

Advance Unedited

UNITED NATIONS



NATIONS UNIES

Secretary-General's High-level Panel on UN System-wide Coherence
in the Areas of Development, Humanitarian Assistance, and the Environment

EMBARGOED
9 November 2006
11 am (NY-time)

Delivering as One

Report of the Secretary-General's High-Level Panel

United Nations, New York

“Beneath the surface of states and nations, ideas and language, lies the fate of individual human beings in need. Answering their needs will be the mission of the United Nations in the century to come”.

United Nations Secretary-General, Kofi Annan
Nobel Prize Acceptance Speech

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

United Nations Secretary-General-elect, Ban Ki-moon
Acceptance Speech to the General Assembly upon election

**Transmittal Letter of the Co-Chairs
of the High-level Panel on UN System-wide Coherence
to Mr. Kofi A. Annan, Secretary-General of the United Nations**

Dear Secretary-General,

We have the privilege to transmit to you the Report of the High-level Panel on UN System-wide Coherence in the areas of Development, Humanitarian Assistance and the Environment, entitled “Delivering as One”.

The Report puts forward a series of recommendations to overcome the fragmentation of the United Nations so that the System can deliver as one, in true partnership with and serving the needs of all countries in their efforts to achieve the Millennium Development Goals and other internationally agreed development goals.

Our research and consultations revealed that the UN system has both strengths and weaknesses. It is an indispensable instrument in an age of growing interconnection between peace and security, sustainable development and human rights. However, bold reforms are needed to improve the UN’s effectiveness in delivering its mandate and responding to new and growing challenges. A more united System will be a stronger, more responsive and effective United Nations. A System reconfigured to optimally use its assets and expertise in support of country needs and demands will strengthen the voice and action of the UN in development, humanitarian assistance and the environment. A repositioned UN – delivering as one – will be much more than the sum of its parts.

Our proposals encompass a framework for a unified and coherent UN structure at the country level. These are matched by more coherent governance, funding and management arrangements at the centre. We have sought to consolidate existing entities wherever necessary, and to eliminate unnecessary duplication and competition. In all areas, our proposals identify the comparative advantage of organizations and delineate functions, roles and responsibilities. We have formulated mechanisms to enable policy consistency and strategies to modernize business practices for better performance and accountability. We have renewed our commitment to put into practice the principles of good multilateral donorship, and to ensure adequate, sustained and secure funding for organizations that upgrade their efficiency and deliver results.

The members of the Panel while having different perspectives on some issues, all endorse the Report and generally agree with its findings. From our extensive consultation process, we can assure you that there are important constituencies of support for each of the Panel’s proposals. We believe that, if taken together and implemented, our recommendations will result in a stronger United Nations system, one that is fit to play the central role envisaged for it in the 2005 World Summit Outcome Document.

Our Report is addressed to you, but many of our recommendations will require commitment from and action by heads of Government and organizations of the wider UN system. Only through their leadership - and the commitment of the incoming Secretary-General - can we realistically forge the consensus and action required for a more cohesive UN system.

It has been an honour to take part in this work, and we thank you for the trust you have placed in us to lead this study. We also want to express our deep respect and thanks to all Panel members, and the Secretariat, who injected total commitment, enthusiasm and creativity into this important task.

Signed

Shaukat Aziz
Co-Chair
Prime Minister of the Islamic Republic of Pakistan

Luisa Dias Diogo
Co-Chair
Prime Minister of Mozambique

Jens Stoltenberg
Co-Chair
Prime Minister of Norway

TABLE OF CONTENTS

	Page
Executive Summary	1
I. The case for reform	8
II. Development, humanitarian assistance and the environment	12
1. Development: delivering as one at the country level	12
2. Humanitarian assistance and the transition from relief to development: strengthening the capacity to respond	15
3. Environment: building a global consensus and capacity for action	18
4. Cross cutting issues: sustainable development, gender equality and human rights	22
III. Governance, funding and management	28
1. Governance: consolidating some functions, strengthening others	28
2. Funding the UN system for results	37
3. Reforming UN system business practices: building institutions of public trust	40
Annexes	
1. Terms of reference	43
2. Panel members	47
3. Panel secretariat	48
4. Consultative process	49
5. The UN System	51
Acknowledgements	52

Executive Summary

In facing up to the challenges of their times, the world leaders of 60 years ago created new multilateral institutions – the United Nations, IMF, and the World Bank – in the conviction that international cooperation was the best way to solve the challenges of the post-war world.

Today we too face significant challenges: ours is the era of global change unprecedented in its speed, scope and scale. As the world becomes more interdependent we are increasingly exposed to sharp and growing social and economic inequalities. Poverty, environmental degradation, and lagging development exacerbate vulnerability and instability to the detriment of us all. Achieving the Millennium Development Goals and wider internationally agreed development goals is central to our global economic stability and prosperity.

The United Nations played a crucial role in articulating the Millennium Development Goals (MDGs). Now it needs to take action to achieve these and the other development goals, and support governments implement their national plans. However, 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 UN's status as a central actor in the multilateral system is undermined by lack of focus on results, thereby failing, more than anyone else, the poorest and most vulnerable.

The 2005 World Summit in New York gave the need for UN reform new impetus. At the initiative of the Secretary-General, this High-level Panel has worked for over six months to consider how the UN system can most effectively respond to the global development, environmental and humanitarian challenges of the 21st century.

We have undertaken a thorough assessment of the strengths and weaknesses of the UN system, holding consultations with stakeholders around the world. We commend the UN as the indispensable force driving forward the discourse on human development; by defining and creating a global consensus behind the MDGs and the other internationally agreed development goals; by playing a leading role in developing the concept of sustainable development; by responding rapidly to humanitarian disasters; and by mobilizing international action for the protection of the environment. The UN system also continues to play an essential role as a convenor, in setting norms and standards and in advising countries on their implementation at global, regional, national and local levels.

However, we have also seen how the UN's work on development and environment is often fragmented and weak. Inefficient and ineffective governance and unpredictable funding have contributed to policy incoherence, duplication and operational ineffectiveness across the system. Cooperation between organizations has been hindered by competition for funding, mission creep and by outdated business practices.

Delivering as One, and overcoming systemic fragmentation, is a central theme of our report. Taken as a whole our recommendations could result in a step change in the way the UN operates at headquarters, in each region and in each country. If implemented, the recommendations could deliver better focus on performance, efficiency, accountability and results within the UN system

and enhance the role and voice of developing countries. These changes would secure and strengthen the UN's role at the heart of the multilateral system.

We have developed a set of clear recommendations based on five strategic directions:

- Coherence and consolidation of UN activities, in line with the principle of country ownership, at all levels (country, regional, headquarters)
- Establishment of appropriate governance, managerial and funding mechanisms to empower and support consolidation, and link the performance and results of UN organizations to funding
- Overhaul of business practices of the UN system to ensure focus on outcomes, responsiveness to needs and delivery of results by the UN system, measured against the Millennium Development Goals
- Ensure significant further opportunities for consolidation and effective delivery of One UN through an in-depth review
- Implementation should be undertaken with urgency, but not ill planned and hasty in a manner that could compromise permanent and effective change.

'One' is a central concept in this report: the UN needs to overcome its fragmentation and deliver as one through a stronger commitment to working together on the implementation of one strategy, in the pursuit of one set of goals. We have come up with ambitious but realistic recommendations with the potential to radically change the way the organizations operate at headquarters, in each region and in each country, to enable the UN to achieve more than the sum of its parts

The essence of our vision is for the UN to deliver as one in the areas of development, humanitarian assistance and the environment. The UN's normative and analytic expertise, its operational and coordination capabilities, and its advocacy role would be more effectively brought together at the country level, at the regional level and at the global level. Member states should shape the governance structures, the funding framework and the business practices to make it so.

One UN for development - at country level

We recommend the establishment of One UN at country level, with one leader, one programme, one budget and, where appropriate, one office.

A third of UN programmes have more than ten UN agencies and in just under a third, less than 2 million USD is spent by each UN agency. The One UN should be based on a consolidation of all of the UN's programme activities at the country level, where the country wishes it. The programme must be developed and owned by the country in line with its own national priorities. Effective delivery requires a single budgetary framework.

To manage the One Country Programme there needs to be one leader – an empowered Resident Coordinator. The Resident Coordinator shall be selected on the basis of merit and competition demonstrably open to candidates outside UNDP and the UN system. To ensure system-wide ownership of the Resident Coordinator System, the role of UNDP must change. It should focus and strengthen its operational work on policy coherence and positioning of the UN country team, and withdrawing from sector-focused policy and capacity work being done by other UN entities.

We recommend 5 One UN country pilots by 2007, and subject to satisfactory review, 20 One UN Country Programmes by 2009, 40 by 2010 and all other appropriate programmes by 2012.

One UN for development - at headquarters level

We recommend the establishment of a UN Sustainable Development Board to oversee the One UN Country Programmes.

A coordinating Board is necessary to provide oversight for the One UN Country Programme, to provide system-wide coherence, ensure coordination, and to monitor performance of global activities. We propose that the existing joint meetings of the Boards of UNDP/UNFPA/UNICEF/WFP be merged into this strategic oversight body – the UN Sustainable Development Board (The Board) – reporting to ECOSOC.

The Board should comprise a representative sub-set of member states on the basis of equitable geographic representation, and enhance the participation and voice of developing countries. The Board would be responsible for endorsing the One UN Country Programme, allocating funding, and evaluating its performance against the objectives agreed with the programme country. The Board should also maintain a strategic overview of the system to drive coordination and joint planning between all Funds, Programmes and Agencies, and to monitor overlaps and gaps.

We recommend that the Secretary-General appoint a UN Development Coordinator with responsibility for the performance and accountability of UN development activities.

The UNDP Administrator should serve as the Development Coordinator. The Development Coordinator should report to the Board and be supported by a high-level coordination group comprising the Heads of principal development agencies and an expert Secretariat drawn from across the UN system. The evolution of the role of UNDP as Manager of the Resident Coordinator System requires the establishment of a code of conduct and a firewall between its streamlined operational activities and other functions.

We recommend that the Secretary-General establish an independent task force to further eliminate duplication within the UN system, and consolidate UN entities, where necessary.

We do not advocate a single UN entity because many individual agencies can best achieve their vital role in the provision of global public goods, advocacy, research, promoting best practice and global norms and standards by operating individually in their specific sectors.

However, it is clear there are a large number of overlapping functions, failures of coordination and policy inconsistency within the UN system. The task force should clearly delineate the roles performed by UN Funds, Programmes, Specialized Agencies and regional entities, including the UN Secretariat. It should make concrete recommendations for mergers or consolidation of duplicative functions and ensure complementarity of mandates. The task force should report by end 2007 to the Secretary-General with clear recommendations for early implementation. This exercise has the potential to release significant annual savings possibly in the range of 20% per annum, the exact amount should be assessed and informed by the analysis of the review. Efficiency savings should be recycled to the One UN country programmes.

Results based funding, performance and accountability

We recommend the establishment of a MDG Funding Mechanism to provide multi-year funding for the One UN Country Programmes.

If the UN is to work more coherently and effectively, both at country level and globally, significant changes are needed to the way donor funding is managed. Current UN funding patterns are highly fragmented, unpredictable and constrained by too much earmarking, which has encouraged duplication and inefficiency. This limits the UN and programme countries from making strategic decisions, and undermines the principles of multilateralism and country ownership.

A new MDG Funding Mechanism for voluntary donor funding (public, private and UN organizations) would provide multi-year funding for the One UN Country Programmes as well as for well performing agencies. The Board would govern this mechanism. Donor contributions would be voluntary and could be specified. There should also be additional funding available at the discretion of the Board to reward well performing headquarters of Funds, Programmes and Specialized Agencies and to fund programmatic gaps and priorities in the system. To deliver maximum impact against country priorities, we urge donors to contribute multi year funding and substantially reduce earmarking.

We recommend that UN organizations committed to and demonstrating reform should receive full, multi-year core funding.

Donors should support consolidated multi-year funding for the One UN Country Programme and core budgets of UN entities committed to reform. Donors would demonstrate by their actions that funding and performance are linked to results and reform.

Multi-year funding frameworks can be managed to increase focus on strategic priorities. Funding cycles of UN funds and programmes should be aligned to facilitate overall strategic coordination of UN programmatic work. The assessed budgets of the Specialized Agencies should be reviewed to ensure they have sufficient core resources to deliver against strategic mandates.

Performance, funding and accountability of UN organizations are integrally linked. Funding must follow performance and reward results both for the One Country Programmes and for Headquarters funding. The purpose of linking funding to performance is to improve outcomes not to reduce funding. In fact, a more effective UN could be an important partner in effectively using additional ODA. The price of poor performance should not be paid by reduced UN funding into countries but by the management and institutions. A reformed UN system demonstrating improved outcomes would be better placed to capture increased aid.

The Board, assisted by a special Development Finance and Performance Unit in its secretariat, should publish internal evaluations of UN system spending and performance, as well as evaluations of individual Funds, Programmes and Agencies' plans to which the Board would have access. Performance of UN organizations should be measured against internationally agreed development goals. These assessments would inform funding decisions both by donors making direct contributions as well as through the discretionary MDG Funding Mechanism, available to the Board as discussed above.

Modernization and reform of business practices, to be led by the Secretary-General, should be implemented urgently. Processes for resource planning, human resources, common services and evaluation must achieve full compatibility as major drivers of coherence in the UN system. There should be greater opportunities for staff mobility and a system-wide agreement on results-based management as well as an independent UN system-wide evaluation and common evaluation methodologies and benchmarking. The UN must systematically grasp opportunities for expanding joint services.

Programme countries and donors should be able to see and compare the true overhead costs of delivery through the introduction and publication of consistent administration and back office costs.

To promote transparency and accountability, We recommend that a UN common evaluation system be established by 2008, based on a common evaluation methodology.

Humanitarian Assistance

The UN has a unique and leading role to play in humanitarian disasters and emergencies. We recommend this role be further enhanced by:

- Stronger coordination between the UN, national governments and NGOs, including the International Red Cross and Red Crescent movement, through a “cluster” approach to establish lead roles to deliver specific needs such as shelter, water, food, etc.
- Fully funding the Central Emergency Response Fund (CERF) to facilitate quicker, more effective flows of funds in response to disasters.
- Clarifying UN mandates with regard to responsibility for internally displaced persons.
- More investment in risk reduction, early-warning and innovative disaster assistance strategies and mechanisms.
- Stronger leadership, quicker funding and better cooperation in post conflict and post-disaster transition, with a clear lead role for UNDP once humanitarian coordination winds down.
- Periodic assessment and review of the performance of UN Agencies and NGOs involved in humanitarian assistance.

Environment

There is an increasingly compelling case for urgent action on the environment. Environmental priorities have too often been compartmentalized away from economic development priorities. However, global environmental degradation - including climate change - will have far-reaching economic and social implications that affect the world's ability to meet the MDGs. Because the impacts are global and felt disproportionately by the poor, coordinated multilateral action to promote environmental sustainability is urgently required.

We recommend that international environmental governance should be strengthened and made more coherent in order to improve effectiveness and targeted action of environmental activities in the UN system.

We recommend that as a basis for reforms toward improving system-wide coherence, an independent assessment of international environmental governance within the UN system and related reform, should be commissioned by the Secretary-General.

We recommend that UNEP should be upgraded and have real authority as the environmental policy pillar of the UN system.

We further recommend that UN entities should cooperate more effectively on a thematic basis and through partnerships, with a dedicated agency at the centre.

The Global Environment Facility should be strengthened as the major financial mechanism for the global environment, to help developing countries build their capacity. It should have a significant increase in resources to address the challenge posed by climate change and other environmental issues.

We have also made a number of recommendations to make sure the UN helps countries mainstream environment in their strategies and actions, to elevate the status of sustainable development in the UN institutional architecture and in country activities, and to achieve the needed balance among the three pillars (economic, social and environmental) of sustainable development.

Gender: A key to effective development

We recommend the establishment of one dynamic UN entity focused on gender equality and women's empowerment.

We consider gender equality to be central to the delivery of effective development outcomes, and the Secretary-General tasked us with a specific mandate to suggest radical changes to improve performance. We therefore propose a step change in the UN's delivery of gender equality and women's empowerment, by:

- Consolidating the three existing UN entities into an enhanced and independent gender entity, headed by an Executive Director with the rank of Under Secretary-General, appointed through a meritocratic competition demonstrably open to those outside the UN.
- The gender entity would have a strengthened normative and advocacy role combined with a targeted programming role
- The gender entity must be fully and ambitiously funded.
- Gender equality would be a component of all UN One Country Programmes.
- The commitment to gender equality is and should remain the mandate of the entire UN system.

Coordination with other multilateral agencies

The UN and the Bretton Woods Institutions were established with the intention that they would work together in a complementary way. Over time both the Bank and the UN institutions have gradually expanded their roles so that there is increasing overlap and duplication in their work. There is a balance to be struck between healthy competition and inefficient overlap and unfilled gaps.

The BWIs and the UN need to work more closely together to remove unnecessary duplication, and to build on their respective strengths.

We therefore recommend as a matter of urgency that the Secretary-General, the President of the World Bank and the Executive Director of the International Monetary Fund set up a process to review, update and conclude formal agreements on their respective roles and relations at the global and country level. These reviews must be periodically updated as well as assessed. This process should be undertaken on the basis of the enhanced performance, strengthened delivery and more influential role that the UN will have if our reforms are implemented.

Implementation

We have proposed a comprehensive set of recommendations that taken together could make the UN much more responsive to the needs of its Member States, particularly developing countries. The UN would become more effective, more focused and better able to deliver results. If UN system organizations, Members States and all stakeholders act on our recommendations it could become a driver in development to eradicate poverty, in partnership with civil society and the private sector. A reformed UN would be able to capture the increases in development resources that were committed in 2005, strengthening its enabling role in development and delivering more effective global public goods for the benefit of all.

The recommendations are not a menu of options, but a whole. Each is individually vital to make the system greater than the sum of its parts, not lesser as it has sometimes been. The recommendations should each be implemented with vigour, with urgency, and without diluting their purpose.

We recognize that implementing these reforms will involve significant challenges and sometimes the sacrifice of individual interests for UN Agencies, Funds and Programmes. They will need to work more closely and effectively with the rest of the UN system in the interests of a greater common good. Donors are also challenged by these recommendations, which propose changing the way they fund the UN in line with the principles of multilateralism and national ownership at different levels.

Our most important constituency are the billions who do not enjoy the prosperity and well-being that many of us take for granted and whose deprivation inspired a global call to action – the Millennium Development Goals. It is for the sake of the poor and the destitute that we need an efficient United Nations, one that is well governed, well funded, and one that will remain a global repository of hope.

We have it within our grasp to make a real and lasting difference through essential reforms set out in these proposals. All stakeholders in the UN system have a responsibility to seize this opportunity. The difference of our actions and decision on reforms will for millions around the world be the difference between hope and despair, and for some the difference between life and death.

I. THE CASE FOR REFORM

The world needs a coherent and strong multilateral framework with the United Nations at its centre to meet the challenges of development, humanitarian assistance and the environment in a globalising world. The UN needs to overcome its current fragmentation and to deliver as one. It should help the world accomplish the ambitious agenda endorsed by the 2005 World Summit; the Millennium Development Goals (MDGs) and other internationally agreed development goals. It should enable and support countries to lead their development processes and help address global challenges such as poverty, environmental degradation, disease and conflict.

1. In facing up to the challenges of their times, the world leaders of 60 years ago created new international institutions – the UN, the World Bank and the IMF – and demonstrated by their actions that international cooperation was the only way to solve the economic and political challenges of the post-war world. The architects of these institutions built for their time and their generation not just a whole set of new rules for the international system—they gave expression to a new public purpose based on high ideals.

2. Just as they did sixty years ago, we face a changing world today. Ours is the era of globalization, of global change unprecedented in its speed, scope and scale. As the world becomes ever more interdependent, sharp social and economic inequalities persist. Some of the poorest countries and communities remain isolated from economic integration and the benefits of globalization, and are disproportionately vulnerable to crisis and social upheaval. There is greater awareness of the acceleration of environmental degradation and climate change, and its effects on agricultural productivity and food security. More conflicts are within states than between them, and the risk of terrorism and infectious disease illustrate that security threats travel across borders.

3. Poverty, environmental degradation and lagging development heighten vulnerability and instability to the detriment of all. Now, more than ever, dealing with inequality—by achieving the Millennium Development Goals and wider development objectives—is central to economic stability and global security. In the face of unacceptable poverty we have a clear moral imperative to act when we have the knowledge, ability and resources to do so.

4. We know that when the flows of goods, services, capital and people are global, the challenges that arise can be solved only through globally concerted action. Globalization makes multilateralism indispensable, and the United Nations is the heart of multilateralism. Promoting development, eradicating poverty, protecting the environment for future generations and preventing and assisting in humanitarian crises cannot be undertaken without the UN. Its universal values and representativeness create the political legitimacy and authority essential to the actions needed globally, regionally, nationally and locally.

5. Despite deep divides in the international community in the past, particularly during the Cold War, the UN has been able to build a set of norms and internationally agreed development goals that frame the efforts of most nations and institutions. The UN has demonstrated intellectual leadership across a range of issues. For example, the annual *Human Development Report*, launched in the early 1990s, played a leading role in developing the concept of sustainable development—and placed the well-being and dignity of people at the heart of the development agenda. And at the 2000 UN

Millennium Summit, 191 member states, with 147 represented at the level of Heads of State and Government, endorsed the Millennium Declaration. The UN can bring parties together, based on the unique legitimacy of its universal membership and on its diverse roles as a standard-setter, capacity-builder and advocate. Many of today's globally accepted norms and standards have originated from UN fora.

6. The UN has an opportunity in the unprecedented consensus reached on a common framework for the future, most recently reaffirmed by the 2005 World Summit. The framework is contained in the internationally agreed development goals of recent global conferences, ranging from social development to the empowerment of women, but is most compellingly outlined in the Millennium Development Goals. Never before have rich and poor countries alike formally embraced such concrete commitments. Never before have the United Nations, the World Bank, the International Monetary Fund and all parts of the international system come together behind the same set of development commitments and stood ready to be held accountable for them.

7. The UN has a key role in ensuring progress towards the Millennium Development Goals and other internationally agreed development goals. But it must reform to do so. Through the Secretary-General's High Level Panel on System-wide Coherence in the areas of development, humanitarian assistance and the environment, the international community has a unique opportunity to ensure that the UN can respond to the global challenges of the 21st century and play a full and effective role in the multilateral system.

8. The Monterrey Consensus of 2002 established a partnership for development, with donors making more official development assistance (ODA) and debt relief available within a context of continuing reform in developing countries, which was further elaborated in the Paris Declaration on Aid Effectiveness. In 2005 donors made further commitments to increase ODA by US\$50bn by 2010 and provide US\$55bn in debt relief. A more effective and efficient UN should be an important partner in ensuring that those resources deliver results and accelerate progress toward the MDGs.

9. These commitments go hand in hand with the Panel's recognition that the primary responsibility for action lies with each member state. Country ownership of development plans, and donor commitment to principles of aid effectiveness and "good donorship", have to underpin the work of the UN. Decades of piecemeal and failed development efforts demonstrate that assistance policies cannot be imposed—they must be owned not only by governments but by their people and communities. While this concept is broadly accepted, it must now be put into practice.

10. We know that the UN has been seen by some to fail in delivering some of the vision and mission we expect from it. There are many reasons why the UN has become fragmented and weak: from a lack of buy-in and mixed messages from members states between capitals and representatives in various bodies, to a proliferation of agencies, mandates and offices, creating duplication and dulling the focus on outcomes, with moribund entities never discontinued. Even when mandates intersect UN entities tend to operate alone with little synergy and coordination between them. The UN system now encompasses 17 specialized agencies and related organisations, 14 funds and programmes, 17 departments and offices of the UN Secretariat, 5 regional commissions, 5 research and training institutes and a plethora of regional and country level structures. The loss of cohesion prevents the UN from being more than the sum of its parts.

- At the country level, operational incoherence between UN funds, programmes and agencies is most evident. More than one-third of UN country teams include 10 or more UN agencies on the ground at any one time. Several teams include 20 or more. This has led to incoherent programme interventions and excessive administrative costs. It also burdens the capacity of developing countries to deal with multiple agencies. Of 60 countries analyzed by the Panel, 17 country teams had an annual budget of less than US\$ 2 million per agency. Nor does the normative and analytical expertise of non-resident agencies sufficiently support UN country team efforts. Without authoritative leadership by the UN Resident Coordinator, and system-wide ownership of the Resident Coordinator system, incentives for better coordination remain limited.
- Signs of fragmentation are also apparent at the regional level. Regional offices of different UN agencies are scattered in different locations, and definitions of regions can differ from one agency to another. In some regions strong regional and sub-regional institutions either exist or are rapidly evolving while others have strayed from their original mandates. This calls for a review of the UN's regional roles and settings, including the Regional Commissions, to address regional needs, avoid duplication and overlapping functions and seek a coherent regional institutional landscape.
- More synergy is also needed at the global level. In some sectors, such as water and energy, more than 20 UN agencies are active and compete for limited resources without a clear collaborative framework. More than 30 UN agencies and programmes have a stake in environmental management. On specific issues, such as internally displaced people, several agencies have a legitimate interest, but none has a clear lead. Merging UN agencies does not always lead to better outcomes. But we believe there must be a significant streamlining of UN agencies so that the UN can “deliver as one”, reduce duplication and significantly reduce the burdens it currently places on recipient and donor governments, without diluting the performance and expertise of individual organizations.
- Inadequate and unpredictable funding of the system also contributes to fragmentation, undermining the multilateral character of the UN. The exponential growth of extra-budgetary (non-core) versus core resources has encouraged supply-driven rather than demand-driven approaches to assistance, undermining the principle of country ownership. Lack of donor coordination and competition for non-core resources among UN agencies squander significant time and effort on fundraising, undermining the UN's ability to make long-term strategic decisions that would deliver more effective results. Nor does the UN have a common system for its overall development funding or for measuring results transparently and systematically.

11. The international community has a duty to ensure that the UN is fit for purpose, reinvigorated and strengthened to meet the global challenges and diverse needs of an ever more interdependent world. To do this, the UN must be coherent and flexible enough to respond to demands for a variety of policy and operational services. A one-size-fits-all approach would be inappropriate.

12. As stakeholders in the UN system, we have a responsibility to agree on and present ambitious recommendations to improve the UN's coherence so that it delivers as one in the areas of development, humanitarian assistance and the environment. The most radical decision we could take is to maintain the status quo. It would represent a victory for inertia and parochial, short term institutional and national interests to maintain a system that has grown over time, and which no one facing the challenges we do today would design as it is. The Panel believes that reform to improve the coherence of the UN system must be underpinned by clear principles:

- *National ownership and people-centred approaches*: National sovereignty and national ownership of development plans must remain the bedrock of effective development. The system must be realigned to a demand-driven approach and to programmes delivered as close to beneficiaries as possible.
- *Core comparative advantage*: The UN needs to be flexible enough to respond to the operational and policy needs of all countries and to advocate global standards and norms. In each country it should focus on where it is best able to provide leadership—and withdraw from areas where it does not—to deliver results in response to country programme needs. The value added of the system lies in harnessing the full array of capabilities under its umbrella in an integrated way, not in seeking out narrow niches.
- *Maximum effectiveness and accountability*: Change must prepare the UN to address new challenges, and improve its performance measured by outcomes. Responsibility and authority must be clarified, and staff given the means to deliver on their mandates and be held accountable for them. Efficiency gains must be pursued through better business practices.

13. We must ensure that the UN is reformed and strengthened to deliver more effectively on its mandate to empower the vulnerable and the excluded. A UN able to respond flexibly can help to provide prosperity and justice for all. Our report is the starting point of a process to develop a commonly owned vision among all stakeholders for a coherent and effective UN System. It will require leadership by the UN Secretary-General, as well as sustained commitment and effort on the part of member states and UN agencies. We are convinced that the implementation of this bold but realistic programme of recommendations will help to ensure that the UN development system remains fit for purpose to rise to the challenges of the 21st century.

II. DEVELOPMENT, HUMANITARIAN ASSISTANCE AND THE ENVIRONMENT

1. Development—delivering as one at the country level

To bring about real progress towards the MDGs and other internationally agreed development goals, we believe that the UN System needs to “deliver as one” at the country level. To focus on outcomes and improve its effectiveness, the UN should accelerate and deepen reforms to establish unified UN country teams—with one leader, one programme, one budgetary framework and where appropriate one office (box 1). To deliver as one, UN country teams should also have an integrated capacity to provide a coherent approach to cross-cutting issues, including sustainable development, gender equality and human rights.

Recommendation: The UN should “deliver as one” by establishing, by 2007, five One Country Programmes as pilots. Subject to continuous positive assessment, demonstrated effectiveness and proven results, these should be expanded to 20 One Country Programmes by 2009, 40 by 2010 and all other appropriate country programmes by 2012.

14. The Panel has been guided in its work by assessing whether the current structure and functioning of the UN System are fit for today’s development challenges and tomorrow’s. We have focused on the UN’s development activities at country level, but we recognize that the role of the UN in development goes beyond its direct support to countries. The UN has a central role in promoting global policies that improve the development prospects of countries, and countries are increasingly turning to the UN for advice to address the challenges of globalization and other cross-border issues. Most important, the UN has provided member states with a forum to reach consensus on internationally agreed development goals. These goals respond to the needs and aspirations of people, communities and countries everywhere and provide a framework for a comprehensive approach to development.

15. The success of these global commitments—from fighting hunger and poverty, to upholding core labour standards, to containing the global HIV/AIDS pandemic—can be measured only by their translation into concrete results for countries and communities. Development objectives can be achieved only if countries define, own and drive their development processes at all levels. Country-led development frameworks, such as poverty reduction strategies, are seen as the main vehicle to achieve the internationally agreed development goals. They serve as a platform for aligning all partners’ contributions to national development priorities and provide an inclusive forum for policy dialogue. We believe that the UN needs to be a more active player in this context—as an advisor to governments, as a convener of stakeholders, as an advocate for international norms and standards and as a source of technical assistance and advice on how to build and strengthen institutions.

16. At the country level, the UN often struggles to fulfil such strategic roles, working with systems and approaches (from programming to funding to reporting) that are fragmented, piecemeal and not designed for this purpose. More than a third of the UN country teams include more than 10 UN entities, some more than 20. The cost of doing business with the UN is thus too high for both recipient countries and donors. Today there are many other actors active in development, such as nongovernmental organizations (NGOs), foundations and the private sector, and the country

presence of bilateral donors is growing. In this new development landscape – with many players providing multifaceted contributions to development – the UN needs to reposition itself to deploy its normative and policy capacity more effectively.

17. The current design of the UN system risks perpetuating a myriad of niche players, which individually will not have the influence and authority to secure a strong voice in national and global debates. We have heard in our consultations that unifying the UN at country level would compromise the characteristics and dynamism of individual agencies. But failing to strategically position the UN in its entirety risks marginalizing the whole system in the long term.

Box 1: One UN at the country level—key features

One Programme

- Country owned and signed off by government, responsive to the national development framework, strategy and vision, including the internationally agreed development goals.
- Building on the UN country team's common country assessment or national analysis, and reflecting the UN's added value in the specific country context.
- Strategic, focused and results-based, with clear outcomes and priorities, while leaving flexibility to reallocate resources to changes in priorities.
- Drawing on all UN services and expertise, including those of non-resident agencies, in order to effectively deliver a multi-sectoral approach to development (with due attention to cross-cutting issues).

One Leader

- Resident Coordinator authority to negotiate the One Country Programme with the government on behalf of the entire UN System and to shape the One Country Programme (including the authority to allocate resources from pooled and central funding mechanisms).
- Clear accountability framework for Resident Coordinators and an effective oversight mechanism for the Resident Coordinator system.
- Resident Coordinator authority to hold members of the team accountable to agreed outcomes and to compliance with the strategic plan. The Resident Coordinator should also be accountable to the members of the UN Country Team.
- Strengthened Resident Coordinator capacity with adequate staff support to manage UN country team processes and ensure effective dialogue and communication with partners.
- Competitive selection of Resident Coordinator candidates, drawn from the best talent within and outside the UN system.

One Budgetary Framework

- Transparency, management, and the effective implementation of the One Country Programme through One Budgetary Framework.
- Funding should be linked to the performance of the UN Country Team preparing and implementing a strategic One Country Programme.
- The budget should be completely transparent, showing clearly the overheads and transaction costs of the UN and all of its funds, programmes and specialized agencies in the country.

One Office

- One integrated results-based management system, with integrated support services.
- Joint premises (where appropriate).
- A common security infrastructure and clear lines of accountability.

18. Recent changes to the Resident Coordinator system have somewhat improved the way the UN operates in countries, but Resident Coordinators are not equipped with the authority to provide effective leadership to all the UN entities operating in the country. Too often, “reform” has meant adding extra layers of bureaucracy, outweighing potential benefits. And successful reform has

depended too heavily on the commitment of individuals rather than on institutional capacity, needed to ensure that a good practice becomes the best global practice. Greater ownership and accountability of the Resident Coordinator system to all organizations of the UN needs to be secured.

Recommendation: UN Resident Coordinators should have the authority to lead the One Country Programme. To perform this function, Resident Coordinators should have appropriate competencies, capabilities and support capacities. Their enhanced authority should be matched by a clear accountability framework and an effective oversight mechanism to ensure system-wide ownership of the Resident Coordinator system.

19. To effectively implement the “One UN” at country level, significant changes would be needed in the governance and funding of the UN’s development activities (recommendations in this regard are made in chapter III). The role of UNDP in managing the Resident Coordinator system would also have to evolve significantly to engender ownership among other UN agencies, and eliminate duplication of programmatic activities.

Recommendation: UNDP will consolidate and focus its operational work on strengthening the coherence and positioning of the UN country team delivering the One Country Programme. As manager of the Resident Coordinator system, UNDP should set a clear target by 2008 to withdraw from sector-focused policy and capacity work for which other UN entities have competencies. UNDP’s programmatic work should be limited to interventions that strengthen the coherence and overall positioning of the UN country team:

- Promoting and supporting the UN’s work to help countries achieve the MDGs and other internationally agreed development goals and poverty reduction through supporting governments in integrating the MDGs into their national development strategies, assessing needs and monitoring results.
- Leading the UN’s support to governance.
- Leading and coordinating the UN’s work in crisis prevention, post-conflict, post-disaster and early recovery (see chapter II.2).

In addition, UNDP would continue its support to mainstreaming environmental issues into national development strategies at the country level, in cooperation with UNEP and other relevant UN organizations (see chapter II.4).

Recommendation: To ensure that there is no potential for, or perception of, a conflict of interest, UNDP should establish an institutional firewall between the management of its programmatic role and management of the Resident Coordinator system (including system-wide strategic and policy support). This separation of functions will also ensure that all parts of the UN system have a greater stake in the ownership the Resident Coordinator system. UNDP will develop a code of conduct, including a transparent mechanism to evaluate the performance of its country operations. This should be done in consultation with all relevant UN organizations and the agreed code of conduct should be formally approved by the UN Sustainable Development Board (see chapter III). The redesign of UNDP’s organizational structure should include a clear separation of

responsibilities, senior managers and budgets between UNDP's management of the Resident Coordinator system and its programmatic activities.

Milestone: By the end of 2007 UNDP will have finalised a code of conduct and by the end of 2008 UNDP implemented the firewall and restructuring.

2. Humanitarian assistance and the transition from relief to development—Strengthening the capacity to respond

Humanitarian response should be improved through a closer partnership between the UN, governments and NGOs, making full use of the coordination role of the UN. The Central Emergency Response Fund must be fully funded from additional resources. There should be clear responsibilities within the UN System for addressing the needs of internally displaced persons. Development should be an integral part of any peace process. There should be clear leadership by UNDP on early recovery from conflict and natural disasters, as well as flexible UN funding. National development strategies and donors should invest more in risk reduction and early warning, building on existing international initiatives. The private sector and communities should be included in formulating strategies.

Humanitarian assistance

20. Since the establishment of the Emergency Relief Coordinator in 1991 and the Office for the Coordination of Humanitarian Affairs in 1997, the UN's emergency response capacity has become stronger. Operational agencies—such as World Food Programme, the Office of the UN High Commissioner for Refugees and UNICEF—continue to respond well in humanitarian relief, based on established principles of humanity, impartiality and neutrality. Mechanisms for inter-agency coordination, such as the Inter-Agency Standing Committee and the Executive Committee for Humanitarian Affairs, have enhanced coordination between the humanitarian organisations of the UN and with non-UN partners. For 2006 UN humanitarian appeals amount to US \$4.7 billion, for some 31 million beneficiaries in 26 countries. Significant challenges remain, however, in both coordination and funding.

21. To build strong UN leadership at the field level and support country ownership and cooperation, efforts to strengthen the Humanitarian Coordinator need to be intensified.. The Cluster Lead Agency System, adopted by the UN system in 2005, helped identify organizational leaders in different areas of humanitarian response, but the experience of its first year of implementation indicates that it should need to broaden to include national partners, NGOs, and the Red Cross movement

22. As a result of the increase in intrastate conflict, there are more than 25 million internally displaced persons, compared with 10 million refugees. The humanitarian system must evolve further to address this growing problem. A clear allocation of responsibility within the UN system is needed. The Office of the UN High Commissioner for Refugees must reposition itself to provide protection and assistance for displaced people in need, regardless of whether they have crossed an international border.

23. Humanitarian funding remains crucial in influencing the UN's response capacity, and there has been progress in developing a more coherent approach. But the Consolidated Appeals Process,

with all UN agencies and some non-UN agencies participating, still suffers from unpredictability and under-funding. And three years after the adoption of the Good Humanitarian Donorship principles, the predictability of assistance has not yet improved substantially. The recently established Central Emergency Response Fund has facilitated quicker, more effective responses, but current funding (US\$262 million) is only halfway to the funding target.

24. Steps towards greater coherence must include efforts to increase the UN's accountability through more effective communication with affected populations and donors. Better information flows are crucial for the UN to be even more effective in emergency situations. Transparent, periodic and independent assessments of the global response to humanitarian emergencies can help identify gaps in coherence and failures of coordination. The Panel therefore recommends that the UN take the lead in preparing a regular and independent assessment of the performance of the UN and the wider humanitarian system in responding to humanitarian emergencies

Recommendation: To avoid a fragmented approach to humanitarian assistance, there should be stronger partnership arrangements between the UN, national governments, the International Red Cross and Red Crescent Movement and NGOs, based on the coordination and leadership roles of the Emergency Relief Coordinator at the global level and the Humanitarian Coordinator at the country level. These arrangements should support and ensure effective and inclusive participation in the Cluster Lead Agency approach. Procedures, including the definition of “provider of last resort” and how this relates to the position of cluster leader, need to be clarified.

Recommendation: The Central Emergency Response Fund should be fully funded to its three-year target of US\$500 million from additional resources. A substantial increase should be considered over the coming five years, following a review of its performance. Donors must implement the agreed principles of Good Humanitarian Donorship and provide adequate resources based on needs assessments, particularly to crisis situations now under-funded. They should ensure that their pledges are honoured promptly. The Consolidated Appeals Process should set clearer priorities, based on joint assessments, coordination and action.

Recommendation: The humanitarian agencies should clarify their mandates and enhance their cooperation on internally displaced persons. In particular, the role of UNHCR should be reviewed, to establish a clear mandate and to further strengthen the effectiveness of the UN's approach to addressing the needs of internally displaced persons.

Transition from relief to development

25. For countries emerging from conflict, the immediate international response is dominated by political mediation and reconciliation. The current UN approach tacitly emphasises immediate stability over sustainable peace. Symptoms of conflict are often addressed, while root causes often not. For countries recovering from natural disaster, and in supporting nationally owned strategies, it is imperative to integrate vulnerability and risk reduction into all phases of recovery and development planning. The July 2006 Synthesis Report of the Tsunami Evaluation Coalition states “successful post-disaster reconstruction requires an understanding of ongoing political, economic and social processes that enable and constrain affected populations as they rebuild their lives”. A clear lead capacity on the development aspects of the post disaster recovery process,

charged with early coordination and planning, should be established at UN headquarters within UNDP.

26. Since the 2000 Brahimi Report on peacekeeping operations, integrated UN peacekeeping and peace-building missions have improved coordination by bringing the development arm of the UN under the direct leadership of the Special Representative of the Secretary-General. Better development strategies for post-conflict peace-building are needed to guide such missions. The Peace-Building Commission should be the forum that encourages the development of peace-building strategies on the ground.

27. Unlike peacekeeping operations, which are funded by assessed contributions, humanitarian and development activities depend on unpredictable voluntary pledging conferences. The management of funds in support of development in conflict countries has increasingly been placed in the hands of the World Bank, often disbursed only when government structures are firmly in place. In many countries the donors have sought flexibility and directly transferred funds to UNDP trust funds, especially when government capacity is not strong. Cooperation between the UN and the World Bank requires a clearer division of labour based on realities on the ground. Efforts should be made to strengthen response with more flexible UN interim funding mechanisms that could address transition issues faster and more effectively.

Recommendation: The repositioned UNDP should become the UN leader and coordinator for early recovery. While building standing and surge capacity to take the lead role when humanitarian coordination winds down, it should work closely with the World Bank and other development and humanitarian agencies, using the sectoral programming capacity of other relevant UN agencies. All early recovery activities should conform to national priorities, with national authorities managing the recovery process as soon as they have the capacity to do so.

Recommendation: Adequate funding for the UN's role in early recovery should be ensured, even before a donor conference is held or a UN/World Bank Multi-Donor Trust Fund is operational. If the Peace Building Fund or UNDP's trust fund for crisis prevention and recovery is not able to provide resources immediately, a country-specific fund for early recovery can be set up, linked to these overall funding mechanisms. The initial funding target of the Peace Building Fund of US \$250 million should be met by 2007.

Recommendation: To build long-term food security and break the cycle of recurring famines, especially in sub-Saharan Africa, the World Food Programme, Food and Agriculture Organization and International Fund for Agricultural Development should review their respective approaches and enhance inter-agency coordination. Complementary strategies should be further developed to strengthen local capacity and resilience to mitigate and cope with consequences of famines.

Reducing risk

28. In the first eight months of 2006, 91 million people had their lives devastated by natural disasters. Reducing the risk of disaster must be linked to humanitarian, development and environmental approaches. With more than 75% of the world's people living in disaster-prone areas, risk reduction has been recognized as a cost-effective strategy to protecting livelihoods and

achieving the internationally agreed development goals. The Hyogo Framework for Action (2005–2015), agreed to by governments in 2005 as the international framework for disaster reduction, has created an agenda, taking into account the need for a strong sense of ownership, including collaboration with civil society and the private sector, and ensuring the awareness and capacity of local governments and communities. The International Strategy for Disaster Reduction and the new World Bank-hosted Global Facility for Disaster Reduction and Recovery are making progress on this. But more coherent action is required.

29. There is insufficient “disaster-proofing of the Millennium Development Goals”, through mainstreaming risk reduction in development strategies. The Tsunami Evaluation Coalition revealed that, despite advances in early warning systems, the Tsunami response failed to enhance local preparedness or reduce long-term vulnerability. Further investment at country and community levels is required, and the responsibilities and capacities of the UN system have to be further specified and enhanced.

Recommendation: The UN’s efforts on risk reduction need to be urgently enhanced, through full implementation and funding of international agreements and other recent initiatives and the involvement of communities. National development strategies should address risk reduction explicitly and should be the basis on which donors plan their contributions to risk reduction and how they report these contributions as part of international and national risk reduction targets. UNDP should take the lead on this issue in the UN, particularly at the country level. In addition, the Office for the Coordination of Humanitarian Affairs, the United Nations Development Programme, the UN Environment Programme, the World Meteorological Organization, and the World Food Programme with the International Strategy for Disaster Reduction Secretariat should build a joint Programme for Early Warning, drawing on existing capacities of funds, programmes and specialised agencies.

Recommendation: The UN should continue to build innovative disaster assistance mechanisms, such as private risk insurance markets, as means to provide contingency funding for natural disasters and other emergencies. Consideration should be given to efforts such as the World Food Programme’s pilot humanitarian insurance policy in Ethiopia to provide coverage in the case of an extreme drought during the country’s 2006 agricultural season. The Emergency Relief Coordinator should work with UN country teams and agencies on designing such event-specific contingency funding to reduce the reliance on the Central Emergency Response Fund.

3. Environment—Building a global consensus and capacity for action

Deteriorating environmental trends have far-reaching economic, social and health implications and affect the world's ability to meet the MDGs. Substantial gains in efficiency and effective responses can be made through enhanced coordination and improved normative and operational capacity, particularly through the integration of environment into national development strategies and UN system country operations. To improve effectiveness and targeted action of environmental activities, the system of international environmental governance should be strengthened and more coherent, featuring an upgraded UN Environment Programme with real authority as the UN’s “environment policy

pillar”. Synergy needs to be pursued between the UN organizations that address environment, and multilateral environmental agreements should continue to pursue efficiencies and coordination among themselves. An independent assessment of the current UN system of international environmental governance is required to support ongoing efforts at reform.

30. There can be no long-term development without environmental care. In a global and interdependent world economic objectives and environmental objectives increasingly reinforce each other. Environmental priorities—including climate change—have too often been compartmentalized and separated from economic development priorities. However, because the impacts are global and felt disproportionately by the poor, environmental sustainability is not an option—it is an imperative. The Panel is united in its conviction that addressing worsening trends of environmental degradation is one of the greatest collective challenges for economic development and human welfare.

31. We possess fairly comprehensive knowledge and understanding of what we individually and collectively need to do to reverse these trends—all spelled out in reports, declarations, treaties and summits since the early 1970s. While we have made significant advances within the UN framework, what is needed now is a substantially strengthened and streamlined international environmental governance structure, to support the incentives for change required at all levels.

32. The Panel recognizes that relatively little headway has been made in integrating the environment in development strategies at the country level, or in implementing internationally agreed goals. Environmental issues and goals must now be better integrated within UN system country operations, as critical components of national poverty reduction strategies and sustainable development plans. Bearing in mind that environmental sustainability is the foundation for achieving all the other MDGs, there must be a strengthening of human, technical and financial capacities in developing countries to mainstream environmental issues in national decision-making, particularly through the Resident Coordinator.

33. The increase in the incidence and severity of natural disasters with environmental causes demonstrates the need to strengthen the links between environmental and humanitarian activities and between environmental and development activities. The UN system needs to incorporate more knowledge in its work on preparedness and risk reduction for natural disasters and for post-disaster recovery and reconstruction.

34. The UN institutions for the environment must be optimally organized and tooled, drawing on expertise in different parts of the UN system. Unless the UN adopts more comprehensive approaches, it will continue to fall short of its goals. The Panel is cognizant of the ongoing General Assembly Informal Consultative Process on international environmental governance and has interacted with the process. Our recommendations should give it greater impetus.

35. Fragmented institutional structures do not offer an operational framework to address global issues, including water and energy. Water is an essential element in the lives of people and societies, and the lack of access to water for basic needs inflicts hardship on more than 1 billion people. Similarly, energy is a main driver of development, but current systems of energy supply and use are not sustainable (more than 2 billion people in developing countries do not have access

to modern energy services). More than 20 UN organizations are engaged at some level in water and energy work, but there is little evidence of overall impact.

36. The inadequacy of the current system is the result of having outgrown its original design. Developing countries are unable to cope with the extensive reporting and participation requirements of the current multilateral environmental structure, which has depleted expertise and resources for implementation. A survey by the Panel revealed that the three Rio Conventions (biodiversity, climate, and desertification) have up to 230 meeting days annually. Add the figures for seven other major global environmental agreements (not including regional agreements) and that number rises to almost 400 days.

37. As environmental issues have become more clearly defined and interlinked, they have come to influence the work of practically every UN organizations, all competing for the same limited resources. The institutional complexity is further complicated by the substantial environment portfolios of the World Bank and regional development banks, which are not well coordinated with the rest of the UN system. In addition, the UN Environment Programme, the UN's principal environment organization—with its normative, scientific, analytical and coordinating mandate—is considered weak, under-funded and ineffective in its core functions.

38. Climate change, desertification, ecosystem decline, and dispersion of hazardous chemical substances have the potential to affect every part of the globe and require clear and forceful responses by the UN System. Cooperation should be close among the UN Environment Programme, UN Development Programme, World Meteorological Organization, Global Environment Facility and the World Bank for building scientific and technical capacity, managing investment and infrastructure components, supporting adaptation measures and facilitating an effective integration of global environmental concerns into the development policy frameworks at the country level. The Global Environment Facility, the specialized funding instrument to help developing countries undertake projects and programmes that protect the global environment, has been replenished in 2006—but will require a significant future increase in resources to address future challenges. Its policy requirements and operational procedures need to be made much more simple and compatible with the development framework at the country level.

39. It is the judgment of the Panel that the international community must transcend differences and move forward. Economic growth, social justice and environmental care, advance best when they advance together. It is in our shared interest to have institutions that enable us to collectively respond to the threats of environmental degradation that challenge us all. To deliver on the internationally agreed goals and commitments, the UN will require stronger leadership and greater capacity for environmental activities. In this regard, cooperation and partnerships with civil society organizations, including the private sector, are essential.

Recommendation: International environmental governance should be strengthened and more coherent in order to improve effectiveness and targeted action of environmental activities in the UN system. It should be strengthened by upgrading UNEP with a renewed mandate and improved funding.

Recommendation: An upgraded UNEP should have real authority as the “environment policy pillar” of the UN system, backed by normative and analytical capacity and with broad responsibility to review progress towards improving the

global environment. UNEP should provide substantive leadership and guidance on environmental issues.

- UNEP's technical and scientific capacity should be strengthened as the environmental early-warning mechanism of the international community and for monitoring, assessing and reporting on the state of the global environment. This can be achieved through a system of networking and drawing on the work of existing bodies, including academic institutions and centres of excellence and the scientific competence of relevant specialized agencies and scientific subsidiary bodies of multilateral environmental agreements.
- Capacity should be built to promote the implementation of international commitments. The Bali Strategic Plan for Technology Support and Capacity Building should be strategically implemented to provide cutting-edge expertise and knowledge resources for the sustained expansion of capacity at the country level. Where necessary, UNEP should participate in UN country teams through the Resident Coordinator system, as part of the One UN at country level.
- UNEP should take the lead in assisting countries in the two-step process of quantifying environmental costs and benefits and incorporating them into mainstream policymaking, in cooperation with UNDP and the UN Department of Economic and Social Affairs.

Recommendation: UN agencies, programmes and funds with responsibilities in the area of the environment should cooperate more effectively on a thematic basis and through partnerships with a dedicated agency at the centre (such as air and water pollution, forests, water scarcity, access to energy, and renewable energy). This would be based on a combined effort towards agreed common activities and policy objectives to eliminate duplication and focus on results.

- Greater coordination at headquarters should promote coherence at country level, and greater coordination efforts at the country level should promote coherence at the international level. There is a need to strengthen UNEP's coordination of system-wide environmental policies in order to improve cohesion and consistency. In this regard, the Environmental Management Group should be given a clearer mandate and be better utilized. It should be linked with the broader framework of sustainable development coordination.

Recommendation: Efficiencies and substantive coordination should be pursued by diverse treaty bodies to support effective implementation of major multilateral environmental agreements. Such coordination is being pursued by the Basel, Rotterdam and Stockholm convention secretariats (pending decisions of their respective Conferences of the Parties).

- Stronger efforts should be made to reduce costs and reporting burdens and to streamline implementation. National reporting requirements for related multilateral environmental agreements should be consolidated into one comprehensive annual report, to ease the burden on countries and improve coherence.
- Countries should consider integrating implementation needs of multilateral environmental agreements into their national sustainable development strategies, as part of the One Country Programme.

- Governing bodies of multilateral environmental agreements should promote administrative efficiencies, reducing the frequency and duration of meetings, moving to joint administrative functions, convening back-to-back or joint meetings of bureaux of related conventions, rationalising knowledge management and developing a consistent methodological approach to enable measurement of enforcement and compliance.

Recommendation: The Global Environment Facility should be strengthened as the major financial mechanism for the global environment. Its contribution in assisting developing countries in implementing the conventions and in building their capacities should be clarified, in conjunction with its implementing and executing agencies. A significant increase in resources will be required to address future challenges effectively.

Recommendation: The Secretary-General should commission an independent and authoritative assessment of the current UN system of international environmental governance. To be completed as soon as possible and taking previous work into account, the assessment would review global needs as well as the specific roles and mandates of UNEP and other UN agencies and multilateral environmental agreements. It would provide the basis for further reforms toward improving system-wide coherence, effectiveness and targeted action. It should be complementary to the General Assembly Informal Consultative Process on the Institutional Framework for the UN's Environmental Activities, which should continue its work and provide guidance on the subject. The assessment should include an analysis of proposals to upgrade UNEP from among a range of organizational models.

4. Cross-cutting issues: Sustainable development, gender equality and human rights

40. In promoting sustainable development, gender equality and human rights, the UN has strong mandates and member states have committed themselves to achieving ambitious goals. The Panel recommends that cross-cutting issues must be an integral part of the UN's activities, particularly when delivering as One UN at the country level.

Sustainable development

The status of sustainable development should be elevated within the UN institutional architecture and in country activities. The UN system must strive for greater integration, efficiency and coordination of the economic, social and environmental dimensions of sustainable development. At the operational level, the Panel supports a strong partnership between UNEP (normative) and UNDP (operational) and a sharper focus on environment by the Resident Coordinator system as part of the One UN at the country level. The Panel calls for the Economic and Social Council to establish a sustainable development segment—and for continuing reform of the Commission on Sustainable Development that truly leads to integrated decision-making on economic, social and environmental issues.

41. The visionary blueprint for sustainable development, outlined in Agenda 21 and adopted at the 1992 UN Conference on Environment and Development, is underway but has yet to be realized. Even though the General Assembly adopted sustainable development as part of the overarching

framework of UN activities, the international community is still falling short in implementation and needs to improve the institutional framework for sustainable development.

42. This was clearly acknowledged by world leaders in 2002 at the World Summit on Sustainable Development. They stressed the need for greater integration, efficiency and coordination of the economic, social and environmental dimensions of sustainable development. Governments also agreed that strengthening the international institutional framework for sustainable development is evolutionary. The international community needs to keep relevant arrangements under constant review, identifying gaps and eliminating duplication.

43. Member states and international institutions continue to treat poverty, human health and environmental degradation as standalone threats. The UN system should assist countries in their integration, tackling the challenges of sustainable development across different sectors and issues.

44. The Commission on Sustainable Development was envisaged as a high-level forum that would bring economic and environmental decision-makers together and provide an opportunity for frank dialogue, deliberation and problem-solving. The Panel believes that the Commission has proved successful as a model for incorporating stakeholders and as a forum to interact and exchange ideas. It has been far less effective in ensuring that the promise of integrating environment and development is fulfilled. The Commission's mandate has been broadened considerably to include sectoral assessments of natural resources. Focusing on environmental issues alone, the Commission has contributed to overlaps and often unclear divisions of labour.

45. The Panel's recommendations for development, humanitarian assistance, environment and gender equality and human rights should be viewed in the context of sustainable development. The recommendations here deal more with elevating the status of sustainable development in the UN institutional architecture and in country activities—and with achieving the needed balance among the three pillars (economic, social and environmental) of sustainable development.

Recommendation: A stronger partnership between UNEP (normative) and UNDP (operational) should build on their complementarities. They should:

- Integrate environment in country-owned development strategies through the Resident Coordinator system.
- Strengthen the analytical and technical capacities of national institutions.
- Work with countries in implementing multilateral environmental agreements.
- Contribute the environmental perspective in disaster preparedness and post-disaster recovery and reconstruction.
- Implement the strategic approach agreed to in the Bali Strategic Plan for Technology Support and Capacity-building. This requires environmental expertise from UNEP in UN country teams.

Recommendation: Sustainable development should be mainstreamed into the work of the UN's Economic and Social Council. This would be done through substantive consideration of reports emanating from subsidiary bodies, UNEP's Global Ministerial Environment Forum and other relevant intergovernmental bodies, including the UN Sustainable Development Board (see chapter III.1).

- A “sustainable development” segment should be instituted in the UN’s Economic and Social Council. It would: (i) help promote a balance between the three pillars of sustainable development; (ii) focus on sustainability issues arising from the Economic and Social Council’s functional commissions and feed conclusions back to those commissions; and (iii) coordinate recommendations to UN system organizations and their governing bodies.
- The reform of the Commission on Sustainable Development following the 2002 World Summit on Sustainable Development should be further pursued by focusing on implementation, including approaches for integrating environmental and social concerns into economic planning, and for identifying and sharing best practices.

Gender equality and women’s empowerment

Gender equality is central to sustainable development that responds to the needs, rights, aspirations and talents of half the world’s people. The Panel believes that the UN needs to replace several current weak structures with a dynamic UN entity focused on gender equality and women’s empowerment. This entity should mobilize forces of change at the global level and inspire enhanced results at the country level. The promotion of gender equality must remain the mandate of all UN entities.

46. Within the UN framework the international community has made strong commitments over the past six decades to gender equality and women’s empowerment. It has entrusted the UN with an enormously important mandate in this area. The Secretary-General called on us to include in our work an assessment of how gender equality could be better and more fully addressed by the United Nations, particularly – where it matters most – in the organization’s operational activities on the ground.

47. We have listened carefully to governments in programme and donor countries, to civil society representatives, and to UN staff in headquarters, regional and country offices. The message is clear: While the UN remains a key actor in supporting countries to achieve gender equality and women’s empowerment, there is a strong sense that the UN system’s contribution has been incoherent, under-resourced and fragmented.

48. We believe that the importance of achieving gender equality cannot be overstated. For both reasons of human rights and development effectiveness, the UN needs to pursue these objectives far more vigorously. While there are inspiring examples of UN initiatives that have helped to change women’s lives, these have unfortunately remained isolated “best practices”.

49. We propose a new way forward based on fundamentals that we believe need to constitute the guiding principles of any efforts to strengthen the UN’s performance on gender equality and women’s empowerment:

- The UN needs a much stronger voice on women’s issues to ensure that gender equality and women’s empowerment are taken seriously throughout the UN system and to ensure that the UN works more effectively with governments and civil society in this mission. We believe that a gender entity—based on the principles of coherence and consolidation—is required to advance this key UN agenda.

- But it is also our strong belief that the commitment to gender equality is and should remain the mandate of the entire UN system. Responsibility and accountability for the integration of gender equality concerns cannot be held by one UN agency or entity alone, regardless of its size and influence.
- And finally, in our recommendations, we seek to combine greater visibility for gender issues at the centre with enhanced results on the ground, where the UN’s performance will be assessed.

Recommendation: The Panel recommends strengthening the coherence and impact of the UN’s institutional gender architecture by streamlining and consolidating three of the UN’s existing gender institutions as a consolidated UN gender equality and women’s empowerment programme.

Box 2: Mandate and structure of the consolidated gender entity

Governance

The gender entity would consolidate three of the UN’s existing entities under two organizational divisions. The “normative, analytical and monitoring” division would subsume the Office of the Special Advisor on Gender Issues and the Advancement of Women (OSAGI) and the Division for the Advancement of Women. The “policy advisory and programming” division would subsume the current activities of the UN Development Fund for Women (UNIFEM). The UN Office of Human Resources Management would take over the human resource functions, currently performed by OSAGI, aimed at improving the status of women in the Secretariat and the UN system.

The Executive Director of the consolidated entity should have the rank of Under-Secretary-General, consistent with that of other heads of agency, to guarantee organizational stature and influence in UN system-wide decision making. The position should be recruited through a meritocratic competition demonstrably open to those outside the UN and an open and transparent global search process.

The Executive Director would act as the chief adviser to the Secretary-General on gender equality and women’s empowerment issues. The Executive Director would report to the Economic and Social Council and General Assembly (through the Secretary-General), and to the UNDP/UNFPA Executive Board (which would be renamed to reflect the entity’s name). To reduce costs and increase effectiveness, the entity would share common services at UN headquarters and field level, in particular with UNDP, where available.

The gender entity would be a full member of the Chief Executives Board (CEB) and proposed UN Development Policy and Operations Group (see chapter III.1).

Mandate

The gender entity would be entrusted with a dual mandate combining normative, analytical and monitoring functions with policy advisory and targeted programming functions. Where necessary, UN country teams would include senior gender expertise provided by the gender entity.

The entity’s mandate under the normative, analytical and monitoring division would include:

- Facilitating and advising on system-wide policies for gender equality and women’s empowerment.
- Undertaking global advocacy efforts on issues critical to women’s empowerment and gender equality, including the publication of flagship reports.
- Monitoring and evaluating, on behalf of the Secretary-General, the integration of gender equality objectives across the UN system, including the funds, programmes, secretariat departments and specialized agencies.
- Supporting the integration of gender equality and women’s empowerment concerns in intergovernmental bodies for development, humanitarian assistance, environment, human rights, peace-keeping and peace-building.
- Providing substantive and technical servicing to the Commission on the Status of Women.

The Panel believes that the gender entity should have sharply focused operations on gender equality and women's empowerment issues, equipped with high-quality technical and substantive expertise, to provide leadership in regions and countries. Under the policy advisory and programming division, the entity's mandate would include:

- Providing policy advice and guidance to UN Country and Regional Teams to ensure that gender equality concerns are mainstreamed in the support provided to nationally-led poverty reduction and development plans.
- Undertaking regional and national advocacy to put issues critical to women's empowerment on the policy agenda.
- Facilitating innovation, sharing lessons and enabling institutional learning throughout the system.
- Supporting targeted and innovative activities, benefiting women in line with national and regional priorities and the objectives set out in the Beijing Platform for Action and UN Security Council Resolution 1325, on women and armed conflict.
- Strengthening and monitoring accountability across the Resident Coordinator system and assisting Resident Coordinators and UN country teams meet their responsibilities for gender mainstreaming.

The gender entity would continue to work closely with governments and civil society organizations, strengthening networks already established at global, national and local levels. The operations of the UN gender entity would be undertaken as part of the "One UN" in each country.

Funding

To be effective in this role, the gender entity needs adequate, stable and predictable funding. The work of the normative and analytical division should continue to be funded as it is now from the UN regular budget, supplemented by voluntary contributions. The policy advisory and programming division should be fully and ambitiously funded.

The Panel strongly believes that substantially increased funding for the gender entity should constitute only part of the UN's overall commitment to gender equality. Other UN entities need to dedicate significantly more resources to gender mainstreaming in all their work and decisions, particularly at the country level, and to monitor and report regularly on progress.

Human rights

The necessary international human rights agreements and institutions are now in place, but responsibilities need to be clarified within the UN system. The Office of the High Commissioner for Human Rights should lead the effort on protection and work with and through the Resident Coordinator and the UN country team to promote human rights, and strengthen the capacities of governments, relevant institutions, civil society and individuals.

50. We support the Secretary-General's contention that "we will not enjoy development without security, we will not enjoy security without development, and we will not enjoy either without respect for human rights." The responsibility to make this happen lies with countries, and the necessary human rights instruments and agreements are now in place. At the 2005 World Summit member states reaffirmed their commitment to address human rights through a new Human Rights Council—and gave unprecedented political backing for the further mainstreaming of human rights in the work of the United Nations. We remain deeply concerned, however, that the global implementation of human rights lags far behind its articulation.

51. The legitimacy of the UN to address human rights has been reaffirmed in our consultations, including support to national counterparts in their pursuit of international human rights commitments. Yet an assessment of the decade's worth of effort to mainstream human rights in all

areas of the UN's work shows limited progress, in part because of widespread misunderstanding about where responsibility lies for human rights promotion and protection.

Recommendation: Resident Coordinators and UN country teams should be held accountable and be better equipped to support countries in their efforts to protect and promote human rights. They should assist countries in implementing their human rights obligations and commitments as part of their national development strategies.

Recommendation: The Office of the UN High Commissioner for Human Rights, the centre of excellence on human rights, should provide dedicated support to the Resident Coordinator system. It should ensure appropriate linkages with and coordination between the Resident Coordinator system and the UN human rights special procedures and mechanisms. It should take the lead on human rights protection, including the provision of technical assistance at the request of countries to assist member states in fulfilling their existing human rights obligations and commitments.

Recommendation: All UN agencies and programmes must further support the development of policies, directives and guidelines to integrate human rights in all aspects of the UN's work. The UN Common Understanding on a Human Rights-based Approach to Programming and the UN-wide Action 2 Programme—developed and adopted by 21 heads of UN agencies, programmes and departments—should provide useful guidance in this.

III. GOVERNANCE, FUNDING AND MANAGEMENT

52. We have already recommended changes to the way the UN is managed at country level. A more coherent and better functioning UN would benefit developing countries. For these changes to be effective, they need to be supported by similar coherence of functions at the centre.

53. Substantial change is required in governance, management and funding arrangements to realize the vision of a more effective and coherent UN. Having examined the intergovernmental and organisational structures from this perspective, the Panel believes that achieving a more effective and coherent UN calls for consolidating some functions and strengthening others, as well as devising new modalities. This process should be designed to enhance the flexibility, responsiveness and coherence of the UN system. The principles underlying these proposals for reform of governance, funding and management are ownership, effectiveness, transparency and coherence.

54. The Panel believes that stronger and more effective mechanisms must be developed for governance and funding. These mechanisms must incorporate clear lines of accountability and robust oversight of performance and results. To deliver lasting change, they must be transparent, inclusive and decisive. We have therefore proposed the creation of bodies that have the power to take decisions. This process will involve significant changes for UN Agencies, developing countries and donors alike. UN Agencies need to work more closely and effectively with the rest of the UN system in the interests of a greater common good. Donors too, will need to change the way they fund the UN so that it is in line with the principles of multilateralism. These changes are essential if we are to be successful in the management and delivery of One UN.

1. Governance—Consolidating some functions, strengthening others

Effective governance is at the core of coherence. To enable the UN to “deliver as one” on global development challenges, and in particular to make the “One UN” at country level a reality for developing countries, the Panel proposes the following series of measures.

Inter-governmental level

- **To provide a high-level forum for strategic guidance on sustainable development policy and global public goods, a Global Leaders Forum should be established.**
- **A Sustainable Development Board should be established to provide operational oversight and supervision of the “One UN” at country-level. The Board would also take decisions on pooled voluntary funding for country programmes.**

Regional level

- **The important regional work of the UN must be streamlined by establishing regional hubs to support UN country teams and clarifying the roles of regional commissions**

Organizational level

- **The UN Chief Executives Board should improve its decision-making role on overall reform and effectively drive managerial reform**

- **The Development Policy and Operations Group should be the central coordinating mechanism for the UN’s work on development at the country level. It will bring policy and operational roles together and will be chaired by a Development Coordinator. The Group would comprise the major development organizations in the UN.**
- **A clear firewall and accountability framework should be established between a repositioned UNDP’s support to the Resident Coordinator system and its reduced operations role. This will allow the full ownership of the UN system in the Resident Coordinator System (see chapter II.1)**
- **A Development Finance and Performance Unit should support the Development Policy and Operations Group in providing information and analysis on UN system funding, expenditures and results.**

Streamlining and consolidation

55. The Panel has benefited from extensive consultations on the functioning of the UN system at country, regional and global levels. And it has concentrated on the key drivers and incentives required for coherence from a bottom-up approach. More detailed and specific proposals for further streamlining and consolidation to improve system-wide coherence require a more in-depth analysis than was feasible within the context of our work. The Panel believes that it is important to build on its work by further considering the removal of unnecessary duplication in the UN system and by ensuring the clear delineation of roles and mandates.

56. We do not however advocate a single UN entity because some individual agencies can best achieve their vital role in the provision of global public goods, advocacy, research, promoting best practice and global norms and standards by operating individually in their specific sectors.

Recommendation: The Panel recommends that the Secretary-General establish an independent task force to build on the foundation of its work. It would:

- Clearly delineate the roles of the UN and its funds, programmes and specialized agencies to ensure complementarity of mandates and to eliminate duplicated functions, making concrete recommendations for consolidating or merging UN entities where necessary. Such a process has the potential to lead to significant annual savings, possibly up to 20%, which should be redirected to supporting the One UN at country level.
- Review the assessed funding required by UN specialized agencies—to address the current imbalance between assessed and voluntary resources dedicated to the implementation of normative mandates. The review should determine whether the current policy of zero real growth can allow UN Agencies to deliver on global mandates.
- Review the functioning and continuing relevance of existing regional structures in addressing regional needs, taking into account the different needs of regions and the emergence of strong regional and sub-regional institutions. The review should also consider options for streamlining and consolidation.

Intergovernmental structures

Economic and Social Council

57. The General Assembly is the highest intergovernmental body for formulating policy on economic, social and related matters. The Economic and Social Council is the main body for coordination, policy review, policy dialogue and recommendations on economic and social development and for the review and follow-up of the internationally agreed development goals.

58. ECOSOC's mandate has been far greater than its exercise of it. Despite many attempts to strengthen its role, ECOSOC continues to lack effectiveness and influence. Its oversight of the funds and programmes remains perfunctory and is almost nonexistent for the specialized agencies. ECOSOC needs to improve its operational and coordination functions with regard to the entire system.

59. Much can be done to improve ECOSOC within its current mandate, but it will require new forms of functioning. Leaders at the 2005 World Summit took steps to enable ECOSOC to play an effective policy coordination role as envisaged in the UN Charter. The Panel believes that the vision for ECOSOC in the 2005 Summit should be faithfully implemented, and that ECOSOC should be further empowered through the involvement of member states in its work at the highest possible political level.

Recommendation: A Global Leaders Forum of the Economic and Social Council (L-27) should be established. The Forum would comprise the leaders of half its members, rotating on the basis of equitable geographic representation, with the participation of the executive heads of the major international economic and financial institutions. Its meetings could be preceded by a preparatory meeting of ministers of foreign affairs and economic, social and related ministries.

Box 3: Roles of the Global Leaders Forum

- Provide leadership and guidance to the international community on development and global public goods related issues.
- Develop a long-term strategic policy framework to secure consistency in the policy goals of the major international organizations.
- Promote consensus-building among governments on integrated solutions for global economic, social and environmental issues.

UN Sustainable Development Board

60. The Panel believes that a new governance mechanism is required to provide oversight for the One UN at the country level. Current board structures of the UN system provide only for individual funds, programmes and agencies to report separately to their respective boards for their country, regional and global work. There is a need to provide operational guidance and direction to the separate organizations for the coherence and effectiveness of the UN system at the country level. The Panel recommends the establishment of a UN Sustainable Development Board, reporting to the Economic and Social Council. It will be responsible for operational coherence and coordination, and system-wide implementation of policies, for allocations of voluntary funding and for performance of the One UN at the country level.

61. Individual boards should continue to consider issues that require particular agency focus, including those relating to multiyear funding frameworks that reflect the approved strategic focus of each agency. The Sustainable Development Board will review the consolidated One Country Programme, which will include components developed by individual organizations, reflecting the policies and directives of their respective boards.

Recommendation: A UN Sustainable Development Board should be established. Reporting to the Economic and Social Council, the Board would provide the decision-making and monitoring framework for implementation of One UN at the country level. The Board would be responsible for oversight of the implementation of the pilot programme to create unified UN country programmes.

Recommendation: Meetings of the UN Sustainable Development Board should supersede the joint meeting of the boards of UNDP/UNFPA/gender entity, WFP and UNICEF. After three years the effectiveness of the Board should be assessed. This assessment should include consideration of the scope for integrating the boards of UNDP/UNFPA and UNICEF as segments of the UN Sustainable Development Board, rather than maintaining them as standalone boards.

Milestone: Member states should agree on the composition and mandate of the UN Sustainable Development Board by September 2007, and the Board should convene its first session by June 2008. The new bodies necessary to support the Board (UN Development Policy and Operations Group, including the Development Finance and Performance Unit and the Independent Evaluation Unit) should have been established by June 2007. By 2010 an independent assessment of the Board's effectiveness should be commissioned.

Box 4: Role and mandate of the UN Sustainable Development Board

- **Endorse “One” Country Programmes and approve related allocations** of voluntary donor finance from the Millennium Development Goal funding mechanism (see box 6). Following an inclusive planning process by the UN country team, in line with the principle of country ownership, and approval of the programme by the country, the Sustainable Development Board will endorse unified country programmes and approve the allocation of voluntary funds. It would ensure agency alignment with jointly agreed UN priorities.
- **Maintain a strategic overview of the system** to drive coordination and joint planning between all Funds, Programmes and Agencies to monitor overlaps and gaps.
- **Review the implementation of global analytical and normative work of the UN in relation to the One UN at country level**, to progress towards the internationally agreed development goals and to provide strategic guidance on the policy and analytical work of UN sustainable development activities.
- **Oversee the management of the MDG funding mechanism**, which will coordinate donor resources and consolidate allocations. The Board's decisions, particularly on allocations, will be informed by strategic policy and operational advice provided by the UN Development Policy and Operations Group, under the leadership of the Development Coordinator. To fulfil this role the Group requires an internal Development Finance and Performance Unit to manage voluntary donor finance and monitor system-wide performance (see chapter III. 2.)

- **Review the performance of the UN Resident Coordinator system**, taking all necessary steps to strengthen coherence and delivery. This will include monitoring the implementation and delivery of efficiencies, results-based management and the harmonisation of business practices. It will also cover the provision of common services to all funds, programmes and specialised agencies in the field.
- **Consider and comment on the implementation of the strategic plans of funds, programmes and specialized agencies** with a role in delivering the MDGs, the other internationally agreed goals and normative activities relating to sustainable development, particularly in the context of the One Country Programme. The board would assess and strengthen system-wide operational and normative coherence, performance and effectiveness of UN system-wide sustainable development activities. There should be additional discretionary funding available to the Board to provide incentives for good performance of Headquarters of Funds, Programmes and Specialized Agencies and to fund programmatic gaps and priorities.
- **Commission periodic strategic reviews of One Country Programmes.** The Board will ensure that the One Country Programmes are aligned with national development plans, have full country ownership established through inclusive consultative processes and are focused on internationally agreed development goals. Strategic reviews will be prepared for the Board's consideration under the direction of the UN Development Coordinator. The Board should provide clear guidance and directions to relevant stakeholders to implement the recommendations of such reviews.
- **Consider and act on independent evaluation, risk management and audit findings**, submitted by the new Independent Evaluation Unit, established by the Secretary-General and reporting to the Board. This Unit will strengthen evaluation across the development system and provide timely, independent performance information to improve the system and its processes (see chapter III.3).

Membership and reporting

The Economic and Social Council should establish the Board and determine membership in line with experience gained from the composition of the executive boards of the funds, programmes and specialized agencies. The Board will comprise a subset of member states on the basis of equitable geographic representation. Senior staff from development, planning, finance and foreign ministries, with the appropriate skills and competencies, should represent member states. The Board should convene at ministerial level when required. It should enable major non-UN inter-governmental organizations with a key role in the international development architecture to fully participate in its meetings. The Board's decisions should be communicated to all relevant UN intergovernmental bodies. Executive heads of UN agencies, or their deputies, with significant operational and normative programmes should take part as ex-officio members. When allocating funding for a One Country Programme, a high-level representative from that country should be invited. The Board should invite independent experts, senior officials of the Bretton Woods Institutions and NGOs to participate in discussions and to inform the Board's decision-making, when necessary.

Organisational structures

62. A more coherent development system would unify and integrate the UN's global analytical and normative work, with regional perspectives and country level interventions, and maximize synergies between them. It would create a mechanism to deploy the UN's multidimensional perspectives in support of policy advice and technical services to all countries. This would help the UN to secure its place as a unique, credible and complementary partner in the international development architecture. Through consolidation, priority-setting and the elimination of duplication, a reconfigured development system will improve performance and increase cost effectiveness. It will significantly increase managerial accountability and effectiveness without creating a large centralized bureaucracy. And at the country level, it would provide the framework for One UN.

UN Chief Executives Board

63. The UN Chief Executives Board, established in 2000, has led to some improvement in interagency coordination. The High-level Committees on Programmes and Management have developed more coherent approaches to system-wide themes and coordinated approaches to reform business processes. But the Board's potential has been underexploited, its decision-making role underused. An effective results-oriented Chief Executives Board as a counterpart to a better functioning Economic and Social Council would enhance coherence throughout the system.

Recommendation: The CEB should review its functions, in the light of experience gained since its establishment five years ago, with a view to improving its performance and accountability for system-wide coherence.

UN Development Policy and Operations Group

64. The Panel believes that a UN Development Policy and Operations Group should be established for organisational coherence, within the Chief Executives Board framework, to unify and integrate the UN's global analytical and normative work with regional perspectives and country operations. The Group would provide vision to bring together economic, social and environmental policies and activities into an integrated whole. It would subsume the current UN Development Group and Executive Committee of Economic and Social Affairs. It would be served by a secretariat comprising talented officials from all parts of the UN system.

65. The Panel proposes that the Secretary-General appoint the UNDP Administrator as the UN Development Coordinator to chair the Development Policy and Operations Group. The Panel also proposes that the Development Policy and Operations Group should comprise the executive heads of UN funds, programmes, regional commissions, specialised agencies and the UN Secretariat. The Panel proposes that the Chair of the Group would be supported by the head of the UN Department of Economic and Social Affairs, acting in the capacity of UN chief economist, and an executive head of a UN specialized agency with a significant operational portfolio, serving on a rotating basis. An Executive Committee consisting of the heads of UN funds, programmes and specialised agencies with significant portfolios and those with major cross-cutting mandates would be formed, including the Head of the Department of Economic and Social Affairs. The Development Coordinator would report and be accountable to the Sustainable Development Board.

Recommendation: The Secretary-General should appoint the UNDP Administrator as the Development Coordinator to chair the Development Policy and Operations Group that would support One UN at the country level.

The Development Coordinator would report and be accountable to the UN Sustainable Development Board on the implementation of the One UN. A Development Finance and Performance Review Unit should be established to support the UN Development Policy and Operations Group.

Box 5: The Role of the Development Policy and Operations Group

- Provide an inclusive forum for strategic decision-making, improve the effectiveness of the UN's operational activities at the country level, build system-wide ownership of the Resident Coordinator system and enable member agencies to work collectively and deliver as One UN at the country level.

- Provide a framework to link normative, analytical and technical expertise to support nationally owned and led development programmes.
- Provide knowledge networking, sharing best practices and technical expertise to support regional and sub-regional programming.
- Create an incentive system for coherence, efficiency, cost-effectiveness and networking in deploying UN resources.
- Support the Development Coordinator in reporting to the UN Sustainable Development Board.

The Development Finance and Performance Review Unit, under the Development Policy and Operations Group, would

- Act as a co-ordinating clearing house and database of all UN funding sources and spending to assist the UN Sustainable Development Board with strategic financial planning and allocations.
- Provide advice to the Board on country and regional financial allocations and allocations for global policy work.
- Provide advice to the Board on setting and delivering efficiency measures to maximise investment in programming, based on internal country and regional performance reports and audits.
- Provide a common internal audit system for all UN sustainable development activities.
- Provide an annual performance and financial report on all UN sustainable development activities.

Regional structures and coordination

66. The regional economic commissions were established to promote economic and social development in their regions. And UN funds, programmes and agencies have developed regional mechanisms to provide technical and management support to their country offices. The result: a broad regional presence for the UN, providing a vast potential of assets and expertise, but increasing duplication, fragmentation and incoherence.

67. Over time, certain regional commissions have continued to meet regional needs while others have lost focus in applying their comparative strength in conducting regional analysis, developing policy frameworks and norms and supporting regional integration efforts and activities—instead devoting attention to operational activities at the country level. Strong institutional arrangements are now needed to ensure complementarities and build a genuine culture of cooperation among all UN organizations active in each region, as well as between the UN and non-UN regional entities.

Recommendation: UN entities at the regional level should be reconfigured and the UN regional setting should be reorganized around two inter-related sets of functions:

- Focusing on analytical and normative work, as well as activities of a trans-boundary nature. The regional commissions would act as a catalyst for these functions, using, *inter alia*, their convening power at both the intergovernmental and secretariat levels.
- Focusing on coordinating the servicing of the UN country teams. Being responsible for managing the Resident Coordinator system, UNDP would act as the catalyst for these functions.

Recommendation: Regional offices of UN entities should be co-located and the definition of regions among all UN entities should be standardised to ensure consistency and coherence in the work of the UN at the regional level.

Coherence at the national level

68. Global development issues are interconnected, but in national governments, responsibilities usually fall within separate line ministries (for trade, aid, debt, agriculture, environment, labour employment, health and education). As the global economy becomes more integrated, so will the linkages among these issues. Without coherent policy and leadership within national governments, disparate policies and fragmented implementation will undermine the effectiveness of multilateral organizations. Greater coherence within governmental structures, particularly for donors, can ensure coherence of policy development and implementation, both bilaterally and through multilateral institutions.

69. National governments must also do more to ensure coherence and exercise good donorship in accordance with the mutual obligations of donors and recipients as set out in the Monterrey Consensus and the Paris Declaration on Aid Effectiveness. Needed is a candid international examination of the developed countries' policy choices and the fulfilment of their commitments, including that by the OECD Development Assistance Committee.

Recommendation: At national level, governments should establish an "all-of-government" approach to international development to ensure coordination in the positions taken by their representatives in the decision-making structures of all relevant organizations, including the Bretton Woods Institutions and the World Trade Organization. Pursuing consistent policies in the different settings can ensure that all relevant governing bodies effectively promote system-wide coherence to achieve internationally agreed goals.

Recommendation: The UN should establish benchmarks by 2008 to ensure the implementation of principles of good multilateral donorship, so that the funding provided at headquarters and at the country level do not undermine the coherence of development efforts and funding of the UN development system.

Relations with the World Bank and IMF

70. System-wide coherence at the United Nations cannot be discussed in a vacuum. It needs to be placed in a broader contextual framework of a dynamic international setting in which there are a large number of other relevant international actors and efforts. Today's consensus on the international development agenda is a result of the internationally agreed development goals and of platforms for their implementation through nationally owned development strategies and support by the donor community. This adds to the need for credible engagement of the UN with other development actors, since the success of this common agenda can be realized only through coherence in implementation.

71. Given the UN's universality and the complementary role of the UN and the Bretton Woods institutions in economic, social and related fields, there is an urgent need for a more credible and meaningful engagement between the UN system and the international financial institutions. This is needed to secure policy consistency and enable countries to achieve their development objectives.

The UN and the Bretton Woods Institutions were established with the intention that they would work together in a complementary way. Over time both the Bank and the UN institutions have gradually expanded their roles so that there is increasing overlap and duplication in their work. There is a balance to be struck between healthy competition and inefficient overlap and unfilled gaps.

The BWIs and the UN need to work more closely together to remove unnecessary duplication, and to build on their respective strengths.

Recommendation: As a matter of urgency that the Secretary General, the President of the World Bank and the Executive Director of the International Monetary Fund set up a process to review, update and conclude formal agreements on their respective roles and relations at the global and country level. These reviews must be periodically updated as well as assessed. This process should be undertaken on the basis of the enhanced performance, strengthened delivery and more influential role that the UN will have if our reforms are implemented.

- *Global level.* The participation of the Bretton Woods Institutions in the annual spring meetings of Economic and Social Council, and the biennial High Level Dialogue of the General Assembly, should be more substantive. The focus should be on areas of common interest and on concrete measures to promote policy consistency to achieve the internationally agreed development goals. The UN's status and participation in the Development Committee should be enhanced. Joint research and staff exchanges and peer reviews should become regular. The sharing of information and opinions on draft reports and strategic documents should be improved.
- *Country level.* The UN, the World Bank and the IMF should cooperate closely in supporting countries on their national development strategies, including Poverty Reduction Strategies and MDG Strategies. Common frameworks to collect data and measure results should be developed. The World Bank and the UN should work jointly on needs assessments, with full national ownership. The UN's skills and legitimacy in capacity building should be fully used.
- *Post-conflict transition.* The UN and the World Bank should clarify the terms of collaboration in post-conflict situations and institutionalize a dialogue with clear counterparts on both sides. The UN should take the lead in the political and governance aspects of post-conflict issues, including deteriorating governance, and on electoral issues, as well as in supporting and funding early recovery when the capacity and processes are not in place yet to have a regular development process. The World Bank should be involved early in these processes and can assist in setting up multi-donor trust funds and more regular funding based on nationally owned recovery and development strategies.

Recommendation: To review cooperation within the international development structure, and to ensure policy consistency and coordination, an annual meeting should be chaired by the Secretary-General, with the participation of the President of the World Bank, the Managing Director of the IMF, the UN Development Coordinator and relevant heads of agencies, funds and programmes, including the Directors General of the World Health

Organization, Food and Agriculture Organization, International Labour Organization, UN Educational, Scientific and Cultural Organization, and others depending on the issue under discussion.

Engaging civil society organizations and the private sector

72. Progress towards the internationally agreed development goals has improved through the active engagement of the UN with different actors at various levels, including partnerships with governments, civil society and the private sector.

73. Civil society organizations can drive the UN's development agenda forward. They are indispensable partners in delivering services to the poor, and they can catalyse action within countries, mobilize broad-based movements and hold leaders accountable for their commitments. In crisis, post-conflict and post-disaster countries, national and international NGOs are vital implementing partners—without them, UN humanitarian assistance could not be delivered.

74. The private sector has a vital role in generating new investments, creating full and productive employment, contributing to financing for development and managing natural resources and the environment. Coalitions of private foundations and public-private alliances have emerged as some of the more dynamic means of transferring financial and technical resources to realize sustainable development goals. They are also important platforms to promote corporate social responsibility and accountability.

75. While governments remain the primary interlocutors for country-level engagement with the United Nations, civil society and private sector inputs into the preparation of the One Country Programme are important to ensure full national ownership and relevance. UN country teams should work with governments to support an enabling environment for productive employment and enterprise development, and to encourage knowledge development, partnerships, corporate social responsibility, skills transfer and public-private networking across regions.

76. While the relationship between the UN and civil society is as old as the Charter, the UN's cooperation with civil society organizations and the private sector needs to be systematized and upgraded to enable these partnerships to contribute more effectively to the implementation of internationally agreed development goals.

Recommendation: The capacity of the Resident Coordinator's office to advocate, promote and broker partnerships between government and relevant civil society organizations and the private sector should be enhanced to build stakeholder consensus and realize country-specific goals as embodied in the national development plans.

2. Funding the UN system for results

For coherent action to help achieve the MDGs and other internationally agreed development goals, the UN needs sustained funding for the One Country Programme, as well as secure core funding for UN entities that have a demonstrable commitment to reform. Donors

should increasingly pool their contributions at country or headquarters level, based on the UN's performance in pilot cases.

77. For development at country level, the role of the UN is not that of a major financial resource provider, but that of convener, policy advisor, commodity provider and capacity builder. Exceptions are post-conflict situations, where the UN plays a major role, often with trust fund resources. The total Official Development Assistance channelled through the UN annually is approximately US\$10 billion.

78. To make the One Country Programme a success and to tackle global challenges, UN funding practices and mechanisms need urgent review. Current practices for funding the UN are fragmented and unpredictable. They constrain the UN and recipient countries from making strategic choices for the use of funds and in contributing to the MDGs and other internationally agreed goals. The Development Coordinator should convene a meeting of DPOG with major donors to discuss and elaborate the practical changes required in donor practices to fund the One Country Programmes.

79. There is too much earmarked funding and too little funding for the core budget of UN organizations. Moreover, funding is unpredictable, and burden-sharing procedures are unclear. So UN organizations are only to some extent masters of their own budgets, with donor priorities rather than multilateral mandates determining some of their actions. Even in specialized agencies, assessed contributions have not increased for years, leaving them to rely on voluntary funding for core activities.

80. Current funding practices also lead to competition and fragmentation, often with relatively small budgets per agency at the country level, while the common programme is left with insufficient resources. A review of 10 UN country teams found on average that only 40% of their resources are mobilized through core resources. UN Organizations have to put considerable effort into fund raising. Some argue that the Resident Coordinator system should be funded through assessed contributions, in line with an agreed contributions scale, which is how the UN Secretariat, peace-keeping operations and core specialized agency budgets are funded.

81. Sustained and consolidated funding is the key to reversing the fragmentation of the UN system. More secure funding has to go hand in hand with better performance, oversight, accountability, efficiency and results. That is why the Panel devoted considerable attention to governance and management and recommends steps to resolve them, based on the following principles:

- UN organisations that have a demonstrable commitment to reform, effectiveness and working together need sufficient sustained core funding—or, where applicable, assessed funding—to fulfil their missions. There should also be sufficient funding for supporting and strengthening the Resident Coordinator system.
- There should be one budgetary framework for the One Country Programme, reflecting all contributions. Donors should increasingly pool their contributions at country or headquarters level, based on the UN's performance in pilot cases. They should increasingly refrain from funding country-level interventions by the UN system outside the One Country Programme.

- While pursuing greater coherence, diversity has brought the UN system many resource mobilization opportunities and successful brands, allowing both donors and recipient countries a degree of choice. Some diversity in the system is thus to be welcomed.

Recommendation: Funding for the One Country Programmes should be predictable and multi-year. The five One Country Programme pilots should be funded by pooled country-level funding. Subject to continuous positive assessment, demonstrated effectiveness and proven results, they should be expanded to 20 One Country Programmes by 2009, 40 by 2010 and all other appropriate country programmes by 2012. Following the five pilots, the One Country Programmes will also be funded by voluntary contributions to a consolidated funding mechanism, the MDG Funding Mechanism (see box 6).

Recommendation: There should be full core funding for individual UN organisations committed to reform.

- There should be full core funding for individual funds and programmes demonstrably committed to reform, effectiveness and working together, through strengthened and improved multiyear funding frameworks, with strategic priorities, related funding priorities and robust indicators. By 2008 funds and programmes should align their multi-year funding cycles to facilitate strategic coordination.
- There should also be a review of assessed funding of the specialized agencies, to enable them to continue their essential work on global norms and standards and assess whether the current policies of zero real growth is adequate.
- The strengthened Resident Coordinator system should be fully funded. Resources earmarked for supporting the Resident Coordinator system should continue to be managed separately from UNDP programme resources.

Box 6: Funding the UN system for results

Full Funding for the One Country Programme

At country-level, contributions to the One Country Programme should be consolidated within a single budgetary framework, which would not constitute a legal constraint on the spending authority of funds, programmes and specialized agencies. The one budgetary framework brings together all contributions to the One Country Programme. To fund the One Country Programme through this single budgetary framework, the Panel recommends the following funding sources:

- The five pilots of the One Country Programme should be funded by pooling funding in the country. For donor contributions to each pilot, a country-level MDG Strategy Support Fund should be established, to be administered by the Resident Coordinator, in line with national priorities. In principle, funding from all sources for the One Country Programme should flow through these country funds. Donors would be strongly encouraged to contribute through these funds.
- An MDG Funding Mechanism should be established following the five pilots. This voluntary mechanism would coordinate overall resource flows enabling global oversight of funding available for contributions to the One Country Programme. The mechanism should be governed by the Sustainable Development Board under the supervision of the Development Coordinator. Donors are strongly encouraged to make funds available to this mechanism at the central or country level. UN organizations could also contribute core funding for the One Country Programme within the framework of this mechanism.

Recommendation: The UN should drive reform by channeling reform savings back into the system through mechanisms, such as an Empowerment Fund.

This Fund would demonstrate to the world's poorest citizens, communities and

local entrepreneurs that UN savings will be invested directly in their empowerment. It would be financed with minimal overhead through efficiency cost savings resulting from reforming, consolidating and streamlining UN functions and organizations, as recommended by the Task Force to be established by the UN Secretary-General (see chapter III.4). This Fund could redirect savings from efficiency reforms back to country-level strategies (One Country Programme) with a special emphasis on helping countries achieve the MDGs.

3. Reforming UN system business practices—building institutions of public trust

Business practices for resource planning, human resources, common services and evaluation must achieve full compatibility as major drivers of coherence in the UN system. There should be greater opportunities for staff mobility and a system-wide agreement on results-based management as well as an independent UN system-wide evaluation mechanism and common evaluation methodologies and benchmarking. The UN must systematically examine opportunities and possibilities for joint services.

82. The business practices, processes and culture of the UN system have evolved in an incremental and ad hoc manner over 60 years, in response to specific situations and agency needs. This has widened the disconnect between organizations of the system, contributed to inefficiency and hindered the development of a common management culture that is accountable and results-oriented. To boost public trust, the UN needs to demonstrate more transparency and accountability.

83. There is no central management authority in the UN to implement common rules and practices. So individual organizations pursue various initiatives, without incentives to harmonize for the benefit of the UN system as a whole. Without explicit commitment from organizational leaders, common services cannot work. We believe the time has come to establish a process leading to a common framework for business practices in the UN. This will transform the way the UN works, build a culture of collaboration, improve the system's effectiveness in achieving organization-wide programmatic results and lead to significant savings. Harmonized business practices will enhance the UN system's capacity to deliver the One Country Programmes. Savings from efficiency gains will be redirected to these programmes.

84. Harmonizing systems in itself does not achieve coherence. Needed first is an agreement on standards, to ensure that value is added in pursuing change. Using internationally recognized standards would facilitate the simplification and harmonization of business practices within the UN system.

85. Public trust will be reinforced through measurable results. Evaluations throughout the system use different measurement criteria which are often too narrowly defined by quantifiable terms, rather than by measurements of longer term impact.

86. Attracting and retaining the most qualified staff for an effective and independent civil service is not possible with a human resource system based on different performance evaluation systems, entitlements and contracts. To encourage mobility and cross-fertilization and to prepare staff for positions of greater responsibility, the system's appraisals must be based on performance, not

seniority. A competitive and incentive based system is required. The International Civil Service Commission has become a politicized body that represents the interests of member states, rather than operational priorities. It is too slow and needs substantial change.

87. Current governance mechanisms need to be modernized. Without an overarching management system to drive change, there can be no management control and little progress towards coherence. For the Chief Executives Board to work more effectively, the UN agencies must first commit to the need for its revised terms of reference.

Recommendation: The Chief Executives Board, chaired by the Secretary-General, should lead efforts to improve management efficiency, transparency and accountability of the UN system. It should be used more effectively in its principal role as a high-level decision-making forum in the UN system on substantive and management issues. Chief Executives Board reporting and transparency to intergovernmental structures should be improved.

Recommendation: The business practices of the UN system should be harmonized:

- International Public Sector Accounting Standards, which will be implemented across the entire UN system by 2010, must provide an important basis for simplifying and harmonizing business practices.
- To break down barriers to programmatic and administrative collaboration, enterprise resource planning standards, and data warehouses for reporting, should be harmonized across the system by 2010. Entities currently selecting enterprise resource planning systems (including the UN secretariat) should base their selection on data sharing compatibility and interconnectivity.
- Improvements in results-based management, results-based budgeting, evaluation and other measures to increase transparency and accountability should be in place by 2008. This should include harmonizing the principles, terms and methods of result-based management and the audit procedures across the UN system.
- A system-wide security management system based on common policies, standards and operating procedures should be established at the country-level, particularly for humanitarian affairs.

Recommendation: Evaluation mechanisms should be established for transparency and accountability. A UN system-wide independent evaluation mechanism should be established by 2008, and taking into account the evolving role of OIOS, to monitor how system-wide goals are being delivered. A separate system to enable peer reviews across organizations should also be developed. A common evaluation methodology should be applied across the UN system by 2010 to permit benchmarking and inter-agency comparisons and facilitate exchanges of best practices. Standardized information and data related to UN activities, programme delivery, budgets, staffing and cost-effectiveness should be transparent and publicly available. Harmonizing systems and methodologies will provide member states with a more transparent overview of UN system results and financial figures by area of interest and type of activity.

Recommendation: Human resource policies and practices should be updated and harmonized. An authoritative and independent external evaluation to reform the International Civil Service Commission should be carried out in 2007. Human resource management policies and contractual arrangements should be simplified, harmonized and updated in line with an emphasis on results, performance management systems and accountability frameworks. Recruitment and promotion policies should be underpinned by the principle of “meritocracy with equity and representation” and developed to improve staff capabilities and ensure a culture of management for results.

Human resource policies must enable mobility of the staff across the system and the transferability of pensions. Host countries should be encouraged to enable the employment of spouses of UN staff. A fundamental overhaul of staff training and career development programmes should be carried out by 2010 to ensure that, at all levels of the system, staff serving the UN are motivated and have appropriate professional skills. The UN System Staff College should have the capacity to provide executive leadership training to senior UN managers. This would enable more effective management of change processes and contribute to a common management culture in the UN system.

Recommendation: Executives should be selected according to clear criteria, and for limited terms. All appointments or elections to executive positions in UN organizations should be in line with clear and effective criteria, limited to two terms of four or five years.

Recommendation: Change should be managed at the highest levels. The overall management of reform of business practices should be invested in the Secretary-General, in his capacity as chair of the Chief Executives Board, assisted by a bureau of staff specialists as part of the Chief Executives Board machinery. All chief executives in the UN system should develop plans to reform the business practices in their organizations together with resource requirements for investing in change processes.

88. The panel is of the view that implementing the reforms necessary to enable the UN to deliver as One will require time and energy. A dedicated team will be needed at a senior level within in the UN system to ensure that progress is being made on the changes being recommended.

Recommendation: The Panel recommends the Secretary-General appoint a senior member of his staff and provide the necessary resources to form a senior change management team. The team would be responsible for tracking and supporting implementation, and reporting regularly to the Secretary-General and member states on progress to implement the recommendations of the High Level Panel on System-wide Coherence.

Terms of Reference
for new Study on United Nations System-Wide Coherence
in the Areas of Development, Humanitarian Assistance, and the Environment

Background

The Outcome Document adopted by global leaders at the 2005 World Summit in New York calls for much stronger system-wide coherence across the various development-related agencies, funds and programmes of the United Nations. In addition to supporting current, ongoing reforms at building a more effective, coherent and better-performing UN country presence, it specifically invites the Secretary-General to “launch work to further strengthen the management and coordination of United Nations operational activities.” The Outcome Document calls for such work to be focused on ensuring the UN maximizes its contribution to achieving internationally agreed development goals, including the Millennium Development Goals, including proposals for “more tightly managed entities” in the field of the environment, humanitarian assistance and development.

The Secretary-General intends to commission a small panel, supported by Mr. Adnan Amin (UNEP) as Executive Director and appropriate research and analytical capacity from inside and outside the UN system, to develop concrete and comprehensive analysis and recommendations in this regard. The Secretary-General is determined to ensure that while this work is underway, existing reform initiatives endorsed by the Outcome Document, including those for a strengthened role for Special Representatives of the Secretary-General and Resident Co-ordinators, and the strengthening of the UN Country Team through a common management programming and monitoring framework should continue. The Secretary-General considers that the outcome of this exercise would provide an important complement to the on-going reform deliberations in the General Assembly.

Timeline

The panel will seek to consult on interim basis with the UN Chief Executives Board at its meeting in April 2006. This would allow for further consultation with member states at ECOSOC in July 2006 and for the full study to be completed by the next session of the United Nations General Assembly to allow for embarking on possible implementation in 2007.

Scope

As set out in the Outcome Document, the three elements of the study will need to have slightly different scope:

In the field of **Humanitarian Assistance** significant progress has already been made in recent years in providing more coordinated response to emergencies at country level. The Outcome Document also commits the GA to the strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations and separate follow-up work is already underway in this regard. However, the growing scale and scope of disasters, particularly natural disasters, underlines the importance of improving the timeliness and predictability of humanitarian funding, in part by improving the Central Emergency Response Fund. In part through a thorough evaluation of lessons learned from recent experience. This part of the study will also need to focus on ways of developing and improving mechanisms for the use of emergency standby capacities for a timely response to humanitarian emergencies.

In the field of **Environmental Activities** two separate issues need to be addressed. First in the normative area, is a full assessment of how the United Nations can best provide more comprehensive and coherent management and monitoring of the growing range of multilateral environmental agreements. This should include the development of stronger scientific and analytic capacity in monitoring, assessing and reporting on critical environmental trends. Second is the need for better integration of the environmental perspective within the broad principle of sustainable development in UN country-level activities and in particular capacity building and technology support undertaken by the entire UN system. The GA may launch its own deliberations on the issue of international environmental governance issues in early 2006 and it would be important to ensure these efforts are complementary.

In **Development**, despite wide-ranging reforms over the past five years strengthening the role of the Resident Co-ordinator and the UN Country Team, developing and donor countries alike remain concerned that overall UN's development impact at country-level remains overly fragmented and supply-driven. The Outcome document commits all countries to map out their own national strategies to meet the international conference goals including the Millennium Development Goals. In this context, the study will need to analyse how the UN system as a whole can be better re-oriented to provide more efficient, coherent demand-driven support to national partners by building on its core normative, technical assistance and capacity building strengths to partner with the longer-term financing and other support brought by the World Bank and other international partners. In this regard, it will be particularly important to consider how to strengthen linkages between the normative work and the operational activities of the system. It will also need to examine how this work can support and complement the wider role the Outcome Document envisages for ECOSOC in ensuring follow-up and assessing progress of the outcomes of the major United Nations conferences and summits, including the internationally agreed development goals; and playing a major role in the overall coordination of funds, programmes and agencies, ensuring coherence among them and avoiding duplication of mandates and activities.

In all three areas, the study will need to encompass both organizational and funding issues, ranging from the duplication and overlap of work products across UN agencies, funds and programmes to prospects for joint, multi-year funding and programming arrangements. The broad issue of more predictable financing of the UN system – from the CAP process to the growth in non-core funding of Funds and Programmes to the appropriate role of assessed contributions -- and its impact on existing systems and proposed reform will need to be a central element.

The overarching aim of the study is to seek recommendations on a process of rationalization that will maximize the available resources for relief and development programmes in the UN system while minimizing overhead and administrative costs. As such, the study will need to explore ways of fully exploiting synergies between the normative and analytical institutions and departments of the UN, such as DESA and UNCTAD, and operational agencies. It will also need to address how the UN system works and can best exercise its comparative advantages with international partners, including the Bretton Woods Institutions, the European Commission and other regional actors, donors, civil society and the private sector. While the primary focus will be on increasing impact at the country level, in making concrete proposals for improved management, coordination and effectiveness, it will need to make findings with regard to work both at UN headquarters, regional and country level.

In terms of recommendations, the study should seek to identify a short, medium and longer-term vision and benchmarks, thus laying a platform for an actionable plan of implementation rather than open-ended proposals. Change may need to occur in phases, with first initial proposals for rationalization of the current system without major structural changes; then proposals for preliminary restructuring of the current system to minimize duplication and overlap; and finally recommendations for comprehensive revitalization and restructuring of the UN operational role in environment, humanitarian and development work.

Consultation

The Outcome Document separately calls for greater coordination between the governing boards of various operational agencies so as to ensure a more coherent policy in assigning mandates and allocating resources throughout the system. In this spirit – and to ensure wide acceptance and subsequent implementation of the findings -- it will be essential for the panel to consult widely with all stakeholders, including the management and Governing Boards of relevant agencies, funds and programmes, prior to submission of their final report to the Secretary-General.

Additional Request from the Secretary-General: Gender Equality

In addition, the Secretary-General called upon the High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment to review the UN system's contribution to achieving gender equality and make recommendations on how gender equality perspectives can be better integrated into the work of the UN. In his recent report on the mandate review, the Secretary-General states that there is a need to move towards "improved clarity in institutional responsibilities and more concerted action in relation to gender equality. There is a need to assess the progress made across the system, the gaps and challenges remaining, and ways to improve outcomes." He requested the High-level Panel on System-wide Coherence, "to include in its work an assessment of how gender equality, including through gender mainstreaming, can be better and more fully addressed in the work of the United Nations, particularly in its operational activities on the ground" (A/60/733 - paragraph 131).

A/RES/60/1: 2005 World Summit Outcome Extract: System-wide Coherence

168. We recognize that the United Nations brings together a unique wealth of expertise and resources on global issues. We commend the extensive experience and expertise of the various development-related organizations, agencies, funds and programmes of the United Nations system in their diverse and complementary fields of activity and their important contributions to the achievement of the Millennium Development Goals and the other development objectives established by various United Nations conferences.

169. We support stronger system-wide coherence by implementing the following measures:

Policy

- Strengthening linkages between the normative work of the United Nations system and its operational activities
- Coordinating our representation on the governing boards of the various development and humanitarian agencies so as to ensure that they pursue a coherent policy in assigning mandates and allocating resources throughout the system
- Ensuring that the main horizontal policy themes, such as sustainable development, human rights and gender, are taken into account in decision-making throughout the United Nations

Operational activities

- Implementing current reforms aimed at a more effective, efficient, coherent, coordinated and better-performing United Nations country presence with a strengthened role for the senior resident official, whether special representative, resident coordinator or humanitarian coordinator, including appropriate authority, resources and accountability, and a common management, programming and monitoring framework
- Inviting the Secretary-General to launch work to further strengthen the management and coordination of United Nations operational activities so that they can make an even more effective contribution to the achievement of the internationally agreed development goals, including the Millennium Development Goals, including proposals for consideration by Member States for more tightly managed entities in the fields of development, humanitarian assistance and the environment.

Humanitarian assistance

- Upholding and respecting the humanitarian principles of humanity, neutrality, impartiality and independence and ensuring that humanitarian actors have safe and unhindered access to populations in need in conformity with the relevant provisions of international law and national laws
- Supporting the efforts of countries, in particular developing countries, to strengthen their capacities at all levels in order to prepare for and respond rapidly to natural disasters and mitigate their impact
- Strengthening the effectiveness of the United Nations humanitarian response, inter alia, by improving the timeliness and predictability of humanitarian funding, in part by improving the Central Emergency Revolving Fund
- Further developing and improving, as required, mechanisms for the use of emergency standby capacities, under the auspices of the United Nations, for a timely response to humanitarian emergencies

Environmental activities

- Recognizing the need for more efficient environmental activities in the United Nations system, with enhanced coordination, improved policy advice and guidance, strengthened scientific knowledge, assessment and cooperation, better treaty compliance, while respecting the legal autonomy of the treaties, and better integration of environmental activities in the broader sustainable development framework at the operational level, including through capacity-building, we agree to explore the possibility of a more coherent institutional framework to address this need, including a more integrated structure, building on existing institutions and internationally agreed instruments, as well as the treaty bodies and the specialized agencies.

Annex II

Panel Members

H.E. Mr. Shaukat Aziz, Pakistan (Co-Chair)

Prime Minister, Pakistan

H.E. Mrs. Luísa Dias Diogo, Mozambique (Co-Chair)

Prime Minister, Mozambique

H.E. Mr. Jens Stoltenberg, Norway (Co-Chair)

Prime Minister, Norway

Rt. Hon. Gordon Brown, MP, UK

Chancellor of the Exchequer

Mr. Mohamed T. El-Ashry, Egypt

Senior Fellow, United Nations Foundation and Former Chairman and CEO, Global Environment Facility

Mr. Robert Greenhill, Canada

President of the Canadian International Development Agency

Ms. Ruth Jacoby, Sweden

Ambassador of Sweden to Germany
Ministry for Foreign Affairs, Sweden

H.E. Mr. Ricardo Lagos, Chile

Former President of the Republic of Chile

Mr. Louis Michel, Belgium

European Commissioner for Development and Humanitarian Aid

H.E. Mr. Benjamin W. Mkapa, Tanzania

Former President, United Republic of Tanzania

Mr. Jean-Michel Severino, France

Director General, French Development Agency

Ms. Josette Sheeran, USA

Under Secretary for Economic, Business and Agricultural Affairs, US State Department

Mr. Keizo Takemi, Japan

Senior Vice-Minister of Health, Labour and Welfare
Former State Secretary for Foreign Affairs of Japan

Ex-Officio

Mr. Lennart Båge

President of the International Fund for Agricultural Development (IFAD)

Mr. Kemal Derviş

Administrator of the United Nations Development Programme (UNDP)

Annex III

Panel Secretariat

Mr. Adnan Z. Amin (Executive Director)

Mr. Koen Davidse (Research Director)

Mr. Moustapha Soumaré (Research Director)

Mr. Kai Buchholz

Mr. Mohamed El-Farnawany

Ms. Fabienne Fon Sing

Ms. Treena Huang

Ms. Maaïke Jansen

Ms. Ruth McCoy

Ms. Zazie Schafer

Annex IV

Consultative Process

To ensure that its deliberations were informed by a broad range of perspectives from all key stakeholders, the Panel agreed that it was essential to undertake a wide-ranging, but focused consultative process, in accordance with the scope of the study outlined in the Panel's Terms of Reference. Members considered that an inclusive consultative process was important not only to enrich the work of the Panel, but also to ensure the engagement and commitment of concerned stakeholders, a fundamental step to developing relevant and realistic recommendations and making sure that the Panel's work would lead to genuine reform.

The consultative process resulted in the development of an analytical base and options for consideration by the Panel. Consultations drew on research and analytical capacity from inside and outside the UN system, and enabled contacts with: Member States, the UN system, inter-governmental fora, international financial institutions, academia and civil society organizations.

Several Panel members participated in a series of consultations at the regional and country level, in Africa, Asia, Arab States and Latin America and the Caribbean. Each consultation undertook a broad assessment of experience from six countries within that region, bringing together UN country teams, government representatives, regional organizations, donors and civil society. The objectives of these consultations included enhancing understanding among Panel Members of the expected role of the UN at country level, canvassing information on good practices as well as major challenges to UN's country level coherence and allowing for the integration of the views of practitioners from each region into the overall deliberations of the Panel. In addition, one Panel member undertook country visits to Indonesia, Cambodia and Thailand to analyze challenges to a coherent and effective UN at the country level, identify good practices and assess the country level aspects of the issues to be addressed by the Panel.

Similarly, a number of thematic consultations were held on Environment, the Resident Coordinator system, the Transition from Relief to Development, International Financial Institutions, Business Practices, and Funding. These consultations allowed for interaction between Panel members and key stakeholders, including experts, the UN system and civil society organizations—and for building an understanding of key challenges and the type of recommendations that could be put forward. A rich consultation was also held with civil society organizations, particularly focusing on sustainable development, gender equality, gender mainstreaming and human rights.

Panel members held consultative meetings with intergovernmental fora (General Assembly and ECOSOC), as well smaller briefings for regional groupings (Group of 77 and China, European Union, African Group and Latin America and Caribbean). Panel members were also sensitive to their responsibility to build on the UN system's own experience and aspirations, meeting with UN system organizations, through the UN System Chief Executives Board (CEB), as well smaller groupings of organizations (in Rome, Vienna and Geneva), and Regional Commissions.

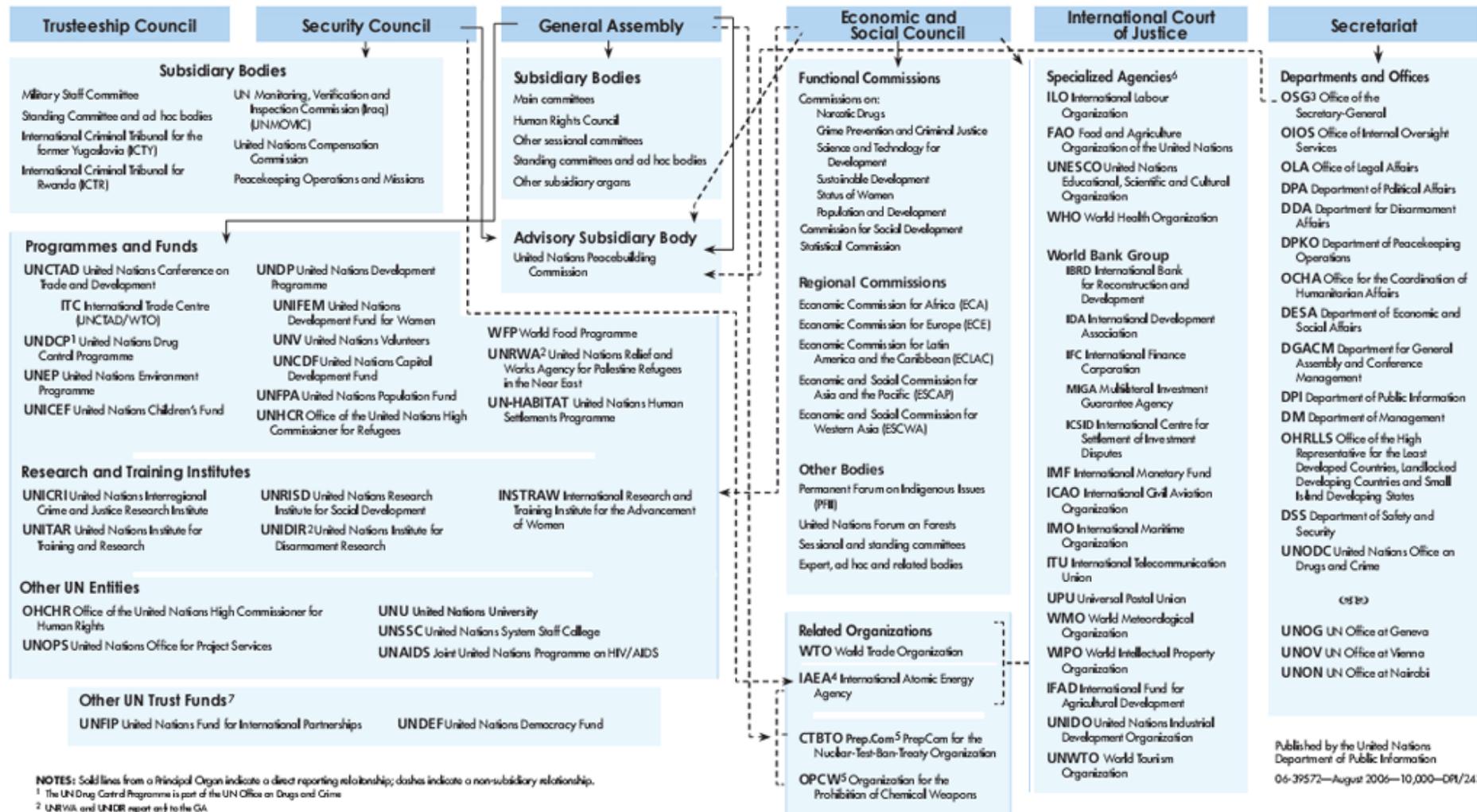
The consultative process also benefited from meetings that aimed to provide input to the Panel's work, including consultations hosted by Missions to the UN (Egypt and France) and UN inter-agency bodies (the CEB's High-Level Committees on Programmes and Management). In addition, members of the Secretariat held a large number of bilateral meetings with Government representatives (from various ministries and/or missions to the UN), UN system organizations and civil society organizations.

Furthermore, papers were commissioned that fed into the consultative process, including those on gender, business practices, funding, humanitarian assistance, the transition from relief to development and the UN's institutional architecture.

Panel Meetings and Consultations

Meeting	Date	Venue
First Panel Meeting	4-5 April 2006	New York
Meeting with the General Assembly	6 April 2006	New York
Meeting with the UN System Chief Executives Board	7-8 April 2006	Segovia
Consultation on Environment	4-5 May 2006	Nairobi
Regional Consultation for Africa	8-9 May 2006	Maputo
Consultation on the Resident Coordinator System	15 May 2006	Vienna
Consultation on Transition from Relief to Development	19 May 2006	Rome
Meeting with Executive Heads of Rome-based Agencies	20 May 2006	Rome
Regional Consultation for Asia	24-25 May 2006	Islamabad
Second Panel Meeting	1-2 June 2006	Geneva
Meeting with Executive Heads of Geneva-based Agencies	3 June 2006	Geneva
Regional Consultation for Arab States	20-21 June 2006	Cairo
Consultation with International Financial Institutions	26 June 2006	Washington, DC
Consultation on Business Practices	26 June 2006	Washington, DC
Consultation on Funding	29 June 2006	London
Meeting of Sherpas in preparation for Third Panel Meeting	30 June 2006	London
Consultation with Civil Society Organizations	2 July 2006	Geneva
Third Panel Meeting	3-4 July 2006	Geneva
Dialogue with ECOSOC	4 July 2006	Geneva
Meeting with Regional Commissions	4 July 2006	Geneva
Regional Consultation for Latin America and the Caribbean	28-29 July 2006	Bridgetown
Meeting of Sherpas in preparation for Fourth Panel Meeting	17-18 August 2006	New York
Fourth Panel Meeting	31 August – 1 September 2006	Oslo

The United Nations System



NOTES: Solid lines from a Principal Organ indicate a direct reporting relationship; dashes indicate a non-subsidiary relationship.

¹ The UN Drug Control Programme is part of the UN Office on Drugs and Crime
² UNRWA and UNICR report only to the GA
³ The United Nations Ethics Office and the United Nations Ombudsman's Office report directly to the Secretary-General
⁴ IAEA reports to the Security Council and the General Assembly (GA)
⁵ The CTBTO Prep.Com and OPCW report to the GA
⁶ Specialized agencies are autonomous organizations working with the UN and each other through the coordinating machinery of the ECOSOC at the intergovernmental level and through the Chief Executive Board for coordination (CEB) at the intersectorial level
⁷ UNFP is an autonomous trust fund operating under the leadership of the United Nations Deputy Secretary-General. UNDEF advisory board recommends funding proposals for approval by the Secretary-General.

Acknowledgements

Members of the High-Level Panel on System-Wide Coherence would like to express sincere appreciation to their respective aides and advisers for their substantive contributions and dedication.

The Panel's work was made possible by generous financial contributions to a dedicated Trust Fund. In this regard, the Panel expresses its deep gratitude to the governments of Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Luxemburg, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

Contributions in-kind supporting the work of the Panel Secretariat were gratefully received from the International Labour Organization (ILO), the Netherlands Ministry of Foreign Affairs, the UN Chief Executives Board for Coordination Secretariat (CEB), the UN Development Group Office (UNDGO), the UN Development Programme (UNDP), the UN Environment Programme (UNEP), UN Population Fund (UNFPA), and the World Food Programme (WFP). Particularly appreciation is extended to UNEP for its generous gesture in providing office space for the Panel Secretariat.

The Panel would also like to extend its gratitude to the governments and UN organizations that hosted consultations and meetings, including: the governments of Austria, Barbados, Egypt, Italy, Kenya, Mozambique, Norway, Pakistan, Spain and United Kingdom; the Permanent Missions of Egypt, France and Norway to the UN in New York; UNEP, ILO, the UN Industrial Development Organization (UNIDO), the UN Foundation, the UN Office in Geneva (UNOG), the World Bank, WFP, the World Health Organization (WHO), the World Tourism Organization (UNWTO) and relevant Resident Coordinators and UN country teams, particularly those in Barbados, Egypt, Mozambique and Pakistan.

The Panel's work also benefited greatly from the views of a large number of government, UN organization and civil society representatives and individual experts who provided valuable perspectives to the Panel in the course of its consultative process, particularly Mr. Donald Skerrett, who donated his time and expertise in the area of business practices. UNFPA kindly made available the services of Mr. Brendan O'Brien to support country-level consultations. The Panel's work was further enriched by the many insightful written contributions that it received.

The Panel would like to express its deep appreciation to the UN Secretary-General for having entrusted members of the Panel with such an important task, and having brought together a remarkable mixture of perspectives and experience in order to formulate recommendations that we hope will effect a major and lasting change on the enhanced functioning of the UN system. We would also like to thank the Deputy Secretary-General for his valuable support throughout this process.

Finally, The Panel expresses its sincere appreciation to members of the Panel Secretariat for their extensive substantive and administrative support and commitment.

All of these contributions are much appreciated and gratefully acknowledged.