Draft as on 21April 2016

Organizational arrangements and Capacities in UNDS: Supporting the Realization of the 2030 Agenda for Sustainable Development[1]

In supporting the transformative 2030 agenda for sustainable development, the UNDS will be required to transform not only its functions, funding and governance architectures, but also its organizational arrangements at the national, regional and global levels. This will entail fundamental changes in the UNDS field presence, the UNRC system as well as changes in regional and global coordination mechanisms. The UNDS entities currently address the challenges of fragmented presence – and make efforts to mitigate its adverse effects – through a variety of voluntary coordination mechanisms at national, regional and global levels. While these coordination have been necessary, they are not a sufficient condition for integration of functions, which is a *sine qua non* for delivering an integrated sustainable development in the context of agenda 2030. In essence, the UNDS needs to move from coordination to integration if it is to support the achievement of sustainable development. A revamped organizational arrangement will also need commensurate realignment and strengthening of staff capacities in UNDS entities at all levels.

I. National level: Overcoming costly fragmentation

Currently, UNDS organizational arrangements at the country and regional levels are highly fragmented, which undermine the ability of these entities to deliver integrated support to the member states. As a consequence of fragmentation, the UNDS has a near universal field presence. According to the CEB data, 24 UNDS entities, which represent approximately 95% of the UN Official Assistance for Development (OAD) expenditures (2014), maintained 1,432 UNDS offices in 180 countries across the globe. This includes 1279 offices in non-OECD-DAC countries and 153 in OECD-DAC countries (Annex I). These exclude multiple field offices of a UNDS entity within a given country. In 168 of these countries (93%), UNDS has five or more entities present and 65 countries (36%) have 10 or more entities present. A few funds and programmes (UNDP, UNICEF etc.) are physically present in over 120 countries.

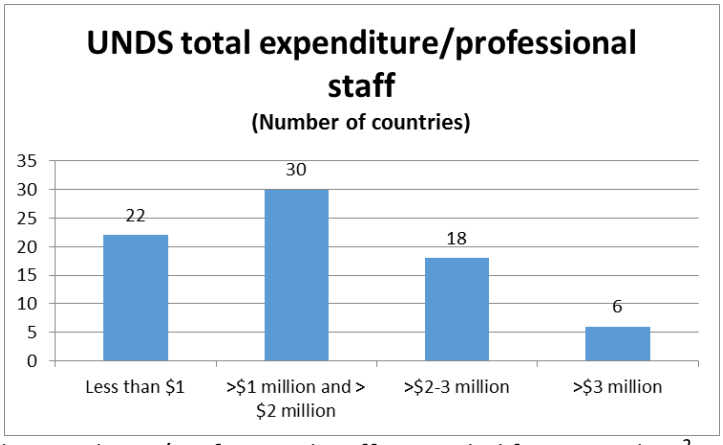

Figure 1: UNDS Total expenditure/professional staff. Compiled from CEB data[2]

[1] The Co-Chairs of the Independent Team of Advisers (ITA) led the process of drafting the paper, with inputs from ITA members and a research team. The views expressed herein do not necessarily represent consensus among all ITA members. Additional viewpoints from ITA members are available in a separate compendium. The ITA Co-Chairs would like to thank all ITA members for their invaluable contributions to the paper.

In 2014, each of the 1,432 UNDS offices delivered just about US$2 million on average. Fragmentation of UNDS field presence imposes high overhead and transaction costs. By preliminary estimates, UNDS spent 22 cents on overhead costs for every dollar it spent at the country level[2]. There are, however, significant variations in the overhead cost of deliveries between humanitarian and development entities, but also among various UNDS entities, which suggests that there would be significant cost saving with rationalization and consolidation and convergence of overhead costs across UNDS entities.

The CEB data on 76 countries show that the total OAD per UNDS professional staff is less than $1 million in 22 countries (Figure I). There is significant variation across entities in OAD delivery per professional staff (Table I). Understandably, delivery per professional staff is significantly higher for humanitarian or programme implementing entities and fairly low for specialized agencies engaged in promoting norms and standards (Table I). Per staff OAD is therefore a limited indicator of the efficiency of delivery. Furthermore, delivery should mean actual 'implementation', not merely 'financial delivery', which in itself is not an indicator of success for meaningful development work.

However, the very low OAD delivery/professional staff in a number of programmatic entities should raise concern about their viability and effectiveness. The UNDS OAD delivery per professional staff should nevertheless decline during the SDG era as many UNDS entities would prioritize policy advice and advocacy and move away from direct programme implementation.

	# of Professional Staff	**OAD delivery (US$)/professional staff**
UNDS Funds and Programmes		
WFP	1,348	3,706,155
UNDP	2,579	2,083,083
UNHCR	1,912	1,712,356
UNICEF	3,060	1,590,880
UNFPA	612	1,568,333
UN-Women	311	869,897
UNAIDS	92	521,208
UNDS Specialized Agencies		
WHO	2,002	1,111,651
UNIDO	265	700,411
FAO	1,595	645,651
UNESCO	1,032	606,228
ILO	1,046	446,850
UNWTO	45	64,052
WIPO	502	20,481

Table I: OAD delivery/professional staff in funds, programmes and specialized agencies, 2014, compiled from available CEB data. *Note: Personnel include only staff with contracts of at least one year in duration on 31 December of the year in question.*

[2] Estimated from available CEB data on total UNDS expenditures; Total overhead cost includes programme support, management and administration.

The data also shows that in more than quarter of these programme countries (21 out of 76), the total UNDS expenditure was less than $5 million in 2014 (Figure II). There were, on average, 6.8 UNDS entities in these countries. This means each UNDS entity spent an average of $735,000 in these 21 countries. This level of delivery is too low to justify physical presence in many of these countries. The UNDS clearly needs to come up with alternative means of representation, ~~including~~ for instance through appointment of honorary UNDS representatives in countries where current physical presence cannot be adequately justified.

While the SDGs represent a universal agenda, this should not necessarily mean that all UNDS entities should maintain near universal physical presence, especially if it entails high overhead costs, and undermines integration of functions and funding. There is a clear scope for synergy and greater impact through strategic integration and consolidation of field presence. The UNDS entities should consolidate functions at three levels: a. integration of business and human resources management processes through joint operations; b. integration of functions through multi-country offices in countries, where OAD delivery is very low; c. integration of functions under the Delivering as One and One UN logo within a strengthened UNRC system. While the UNDS entities should strive to improve cost effectiveness through consolidation and integration of functions, there should be flexibility to allow for country-specific needs and circumstances, including that of LDCs and countries in crisis, and the serious challenges within many middle-income countries, and to ensure greater development impact. The success of Delivering as One critically depends on strong leadership from the UN Resident Coordinator and the capacities of UNDS staff serving in national, regional and global levels. To ensure the required level of leadership of the UNRCs, their selection should be done on the basis of objective, openly competitive criteria, giving adequate importance to gender balance and regional representation.

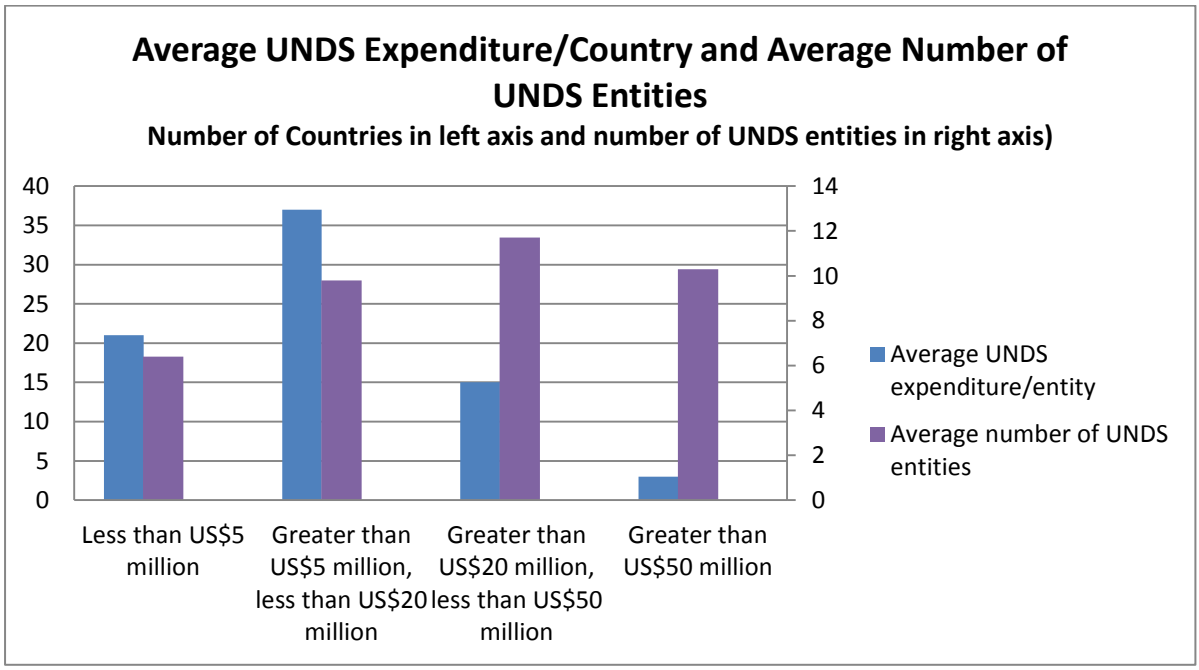

Figure II: Total UNDS expenditure/country and average number of UNDS entities in each country

Options	Pros and Cons
Integration of all back office functions (procurement, human resources, travel and ICT) of UNDS entities will offer significant cost savings and efficiency gains. The experience of Joint	This will require significant upfront investment to ensure that all entity level procurement, human resources, travel and other business functions related rules and procedures are

Operations Facility, involving 7 among 22 UNDS entities present in Brazil, provides a good example.	similar, if not identical, at the HQ levels. Consideration should be given to the UNDS committing to re-programme the cost-savings in the country to provide some compensation for the reduction in national staff In the long term this move will lead to a greater contribution to national development. For this integration to work out, the entity managing the back office functions must be a neutral service provider to all other UNDS entities, which may not always be easy to ensure. Lack of confidence in neutrality of potential service provider has been a barrier in the past.
Delivering as One, under the auspices of a strengthened UNRC system, can contribute to reducing costs and integrating both operational and programmatic functions at the country level. The current standard operating procedures (SOPs) for DAO, which removes institutional bottlenecks, and promotes coherence, higher standards, use of common operating systems, and shared data, policy analytics, and advocacy to support integrated solutions should be embraced as a best practice and applied across all UNDS entities in the context of Agenda 2030. While making the UN development system more transparent, common results-oriented, and accountable, the SOPs enable a more complete system-wide alignment of the UN contribution at the country level with national development priorities and plans. The entities joining the Delivering as One should unite and serve under one UN logo.	Delivering as One has been a success in the pilot countries. However, challenges persist in terms of harmonization of different functions under one leadership. The effectiveness of DAO/SOPs is largely undermined by the fact that UNDS entities still compete to mobilize non-core resources at the country level and there is little incentive for them to cooperate. The UNRC is perceived as the first among equals without any real authority on other UNDS entities participating in the DAO. DAO is yet another example of coordination without authority. The UNRC is also often perceived as partial to a particular entity – the entity he or she belongs to – which undermines cooperation from other entities. Earmarking of non-core resources by funding partners for joint activities under DAO and channelling the resources through the UNRC system may help to solve some of the incentive problem and empower the UNRC. Better use of One fund would also help to promote coherence. The funding partners will also need to change their funding practices to strengthen the UNRC system. The DAO may also be strengthened through various informal measures and approaches to enhance the efficiency of UNDS.

Joint UN presence in countries where total UNDS delivery is very low (e.g. under US$10 million/year) and where delivery/professional staff is also low (e.g. under $800,000). Selective consolidation through joint UN presence at regional and sub-regional levels should enhance integration of functions. UN Joint Presence Offices (JPOs) – established in 2008 in nine Pacific SIDS that report to the Resident Coordinator (RC) based in Fiji and funded by UNDP; UNFPA; UNICEF and UNWOMEN – provides a good example of joint sub-regional presence. Each participating agency leads in one or more countries. JPOs are seen as the 'one stop shop' by their host governments for contact with the UN system as a whole.	Joint UN presence would also face the same challenges encountered by DAO, but to a lesser degree if the UNRC is entrusted with formal authority over representatives of other agencies participating in the efforts. The success of joint presence, under one UN logo, would also depend on harmonization and simplification of procedures at the HQ level. To ensure that the UNRC has authority over all staff serving in a joint office, there needs to be simplified rules for secondment of staff from one UNDS entity to another. It is often easier to recruit a consultant than have a professional staff from another entity on secondment, which undermines the ability of agencies to pool their human resources. The success of joint presence would also depend on commitment from the funding partners to channel resources directly to the joint offices, and not to individual UNDS entities. Earmarking of non-core resources for joint offices will provide a strong incentive to UNDS entities to accept the joint office model, reduce overhead costs and enhance integration.

II. Regional Level: Strengthening linkages between national and regional efforts

The UNDS organizational arrangements at the regional level are sporadic and loosely connected with each other. The UN Regional Commissions – based in Bangkok, Beirut, Addis Ababa, Geneva and Santiago – and their sub-regional offices in a number of cities in all continents lead the Regional Coordination Mechanisms, while the UN Regional Development Group also coordinates UNDS functions at the regional level. However, these mechanisms have not been effective in integrating UNDS functions at the regional level.

The UNDG provides support to the development of the UNDAF at the regional level. The voluntary regional coordination mechanism is supported by UNDOCO, and also by UN Regional Commissions which are physically present in the region. This leads to costly overlaps and duplication of efforts at the regional level. The UN Regional Commissions need to play a far stronger and pro-active role in leading integration efforts at the regional level.

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Option	Pros and Cons
Establish regional sustainable development commissions (RSDC), possibly through an evolution of the Regional Economic Commissions	

(RECs) to lead the integration of SDGs in national and regional development strategies.	
The UNRCs should coordinate their work with the UN Regional Commissions to enhance linkages between national and regional level UNDS efforts. Strengthening the regional UN functions and capacities would release resources of the country-level RC system. In essence, it would take the "Delivering-as-one" approach to the regional level. The overarching goal is to harvest synergies and to better deliver targeted solutions for the 2030 Agenda, as well as to adequately respond to global challenges requiring collective actions (GCRCA). The design and implementation of regional UNDAF, which will aim to integrate SDGs in national and regional development strategies, will further enhance effectiveness of UNDS at the regional level. The regional UN bodies working through/coordinated by RSDCs should assume the function and responsibility to monitor the most relevant regional indicators for the implementation of the 2030 Agenda for Sustainable Development.	Stronger integration of national and regional level efforts of UNDS, under the leadership of UN Regional Commissions, should not only offer efficiency gains and enhance effectiveness, but will also assist countries take advantage of the digital revolution. A stronger regional-national interface will include strengthening capacities at the regional level, and making those capacities available for national level support based on an integrated human resources management. Earmarking of resources for regional level outcomes, and channelling some of the resources through the UN regional commissions, is likely to encourage UNDS entities to work closely with regional commissions.

III. Global level: Strengthening leadership and accountability

At the global level, the UN Development Group (UNDG) is a key mechanism entrusted with the responsibility for coordinating the functions of UNDS entities. UNDG membership is inclusive, transparent, and open to the entire UN development system. Currently, 31 entities are UNDG members, including all funds, programmes, specialized agencies and UN Regional Commissions. The UNDG also includes 16 observers, including the Office for the Coordination of Humanitarian Affairs (OCHA) and the World Bank.

The UNDG is one of the three pillars of the Chief Executives Board (CEB), which furthers coordination and cooperation on a wide range of substantive and management issues facing UN system organizations. The CEB brings the executive heads of UN organizations together on a regular basis under the chairmanship of the Secretary-General. Within the CEB structure, the High-Level Committee on Management works on system-wide administrative and management issues, the High-Level Committee on Programmes considers global policy issues, while the UNDG deals with operational activities for development with a focus on country-level work. At the senior management level, the coordination and leadership functions of the CEB under the guidance of the Secretary General through its 3 High Level Committees should play an important role by taking decisions to significantly improve the coordination and of UNDS entities.

As the senior most USG[3], the Administrator of the UN Development Programme (UNDP) chairs the UNDG. The UNDG Chair reports to the Secretary-General and the CEB on progress in implementing the group's work plan, and on the management of the Resident Coordinator System.

UNDG represents a classic example of coordination without authority – an arrangement where equals (at the USG level) exchange information on a voluntary basis and commit to work together without any mechanism to monitor and enforce their commitments. The UNDG remains ineffective as a coordinating body, as participating entities do not report to UNDGs, but to their own executive boards/governing councils. The UNDG also reinforces the development-humanitarian divide given that OCHA – the central coordinating body for humanitarian assistance – is not a member of UNDG.

The UN Development Operations Coordination Office (DOCO) is the technical support unit for the UNDG. DOCO provides the link between UNDG discussions at headquarters and the work of the UN development system at the country level, and helps the group prepare system-wide agreements, policies and guidelines for country offices. DOCO comprises of five teams, among which only the Country and Regional Support Team – with four full-time staff - is responsible for ensuring coordination between global decisions and country-level operational activities for development.

The current coordination mechanism is inadequate to provide strong leadership and support for integration of UNDS functions at the regional and local levels. Streamlining of back office operations, scaling up joint UN presence in a larger number of countries, strengthening the UNRC system and DAO and also enhancing regional-national linkages will require an integrated and fully empowered organizational arrangement at the global level.

Option	Pros and Cons
Alternatively, the revamped UNDG (or UNSDG) should be headed by someone at the Deputy Secretary General level to provide strong leadership to all participating heads of UNDS entities. The designated DSG for sustainable development could take up this role and provide necessary leadership and ensure system-wide integration of functions, funding and results. The DSG would then report to an integrated and revamped sustainable development board, as discussed in the governance paper. The office of DSG for sustainable development should design and operationalize a global coherent Sustainable Development Strategic Framework, with a common strategy and a common results framework for all UNDS entities, including humanitarian entities. The global coherent strategic framework should be linked	The proposed organizational arrangement will also involve significant structural changes, including establishing a fully-fledged support team for the DSG/COO. This will also require significant realignment of reporting lines. The proposed re-arrangement is likely to work if the DSG would have the authority to allocate core/non-core resources to support joint/integrated functions at the country and regional levels and empower the UNRC system and if the RCs should report to the DSG. This would require major revamping of the DSG's office and significant number of personnel to manage these activities. UNDOCO should become part of the revamped office of the DSG.

[3] The UNDP Administrator is the senior most among all USGs, by virtue of $1 higher salary than the salaries of other USGs.

to regional and country level UNDAF, ensuring synergies among UNDS interventions at national, regional and global levels. The DSG for Sustainable Development would be responsible for preparing a consolidated budget for UNDS, ensuring greater transparency and accountability for development results. The UNRCs would be accountable to the DSG for sustainable development. The Chief Financial Officers (CFOs) of UNDS funds and programmes would coordinate their funding and oversight functions with the COO of UNDS.	

IV. UNDS capacities at all levels

The UNDS should have capacity for system-wide strategic analysis, strategic planning and early warning, concentrated in a single unit directed by and accountable to the leadership of the UNDS. Thought leadership, strategic analysis and planning, as well as early warning and risk analysis from a global perspective should be a major lever for an integrated guidance to entities on global, regional and country levels. It should be a major source of guidance for budget decisions in the context of an integrated sustainable development budget. Countries remain at the center as drivers of sustainable development, as defined through their NDIS-2030, (i.e. Nationally Determined Implementation Strategies for the 2030 Agenda). There should also be a robust management consultancy function within the UN sustainable development system, which could include a dedicated system-wide body of experts familiar with UN processes but possessing an independent status, perhaps working in conjunction with external consultants and stakeholders of different kinds on appropriately constituted review panels, provided with appropriate resources and privileges to request information. Such consultants could be called upon electively or alternatively might play a mandatory role in periodic reviews of organisations (as opposed to countries). In such periodic reviews, now promoted according to a system-wide schedule, each organisation's approaches would be compared to those of other organisations within and beyond the system, and possible innovations and improvements shared.

The new organizational arrangement, aligned with the needs of SDGs, will also require realignment of staff capacities. The UNDS staff capacities would need to reorient from compliance mode to sustainable development impacts and results. In the current set up, the UNDS staff capacities are heavily skewed towards skills in programme and project management. The staff capacities are also necessarily sectoral and often issue specific. In the context of SDGs, there needs to be a rebalancing of capacities, striking a balance between specialization and cross-sectoral integration. There also needs to be an assessment of the gaps in existing capacities and how these gaps can be addressed. Currently, the UNDS typically rely on consultants to meet the gap and deliver specific outputs. While there is no specific data on how extensively UNDS entities rely on consultants to deliver outputs, dependency on consultancy has grown over the years against the backdrop of a shrinking base of qualified professional staff in a number of entities. Excessive dependency on consultants, however, carries the risk that the outputs produced do not often meet the required standards and risk the reputation of UNDS.

In scaling up its support for the SDGs and in line with a new organizational arrangement, the UNDS should develop and implement a system-wide new human resources strategy. The strategy should replace, combine or build upon agency-specific capacity development efforts, rather than just add new training, with the objective of developing a system-wide cadre of professional staff to support the implementation of the 2030 Agenda. The SDGs will require the UNDS staff to strengthen capacities to:

- Provide policy advice and capacity development support to member states on how to integrate SDGs in national development strategies and plans;
- Understand and capture the linkages among various UNDS interventions and SDGs to maximize the development impact;
- Analyze data and support early warning at national, regional and global levels;
- Evaluate development results and their spill-over effects at national and regional levels;
- Forge partnerships and mobilize resources to support multi-sector interventions;

Options	Pros and Cons
The UNDS should have capacity for system-wide strategic analysis, strategic planning and early warning, concentrated in a single unit directed by and accountable to the leadership of the UNDS. The UNDS staff training is not coordinated. There needs to be a designated authority to identify the capacity gaps and training needs of the UNDS staff in a multi-year, SDG context. UNDS should develop and adopt a common human resource management system, ensuring that staff capacities are fully aligned to SDG priorities. The common human resource management system should expedite recruitment processes and ensure full flexibility for deployment of adequate staff across different UNDS entities.	The coordination among various research entities may be difficult to ensure given their divergent priorities and work programmes. The implementation of a common human resource management system will require a strong commitment and leadership. The DSG for Sustainable Development may play an important role in providing necessary leadership to ensure that staff capacities are fully aligned to SDG priorities.
There needs to be system-wide mechanism for pooling of resources to strengthen the staff capacities of UNDS entities. The UN Staff College, along with the six research institutions which are part of UNDS, should design and organize specific online and offline training courses on how the UNDS should support integration of SDGs in national development strategies.	It is unlikely that new and additional resources will become available for training of UNDS staff. The UNDS training entities should develop cost effective training online and offline training materials to align and strengthen staff capacities for supporting SDG implementation. There should be particular emphasis on the UNRC training to ensure that the freshly minted UNRCs are fully trained to lead the SDG integration efforts at the country level. The UN Staff College should review the current UNRC training curriculum and make it more relevant for the SDGs.
Selection of the UN Resident Coordinators should become more rigorous and competitive,	The UNRC selection process would need additional funding should it be opened up to all

striking a balance between competency, gender and regional representation. The UNRC selection process should be opened up to all potential external candidates and the requirement of fees for taking the qualifying exams removed.	candidates. The Member States would need to commit additional financial resources to make the process more competitive.

V. Recommendations:

The ITA recommends the following, taking into account the pros and cons listed earlier:

1. Sustainable Development Board should carefully review the UNDS field presence (considering a sunset clause), identifying scopes for strategic and selective consolidation and integration. This effort should be driven by country and region-specific needs. To ensure greater development impact, it should aim at reducing fragmentation, take into consideration the progressive shift where necessary from direct implementing role to normative and policy development functions.

2. UNDS entities should streamline procedures and develop a common reporting mechanism, to scale up joint offices and integrated back offices under the auspices of one UN logo, reflecting the Sustainable Development vision. When necessary, agency logos should be recognized in the context of specific constituencies or activities The UNDS should also consider honorary representation, especially in countries without UN presence, to improve the voice, relevance and the impact of the UNDS in the country-level.

   The Deputy Secretary General for Development should be designated as the new Deputy Secretary General for Sustainable Development, with adequate support staff drawn from within the system as a whole under his/her authority. Its functions should be supported by a Strategic Executive Team, composed of Chief Executive of UNDS entities. The creation of the Office of the DSG for sustainable development should be broadly cost neutral in the whole system, as it will feed from existing organizational arrangements within the different entities. It could be an option to include the absorption of UNDOCO with all its staff and budget including that which comes from funds and programmes.
3. The UNRCs should be appointed by the new DSG for Sustainable Development. The selection process should be changed fundamentally with a view to encouraging recruitment from various professional background and more varied experience, including from outside the system. The recruitment of UNRCs should be strengthened to ensure that the selection of the most qualified candidates and most suitable to the needs of the country concerned. Where necessary, recruitment criteria should include capacity to perform as a humanitarian coordinator. The existing high application fees for UNRCs examination presents a barrier to entry for individual candidates and should therefore be abolished.

4. Funding support for the UNRC system should be strengthened and adapted to necessary changes. The UNRCs should report to the new Deputy Secretary General for Sustainable Development as the recognized system-wide authority. Current UNRC system arrangements, including budgetary, should be absorbed by the office of the new DSG for SD.

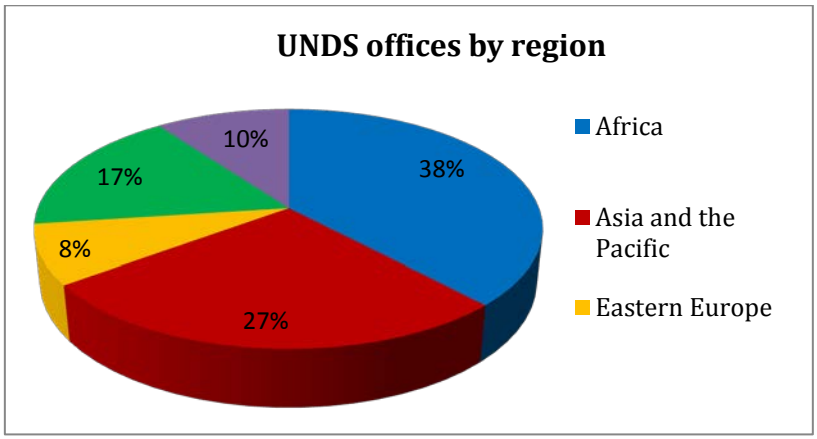
5. *Delivering as One* should be further scaled-up, with one UN logo and a more empowered UNRC system and flexible staffing arrangements, enabling pooling of technical and financial resources.

6. UNDS entities should adopt a common human resource policy ensure staff capacities are fully aligned with SDGs and their particular mandates. Progressively, all UNDS staff should be able to be flexibly deployed across various entities. The UN Regional Commissions –renamed as Regional Sustainable Development Commissions – should assume a more direct and pro-active role for strengthening local, regional and national linkages. The Regional Commissions should facilitate review and mutual learning in the context of the implementation of the SDGs and should more proactively extend and utilize their capacity for data collection and statistical analysis and also assist the national level in data collection and statistical analysis.

7. UNDS needs to reflect the role of the system in the wider multilateral landscape of organization and improve its external coherence with global/regional actors. UNDS and IFIs should aim for cohesion and joint action in their respective contributions to the implementation of the 2030 Agenda.

Annex I

Region	UNDS offices
Africa	544
Asia and the Pacific	385
Eastern Europe	115
Latin America and the Caribbean	244
Western Europe and Other States	144
Total	**1432**



UNDS entity	Number of offices
WHO and PAHO	159
UNDP	157
UNICEF	139
UNFPA	129
UNHCR	123
FAO	122
WFP	97
ILO and ICTILO	89
UNAIDS	78
UNESCO	71
UNOPS	71
UN-WOMEN	61
UNIDO	44
IFAD	25
ICAO	17
ITU	15
WMO	11
IAEA	7
UNRWA	5
WIPO	5
ITC	3
IMO	2
UNWTO	1
UPU	1
Total	**1432**

Source: CEB Human Resource Database