. Linking membership to the continuous backing by their constituents strengthens constituency voice. Ownership is reinforced as each group decides how to conduct its own consultations.
- **Efficiency:** An independent and professional Secretariat as well as Council procedures fashioned after a board of directors with frequent meetings/exchanges via mail contribute to efficient decision-making.
- **Transparency:** A clear communication of Council decisions to the public supports transparency.

Source: Authors

#### (2) Joint Executive Board for major funds and programmes (fulltime)

The four executive boards of the biggest funds and programmes within United Nations Development would be consolidated into a single Joint Executive Board (JEB). This Board would be organised around segments for the individual entities and special sessions to regulate activities of common concern. The JEB could be expected to meet formally for a day every week as a fulltime governing body. Its composition would be anchored in the principle of equitable geographical distribution but with strong *constituency-based selection* and *variable geometry* to help ensure that membership reflects

the income profile of Member States and the share of each region of UN operational activities. Policy cooperation among governing bodies would be significantly simplified as the JEB would regulate close to 60 per cent of all operations of UN Development. This model could be expected to result in significant cost savings due to uniform regulation of programming, operations, results-based management, reporting and evaluation processes among the major operational funds and programmes.

### (3) Development Board (fulltime)

This option envisions establishing a single, fulltime Development Board (DB) for the management and control of the operations of the 19 funds, programmes and other entities reporting to the GA and ECOSOC for which the Q CPR resolution of the Assembly is formally applicable. The DB would meet formally for a day and a half every week. The existing executive boards of the major funds and programmes would be consolidated in the DB; its composition would be informed by the same governance principles as in the previous option. The DB would also regulate the operations of other funds, programmes and entities reporting to GA or ECOSOC, with existing governing bodies focusing on policy-, norm- and standard-setting, advocacy and public relations-related work. The DB would govern approximately 75–80 per cent of UN development operations. Cooperation and coordination among governing bodies would be simplified to a greater extent in this model. The DB would also have the most significant potential to generate synergy and cost savings in programming and operations.

## Conclusions and recommendations

All three options would improve the effectiveness of governance of UN operational activities. In order to ensure cooperation and coherence within the whole of UN Development, Member States need to invigorate ECOSOC's role as the central coordination and oversight mechanism in all three scenarios. Establishing a single, fulltime Development Board is a particularly attractive option for strengthening system-wide coherence, accountability for implementation of agency-specific and system-wide mandates and transparency and cost-effectiveness in governance of operational activities in the post-2015 era. Merging the four executive boards of the funds and programmes in a fulltime Joint Executive Board is another good option for the consideration of Member States. Both options could significantly enhance the quality of governance and allow entities to capitalise on opportunities for synergy in programming and operations.

Such necessary but fundamental changes need thorough preparation. Once the new agenda for sustainable development agenda is adopted, the Secretary-General, the President of the General Assembly or the ECOSOC Bureau, could establish a High-level Group of Experts to help develop a vision for the role of UN Development in its implementation. This would also involve setting-up a Post-2015 Change Management Team to analyse the implications of the new agenda on: (a) functions, (b) capacity, (c) financing, (d) governance, (e) organisational arrangements and (f) partnership approaches, with a view to facilitating informed intergovernmental dialogue on the longer-term positioning of UN Development as a whole.

Disclaimer: The views expressed herein are those of the authors and do not necessarily reflect the views of the United Nations.

## Literature

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