

BACKGROUND NOTE – UNITED NATIONS DEVELOPMENT SYSTEM REFORM

UNICEF Executive Board Informal – 14 September 2018

In its decision 2018/7, paragraph 8, UNICEF's Executive Board requested UNICEF to present at its second regular session in 2018 a preliminary analysis of the financial and other implications of resolution 72/279 on 'repositioning of the United Nations development system' for UNICEF.

This background note offers information ahead of the Informal Briefing which UNICEF will organise for members and observers of the Executive Board as well as other interested Member States on 14 September 2018 to present its preliminary analysis.

A. Introduction

UN Secretary General António Guterres has outlined an ambitious UN reform agenda encompassing reforms of the United Nations peace and security architecture, its management and budgetary setup as well as its sustainable development operations.

In June and December 2017, Secretary General Guterres released two reports which offered a detailed vision of his envisaged reform of the UN development system (UNDS). The General Assembly adopted resolution 72/279 on 'repositioning of the UN development system' in May 2018. The resolution builds on resolution 71/243 on the 'quadrennial comprehensive policy review of operational activities of the UN system'. It outlines the most far-reaching and ambitious reform of the UN development system in decades focusing on a new generation of UN country teams, reinvigorating the role of the resident coordinator system, revamping the regional approach, strategic direction, oversight and accountability for system-wide results and funding for the UN development system.

Together, the various strands of reform led by the Secretary-General also aim at strengthening the UN's collective ability to prevent crises, mitigate risk, reduce inequalities, and support human rights. UNICEF is committed to significantly improving the UN's support to sustainable development, while also taking every opportunity to strengthen the linkages with humanitarian work, to promote and protect children's rights, and to build and sustain peace.

The SDGs are comprehensive, universal and interlinked, and cut across all dimensions of sustainable development. The ambition of the goals call for "whole of government" approaches, drawing on stronger integrated planning, strategic thinking, and policy advice, as well as new partnerships across public, private, civil society and multilateral actors. The reforms reflect the need for the UN to take tailored and innovative approaches which break down silos between sectors, agencies, and government ministries, to develop inter-disciplinary responses to complex development challenges, and to increase transparency and accountability for system-wide results.

UNICEF's mandate for children requires and enables us to work in a cross-cutting way across the Sustainable Development Goals and leverage partnerships for results with others inside and outside the UN. It is in this spirit that we embrace the UN reform.

UNICEF is fully committed to the UNDS reform, with a view to strengthening progress towards the SDGs through working in partnership as a UN family. Without a dramatic acceleration of our

collaborative approaches in a number of areas, we will fall short of meeting the ambition of the 2030 Agenda. By bringing together the expertise, assets and resources from across the UN system in support of national governments, we can multiply and sustain the direct benefit to people's lives, and become more cost efficient, as we put resources where they are needed most.

As this background note will explain in more detail, UNICEF actively supports the UNDS reform on several fronts:

- In line with GA resolution 72/279, UNICEF quickly agreed to double its agency cost-share for the reinvigorated resident coordinator system, committing to contribute US\$8.32 million for 2019. As a widely visible sign of its strong support, UNICEF plans to transfer the amount to the Secretariat in the coming days.
- UNICEF is actively supporting the work of the Transition Team on Repositioning the UNDS in the Executive Office of the Secretary General: UNICEF seconded a senior staff member as Deputy to the Transition Team. UNICEF has also appointed technical experts to work on important reform elements such as the new United Nations Development Assistance Framework and the new Management and Accountability Framework.
- The UN Sustainable Development Group (UNSDG) which brings together all UN agencies and entities of the UN development system, is playing a crucial role in the UNDS reform process laying much of the groundwork for the repositioning of the new system. Together with the ILO Director General Guy Ryder, UNICEF Executive Director Henrietta Fore is co-leading the UNSDG Results Group on Partnerships. This group aims to improve how the development system partners with the private sector and is working on concrete and tangible deliverables such as a harmonized due diligence for private sector partnerships and a common legal template for multi-agency private sector partnerships for country level engagement.
- More broadly, UNICEF senior management and technical experts are actively involved in all four UNSDG Results Groups, leading the following subsidiary task teams in direct support the ongoing UNDS reform:
 - Country-level Data for SDGs (*with DESA and ECLAC, part of the SDG Implementation Results Group*)
 - Integrated Policy Support (*with UNDP and ILO, part of the SDG Implementation Results Group*)
 - Fiduciary Management and Oversight (*with UNAIDS, part of the Financing Results Group*)
 - Common Premises (*with WFP, part of the Business Innovations Results Group*)
 - Private Sector Partnerships (*with UNDP, part of the Partnerships Results Group*)

It is important to note that much of the detailed work on UNDS reform is only starting to unfold. Hence at this stage UNICEF is only able to offer a preliminary analysis of the implications of GA resolution 72/279.

B. Preliminary analysis of the impact of resolution 72/279

I. A new generation of United Nations country teams

The reform envisages a needs-based tailored country presence of the United Nations. This will be guided by national priorities and a revitalised United Nations Development Assistance Framework (UNDAF). Common business operations, including common back-office functions, will play a key role in enabling joint work and creating greater efficiencies.

UNICEF looks forward to actively engage with the UN Sustainable Development Group and with the UNDS Transition Team on possible measures to move towards a new generation of UN country teams, including appropriate criteria for presence and composition. In this regard, UNICEF, as one of the largest operational agencies with a vast country presence, is open to the idea of ‘hosting’ and/or ‘representing’ non-resident agencies, where relevant and related to children’s issues.

Currently UNICEF does not assess a significant impact on its country presence as a result of this stream of reform expecting to maintain a strong national and sub-national presence in all countries given the organization’s universal mandate and the cross-cutting and comprehensive nature of its work. Any possible changes to UNICEF’s country presence would be subject to full consultation with the Executive Board.

UNICEF fully supports the development of a reinvigorated and strategic UNDAF and has appointed a member of the Design Team which is shaping this workstream under the leadership of UNESCO and UNFPA. We expect the new UNDAF to facilitate country-owned SDG localization, prioritization and situation analysis; include a robust Common Country Assessment (CCA) with a particular analysis of who is being “left behind”; clearly outline the UN’s contribution and focus in supporting SDG implementation in the country; and specify the SDG targets and indicators (or respective national indicators) that the UN will contribute to.

UNICEF is ready to engage constructively in the Multi-Country Office Review which the GA resolution requested. The outcome of this review is likely to have direct implications for UNICEF’s Multi-Country Office set-up in the Eastern Caribbean and the Pacific as well as its Joint Presence Office arrangement (with UNDP, UNFPA and UN Women) in a number of Pacific island offices. As one of the agencies with the largest presence in these two sub-regions, UNICEF is well-placed to provide inputs to this review, and play a key role in the implementation of any accepted recommendations. We hope that any outcome of the review will result in increased capacity for implementation and delivery in countries covered by any multi-country arrangement, while maintaining an emphasis on efficient and collaborative approaches.

UNICEF is committed to the advancement of common business operations, including common premises. The current approach to common business operations has been the Business Operations Strategy (BOS), which is expected to deliver USD 8 million in annual cost avoidance for UNICEF by 2021. UNICEF has committed to achieving full compliance on roll-out of the Business Operations Strategy together with UN Country Team partners, and has an internal KPI to this effect as part of our current Strategic Plan.

Building on that, the UNSDG Task Force on Common Premises has carried out an in-depth analysis of common premises along with other UN entities based on data from the United Nations

Department of Safety and Security (UNDSS). UNICEF has co-led this process, and has also further strengthened the data on premises internally to confirm that roughly 38% of all UNICEF premises are currently shared. This figure includes country offices, sub-national offices, and regional offices.

The financial implications of achieving 50% common premises is still undetermined. The shift to common premises relies on several local context factors, including host government agreements, safety conditions, and local market prices for rent. As such, UNICEF will soon undertake a deep-dive to determine what the cost impact may be of shifting to more common premises. UNICEF is also committed in leading common premises in sub-national offices, where it is taking the lead in providing services in 30% of the 83 shared locations in which it is present.

Lastly, UNICEF is exploring offering back-office support services to other UN entities through its Global Shared Service Center, which may have cost implications. The business case for this is still in the initial stages. Any services will be based on a transparent and competitive cost structure which includes full recuperation of costs by UNICEF. Services will be measured against Service Level Agreement targets.

II. Reinvigorating the role of the Resident Coordinator system

A central element of the far-reaching UNDS reform is the establishment of an independent and impartial resident coordinator (RC). From 1 January 2019, the function of the RC will be separated from that of the UNDP Resident Representative.

UNICEF is fully supportive of ongoing work to set up a reinvigorated RC system. As requested by the Executive Board in its decision 2018/7, paragraph 7, UNICEF has actively supported the preparation of the implementation plan for the inception of the reinvigorated resident coordinator system (RC Implementation Plan). UNICEF senior management participated in several discussions with the DSG and UNICEF also submitted four rounds of detailed general and technical comments on earlier drafts of the plan.

UNICEF understands that the technical ground work on defining the new RC's role and responsibilities will be carried out by a special Design Team which will review and adopt the Management and Accountability Framework (MAF). UNICEF will constructively shape elements of the MAF such as the definitions of roles and responsibilities and the details of the matrixed dual reporting system for heads of agencies. All these elements may have concrete implications for UNICEF, including for our staff and accountability practices. Given UNICEF's existing practice of seeking input on the performance assessment of Country Representatives by RCs, we expect the changes to build on this, and to be replicated by other agencies.

The GA resolution has laid the ground for the establishment of a hybrid funding model to finance the new development coordination function. This model has clear financial implications for UNICEF.

UNICEF has already agreed to double its agency cost-share from US\$4.2 million in 2018 to US\$8.4 million in 2019, in line with GA resolution 72/279 and Executive Board decision 2018/7. UNICEF will thus remain the second largest agency contributor under the current cost-share arrangement. From 2020 onwards, the UN Sustainable Development Group will revise the formula used to determine each agency's contribution as part of the cost-sharing – UNICEF looks forward to this

discussion. In this regard, UNICEF hopes that all members of the enlarged UNSDG will pay their full contributions resulting in a more equitable and sustainable cost share system.

The hybrid funding model also foresees a 1 per cent coordination levy on tightly earmarked third-party non-core contributions to UN development-related activities which should be 'paid at source'. In late drafts of the RC Implementation Plan, the Secretary General encouraged member states to devise a system to collect and transfer the levy. UNICEF fully agrees with this approach.

The definition of the levy requires significant additional analysis to which UNICEF is ready to contribute for instance through relevant fora such as the UNSDG's Fiduciary and Management Oversight Group. As the RC Implementation Plan points out, core, thematic, humanitarian as well as pooled fund contributions will be excluded from the levy. The impact of the levy on contributions from global program partnerships (GPPs) and the private sector is not known. For this reason, we and other agencies recommend to exempt private sector and GPP grants from the levy in the initial phase of the reform.

III. Revamping the regional approach

GA resolution 72/279 calls for revamping regional structures recognizing the specificities of each region.

UNICEF will participate fully in steps to clarify the division of labor among the regional structures of the UN, as well as efforts to ensure analysis of regional and transboundary issues feeds into the development and review of UNDAFs.

UNICEF supports region-specific solutions that respond to the different realities of the UN-system in the various regions. UNICEF is ready to engage in the development of options for longer-term reprofiling and restructuring of the UN's regional assets.

As part of the Regional UNDG Teams for Western and Central Africa (WCA) and Eastern and Southern Africa (ESA), UNICEF has actively contributed to a reference paper on the role of Regional UNDGs in support of UN reform. The paper is a working document which outlines roles and proposed actions for the first phase of revamping the regional approach as proposed by the Secretary-General, with timelines to be tailored to specific regional contexts. The document has also been shared provisionally with the Transition Team, as an input to the regional review. UNICEF hopes that there will be opportunities to further improve the paper and related actions as part of the second phase of reform at regional level.

IV. Strategic direction, oversight and accountability for system wide results

General Assembly resolution 72/279 notes proposals by the Secretary General to improve oversight and accountability for system-wide results, including through repositioning the operational activities segment of ECOSOC; enhancing the working methods of the Executive Boards of funds and programmes; and strengthening independent system-wide evaluation measures.

UNICEF stands ready to support a strengthened approach to system-wide oversight and accountability. We note the decision in General Assembly resolution 72/305, to hold the operational activities segment of ECOSOC close to the annual session of the Executive Boards of the funds and programmes. This will help facilitate the provision of up-to-date information and data on

implementation of reform and system-wide results, in sync with UNICEF's annual reporting schedule. Likewise, we are ready to implement measures to improve the working methods of the Executive Board, in line with decisions to be taken by the Board itself.

UNICEF's Evaluation Office will support measures to enhance system-wide evaluation approaches, including UNDAF evaluations, as a member of the UN Evaluation Group, and under the guidance and leadership of the Secretary-General.

V. Funding for the UN development system

In his reports to the General Assembly, the Secretary-General outlined the concept of a Funding Compact. At its heart are mutual commitments by Member States for more predictable and sustainable support in exchange for systemic changes to the UN development system including annual reporting on system-wide results, compliance with international transparency standards, enhanced visibility for core contributions, independent system wide evaluations on results and agency commitments to allocate at least 15% of their non-core resources for development to joint activities.

As part of its contribution to the provisions of the proposed Funding Compact, UNICEF is already working with DOCO and UN Partners to ensure alignment of its results tracking system (RAM) with the system-wide platform being developed (UN INFO). UNICEF has been at the forefront of implementing the standards of the International Aid Transparency Initiative (IATI) and is undertaking efforts to improve resource and results tracking codes to better capture pooled funding, joint programmes, and expenditure via joint activities, as well as to enhance donor recognition and visibility for such contributions. Over the last few years, UNICEF has been among the top-three recipients of joint programmes and we will expand the depth of our commitment to work jointly with other UN agencies.

The UNDS Transition Team is actively working to operationalise the Funding Compact through a series of Funding Dialogues in which UNICEF is looking forward to participate.

From UNICEF's perspective, the Funding Compact should especially focus on ways to increase flexible development funding which will be channelled through core and thematic contributions to agencies as well as through pooled funds.

VI. Following up on the repositioning efforts of the UN development system

The General Assembly requests the heads of the entities of the UN development system, under the leadership of the Secretary General, to develop a system-wide strategic document for submission to ECOSOC in its 2019 session. This document is expected to be specific, concrete and targeted in addressing gaps and overlaps in the UN's support to the 2030 Agenda, in line with resolutions 71/243 and 72/279.

UNICEF intends to participate fully in the process to develop this document, and to appropriately reflect its strategic focus, mandate, functions and capacities as outlined in the current Strategic Plan for 2018-2021, approved by the Executive Board. We believe UNICEF's contribution to supporting governments with implementation of the 2030 Agenda is clearly articulated, and will be

an important and integral part of a more integrated and collective system-wide offer as envisioned as part of the strategic document.

UNICEF's current Strategic Plan (2018-2021) is designed to reflect the transformational and cross-sectoral approach of the SDGs and the 2030 Agenda, including an emphasis on partnerships, innovation, leveraging finances from business and markets, and strengthening data-driven evidence. The Strategic Plan which is fully aligned with the QCPR, contains explicit indicators on strengthening UN collaboration, as well as the common chapter with UNDP, UNFPA and UN Women. UNICEF will continue to look for ways to implement the letter and spirit of the UN reform agenda through our Strategic Plan implementation over the coming years.

Internally, we continue to assess the impact of the reforms and possible adjustments that may be required to UNICEF's approaches, including to planning, programming, partnerships, field results, accountability, performance management, oversight, and business operations. UNICEF is developing an internal 'reform tracker' to map all processes and streams underway and ensure clear accountabilities and actions across the agency.

We will maintain our active participation and engagement in all interagency discussions and reform processes. We look forward to continue sharing UNICEF's experience and expertise with UN partner organizations and leverage theirs to collectively deliver practical results on the ground. This will ensure the UNDS repositioning leads to strengthened support for national governments to achieve the ambitions of the 2030 Agenda for all children, young people and their families.