United Nations: Developed countries press for big changes in UN structure

New York, 26 Mar (Martin Khor) -- Developed countries are actively advocating major structural and operational changes to the United Nations system, including the closure or merger of several UN organisations, and the creation of a few.

In most of the scenarios so far, the reform will result in there being only three large UN agencies or "pillars", dealing respectively with development, humanitarian and environment affairs, with some specialised agencies continuing as "centres of excellence" or "think tanks."

Up to now the proposals are being championed mainly by European countries. On 23 February, the UN Ambassadors of 13 countries, calling themselves a group of 13 donor countries (or the G13) presented a letter to the Prime Minister of Norway in his capacity as Co-Chair of the Panel on UN system-wide coherence. The letter includes an Annex listing 8 "key issues for strengthening the UN operational system."

The G13 comprises Canada and twelve European countries - Belgium, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Norway, Sweden, Switzerland, and United Kingdom.

The panel on system-wide coherence - which has two other co-Chairs (the Prime Ministers of Pakistan and of Mozambique) and whose other members include the UK Chancellor of Exchequer Gordon Brown, the EU Development Commissioner and the former Tanzanian and Chilean Presidents - is the prime venue and vehicle for reforming the operational activities of the UN as part of the broad UN reform process.

It was set up on 16 February by UN Secretary General Kofi Annan as a follow up to paragraph 169 in the Outcome of the 2005 World Summit which calls on the Secretary General to launch work to further strengthen the management and coordination of UN operational activities, including proposals for "more tightly managed entities" in the field of the environment, humanitarian assistance and development.

The panel must have been well anticipated by the European countries, because only a few days after Kofi Annan's announcement of its formation, the group of 13 donors had already sent their joint letter to the Norwegian Co-Chair.

A UN official said that in recent weeks, several developed countries had already been interacting with the UN Secretariat on the panel and on the operational reform, with five or six papers already being given by them, formally or informally. In contrast, the developing countries have yet to respond to the panel's establishment, or the issues it will deal with.

The panel will have a very rushed schedule. Its first meeting will be in the first week of April, and after a few more meetings it is expected to complete its report by August so that it can be discussed at the General Assembly in September.

To set such a punishing deadline for a panel of very busy people to come out with a report proposing changes on such a complex set of issues is both extremely ambitious and surprising, to say the least. Among other things, the panel is to propose how in future the UN and its agencies will operate on the ground at national level as well as at the top at the headquarters level, and also examine how funds to all the organisations and at the ground will be coordinated and channelled.

Observers of the UN scene believe the rushed schedule is aligned with the departure of Kofi Annan as Secretary General, believed to be at the end of the year. Advocates of the operational reform would like the package - or at least its principles and main features - to be adopted before he leaves, so that his successor will have to carry on with the process (and the implementation) along the lines already set.

The European countries appear to be well prepared with what they want from the process. Last October, Belgium prepared a paper on a "redesign of the UN development architecture", and in December the Netherlands produced a paper on "a UN operational system for development fit to face the challenges of reaching the MDGs." Both were presented for discussion at the OECD's Development Assistance Committee on 6-7 December.

The UK has since also floated a consultant's discussion paper on "system-wide coherence, a vision for the UN", which stresses it is "not UK government policy."

All three papers emphasise the need to rationalise the number and functions of the UN organisations, to collapse them into (ideally or eventually) only three organisations, whilst the specialised agencies would be allowed to continue under their own identities.

At the country level, the UN would operate under the "three ones" principle - one UN team, under one single coordinator, with one UN programme. This implies cutting out some agencies or their present top posts, or their merger under the single umbrella.

In terms of issues that the UN should be involved in, a reading of the papers and speeches of the reform advocates indicate that the UN's development work will in future comprise mainly technical assistance, focusing on the poorer countries, and in so-called "niche" areas such as

conflict prevention and post-conflict reconstruction, domestic governance, and gender. This would be complemented by specialised agencies in the area of health, food and labour standards.

In this scenario, the UN's work in development policy (inter-governmental consensus building, research, and policy advice and technical assistance to developing countries) is not given any prominence (or even any mention, in the case of some of the papers). This is an area which may diminish, if not disappear, in the scenario of the advocates, as they view the Bretton Woods institutions or the WTO as having a "comparative advantage" in this area.

Of particular significance is the indication in the European papers that UNCTAD, which was established in 1964 through the efforts of developing countries, is targeted to lose its present identity and mandate. It is seen as being merged into the WTO, or into an enlarged UN Development Agency, together with UNDP and smaller agencies.

Another organisation targeted for merger, into the UNDP, is UNIFEM, the fund for women, which in recent years has made a name for itself through its expansion and extension of activities into many new areas.

In contrast, the advocates say that the European Union has agreed to boost the UN's environment work by setting up a World Environment Organisation. It would house UNEP, the multilateral environment agreements, UN-HABITAT and the Global Environment Facility.

The most explicit of the advocates' clarion call for change was made by the Dutch Development Minister Agnes van Ardene, in a speech to UNDP on 31 January and an opinion article in Washington Times on 5 March. The Netherlands is also believed to have coordinated the letter of the G13 to the panel.

Van Ardene called for an agenda of radical reform, which she said means "clearing out dead wood and combining the multitude of development agencies." She said that ending poverty and saving the global environment is the core business of the UN, and that the UN's niche areas are conflict prevention, democratic governance and the status of women.

Warning that "no international organisation is indispensable" and that even the European constitution was voted down by Dutch citizens, van Ardene warned that the public's message for multilateral organisation is "Prove your added value or be sidelined." It makes no sense for the UN to divide work in 38 organisations as the result is too little coordination and too much overlap, she added.

The solution, she said, is to select those units that have proven their

worth and reorganise them into three operational agencies (for development, humanitarian affairs and the environment), together with a few centres of excellence to develop norms and be a forum for dialogue on health, energy and agriculture.

Her vision is of the UN as "a three-pronged unit augmented by a few think tanks". At central level, the undertaking can start by merging smaller agencies like UNIFEM (UN Fund for Women), UNCDF (UN Capital Development Fund) and UNV (UN Volunteers) into UNDP.

At the country level, where there are "too many cooks", Van Ardene proposed that there be a single UN team, responsible for a single UN programme, under one UN resident coordinator selected from one of the agencies. Without major reforms, she concluded, the UN will be "little more than a memorial to people living in poverty rather than their saviour."

The Dutch paper provides three reform options. In option 1 (fundamental restructuring), there would be only three UN organisations: a UN development agency (comprising the activities of UNDP, UNICEF, UNFPA, UNCTAD, UNIDO, UN HABITAT (partly), UNDCP, UNCDF, UNV, UNIFEM and UNAIDS); a UN Humanitarian
Agency (comprising the activities of WFP, UNICEF, UNHCR, UNDP/BCPR and UNRWA); and a UN Environment Organisation (comprising the activities of UNDP, UN HABITAT, UNEP, MEAs and GEF).

In Option II (grouping), there would be 3 remaining agencies under the pillar of UN development organisations - UNDP, UNICEF and UNFPA. UNCTAD would merge into the WTO; UNAIDS would merge with UNFPA; while UN-HABITAT, UNIDO, UNIFEM and UNCDF and UNV would merge into UNDP.

In the humanitarian area, 4 organisations would exist (WFP, UNICEF, UNHCR and UNDP/BCPR) while UNRWA would merge into UNHCR. In the environment area, there would be a new UN environment organisation, integrating UNDP, UN-HABITAT, UNEP and the MEAs.

In Option III (rationalisation), there would be 7 development organisations (UNDP, UNICEF, UNFPA, UNIDO, UNCTAD, UNDCP, UNAIDS) while UN-HABITAT would
merge into UNEP, and UNDP would absorb UNIFEM, UNCDF and UNV. The scenario for humanitarian organisations would be the same as in Option II. In the environment area, there would be two organisations - UNEP and UNDP - with the MEAs integrating with UNEP and UN-HABITAT merging into UNEP/UNEP.

The Belgian paper questions the need for independent institutions (mentioning IFAD, UNIDO, UNFPA, WFP) with their own mandates and governing bodies. It suggests that by 2015 there be one Millennium Fund replacing all

existing general and sector funds, providing for education, health, water, AIDS, refugees and environment.

Its ideal model is a single UN Development Agency that would take over the mandate and activities of the present UN Funds and Programmes. The field staff of specialised agencies would also be integrated in the field offices of the UN Development Agency.

By 2015, IFAD, UNCTAD and UNIDO would be merged with other relevant bodies (such as FAO, UN secretariat or the new UN Environment Organisation) and cease to exist as independent entities. The activities of the Regional Commissions would also over time be re-assigned to the relevant parts of the new UN development architecture.

The UK "non-paper" (or the "non-UK paper") gives examples of what it calls the "fragmentation and incoherence" of the UN system at country level, which it says is due to systemic, structural, financing and political/historical causes. It says there has been an "unspoken assumption" that the reform will create three separate operational entities for the three areas, but "the Summit outcome by no means binds us to that conclusion."

It then proposes establishing a new UN environment organisation, while the GEF should be retained as a stand-alone funding instrument. It notes reforms are under way in the humanitarian area and proposes further reforms such as better flash appeals, a mechanism to enable the military to play a role in natural disasters and greater accountability.

For the long term, the UN should continue with its policy focus on the MDGs by consolidating the teams dealing with policy issues in the funds, programmes and UN secretariat. This policy capacity should also deal with development in fragile and post-conflict countries.

The UK non-paper suggests reforms in 4 phases. In Phase 1 (2006-8), 40 new-look UN country teams would be set up following the "three ones" principles of one office, one plan, one budget, and a Central Millennium Development Fund would be established. There would be early mergers of some agencies, with UNIFEM, UNCDF, UNV and UNDP to be a single organisation.

In Phase 2 (2008-10), a central programming and office as conduit for programme funding to the UN country offices will be created. This will incorporate the programming and financial management functions of existing agencies, especially UNICEF and the enlarged UNDP. Existing funds and programmes will develop plans for merger of their policy functions. Plans will be developed to consolidate the policy functions of specialised agencies that are relevant to the work of the development entity.

In Phase 3 (2010-12), consolidation at country and HQ levels will approach completion. In Phase 4 (2012-15), full merger at HQ and country levels will be achieved; high profile brands will be retained but UN Development brand is now well known; and the Millennium Development Fund is now the principal source of finance for programme and policy work.

In the 13 February letter of the "13 donor countries", the following issues were raised:

* Core role of UN operational system: The panel should consider the core normative and operational roles of the UN. It should ask what are the comparative advantages of the UN, are there tasks done by the UN that should be better left to other actors, and what are the complementary roles of the UN, the global funds, bilateral donors and multilateral development banks?

* Structure of UN operational system: How can the UN operational system, including field-related activities of the specialised agencies and Secretariat be organised to provide maximum support at country level? The current fragmented structure hinders achievement of results at country level. How can the system be better organised at HQ and field level to achieve synergies, avoid overlaps and rationalise its work?

* Governance of UN operational system: The panel is asked to consider how to streamline governance functions, eliminate duplication and clarify roles of existing governance structure of operational activities, including the General Assembly, ECOSOC, the boards of funds and programmes, governing bodies of specialised agencies, and the inter-agency mechanisms (chief executive board, UN development group, executive committee on humanitarian affairs, inter-agency standing committee).

* Country level reform: The panels should assess on-going reform efforts and propose ways to strengthen them. What should the UN do to maximise its contributions to the international development goals including the MDGs?

* Funding of UN operational activities: The panel should consider funding mechanisms that can better respond to challenges raised and broaden the donor circle, including private financing. The letter notes that the UN funds and programmes have urged for adequate, predictable and multi-year funding to the regular budgets. The present arrangements to mobilise resources are inadequate to respond to shortcomings.

* Main-streaming cross cutting issues: The letter says that the UN has a comparative advantage working with main-streaming crosscutting issues (mentioning human rights, environment and gender). The role has to be strengthened, for example, how to improve the fragmented gender architecture of the UN.

* Managing change and human resources: A large share of UN staff will retire in 5 to 10 years. What corporate culture and key skills are needed by the UN system and what can be done to meet these needs?

* UN contribution to improving aid effectiveness: The panel could assess the implementation by the UN development group (UNDG) of the Paris Declaration on aid effectiveness. The letter says all members of the UNDG should implement the action plan. +