The interlinkages of design and effectiveness of governing bodies in the United Nations development system

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Abstract (English)

Multilateralism is encountering strong political headwinds at both the global and national level. The high economic, social and environmental costs of recurrent crises like the COVID-19 pandemic, the war in Ukraine, and climate change, have led to growing questions about the performance legitimacy of multilateralism. Many multilateral institutions are no longer felt to be able to deliver the public value which was their original reason for being. The UN Secretary-General, Antonio Guterres, in *Our Common Agenda*, has called for a reinvigoration of multilateralism, including the institutions that sustain it like the United Nations.

The dissertation focuses on governance of the UN development system, a group of 43 entities that receive contributions for operational activities for development that collectively accounted for about 75 per cent of all the work of the Organization in 2021. More specifically, the dissertation examines whether the design of governing bodies in the UN development system is correlated with their performance and, if so, which institutional rules may be particularly important in this regard.

There has been limited research on the interlinkages of design and performance of governing bodies of international organizations like those that are part of the UN development system, and the dissertation aims to contribute to addressing this lacunae. A mixed method approach is applied to the research process by relying on a combination of literature review, new data collection and UN management information systems.

Since 1969, Member States, the Secretary-General and other stakeholders have regularly commissioned expert reports and studies on reform of the UN development system. The dissertation shows that the governance-related recommendations that are common to this large number of expert reports and studies and advocating for consolidation of governance structures, more precise rules stipulating representation and participation in governing bodies, and enhanced working methods of governing bodies, have strong support from both academic theory and empirical evidence.

The liberalization of funding rules and practices since the 1990s, resulting in an overwhelming share of voluntary, strictly earmarked contributions for operational activities of the UN system, has been a major causal driver of the many governance challenges facing the Organization. While the liberalization of funding rules and practices has led to high growth in the volume of contributions, it has also fundamentally weakened the ability of governing bodies to perform their mandated role and functions such as providing strategic guidance and vision, ensuring policy implementation, monitoring organizational performance and having an effective overview of the work of both entities and the UN development system as a whole. The volume, quality, substantive focus and destination of operational activities of the UN system are now primarily determined by the donors individually, not Member States collectively at the level of governing bodies. As a result, most governing bodies in the UN development system no longer retain the authority to set programme priorities, distribute funds, create new programmes, and provide oversight and accountability of programme delivery at the country and global level. Another corollary of the liberalization of funding rules and practices has been increased fragmentation, overlaps and duplication of activities, as UN entities have a strong incentive to continuously expand their mandates and functions as a strategy to reduce resource uncertainty. This has led to rapid growth in non-core functions, i.e., those activities not directly related to the core purposes and central mandates of UN entities.

The design of most governing bodies in the UN development system has been underpinned by the principle of equitable geographical representation. The application of this principle, however, doesn´t enable all Member States to contribute equitably to intergovernmental decision-making. A review of the composition of governing bodies in the UN development system reveals that a sizeable number of Member States do not participate in

the work of any governing body; the least-developed countries are significantly under-represented in governing bodies; and high-income countries are much more likely to participate in the governance of UN entities. In addition, the top programme and donor countries, which bear almost all the cost of intergovernmental decision-making on operational activities, account for only a small share of the seats on governing bodies in the UN development system.

The ability of central governing bodies like the General Assembly and ECOSOC to provide effective guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited, as their resolutions are not automatically implemented by entity-specific governing bodies. The non-hierarchical character of inter-agency mechanisms like the United Nations Sustainable Development Group, relying on voluntary participation and decision-making by consensus and not formally accountable, through the Secretary-General, to central governing bodies, has also provided little incentives for UN entities to capitalize on opportunities for synergy in programming and operations in the delivery of operational activities. Member States have been reluctant to make inter-agency mechanisms like the UN Sustainable Development Group formally accountable, through the Secretary-General, to central governing bodies such as ECOSOC for the implementation of system-wide mandates.

The performance of governing bodies in the UN development system, when measured as their engagement and ownership of the strategic planning process, varies significantly. Of the fourteen governing bodies subject to a performance assessment, those of ICAO, IMO, WHO and FAO stood out in terms of their engagement and ownership of the strategic planning process. In these four entities, the strategic planning process is led and owned by the respective governing body (principal) rather than the organizational leadership (agent). Other governing bodies play a less influential role in this process vis-à-vis the organizational leadership. Seven institutional rules appear to be particularly important in explaining the strong ownership and engagement of governing bodies of the strategic planning process, namely: (a) form of funding, (b) participation by technical experts, (c) establishment of technical subsidiary bodies, (d) a technical decision-making process, (e) decisions adopted by majority voting, (f) technically-oriented decisions and (g) criteria-based composition.

The findings of the research and analysis conducted in the dissertation show that many governing bodies in the UN development system are not able to perform their mandated role and functions; representation in governing bodies is often not equitable, transparent and effective; and central governing bodies like the General Assembly and the Economic and Social Council are not equipped to ensure that UN entities operate as a coherent system. Looking ahead, it may be particularly important for Member States to consider establishing a unified governance arrangement for the UN development system; adopting equitable, transparent and effective rules for the composition of governing bodies; ensuring the participation of experts in governance processes; and strengthening the working methods of governing bodies, including the efficiency of meetings and documentation and the quality of secretariat support.

Abstract (German)

Multilaterismus sieht sich momentan sowohl auf globaler als auch auf nationaler Ebene starkem politischen Gegenwind ausgesetzt. Die hohen wirtschaftlichen, sozialen und ökologischen Kosten von regelmäßig wiederkehrenden Krisenereignissen wie der COVID-19 Pandemie, dem Krieg in Ukraine and dem Klimawandel haben möglicherweise dazu geführt, dass die Leistungsfähigkeit von Multilaterismus zunehmend hinterfragt wird. Einer hohen Anzahl an multilateralen Institutionen wird nicht mehr zugetraut, den öffentlichen Nutzen zu erfüllen, für den sie ursprünglich erschaffen wurden. Der UNO-Generalsekretär Antonio Guterres forderte in dem Bericht *Unsere Gemeinsame Agenda* eine Neubelebung des Multilaterismus und jener Institutionen, die diesen aufrecht erhalten, wie die Vereinten Nationen.

Der Fokus dieser Dissertation liegt auf der Steuerung der UN-Entwicklungssysteme; eine Gruppierung von 43 Einheiten, die Beiträge für operative Tätigkeiten im Entwicklungsbereich erhalten und die zusammen mehr als zwei Drittel der Gesamtarbeit der Organisation ausmachen. Die Dissertation untersucht insbesondere, ob die Gestaltung der Vorstände innerhalb der UN-Entwicklungssysteme mit ihrer Leistung korrelieren und, falls ja, welche institutionellen Regelungen dabei von besonderer Wichtigkeit sind.

Verflechtungen zwischen Gestaltung und Leistung von Vorständen und Leitungsgremien von internationalen Organisationen wie diese der UN-Entwicklungssysteme wurden in der Forschung bislang nur unzureichend untersucht und Ziel dieser Dissertation ist es, dabei zu helfen, diese Wissenslücke zu füllen. Im Untersuchungsprozess wird ein Mixed-Methods-Ansatz verfolgt. Dies geschieht durch eine Kombination aus einem Literaturüberblick, einer neuen Datenerhebung und dem Zugriff auf UN-Managementinformationssysteme.

Seit 1969 geben sowohl Mitgliedsstaaten als auch der Generalsekretär und andere Akteure regelmäßig Expertenberichte und Studien in Bezug auf die Reform der UN-Entwicklungssysteme in Auftrag. Diese Dissertation zeigt, dass führungs- und leitungsbezogene Empfehlungen, wie sie häufig zu finden sind in dieser großen Anzahl an Expertenberichten und Studien, die für eine Konsolidierung von Führungsstrukturen, für präzisere Regelungen zur Vertretung und Beteiligung in Leitungsgremien sowie für verbesserte Arbeitsmethoden der Gremien plädieren, nicht nur von akademischer Theorie, sondern auch in der empirischen Forschung unterstützt werden.

Die Liberalisierung der Finanzierungsregulationen und Finanzierungspraktiken, die seit den Neunzigerjahren stattfinden und die zu einem enormen Anteil freiwilliger, strikt-zweckgebundener Beiträge für operative Tätigkeiten des UN-Systems geführt hat, ist ein wesentlicher Verursacher der multiplen Governance-Herausforderungen, mit denen sich die Organisation konfrontiert sieht. Einerseits hat die genannte Liberalisierung zu einer starken Erhöhung des Beitragsumgangs geführt, andererseits hat sie auch die Fähigkeit der Leitungsgremien grundlegend darin geschwächt, ihre vorgeschriebene Rolle und Funktionen wahrzunehmen, wie die Bereitstellung strategischer Leitlinien und Visionen, die Gewährleistung der Implementierung von Richtlinien, die Überwachung der organisatorischen Leitung sowie die Schaffung eines effektiven Überblicks über die Arbeit der Einrichtungen sowie die des UN-Entwicklungssystems als Ganzes. Faktoren wie der Umgang, die Qualität, der inhaltliche Fokus und das Ziel operativer Fähigkeiten des UN-System werden nun folglich primär von den Geldgebern individuell bestimmt und nicht mehr kollektiv von den Mitgliedsstaaten auf der Ebene der Leitungsgremien. Eine Konsequenz dessen ist, dass viele Leitungsgremien im UN-Entwicklungssystem nicht mehr das Befugnis dazu haben, Programmschwerpunkte zu setzen, finanzielle Mittel zu verteilen, neue Programme zu entwerfen und sowohl Übersicht als auch Rechenschaftspflicht bei der Programmumsetzung auf Länderebene und auf globaler Ebene zu gewährleisten. Eine weitere Konsequenz der Liberalisierung ist das zunehmende Fragmentieren, Überlappen und Duplizieren von Aktivitäten, da UN-Einrichtungen dem Anreiz unterliegen, ihre Mandate und Funktionen kontinuierlich zu expandieren, um Unsicherheiten in der Beschaffung von Ressourcen zu vermeiden. Dies hat zu einer Zunahme

von Aktivitäten geführt, die nicht zum Kerngeschäft gehören, das heißt zu einer Zunahme solcher Aktivitäten, die nicht mit den fundamentalen Zwecken und Hauptmandaten von UN-Einrichtungen zusammenhängen.

Das Design der meisten UN-Leitungsgremien unterliegt dem Prinzip der gerechten geografischen Verteilung. Die Anwendung jenes Prinzips erlaubt es jedoch nicht allen Mitgliedsstaaten, gerecht an zwischenstaatlichen Entscheidungsprozessen teilzunehmen. Eine Begutachtung der Zusammensetzung von Leitungsgremien im UN-Entwicklungssystem zeigt, dass eine beträchtliche Anzahl an Mitgliedsstaaten an keiner Arbeit in Leitungsgremien involviert ist; die am wenigsten entwickelten Länder in Leitungsgremien erheblich unterrepräsentiert sind und Länder mit hohen Einkommen eine wesentlich höhere Wahrscheinlichkeit haben, an der Leitung von UN-Einrichtungen teilzunehmen. Darüber hinaus machen die primären Programm- und Geberländer, die fast alle Kosten für zwischenstaatliche Entscheidungsprozesse tragen, nur einen geringen Anteil der Sitzverteilung in Leitungsgremien in UN-Entwicklungssystem aus.

Die Möglichkeit zentraler Leitungsgremien wie der Generalversammlung und des Wirtschafts-und Sozialrats effektive Führung sowie die Koordination und Überwachung des UN-Entwicklungssystems, einschließlich der Umsetzung systemweiter Mandate, sicherzustellen, ist begrenzt, da ihre Resolutionen von den einrichtungsspezifischen Leitungsgremien nicht automatisch implementiert werden. Der nicht-hierarchische Charakter von zwischenbehördlichen Mechanismen wie der United Nations Sustainable Development Group, die auf freiwilliger Teilnahme und Entscheidungsfindung durch Konsens basiert und nicht formell rechenschaftspflichtig gegenüber zentralen Leitungsgremien über den Generalsekretär ist, hat auch wenig Anreize für UN-Einrichtungen geschaffen, Möglichkeiten zur Ergebnispotenzierung in der Programmierung und Ausführung von der Bereitstellung operativer Aktivitäten wahrzunehmen. Mitgliedsstaaten haben sich bisher davor gescheucht, zwischenbehördliche Mechanismen wie die United Nations Sustainable Development Group über den Generalsekretär zentralen Leitungsgremien wie dem Wirtschafts- und Sozialrat gegenüber für die Umsetzung systemweiter Mandate formell rechenschaftspflichtig zu machen.

Die Leistung der Leitungsgremien im UN-Entwicklungssystem variiert, gemessen an ihrem Einsatz und ihrer Beteiligung am strategischen Planungsprozess, erheblich. Von den 14 Leitungsgremien, die in Bezug auf ihre Leistung untersucht wurden, zeichneten sich die von ICAO, IMO, WHO und FAO hinsichtlich ihres Einsatzes und ihrer Beteiligung am strategischen Planungsprozess besonders aus. In diesen vier Einrichtungen wird der strategische Planungsprozess von dem jeweiligen Leitungsgremium ("Principal") angeführt und besessen und nicht von der organisatorischen Leitung ("agent"). Andere Leitungsgremien spielen in diesem Prozess im Vergleich mit der organisatorischen Leitung eine weniger einflussreiche Rolle. Sieben institutionelle Regeln scheinen von besonderer Wichtigkeit zu sein, um den starken Einsatz und die Beteiligung am strategischen Planungsprozess zu erklären, nämlich a) die Form der Finanzierung, b) der Einbezug von technischen Experten, c) die Einrichtung von technischen Tochtergesellschaften, d) der technische Prozess der Entscheidungsfindung, e) Entscheidungsfindung durch Mehrheitsabstimmung, f) technisch orientierte Entscheidungen und g) eine kriterienbasierte Zusammensetzung.

Die Ergebnisse der in der Dissertation durchgeführten Forschung und Analyse zeigen, dass viele Leitungsgremien im UN-Entwicklungssystem nicht dazu in der Lage sind, ihre vorgeschriebene Rolle und Funktionen zu erfüllen, die Repräsentation in den Leitungsgremien sind oft nicht gerecht, transparent oder effektiv, und zentrale Leitungsgremien wie die Generalversammlung und der Wortschafts- und Sozialrat sind nicht in der Lage zu gewährleisten, dass UN-Einrichtungen als ein zusammenhängendes System agieren. Zukünftig könnte es von Bedeutung sein, dass Mitgliedsstaaten die Einrichtung einer einheitlichen Governance-Struktur für das UN-Entwicklungssystem in Betracht ziehen, sowie transparenter und effektiver Regeln für die Zusammensetzung von Leitungsgremien, die Gewährleitung der Beteiligung von Experten an Governance-Prozessen und die Stärkung der Arbeitsmethoden der Leitungsgremien, einschließlich der Effizienz und Protokollierung von Besprechungen und der Qualität der Sekretariatsunterstützung.

Preface

In 1990, I successfully completed a competitive examination to join the United Nations, which several years later led me on a journey that few of my relatives could have contemplated from my early beginnings in a small fishing village in Iceland. This journey has now lasted almost 30 years and when approaching the late stages of my UN career I began to think about what to do next. This led to my interest in pursuing a PhD degree, which would allow me to further grow academically, while also providing an opportunity to take stock of the long experience that I had gained working for the UN.

Early on, I was advised by a good friend, Mr. Jean-Marc Coicaud, a Distinguished University Professor of Law and Global Affairs at the Rutgers Law School in New Jersey that pursuing a PhD dissertation at a German university could be a good choice as it would allow me to juggle an academic challenge with my work responsibilities in the Development Research Branch of the Department of Economic and Social Affairs in the United Nations Secretariat. This brought me in contact with Ms. Svanhildur Þorvaldsdóttir, a postdoctoral research fellow at the Ludwig-Maximilian-University Munich (LMU), who suggested that I reach out to Prof. Klaus Goetz to explore the possibility of completing a PhD dissertation under his supervision. Following several informal consultations, Prof. Goetz agreed to become my principal academic supervisor with Prof. Bernhard Zangl joining him as the second supervisor. In late 2021, Prof. Goetz was appointed as the Dean of the Faculty of Social Sciences at the LMU.

Based on discussions with Prof. Goetz, it was decided that my dissertation would focus on governance of operational activities for development of the United Nations system as this is an area where my educational background, professional interest and significant part of my work experience intersect. After completing all the necessary application procedures to be accepted as a doctoral candidate at the Ludwig-Maximilian-University Munich in the spring of 2020, at the outset of the COVI9-19 pandemic, I began my academic work while working fulltime in the UN Secretariat, with the goal of completing the dissertation in the second half of 2023.

At the end of this journey, I am glad to have embarked on this challenge, which has greatly deepened my knowledge of the interlinkages of design and effectiveness of governing bodies in the UN development system.

At the outset, I would like to provide a brief overview of my professional journey with the United Nations. My career is quite unique when compared to many other staff in the UN Secretariat, particularly as I have worked for three entities (UNEP, UNDP, UN DESA) and been posted in five countries (Kenya, Japan, Zimbabwe, Pakistan and United States). This experience has allowed me to see first-hand the breadth and depth of the UN's work for development around the world, in addition to participating in intergovernmental processes at the headquarters level that provide policy guidance and oversight of these activities.

My UN career started with the United Nations Environment Programme in February 1992 at its headquarters in Nairobi, Kenya, which was followed by another assignment at the Lake Biwa Office of the UNEP International Environmental Technology Centre in Japan. Following an interlude to complete a master's degree in public administration at the Harvard Kennedy School, I joined the United Nations Development Programme in the summer of 1996, first in the Governance Division based in New York, which was followed by two subsequent governance-related assignments at the newly established sub-regional resource facilities of UNDP in Islamabad, Pakistan and Harare, Zimbabwe, respectively. In March 2003, I joined the Department of Economic and Social Affairs in the United Nations Secretariat in New York, first in the Governance and Public Administration Branch of the Governance and Management Development Division (now Division for Public Institutions and Digital Government), subsequently the Development Cooperation Policy Branch (now Operational Activities Policy Branch) in the Office for ECOSOC Support and Coordination (now Office for Intergovernmental Support and Coordination) and since March 2019, I have served in the Development Research Branch of the Economic Analysis and Policy Division.

Over the course of my UN career, I have particularly specialized in governance and public administration reform. I have also spent considerable time providing analytical and other support to system-wide governing bodies such as the General Assembly and the Economic and Social Council during my tenure with the Office for ECOSOC Support and Coordination. This experience enabled me to witness first-hand how policymaking on operational activities for development of the UN system is conducted by Member States at the intergovernmental level. In this period, I substantively contributed to a number of UN reform processes, including on system-wide coherence, which culminated in the establishment of UN Women in 2010 and involved the merger of four gender-related entities, as well as several quadrennial comprehensive policy reviews of the General Assembly of operational activities for development of the UN system. This experience opened my eyes to how the quality of governance and overall effectiveness of the UN development system are inextricably linked.

The UN development system, composed of funds, programmes and specialized agencies, is highly complex in its design and governance arrangements. It is difficult in fact to describe this large group of entities as a "system" because their relationship resembles more that of a loosely coordinated network where each organization has a specific work programme, budget and leadership. The design of governing bodies of UN entities has also been heavily influenced by the normative preferences of the primary government stakeholder that participates in their work. This has meant that the design of governing bodies in the UN development system varies greatly. Member States have also assigned system-wide policymaking, coordination and oversight role of operational activities of the UN system to the General Assembly and the Economic and Social Council.

Over time, as I became more deeply involved in providing analytical and other support to intergovernmental processes of the General Assembly and ECOSOC on operational activities of the UN system, I observed that the ability of many governing bodies to discharge their mandated role and functions was being undermined by legislative ambiguity in their design, which made it challenging for them to exert genuine influence on the performance of entities and the UN development system as a whole. This experience brought about the realization that a more in-depth examination of the rules underpinning the design of governing bodies in the UN development system would be a worthwhile topic for further study in a PhD dissertation.

Acknowledgements

Just over four years have passed since I registered as a doctoral candidate at Ludwig-Maximilian-University Munich and embarked on a journey to complete a PhD dissertation, while working full-time in the Development Research Branch of the United Nations Department of Economic and Social Affairs. This has certainly been a hectic period, but now when the end is in sight, I am glad to have embarked on this demanding journey, which has enabled me to learn much about the current state of governance of the UN development system, including the rules that underpin the design and effectiveness of governing bodies.

First, I would like to express my sincere appreciation to my first supervisor, Prof. Klaus Goetz, Chair, Political Systems and European Integration and the Dean of the Faculty of Social Sciences, and my second supervisor, Prof. Bernhard Zangl, Chair, Global Governance and Public Policy, for the excellent guidance and intellectual support they have provided me on this academic journey. I have benefited enormously from the supervision of such outstanding academics for which I am deeply grateful.

I would also like to thank two academic friends for their advice and support during this journey: Mr. Jean-Marc Coicaud, a Distinguished University Professor of Law and Global Affairs at Rutgers University and Ms. Svanhildur Þorvaldsdóttir, Assistant Professor of Political Science at the University of Iceland.

I am also grateful to my colleagues in the Development Research Branch of UN DESA, a team of highly accomplished researchers that have been my institutional home for the past four years, for their continuous support and confidence in my ability to complete this dissertation. The exceptional team spirit and commitment to excellence that I have found in the Development Research Branch is reminiscent of my time as a soccer player in Iceland during my youth.

Finally, I would like to express my heartful gratitude to my family both past and present. Growing up in Iceland during the 1960s and 1970s, it was my great fortune to belong to a closely-knit extended family who cared deeply about the wellbeing of their young offspring. Without the support of this wonderful family, my upbringing and journey in life would undoubtedly have been quite different. This also includes my present family, who have had to deal with my long working hours for an extended period of time during the preparation of this dissertation, always offering encouragement and support.

Dedication

I would like to dedicate the completion of this dissertation to three women who have been the bedrock of my life. First, my late mother, Gudrún Andrea Guðmundsdóttir, an unlettered woman, who grew up in poverty and had to start working at a young age to earn a living for her family. Her life was characterized by a strong commitment to work, generosity, humility and duty and reinforced by strong belief in the role of providence and serenity in the face of life´s challenges, in short, my mother had many of the qualities of the saints. Second, my wife, Eva Mjöll Ingólfsdóttir, who has never ceased to inspire me through her infinite wisdom, talent and the size of her heart. Third, our daughter, Andrea Kristinsdóttir, a wonderfully talented human being, who has inherited all the best qualities of her mother and is a constant source of pride and joy to her parents. These three women have been instrumental in shaping my life and I want them to know of my eternal gratitude.

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Multilateralism at crossroads

The Secretary-General of the United Nations, in his September 2021 report *Our Common Agenda*, commissioned by Member States to celebrate the Organization's 75th anniversary, argued that humanity is at an inflection point and facing a stark choice: a breakdown or a breakthrough. He stressed that our challenges are increasingly interconnected across borders and other divides (United Nations, 2021). These challenges can only be addressed by an equally interconnected response, through reinvigorated multilateralism and the United Nations at the centre of this effort. The Secretary-General also argued that now is the time for a stronger, more networked and inclusive multilateral system, anchored in the United Nations. A more effective multilateralism also depends on an effective United Nations, one that can adapt to global challenges while living up to the purposes and principles of its Charter.

Multilateralism at inflection point

The COVID-19 pandemic and a series of overlapping, interdependent crises like climate change and the war in Ukraine, have shown that the world needs more, not less, multilateral cooperation. These shocks and crises are interconnected across economic, social and environmental systems and have caused worldwide damage that is greater than the sum of the individual parts. Despite the high cumulative impact of such crises, the legitimacy of multilateral cooperation continues to be questioned by states and the general public alike. Many multilateral institutions are no longer felt to be able to deliver the public value which was their original reason for being.

Recurrent crises call for stronger multilateralism…

How should states address the erosion in the legitimacy of multilateralism? What kind of changes in the institutional design of multilateral organizations may be required to rebuild the confidence of states and the public in their legitimacy? For example, does the institutional design of multilateral organizations need a major restructuring, or is incremental change the only viable pathway?

…including more effective institutions

The recent changes in the political landscape in many advanced economies, particularly in Europe, which have led to growing polarization within and across countries, pose a considerable challenge to the revitalization of multilateralism. These shifts in the distribution of political power, often driven by public backlash against the economic and cultural impact of globalization and the perception of growing inequality in society, may suggest that only a material restructuring of the institutional design of multilateral institutions would be able to garner the necessary support from all states. The reinvigoration of multilateralism may thus be inextricably linked to the ability of states to agree on institutional reform.

New political landscape poses challenges for strengthening of multilateralism

United Nations constitutes a central node in the multilateral system

The Secretary-General in Our Common Agenda has highlighted the need for the United Nations to undergo a similar reinvigoration, so that the Organization is able to respond more effectively to the growing number of interconnected global challenges.

SG called for reinvigoration of multilateralism

The United Nations was formally established in 1945 in the aftermath of the Second World War although some entities that belong to the UN system trace their origin to a much earlier date. The United Nations is an intergovernmental organization charged with the promotion of international cooperation. The purpose of the UN, as set forth in the Charter, is to maintain international peace and security; develop friendly relations

among nations; cooperate in solving international economic, social, cultural and humanitarian problems; promote respect for human rights and fundamental freedoms; and be a centre for harmonizing the actions of nations in attaining these ends. The UN Charter stipulates that each primary organ of the Organization can establish various specialized agencies to fulfill its duties.

Three-fourths of all the work of the Organization now in the form of operational activities

The United Nations system comprises many specialized agencies, funds and programmes, each with their own area of work, budget and leadership. The funds and programmes of the UN system are financed through voluntary rather than assessed contributions. The specialized agencies, on the other hand, are independent international intergovernmental organizations funded by both assessed and voluntary contributions. Over time, most UN entities, including many specialized agencies, have become heavily involved in the delivery of operational activities for development in developing countries. Operational activities for development now constitute about 75 per cent of the overall work of the UN system. Resolutions adopted by system-wide governing bodies like the General Assembly and the Economic and Social Council generally refer to the group of funds, programmes and specialized agencies that receive contributions for operational activities for development as the **UN development system**.

Box 1.1 provides a list of the 43 entities which are currently considered part of the UN development system. In comparison, there are 37 member entities of the UN Sustainable Development Group, the main inter-agency coordination body within the UN development system.[1]

Box 1.1   Composition of the United Nations development system

The UN development system is defined as those entities that receive contributions for operational activities for development. The following 43 entities engage in operational activities for development, according to reporting by the Secretary-General:

Funds and programmes

UNICEF, WFP, UNDP (incl. UNCDF, UNV), UNHCR, UNRWA, UNFPA, UNEP, UN Women, UNFPA, UN-Habitat

Specialized agencies

WHO, FAO, ILO, UNESCO, IFAD, UNIDO, ICAO, IMO, ITU, UPU, WIPO, WMO, UNWTO

Regional commissions

ECA, ECE, ECLAC, ESCAP, ESCWA

Secretariat departments and entities

UN Secretariat (assessed), OCHA, UNODC, OHCHR, UNDPA, UNCTAD, UNDESA, UNISDR

Other entities

UNAIDS, ITC, UNFCCC, UNU, UNITAR, UNSSC, UNRISD

Source: Author compilation based on Secretary-General's reporting.

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[1]   UNICEF, WFP, UNDP, UNCDF, UNV, UNHCR, UNRWA, UNFPA, UNEP, UN Women, UN-Habitat, WHO, FAO, ILO, UNESCO, IFAD, UNIDO, ITU, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA, OCHA, UNODC, OHCHR, UNDPA, UNCTAD, UNDESA, UNDRR, UNPBSO, OCHA, UNODC, OHCHR, UNDPA, UNCTAD, UNDESA, UNDRR, UNPBSO

The dissertation focuses on governance of the UN development system

The governance of each entity of the UN development system is composed of sovereign Member States, which delegate authority and operations to a secretariat, while establishing a governing body to oversee the work of the secretariat. Member States, the secretariat and the governing body constitute the three main pillars of the governance arrangement of every intergovernmental organization that is part of the UN development system. The governance arrangements of each UN entity are further determined by the rules that define the design of its governing body. These rules cover aspects such as the role, functions, jurisdiction, composition, participation, decision-making, working methods and secretariat support of the respective governing body. These rules often vary considerably across intergovernmental organizations, including among the 43 funds, programmes and specialized agencies that constitute the UN development system. This dissertation examines the current state of both entity-specific and system-wide governance arrangements in the UN development system.

1.1 The primary research question

The primary research question that the dissertation aims to answer based on both empirical and theoretical considerations is whether the design of governing bodies in the UN development system is correlated with their performance, and, if so, which institutional rules may be particularly important in this regard. The dissertation also examines whether the rules underpinning the present design of governing bodies in the UN development system are likely to result in outcomes that can be described as equitable, transparent and effective, and, if not, what reform measures may be needed. Another objective is to better understand how the rules defining the design of governing bodies are shaped by the broader external environment of the respective entity or the UN development system as a whole.

The unit of analysis for examining the interlinkages of design and effectiveness of governing bodies in the UN development system is the strategic planning process. This process is particularly important because its purpose is to provide the overarching direction for an entity, or the UN development system as a whole, and outline the measurable goals that need to be achieved during a specific period. The strategic planning process can be divided into four main stages: (a) formulation, (b) implementation, (c) monitoring and (d) review, which constitute the sub-dimensions of the performance assessment of 12 entity-specific and 2 system-wide governing bodies in the UN development system. Each sub-dimension has a key performance indicator that is further divided into 3-4 sub-indicators that constitute the **dependent variables** of comparative analysis.

The comparative analysis also involves a review of the rules defining the design of governing bodies in the UN development system in four key areas, namely their: (a) membership, (b) support structure(s), (c) decision-making method and (d) resources. These rules constitute the **independent variables** of comparative analysis. The purpose of the comparative analysis is to examine how the choice of rules defining the design of governing bodies correlates with their performance in the strategic planning process.

The dissertation also examines whether the rules defining the design of governing bodies have been sufficiently adapted to the changes that have taken place in the broader environment of the UN development system. For example, are the rules defining the design of governing bodies aligned with their mandated role and functions, while promoting effective interlinkages with other key institutional aspects such as the funding arrangements?

A better understanding of the interlinkages of design and effectiveness of governing bodies could contribute to a more informed debate in both government and academic circles on how to improve the legitimacy of governance of the UN development system and lay the ground for an enhanced role of the Organization in multilateral cooperation, as called for by the Secretary-General in Our Common Agenda.

The hypothesis of the dissertation is that the design and performance of governing bodies in the UN development system are correlated, if defined as the effective discharge of their mandated role and functions. Member States would thus be well-advised to undertake a thorough review of the rules underpinning the political organization of governing bodies in the UN development system at both the entity and system-wide level. Another hypothesis of the dissertation is that governance arrangements of the UN development system will need a material, rather than incremental change, to enable the Organization to play a more effective role in the multilateral system.

1.2 The main focus areas of recent academic research and knowledge gaps

This section briefly discusses six areas which have been the subject of growing empirical research and analysis on international organizations in recent decades. These research areas have been informed, more or less explicitly, by the academic theories on institutions discussed in the next section. The section concludes by highlighting some knowledge gaps in academic research on the design and performance of international organizations.

The *first area* of considerable empirical research and analysis has had a strong focus on **institutional design** of international organizations, particularly to better understand the logic that drives this political process at the intergovernmental level. This research includes the development of the rational choice theory of design of international institutions, and most clearly defined by Barbara Koremenos, Charles Lipton and Duncan Snidal in their article in the autumn 2001 issue of the journal *International Organization*.

A *second area* of growing academic research is that of **diffusion of institutional features** across international organizations (Reinsberg and Westerwinter, 2023; Borzel and Risse, 2012; Hix and Goetz, 2000). This research has particularly focused on the extent to which European policies and institutions have been replicated in different contexts at the national and regional level and the positive and negative incentive mechanisms used towards that end. For example, to what extent has the regional integration model in the European Union been replicated in other parts of the world. This research has also more recently examined how states use existing international organizations as templates for the design of new institutions with overlapping mandates.

A *third area* of significant research has focused on **delegation of authority** to international organizations. Scholars in this area point out that international organizations vary widely in their range of activities and autonomy. An important rationale for the delegation of a task to an international organization is the benefit of specialization. The gains from specialization are likely to be greatest when the task to be performed is frequent, repetitive and requires particular expertise or knowledge.

Academics are particularly concerned with why states delegate certain tasks to international organizations rather than acting unilaterally or cooperating directly and how to control them once the authority has been delegated. Hawkins et al. (2006) find the causes and consequences of delegation to international organizations to be remarkably similar to delegation in domestic politics. They also find considerable similarity in the mechanisms used by states to control

international organizations and domestic principals to control their agent. An important finding of this research by Hawkins et al. is that the probability of delegation to an international organization decreases the more heterogenous the preferences of states or if voting rules are not aligned with the distribution of power among states. Weak states, or those that may lack influence at the international level, on the other hand, are more likely to favour delegation to international organizations like the United Nations General Assembly. In the same vein, the closer the preferences of the members and the politically weaker the preference outliers in intergovernmental negotiation settings, the more likely are states to delegate a task to an agenda-setting international organization.

Ranjit Lall (2017) has more recently argued that the policy autonomy of the organizational leadership of international institutions is strongly linked with better performance. He has for example explained the performance differences between the UN World Food Programme and the UN Food and Agricultural Organization, both based in Rome, in favour of the former, as particularly driven by greater policy autonomy of the organizational leadership of WFP vis-à-vis Member States.

The *fourth area* of research has particularly examined how the design of **decision-making mechanisms** in international organizations has impacted their performance (Tallberg et al., 2021). According to the findings of this research, international organizations experience some considerable variation in their decision-making performance. Some organizations are highly efficient in producing policy outputs while others are often deadlocked. This research has particularly highlighted the critical importance of institutional design for decision-making performance, emphasizing the role played by majority decision-making rules, delegation of authority to a supranational institution, and access to transnational actors.

The *fifth area* attracting considerable interest among academics in recent years has focused on explaining the growing **transnational design** of international organizations (Reinsberg and Westerwinter, 2019; Tallberg et al., 2014). This research has shown that a major shift has taken place in international cooperation towards increased involvement of transnational actors such as non-governmental organizations, multinational companies and philanthropic foundations. The empirical data of this research confirms the major transformation of the transnational design of international organizations over the past sixty years, pervading all issue areas, policy functions and geographical regions. This change has particularly been driven by the need of international organizations to access the resources of transnational actors.

The *sixth area* of substantial research has particularly focused on the **difference between hard and soft law in international governance** (Abott and Snidal, 2000). Hard law means legally binding obligations of states. By using hard law, international actors reduce transaction costs, strengthen the credibility of their commitments, expand their political strategies and resolve problems of incomplete contracting. However, hard law often involves significant sovereignty costs, particularly in areas such as national security. In other areas subject to high degree of technical complexity such as setting standards under the auspices of the International Standards Organization, such costs may be low.

A soft law, on the other hand, begins when legal arrangements are weakened along one or more dimensions of obligation, precision and delegation. A soft law generally facilitates cooperation between states with different interests and values, different time horizons and

discount rates and varied degrees of power. A major advantage of a soft law is lower contracting costs.

Research has found that international actors generally choose softer forms of legalized governance if offering superior institutional solutions. For example, the costs and risks of national ratification procedures led the International Labour Organization to modify its legislative strategy (Abott and Snidal, 2000). Throughout its history, ILO has acted primarily by adopting draft conventions. However, in recent decades, the ratification of such conventions has declined measurably, which has damaged the reputation of this specialized agency of the United Nations. This has led the organization to emphasize the adoption of non-legally binding instruments such as recommendations and codes of conduct, particularly at the expense of binding treaties, to reduce the costs of national ratification procedures. Although the representatives of the labour unions on the governing body of ILO resisted this shift, the agency has begun to adopt new rules in softer legal form.

Knowledge gaps

The above overview of key research areas in the past two decades shows that the focus has primarily been on institutional design rather than the performance of international organizations. However, over time, the performance of international organizations has gradually become a growing focus of research efforts. In addition, donor countries have invested significant amounts of resources in evaluating the performance of multilateral organizations.

Overall, recent research focused more on IO design than performance

In comparison, there has been limited empirical research and analysis focused on governing bodies of international organizations, including those that are part of the UN development system. This includes limited empirical research and analysis on how important changes in the rules stipulating funding of international organizations affect the ability of governing bodies to perform their mandated role and functions.

Limited research on GB effectiveness in UNDS

The UN development system is a major actor in global development cooperation when the resources of all the 43 entities (box 1.1) are aggregated. Despite this growing role in global development cooperation, there has been relatively little empirical research and comparative analysis of the effectiveness of governing bodies in the UN development system, including vis-à-vis other important multilateral institutions. Furthermore, evaluations conducted by the Joint Inspection Unit of UN entities, which often include a review of their governance arrangements, are seldom subject to an in-depth substantive discussion by Member States at the intergovernmental level. While the design of governance arrangements of individual entities in the UN development system varies greatly, little is known about which governing bodies are particularly effective in discharging their mandated role and functions, including the factors that may explain such performance. More specifically, there has been limited empirical research and analysis to identify which rules defining the design of governing bodies in the UN development system are particularly important in explaining their performance.

Little knowledge available about which GBs more effective than others

1.3 A review of key theories in academic literature

Empirical research and analysis on the emergence and design of international organizations has grown measurably in the past two decades, as briefly reviewed in the previous section. This empirical research and analysis has, more or less explicitly, been informed by the academic theories discussed in this section. This also includes many reform proposals that are common to a large number of reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years and reviewed in some detail in chapter 2.

According to Lall (2017), the relative neglect of performance vis-à-vis design issues in research on international organizations can be attributed to both the challenges of conceptualization and measurement and the field's theoretical orientations. In comparison, there has been quite extensive research on the effectiveness of global environmental agreements, but this literature has generally not focused on the role played by international organizations in explaining specific outcomes.

The performance of international organizations, on the other hand, has been the focus of quite extensive body of evaluations conducted by institutions like the Multilateral Organization Performance Assessment Network (MOPAN) and the Joint Inspection Unit (JIU), an independent external oversight body of the United Nations. The evaluations conducted by MOPAN and JIU have often included an assessment of the governance arrangements of the respective multilateral institutions. However, despite the growing body of policy evaluations, there is limited consensus on which factors explain the performance of international organizations, including that of their respective governing bodies.

This dissertation, as discussed in section 1.1, particularly aims to identify the rules that explain the effectiveness of governing bodies in the UN development system in delivering on their mandated role and functions when measured as their leadership and ownership of the strategic planning process. This is important as the rules defining the design of governing bodies shape the incentives, political calculations and behaviour of Member States in the policymaking process at the intergovernmental level, as discussed in section 1.2.

This section briefly examines important propositions in academic literature that are felt to have considerable explanatory power when it comes to better understanding the interlinkages of design and effectiveness of international organizations, including their governing bodies. The first part reviews two theories that emphasize the influence of the external environment on the design, legitimacy and effectiveness of institutions. The second part focuses on theories with significant explanatory power when it comes to better understanding the interlinkages of design and effectiveness of international organizations, including their governing bodies.

A. The influence of the external environment

This part briefly reviews two academic theories that stress the influence of the external environment on institutional design and effectiveness of organizations, namely *New Institutionalism* and *Resource Dependence*.

Empirical analysis on IOs flourished in past two decades ...

.... but performance issues often neglected .....

.... but such issues regularly focus of policy evaluations

Dissertation focuses on interlinkages of GB design and performance

This section focuses on key academic theories

(a) New Institutionalism

This theory views institutions from a sociological perspective, i.e., how they interact and affect society. It does not explain organizations from the perspective of effectiveness and efficiency, but rather in terms of their legitimacy (Meyer and Rowan, 1977). Every institution is influenced by the broader environment within which it operates, and the main objective is to survive and gain legitimacy. An important argument of the new institutionalism theory is that much of what happens inside organizations has little to do with the objective task at hand, but more with the social structures within which they operate (Palmer, Biggart and Dick, 2008).

New Institutionalism views institutions from a sociological perspective

The new institutionalism theory has become an important explanatory discipline within political science by viewing institutions as social constructs that influence individual preferences and actions. Institutions are viewed as deeply embedded within their cultural, political and social environments and particular structures and practices often reflect and respond to the rules, laws, conventions and paradigms built into this broader context. The different external environments facing the funds, programmes and specialized agencies of the UN development system, for example, may explain the varied normative underpinnings of the rules defining the design of their governing bodies.

Institutions embedded within cultural, political and social contexts

(b) Resource Dependence Theory

The procurement of external resources is a central tenet of both the strategic and tactical management of any organization, according to the *Resource Dependency Theory* (Pfeffer and Salancik, 1978). Resource dependency has implications for the determination of the optimal structure of organizations, composition of boards, recruitment of employees, production strategies, contract structure, external links and many other aspects of organizational strategy.

Mobilization of resources critical for survival and success of organizations

The basic argument of this theory can be summarized as follows: organizations depend on resources which originate from the external environment. Resources are the basis of power and influence for both the sources and recipient entities of such contributions.

Resources as basis of power and influence

According to Pfeffer and Salancik, organizations are essentially coalitions of groups and interests, each attempting to obtain something from the common enterprise through collective interaction and each with their own preferences and objectives. Organizations are like quasi-markets where influence and control are negotiated and allocated according to which participants are most critical for the entity's continued survival and success.

Organization acts like quasi-market where influence negotiated among key groups

The mobilization of sufficient volume of voluntary resources from Member States becomes a central pillar of the strategic management of each entity of the UN development system. Both the organizational leadership and Member States have strong incentives to pursue a strategy that maximizes the ability of UN entities to mobilize resources from the external environment. This includes promoting rule changes that enable the organizational leadership to maximize the resource mobilization potential. This reality also creates incentives for the organizational leadership, as well as Member States at the governance level, to offer services that are likely to attract sufficient volume of resources from the donor countries, even if they are not directly related to the core purposes and central mandates of the respective UN entity.

Resource mobilization a central tenet of management of each UN entity

8

B. How institutional design influences international organizations' effectiveness

This section shifts the focus to four propositions in academic literature that can be used more explicitly to better understand the interlinkages of design and effectiveness of international organizations. Most of these theoretical propositions have been developed to explain the behaviour of actors in national institutions but serve as a source of inspiration for analysis of international organizations as well. These propositions address different aspects of institutional design of international organizations.

(a) Rational Choice Theory

The rational choice approach to the design of international institutions was defined most clearly by Barbara Koremenos, Charles Lipton and Duncan Snidal in an article in the autumn 2001 issue of the journal *International Organization*. The three scholars define international institutions as "explicit arrangements, negotiated among international actors, that prescribe, proscribe and/or authorize behaviour". The design of international institutions, according to this perspective, reflects a rational outcome of negotiations among utility- or power-maximizing actors. The scholars argue that states design institutions to resolve the strategic problems that prevent mutually beneficial cooperation. The design of an international institution in this sense is driven by the strategic cooperation problem that needs to be collectively addressed. International institutions are created and survive because they fulfill an important function for Member States. According to the rational choice theory, international organizations are an "efficient" solution to collective action problems among states caused by asymmetric information, transaction costs, moral hazard and other sources (Lall, 2017).

However, a growing body of academic literature and evaluative evidence suggests that the performance of international organizations varies considerably. For example, the International Labour Organization has struggled to fulfill its mandate of strengthening global labour standards, with the ratification rates of many of its conventions declining to less than 20 per cent of Member States, while the United Nations Educational, Scientific, and Cultural Organization has seen some of its core functions in the areas of education and research migrate to other international organizations because of its perceived failure to achieve results on the ground (Lall, 2017). These performance variations have increased the interest of both Member States and academic scholars to better understand the underlying causal factors.

Scholars have also more recently begun to incorporate sovereignty costs into the design of international institutions by relying on principal-agent models (Abbott and Snidal, 1998). These models internalize that states may have to pay autonomy costs when they delegate authority to international institutions. States may also delegate more authority to international bureaucrats if the respective issue requires highly technical and specialized knowledge. Johnson (2014) shows that under certain conditions, the bureaucrats of intergovernmental organizations can use their independence to create and design entirely different organizations, moving this function away from the exclusive provenance of states. The broader implication of the principal-agent problem is that intergovernmental organizations are not just problem-solving mechanisms but may have agendas of their own.

(b) Principal-Agent Theory

The *Principal-Agent Theory* is an offshoot of *rational choice* and has been influenced by *New Institutional Economics*. This theoretical framework examines the relationship between a principal and an agent. The principal-agent framework has a strong focus on transaction costs and agency. The concept of transaction costs is rooted in the notion that economic activities involve not only production costs but also costs for arranging and enforcing contracts. The process of drafting, planning and negotiating a contract is costly and the role of institutions is to reduce such costs.

The principal-agent problem typically arises because of information asymmetry and different interests of the principal and agent, which may not be aligned. This may lead international organizations to acquire sufficient autonomy to advance their own goals such as maximizing their budget and policy influence (Lall, 2017). International organizations, according to this perspective, can face a "moral hazard" problem. However, according to Prof. Lall, the performance failure of international organizations is more likely to take place because of the opportunistic behaviour of states rather than that of the organizational leadership. Prof. Lall argues that the performance of international organizations can be improved by increasing the policy autonomy of the organizational leadership, providing the example of the UN World Food Programme (WFP) vis-à-vis the UN Food and Agricultural Organization (FAO) to support his argument.

The principal-agent problem becomes particularly important in institutional contexts like the UN development system where funding is voluntary and highly dependent on a small number of donors. The UN development system also operates at three levels: country, regional and global, with different constituencies competing for influence and resources, which complicates the control role of the principal. In such situations, institutional actors with heterogenous preferences may pull policymaking in different directions, resulting in high degree of fragmentation. In some UN organizations, the planning, budgetary and hiring authority may be shared by actors at different levels, which weakens the ability of the central leadership to exercise unitary control. As a result, political scientist Erin R. Graham argues that the bureaucracies of international organizations, in many instances, should be defined as collective agents, which are regularly subject to internal fragmentation (Graham, 2013). Graham also argues that an agent is more likely to be faithful to a collective principal if members of the principal hold homogenous preferences.

The principals use various oversight instruments such as progress reporting and evaluations to assess how effectively agents comply with their mandates. However, a structure-based fragmentation may render such oversight challenging, as illustrated in a case study of the implementation of the WHO *Health for All* mandate, originally established at the International Conference on Primary Healthcare in 1978 (Graham, 2013). This mandate stipulated that the WHO country programming should be focused on strengthening the capacity of local institutions in developing countries to provide healthcare; resource distribution should focus on improving equity in basic healthcare within and across countries; while the new mandate was also a shift away from highly technical and often expensive interventions centred on specific diseases to local capacity development. However, evaluations conducted by internal and outside actors of this initiative, have discovered that in each case, WHO was out of step with the mandated priorities described above. For example, country programming did not reflect the emphasis on strengthening local health systems required by the mandate; the

resource distribution at the country level also failed to strengthen local health systems; and the focus did not shift towards improving equity in the availability of primary healthcare.

The weak implementation of the 1978 Health for All mandate was partially explained by the structure-based fragmentation of WHO, i.e., the limited authority of the Director-General over the regional directors, elected by Member States at the regional level. So, while the official policy was formulated at WHO headquarters in Geneva, in practice, the regional offices significantly influenced the policy through the budget and programme implementation (ibid). The built-in autonomy of the regional offices was the result of policies adopted at the founding of the WHO. The Director-General also possessed limited means to extract information from the country and regional level of the organization. For example, no systematic evaluation of WHO country office work was conducted between 1982 and 1997 (ibid). One implication of the WHO experience is that the donors began to significantly increase the supply of earmarked resources to better control the agent, which meant bypassing the formal decision-making structures at the governance level of the organization. WHO has since undertaken many reforms aimed at reducing its structure-based fragmentation and promoting greater policy coherence across the different levels of the organization.

...as different geographical levels of organization may have different principal

Academic scholars have recently started to study the impact of earmarked funding on the performance of international development organizations (Heinzel, Cormier and Reinsberg, 2023). Earmarking allows donors to reap the specialization gains of delegation to the organizational leadership of international development organizations without losing control. However, earmarking increases the time staff need to spend raising funds, maintaining donor relations and reporting back to the donors. An important finding of this research is that earmarked funding undermines both the cost-effectiveness and performance of international development organizations because of the increased administrative burden. The scholars argue that donors seeking greater value from development funding to international organizations should shift the allocations away from earmarked to core contributions.

Recent research shows that earmarked funding undermines cost-effectiveness and performance of IOs

The principal-agent complexity and heterogeneity of preferences has also been shown in recent studies on intergovernmental decision-making on the procedural and substantive dimensions of budgeting in international organizations (Patz and Goetz, 2019). This complexity of principals and agents and their heterogeneity of preferences is reflected in budget design, procedures and dynamics, resulting in outcomes such as: (a) increased proceduralization, (b) routinization (sometimes challenged) of budget procedures, timetables, classification and rules and (c) budgetary segmentation.

Principal-agent complexity and preference heterogeneity may further complicate decision-making

For example, the political fragmentation and heterogeneity of preferences at the governance level, may result in budgetary segmentation where the principals and agents may have different preferences within a single budget. A single Member State, or a coalition of states, for example, may serve as the primary principal for the budget of a particular department within an international institution and this position is subsequently used as a leverage when it comes to negotiating the budget of other departments of strong interest to different groups of Member States. The adoption of the regular budget of the UN Secretariat in New York may be a good illustration of this challenge of fragmentation of preferences in an institutional environment characterized by multiple principals, rather than one collective principal, with diverse interests within a single budget. The fragmentation of the budgeting process of international organizations through power-sharing among multiple principals may thus make it almost impossible to reach a collective agreement on meaningful reform of any individual part of the respective institution.

Political fragmentation in some IOs may result in multiple principals competing for influence

(c) Public Choice Theory

According to the *Public Choice Theory*, collective decision-making involves two types of interdependence costs: (a) external costs and (b) negotiation costs ([Buchanan and Tullock, 1962](#)). The "external costs" are those costs that a collective decision-making process imposes on participants not involved in the negotiations. The external costs decrease the larger the number of participants (figure 1.1). This means that when unanimous, or consensus, decision-making rule is applied, external costs must be zero.

A collective decision-making process also involves negotiation costs. The negotiation costs will rise at an increasing rate, the greater the number of participants in collective decision-making (figure 1.2). Unanimity, or consensus, decision-making rule maximizes the negotiation costs of a collective choice process.

The optimal decision-making rule for a collective choice process is the one that minimizes the sum of external costs and negotiation costs (figure 1.3).

More inclusive decision-making rules benefit from lower external costs but increase negotiation costs. Selecting the best decision-making rule is particularly important in situations where the costs and benefits of a collective activity are highly concentrated in a small number of participants, or where their utility function differs significantly, like in the case of operational activities of the UN system. A relatively small number of the top programme and donor countries bears almost all the cost of intergovernmental decision-making in the UN development system.

Some collective activities may also impose very significant costs on an individual. In such cases, the individual may place a high value on the application of a consensus rule and thus be willing to incur large negotiation costs to ensure effective protection. In figure 1.4, the external costs remain high until the curve bends sharply when it becomes closer to unanimity rule. In this example, decision-making costs may not be an important factor at all. The harm of a collective action may be so significant that the individual is willing to incur very high negotiation costs.

(d) Social Choice Theory

The development of effective voting systems has been a major focus of the *Social Choice Theory* from the outset. The Frenchman Nicolas de Condorcet, in the late 18th century, anticipated a key theme of this theoretical framework, namely that a *majority rule* is at once a plausible method of collective choice and yet subject to problems. For example, the so-called "voting paradox" presented by Condorcet showed that a majority rule can reach an impasse when every alternative is defeated in voting by some other alternative, so that no alternative can stand up to the challenge of every other alternative ([Sen, 2014](#)). Addressing the conceptual challenges associated with a majority rule, particularly consistency in decision-making, has been an important preoccupation of the social choice theory ever since.

Kenneth Arrow, in the 20th century, focused on identifying the most effective methods to aggregate individual preferences, which he named *social welfare functions*. Arrow proved that no method exists for aggregating the preferences of two or more individuals over two or three alternatives into collective preferences where the method meets five important conditions. His conclusion was that at least one of the five conditions would need to be relaxed if a majority rule is to serve as an effective method of aggregating individual preferences.

Figure 1.1 Expected external costs of decision-making

Expected external costs (present value)

C

0

N

Number of individuals required to take collective action
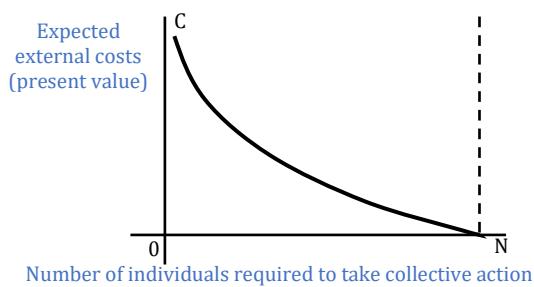
Source: Buchanan and Tullock (1962).

The external cost function can be described as:

$$C_i = f(N_a), \ i = 1, 2, \ldots \ldots, N$$
$$N_a \leq N$$

Where C_i is defined as the present value of the expected costs imposed on the i th by the actions of individuals other than himself and where N_a is defined as the number of individuals, out of a total group of N, who are required to agree before the final collective action is taken. Point C represents the costs that will be imposed on individuals if only one person, or one state, if an intergovernmental process, is authorized to take a decision for the group. External costs can also be expected to decrease at a decreasing rate the larger the number of participants in a decision-making process.

Figure 1.2 Expected negotiation costs of decision-making

Expected negotiation costs (present value)

D

0

N

Number of individuals required to take collective action
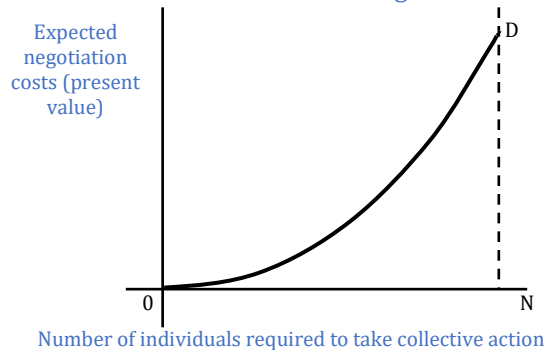
Source: Buchanan and Tullock (1962).

The decision-making function can be described as follows:

$$D_i = f(N_a), \ i = 1, 2, \ldots \ldots, N$$
$$N_a \leq N$$

Where D_i is defined as the present value of those costs that the individual is expected to incur while participating in a collective negotiation process.

Figure 1.3 Optimal decision-making rule

Expected costs (present value)

C + D

0

K

N

Number of individuals required to take collective action
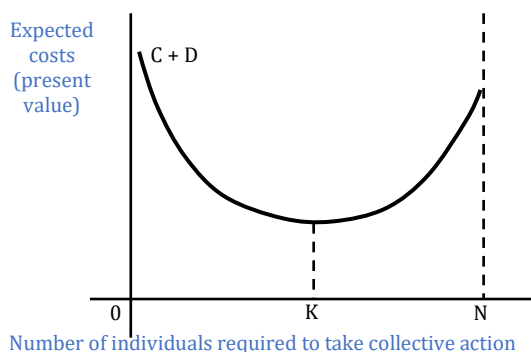
Source: Buchanan and Tullock (1962).

In figure 1.3, Point K represents the optimal number of participants where the sum of these two costs is minimized. This is the lowest point on the combined C+D cost curve.

Figure 1.4 Optimal decision-making rule when external costs are high

Expected costs (present value)

C

A

D

0

K

N

Number of individuals required to take collective action
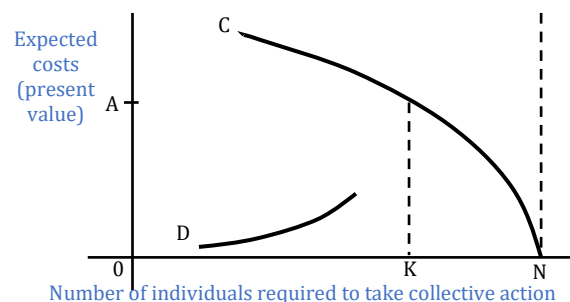
Source: Buchanan and Tullock (1962).

The expected costs from the private organization of the activity are represented by OA. The expected external costs of collective action, independent of negotiation costs, exceed expected costs of private organization for all rules less inclusive than shown by K/N. In such situations, the individual will not find it advantageous to agree to any decision-making rule other than the one which will approach the results of the unanimity rule, which becomes his de facto insurance policy.

The Arrow's *impossibility theorem* has been the subject of much academic work since the 1970s. Amartya Sen, who won the Nobel Memorial Prize in economics in 1998, took Arrow's impossibility theorem to show that the ordinal preferences are insufficient for making satisfactory social choices (Sen, 1998). For this reason, it is particularly important when making judgements about social welfare, to compare the different gains and losses of individuals and to take note of their relative affluence, which cannot be immediately deduced only from people's rankings of social alternatives. It is also important, according to Sen, to examine which types of clusters of preference rankings are problematic for different reasons of voting procedures (Sen, 2014). For example, under what conditions would a majority rule yield unambiguous and consistent decisions? How can we judge how well a society as a whole is doing given the disparate interests of its members? One of the conclusions of Amartya Sen is that different categories of social choice problems seem to require different treatments.

Kenneth May, on the other hand, has argued that a *majority rule* is the only reasonable decision rule that is "fair" in a sense that it doesn't privilege voters by letting some votes count for more or prioritizes one alternative by requiring fewer votes for its passing (May, 1952). A majority rule, according to May, is the only one that has the following properties: (a) fairness (e.g., anonymity and neutrality), (b) decisiveness and (c) monotonicity. Rae and Taylor also argued in 1969 that a majority rule best maximizes the likelihood that the issues a particular voter votes for, or against, will either pass or fail (McGann, 2002).

The analysis of the aggregation of individual preferences has been central to the social choice theory. This question is also relevant in the context of determining the rules defining the design of governing bodies in the UN development system where states may have highly different financial interests and practical experiences in the delivery of voluntary-funded operational activities for development. The delivery of voluntary-funded operational activities of the UN system, for example, is characterized by high concentration of costs and benefits in a relatively small number of Member States, which is likely to provide the top donor and programme countries with more in-depth information and knowledge of the practical challenges facing individual entities as well as the system as a whole.

1.4 The reason of institutional rules

Why do institutions need rules to guide the interactions of individuals? At the most fundamental level, rules have a negative function namely to ensure that the actions of some individuals do not inhibit those of other people. In this important role, rules provide a sense of predictability when it comes to the behaviour of individuals. Some rules may be written, while others are unwritten, but still recognized as important by the respective individuals. According to the philosopher Thomas Hobbes, rules help to ensure that societies do not suffer from anarchy. An important role of rules is thus the promotion of peace and harmony in society. North, Wallis and Weingast (2009) echo this viewpoint that the primary role of rules that develop in society is to limit violence among individuals. Without rules, individuals are likely to spend considerable time arguing because of their different preferences, desires and perspectives on what is right and wrong. The Greek philosopher Aristotle once described humans as "political animals". According to Aristotle, a law provides a comprehensive framework of rules and institutions through which society is constituted.

An important reason for rules is that they also provide incentives for individuals to cooperate in a way that maximizes the utility of society as a whole. The case of the "prisoners' dilemma" in game theory is often used to illustrate the benefits of cooperation among individuals. The example shows there is need for a rule, a socially binding norm that will prevent individuals from behaving in a manner that leads to an outcome that neither party desires (Brennan and Buchanan, 2000). According to Brennan and Buchanan, "individuals with their own objectives interact under a set of rules (political institutions), to further those objectives, and the interaction finally serves to establish a particular outcome as equilibrium." If the individuals' capacities and objectives are given, the only way the pattern of outcomes can be changed is by the alteration of the rules.

It is important to examine the normative purpose of rules. Rules and standards generally derive their legitimacy from either a law or a principle, or both. A law, principle, rule and standard, are part of a legal framework established for a specific political activity. Rules are generally the most constraining and rigid legal norms. Rules also generally have a normative purpose. This was recognized by the philosopher Thomas Aquinas in the 13ᵗʰ century, who stated that the purpose of a law is to serve the common good of a political community. Among scholars working on the nexus between politics and economics, the purpose of rules is often defined as to maximize social welfare in accordance with the utilitarian philosophy of Jeremy Bentham. The purpose of some rules may also be to promote values and principles like equity, justice, transparency, inclusion, effectiveness and efficiency.

Normative purpose is important when it comes to the rules defining the design of governing bodies in the UN development system. For example, should the rules underpinning the composition of governing bodies in the UN development system be guided by either the principle of equity or inclusion? The choice of such a rule would be primarily informed by its normative purpose as established by Member States at the intergovernmental level, which then influences the legislative outcome of the respective governing body. In the UN development system, the normative purpose of the rules underpinning the design of individual governing bodies varies significantly, which influences not only their role and functions but also the nature of the legislative outcome adopted by Member States at the intergovernmental level.

The design of political organizations like governing bodies thus matters for their effectiveness. In some instances, the rules may be deliberately designed by a political community like Member States in such a manner as to allow for a different interpretation by the individual actors of their normative purpose, which would subsequently undermine their implementation. Such rules are likely to result in outcomes that many participants view as unfair and untransparent. In the UN development system, governing bodies are constituted in many instances on the basis of the principles of equitable geographical representation, national sovereignty and sovereign equality of states, despite the fact that the costs and benefits of voluntary-funded operational activities for development are highly concentrated in a relatively small number of donor and programme countries. Member States have voluntarily agreed to apply these principles in the composition of many governing bodies in the UN development system knowing that their application may results in the selection of a significant number of members for which operational activities are of little, or no, financial importance. In that sense, Member States have voluntarily adopted a rule with a normative underpinning that prioritizes 'inclusion' rather than 'equity' in the decision-making process.

According to the *Rational Choice Theory*, discussed in the previous section, the design of a governing body of an intergovernmental organization constitutes a rational outcome of negotiations among utility- or power-maximizing states ([Koremenos, Lipson, Snidal, 2001](#)). The design differences among intergovernmental institutions, according to this theoretical perspective, are not random, but rather the result of the purposive interactions among states and other actors to solve specific problems. Member States with a strong interest in the work of a particular organization, as a result, may try to manipulate the design of the 'rules of the game' to their advantage.

GB design reflects negotiated outcome of power-maximizing states

The rules defining the design of governing bodies in the UN development system provide not only the framework for intergovernmental negotiations but also determine the choice of the strategies available to Member States. Member States with the same motivation and capacities will interact to achieve different outcomes under a varying set of rules. The rules defining the design of governing bodies in the UN development system provide a clear signal of the kind of outcomes Member States value at the intergovernmental level, as mentioned earlier. If Member States want an intergovernmental process to result in the best socially optimal outcome, they will need to adopt rules that can most effectively further that objective.

Rules reflect outcomes Member States value

It is important to note that within governments, a particular ministry is always assigned the focal point responsibility for each entity of the UN development system, including participation in the respective governing body. When it comes to specialized agencies, line or sectoral ministries, almost always represent governments at the governance level, but in most funds and programmes of the UN development system, the focal point is generally the ministry of foreign affairs, which has cross-cutting political responsibilities.

Normative purpose of rules driven by preferences of GB focal point in government ....

The normative purpose of the rules defining the design of governing bodies in intergovernmental organizations like the UN development system is defined by the respective government focal point. However, the normative preferences of different government ministries may vary when it comes to deciding on the rules underpinning the design of governing bodies. These normative differences explain the variance that characterizes the design of governing bodies in the UN development system.

.... either line or foreign ministry

An important objective of this dissertation is to identify the principles and rules that would improve the design and effectiveness of governing bodies in the UN development system.

Principles and rules influence GB performance

1.5 How dissertation contributes to addressing knowledge gaps

The dissertation aims to contribute to research and analysis on the relationship between design and effectiveness of international organizations by focusing on governing bodies in the UN development system. The design and effectiveness of these political bodies have not been subject to much research and analysis, as discussed above.

Dissertation aims to contribute to knowledge gaps in research...

The dissertation particularly aims to contribute to addressing knowledge gaps in the following four areas:

...by focusing on following areas:

First, undertaking an assessment of the continued relevance of the governance-related recommendations that are common to a large number of expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system, based on both academic theory and empirical evidence (chapter 2). These recommendations were generally made by a group of senior government officials and carried significant substantive authority.

- Assessing continued relevance of findings of earlier expert studies

Second, performing a review of the implications of the liberalization of funding rules and practices in the UN development system in the past three decades for the ability of governing bodies to perform their mandated role and functions, including with regard to fostering greater coherence, coordination, effectiveness and efficiency in the delivery of operational activities for development (chapter 3).

Third, examining the principles and rules underpinning the design of entity-specific and system-wide governing bodies in the UN development system, with a view to better understanding whether current governance arrangements are likely to result in outcomes that can be described as equitable, transparent and effective (chapter 4).

Fourth, carrying out a comparative review of the performance of 14 governing bodies in the UN development system in one of their core functions, i.e., the strategic planning process (chapter 5). The aim of this comparative review is to better understand which rules defining the design of governing bodies in the UN development system may be particularly important in explaining their performance in discharging this core governance-related function.

1.6 Data and methods

The dissertation applies a *mixed method approach* to data collection by relying on a combination of literature review, significant new data collection, and UN management information systems.

A large volume of information and data exists on the work, funding and functioning of the UN development system emanating from the regular reporting of the Secretary-General, UN entities and inter-agency bodies, as well as numerous studies conducted in the context of the many reform processes that have been undertaken in the past 50 years, as well as other analytical work carried out by experts and academics. The analysis conducted in the dissertation extensively uses the findings and recommendations of these information sources.

The analysis conducted in the dissertation also relies on considerable amount of new data collection from the official websites of UN entities and the UN Sustainable Development Group for the system as a whole. This includes information from strategic plans; evaluation reports; rules of procedure of governing bodies, as well as their workplans, agenda, session documents, decisions and reports of meetings over several years, including the substantive focus of informal consultations and briefings.

The data collection also includes a review of key findings and recommendations of reports prepared by the Multilateral Organization Performance Assessment Network (MOPAN) of the performance of UN entities, as well as independent evaluations conducted by the Joint Inspection Unit.[2] The analysis conducted in the dissertation generally involves a triangulation of data from multiple information sources.

1.7 Overview of dissertation

The dissertation is organized around seven chapters, and their objective(s) and methodology are briefly described below.

C**hapter 1** (introduction) presents the primary research question of the dissertation; describes the UN development system, which is the substantive focus of the analysis;

- Reviewing implications of liberalization of funding rules on GB effectiveness

- Examining effectiveness of principles and rules underpinning GB design

- Undertaking comparative review of performance of GBs in strategic planning process

Mixed method approach applied to data collection ….

…. existing data sources…

…. significant amount of new data collection

Chapter 1 presents primary research question

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[2] MOPAN is composed of 19 donor governments with significant financial stake in multilateral development cooperation, including the UN development system.

discusses influential theories in the academic literature on the relationship between institutional design and effectiveness of international organizations; and highlights the specific knowledge gaps in academic research that the dissertation aims to address.

Chapter 2 sets the stage by providing a synthesis of governance-related recommendations that are common to a large number of expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years. The recommendations of these reports and studies constitute the accumulated knowledge of high-level experts, generally nominated by governments and carried significant substantive authority. The chapter assesses whether the governance-related recommendations that are common to this large body of expert reports and studies remain relevant today based on both academic theory and empirical evidence.

Chapter 2 takes stock of key recommendations of earlier expert reports

Chapter 3 examines how major institutional changes such as the liberalization of funding rules and practices have affected the ability of governing bodies in the UN development system to discharge their mandated role and functions, including with regard to fostering greater coherence, coordination and effectiveness in the delivery of operational activities for development. The chapter relies primarily on literature review from various sources.

Chapter 3 examines evolution of institutional framework of UNDS

Chapter 4 undertakes a comprehensive review of the rules defining the design of governing bodies in the UN development system. The focus is particularly on the rules stipulating the role, functions, jurisdiction, representation, participation and decision-making of governing bodies and other collective choice processes in the UN development system at the global, regional and entity level. The chapter particularly examines whether the rules defining the design of governing bodies are likely to result in outcomes that can be described as equitable, transparent and effective.

Chapter 4 reviews GB design in UNDS

The chapter relies on information from various sources: *first,* extensive new data collection on the state of representation, participation and decision-making in governing bodies; *second*, literature review of UN reports and other expert documentation on governance-related issues; *third*, review of resolutions adopted by agency-specific and system-wide governing bodies; and *fourth*, case studies of governance arrangements of select UN entities as well as several other multilateral institutions.

Chapter 5 undertakes a comparative review of 12 entity-specific and 2 system-wide governing bodies in the UN development system, namely UNDP[3], UNICEF, UN-Women, WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO, UNEP, UNODC, General Assembly and ECOSOC. The 12 entities constitute funds, programmes and specialized agencies that account for more than 90 per cent of all operational activities for development of the UN system. The assessment also includes the two central governing bodies in the UN development system, namely the General Assembly and the Economic and Social Council. The *unit of analysis* is the performance of the 14 governing bodies in the strategic planning process. An important purpose of the comparative review is to examine whether the choice of rules defining the design of governing bodies in the UN development system is correlated with their performance in the strategic planning process, with a view to identifying those rules that may be particularly important in this regard.

Chapter 5 undertakes comparative review of performance of GBs in strategic planning process

The comparative review of the 14 governing bodies relies on significant amounts of new data collection regarding their work, functioning and legislative outcomes. This information

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[3] Also serves as the Executive Board of UNFPA and UNOPS.

generally emanates from the public websites of UN entities as well as various legislative documents of the respective governing bodies. The documentation also includes reports prepared by the Multilateral Organization Performance Assessment Network (MOPAN) [4] and the Joint Inspection Unit (JIU).

Chapter 6 summarizes the key findings and lessons learned from the earlier chapters of the dissertation. The main objective is to examine how the dissertation has addressed the research objective and question(s) of each chapter. The chapter relies on extensive review of all the material underpinning the key findings of the dissertation.

Chapter 6 takes stock of lessons learned from earlier chapters

Chapter 7 closes the research loop by looking ahead with a view to identifying possible next steps to strengthen the governance arrangements of the UN development system; suggesting which actor(s) could drive such a process; discussing how to overcome opposition from vested interests; and proposing possible strategic priority areas for improved governance, including an illustrative model based on the key lessons learned, as defined in chapter 6. The main objective of this chapter is to demonstrate how a more equitable, transparent and effective design of governing bodies in the UN development system could enhance their performance and lay the foundation for a more central role of the Organization in a reinvigorated multilateralism.

Chapter 7 looks ahead to possible next steps

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[4] MOPAN is composed of 19 donor governments with significant financial stake in multilateral development cooperation, including the UN development system. MOPAN) was launched in 2002 as a network of like-minded donor countries for monitoring the performance of multilateral development organizations at the country level. All members have a common interest in knowing more about the effectiveness of multilateral organizations, through joint assessments of these organizations, exchange of information and expertise in monitoring and evaluation.

Chapter 2   Setting the stage: lessons learned from earlier expert analysis

Key messages

1. *The governance-related recommendations that are common to a large number of expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system and advocating for the consolidation of governance structures, more precise rules stipulating representation and participation in governing bodies, and enhanced working methods of governing bodies, have strong support from both academic theory and empirical evidence.*

2. *The complex governance arrangements of the UN development system pose high direct and indirect costs on entities, the system as a whole, and Member States. The consolidation of governance structures would be expected to reduce information asymmetry between Member States (principal) and the organizational leadership (agent) in the governance process; improve cost-effectiveness in the delivery of operational activities of the UN system; reduce governance-related costs; enhance the accountability of entities and the system as a whole to Member States at the intergovernmental level; and strengthen multilateral ownership of the UN development system.*

3. *The optimal composition of a governing body minimizes the sum of external costs and negotiation costs of decision-making. The principle of equitable geographical representation that underpins the composition of most governing bodies in the UN development system is unlikely to achieve that objective as it assumes that governance of operational activities is of equal importance to all Member States, which is rarely the case. A criteria-based composition of a governing body, on the other hand, aims to minimize the sum of external costs and negotiation costs of decision-making. This selection method is particularly relevant when the costs and benefits of a collective activity are highly concentrated in a small number of participants, or where their utility function differs significantly, like in the case of operational activities of the UN system.*

4. *For governing bodies to be effective, members need to be knowledgeable about the work of the respective entity and have the experience and skills to think and act strategically. The more knowledgeable the members of governing bodies are with regard to the work of the respective entities, the lower the risk of the principal-agent problem in decision-making.*

5. *The work of governing bodies is generally highly dependent on the efficiency of meetings and documentation and the quality of secretariat support. The quality of secretariat support services can materially improve the effectiveness of the policymaking and oversight role of governing bodies. Many expert proposals and evaluation reports have highlighted the critical role played by independent audit and oversight committees in facilitating the work of governing bodies and in reducing the risk of information asymmetry between Member States (principal) and the organizational leadership (agent) at the governance level.*

Since 1969, Member States, the Secretary-General and other stakeholders, have regularly commissioned expert reports and studies on reform of the UN development system. These reports were generally prepared by a group of high-level experts or policymakers nominated by governments with significant accumulated knowledge of the work of the UN development system and carry considerable substantive authority. The recommendations of these reports invariably included areas where the experts felt the governance of operational activities for development of the UN system was in most need of further strengthening.

There has been little research and analysis undertaken to date of the governance-related recommendations that are common to this large body of expert reports and studies. This chapter aims to contribute to this research lacunae by examining whether these recommendations are supported by the explanatory power of both academic theory and empirical evidence. The chapter particularly aims to answer the question whether the rule changes proposed in the expert reports would be likely to materially improve the quality of governance of operational activities of the UN system.

2.1 Key governance-related recommendations of earlier expert reports

A review of the large number of expert reports and studies commissioned by governments, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system reveals four common governance-related areas: (a) consolidation of governance structures, (b) more precise rules stipulating the composition of governing bodies, (c) enhanced working methods of governing bodies and (d) greater expert participation in governing bodies (annex 2.1). These four governance-related reform areas provide the organizing framework for this section. A more detailed description of select expert proposals is provided in annex 2.2.

The Joint Inspection Unit has conducted over the years many independent evaluations of UN entities that have often included analysis of the effectiveness of their governance arrangements. Annex 2.3 provides a summary of important governance-related recommendations of independent evaluations conducted by the JIU and others, which constitute an important evidence base for assessing the validity of the recommendations made in the expert reports and studies.

(a) Consolidation of governance structures

May be the most consistent theme of many of the expert reports and studies is the call to consolidate the governance structures of operational activities of the UN system.

The Gardner Report (Expert Group, 1975) of a group of 25 government-nominated experts, proposed the consolidation of governing bodies of the operational funds in a single, full-time *Operations Board*, reporting to the Economic and Social Council, with membership small (18-27 countries). The report highlighted that except for the World Health Organization and the financial institutions of the system, UN entities were not originally assigned responsibility for the delivery of operational activities for development. However, over a period of three decades, operational activities had grown to become the largest part of the work of the United Nations. The Gardner Report also pointed out that the establishment of new UN entities had greatly expanded the resource base for operational activities by appealing to special constituencies. However, the question remained whether the cost of this expansion in terms of duplication and overlaps of activities and other inefficiencies, including the resulting

difficulties for the administration of recipient countries, were not beginning to outweigh the benefits from the multiplication of separate funds and other UN entities.

According to the Gardner Report, the fragmentation of the UN system had reached a point of diminishing return because of the reduction in overall effectiveness and efficiency. In addition, the report pointed out the risk to the brainpower and standard-setting role of the specialized agencies if they had to devote significant attention to logistical and operational issues at the expense of their substantive responsibilities and objectivity. The Gardner Report recommended the consolidation of all UN funds for technical assistance and pre-investment activities, except for UNICEF, in a new United Nations Development Authority, for the purpose of more effective policymaking, administration and management. However, this consolidation should allow for the maintenance of the separate identities of the respective funds so that the donors could continue to earmark contributions for particular purposes. Moreover, the governing body of the UN Development Authority, or the Operations Board, would have a governance responsibility for operational activities of the UN system as a whole.

The Ad-hoc Committee on the Restructuring of the Economic and Social Sectors of the United Nations system (UNGA, 1977) similarly recommended the establishment of a *single governing body* responsible for the management and control of operational activities of the UN system, replacing existing governing bodies. The Committee also proposed significant strengthening of inter-agency coordination in the UN development system, which should centre around the Administrative Committee on Coordination, the predecessor of the current Chief Executives Board for Coordination. The Economic and Social Council would guide and supervise the work of the ACC. An important function of the ACC would be to prepare concise and action-oriented recommendations for consideration of the intergovernmental bodies concerned, as well as to ensure the implementation of the guidance, directives and priorities emanating from such bodies by the entities of the UN system. Another key function of the ACC would be to develop cooperative and, wherever possible, joint planning, as well as coordinated execution of programme activities decided upon at the intergovernmental level.

Maurice Bertrand, an Inspector in the Joint Inspection Unit, in his reflections on reform of the United Nations (1985), also advocated for the establishment of a *single governing body* (and a single development agency) for operational activities of the UN system at the *regional level*. Inspector Bertrand argued that the regional level is the only realistic place where integrated cooperation among the different UN entities can take place. This would mean that the work of different UN entities would be decentralized and subsumed by an interdisciplinary development agency at the regional level under the guidance of a regional governing body. The regional governing bodies would report to the proposed Economic Security Council, which should be as prestigious as the UN Security Council.

The Group of High-level Intergovernmental Experts (Group of 18) recommended in 1986 that Member States consider establishing a *single governing body* responsible for the management and control of operational activities of the UN system, at the intergovernmental level. The Group of High-level Experts pointed out that the intergovernmental machinery dealing with economic issues, including operational activities of the UN system, had become too complex with a negative impact on coherent and coordinated programme delivery.

A different variant of the idea of a single governing body was proposed by the Nordic countries (Nordic UN Project, 1991), namely the establishment of an *International Development Council*,

as a high-level forum to discuss development issues and to provide overall guidance for the delivery of operational activities of the UN system. The role of the International Development Council would include absorbing the policy functions of five boards (UNDP, UNICEF, UNFPA, WFP and IFAD), while their Executive Boards, composed of no more than 20 representatives, would provide policy guidance to the senior management on a continuous basis. The role and functions of the International Development Council would resemble those of the Development Committee of the World Bank, according to the Nordic proposal.

In 1994, Erskine Childers and Brian Urquhart, like Inspector Bertrand in 1985 (see above), recommended the establishment of a *single governing body* for operational activities of the UN system at the *regional level*, meeting at the seat of the respective regional commission to deal with that region's inter-country and country programmes. Childers and Urquhart, like Inspector Bertrand earlier, argued that integrated, not sectoral, approach is required to promote development in developing countries and that such a structural response can only be achieved at the regional level. The entire machinery of delivering operational activities of the UN system should be decentralized to the regional and country level. In addition, Childers and Urquhart called for the establishment of a *single governing body* at the *central level* with the responsibility of providing overall guidance to the UN development system, as well as examining every three years reports of the regional governing bodies. The central governing body would meet periodically to deal with global and inter-regional programmes, review reports of the regional bodies, and provide overall global policy guidance and accountability. The central governing body, as envisaged by Childers and Urquhart, would report to ECOSOC. In another publication in 1996, Childers and Urquhart reiterated their 1994 recommendations for the reform of governance of operational activities of the UN system.

In 1996, the Nordic United Nations Reform Project (Nordic UN Project, 1996) stressed that a *unified governance arrangement* should be the long-term vision in response to the option of a single UN development agency. If the United Nations is to assume its role as the central framework for multilateral cooperation in the area of development, there is an urgent need to develop a more integrated and effective system of UN entities, which would require further simplification of governance structures.

In July 1997, Secretary-General Kofi Annan, in his report "Renewing the United Nations: A programme for reform", called for the promotion of closer integration of governance oversight between the Executive Boards of the funds and programmes through the establishment of a *Joint Meeting of the Boards*, with shared committees convened to review issues and matters of common concern. In 2004, the Secretary-General also called on Member States to adopt a more formal approach to the annual Joint Meeting of the Boards, e.g., by granting it a decision-making authority, with a view to advancing system-wide coherence, including the implementation of mandates established through the quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system.

Secretary-General Kofi Annan, in 2006, appointed a High-level Panel on UN System-wide Coherence, which delivered a report in November that year (United Nations, 2006). The central theme of this report was the call for the UN development system to *deliver-as-one*. This required a stronger, more united, and responsive UN development system where the sum was larger than the individual parts. It would also require more coherent governance, funding and management arrangements at the central level. A key recommendation of the High-level Panel was to replace the annual Joint Meeting of the Boards with a *Sustainable Development Board*. The key tasks of the Sustainable Development Board would be to endorse *One Country*

International Development Council absorbing policy functions of 5 GBs proposed by Nordic countries (1991)

Childers & Urquhart (1994) proposed single GB at regional level

Nordic study (1996) called for unified governance of UN-OAD

SG (1997) proposed creation of Joint Meeting of Boards of Fs/Ps with decision-making authority in select areas

High-level Panel (2006) proposed replacing JMBs with SDB to promote delivering-as-one of UN-OAD

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Programmes and approve related funding allocations; maintain a strategic overview of the system; drive coordination and planning among all funds, programmes and agencies; review the implementation of the global normative and analytical work of the UN in relation to the *One UN* at the country level; oversee the management of a funding mechanism for the Millennium Development Goals; review the performance of the UN resident coordinator system; consider and comment on the strategic plans of the funds, programmes and specialized agencies; commission a periodic strategic review of One Country Programmes; and consider and act on independent evaluation, risk management and audit findings.

An independent team of advisers to the ECOSOC Bureau on the longer-term positioning of the UN development system proposed in 2016 the creation of a *Sustainable Development Board* by merging the governing bodies of the New York-based funds and programmes (ITA, 2016). In the long run, the Sustainable Development Board could become the governing body of all the 19 funds, programmes and other entities that report to the General Assembly and ECOSOC and for which the quadrennial comprehensive policy review resolution of the Assembly is formally applicable.

The earlier expert reports and studies (annex 2.1) also made some other relevant recommendations aimed at strengthening the governance architecture of both global development policy and the UN system.

The Gardner Report (1975) proposed renaming the Second Committee of the General Assembly as the *Development Committee* with responsibility for establishing overall global development policies. The Gardner Report also recommended strengthening the role of the Economic and Social Council in coordinating policymaking within the UN system on development issues and operational activities for development, including monitoring of the implementation of system-wide mandates.

The Brandt Commission (1980) recommended the creation of a *High-level Advisory Body* composed of 12 members with responsibility for advising Member States, the General Assembly and its organs, on ways to improve the effectiveness of the UN and other international organizations engaged in development and international economic cooperation in order to facilitate the achievement of global objectives.

Inspector Maurice Bertrand of the Joint Inspection Unit, in his 1985 reflections, proposed the establishment of an *Economic Security Council* composed of 23 members and replacing ECOSOC and the Trade and Development Board of UNCTAD. The Economic Security Council would play a role on economic issues similar to that of the UN Security Council on matters pertaining to peace and security, including overseeing the work of the proposed regional governing bodies for operational activities of the UN system.

The South Commission in 1990 recommended the creation of a *Summit of Leaders* composed of a representative group of leaders of developed and developing countries under the auspices of the United Nations to periodically review the world economic situation and prospects for development and the environment.

In 1992, the UNDP Human Development Report, under the leadership of Mahbub ul Haq, proposed the establishment of a *Development Security Council*. The role of the Development Security Council would, inter-alia, be to design broad policy for all development issues and prepare a global revolving five-year budget of development resources flows.

Childers and Urquhart in their 1994 report recommended the establishment of a *UN System Consultative Board* reporting to the General Assembly through ECOSOC and comprising the Council's bureau members, bureaus of the executive governing bodies of the major agencies and one representative each from the remaining entities, to formulate common policy approaches on all matters requiring system-wide efforts. The board would meet biennially to review the implementation of select system-wide policies and programmes, including UN-wide reform efforts. Childers and Urquhart also proposed the creation of a General Committee as a standing capacity of the General Assembly with the responsibility for monitoring and evaluating the implementation of policies and activities of agencies under Article 58 of the United Nations Charter. The recommendation for the establishment of a UN System Consultative Board was also reiterated in their 1996 publication "*A world in need of leadership: tomorrow's United Nations*".

The Commission on Global Governance (1995), like Inspector Maurice Bertrand earlier, proposed the establishment of an *Economic Security Council* composed of no more than 23 members. An important role of the Economic Security Council would be to assess the overall state of the world economy; provide a long-term strategic policy framework for stable, balanced and sustainable development; secure consistency between the policy goals of the major international institutions; and promote consensus-building for the evolution of the international economic system.

The 1996 Nordic United Nations Reform Project called for the establishment of a *functionally integrated governance system*, with the General Assembly, ECOSOC and entity-specific governing bodies as the key constituent components. The policymaking, coordination and implementation roles in this functionally coherent governance system would be discharged by the General Assembly, ECOSOC and entity-specific governing bodies, respectively.

Secretary-General Kofi Annan in his 1997 report "Renewing the United Nations: A programme for reform", furthermore, called for rethinking the role of the Economic and Social Council, including possibly providing the Council with greater authority.

A former ECOSOC President, Ambassador Gert Rosenthal (2005), moreover, proposed reducing the size of ECOSOC from 54 to 36 members, while serving as a *Council of Ministers for Economic and Social Affairs*, with authority to review medium-term plans, or equivalents, of all UN system organizations.

In 2006, the High-level Panel of the Secretary-General on UN System-wide Coherence (United Nations, 2006) proposed the creation of a *Global Leaders Forum* with 27 members, to provide leadership 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; and promote consensus-building among governments on integrated solutions for global economic, social and environmental issues.

Likely effectiveness based on theory and evidence

When examining the various expert proposals aimed at consolidating governance structures in the UN development system, it becomes evident that they are generally informed by the rationalist perspective of institutional design as expressed for example in the *Rational Choice Theory (chapter 1)*. An important purpose of many of the expert proposals regarding the consolidation of governance structures is to arrange the incentives and coordination among utility-maximizing entities and Member States with a view to fostering an enabling

environment as well as outcomes that promote greater cost-effectiveness and coherence in the work of the UN development system.

The design of political institutions like governing bodies in the UN development system matters because it guides the behaviour of states participating in intergovernmental negotiations, which then adopt strategies to maximize their own return within that particular framework. Overly complex governance structures are likely to pose high direct and indirect costs not only on the respective entity but also the states involved in intergovernmental negotiations. Organizations with complex governance structures are likely to have a highly diverse group of stakeholders participating in intergovernmental negotiations, often with different needs and preferences. The rules determining the composition of governing bodies thus influence the complexity of governance arrangements as well.

Design of governing bodies matters for their effectiveness

The design of individual governing bodies in the UN development system has not been driven by a common vision or agreed set of principles, rules and standards developed at the creation of the Organization but rather reflects a negotiated outcome in each individual case among representatives of the respective government ministries. The entity-specific nature of governing bodies in the UN system has also meant that their design differs significantly.

GB design not driven by common vision and agreed set of rules and standards

The proposals made in many of the expert reports and studies discussed in section 2.1 reflect a strong preference for enhancing the rational design of governing bodies in the UN development system, with a view to contributing to greater cost-effectiveness and coherence in the delivery of operational activities, as highlighted above. A good example of this strong preference for simplifying and streamlining governance structures is the proposal in the Gardner Report (1975) to establish a single, full-time Operations Board (annex 2.2) for the UN development system as a whole.

Gardner Report ('75) proposed to create single Operations Board for UNDS

The proposal to establish an Operations Board reflects a strong desire of the government-nominated experts to rationalize the design of governance arrangements in the UN development system. The key purpose of the Operations Board is to enhance cost-effectiveness and system-wide coherence in the UN development system. For example, by establishing an Operations Board, it would be possible to legislate at the intergovernmental level the full harmonization of institutional processes that are common to all entities of the UN development system such as those relating to planning, business practices, programming, results-based management and evaluation, which would improve the overall coherence, cost-effectiveness and efficiency in the delivery of operational activities, not the least from the perspective of the programme countries.

Operations Board design reflects strong preference for more rational governance of UNDS

The High-level Panel on System-wide Coherence in 2006 estimated that the harmonization of such institutional processes common to all UN entities could generate 20 per cent cost savings for the UN development system as a whole (United Nations, 2006). An improvement in cost-effectiveness of that magnitude would undoubtedly strengthen the competitive advantage of the UN development system in global development cooperation. However, such a significant system-wide reform would be difficult to achieve without the consolidation of governance arrangements of operational activities of the UN system.

Single Operations Board could foster greater cost-effectiveness in UNDS…

A single, full-time Operations Board, as proposed in the Gardner Report (1975), would also reduce the risk of the *Principal-Agent Problem* (chapter 1) in the governance of the UN development system. The principal-agent theory provides a framework to examine the relationship between Member States (principal) at the governing body level and the organizational leadership (agent) of different entities or the Secretary-General (agent) for the

…and lower risk of principal-agent problem…

UN development system as a whole. The principal-agent problem typically arises because of information asymmetry and the different interests of the principal and agent, which may not be aligned. The problem of different interests may be even more pronounced when there are multiple principals and regular conflicts among those actors in the governance of an institution, which may increase the autonomy of the agent, i.e., the organizational leadership of the respective UN entity.

The Operations Board would replace numerous entity-specific governing bodies, each with their own principal and agent. This would greatly rationalize governance of the UN development system and significantly reduce such costs, which are often considerable, while making it possible to ensure that all operational activities of the Organization are subject to the same rules and standards. The jurisdiction of decisions adopted by the Operations Board would also apply to all geographical levels: country, regional and global, with the UN resident coordinators charged with coordinating country activities of the UN development system and reporting to the Administrator of the United Nations Development Authority. This means that one agent, rather than multiple, is accountable to the host government at the country level.

...as it reduces number of principals and agents

The problem of information asymmetry and different interests of the principal and agent may be particularly acute in many international organizations like the governing bodies of the UN development system where Member States regularly do not agree on policy priorities or the allocation of resources and thus individually, or in small groups, directly lobby the organizational leadership behind the scenes. Individual ministries within government such as those dealing with foreign affairs, finance, health, education and industry, may also approach policymaking from a different perspective. This lack of congruence between the policy goals of principals at the governance level, often caused by their heterogenous preferences, can easily undermine efficiency and democratic accountability in collective decision-making.

Information asymmetry & different interests often weaken ability of principal to hold agent accountable

The principal-agent problem becomes particularly important in institutional contexts like the UN development system where funding is voluntary and earmarked for specific purposes and highly dependent on a small number of donors. The UN development system also operates at three levels: country, regional and global, as mentioned earlier, with different constituencies competing for influence and resources, which complicates the ability of a governing body (principal) to exert control. In such situations, institutional actors with heterogenous preferences may pull policymaking in different directions, resulting in a high degree of fragmentation. In some UN organizations, the planning, budgetary and hiring authority may be shared by actors at different levels, which weakens the ability of the central leadership to exercise unitary control. As a result, the political scientist Erin R. Graham argues that the bureaucracies of international organizations should in many cases be defined as collective agents, which are regularly subject to internal fragmentation (Graham, 2013). Graham also argues that an agent is more likely to be faithful to a collective principal if members of the principal hold homogenous preferences. In addition, the growing earmarking of funding for the specialized agencies of the UN system has often meant a fundamental shift in work priorities away from their core mandates and purposes such as standard-setting and research to the delivery of operational activities for development (JIU, 2017a).

High earmarking of funding weakens accountability of entity leaders (agent) to Member States (principal)

The Gardner Report (1975) also proposed a major strengthening of the role of the Economic and Social Council (annex 2.2) in global policymaking on development issues and system-wide oversight of the UN development system, with the Operations Board reporting to the Council. The recommendation to strengthen the overall policymaking and oversight role of ECOSOC should be seen as complementary to the establishment of the Operations Board. The

By ECOSOC absorbing functions of subsidiary bodies, principal-agent problem reduced

redesigned ECOSOC would absorb the functions of most of its subsidiary bodies, with a view to reducing complexity in intergovernmental policymaking on development issues and lowering the risk of the principal-agent problem in system-wide governance of the UN development system.

The objectives of the other expert recommendations discussed in section 2.1 aimed at consolidating the governance architecture of the UN development system, were generally similar to those in the Gardner Report, namely, to foster more streamlined and less complex policymaking and oversight of operational activities at the intergovernmental level.

Independent evaluations conducted by the Joint Inspection Unit and others also provide empirical support for the consolidation of governance arrangements at the UN entity level (annex 2.3). These independent evaluations and reviews have regularly stressed the high cost that complex governance arrangements impose on UN entities. They also provide many examples where the Member States at the governing body level have decided to simplify governance arrangements of UN entities.

The governance of UNESCO has regularly been subject to review by intergovernmental bodies and independent experts over the years. The governance arrangements of UNESCO are probably the most complex within the UN system, including 49 governing bodies and related entities of conventions, protocols, institutes and programmes, according to an in-depth evaluation undertaken by an External Auditor in 2015, which involved interviews and a survey of hundreds of UNESCO stakeholders as well as extensive literature review (UNESCO, 2015). The complex governance arrangements of UNESCO thus provide a microcosm of those in the UN development system at large. An earlier review by the Joint Inspection Unit of the management and administration in UNESCO had recommended the appointment of an External Auditor to further examine the agency's governance architecture.

An independent review of the governance framework of the World Intellectual Property Organization revealed almost similar degree of complexity as in the case of UNESCO (JIU, 2014a). WIPO has one of the most complex governance structures of the entities that are part of the UN system. As one of the oldest international organizations, the governance framework of WIPO is the result of the amalgamation of several existing structures, some of which were created as far back as the 19th century. The WIPO Convention-based organs coexist with the governing bodies of the Union that were created by specific intellectual property treaties. As a result, the governance arrangement of WIPO is highly complex.

Overall, the expert proposals to consolidate governance structures (section 2.1) would be expected to materially improve the quality of governance of the UN development system when examined through the explanatory power of both academic theory and empirical evidence (annex 2.3), particularly in terms of the following:

- ❖ Strengthening multilateral ownership of the UN development system.
- ❖ Enhancing accountability of the UN development system to Member States at the intergovernmental level.
- ❖ Reducing information asymmetry between Member States (principal) and the organizational leadership (agents) of UN entities in the governance process.
- ❖ Improving cost-effectiveness in the delivery of operational activities of the UN system, as well as reducing governance-related costs.

(b) More precise rules stipulating representation in governing bodies

Another key theme running through many of the expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders (annex 2.1) has been the call for the adoption of more precise rules to define the composition of governing bodies in the UN development system.

The Gardner Report (1975) called for the Economic and Social Council to establish *small negotiation groups*, including countries with principal interest in a subject matter whether they are members of the Council or not, to facilitate consensus-building on key economic issues. These small negotiation groups would operate for a period of two years, with the ability to bring to the attention of the Council or the General Assembly issues that need decision-making. The report also recommended that officials from capitals with the required expertise, flexible instructions and capacity to follow-up directly on the implementation of agreed decisions attend ECOSOC sessions, with travel support provided to the representatives of developing countries. The Gardner Report, furthermore, recommended the creation of a single, full-time Operations Board to govern operational activities of the UN system as a whole, as discussed earlier. The membership of the Operations Board should be small (18-27 members) and equitably balanced between the net donors and net recipient countries. The board should be able to operate on a year-round basis, with the ability to establish sub-groups to deal with specific issues.

The Brandt Commission (1980) made a similar recommendation for the establishment of *small negotiation groups* on priority issues composed of countries for which the respective topic is of most interest to facilitate consensus-building at the intergovernmental level. The purpose of such reform would be to make intergovernmental negotiations in governing bodies of the UN system more flexible, expeditious and results-oriented. The Brandt Commission, furthermore, recommended the convening of occasional summits of a limited number of countries to forge commitment and advance consensus on high-priority issues as a precursor for discussions in universal forums like the General Assembly.

In 1985, Inspector Maurice Bertrand of the Joint Inspection Unit recommended that Member States adopt *constituency-based* intergovernmental negotiations based on the definition of interest groups whose composition and dimensions would vary according to the subject matter under discussion, including the method of representation of the respective groups. Inspector Bertrand also advocated that technical ministries should be involved in intergovernmental deliberations on development issues with a view to establishing a direct link to national policymaking. Inspector Bertrand, furthermore, proposed that each country appoint an *Economic Ambassador* from the Ministry of Finance and Economic Affairs to be part of its permanent mission in New York. The Economic Ambassador would represent the respective Member State in the Economic and Social Council.

The 1991 report of the Nordic countries also called for greater use of *groups with limited membership* to deal with specific issues or sectors.

Childers and Urquhart (1994), as mentioned earlier, recommended the creation of a *UN System Consultative Board* composed of ECOSOC's bureau members, bureaus of the executive governing bodies of the major agencies and one representative each from the other entities. Childers and Urquhart also advocated that states should be expected to be more strategic in decision-making on the composition of participants in the Economic and Social Council.

Adoption of more precise rules for composition of GBs consistently advised by experts

Gardner report ('75) proposed creation of small negotiation groups...

... also, the Brandt Commission in 1980

JIU Inspector in 1985 proposed adoption of constituency-based form of negotiations at intergovernmental level

Nordic report (1991) proposed greater use of groups with limited membership

Childers & Urquhart (1994) stressed need for participation of experts in decision-making

Childers and Urquhart, furthermore, called for special efforts to enhance the negotiation and decision-making capacity of the poorer countries in the General Assembly and ECOSOC.

The Commission on Global Governance in its 1995 report proposed that the composition of governing bodies of the funds and programmes be based on a *constituency-based system* so that all countries can have a voice in such bodies. The Commission also advocated that the Heads of State and Ministers of Finance of Member States should participate in deliberations of the proposed Economic Security Council, mentioned above.

Secretary-General Kofi Annan, in his 1997 report on UN reform, advocated that the ministers directly concerned with the respective theme under discussion in ECOSOC should participate in the Council's sessions. For example, it was particularly important that the beneficiaries of operational activities of the UN system such as the least-developed countries be effectively represented in the Council's deliberations on such issues. A trust fund could be established to facilitate the participation of ministers and high-level officials from the least-developed countries in the Operational Activities Segment of the Council.

The 2006 High-level Panel of the Secretary-General on UN System-wide Coherence recommended that the proposed Sustainable Development Board be comprised of representative subset of Member States based on equitable geographical representation and should enhance the participation and voice of developing countries. The Sustainable Development Board should be composed of senior officials from development planning, finance and foreign ministries, with relevant skills and competence.

In 2013, Bruce Jenks and Bruce Jones advocated for a stronger role of non-state actors in consultations and decision-making in governing bodies dealing with operational activities for development of the UN system.

The Independent Team of Advisers to the ECOSOC Bureau on the longer-term positioning of the UN development system (ITA, 2016) recommended that the composition of the proposed Sustainable Development Board, which involved the merger of the governing bodies of the New York-based funds and programmes, should give due consideration to the principles of equity and effectiveness in representation.

Likely effectiveness based on theory and evidence

Many recommendations of the expert reports and studies discussed in section 2.1 regarding the composition of governing bodies, have been informed by the objective to lower, or even minimize, the overall decision-making costs of negotiations at the intergovernmental level. A collective decision-making process at the governance level always involves costs, as highlighted by the *Public Choice Theory* (chapter 1). From an economic perspective, those participating in a collective choice process should be "better off" or at least "no worse off" as the result of the decision being carried out (Buchanan and Tullock, 1962).

According to the public choice theory, a collective decision-making process involves two types of interdependence costs: (a) external costs and (b) negotiation costs. The "*external costs*" are those costs that a collective decision-making process imposes on those not participating in the negotiations. The external costs of collective decision-making will decrease the larger the number of participants, as shown in figure 1.1 (chapter 1). This means that when unanimous or consensus decision-making rule is applied, the external costs must be zero. Figure 1.1 shows that the selection of rules stipulating the composition and decision-making method for a collective choice process will impact on the external costs.

Collective decision-making at the intergovernmental level also involves "*negotiation costs*". Such costs will increase the greater the number of participants involved in a collective choice process. The negotiation costs can be expected to rise at an increasing rate, the larger the number of participants in a governance process, as shown in figure 1.2 (chapter 1). Unanimity or a consensus decision-making rule maximizes negotiation costs. A governing body with a large number of members thus increases negotiation costs.

The optimal decision-making rule for a collective choice process is the one that minimizes the sum of external costs and negotiation costs, as shown in figure 1.3 (chapter 1). More inclusive decision-making rules, and a larger size of governing bodies, benefit from lower external costs but increase negotiation costs. Selecting the optimal size of a governing body and the best decision-making rule may be particularly important in situations where the costs and benefits of a collective activity are highly concentrated in a small number of participants, or where their utility function differs significantly, like in the case of operational activities of the UN system.

For example, a handful of donor countries are responsible for a high share of all government contributions for operational activities of the UN system. Furthermore, about 70 per cent of country-level activities of the UN development system are concentrated in 20 programme countries (chapter 4). The utility function of the top donor and programme countries is likely to be similar but become highly varied if other Member States, with less financial stake in the delivery of operational activities of the UN system, are included in the decision-making process at the governing body level.

An important objective of many of the recommendations of the expert reports and studies discussed in section 2.1 was to ensure that the composition of governing bodies would help to keep the total decision-making costs as low as possible. The design of the Operations Board (annex 2.2), proposed in the Gardner Report (1975), for example, was informed by the objective to minimize the sum of negotiation costs and external costs of decision-making. The proposed size of the Operations Board is small with 18-27 members, equitably balanced between the net donor and net recipient countries, while small negotiation groups would deal with certain issues. The composition of the Operations Board, equitably balanced between the net donor and net recipient countries, also helps to ensure that the external costs are kept low, as these stakeholders bear most of the costs of decision-making.

The composition of the Operations Board, equitably balanced between the net donor and net recipient countries, reflects the assumption that the effective delivery of operational activities of the UN system is primarily of strong interest to these two core stakeholders, which share a similar utility function. For that reason, the proposal empowers the key donor and recipient countries in the governance process as they have a common interest in the cost-effective delivery of operational activities of the UN system.

In the case of the complementary proposal of the Gardner Report (1975) to reform the Economic and Social Council (annex 2.2), the objective was also to ensure that the overall decision-making costs are kept as low as possible in this 54-member body by creating small negotiation groups with adequate representation of countries for which an issue is of high importance and by making it possible for Member States to introduce a constituency-based representation in the composition of the Council. An important objective of such rules is to help ensure that those countries with great stake in decision-making of a governing body are involved, while also ensuring adequate geographical representation.

Another report prepared by [Inspector Bertrand](#) of the Joint Inspection Unit (1985) advocated for the establishment of an Economic Security Council (annex 2.2) composed of 23 members, of which 12 would be selected based on criteria and 11 members in accordance with the principle of equitable geographical representation. The overarching purpose of the composition of the proposed Economic Security Council would be to minimize the sum of negotiation costs and external costs of decision-making at the governance level.

In comparison, the principle of equitable geographical representation that guides the selection of members of most governing bodies in the UN development system, is unlikely to minimize the sum of negotiation costs and external costs of decision-making, as its underlying assumption is that operational activities of UN entities are of equal importance to all Member States, which is rarely the case, as discussed earlier. This highlights the importance of selecting rules for the composition of governing bodies in the UN development system that are likely to minimize the sum of decision-making costs. Only a small number of governing bodies in the UN development system have been designed based on this objective (chapter 4).

Several independent evaluations conducted by the Joint Inspection Unit and others of UN entities have also highlighted the importance of Member States adopting an optimal size of governing bodies. The size of governing bodies of entities in the UN development system varies greatly, as highlighted in the report of the External Auditor of the governance arrangements of UNESCO in September 2015 ([UNESCO, 2015](#)). The Executive Board of UNESCO is composed of 58 Member States compared to 32 members in the Executive Board of World Health Organization, although the resource envelope of WHO is vastly greater. The same Member States have also decided to limit the composition of the Executive Board of the World Bank to 25 seats, anchored in a constituency-based selection, where all countries participate in the governance process through an agreed representative of the respective group. In the case of the Executive Board of the World Bank, Member States have agreed to share sovereignty in the governance function.

Many of the expert proposals discussed in section 2.1 were guided by the same objective, namely, to minimize the sum of negotiation costs and external costs through the adoption of rules striving to ensure a well-designed composition of governing bodies. Overall, it is reasonable to assume that such proposals would help to minimize the sum of decision-making costs and contribute to a more equitable, transparent and effective governance of the UN development system.

(c) Enhanced working methods of governing bodies

Almost all the expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years (annex 2.1), have highlighted the need to strengthen the working methods of governing bodies of UN entities, including the substantive preparations for intergovernmental meetings. Independent evaluations conducted by the Joint Inspection Unit and others have also invariably called for enhanced working methods and substantive preparations of governing bodies of UN entities (annex 2.3).

A common theme in many of the expert reports and studies has been the call for the rationalization of mandates, working methods, procedures and agenda-setting of the General Assembly, Economic and Social Council and other governing bodies, in part to reduce the number of meetings and the volume of documentation. This includes reducing the often-overlapping agendas of ECOSOC and the 2nd and 3rd committees of the General Assembly. In 1997, [Secretary-General Kofi Annan](#) proposed conceptualizing and organizing the agenda of

the General Assembly around the United Nations medium-term plan. The objective of many such expert proposals has been to make the agendas of the General Assembly and ECOSOC more purposeful and results-oriented. A rationalization process could for example begin by undertaking a comparative analysis of the agenda, calendars and work programmes of the General Assembly and ECOSOC and the Council's subsidiary bodies. Childers and Urquhart also proposed in 1994 the introduction of 'Question time' in the General Assembly.

Several of the expert reports and studies have also called for a review of the subsidiary structure of the Economic and Social Council with a view to assessing whether some of those tasks could be absorbed by the Council itself. Rethinking the role of ECOSOC could promote greater focus on the core functions and mandates of the Council while introducing enhanced flexibility in its work, for example, to be able to meet at short notice to address urgent development priorities. Proposals have also been made in some expert reports and studies to extend the duration of the Operational Activities Segment of ECOSOC with a view to enabling the Council to provide more effective policy guidance to the different funds and programmes.

The High-level Panel of the Secretary-General in 2006 called for establishing clearer lines of accountability of different governance mechanisms as a way to promote greater oversight of the performance and results of the UN development system. Secretary-General Kofi Annan, for example, had proposed in 1997 that the annual Joint Meeting of the Boards be convened in conjunction with the meetings of the Executive Boards of the funds and programmes. There have also been calls for other measures to streamline the work of the General Assembly, for example, by merging the 2nd and 3rd committees.

Many expert reports and studies have also emphasized the importance of strengthening and streamlining the substantive documentation for meetings to facilitate the work of governing bodies, particularly regarding issues of system-wide concern. Some reports have also emphasized the need to enhance an interdisciplinary approach in the preparation of background documentation for meetings of system-wide governing bodies like the General Assembly and ECOSOC. Others have proposed a periodic evaluation of the quality and content of reports prepared for governing bodies. Childers and Urquhart, for example, recommended in 1994 that a central focal point be designated in the Secretariat to plan, marshal and monitor the quality, coherence and volume of socio-economic documentation and that a business process review should be undertaken of legislative support services.

The Commission on Global Governance in its 1995 report called for enhanced collaboration between the staff of the proposed Economic Security Council and the Bretton Woods institutions, World Trade Organization, ILO and others in the area of legislative services. The High-level Panel on UN System-wide Coherence (2006) also highlighted the need for enhanced analytical support for system-wide governance of the UN development system by proposing the establishment of a Development Policy and Operations Group, supported by a Development Finance and Performance Unit, composed of officials from all parts of the Organization, to facilitate the work of the Sustainable Development Board. The High-level Panel, furthermore, recommended that the work of the Sustainable Development Board be informed by independent system-wide evaluations of operational activities for development of the UN system. Several other expert reports have also proposed the establishment of an independent evaluation capacity in the UN development system. Bruce Jenks and Bruce Jones in their 2013 report "*United Nations Development at Crossroads*", in addition, called for significant strengthening of the provision of system-wide data and analysis to facilitate intergovernmental deliberations at the central level on UN operational activities.

Likely effectiveness based on theory and evidence

Many of the expert reports and studies discussed in section 2.1 called for the rationalization of mandates, working methods, procedures and agenda-setting of governing bodies in the UN development system, in part to reduce the number of meetings and the volume of documentation and to further clarify the roles and responsibilities of different actors. These proposals, like many others regarding the reform of governance of the UN development system, were informed by the *Rational Choice* and the *Principal-Agent* theories (chapter 1). Many proposals have also called for strengthening the capacity of the secretariats of governing bodies to provide quality data on the work of the UN development system and to evaluate the impact of programmes and activities of the respective entity or the system as a whole. The assumption is that effective secretariat support services can materially improve the quality of the policymaking and oversight role of governing bodies in the UN system.

Many reform proposals informed by rational choice and principal-agent theories

The role of secretariats of governing bodies of international organizations like those in the UN development system is generally to gather and prepare background information on various issues so that members, usually government delegates, can study the facts and adopt the most relevant decisions; help carry out the respective decisions; and organize their meetings. Regardless of the type of governing body and its functions, an effective secretariat plays an important role in connecting members to work together on common goals; supporting the chair of the governing body by offering sound advice on governance, policy, and administrative issues, while identifying nuances associated with the issues under consideration; ensuring transparency in the work of the governing body; and acting thoughtfully about members' time and needs.

Secretariats of GBs play a critical role in governance process

Almost all the independent evaluations conducted by the Joint Inspection Unit and others have highlighted the importance of improving the working methods of governing bodies (annex 2.3). The independent steering committee of international experts established by the Secretary-General as a follow-up to the outcome of the 2005 Millennium Summit and mandated to undertake a comprehensive review of governance and oversight of the United Nations and its funds, programmes and specialized agencies, also highlighted the importance of governing bodies appointing committees with a clear terms of reference, sufficient level of authority and membership with the necessary expertise (United Nations, 2006).

Evaluation reports invariably called for improved working methods of GBs

The theme of strengthening oversight of UN entities has been common in the independent evaluations conducted by the Joint Inspection Unit. In the case of the United Nations World Tourism Organization, an independent evaluation by the JIU in 2009, recommended that the entity consider in-sourcing the internal audit, inspection, evaluation and monitoring functions to another UN entity with sufficient capacity to provide such services (JIU, 2009). A follow-up review by the JIU in 2014 revealed that this recommendation had not been implemented and that the UNWTO was running far behind other UN entities in this area (JIU, 2014b).

Strong calls for enhanced GB oversight of entities in evaluation reports

An independent evaluation of management and administration in the World Intellectual Property Organization in 2014 also recommended that Member States clarify the respective roles of the various governing bodies of the organization, with a view to streamlining governance dynamics within and among WIPO organs (JIU, 2014a). This includes consolidating the mandates and functions of the Programme and Budget Committee in one terms of reference document. Other areas identified in the 2014 independent evaluation of WIPO were the need to improve the management of the various committees and reduce the number and duration of meetings as well as the large volume of supporting documentation.

Evaluation of WIPO (2014) highlighted need to improve management of meetings

(d) Participation in governing bodies

The role of governing bodies of international organizations like those in the UN development system is to establish policies, make significant and strategic decisions, and oversee the activities of the respective entities. The decision-making in governing bodies involves making choices about the organization's vision, mission, and strategies. For governing bodies to be effective, members need to be knowledgeable about the work of the respective entity and have the experience and skills to think and act strategically.

GBs need participants with right knowledge and skills set…

The more knowledgeable the members of governing bodies are with regard to the work of the respective UN entity, the less risk of the *Principal-Agent Problem* (chapter 1). Information asymmetry is an important challenge facing members of governing bodies vis-à-vis the organizational leadership, which is further compounded by the different interests of these two actors. The larger the information asymmetry and the more heterogenous the preferences of individual members of governing bodies, the greater the risk of power imbalances in the governance process vis-à-vis the organizational leadership, which may have implications for the quality of policymaking and oversight of the respective UN entity. The vested interests of the organizational leadership may also undermine the ability of members of governing bodies to provide effective strategic leadership of the respective entity.

…as information asymmetry vis-à-vis entity leadership poses governance challenge

The higher the professional standards of members of governing bodies in the UN development system, the better the quality of decision-making is likely to be at the governance level. It is thus important that members of governing bodies fully understand their role and functions in the governance process. Ineffective governance also compromises the ability of the organizational leadership of an UN entity to succeed. In contrast, effective governing bodies can greatly assist the respective organizational leadership in achieving the entity's stated mandates and purposes.

Ineffective governance weakens ability of entity to succeed

Almost all the expert reports and studies discussed in section 2.1 have highlighted the importance of Member States adopting more precise rules for the selection of participants in governing bodies in the UN development system. The central purpose of these proposals is to improve the quality of decision-making and oversight at the intergovernmental level and to promote an effective link between decisions adopted by a governing body in the UN system and their implementation by Member States at the national level.

Almost all expert reports emphasized importance of effective participation in GBs

The Gardner Report (1975) emphasized that participants in the proposed Operations Board (annex 2.2) should be government officials from capitals with the required expertise, flexible instructions and the capacity to follow-up directly on the implementation of decisions agreed upon. Several other reports (e.g., Inspector Bertrand (1985) and the Commission on Global Governance (1995)) also advocated that Economic Ambassadors or Heads of State or Ministers of Finance should participate in the proposed Economic Security Council (annex 2.2). The Gardner Report, furthermore, suggested that the various subsidiary bodies of ECOSOC could be subsumed in the Council, with sessions on different issues attended by national policymakers from the capitals of Member States, which would facilitate the effective implementation of intergovernmental decisions at the country level.

Many reports called for raising level of participation in GBs of UNDS entities

Overall, the various expert proposals to make the rules that stipulate participation in governing bodies more precise argue that this aspect is central to enhancing the effectiveness of governance of the UN development system. The argument is that representatives with limited knowledge of the work of the respective entities or the UN development system as a

Improved quality of participation enhances GB effectiveness

whole will find it difficult to engage in policymaking and oversight at the intergovernmental level.

Likely effectiveness based on theory and evidence

Participation in governing bodies of UN entities has regularly been the subject of independent evaluations conducted by the Joint Inspection Unit and others on the efficacy of existing governance arrangements (annex 2.3). Almost all the evaluation reports have highlighted the importance of defining more clearly at the intergovernmental level the criteria for participation in governing bodies of UN entities.

Most evaluation reports highlight importance of more precise rules for participation in GBs

The Executive Board of UNESCO, in 2013, when reviewing the findings of an earlier evaluation of governance arrangements highlighted the need to reconsider the composition of many governing bodies of the agency to ensure representation of the necessary sectoral expertise (UNESCO, 2015). In 2015, an External Auditor of the governance arrangements of UNESCO highlighted the declining role of experts in the governance of the agency and concluded that the representatives of Member States are often allowed to sit on governing bodies without the necessary professional knowledge. The External Auditor strongly advocated that Member States give experts a central role in their delegations to meetings of governing bodies of UNESCO. A Member State running as a candidate for a seat on a governing body, for example, should be expected to nominate a full member, or an alternate, with sufficient experience in that body's area of specialization.

External Auditor of UNESCO (2015) stressed need to improve expert participation in GBs

The independent steering committee of international experts, established by the Secretary-General, as a follow-up to the 2005 Millennium Summit, to undertake a comprehensive review of governance and oversight of the United Nations and its funds, programmes and specialized agencies, also highlighted that governing bodies should have the necessary skills, knowledge and competencies to ensure their effectiveness (United Nations, 2006b). The committee, furthermore, recommended strengthening the application of term limits and stricter rules regarding the qualifications of expert committees and the independence of their members. The effectiveness of such committees in supporting Member States is often impeded by the relatively limited clarity and transparency about the minimum qualification requirements, nomination and selection processes, and remuneration and disclosure policies for their members. The committee recommended that clear procedures be established to promote greater transparency in this process, thereby supporting the quality of expert advice that these bodies provide to governing bodies such as the General Assembly.

SG expert committee (2006) recommended development of clear participation criteria in GBs

2.2 Conclusion

This chapter has shown that governance-related recommendations that are common to the large number of expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years, and grouped around four main reform areas: (a) consolidation of governance structures, (b) more precise rules stipulating the composition of governing bodies, (c) enhanced working methods of governing bodies and (d) greater expert participation in governing bodies, have strong support from both academic theory and empirical evidence, and would be expected to materially improve the quality of governance of the UN development system.

Many expert proposals would improve quality of UNDS governance

The principles underpinning the design of governing bodies in the UN development system vary greatly across entities, which can be attributed to the heterogenous preferences of Member States, as well as the lack of a common vision, principles, rules and standards to guide this process at the intergovernmental level. In theory, the functions and governance arrangements of an UN entity should be aligned, but this is seldom the case. The size of governing bodies also varies significantly across UN entities.

The complex configuration of governance arrangements has impacted on the ability of the UN development system to deliver operational activities in a cost-effective and coherent manner, particularly at the country level. One manifestation of this complexity is the lack of inter-agency harmonization of common institutional processes such as those relating to planning, programming, business practices, results-based management and evaluation. The lack of harmonization of these common institutional processes has reduced cost-effectiveness in the delivery of operational activities of the UN system. The overly complex design of governing bodies has also increased governance-related costs. At the same time, there also exist several good examples in the UN development system where Member States have streamlined governance arrangements, with a view to improving both entity and parliamentary effectiveness (annex 2.3).

The adoption of more precise rules to define the composition of governing bodies should be accorded high priority in reform of governance of the UN development system. The purpose of such reform should be to make intergovernmental negotiations at the governing body level more flexible, expeditious and results-oriented. Most of the expert proposals discussed in section 2.1 have a strong focus on lowering, or even minimizing, the sum of negotiation costs and external costs of decision-making by governing bodies in the UN development system. The principle of equitable geographical representation, in contrast, is unlikely to achieve that objective, as it assumes that operational activities of the UN system are of equal importance to all Member States, which is seldom, if ever, the case. Selecting the optimal size of a governing body and the most effective decision-making rule is particularly important in situations where the costs and benefits of a collective activity are concentrated in a small number of participants, like in the case of operational activities of the UN system, where the primary stakeholders are a relatively limited group of key donor and programme countries. These are the countries that bear almost all the decision-making costs of governing bodies on operational activities of the UN system. These countries often have homogenous preferences and common interest in the cost-effective delivery of operational activities of the UN system and the rules defining the design of governing bodies need to reflect this reality.

Almost all the expert proposals and evaluation reports have highlighted the critical importance of ensuring the participation of representatives with the right experience and skills set in the work of governing bodies in the UN development system. Representatives with limited knowledge of the work of a UN entity, or the system as a whole, are likely to find it difficult to engage in policymaking and oversight at the governing body level. Furthermore, without the participation of individuals with the requisite expertise and experience, the principal-agent problem is likely to be accentuated in the governance process. Moreover, the larger the information asymmetry and the more heterogenous the preferences of individual members of governing bodies (principal), the greater the risk of power imbalances in the governance process vis-à-vis the respective organizational leadership (agent), which may negatively impact the policymaking and oversight role of Member States. Effective participation in governing bodies is also important for achieving better linkages with the

country-level implementation of agreed decisions by entities and the system as a whole. It is thus important for the effectiveness of governing bodies to establish clear criteria and rules regarding the qualifications of participants in governance processes, as ineffective participation may impede the ability of UN entities to succeed.

Many expert proposals and evaluation reports have called for the rationalization of mandates, working methods, procedures and agenda-setting of governing bodies in the UN development system. The objective of such recommendations is often to refocus the work of governing bodies on their core functions and mandates. The work of governing bodies is generally highly dependent on the efficiency of meetings and documentation and the quality of secretariat support. The quality of the secretariat support services can materially improve the effectiveness of the policymaking and oversight role of governing bodies. The expert proposals and evaluation reports (annex 2.3) have particularly highlighted the critical role played by independent audit and oversight committees in facilitating the work of governing bodies and in reducing the risk of information asymmetry between Member States and the organizational leadership at the governance level. Many reports have also emphasized the need to strengthen an interdisciplinary approach in the preparation of documentation for governing bodies, as well as the importance of providing Member States with better information on the cost implications of organizing meetings and other support services.

Enhanced capacity of GBs for oversight critical for improved governance in UNDS

	Study/report	Working methods, representation, preparations	Intergovernmental governance
1.	Commission on International Development: partners in development - **Pearson Report** (1969)		Improve review of whole-of-United Nations system issues, including Bretton Woods institutions Institutionalize coordination among United Nations agencies, Bretton Woods institutions, multilateral agencies, regional development banks and coordinating bodies in-order-to: • Further linkages between aid and development policies and those dealing with trade, monetary policy and private capital movements • Move towards standardized performance assessments across United Nations system, including Bretton Woods institutions • Establish authoritative estimates of development objectives and aid requirements • Provide balanced and impartial review of donor aid policies and programmes
2.	Report of Group of Experts on the Structure of United Nations System - **Gardner Report** (1975)	**Working methods** Convene well-prepared sessions of General Assembly or proposed Development Committee, rather than ad-hoc world conferences Organize ECOSOC work programme on biennial basis, with short and frequent subject-oriented sessions spread throughout year, in New York, Geneva or other cities such as Nairobi, depending on topic and secretariat location Devote initial substantive session of ECOSOC (presumably in January) to identification of themes and issues to be included in biennial work programme Design ECOSOC work programme so that all issues currently addressed by subsidiary bodies are discussed over two-year cycle, with one-week ministerial session (e.g., last week of June) devoted to overall policy review, followed by separate discussions, two weeks each, first, on programme budgets and medium-term plans of entire	**General Assembly** Strengthen central role of General Assembly in global policymaking Rename Second Committee to **Development Committee** charged with establishing overall global development policies **Economic and Social Council** Prepare meetings of proposed Development Committee Coordinate policymaking within United Nations system on development issues and operational activities for development, including monitoring of implementation Assume direct responsibility for work performed by subsidiary bodies except regional commissions and others of highly specialized nature (e.g., Statistical Commission)[6] Establish **small negotiation groups** to facilitate consensus-building on priority issues

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[5]   The original version of this table was prepared by the author in 2009 to be included in a Secretary-General's report entitled "Follow-up to General Assembly resolution 63/311 on system-wide coherence related to operational activities for development" (A/64/589). Many of the reports and studies examined in this annex resulted in adoption of GA resolutions with significant implications for functioning of intergovernmental bodies governing UN development operations. The following GA resolutions are particularly relevant in this context: 45/204, 46/182, 50/227, 62/208 and 63/311.

[6]   With most subsidiary bodies discontinued, the report makes several proposals to make rules governing participation in work of ECOSOC more flexible.

Study/report	Working methods, representation, preparations	Intergovernmental governance
	UN system, and, secondly, to review operational activities for development of the Organization **Representation** Officials from capitals having required expertise, flexible instructions and capacity to follow-up directly on implementation of agreed decisions should attend ECOSOC sessions, with travel support provided to developing country participants Promote active participation of specialized agencies in the work of ECOSOC **Preparations** Restructure and strengthen central Secretariat in order to be able to provide intellectual direction on issues of system-wide concern	Review programme budgets and medium-term plans in economic and social fields with support of revitalized Committee on Programme Coordination[7] **Governing boards of funds and programmes** Consolidate governing boards of operational funds administered by United Nations into single **Operations Board**, reporting to ECOSOC, with membership small (18-27 countries)[8] **Evaluation** Create a small full-time body of independent experts to provide intergovernmental organs with information on programme management & execution and progress in achieving policy goals, with Joint Inspection Unit alternatively transformed into this entity
3. [Ad-hoc Committee](#) on the Restructuring of the Economic and Social Sectors of the United Nations System (1978)	**Working methods** Rationalize General Assembly working methods and procedures Improve coordination of 2nd and 3rd Committees with 5th Committee Organize ECOSOC work on biennial basis through shorter but more frequent subject-oriented sessions spread throughout the year Convene periodic ECOSOC meetings at ministerial level to review major issues **Preparations** Prepare concise and action-oriented documentation for General Assembly and ECOSOC sessions	**General Assembly** Serve as principal forum for global policymaking **Economic and Social Council** Act as central forum for discussion of international economic and social issues of interdisciplinary nature Formulate policy recommendations addressed to Member States and United Nations system Monitor and evaluate implementation of General Assembly policy guidance Ensure overall coordination of activities of United Nations system Undertake comprehensive policy reviews of United Nations operational activities for development Assume, to maximum extent possible, functions of subsidiary bodies Improve consultative relationships with non-governmental organizations Consolidate planning, programming and coordination responsibilities in Committee for Programme Coordination **Governing boards of funds and programmes** Consider establishing **single governing body** responsible for management & control of United Nations operational activities for development, replacing existing governing bodies

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[7] Based on draft plans prepared by an inter-agency planning unit.

[8] With operational funds maintaining fund-raising identity.

	Study/report	Working methods, representation, preparations	Intergovernmental governance
4.	North-South: A Programme for Survival – **Brandt Report** (1980)	**Working methods** Make agendas more purposeful and results-oriented, with better time management and more economical documentation Review present system of negotiations to see whether more flexible, expeditious and results-oriented procedures can be introduced without detracting from cooperation within existing groups[9]	Create high-level **Independent Advisory Body** composed of 12 members, with one-third from developing and developed countries and individual experts respectively, serving in individual capacity and appointed by SG to: • Advise Member States, General Assembly and its organs with a view to improving the effectiveness of United Nations and other international institutions engaged in development and international economic cooperation in achieving their global objectives[10] Establish **small negotiation groups** on priority issues composed of countries of which the respective topic is of most interest to facilitate consensus-building Convene occasionally summits of limited number of countries to forge commitment and advance consensus on high-priority issues as precursor for discussions in universal forums such as General Assembly
5.	Some reflections on reform of United Nations - **Maurice Bertrand** - Joint Inspection Unit (1985)	**Working methods** Reduce overlap in agenda of intergovernmental bodies **Representation** Involve technical ministries in intergovernmental deliberations on development issues with a view to influencing national policymaking Appoint Economic Ambassador, coming from Ministry of Finance and Economic Affairs, as part of each permanent mission in NY, to participate in the Economic Security Council **Preparations** Set-up an inter-disciplinary secretariat to service Economic Security Council with team of economists, sociologists and other specialists of high qualifications	Establish **Economic Security Council** composed of 23 members, replacing ECOSOC and Trade and Development Board of UNCTAD Economic Security Council would play similar role as Security Council in area of peace and security Establish **single governing body** (and single development agency) for United Nations operational activities for development at regional level Adopt **constituency-based intergovernmental negotiations** based on definition of interest groups whose composition and dimensions would vary according to subject matter being dealt with, including the method of representation of these groups **National level** Enhance policy coherence of Member States in intergovernmental bodies
6.	The Group of High-Level Intergovernmental Experts "The Group of 18" (1986)	**Working methods** Undertake comparative analysis of agenda, calendars and programme of work of General Assembly, ECOSOC and related subsidiary bodies Rationalize agenda-setting, procedures and methods of work of General Assembly and Economic and Social Council in-order-to reduce number of meetings and documentation	Consider establishing **single governing body** responsible for management and control, at the intergovernmental level, of United Nations operational activities for development Improve intergovernmental review of reports of Joint Inspection United Nations Strengthen independent evaluation of United Nations operational activities for development

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[9] In-order-for negotiations to improve or alter world consensus, all participants need to agree on negotiation structures at the outset.

Study/report	Working methods, representation, preparations	Intergovernmental governance
	Improve system of reporting from subsidiary bodies to principal organs with a view to reducing and minimizing duplication in documentation Adopt fewer and more strategic resolutions	
7. Report of Special Economic and Social Council Commission on In-depth Study of United Nations Intergovernmental Structures and Functions in Economic and Social Fields (1988)	**Working methods** Rationalize method of work of General Assembly in economic and social fields Improve prioritization of policy issues to be discussed in General Assembly each year Make representation in ECOSOC universal[11] Eliminate overlap in General Assembly and ECOSOC agenda[12] Convene 2nd and 3rd Committees for four weeks each year Hold 4-5 weeks annual session of Council in July/August each year, with high-level segment undertaking in-depth review of selected programme areas Convene subject-oriented sessions of Council, as appropriate[13] **Representation** Strengthen participation of executive heads of United Nations organizations in ECOSOC deliberations **Preparations** Improve and rationalize system of reporting to General Assembly and ECOSOC Perform periodic evaluation and appraisal of quality and content of reports prepared for ECOSOC Strengthen Secretariat support	**General Assembly** Establish overall strategies, policies and priorities for United Nations system in respect of international cooperation, including operational activities for development Serve as principal forum for policymaking and provision of policy guidance to United Nations operational activities for development **Economic and Social Council** Serve as central forum for substantive coordination of international economic and social issues of global and interdisciplinary nature and for formulation of recommendations to Member States and United Nations system Provide coordination of activities of United Nations system Monitor and evaluate implementation of General Assembly policies Recommend to General Assembly overall priorities and policy guidance on operational activities for development – the Third (Programme and Coordination) Committee of Council would devote its deliberations to operational activities[14] Discuss each year limited number of operational issues requiring coordination and harmonization of action among relevant United Nations system organizations Undertake comprehensive policy review of operational activities every three years

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[11] In an informal paper presented by G-77 on 1 September 1987, six reasons were identified for the inability of ECOSOC to fulfil its mandate: (a) restricted membership, (b) expansion of its subsidiary machinery, (c) short duration of meetings, (d) inadequate secretariat support structure and (e) lack of recognition of Council's authority by other intergovernmental and inter-secretarial bodies of UN system.

[12] The Special Commission proposed that GA and ECOSOC should establish a process of periodic review and evaluation of United Nations intergovernmental structure and functions in economic and social fields.

[13] In an informal discussion paper presented by Canada, universal membership of ECOSOC was proposed as well as organization of work programme along five main sectoral lines, which would be served by three Committees of the Council, with one focusing on UN operational activities for development.

[14] In an informal discussion paper, Japan proposed the creation of sessional committee of Council to deal solely with coordination of operational activities for development.

Study/report	Working methods, representation, preparations	Intergovernmental governance
		Obtain regular reports from specialized agencies on steps taken to give effect to relevant recommendations of General Assembly and Council **Governing boards of funds and programmes** Exercise responsibility for formulation, appraisal, approval, monitoring and evaluation of programmes and projects
8. Challenge to the South – The Report of the South Commission (1990)		**Summit of Leaders** Establish representative group of leaders of developed and developing countries under auspices of United Nations to periodically review world economic situation and the prospects for development and environment • Recommend guidelines for action by specialized agencies of United Nations and other major actors on the global scene
9. The United Nations in Development: reform issues in the economic and social fields – **A Nordic Perspective** (1991)	**Working methods** Systematize General Assembly and ECOSOC agenda-setting Make greater use of groups with limited membership to deal with specific issues or sectors Minimize overlaps in General Assembly and ECOSOC mandates **Preparations** Streamline reporting to ECOSOC	Establish **International Development Council**, as high-level forum to discuss development issues and provide overall guidance to United Nations operational activities for development: • Focusing on normative aspects of development, delegating administrative and managerial issues to system of Executive Boards • Absorbing policy functions of five boards (UNDP, UNICEF, UNFPA, WFP and IFAD), while Executive Boards, composed of no more than 20 representatives, provide policy guidance to senior management on continuous basis • Replacing either Second or Third Committee of General Assembly, ensuring universal participation, or constituted as one segment of ECOSOC, with 54 members International Development Council role would resemble that of Development Committee of World Bank
10. United Nations Development Programme **Human Development Report** (1992)		Create **Development Security Council**, composed of 11 permanent members and 11 on basis of rotational election to[15]: • Design broad policy for all development issues, ranging from food security to ecological security, from humanitarian assistance to development assistance, from debt relief to social development, from drug control to international migration • Prepare global revolving five-year budget of development resources flows • Provide policy coordination framework for smooth functioning of international development and financial institutions

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[15] The report argued that size of ECOSOC makes it difficult for Council to exercise its coordination role.

Study/report	Working methods, representation, preparations	Intergovernmental governance
11. Renewing the United Nations System – Erskine Childers and Brian Urquhart (1994)	**Working methods** Extend working periods of General Assembly and Economic and Social Council Explore ways to enhance negotiation and decision-making capacities of poorer countries in the General Assembly and Economic and Social Council Improve traditions and timings of debate, composition of resolutions and discipline in requesting reports including proscribing their length Introduce "Question time" in General Assembly **Representation** Promote more strategic composition of participants in Economic and Social Council deliberations **Preparations** Improve Economic and Social Council documentation and make it more strategic in order to attract ministerial attendance Designate one focal point within Secretariat to plan, marshal and monitor quality, coherence and volume of socio-economic documentation Undertake business process review of legislative support services	Establish **United Nations System Consultative Board,** reporting to General Assembly**,** through Economic and Social Council, comprising Economic and Social Council bureau members, bureaus of executive governing bodies of major agencies, and one representative of each other agency to formulate common policy approaches on all matters requiring system-wide effort Convene Board biennially to review progress in system-wide implementation of selected policies and programmes, including United Nations-wide reform efforts Establish **General Committee**, as standing capacity of General Assembly, to monitor & evaluate its discharge of responsibilities for coordination of policies and activities of agencies under Article 58 of United Nations Charter Establish **single governing body** for United Nations operational activities for development at regional level, under auspices of respective Regional Commission Examine reports of regional governing entities in **single global governing body** for United Nations operational activities for development, providing overall global policy guidance and accountability, with report submitted to ECOSOC General Assembly to review and debate every five years overall, global, inter-regional, regional and country policies in operational development programmes
12. Our Global Neighbourhood – Report of **Commission on Global Governance (1995)**	**Working methods** Make modus operandi of Economic Security Council practical and efficient Promote informal exchanges in Economic Security Council among national leaders Streamline and modernize procedures of General Assembly and its committees Reduce and rationalize General Assembly agenda Make General Assembly work more focused and results-oriented Convene General Assembly theme session in first half of each year on major priority issue Merge 2nd and 3rd committees of General Assembly	Create an **Economic Security Council** composed of no more than 23 members • Assess overall state of world economy and interaction between major policy areas • Provide long-term strategic policy framework for stable, balanced and sustainable development • Secure consistency between policy goals of major international institutions • Promote consensus-building for evolution of international economic system Retire ECOSOC

Study/report	Working methods, representation, preparations	Intergovernmental governance
	Enhance opportunity for intellectual dialogue among leaders in General Assembly Reduce overlapping agendas of ECOSOC and 2nd and 3rd committees **Representation** Heads-of-State and finance ministers to participate in Economic Security Council **Preparations** Imaginative and unconventional approach required to service Economic Security Council Secretariat staff and research capacity of high-quality with ability for strategic thinking on economic, social and environmental issues Consider inviting competitive bidding from United Nations and private agencies for any significant piece of work done on behalf of Economic Security Council Foster substantive collaboration between staff of Economic Security Council and Bretton Woods institutions, WTO, ILO and others	Submit major recommendations of ECOSOC subsidiary bodies to Economic Security Council, others to merged 2nd and 3rd committees, with NGO accreditation shifted to General Assembly **Governing boards of funds and programmes** Provide operational governance of respective entities Establish **constituency-based system** so that all countries have voice on executive boards
13. A world in need of leadership: tomorrow's United Nations – A Fresh Appraisal – **Erskine Childers and Brian Urquhart** (1996)	**Representation** Enhance the coordinating role of ECOSOC through more strategic composition of participants in Council's deliberations	Establish **United Nations System Consultative Board** comprising Economic and Social Council bureau members, bureaus of executive governing bodies of major agencies, and one representative of each other agency to formulate common policy-approaches on all matters requiring system-wide effort Establish **single governing body** for United Nations operational activities for development, with regional governing bodies for programmes in each region **National level** Enhance policy coherence of Member States in intergovernmental bodies
14. The United Nations in Development: Strengthening the United Nations through change: fulfilling its economic and social mandate – **The Nordic United Nations Reform Project** (1996)	**Working methods** Consolidate agendas of 2nd and 3rd committees of General Assembly Convene ECOSOC whenever necessary to address urgent developments in economic, social & related fields requiring guidance and coordination by Council Review subsidiary structure of ECOSOC in-order-to assess whether tasks can be absorbed by Council and other forums **Preparations** Improve preparations for substantive meetings of ECOSOC, with higher-quality reporting, focused agenda, and more active bureau	Establish functionally integrated governance system: General Assembly, United Nations conferences and treaty-making bodies Perform agenda, norm and standard-setting through dialogue and negotiations; policymaking; and oversight of subordinate bodies of United Nations system **Economic and Social Council** Provide policy guidance to all parts of United Nations system, including specialized agencies and regional commissions; coordination of intergovernmental, inter-agency and operational activities, particularly with respect to implementation of comprehensive policy review of General Assembly and integrated follow-up to United Nations conferences

Study/report	Working methods, representation, preparations	Intergovernmental governance
	Compile sectoral, operational and agency-oriented reports into consolidated Economic and Social Council report on development	including assessment of analyses and data collection; priority-setting as regards resources and activities; and consolidation of medium-term plans and budgets
		Strengthen ECOSOC guidance of functional commissions and expert bodies
		Governing bodies of funds, programmes and agencies
		Undertake policy interpretation, preparation and application; strategy development; approval of programmes and budgets; oversight of operations management; and monitoring and evaluation
		Long-term vision
		Unified governance arrangement for consolidated United Nations development system
15. Renewing the United Nations: programme for reform – **Report of Secretary-General** (1997)	**Working methods**	**Economic and Social Council**
	Conceptualize and organize General Assembly agenda around priorities of United Nations medium-term plan	Rethink role of Economic and Social Council, possibly providing it with greater authority under Charter
	Consider holding Economic and Social Council segments at different pre-established periods during year, without affecting totality of Council meetings	Consolidate and re-configure Economic and Social Council subsidiary machinery
	Extend duration of Operational Activities Segment to enable Council to provide effective policy guidance to work of different programmes and funds	Replace Committee on Development Policy by panel of experts on relevant policy issues set-up by Economic and Social Council on ad-hoc basis, with members appointed on recommendation of Secretary-General
	Adopt ex-ante, rather than ex-post, review by Council of work programme of functional commissions	Promote closer integration of governance oversight of UNDP/UNFPA and UNICEF, with consecutive and/or joint meetings of Executive Boards, and convene joint committees to review issues and matters of common concern
	Convene meetings of Executive Boards of UNDP/UNFPA /UNOPS and UNICEF back-to-back, with joint meetings, as appropriate, and with joint committees comprising members of both boards to review issues and matters of common concern	
	Representation	
	Economic and Social Council segments attended by ministers directly concerned with respective themes. Active participation of LDCs, beneficiaries of operational activities, is especially important in order to render dialogue more meaningful	
	Establish trust fund to facilitate participation of ministers and/or high-level officials of LDCs in Operational Activities Segment	
	Preparations	
	Improve preparations for Operational Activities Segment so that policy issues arising from reports of Executive Boards of funds and programmes are effectively identified, and level of participation in	

Study/report	Working methods, representation, preparations	Intergovernmental governance
	Council that can give necessary political weight to policy prescriptions emanating from it, is promoted	
16. The role of the Annual Joint Meeting of Executive Boards of funds and programme – informal note by **Anthony Beattie, President of Executive Board of WFP (2004)**	**Working methods** Adopt more strategic approach to agenda-setting, planning 2-3 years in advance Improve quality of debate Aim to achieve operationally useful conclusions Encourage discussions on outcome of Annual Joint Meeting, in the Executive Boards Invite Executive Boards to report back on implementation of conclusions of Annual Joint Meeting of Boards Exploit synergies by reflecting objectives and current concerns of Annual Joint Meeting of Boards in terms of reference for joint field visits	
17. Assessment of value-added of joint meeting of the executive boards of UNDP/UNFPA, UNICEF and WFP – **Report of the Secretary-General (E/2004/60: 2004)**		Consider adopting more formal approach to Annual Joint Meeting of Boards, e.g., granting of decision-making authority Examine how empowered Annual Joint Meeting of Boards would advance system-wide coherence and agreed development goals, including recommendations of QCPR[16] Conduct periodic reviews of relevance and effectiveness of Annual Joint Meeting of Boards, including complementarity with Operational Activities Segment of ECOSOC
18. The Economic and Social Council of the United Nations – An Issues Paper – **Gert Rosenthal (2005)**	**Working methods** Organize ECOSOC segments at different intervals throughout year Strengthen focus on ECOSOC core functions Reduce formality in ECOSOC proceedings **Representation** Assume present disconnect between ECOSOC natural constituency and national economic policymaking at country-level as "given" **Preparations** Improve technical quality of inputs to ECOSOC meetings	**Economic and Social Council** Reduce ECOSOC membership to 36 countries Achieve consensus on ECOSOC subsidiary status to General Assembly Serve as Council of Ministers for Economic and Social Affairs with authority to review medium-term plans, or equivalent, of all United Nations system organizations Coordinate follow-up to outcomes of United Nations conferences and summits

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[16] Quadrennial comprehensive policy review of General Assembly.

Study/report	Working methods, representation, preparations	Intergovernmental governance
		Undertake in-depth policy debates in Council with decisions adopted by General Assembly
		Establish closer relationship with Security Council
		Strengthen partnership with Bretton Woods institutions and WTO in-order-to give Council better access to ministries of finance, trade and development
		Bring non-governmental and private sectors more fully into work of Council
19. Report of the Secretary-General's High-level Panel on United Nations System-wide Coherence – *Delivering as One* (2006)	**Working methods** Establish clear lines of accountability among different governance mechanisms in-order-to promote robust oversight of United Nations system performance and results **Representation** Comprise Sustainable Development Board with senior officials from development, planning, finance and foreign ministries, with appropriate skills and competence **Preparations** Establish Development Policy and Operations Group, supported by Development Finance and Performance Unit, composed of talented officials from all parts of United Nations system to provide high-quality support to Sustainable Development Board	Establish **Global Leaders Forum** comprised of leaders of 27 countries rotating on basis of geographical representation, with participation of executive heads of major international economic and financial institutions: • Provide leadership on development and global public goods-related issues • Develop long-term strategic policy framework to secure consistency in policy goals of major international institutions • Promote consensus-building among governments on integrated solutions for global economic, social and environmental issues Create **Sustainable Development Board,** superseding Annual Joint Meeting of Executive Boards of funds and programmes[17] and meeting at ministerial level, when required. The main tasks of SDB would be to[18]: • Endorse One Country Programmes and approve related allocations • Maintain strategic overview of system • Review implementation of global normative and analytical work of United Nations in relation to One United Nations at country-level • Oversee management of funding mechanism for Millennium Development Goals • Review performance of Resident Coordinator System • Consider and comment on strategic plans of funds, programmes and specialized agencies • Commission periodic strategic reviews of One Country Programmes

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[17] ECOSOC would establish the Board and determine its membership in line with experience gained from the composition of the Executive Boards of funds and programmes. The Board would comprise a subset of Member States on basis of equitable geographical distribution. Major NGOs with key role in international development cooperation architecture would be enabled to participate in meetings of Board.

[18] After three years, the effectiveness of Sustainable Development Board would be assessed. This assessment would also include consideration of scope for integrating boards of UNDP/UNFPA and UNICEF as segments of the Sustainable Development Board, rather than maintaining them as stand-alone boards.

Study/report	Working methods, representation, preparations	Intergovernmental governance
		• Consider and act on independent evaluation, risk management and audit findings **Governing bodies of funds and programmes** Consider issues requiring particular-agency focus including those relating to multi-year funding frameworks **National level** Establish **all-of-government** approach in Member States to international development to ensure coordination in positions taken by their representatives in decision-making structures of all relevant organizations, including the Bretton Woods institutions
20. [Bruce Jenks and Bruce Jones](#), United Nations Development at Crossroads (2013)	**Working Methods** Avoid internally driven and duplicative processes Maintain and strengthen the variety of different arrangements and legal instruments for decision-making processes Expand capacities to measure results in-order-to give more credibility to goal-oriented development agendas **Representation** Include non-state actors more extensively in consultations and decision-making processes **Preparation** Facilitators prepare outcome documents for UN conferences, so-as-to leave more room for consultation rather than negotiation Provide more system-wide data and analysis	Focus on structural reforms that align functions of entities and form of governance, rather than on creating intricate coordination mechanisms aimed at promoting internal coherence
21. [Independent Team of Advisors to the ECOSOC Bureau](#) on the Longer-term Positioning of the United Nations Development System, The Future we Want, The UN System We Need (2016)		**General Assembly** QCPR resolution of GA should become a system-wide strategy for UNDS Each governing body of UNDS entity to undertake annually an evidence-based review of implementation of QCPR resolution of GA **Economic and Social Council** Establish a **Sustainable Development Board** involving the merger of the governing bodies of the funds and programmes. In the long run, the SDB could become the governing body of all the 19 funds, programmes and other entities reporting to GA and ECOSOC and for which the QCPR resolution of the Assembly is formally applicable Create a full-time ECOSOC President function, supported by adequate number of staff from within the UNDS

Study/report	Working methods, representation, preparations	Intergovernmental governance
		Committee on Development Policy strengthened to provide knowledge support and strategic guidance to UNDS
		Executive Leadership of UNDS
		Redesignate Deputy Secretary-General as Deputy Secretary-General for Sustainable Development
		A Strategic Executive Team, comprising the heads of functional groups of UNDS entities would support and be accountable to DSG-SD and SDB
		Coordination function of regional commissions and UN Development Group (now UN Sustainable Development Group) merged at regional level
		UN resident coordinators would report to Deputy Secretary-General for Sustainable Development

Source: Author compilation.

1.   **Operations Board (Gardner Report, 1975)**

A single, full-time Operations Board, reporting to ECOSOC, and composed of 18-27 Member States, not necessarily members of the Council, with decision-making based on consensus. All UN funds for technical assistance and pre-investment activities, except for UNICEF, consolidated into a new United Nations Development Authority, with each entity maintaining a distinct resource mobilization identity. The governing body of the United Nations Development Authority, i.e., the Operations Board, would also have governance responsibility for operational activities of the UN system as a whole. The composition of the Operations Board would be equitably balanced between net donor and net recipient countries, with sub-groups established to deal with specific issues. Participants would be government officials from capitals with required expertise, flexible instructions and the capacity to follow-up directly the implementation of decisions agreed upon. A central secretariat would provide support to the Operations Board on system-wide issues. A small, full-time body of independent experts would provide the Operations Board with information to evaluate programme management and execution and progress in achieving policy goals, with the Joint Inspection Unit alternatively performing this role. UN resident coordinators would report to the Administrator of the UN Development Authority and have ultimate authority for all aspects of the programme at the country level as central coordinating entity.[19]

2.   **Economic and Social Council (Gardner Report, 1975)**

Prepare meetings of proposed Development Committee of the General Assembly. Coordinate policymaking within the UN system on development issues and operational activities for development, including monitoring of implementation. Assume direct responsibility for work performed by subsidiary bodies of the Council except regional commissions and others of highly specialized nature (e.g., Statistical Commission).[20] Establish small negotiation groups with a full-time chairman, operating in closed session when needed, to facilitate consensus-building on priority issues, with adequate representation by countries for which an issue is of particular interest whether they are members of the Council or not, which would require an amendment to the Charter. Decision-making in the small negotiation groups would be by consensus. Only 3 small negotiation groups should operate simultaneously to facilitate consensus on priority issues in the first biennial period. These groups, which size would range from 10 to 30 members and operate based on unanimity,[21] would exist for a period of one to two years, with the Council kept abreast of progress of their work. Regions or subregions or groups of countries could be invited to consider the possibility of assuming joint representation in the Council by mutual agreement among themselves so that the meetings could be attended by the Member States most interested in the subject under consideration. This would necessitate an amendment to the Charter. Organize the ECOSOC work programme on a biennial basis, with short and frequent subject-oriented sessions spread throughout the year in New York, Geneva or other cities such as Nairobi, depending on topic and secretariat location. Most subsidiary bodies of ECOSOC, except for a few

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[19] Subject to agreement of the organizations concerned.

[20] With most subsidiary bodies discontinued, the Gardner Report makes several proposals to make rules governing participation in the work of ECOSOC more flexible.

[21] The negotiation groups could be smaller if so decided by ECOSOC or the General Assembly.

highly technical in nature, would be merged into the Council. Devote the initial substantive session of ECOSOC (presumably in January) to the identification of themes and issues to be included in the biennial work programme. Design ECOSOC work programme so that all issues currently addressed by subsidiary bodies are discussed over two-year cycle, with one-week ministerial session (e.g., last week of June) devoted to overall policy review, followed by separate discussions, two weeks each, first, on programme budgets and medium-term plans of entire UN system, and, secondly, to review operational activities for development of the Organization. Enhance the ability of ECOSOC to coordinate the work of the specialized agencies through joint meetings of the Committee on Programme and Coordination, a subsidiary body of the Council, and the Administrative Committee on Co-ordination, the predecessor of the current Chief Executives Board for Coordination (CEB). High-level officials from capitals having required specialized expertise on the respective topic, flexible instructions and capacity to follow-up directly on implementation of agreed decisions should attend ECOSOC sessions, with travel support provided to developing country participants. [22] Promote active participation of specialized agencies in the work of ECOSOC. Restructure and strengthen central Secretariat, under the leadership of a Director-General for Development and International Economic Cooperation, in order to be able to provide intellectual direction on issues of system-wide concern ([Group of Experts, 1975](#)).

3. **Economic Security Council** (Some reflections on reform of United Nations – **Maurice Bertrand -** Joint Inspection Unit, 1985)

Economic Security Council created at the central level replacing ECOSOC and Trade and Development Board of UNCTAD. The Economic Security Council would play a similar role as the Security Council in the area of peace and security. Twelve seats on the Economic Security Council selected based on criteria and 11 seats based on equitable geographical representation. Each Member States would appoint an Economic Ambassador, coming from Ministry of Finance and Economic Affairs, as part of its permanent mission in NY. The Economic Ambassadors would sit on the Economic Security Council. The Economic Security Council would also involve technical ministries in intergovernmental deliberations on development issues with a view to influencing national policymaking. A single, inter-disciplinary development agency or "enterprise" established to deliver operational activities for development of the UN system at the regional level. The regional and country-level offices of funds, programmes and specialized agencies would become part of the single regional development agency. This would constitute concentration of finances, manpower, fusion and restructuring of existing organs wherever possible. The Economic Security Council serviced by an interdisciplinary secretariat with a large team of economists, sociologists and specialists in various fields with very high qualifications. Smaller sectoral secretariats located at the level of each agency. Central secretariat staff appointed for a limited time period, around five years, by the members of the Economic Security Council. The secretariats of the Economic Security Council and various agencies would constitute a Commission, which would replace the inter-agency Administrative Committee on Coordination. Managerial reforms undertaken with a view to transforming the UN into a third-generation world organization ([Betrand, Maurice, 1985](#)).

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[22] According to the Gardner Report (1975), such participation is necessary to ensure that the proposed arrangements result in a substantial enhancement of the Council's effectiveness.

Annex 2.3 Governance-related recommendations of independent evaluations of UN entities conducted by the Joint Inspection Unit and others

The Joint Inspection Unit has been mandated, inter alia, to conduct independent evaluations of UN entities. This annex highlights important governance-related recommendations of such evaluations conducted by the JIU as well as several others, organized around the three main reform areas discussed in section 2.1.

(a) Consolidation of governance structures

Independent evaluations and reviews of UN entities in recent years and conducted by the Joint Inspection Unit and others have regularly called for the streamlining of governance structures as a strategy to improve overall cost-effectiveness and parliamentary efficiency.

Many independent reviews of UN entities called for streamlining of governance

The governance of UNESCO has regularly been subject to review by intergovernmental bodies and independent experts over the years. The governance arrangements of UNESCO are probably the most complex within the UN system, including 49 governing bodies and related entities of conventions, protocols, institutes and programmes, according to an in-depth evaluation undertaken by an External Auditor in 2015, which involved interviews and surveys of hundreds of UNESCO stakeholders as well as extensive literature review (UNESCO, 2015). The complex governance arrangements of UNESCO thus provide a microcosm of those in the UN development system at large. An earlier review by the Joint Inspection Unit of management and administration in UNESCO recommended the appointment of an External Auditor to further examine the agency's governance architecture.

UNESCO governance highly complex

The first recommendation of the External Auditor was to propose that the Secretariat provide the Executive Board of UNESCO at its spring 2016 session with an organizational chart of all the governing bodies belonging to the agency's governance ecosystem. The External Auditor also recommended that the Secretariat develop a methodology to estimate the overall external governance costs of UNESCO for further discussion in the Executive Board.

UNESCO External Auditor (2015) called for chart of all governing bodies

The governance architecture of UNESCO includes 13 governing bodies for 8 conventions; five for three intergovernmental committees; 16 for ten category 1 institutes; and 12 for ten programmes. This extraordinary complexity of governance arrangements of UNESCO cannot be found anywhere else among other entities of the UN system. The roles, structures and working methods of these governing bodies are the result of a large variety of standard-setting instruments that have established them in contexts which have often changed over time.

Complexity of UNESCO governance unique within UN system

The results are historical differences among the governing bodies of UNESCO that do not correspond to operational rationales. Some stakeholders of UNESCO argue that Member States have simply stacked bricks on top of each other in a way that is often incoherent and lacking in synergy and that the governance architecture has become unsteady and may collapse under its own weight (ibid). A complex governance architecture also poses high direct and indirect costs on a specialized agency like UNESCO with limited regular resources. The External Auditor broadly estimated that the costs of servicing so many governing bodies in UNESCO could amount to 5-8 per cent of the regular budget at least.

UNESCO governance poses high direct and indirect costs on agency

The Executive Board of UNESCO concluded in 2013 that the governance structures of the agency are heavy in terms of size, number of subsidiary bodies and the frequency of meetings (ibid). The meetings are also too large, time-consuming and expensive and devote too much time to relatively unimportant debates and decisions. This has resulted in a very slow

UNESCO EB noted negative impact of complex governance on decision-making

decision-making process, which in some instances may last several years. The complexity of UNESCO's governance arrangements often results in insufficient time at the level of the Executive Board to engage in strategic discussions as well as follow-up evaluation of actions carried out in response to previous deliberations.

The Executive Board of UNESCO, in 2013, when reviewing the findings of one of the earlier evaluations of governance arrangements, highlighted the need to reduce the size of governing bodies, eliminate sub-structures and reduce the size of meetings.

UNESCO EB (2013) called for simplified governance of agency

The External Auditor in 2015, in response to the conclusions of the Executive Board, recommended significant consolidation of the agency's governance architecture, initially on a trial basis. This included electing the same Member States to all the heritage-related conventions with the governing bodies holding their respective sessions in a single joint session under appropriate legal arrangements, as well as all category 1 institutes being merged in a single corporate entity, subject to one supreme governing body. The External Auditor, furthermore, recommended that a single governance code be adopted for all the governing bodies belonging to the UNESCO family, with a view to harmonizing their rules of procedure, texts and practices.

UNESCO External Auditor (2015) called for major consolidation of governance of agency…

The External Auditor suggested that UNESCO apply a consolidation model adopted by the Council of Europe in 2011, which involved setting-up a single Steering Committee for Culture, Heritage and Landscape, to manage the work relating to 11 international conventions each with different governance arrangements, scope and activities. The External Auditor recommended that this model from the Council of Europe be applied in the consolidation of governance arrangements of UNESCO for example for conventions with overlapping mandates, particularly in the areas of culture, physical education and sports, education, various types of heritage, oceanography, basic science and bioethics.

…using Council of Europe (2011) governing body reform as possible model

An independent review of the governance framework of the World Intellectual Property Organization revealed almost similar degree of complexity as in the case of UNESCO (JIU, 2014a). WIPO has one of the most complex governance structures of entities that are part of the UN system. As one of the oldest international organizations, WIPO's governance framework is the result of amalgamation of several existing structures, some of which were created as far back as the 19th century. The WIPO Convention-based organs coexist with the governing bodies of the Union that were created by specific intellectual property treaties. As a result, the governance arrangement of WIPO is highly complex.

WIPO another UN entity with highly complex governance arrangements…

Different WIPO bodies have specific functions and mandates that are provided for in statutory provisions or in the decisions of Member States that established those bodies. While this is a common institutional feature in many UN organizations, the sheer number and variety of such bodies affects the clarity of governance arrangements and, hence, their effectiveness. The fact that many practices in WIPO are not aligned with the original provisions of the Convention further adds to the complexity of the governance framework (ibid).

…with negative impact on agency effectiveness…

As a result, Member States face a genuine challenge to reach a fully shared vision of WIPO and its future, according to the JIU review conducted in 2014, particularly when it comes to agreeing on measures to enhance their capacity to provide strategic guidance, monitor the work of the Secretariat and increase intergovernmental ownership of the organization. Some aspects of the governance arrangements and the resultant dynamics also hinder the performance of the institution and need improvement, according to the JIU review. The JIU emphasized that Member States bear the primary responsibility in this respect, stressing the

…including inability of GB to establish a common vision for WIPO

need to clarify the respective roles of the governing bodies in order to streamline governance dynamics within and among WIPO organs as this is vital for the efficient and effective functioning of the organization. Considering the complexity of the governance framework, the JIU encouraged the Governing Council of WIPO to initiate an action-oriented review to strengthen the capacity of Member States to direct and monitor the work of the organization.

Several attempts have been made to reform the governance of WIPO. A Working Group on Constitutional Reform was established by the Director-General upon the recommendation of the General Assembly and operated between 1999 and 2002. The Working Group produced a series of proposals aimed at simplifying and rationalizing the governance structures of WIPO, including the abolition of the Conference and a change in the periodicity of the ordinary sessions of the General Assembly and the assemblies of the Unions, from once every two years to once every year. The proposals submitted by the Working Group on Constitutional Reform were adopted by the WIPO General Assembly and the concerned assemblies of the Unions but have not entered into force due to the insufficient number of notifications of acceptance from Member States received by the Director-General (JIU, 2014a).

Several attempts made to reform governance of WIPO…

The Audit Committee of WIPO in a 2008 report requested by the Programme and Budget Committee confirmed "the relative weakness of the governance structure of WIPO". The document contained a proposal to create "a new, more functional governing body" ensuring continuous monitoring by 12 to 16 elected Member States. In 2011, the Programme and Budget Committee of WIPO requested the secretariat to prepare a report on the state of governance of WIPO, including the relevant data and the views of Member States on the reform process. While this report revealed relative convergence of Member States on the need to strengthen the oversight function and the management of different WIPO bodies, no consensus was reached regarding the creation of a new governing body.

…but Member States not agreed on way forward

Another study conducted in 2012 by the Independent Advisory Oversight Committee of WIPO, which had replaced the Audit Committee, also highlighted the need to strengthen the oversight architecture of WIPO, but noted the significant polarization of Member States, mostly along political lines, on the substance and specific ways to achieve that objective (JIU, 2014). According to the independent evaluation, WIPO had reached a point where important steps to streamline and improve the coherence of its governance arrangements are needed. It would not be prudent or advisable to maintain the status quo, as the accumulated tension among Member States could affect the effective functioning of the organization.

JIU evaluation (2014) concludes that status quo in governance reform not an option for WIPO

An independent evaluation of management and administration in the United Nations Office on Drugs and Crime in 2010 highlighted the complex nature of the Office's governance arrangements (JIU, 2010). The Office is governed by two main autonomous bodies, namely the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice. A Risk Assessment of UNODC conducted in 2007 by the Office for Internal Oversight Services in the United Nations Secretariat had concluded that the areas of strategic management and governance were at high risk, a conclusion endorsed by an independent evaluation conducted by the JIU in 2010. According to the independent evaluation of the JIU, the governance arrangements presented a challenge that is affecting the efficient functioning of the Office in fulfilling its mandates, as policy guidance and mandates originated from resolutions and decisions of multiple UN bodies (ibid).

JIU evaluation (2010) of UNODC notes complex governance arrangements…

The reasons for the fragmentation of the governance of UNODC are historical: in the 1990s the entities responsible for the implementation of two different programmes on drugs and crime were merged into one Office while the two governing bodies (CND and CCPCJ) and their twin trust funds were kept as originally envisaged and remained unchanged. The integrated substantive approach to drugs and crime issues was thus not reflected in the governance structure of UNODC with policy and normative functions taking predominance in each commission within their respective substantive areas.

Member States created in 2008 an open-ended intergovernmental working group on improving the governance and financial situation of UNODC and the independent evaluation conducted by the JIU in 2010 welcomed this initiative. The independent evaluation provided three options for consideration by Member States regarding the governance of UNODC but ultimately recommended that the two commissions (CND and CCPCJ) should hold joint reconvened sessions that would serve as an integrated governing body providing policy guidance to the Office and tasked to oversee budgetary and programmatic activities.

Member States have periodically consolidated governance structures of entities of the UN system, where an important motive has been to reduce their complexity and improve the parliamentary efficiency of the respective governing bodies.

For example, in the early 1990s, Member States decided that UNDP, UNFPA and UNOPS should be governed by a single Executive Board.

In 2003, Member States of the World Health Organization decided to merge the Administration, Budget and Finance Committee, the Programme Development Committee and the Audit Committee in a single Programme, Budget and Administration Committee reporting to the Executive Board.

The Governing Body of the International Labour Organization launched in 2011 the reform of the agency's governance arrangements, which included consolidation of committees and streamlining of sessions along with improvements in agenda-setting to achieve greater parliamentary effectiveness (ILO, 2011).

The Congress of the World Meteorological Organization (WMO) undertook governance reform in 2019, which included merging eight commissions reporting to the Executive Council and replacing them with two committees (JIU, 2021). The overarching purpose of this reform was to streamline the governance of the WMO. The administrative support services of WMO were also reorganized by consolidating non-technical departments in a single Governance Services Department. The Joint Inspection Unit recommended in 2021 that an independent evaluation be conducted to assess the results of the reform of the constituent bodies of WMO (ibid).

In 2020, the UN Standing Committee on Nutrition, which was established by ECOSOC in 1977, and the UN Network for Scaling-up, created in 2013 by the principals of FAO, WHO, IFAD, UNICEF and WFP, were merged to form the UN System Standing Committee on Nutrition, which also involved combining the two secretariats.

An independent evaluation of the International Telecommunication Union in 2001 pointed out that the existing arrangements with respect to the composition and timeframe for the meetings of the Standing Committee on Finance and the Standing Committee on Staff Matters, and the availability of pertinent documentation, did not permit the Council to exercise its oversight responsibilities fully and comprehensively (JIU, 2001). The exclusion of Sector Members from the deliberations of the Council and its two Standing Committees, even as

observers, was also considered detrimental to the purposes of the Union, as well as its effective functioning. Based on the experience of other UN organizations, a single committee dealing with financial and administrative matters was proposed by the JIU as a good practice regarding the oversight function. The JIU evaluation in 2001 recommended that the current standing committees of the Council be merged in a single financial and administrative standing committee composed of between 10 and 15 Member States of the Council representing the five geographical regions and chosen to ensure overall expertise in financial and administrative matters. The committee should meet for approximately one week immediately prior to the Council to which it would submit its reports. However, a subsequent independent evaluation conducted in 2016 concluded that there existed limited political support among the membership to make changes to these arrangements (JIU, 2016).

The concept of decentralization at the World Health Organization is enshrined in the agency's constitution, which led to the creation of six regional organizations composed of a regional office and a Regional Committee each. However, this institutional arrangement, according to an independent evaluation conducted in 2012, has led to ambiguity in the chain of command and accountability in practice (JIU, 2012b). The powers vested in the Regional Directors, as elected officials, weaken the authority of the Director-General as the chief technical and administrative head of the agency, compared to other UN entities. This institutional arrangement has made it challenging to ensure that the regional and global parts of the agency work in unity towards the achievement of common objectives.

Highly decentralized nature of governance of WHO created challenges…

The independent evaluation of WHO in 2012 highlighted the multiplicity of committees and subcommittees at the regional level, which had made the governance machinery of the agency very complex, but not necessarily more effective (ibid). The independent evaluation recommended a comprehensive review of the governance process of WHO at the regional level, as part of the agency's overall reform process. In addition, the independent evaluation recommended the harmonization of the rules of procedures for the Regional Committees.

…with many calls for review of regional structures of agency

An independent evaluation of the Office of the United Nations High Commissioner for Human Rights in 2014 confirmed the complexity of the governance arrangements of the Office, which hindered its optimal performance (JIU, 2014c). Member States face a serious dilemma in reaching a consensus on a fully shared vision for OHCHR and its future, a necessary condition for the Commission to provide effective strategic guidance, monitor the work of the Office, without infringing upon the independence of the High Commissioner, and increase their ownership of the institution. This included the need to clarify the respective roles of the different governing bodies with a view to streamlining the governance dynamics of the OHCHR, which is vital for the efficient and effective functioning of the Office. The independent evaluation recommended that the General Assembly initiate an action-oriented review of the governance arrangements of OHCHR by creating an open-ended working group or committee with a definite timeframe and an agreed agenda, to review the governance framework and propose measures for improvement to strengthen the capacity of Member States to provide strategic guidance and direct and monitor the work of OHCHR.

Independent evaluation of OHCHR (2014) confirmed complexity of governance of entity…

An independent evaluation of the Universal Postal Union in 2017 highlighted that further changes are needed to improve the efficiency of the agency's governance structure (JIU, 2017b). Some elements such as the overlapping hierarchical structures and duplication of work among different elements of the governance and decision-making architecture, could be redesigned for more efficient and effective functioning of the organization. For example, until 2016, the two Councils of UPU had operated with 9 committees and 40 working groups, all of

…as well as another evaluation of UPU (2017)

which spent around six weeks each year in meetings. This resulted, inter alia, in the production of an inordinate volume of documents. The Council on Administration, in its 2016 report, specifically recommended the establishment of a single council to replace the existing Council on Administration and the Postal Operations Council. Owing to lack of consensus, the 2016 Istanbul Congress decided to defer this issue to an extraordinary Congress in 2018, where a more substantial revision of the governance structure was expected to take place.

However, the Istanbul Congress decided to implement certain elements of the reform proposal with immediate effect, such as limiting the number and duration of meetings of the Council of Administration and the Postal Operations Council to twice a year for a maximum of 10 days each and substantially reducing the respective substructures. These changes are expected to reduce conference costs, in particular printing and travel and are likely to produce tangible budgetary savings from 2017 onwards. The independent evaluation of UPU in 2017 considered these decisions to be an initial step towards enhanced efficiency and cost-effectiveness in the governance of the organization. The need to keep pace with progress in the postal sector has an impact on the operational requirements of the Union. The current set-up of the governance bodies was not felt to be fit for purpose to enable UPU to successfully implement its mandate, with negative implications for the performance of the entity. The independent evaluation thus called for continued efforts of Member States to streamline the governance architecture of UPU.

UPU Congress began process to simplify governance in 2018

An independent evaluation of the International Civil Aviation Organization in 2019 echoed many of the findings of the 2007 review also conducted by the Joint Inspection Unit (JIU, 2019a). One of the key issues highlighted in the 2019 report is where to draw the line between governance and executive management in the functioning of ICAO (ibid). In practice, the Council at times functions as an executive organ rather than as a governing body due to the specific nature of ICAO, notably the triennial Assembly and the permanent and resident Council, the provisions of the Convention and the developed practices.

Independent evaluation of ICAO (2019) called for better balance between governance and executive management…

The independent evaluation in 2019 noted that lack of clarity as to the distribution of roles and responsibilities among the Council and secretariat, the Secretary-General and the President of the Council creates accountability issues and impacts effectiveness and may lead to inefficiencies and additional costs for the organization. The independent evaluation recommended that the organization review the existing arrangements and practices with a view to streamlining them and to be more responsive and agile to act on and address emerging trends and developments in a rapidly evolving air aviation industry.

…particularly redefining role of GB vis-à-vis the secretariat…

Towards this end, the independent evaluation conducted by the JIU in 2019 recommended that the Assembly establish a panel of independent eminent persons to review the governance structure of ICAO, including the delineation and allocation of responsibilities between secretariat and the Council and the Secretary-General and the President of the Council and also to review the triennial cycle of the Assembly and budget of the organization and the role, operating mode, workload and working methods of the Council and its committees and working groups and other related issues.

…and appointment of panel of eminent persons to study agency governance

(b) More precise rules stipulating representation in governing bodies

Several evaluation reports of UN entities have highlighted the importance of Member States adopting an optimal size of governing bodies. Generally, the size of the governing bodies of entities in the UN development system varies greatly, as highlighted in the report of the External Auditor of governance arrangements of UNESCO in September 2015 (UNESCO,

Many evaluations highlighted large size of GBs in UN system…

2015). The Executive Board of UNESCO is composed of 58 Member States compared to 32 members in the Executive Board of World Health Organization, although the resource envelope of WHO is vastly greater. The same Member States have also decided to limit the composition of the Executive Board of the World Bank to 25 seats only, based on constituency-based selection where all countries participate in the governance process through an agreed representative of the respective group. In the case of the Executive Board of the World Bank, Member States have agreed to share sovereignty in the governance function. In that sense, the Executive Board of the World Bank can be described as more multilateral in character than governing bodies in the UN development system.

...and lack of common logic for size and composition of GBs...

The External Auditor of UNESCO in 2015 also questioned why an organization with limited regular resources needed such a large Executive Board especially when almost all decisions were adopted based on consensus (ibid). This perspective of the External Auditor had earlier been echoed by the Executive Board of UNESCO, which in 2013, concluded that the governance structures are heavy in terms of size and number of subsidiary bodies and the frequency of meetings. The meetings are also too large, time-consuming and expensive and devote too much time to relatively unimportant debates and decisions. This has resulted in a very slow decision-making process, which in some instances may last several years. The complexity of the governance arrangements, according to the Executive Board of UNESCO, has often resulted in insufficient time for strategic discussions, including the follow-up evaluation of actions carried out in response to previous deliberations (ibid).

...e.g., UNESCO Executive Board composed of 58 members but 32 members in WHO EB, with much higher resources

As a result, the External Auditor of UNESCO raised the question whether the time had come to increase the application of majority voting in the Executive Board to enhance parliamentary efficiency and economy in the decision-making process at the governance level.

External Auditor of UNESCO (2015) recommended greater use of majority voting in Executive Board

As a follow-up to the 2005 Millennium Summit, the Secretary-General established an independent steering committee of international experts to undertake comprehensive review of governance and oversight of the United Nations and its funds, programmes and specialized agencies. The independent steering committee in a 2006 report to the General Assembly, highlighted that the composition of governing bodies in the UN system is often too large and their decision-making processes too complex. The large size of governing bodies limits their effectiveness in decision-making on budgetary matters, resource allocation, oversight and risk management (United Nations, 2006b).

Committee created by SG (2006) highlighted large size of GBs and implications for decision-making

The independent steering committee of the Secretary-General also pointed out as an example that the Executive Committee of UNHCR had seen a gradual expansion from the originally envisaged size of 20 to 25 members to 70 members by 2006.[23] This expansion in the size of the Executive Committee of UNHCR had resulted in increased complexity in procedures and discussions, making effective decision-making highly challenging. The independent steering committee recommended that this trend of increasing the size of the Executive Committee of UNHCR be halted and ideally reinstate the original goal of 20 to 25 members or move to the size of 36 members like in the case of the Executive Boards of the funds and programmes.

Size of GB of UNHCR grew from 20-25 members to 70 by 2006

A comprehensive audit of the governance structure and related processes of another UN entity, namely the United Nations Staff Pension Board, conducted in 2018 by the Office of Internal Oversight Services of the United Nations Secretariat also concluded that the Board

OIOS evaluation of UN Staff Pension Fund noted lack of equitable representation in GB

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[23] The size of the Executive Committee of UNHCR has since grown to 110 members.

needs to improve its governance in several areas, including in terms of achieving fair and equitable representation of member organizations (United Nations, 2018a).

On the other hand, an independent evaluation of the United Nations World Tourism Organization in 2009, called on the General Assembly of the organization to revisit the current decision-making process at all legislative levels to ensure that sufficient dialogue and negotiations among all parties can take place, in order to reach clear decisions as a prerequisite for the governing body properly guiding, directing and overseeing the activities of the entity, also to avoid excessive interventions by the secretariat in the decision-making process (JIU, 2009). According to the independent evaluation, there was a need to ensure that the rules defining decision-making promoted greater participation and leadership of Member States in the planning, programming and budgeting process of UNWTO.

Evaluation of UNWTO (2009) noted power asymmetry between GB and secretariat in favour of latter

A follow-up inspection conducted by the Joint Inspection Unit in 2014 of the implementation of the recommendations of the 2009 independent evaluation of UNWTO, while noting progress in many areas, highlighted the need for the production of written summary records/minutes of governing body meetings of the organization as a complement to other measures to improve their decision-making process (JIU, 2014b).

Follow-up evaluation (2014) marked some improvement in UNWTO governance

(c) Enhanced working methods of governing bodies

An independent evaluation of the management and administration in UNIDO in 2017 recommended formalizing senior management briefings to the Executive Board, with a view to strengthening the Board's corporate-wide coordination and information-sharing functions in the management of the agency (JIU, 2017a). The same report also highlighted the need to strengthen both internal and external oversight of UNIDO.

UNIDO evaluation (2017) recommended formalizing senior management briefings to Executive Board

The theme of strengthening oversight of UN entities has been common in independent evaluations conducted by JIU. In the case of the United Nations World Tourism Organization, an independent evaluation in 2009 recommended that the entity consider in-sourcing the internal audit, inspection, evaluation, inspection and monitoring functions to another UN entity with sufficient capacity to provide such services (JIU, 2009). A follow-up review by JIU in 2014 revealed that this recommendation had not been implemented and that the UNWTO was running far behind other UN entities in this area (JIU, 2014b).

Strong calls for enhanced GB oversight of entities in evaluation reports…

Another independent evaluation of the International Atomic Energy Agency proposed that the Board of Governors recommend to the General Conference the establishment of an independent audit/oversight committee, whose members would be elected by Member States to represent the governing bodies' collective interests (JIU, 2012c). An independent evaluation of the United Nations Office for Project Services similarly recommended that the Executive Board adopt in 2019 a revised terms of reference for the Audit Advisory Committee, prepared by the Executive Director, in compliance with good practices and established standards, notably regarding the mandate, independence and composition of the Committee and the procedures for the appointment of members (JIU, 2018).

…such as creation of independent oversight committees reporting to GBs

In 2019, the Joint Inspection Unit undertook a comprehensive review of audit and oversight committees of 18 UN entities (JIU, 2019b). The analysis revealed that considerable progress had been made in improving the scope, content and quality of the terms of reference or charter of the committees over the past decade. For example, in 2010, only 25 per cent of such committees included in their terms of reference specific provisions relating to independence and term limits of members, while today most of such documents do so. However, despite this

2019 evaluation noted progress of UNDS entities in establishing independent oversight committees…

progress, the UN system as a whole has still some way to go to meet good standards for such committees.

The 2019 review of the JIU also revealed that the terms of reference for audit and oversight committees varies considerably across entities in terms of their independence, reporting lines, scope, responsibilities, composition and size. At the time of the review, seven audit and oversight committees of the 28 JIU participating organizations did not fulfill the conditions of independence and five of them had not established such committees. Furthermore, of those surveyed, fewer than half of the organizations met good practice standards of independence, internal control, the adequacy of administrative support and resources, performance assessment or the revision and update of their terms of reference or charter. Moreover, not all committee members were deemed to be up to date in their respective domain of expertise in addition to lacking the requisite skill sets for certain new issues that the committees should consider. In addition, most of the audit and oversight committees were not subject to periodic external review of their performance.

...but often need to strengthen their independence

An independent evaluation of the Joint United Nations Programme on HIV/AIDS in 2019 highlighted certain deficiencies in the governance of UNAIDS, particularly regarding lack of oversight and accountability by the Programme Coordination Board (JIU, 2019c). Four independent assessments of UNAIDS had earlier come to the same conclusion but this concern had not been substantively addressed. The main reason for the limited oversight and accountability role of the Programme and Coordination Board is legislative ambiguity in the stipulated role and responsibilities of the governing body. The independent evaluation recommended that the Programme Coordination Board revise its modus operandi to clarify more precisely its roles and responsibilities and imbed oversight and accountability mechanisms in the governance of UNAIDS and its secretariat, including by establishing an independent and external committee to provide independent expert advice to the Programme Coordination Board and the Executive Director in fulfilling their responsibilities in this regard.

Evaluation of UNAIDS (2019) highlighted legislative ambiguity weakening oversight role of GB

An independent evaluation of management and administration in the World Intellectual Property Organization in 2014 also recommended that Member States clarify the respective roles of the various governing bodies of the organization, with a view to streamlining governance dynamics within and among WIPO organs (JIU, 2014a). This includes consolidating the mandates and functions of the Programme and Budget Committee in one terms of reference document. Other areas identified in the 2014 independent evaluation of WIPO were the need to improve the management of the various committees and reduce the number and duration of meetings as well as the large volume of supporting documentation.

Evaluation of WIPO (2014) highlighted need to improve management of meetings...

During the 2014 independent evaluation of WIPO, an increasing number of Member States repeatedly highlighted their dissatisfaction with the governance of the organization, expressing the concern that it was more driven by the secretariat than Member States themselves. In their view, the lack of adequate intersessional governance mechanism, combined with the highly technical nature of the substantive activities of WIPO, did not leave enough space for Member States under the present arrangement to provide regular political guidance and strategic vision for the organization. With regard to WIPO committees, the concerns often expressed by delegates during the 2014 independent evaluation highlighted the following: (a) the composition of regional groups is not aligned with the customary set-up of such groups when compared to other UN entities, (b) the need to introduce rules ensuring increased predictability of the rotation of officers on the committees among the regional groups, (c) the need to maintain a stable calendar of meetings, convened by prior legislative

...as well as power asymmetry between GB and secretariat in favour of latter

decision, and to ensure that postponements and cancellations of meetings are approved by Member States, (d) the authority to convene, set the agenda, and determine documentation for the meetings, which should rest with Member States, and (e) and the need to revise some of the existing rules and procedures.

Regarding the management of meetings convened by WIPO, several regional groups, and individual delegates, suggested during the 2014 independent evaluation that the large number of committees and similar bodies presented serious challenges for coordination, prioritization and the preparation of proceedings. The meetings are often too long and time-consuming, with technical discussions interspersed with political debates. WIPO meetings consumed on average 147 days in the 2010-2012 period and involved a review of more than 8,100 pages of documentation (ibid). The independent evaluation in 2014 recommended that WIPO should take a closer look at the number of meetings and the volume of documentation. The independent evaluation also found that many of the Member States lack adequate information on the cost implications to conduct the meetings of the various governing bodies (ibid). In addition, the independent evaluation highlighted that documents for deliberations of WIPO governing bodies often lacked clear recommendations to facilitate decision-making.

Evaluation of WIPO (2014) highlighted large number of meetings and documentation

An independent evaluation of management and administration in the United Nations Office on Drugs and Crime highlighted significant challenges in the working methods of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice (JIU, 2010). CND and CCPCJ have different memberships, agendas and priorities of concern. They operate in parallel, individually and separately. Repetitive actions thus must be taken in various forums. For example, similar UNODC presentations and documents may have to be repeated in both commissions. The one-year interval between the main sessions of CND and CCPCJ also affects the effectiveness of governing bodies, as timely reactions and follow-up appears more difficult (ibid). Furthermore, the current length of the sessions provides little time to address management and administrative aspects during the operational segments.

Complex governance architecture of UNODC resulted in repetitive actions in support to GBs

The independent steering committee of international experts established by the Secretary-General as follow-up to the outcome of the 2005 Millennium Summit and mandated to undertake comprehensive review of governance and oversight of the United Nations and its funds, programmes and specialized agencies, highlighted the importance for governing bodies to appoint committees with clear terms of reference, sufficient level of authority as well as membership with the necessary expertise (United Nations, 2006b). The committee also highlighted that governing bodies of some entities have committees with similar roles and mandates leading to repetitive discussions, unclear authority and ultimately reduced effectiveness and efficiency in decision-making processes. The nominations and appointments to committees should be made based on formal transparent procedures and criteria agreed by the respective governing body and the assembly of Member States. This would help ensure periodic rotation of members of such committees. The independent steering committee also advocated for greater use of independent expertise to support the work of governing bodies.

SG expert committee (2006) highlighted need for clear TOR for committees and level of authority as well as members with relevant expertise

An independent evaluation of the International Telecommunication Union in 2001 highlighted that the four-year interval between meetings of the Plenipotentiary Conference, the supreme organ of the Union, was an impediment to effective decision-making, the more so since the Council, which governs in the interim, has certain limitations to its powers (JIU, 2001). The report also highlighted that the four-year periodicity of the Plenipotentiary Conference was out of step with most of the other organizations of the UN system, which generally convene their supreme legislative body either annually or biannually. The independent evaluation

Evaluation of ITU (2001) noted lack of meetings of principal GB as impediment to effective governance

recommended that the Plenipotentiary Conference be convened every two years for a period of not more than three weeks. However, the Council of ITU should continue with its existing mandate, composition, periodicity and duration of meetings (ibid). A subsequent independent evaluation of ITU in 2016 highlighted that the structure of the Union, combined with the highly technical nature of its mandates, generates many official meetings that necessitate significant resources (JIU, 2016). The evaluation called for careful review and assessment of the number as well as length of ITU events, their procedures and documentation, with the objective of identifying areas where rationalization can be envisaged, and to draw up recommendations for putting in place cost-effective measures that may result in significant potential savings.

An independent evaluation of management and administration in the International Civil Aviation Organization in 2007 expressed a concern about the division of responsibilities between the Council, the agency's governing body, and the secretariat (JIU, 2007b). The primary concern was too much micromanagement by the Council of the secretariat. The independent evaluation thus called for the Council to undertake measures to ensure that the responsibilities between governance and executive management are fully adhered to in practice and that the Secretary-General is authorized to recruit and promote against approved posts at all levels of ICAO without seeking the prior approval of the Council. The evaluation, furthermore, called for streamlining of meetings of the Council and subordinate bodies so that the overall administrative burden on the secretariat relating to meetings is reduced.

Evaluation of ICAO (2007) noted power asymmetry between GB and secretariat in favour of former

Another independent evaluation of the International Maritime Organization in 2007 called for changes to improve the efficiency of committees, subcommittees and working groups by reducing the number of meetings and the volume of documentation (JIU, 2007a). The evaluation report also called for the Council to request the Secretary-General to submit for its consideration a long-term strategy for the reduction of the costs of meetings and encourage the enforcement of the documentation rules and guidelines.

Evaluation of IMO (2007) called for greater efficiency in organization of meetings and documentation…

An independent evaluation of the World Meteorological Organization in 2007 recommended that the status of the Executive Council be clarified as an intergovernmental body with the necessary amendment made in the Convention (JIU, 2007c). In addition, there were some ambiguities in the legal instruments relating to the respective responsibilities of the WMO Congress and the Executive Council for planning, programming and budgeting, which needed to be addressed.

…and another evaluation of WMO (2007) for enhanced legislative clarity of GB

Another independent evaluation of the United Nations Conference on Trade and Development in 2012 pointed out that Member States have been somewhat distant from the implementation of the entity's programme of work, leaving too much room for the secretariat to take the lead in this process (JIU, 2012a). For example, according to the evaluation report, it is an established practice that the secretariat drafts ex-ante proposed texts of agreed conclusions for the consideration of Member States. Such practice gives too much leverage to the secretariat in the intergovernmental process.

Review of UNCTAD (2012) noted too much involvement of secretariat in governance

Chapter 3   The causal driver of many governance problems: *the funding architecture*

Key messages

1. *The liberalization of funding rules and practices has resulted over time in an overwhelming share of voluntary, strictly earmarked contributions for operational activities of the UN system. This process has been driven by the continuous quest of both programme countries and UN entities to increase the volume of resources for operational activities, as the theories of new institutionalism and resource dependence would predict.*

2. *The heavy reliance on voluntary, strictly earmarked funding since the late 1990s has fundamentally changed the decision-making and accountability role of governing bodies in the UN development system. In a funding environment characterized by high reliance on voluntary, strictly earmarked contributions, it is difficult for entity-specific governing bodies to discharge their key governance functions such as providing strategic guidance and vision; ensuring policy implementation; monitoring organizational performance; and having effective overview of programme of work. The central governing bodies like the General Assembly and ECOSOC face similar challenges in discharging their coordination and oversight functions of the UN development system as a whole.*

3. *While the liberalization of funding rules and practices has been the most significant factor in the growth of resources, it has also greatly increased the fragmentation, overlaps and duplication of operational activities of the UN system, as reflected in the findings of the 2017 and 2023 surveys of the Secretary-General. Furthermore, the high degree of earmarked funding for operational activities of the UN system, has undermined the cost-effectiveness and performance of entities because of the increased administrative burden. Moreover, the liberalization of funding rules and practices has weakened the multilateral character of the UN development system and created strong incentives for entities to continuously expand their mandates and functions as a strategy to reduce resource uncertainty.*

4. *Another corollary of the liberalization of funding rules and practices since the 1990s has been the rapid growth in non-core functions of the UN development system, i.e., those activities not directly related to the core purposes and central mandates of entities. The subsidization of programme support and management costs of voluntary, strictly earmarked contributions from core resources by the major funds and programmes, has also created incentives for the expansion of non-core functions.*

5. *Member States and the Secretary-General have periodically launched reform initiatives (e.g., in 1979, 1997, 2006 and 2017) aimed at promoting greater coherence in the delivery of operational activities of the UN system by introducing new system-wide instruments to strengthen the principal-agent relationship at the central level, but those measures have not been able to address the underlying governance problems caused by the liberalization of funding rules and practices.*

6. *As long as the funding architecture remains primarily in the form of voluntary, strictly earmarked contributions and there are no sanctions for non-compliance of decisions adopted by central governing bodies or inter-agency mechanisms, UN entities have little incentive to abide by strong coordination rules. Member States instead need to ask themselves what incentives, or reforms, are required to change the behaviour of the donors so that voluntary, non-earmarked funding flows can reach the high levels experienced until the end of the 1980s.*

In 1945 when the United Nations was established, it was not envisaged that the Organization would become involved in development cooperation. However, more than 75 years later, the United Nations development system, composed of 43 UN entities (box 1.1, chapter 1), is a major actor in global development cooperation. This suggests that UN leaders have been highly effective in positioning the Organization for growth by capitalizing on programming opportunities made possible in the broader institutional environment.

Chapter 3 examines how this rapid growth in operational activities for development of the UN system has been driven by the introduction of more liberal funding rules and practices.[24] The chapter particularly reviews how the liberalization of funding rules and practices has fundamentally changed the ability of governing bodies to perform their mandated role and functions, including fostering greater coherence, coordination and efficiency in the delivery of operational activities for development of the UN system.

Chapter 3 is composed of four sections:

Section 3.1 examines the key milestones in the evolution of funding rules and practices in the UN development system since the establishment of the Organization in 1945.

Section 3.2 highlights the key changes that have taken place in the governance arrangements of the UN development system in the same period.

Section 3.3 discusses the relationship between funding and governance, for example, how the introduction of more flexible funding rules and practices in the delivery of operational activities of the UN system has changed the ability of entity-specific and system-wide governing bodies to perform their mandated role and functions.

Section 3.4 provides the main conclusion of the chapter.

3.1 The evolution of funding rules

A review of the broad contours of the institutional trajectory of the UN development system since 1945 shows how the continuous quest of programme countries and the organizational leadership of individual entities to reduce resources uncertainty and promote institutional growth, has led to significant liberalization of funding rules and practices, as the theories of *New Institutionalism* and *Resource Dependence* would predict (chapter 1).

The institutional environment is characterized by the rules and requirements to which individual organizations must conform in order to receive legitimacy and support, according to the theory of new institutionalism (Meyer and Rowan, 1977). Much of what happens inside organizations is directly linked to the broader social environment within which they operate. The evolution of the funding rules and practices for operational activities of the UN system, according to this theory, has been driven by the common objective of Member States, particularly programme countries, and the organizational leadership, to increase resource flows to individual entities.

The theory of resource dependence, furthermore, argues that securing external resources is the central tenet of both the strategic and tactical management of any organization (Pfeffer and Salancik, 1978). Organizations act as quasi-markets, in which influence, and control are negotiated and allocated according to what participants consider most critical for their

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[24] Some initial reflections by the author on this topic were presented in an informal note for an ECOSOC dialogue in 2015 to 2016.

continued survival and success. An important role of organizational leaders, according to the resource dependence theory, is to capitalize on opportunities for growth in resource flows made possible in the external environment.

This section reviews how the demands and expectations of the external environment to continuously expand the resource base for operational activities have been an important driver of the liberalization of funding rules and practices in the UN development system, which has influenced the relationship between Member States (principal) and the organizational leadership (agent) at the level of governing bodies, as predicted by the *Principal-Agent* theory (chapter 1).

Phase I   (1945 – 1950s)

In 1945 when the United Nations was established, following World War II, the international community consisted of only 51 Member States, with many developing countries still colonies of the major powers. The political and economic interests of the colonial powers dominated policymaking on development cooperation issues in this period.

Colonial powers dominate policymaking on development in 1945

The post WWII era was also characterized by intense ideological rivalry between the Western countries and the Soviet Union and its allies. The United Nations became a battleground between competing visions on how to construct and organize society. The socialist countries feared that the United States and its allies would use the technical assistance activities of the United Nations to spread the ideas of the free market and democracy to developing countries (Stokke, 2009). However, Western countries enjoyed significant economic and financial advantage over their rivals in the aftermath of WWII and many developing countries opted to support their vision for expanding the role of the UN into the area of socioeconomic development. Many Western countries, including the Unites States, unlike the Soviet Union and its allies, supported the idea of strengthening the role of the UN in providing financial assistance for economic and social development in developing nations.

Ideological rivalry of Western & socialist countries intensifies 1945-50s

The early success of the Marshall Plan in Europe, following World War II, was also important in persuading many Member States that development cooperation could play a role in furthering the development efforts of developing countries in other regions.

Marshall Plan success convinces states that UN could play role in area of development

However, there was no provision in the UN regular budget for technical assistance to developing countries at the outset. In 1948, the General Assembly, for the first time, decided to appropriate funds under its regular budget to enable the Secretary-General to supply teams of experts, offer fellowships, and organize seminars to assist national development projects at the request of governments in developing countries. Many specialized agencies also began to undertake similar projects about the same time. This meant that all funding for operational activities of the UN system was based on mandatory assessed contributions and subject to formal decision-making and accountability structures at the governance level. The compliance rate with the mandatory assessed contribution system was high despite the policy differences at the level of governing bodies, which helped to ensure the multilateral character of the UN development system (Stokke, 2009). This funding arrangement thus promoted an effective principal-agent relationship at the governance level (chapter 1).

GA authorizes in 1948 regular budget funding for UN technical assistance

The primary role of the UN system in the early years was to promote industrialization in developing states and to accelerate economic convergence with the developed countries through technical assistance, mostly in the form of transfer of knowledge and skills. This was

Technical assistance focus of support in early years

to be achieved through functions such as advising governments, training human resources in-country and abroad, and the provision of facilities for knowledge-sharing.

In 1949, the General Assembly authorized the establishment of a voluntary-funded *UN Expanded Programme of Technical Assistance* to assist poorer countries. Western countries, working closely with the leadership of the UN, orchestrated the introduction of the financial provisions in the regular budget for technical assistance in 1948, and they also spearheaded the creation of the Expanded Programme of Technical Assistance to support the development efforts of the developing countries (United Nations, 1948). One objective of the Western countries, in collaboration with the UN leadership, with the establishment of EPTA, was to diversify the role and functions of the Organization into new areas of socioeconomic development, with a view to strengthening multilateral cooperation and reducing the funding uncertainty of individual entities. EPTA came into operation in June 1950.

Western countries keen to expand role and functions of UN

In 1958, the General Assembly decided to further expand the role of the United Nations in technical assistance by establishing a new institution known as the *Special Fund* that would run along similar lines as EPTA and based on voluntary, non-earmarked contributions (United Nations, 1958). One objective with the establishment of the Special Fund was to further broaden the scope of UN technical assistance activities to include large-scale pre-investment surveys and feasibility studies on major national development projects that would lay the groundwork for and accelerate the capacity of developing countries to absorb larger amounts of investment capital. The Special Fund was expected to focus on projects that would demonstrate the wealth-producing potential of natural resources in the less-developed countries; training and research institutions; and surveys that would lead to early investments. The Special Fund also acted as a coordinating centre for the work of the various UN agencies.

EPTA & Special Fund serve as central funding mechanisms for technical assistance…

During the 1950s significant debate took place among Member States about the possibility of establishing a multilateral agency that would provide both technical and financial assistance within the framework of the United Nations (Stokke, 2009). This idea was strongly supported by many developing countries. However, with the establishment of the International Development Association within the World Bank in 1959, the idea of creating a major UN development agency ended. The establishment of the Special Fund in 1958 within the framework of the UN was a political compromise.

…but large-scale financial assistance became domain of World Bank when IDA created in 1959

The Special Fund was given an annual financial framework of $100 million, but this target was never realized during its existence. The Fund began operations in 1959 and within 3 years, 89 governments had pledged voluntary funding amounting to over $110 million (United Nations, 1963). [25] From 1959 to 1965, an average of $60 million per year in voluntary contributions were pledged to the Special Fund (about 500 million in 2020 US dollars[26]), of which close to 90 per cent came from the developed countries (United Nations, 1965). However, the recipient governments contributed some 61 per cent of the $1.1 billion overall costs of the projects supported by the Special Fund during the six-year period. A further $54 million in contributions was pledged to EPTA in 1965 resulting in voluntary, non-earmarked

Recipient countries financed majority of overall costs of projects of Special Fund

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[25] UN Technical Cooperation Programs – Evolution of UNDP.

[26] Using OECD/DAC deflators which take into accounts inflation and exchange rate movements.

contributions towards UN technical assistance at that time reaching approximately $114 million (about 950 million in 2020 US dollars).[27]

The programmes of the Special Fund were developed on a project basis. Contributing countries could neither specify how they wanted the funds to be used by a UN agency nor earmark contributions for specific countries or projects. Like in the case of the EPTA projects, recipient governments were expected to finance part of the project costs, at least the share payable in local currency. This condition might be waived in exceptional cases when the country was deemed financially unable to make such payments. The Special Fund had a strong focus on improving agricultural production as the foundation for accelerating economic development, while also prioritizing support for training, education and research.

In the early years and until the late 1960s, the technical assistance priorities of the programme countries were primarily defined by the specialized agencies of the UN system, which also executed the respective cooperation programmes. This project execution arrangement reflected the power asymmetry between the Western and developing states that existed at the intergovernmental level in the first two decades of the UN.

UN Secretariat units carried out the administration of EPTA, namely the Technical Assistance Administration (1950-1958) and the Department of Economic and Social Affairs (1959-1965).[28] UNICEF, established in December 1946, had a modest humanitarian programme only and was not considered belonging to the 'development club'.[29]

By 1960, voluntary, non-earmarked contributions for operational activities of the UN system had surpassed the funding generated by the mandatory assessed system.

Phase II (1960s-1980s)

This period marked the beginning of the Cold War and superpower rivalry between the United States and the Soviet Union, where development cooperation became one area of competition. The two main adversaries actively competed for political support from developing countries. As a result, development assistance became an important instrument of foreign policy. The power relationship between the developed and developing countries also began to change in this era.

The success of the post-war reconstruction in Europe spearheaded by the Marshall Plan fueled the belief among many policymakers that the UN system could play an important role in advancing socioeconomic development in the newly independent states during the decolonization period, which ultimately affected more than 100 developing countries. The UN system became a key partner in the provision of technical and financial support to the newly independent states. During the Cold War era, the UN system was also considered to be a neutral platform for providing technical assistance to developing countries.

The Cold War strengthened the bargaining position of the programme countries. This led the donor countries to establish the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) in 1963, with a view to bringing together the major developed countries engaged in development cooperation. The DAC was mandated to foster cooperation and reduce the unnecessary competition among member

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[27] Olav Stokke, 2009. The UN and development: From aid to cooperation.
[28] Establishment of Technical Assistance Administration.
[29] The State of the World's Children 1996, UNICEF.

countries. During the 1960s, many developed countries established dedicated aid organizations, which increased the competition in this sector. The political dynamics of the Cold War also helped to create greater tension between the developed and developing countries at the level of governing bodies of the UN system. Despite these differences, most funding for the technical assistance activities continued to come from the Western countries.

The 1960s proved to be a turning point for global development cooperation and the UN development system, with many new entities established, as the UN leadership worked closely with like-minded Member States to enhance the development role of the Organization, particularly in the newly emerging states.[30] A wide range of UN bodies such as the specialized agencies, funds, programmes, regional commissions and Secretariat entities were now engaged in operational activities in response to the rapidly expanding demand. Among the new entities were the World Food Programme (1961), the UN Conference on Trade and Development (1964) and the UN Fund for Population Assistance (1969).

1960s major growth era for UNDS…

The overarching role of the UN development system in this period was to support the realization of national development plans and strategies in the newly emerging states (Stokke, 2009). These states faced complex socioeconomic development needs, including in the areas of human resources development and state building. The primary functions of the UN development system were to strengthen their capacity for national development planning, institution building, human resources development and the application of science and technology. The Special Fund, established in 1958, also contributed to the above objective by providing support for pre-investment studies in developing countries (United Nations, 1958). The key sectors of UN support emerging in the 1960s were particularly food and agriculture, trade, health, population growth, natural resource development, housing, transport and communications and the promotion of social and economic rights (Stokke, 2009). A series of international norms and standards were also developed under the UN auspices during this period, which strengthened the legal framework for the technical support provided by the Organization in the above areas.

…with focus shifting to supporting national development plans & institution building

In 1965, the Expanded Programme of Technical Assistance and the Special Fund were merged in a single entity, the *United Nations Development Programme*, which began operations on 1 January the following year (United Nations, 1965a). The advantages to be derived from the merger of EPTA and the Special Fund and the creation of UNDP included the pooling of resources; simplification of procedures; improvements in system-wide planning; elimination of duplication; reduction in administrative costs; and the general strengthening of UN development aid (Stokke, 2009).

EPTA & Special Fund merged in UNDP in 1965…

…to achieve greater cost-effectiveness…

The merging of EPTA and the Special Fund and the creation of UNDP in 1965 appears to have been driven by the objective of Member States to improve the institutional design of the UN development system as a mechanism to deliver operational activities in a more cost-effective manner, as predicted by the *rational choice theory* (chapter 1).

…as predicted by rational choice theory

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[30] Among the new entities was UNCTAD, established in 1964, to discuss issues related to international trade, an institutional development which subsequently led to the creation of the Group of 77 and China (today, the Group has 131 members).

In 1970, UNDP also became the central funding organ for all technical assistance activities of the UN system, an arrangement that lasted until the early 1990s. The establishment of UNDP included the adoption of a single administrative/financial rule book for use by the executing agencies. The establishment of UNDP marked a major change in the definition of the country priorities for operational activities of the UN system. Previously, the specialized agencies had performed that role, as mentioned earlier, but the governments in the newly emerging states now demanded to set country priorities themselves.

By the end of the 1960s, UNDP had field representatives in most programme countries. Country programmes had become the main instrument for coordinating operational activities of the UN system at the national level and the primary unit for allocating funding. In 1972, the concept of a '*5-Year Indicative Planning Figure*' was introduced in UNDP country programming in developing countries. In General Assembly resolution 32/197 (1977), Member States created the post of the UN resident coordinator at the country level, with the incumbent also serving as the UNDP resident representative. However, this coordination role of UNDP began to erode in the latter half of the 1980s, as donors opted to provide a larger share of the funding directly to the individual UN entities, as further discussed later.

The focus of development cooperation also shifted during this period away from the provision of experts from the developed countries to greater emphasis on technical advisory services to governments in the newly emerging states in preparing their own national development plans and strategies (Stokke, 2009).

The 1970s also brought about a new climate of development thinking. Development analysts concluded that since economic growth did not automatically eliminate poverty, development programmes must include measures that specifically target the poor. In 1970, the General Assembly set a target of 0.7 per cent of Gross National Income of the developed countries as official development assistance, making ODA an international obligation for the first time (United Nations, 1970). The establishment of this target put more pressure on developed countries to provide resources for development cooperation and further increased the demand for operational activities of the UN system.

The United Nations Conference on the Human Environment, held in Stockholm in 1972, was also a key event in establishing the environment as an important new global development priority. The Stockholm Conference brought the issues of pollution, depletion of natural resources and impoverishment because of lack of access to arable land on the global agenda. The establishment of UNEP was one of the main outcomes of the Stockholm Conference, which not only raised the profile of the environment as a global policy area but also strengthened this dimension in the work of the UN development system.

By the end of the 1970s, voluntary contributions to UNDP reached $680 million[31] and another $2.4 billion in such funding was received by other UN entities. This included UNICEF, UNFPA and WFP, as well as assessed and extra-budgetary contributions[32] to the specialized agencies. Total funding for operational activities of the UN system stood at an estimated $3.1 billion in 1979 (or $11 billion in 2020 US dollars), representing 14 per cent of total official development assistance from DAC countries at the time (figure 3.1).

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[31] Annual review of the financial situation: 1979, Report of the Administrator, DP/490, 21 April 1980.

[32] To avoid double-counting, this includes only the $254 million in extra-budgetary contributions from bilateral sources and from multilateral sources other than UN funds and programmes.

Figure 3.1   Real change over time in funding of operational activities of the UN system and as share of official development assistance, 1965-2013
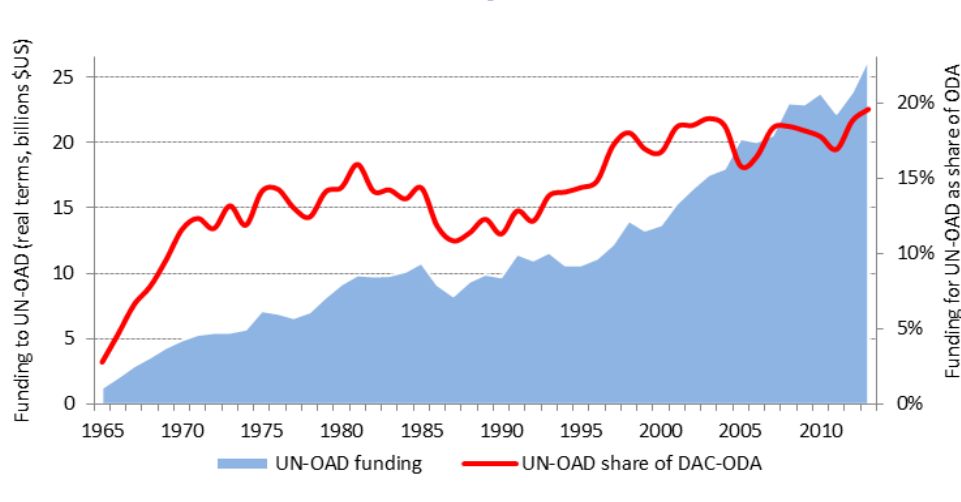
During the 1980s, voluntary funding for UN operational activities increased from $3.1 billion to $5.6 billion. Due to the high inflation throughout most of the 1980s, this corresponded to a modest average annual growth rate of 2.0 per cent in real terms. The real growth rate of official development assistance during this decade, in contrast, was 3.2 per cent annually, resulting in a declining share of UN operational activities of total official development assistance for the first time.

UN-OAD grows slower than ODA during 1980s

Phase III (1990s-2015)

The 1990s marked a new departure for the UN system following the end of the Cold War. A series of major UN conferences and summits (e.g., Children, Education and Least-developed Countries Conferences in 1990; Earth Summit in 1992; Cairo (Population) and Barbados (Small Island Developing States) Conferences in 1994; Copenhagen (Social Development) and Beijing (Women) Conferences in 1995; and Rome (Food) and Istanbul (Human Settlements) Conferences in 1996 helped to establish a new global development vision, culminating in the Millennium Declaration in 2000, which laid the foundation for the adoption of the *Millennium Development Goals*. Another important milestone was the 2005 World Summit where world leaders reaffirmed that sustainable development constitutes an important overarching framework for UN activities. Developing countries, in particular, had called for the organization of this series of global conferences and summits.

End of Cold War leads to major change in UNDS functions

MDGs became the new global development agenda, significantly influencing the development cooperation priorities of many donor countries. The promotion of social development, particularly the eradication of poverty became a key role of the UN development system in the developing countries, following the adoption of the MDGs. The advancement of human rights and the strengthening of governance and public administration capacities in developing nations also became important functions of the UN development system. This period was also characterized by significant changes in the financing of development cooperation, with OECD/DAC countries becoming the primary source of government funding for ODA following

MDGs become the development agenda in 2000-2015 period

the collapse of the Soviet Union, while South-South cooperation among developing nations continued to grow, with many new non-state actors entering this sector as well.

The end of the Cold War not only changed the balance of power in international relations but also in many developing countries, which led to a surge in intra-state conflicts in the 1990s, which expanded the role of the UN system in humanitarian assistance and conflict prevention and resolution. At the same time, the UN development system was increasingly requested to assist in mitigating the impact of natural disasters, including recovery and resilience-building. Humanitarian assistance, as a result, accounted for nearly half of all operational activities of the UN system in 2017 (United Nations, 2019).

The role and functions of most UN entities expanded considerably during this period. The role of many UN entities was also redefined in response to the new demands e.g., UNFPA[33], UN-Habitat and WFP[34], and later, WHO[35], and new entities were established, such as UNAIDS in 1994, to help address the global AIDS pandemic[36], and UN Women in 2010, to consolidate and strengthen action on gender equality and the empowerment of women. In addition, the Secretary-General launched in 2007 the piloting of *Delivering-as-One* in several programme countries, which was later followed by the development of *Standard Operating Procedures* for UN country teams in select areas. The launch of these initiatives was influenced by the growing demands of many Member States, particularly the major donor countries, for enhanced coherence and cost-effectiveness in the delivery of operational activities of the UN system.

Political competition was multi-polar in this period and government funding for development cooperation came almost exclusively from the OECD/DAC countries, as mentioned earlier, and overwhelmingly in the form of voluntary, strictly earmarked contributions from the late 1990s. The balance of power in development cooperation thus shifted to the DAC countries.

The MDGs changed the nature of the demand for operational activities, with the focus shifting to issues related to human progress in developing countries particularly poverty eradication, social development, health, education, gender equality and women's empowerment, and to a lesser extent, environmental protection. Contributions for operational activities of the UN system also became increasingly directly linked to the achievement of the MDGs in this period. Human rights mainstreaming in development (and peacekeeping) activities became another major priority, experiencing rapid growth in response to an expanding normative framework

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[33] Changes in UNFPA's functions and governing structures were triggered by changes in funding; in the external environment, including the response to HIV/AIDS and the adoption of the MDGs; by normative changes, most notably the 1994 International Conference on Population and Development, which established a universal normative role for the agency; and by UN reform.

[34] WFP is another example of organizational adaptation to change in the broader institutional environment. In the 1990s, WFP, through internal reform, developed strong capacity for handling logistics in humanitarian emergencies, which subsequently became a special comparative advantage of the organization in such country contexts.

[35] WHO, more recently, has engaged in a change process in response to new demands in the broader organizational environment, which has involved programmatic, governance and managerial reforms, with a view to improving health outcomes, increasing coherence in global health cooperation and delivering higher institutional performance.

[36] Established in 1994 through ECOSOC resolution 1994/24, UNAIDS is the only co-sponsored, joint programme of the United Nations, with a governance structure incorporating Member States, co-sponsor organizations and non-state actors. Formally launched with six UN co-sponsored organizations and a secretariat in 1996, the UNAIDS Programme has since expanded to include additional five UN system entities, bringing the total to 11.

in this area since the 1960s. Support for governance and public administration strengthening in programme countries also grew significantly in this period.

While official development assistance, as reported by the OECD/DAC, decreased by some 10 per cent during the 1990s in real terms, total funding for operational activities of the UN system increased this decade, heavily driven by major growth in humanitarian assistance and post-crisis recovery in conflict-affected countries.

The role of UNDP as the central funding and coordination organ of the UN development system, which had come under increasing pressure during the 1980s, finally came to an end in the early 1990s, as UN entities began mobilizing resources directly from the donors. This meant that in order to reduce operational risks, entities opted to establish their own resources mobilization offices to manage the relations with the donors, as predicted by the *resource dependence theory*, which led to greater competition for funding.

The shift towards voluntary, strictly earmarked contributions in the 1990s created incentives for UN entities to expand their role and functions as a strategy to reduce funding uncertainty. The UN development system during this period also began subsidizing the programme support and management costs of non-core funding, which further increased the demand for such services from other multilateral organizations, global vertical funds, private and non-governmental organizations and governments in programme countries themselves. Local resources from programme countries, particularly upper-middle-income countries in Latin America for activities in their own countries, as a result, began to grow significantly in the 1990s, as highlighted in the annual reports of the Secretary-General on operational activities of the UN system.

In the 1990s, the composition of resources flows to the UN development system began to shift rapidly away from voluntary, non-earmarked funding to strictly earmarked contributions. In 1997, voluntary, earmarked funding exceeded non-earmarked resources for the first time.

Total contributions for operational activities of the UN system (both development-related and humanitarian assistance) grew by 127 per cent in the 2007 to 2017 period in real terms (United Nations, 2019). Development-related activities grew by 87 per cent in real terms, with non-earmarked and earmarked contributions increasing by 26 and 128 per cent respectively. For humanitarian assistance, the same percentages were 220, 39 and 288 per cent respectively in the 2007 to 2017 period, also in real terms.

Phase IV (2016-present)

In late 2015, Member States adopted three landmark international agreements that have become central to the current role and functions of the UN development system: the 2030 Agenda for Sustainable Development, consisting of 17 sustainable development goals, 169 targets and 232 indicators of progress; the Paris Agreement on Climate Change; and the Addis Ababa Agenda on Financing for Development.

The adoption of the 2030 Agenda was a landmark event providing for a shared global vision towards sustainable development. The scale of the 2030 Agenda is unprecedented when compared against earlier agreements like the Millennium Development Goals. The Sustainable Development Goals are applicable to all countries, while recognizing the specific realities, capacities, level of development, and challenges of countries. The responsibility to achieve the SDGs is shared among all countries and they need to be implemented in an integrated, rather than fragmented manner, recognizing that the goals and targets are interlinked.

In June 2017, the Secretary-General launched the repositioning of the UN development system to deliver on the 2030 Agenda (United Nations, 2017). Central to the new vision of the Secretary-General was repositioning sustainable development at the heart of the United Nations with the 2030 Agenda as the guiding framework. This also includes renewed efforts by the United Nations to eradicate poverty, reduce inequalities and end exclusion. In the SDG era, the UN is expected to become a valued partner of all countries. Another objective of the repositioning of the UN development system was to transform the Organization into a 21st century thought leader that can draw on its unparalleled reach across the globe to be at the forefront of policymaking and innovation, bringing in national and regional perspectives to the international debate. The UN, moreover, should be firm in upholding the universal values and norms that Member States have adopted at the intergovernmental level, but, at the same time, flexible in adapting the Organization's presence, support, and skillset to each country.

The repositioning of the UN development system to deliver on the 2030 Agenda, launched in 2017, shortly after the Secretary-General assumed office, was undoubtedly in response to growing demands in the external environment for greater system-wide coherence, effectiveness and efficiency in the work of the UN development system, as envisaged by the theories of *new institutionalism*, *resource dependence* and *rational choice* (chapter 1).

The central role of the UN development system in the SDG era is to support Member States in implementing the 2030 Agenda and the Paris Agreement on Climate Change. Towards that end, the Secretary-General has called for further strengthening of the capacities of the UN development system for policy advice; partnerships and financing; statistics; innovative and integrated analysis; foresight and risk management; advocacy and messaging on sustainable development; and technical expertise on emerging, frontier issues.

The support of the UN development system for SDG implementation is organized around eight main functions: integrated normative support; integrated evidence-based policy advice; comprehensive and disaggregated data; capacity development and technical assistance; convening of stakeholders; direct support and service delivery; support functions; and other functions (Dalberg, 2017). The 2020 report of the Secretary-General on the implementation of the quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system highlighted several substantive priority areas of support by the Organization to programme countries in the prior two years, as reported in the most recent UN DESA survey, namely those of health and well-being (SDG 3); gender equality (SDG 5); food security, nutrition and the eradication of hunger (SDG 2); and poverty eradication (SDG 1) (United Nations, 2020).

In December 2017, the Secretary-General announced further steps to strengthen leadership in the UN development system at the global and country level; decrease the number of small separate offices at the country level; enhance the role of the regional level; and improve reporting on system-wide results. The Deputy Secretary-General was designated as the chair of the UN Sustainable Development Group. The role of the UN resident coordinator and the UN Sustainable Development Assistance Framework were also strengthened at the country level. In 2018, in addition, the administration of the UN resident coordinator system was transferred from UNDP to the Secretary-General. The Secretary-General, furthermore, proposed improved oversight by Member States of the work of the UN development system by strengthening the role of the Operational Activities Segment of ECOSOC along with the progressive merging of the governing bodies of the major funds and programmes.

Several other significant changes in the external environment of the UN development system have also impacted on the role and functions of the Organization in global development cooperation in the SDG era.

The most significant factor in reshaping geopolitics in recent years has been the changing balance of economic power and the growing role of the emerging economies in world affairs. Foremost in this regard has been the escalating economic and political rivalry between the United States and China. This rivalry has resulted not only in a trade war but also spilled into other areas of geopolitics. The relationship between the United States and China and the possibility of a 'Cold War' between the two countries could dominate international relations in the remaining decade, with implications for the implementation of the 2030 Agenda and development cooperation more generally.

Another factor likely to influence the role and functions of multilateral organizations in the SDG era is the growing support in many developed countries, particularly in Europe, for populist political parties. Concerns about rising inequality and economic insecurity often linked to the outcomes of globalization processes, along with cultural anxieties, are driving greater support for populist parties in many developed countries, particularly in the European region. These political developments have begun to weaken the commitment of some developed states to multilateral solutions to address global challenges like climate change and migration and may pose a risk for future funding for development cooperation, including operational activities of the UN system.

Other emerging geopolitical and economic trends may also affect the future of development cooperation, with implications for the work of the UN development system, namely growing importance attached by many developed states to the principle of *national interest* in policymaking on development assistance; governments likely to encourage private actors to play a greater role in financing social development in developing countries in the long run (Kharas and Rogerson, 2012); increased part of ODA focused on global development challenges; rising share of ODA allocated to the middle-income countries in the form of concessional loans (ibid); and continued strengthening of the institutional capacity of many programme countries, particularly middle-income countries.

The role of the UN system in the value chain of development cooperation may thus gradually change in the near future due to such developments in the broader external environment. The strengthening of national institutions and systems in many programme countries, for example, may result in greater demand of programme country governments for the full national execution of operational activities of the UN system. The Green Climate Fund, established in Copenhagen in 2009 already implements its activities through national institutions, which have been certified through a designated mechanism. In the case of the Global Environment Facility, three governments: China, South Africa and Brazil, have been authorized by the governing body to implement programme activities directly rather than using the programme management structures of UN entities. This process of shifting to full national execution of development cooperation projects could accelerate in the latter half of the SDG era, with implications for the strategic positioning of the UN development system.

The *Grand Bargain* adopted at the World Humanitarian Summit in 2016 similarly called for channeling at least 25 per cent of humanitarian assistance by 2020 directly through local and national actors, as a concrete strategy to strengthen national capacities. However, at present, only about 2 per cent of humanitarian assistance is channeled directly through local and national institutions in programme countries.

The UN development system directly implements or provides programme management support for a large number of projects funded by the European Commission, global vertical funds, international financing institutions, private and intergovernmental organizations and programme country governments themselves. In 2017, funding from these sources accounted for 37 per cent of all voluntary, earmarked contributions for operational activities of the UN system (United Nations, 2019). Projects from these sources of funding are not subject to full cost recovery of non-programme costs, with the actual rate ranging between 3 and 7 per cent. However, according to the annual reports of the Secretary-General, the average programme support and management costs for the system as a whole is about 15 per cent.

The application of the principle of *full cost recovery* rather than the *subsidization* of non-programme costs by core resources of activities financed from these sources, as called for by some states, could have major implications for the future demand for direct implementation and programme management services by the UN development system from the above-cited partners and over time shift those functions to national institutions in programme countries.

There are also indications that public preferences in donor countries are beginning to change towards greater support for private approaches such as direct cash transfer mechanisms to target poor people in the developing countries instead of relying on complex, intermediary organizations to perform this delivery function. The support for social development activities may also increasingly come from private sources in the future, as OECD/DAC and Southern provider countries shift the focus of aid allocations to economic sectors and global development challenges in line with the *national interest* principle. Traditional development assistance of DAC donors and Southern providers, in the long run, may primarily focus on the humanitarian, peacebuilding and development needs of countries in conflict and complex development situations.

The poverty rates in developing countries are also generally declining, although recurrent crises like the COVID-19 pandemic and the war in Ukraine, have temporarily reversed that trend. This means that developing countries are likely to need higher value-added services from the UN development system in the future, not direct implementation and programme management support.

The strategy pursued for several decades to reduce the funding uncertainty by continuously expanding the role and functions of the UN development system, or creating new entities, as predicted by theories such as *new institutionalism* and *resource dependence* (chapter 1), may no longer be feasible in an external environment where the policies of many developed states are increasingly influenced by the principle of *national interest*. The UN development system may instead need to respond to new funding uncertainties by adopting a growth strategy with a particular focus on identifying underutilized SDG areas; increasing the supply of higher value-added system-wide functions; diversifying the resources base by developing new revenue streams; and by establishing units/offices at entity and system-wide levels to strengthen the mobilization of private funding and innovative sources of financing.

3.2 The evolution of governance arrangements

The governance arrangements of the UN development system have been of long-standing interest to Member States and other stakeholders, as discussed in chapter 2. Most of the expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years have included recommendations on ways to strengthen governance of the UN development system. A brief synthesis of the key recommendations of these expert reports and studies is presented later in this section (box 3.1).

Many reports & studies commissioned on UNDS reform over past 50 years

Building on the review of the evolution of funding rules and practices in the UN development system since the Organization was established in 1945, this section focuses on the key changes that have taken place in the governance and inter-agency coordination arrangements in the same period. These changes have been strongly influenced by the requirements and expectations of the external environment, as the theories of *new institutionalism* and *resource dependence* would predict (chapter 1).

Phase I (1945-1950s)

The role of the United Nations in the delivery of operational activities was launched in earnest with the establishment of the *Expanded Programme of Technical Assistance* in 1949 and the *Special Fund* in 1958, both funded by voluntary, non-earmarked contributions, as discussed in section 3.1. ECOSOC invited the Administrative Committee on Coordination to set-up a Technical Assistance Board composed of the Secretary-General as chair and the Heads of the specialized agencies to coordinate the work of EPTA (United Nations, 1949; Bhouraskar, 2007). The Secretary-General later designated an Executive Chairman to oversee the work of the TAB. The Technical Assistance Board was charged with coordinating the support provided by EPTA to developing countries under the authority of a standing Technical Assistance Committee established by ECOSOC for this purpose and composed of the 18 Council members, equally divided between developed and developing countries. The composition of the Technical Assistance Committee was based on the principle of *differentiated responsibility of states,* with decision-making by consensus.

Inter-agency board charged with UN-OAD coordination with establishment of EPTA...

...reporting to ECOSOC committee...

The composition of both ECOSOC and the Technical Assistance Committee was kept small with a view to minimizing the sum of external costs and negotiation costs, in line with a key tenet of the *public choice theory* (chapter 1). The reporting of the Technical Assistance Board, an inter-agency coordination body, to the TAC, also helped to reduce the risk of the *principal-agent problem* in governance of operational activities of the UN system (chapter 1).

...which helped reduce risk of principal-agent problem in UN-OAD governance

The Technical Assistance Committee could meet when ECOSOC was not in session. The TAC was given controlling and conflict-solving functions vis-à-vis the Technical Assistance Board on behalf of ECOSOC. At the country level, the post of resident representative of the Technical Assistance Board was first established in 1950 and later in a few major programme countries during that decade to coordinate the support provided by the various UN agencies, including the development and implementation of country cooperation programmes.

UN resident representatives & country programmes key instruments for country coordination

The Economic Committee of ECOSOC devised the formula used to distribute the resources of EPTA. According to this formula, the UN Secretariat was to receive 23 per cent of total resources. Among the specialized agencies, FAO was allocated 29 per cent, followed by WHO (22 per cent), UNESCO (14 per cent), ILO (11 per cent) and ICAO (1 per cent). The funding formula thus limited the ability of governments at the governance level to determine the strategic priorities of EPTA through the allocation of resources. The negotiations on country

Allocation of resources from EPTA to agencies determined by specific formula

priorities, as a result, mainly took place between the representatives of the specialized agencies and the respective programme country governments. This funding arrangement reflected the balance of power between the UN centre and the specialized agencies at the time (Stokke, 2009).

The issue of development effectiveness and policy coherence across the UN entities was an important consideration in the design of the governance, coordination and financing arrangements for EPTA, in line with a key assumption of the *rational choice theory* (chapter 1). An important function of the Technical Assistance Board was to foster interlinkages between the programmes of the different specialized agencies and the UN Secretariat (United Nations, 1949). It was felt that the success of EPTA would heavily depend on the ability of the TAB and its secretariat to influence the activities of the specialized agencies and the UN itself (Stokke, 2009). The establishment of a central fund rather than making direct payments to the specialized agencies was selected as a strategy to further inter-agency cooperation, coordination and coherence within the UN development system, as predicted by the *rational choice theory*.

In 1950, the Secretary-General appointed the first UN resident representatives, as mentioned earlier, to foster greater coordination in programme countries, with the incumbents reporting to the Technical Assistance Board. One objective with the appointment of UN resident representatives was to enhance the capacity of the recipient governments to coordinate technical assistance activities of the various entities at the country level. However, the establishment of the funding formula by the Economic Committee of ECOSOC made it more difficult for the Technical Assistance Board and the UN resident representatives to achieve this objective.

In 1952, it was decided that only part of the contributions to EPTA should be automatically transferred to the specialized agencies, leaving it to the Technical Assistance Board, according to the agreed resource allocation formula, to distribute a significant portion of the funds on a project-by-project basis. The allocation formula was also slightly adapted to include additional UN organizations. ECOSOC also instructed the Secretary-General at that time to appoint an Executive Chairman of the TAB on a full-time basis, with wide powers, effective control over the programme's economic resources, and the authority to develop integrated country programmes with the recipient governments in consultation with the specialized agencies (Bhouraskar, 2007; United Nations, 1949). This arrangement was expected to reduce the risk of the *principal-agent problem* (chapter 1) in the coordination and governance of operational activities of the UN system. The UN resident representatives would report directly to the Executive Chairman of TAB. David Owen was appointed the Executive Chairman of the TAB and served in that role between mid-1952 until the end of 1965 when EPTA merged with the Special Fund to become the United Nations Development Programme.

ECOSOC abolished the automatic allocation formula in 1955 and replaced it with a system premised on the participation of the recipient governments in drawing up programmes in accordance with their needs and in relation to their economic development plans. This ECOSOC resolution, initiated by France, and later approved by the General Assembly, introduced an important innovation: target figures were to be drawn up by the Technical Assistance Board for each country based on the funds assumed to be available in the following year (Stokke, 2009). This decision marked a shift in focus in the allocation of resources away from the specialized agencies to the programme countries themselves in line with their growing influence in the broader institutional environment. The 1955 reform also

strengthened the role of two key coordination instruments within the UN development system, namely the country programmes and the UN resident representatives.

In EPTA, the discharge of the key governance functions was shared among different actors. The Executive Chairman of the Technical Assistance Board played a key role in providing the strategic guidance and vision; ensuring the implementation of the policies adopted at the governance level; and undertaking performance monitoring. The role of the Technical Assistance Committee was to provide oversight of the operations of EPTA. Inter-agency coordination was performed by the Technical Assistance Board with the support of two key instruments: the country programmes and the UN resident representatives. This institutional design arrangement was strongly aligned with the expectations of the rational choice theory.

Executive Chairman of EPTA vested with significant authority

In the case of the Special Fund, the intergovernmental vision and guidance was provided by a Governing Council composed of 18 members of ECOSOC and meeting twice a year. The "economically more developed countries" with due regard to their contributions to the Special Fund, had equal representation with the "less-developed countries" in the Governing Council (Bhouraskar, 2007). The composition of the Governing Council, like in the case of the Technical Assistance Committee of EPTA, was based on the principle of *differentiated responsibility of states,* with decision-making by consensus. This arrangement, as discussed earlier, helped to ensure that the sum of negotiation costs and external costs was minimized, in line with expectation of the public choice theory (chapter 1).

Composition of GBs of EPTA and Special Fund based on principle of differentiated responsibility of states

This governance arrangement reflected the strong influence of the developed countries in the geopolitics at the time. Overall responsibility for the operations of the Special Fund was vested in a Managing Director, who had the sole authority to recommend projects submitted by governments to the Governing Council. The Managing Director was also represented in the Technical Assistance Board of EPTA. A Consultative Board consisting of the Secretary-General, the Executive Chairman of the Technical Assistance Board of EPTA and the President of the International Bank for Reconstruction and Development, or their representatives, advised the Managing Director of the Special Fund about project requests and proposed programmes (Stokke, 2009). The Secretary-General also convened each year a pledging conference for the Special Fund and EPTA.

Managing Director of Special Fund vested with significant authority…

The key governance functions of the Special Fund were performed by different actors. The Managing Director played a leadership role in terms of providing strategic guidance and vision; ensuring policy implementation; performance monitoring; and furthering inter-agency coordination at the global level. At the country level, inter-agency coordination was advanced through the country programmes and the UN resident representatives. The role of the Governing Council was to provide an oversight of the operations of the Special Fund. This coordination and governance arrangement was consistent with a key tenet of the rational choice theory while also helping to minimize the risk of the principal-agent problem.

…with Governing Council providing oversight

The allocation of resources from the Special Fund, on the other hand, was not based on a pre-determined formula like in the case of EPTA. The UN entities instead had to compete for funds and the allocation was intended to be merit-based. The headquarters of the Special Fund became highly influential in the selection of projects because of the way the governance arrangements were structured, particularly the central role played by the Managing Director.

Allocation of resources from Special Fund greatly influenced by HQ staff

Another motive of Member States, particularly the Western countries, with the establishment of EPTA and the Special Fund, was to reduce the tension between the agency-specific and system-wide interests in programme delivery caused by the original, decentralized design of the Organization, along functional rather than federal lines, as discussed earlier (Stokke, 2009). The original design of the Organization made it difficult for the UN development system to capitalize on opportunities for synergy in programming and operations across entities.

Box 3.1   Select messages from reports on governance reform of UNDS (1969-present)

Starting in the late 1960s, a series of external and internal reports and studies have addressed governance reform of the UN development system (chapter 2).

Many reports have called for stronger *leadership and policy guidance* from the General Assembly and the Economic and Social Council. Proposals to achieve this objective range widely: some calling for more efficient working methods, for example, through streamlining of agenda-setting to avoid overlaps in the work of the GA and ECOSOC (Brandt, 1980); (Bertrand, 1985); (Beattie, 2004), or through more frequent and better prepared ECOSOC sessions (Group of Experts, 1975); (UNGA, 1977). Other proposals suggest a substantial restructuring of the ECOSOC's subsidiary machinery, giving the Council greater authority under the Charter (Annan, Kofi, 1997), larger membership or closer involvement of technical experts from Member States or UN organizations. Some reports have even gone as far as to propose an entirely new body, such as, an 'Economic Security Council' to replace ECOSOC (Bertrand, 1985); (Commission on Global Governance, 1995). Others have called for a complementary high-level forum, such as, 'Summit of Leaders', 'International Development Council' or 'Global Leaders Forum' to review and provide guidance to the United Nations development system (South Commission, 1990); (Nordic UN Project, 1991); (United Nations, 2006a).

Concerning *substantive coordination*, a single governing body to consolidate the control and management of all operational activities of the UN system has been proposed repeatedly (UNGA, 1977); (Group of High-Level Intergovernmental Experts "The Group of 18", 1986); (ITA, 2016). As early as 1975, the Gardner Report called for a single *Operations Board* (chapter 2) to replace the existing boards of the operational funds and programmes. Other reports envisioned one unified development agency (Bertrand, 1985) or a consolidated governing body with regional subsidiary bodies (Childers and Urquhart, 1996).

Many reports have also addressed the question of who should participate in governing bodies. There have been repeated calls for a closer involvement of the Executive Heads of UN entities as well as Heads of States and ministers in ECOSOC to improve coordination (Bertrand, 1985). Moreover, some reports have also argued for more inclusiveness, for example greater participation of policymakers from developing countries in ECOSOC and the governing bodies of the specialized agencies (Group of Experts, 1975); (Annan, Kofi, 1997), or using voting groups to include more countries in decision-making in the Executive Boards of the operational funds and programmes without increasing the number of seats (Commission on Global Governance, 1995). Reports have also suggested a greater role for experts and non-state stakeholders in governance, for example through an advisory board that could provide information for other governing bodies as well as periodic policy review (Group of Experts, 1975); (Brandt, 1980); (Annan, Kofi, 1997).

Source: Author compilation based on expert reports and studies commissioned by the General Assembly, ECOSOC and the Secretary-General during the past 50 plus years and reviewed in greater detail in Annex 2.1 (chapter 2).

Phase II (1960s-1980s)

Based on a recommendation by UN Secretary-General U Thant, the Expanded Programme of Technical Assistance and the Special Fund were merged in 1965 in the *United Nations Development Programme*, which began operations the following year. The Secretary-General had concluded that all countries contributing to and benefiting from UN technical cooperation programmes would be best served if EPTA and the Special Fund were brought together in one organization with a single governing body, a single inter-agency body, and a unified

management structure. The establishment of UNDP was motivated in part by the desire of the Secretary-General and Member States to make the delivery of operational activities of the UN system more coherent, effective and efficient, particularly with a view to avoiding duplication of activities (United Nations, 1965a). This institutional design arrangement was also consistent with key tenets of the theories of rational choice and principal-agent.

The Governing Council of UNDP was composed of 37 members elected by ECOSOC based on the principle of differentiated responsibility of states, i.e., almost equal representation of developed and developing countries. The Council took over the responsibilities of the governing bodies of EPTA and the Special Fund, to review and approve projects and programmes for operational activities of the UN system and for the UN Regular Budget of Technical Cooperation, with an Inter-Agency Consultative Board and UNDP resident representatives providing inter-agency coordination at the global and country level respectively. Developing countries held a slight majority in the Governing Council at the creation of UNDP, with 19 seats compared to 17 for developed countries, with one additional rotational seat. This arrangement reflected an intergovernmental consensus where development cooperation was defined as a partnership between developing and developed countries. The decision-making was by the majority of members present and the Governing Council met twice a year. However, the composition of the Governing Council was expanded in 1972 from 37 to 48 states, as part of UNDP reform, with the share of developing countries increased from 19 to 31 members. This constituted a significant departure in political decision-making at the intergovernmental level away from the composition of governing bodies being anchored in the principle of differentiated responsibility of states to that of equitable geographical representation. The decision-making rule was also changed from majority voting to consensus.

Non-earmarked funding helps ensure formal role of governing bodies

In October 1970, the General Assembly adopted a resolution that called on developed countries to provide 0.7 per cent of their gross national income as official development assistance. An important implication of this resolution was that developing countries began to redefine development cooperation as an entitlement instead of being a partnership with the donor countries. This redefinition of both the purpose of development cooperation and the principle of political decision-making at the intergovernmental level, may have been a key factor in shifting the funding architecture of operational activities of the UN system from unearmarked to earmarked contributions, particularly those strictly earmarked in nature. These changes in the purpose of development cooperation and the principle of political decision-making reflected the growing influence of developing countries at the intergovernmental level.

Early 1970s saw major change in purpose of development cooperation …..

….. and principle of political decision-making at intergovernmental level …….

With the establishment of UNDP, inter-agency coordination was shifted from the Technical Assistance Board to an Inter-Agency Consultative Board, chaired by the Administrator of UNDP and including the Secretary-General and the Executive Heads of the specialized agencies and the IAEA, as mentioned earlier. The change in the inter-agency model from a Technical Assistance Board to an Inter-Agency Consultative Board no longer reporting to a subsidiary body of ECOSOC, or the Council itself, signaled a shift in the role of such bodies in response to demands of programme countries for greater national ownership and leadership of country programmes. Many programme countries felt that strong coordination at either the inter-agency or intergovernmental level, as had been the case with EPTA and the Special Fund, weakened national ownership of country programmes. However, these changes further complicated the principal-agent relationship.

….. with inter-agency coordination in UNDS also no longer formally accountable to ECOSOC or another governing body

The central function of UNDP was to coordinate the development assistance provided by the organizations of the UN system, particularly the specialized agencies, in support of the national development priorities of programme countries. Like before, FAO, WHO, UNESCO, ILO and the UN Secretariat were the major recipients of funds from UNDP.

The coordination role of UNDP was further strengthened by Member States in 1970 following an intergovernmental review of the findings and recommendations of the Capacity Study, prepared by a team led by Sir Robert Jackson, and completed in September 1969. UNDP was assigned the role of a central funding body for UN technical cooperation activities in programme countries. The objective of these changes was twofold: *first*, to strengthen central authority within the UN development system, and *second*, to enhance the alignment of UN development assistance with national development plans.

The *1970 Consensus* placed the ultimate responsibility for programme activities with the recipient governments, underlining that the primary purpose of the assistance was to support them in their own development efforts. This policy shift led to greater decentralization of decision-making to the country level and the emergence of the integrated UN country programmes aligned with the national development plans of the recipient governments.

A UNDP resident representative coordinated the development and implementation of the country cooperation programme in the recipient countries. In General Assembly resolution 32/197 (UNGA, 1977), Member States, in a policy shift, decided to create the post of UN resident coordinator, as mentioned earlier, who would also serve as the resident representative of UNDP. The purpose of this coordination arrangement was to help ensure that the technical capacities of the specialized agencies were effectively aligned with a development cooperation vision defined through a nationally led country programming process and subsequently approved by the Governing Council of UNDP (Stokke, 2009). An important objective of this institutional change was to reduce the risk of the principal-agent problem in the delivery of operational activities of the UN system at the country level*.*

In 1977, the Governing Council of UNDP adopted a programme called "*New Dimensions in UNDP Technical Cooperation*", which overarching purpose was to shift the execution of projects from the specialized agencies to programme country governments themselves. The progress in realizing this objective, however, was slow as many programme country governments preferred to draw on the services of UN organizations when it came to handling the administrative aspects of project execution. In June 1981, the Governing Council of UNDP responded to this situation by asking the Administrator, in cooperation with other UN organizations, to consider the implementation of UNDP assistance by the host governments. This Governing Council decision marked a shift away from project execution by the specialized agencies to an arrangement where this function became the responsibility of programme country governments, although, in practice, many administrative tasks continued to be handled by UN organizations.

In this period, the Administrator of UNDP performed several important coordination functions, such as providing strategic guidance and vision for the work of the UN development system as a whole; implementing UNDP-specific policies adopted at the governance level; monitoring organizational performance; and leading inter-agency cooperation at the global level. The country cooperation programmes, and the UNDP resident representatives, played a key role in furthering inter-agency coordination at the country level. At the global level, the Governing Council provided oversight of the work of UNDP.

The Governing Council in 1977, in addition, asked the senior management of UNDP, in cooperation with the specialized agencies, to strive for greater coherence, especially by further developing planning, appraisal, and evaluation functions into a common system of analysis and feedback. Such a change was closely aligned with intergovernmental decision-making as expected by the rational choice theory.

Several other measures were also adopted in the late 1970s and early 1980s to strengthen the system-wide character of UN operational activities, including: (a) establishing the post of Director-General for Development and International Economic Cooperation, (b) initiating a Single Pledging Conference and (c) launching the triennial comprehensive policy review of operational activities for development of the UN system, mandated in General Assembly resolution 35/81 (UNGA, 1981) and first conducted in 1983.[37] One objective of these reform measures appears to have been to reduce the risk of the principal-agent problem in the delivery of operational activities of the UN system.

Several system-wide instruments created in late 70s and early 80s…

The Director General's post, based in the UN Secretariat, was given wide-ranging responsibilities relating to development and international economic cooperation. However, the post was not provided with commensurate authority to coordinate operational activities of the UN system and was primarily limited to those delivered by the Secretariat. The post was abolished in 1992 by Secretary-General Boutros Boutros-Ghali.

…including post of Director-General, but abolished in 1992

Phase III (1990s-present)

In the first half of the 1990s, the role of UNDP as the central funding and coordinating organ of the UN development system finally came to an end. UNDP instead redefined itself as an organization with its own substantive objectives and priorities in development cooperation. The declining contributions to UNDP during the latter half of the 1980s made it difficult for the organization to perform its central funding and coordination role with sufficient level of authority. This led the senior management of UNDP and Member States to rethink the role of the organization in global development cooperation.

Governance of Fs/Ps changes in early 1990s as political power shifts

Significant changes also took place in the governance of the UN development system in the early 1990s. This included the creation of the 36-member Executive Boards of the major funds and programmes (UNDP/UNFPA/UNOPS, UNICEF, WFP) in 1993 (United Nations, 1993) and by the end of the decade a Joint Meeting of the Boards, as an informal gathering to discuss issues of common concern. The establishment of the Executive Boards of the major funds and programmes in 1993 was in part in response to the transformation of UNDP, but also in recognition of the changing distribution of political power in international relations following the end of the Cold War, with OECD/DAC donor countries now the dominant source of government funding for operational activities for development of the UN system.

Executive Boards created for Fs/Ps in 1993…

The Executive Boards of the major funds and programmes were constituted based on the principle of equitable geographical representation, but with the Western European and Other States Group allocated 12 of the 36 seats, in recognition of the principle of differentiated responsibility of states. A key objective with the creation of the Executive Boards was to make the governance process more efficient and give donor countries greater say in decision-making.

…with a view to making governance more efficient

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[37] The comprehensive policy review has since become quadrennial, with the next QCPR scheduled to be conducted in 2024.

The above changes in the governance of funds and programmes also led to significant changes in country programming arrangements. The integrated UN programming process led by UNDP and aimed at fostering synergy across UN entities was replaced by entity-specific country programmes of the funds and programmes. This change, over time, would weaken the link between institutional design and the effectiveness of international organizations in the delivery of operational activities of the UN system, as further discussed later. UNDP, at the same time, continued to lead inter-agency coordination at both the global and country level, though its previous role within the UN development system had materially changed.

Entity-specific country programme documents of Fs/Ps replace those with system-wide focus

This led the Secretary-General, Kofi Annan, in 1997, to launch a series of reforms to strengthen programmatic cooperation across UN entities (Annan, Kofi, 1997). The key measures included in Kofi Annan's 1997 programme of reform included establishing the United Nations Development Group, led by an Executive Committee, composed of the heads of the major funds and programmes and chaired by the Administrator of UNDP; launching common UN houses at the country-level to facilitate enhanced cooperation and coherence; introducing the UN Development Assistance Framework and Common Country Assessment as instruments for joint programming and development analysis within the UN team at the country level; creating the post of Deputy Secretary-General to strengthen coordination of the development pillar of the Organization; and launching the informal joint meetings of the Executive Boards of the funds and programmes, as mentioned earlier. At the time of the 1997 reforms, it was envisaged that the UNDAF instrument would evolve over time into a common country programme document for the UN development system as a whole. An important objective of this reform programme was undoubtedly to reduce the risk of the principal-agent problem caused by UNDP no longer serving as the central funding and coordinating mechanism within the UN development system.

1997 reforms focus on strengthening programme cooperation across UN entities

The changing role of UNDP and the 1997 reforms shifted the coordination function in the UN development system to inter-agency bodies, which are not legal entities and rely on voluntary participation and decision-making by consensus without formal accountability, through the Secretary-General, to Member States at the governance level. The subsequent changes in the coordination function have been largely consistent with the general thrust of the 1997 reforms, i.e., without altering the voluntary, consensus-based nature of this arrangement. Since 2002, for example, there has been emphasis on improving field-level coordination instruments; the membership of the United Nations Development Group (now the United Nations Sustainable Development Group, box 1.1, chapter 1) was expanded to include virtually all UN entities with a development mandate, while its Executive Committee, established in 1997, was abolished and an Advisory Group,[38] composed of senior officials of 14 UN entities was formed instead; and agency participation in the regulation of the resident coordinator system and other coordination processes at different levels, was further increased.

Inter-agency bodies no longer formally accountable to GBs

An important element of the repositioning of the UN development system launched in 2017 by the Secretary-General, as discussed earlier, has been to strengthen the leadership role of the UN resident coordinator and the Deputy Secretary-General in inter-agency coordination at the country and global level respectively. However, the realization of this objective remains work in progress. This is highlighted in the 2020 annual report of the Secretary-General on the quadrennial comprehensive policy review, which concludes that the implementation of the management and accountability system for the UN development system and UN resident

Inter-agency bodies rely on voluntary cooperation of entities

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[38] Now referred to as the "Core Group".

coordinators remains work in progress (United Nations, 2020). Many UN resident coordinators report that their authority is sometimes undermined by lack of clear guidance from the headquarters of individual entities to the respective country-level representatives, on their coordination role. Nearly half of UN resident coordinators still perceive gaps between the policy decisions of the UN Sustainable Development Group and how they translate into action by the UN country teams on the ground.

One lesson from the 70-year experience of the UN development system is that coordination is unlikely to be effective unless backed by either formal authority or funding. However, the current coordination mechanisms at the country and global level do not meet these criteria. Furthermore, entities face neither incentives nor sanctions for not abiding by agreed decisions at the inter-agency level, and the UN Sustainable Development Group is not formally accountable, through the Secretary-General, to central governing bodies such as the General Assembly or ECOSOC, for the implementation of system-wide mandates. The coordination mechanisms also generally involve high transaction costs both in terms of staff time and financial resources. In theory, decision-making by inter-agency and governing bodies should aim to minimize the sum of negotiation costs and external costs, as explained by the public choice theory (chapter 1). The latter constitute the costs that participants involved in a negotiation can impose on those outside the process. In the UN development system, ten entities account for more than 90 per cent of all funding for operational activities for development. These entities bear 90 per cent of all decision-making costs of system-wide governing bodies such as the General Assembly and ECOSOC as well as the UN Sustainable Development Group. The other 33 member entities of UN development system bear the remaining 10 per cent of the decision-making costs, which is external to them.

Inter-agency decision-making should ideally minimize sum of negotiation costs & external costs

In 2006, the High-level Panel of the Secretary-General on System-wide Coherence attempted to address the underlying coordination challenge in the UN development system by proposing that the Joint Meeting of the Boards of the funds and programmes be replaced by a *Sustainable Development Board* with considerable decision-making authority, e.g., with regard to the review and approval of *One Country Programme* documents of the respective entities, which would be funded through a central fund, but this idea was not adopted by Member States at the intergovernmental level at the time.

High-level Panel of SG proposes creation of single GB for Fs/Ps

In 2010, however, the General Assembly adopted a different approach to governance reform by merging four gender-related entities and creating UN Women (United Nations, 2010). This was the first time that Member States opted for a strategy of organizational consolidation to improve coordination and impact of the work of UN entities. The creation of UN Women also introduced an innovation in governance by linking select number of the seats on the entity's Executive Board to contributions based on transparent criteria.

Designated seats on GB of UN Women for major providers of funding

In June 2017, the Secretary-General, when launching the repositioning of the UN development system, also made two specific proposals aimed at strengthening system-wide governance, as mentioned earlier, *first*, redesigning the Operational Activities Segment of ECOSOC as an accountability forum, with a view to enhancing this role of the Council, and, *second*, progressively merging the governing boards of the New York-based funds and programmes, building on the practice of the Joint Meeting of the Boards (United Nations, 2017).

SG makes proposals in 2017 to strengthen system-wide governance of UNDS

Intergovernmental deliberations on strengthening system-wide governance of the UN development system have further intensified in the past few years. In General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities of the UN system, adopted in December 2016, Member States mandated the Secretary-General to prepare a *system-wide strategic document* to better align the support of the UN development system with the implementation of the 2030 Agenda (United Nations, 2018b). The General Assembly also mandated the Secretary-General in 2018 to submit an *annual system-wide results report* beginning in 2021, while endorsing the strengthening of *independent system-wide evaluation* of operational activities of the UN system. The Secretary-General was also requested to undertake a *funding dialogue* to review progress in the implementation of a *funding compact* between Member States and the Organization in support of the implementation of the 2030 Agenda. An important objective of these proposals is to reduce the risk of the principal-agent problem in the delivery of UN operational activities.

3.3 The interlinkages of funding and governance

This section examines how the interlinkages of funding and governance at the entity and system-wide level have changed over time in the work of the UN development system. The introduction of more flexible funding rules and practices in recent decades, particularly since the latter half of the 1990s, has resulted in rapidly growing volume of voluntary, strictly earmarked contributions to UN entities. The liberalization of funding rules and practices has also changed the formal decision-making and accountability role of governing bodies, including their ability to foster alignment and interlinkages of functions, funding, organizational arrangements, governance and capacities at both the entity and system-wide level so that greater development effectiveness can be achieved in the delivery of operational activities of the UN system. The shift to primary reliance on voluntary, strictly earmarked funding for operational activities, not subject to formal review by governing bodies, has also changed the principal-agent relationship (chapter 1) and turned the organizational leadership (agent) into de facto brokers of bilateral relationships, which has altered the balance of power in the governance of UN entities.

Phase I (1945-1950s)

In 1948, the General Assembly first provided funding for operational activities for development under the regular budget. In the early years, funding was mostly in the form of mandatory assessed contributions but as the Expanded Programme of Technical Assistance and later the Special Fund became operational, voluntary, non-earmarked contributions started to grow rapidly. This period was characterized by strong accountability of the organizational leadership (agent) to Member States (principal) at the governance level.

The Expanded Programme of Technical Assistance was established by the General Assembly in 1949 as a mechanism for voluntary, non-earmarked contributions of Member States for technical assistance activities of the UN system (United Nations, 1948; United Nations, 1949). The specialized agencies also received in the early years some funding for technical assistance directly through their own assessed budgets. In 1958, the Special Fund was established as another vehicle at the central level for voluntary, non-earmarked funding for technical assistance activities of the UN system (United Nations, 1958). The fact that all funding for operational activities of the UN system was either in the form of voluntary, non-earmarked

resources, or mandated contributions, meant that the organizational leadership (agent) was accountable to Member States (principal) at the governance level.

In the case of EPTA, resources were allocated to the specialized agencies and the UN Secretariat in accordance with a formula agreed at the intergovernmental level, as discussed earlier. A Technical Assistance Board, composed of the representatives of UN entities and led by a fulltime Executive Chairman, designated by the Secretary-General, was charged with coordinating the support provided by EPTA to programme countries under the overall authority of an 18-member Technical Assistance Committee of ECOSOC, composed of equal number of representatives of developed and developing countries, as mentioned earlier. The resources provided by Member States through the regular budget of the General Assembly were also subject to the same governance arrangement. The design of the coordination and governance arrangements, anchored in the principle of differentiated responsibility of states, as highlighted earlier, was thus intended to foster a sense of partnership between developed and developing countries in the delivery of operational activities of the UN system. The coordination and governance of EPTA and the regular budget resources, as a result, were anchored in an inter-agency mechanism accountable to a governing body that provided intergovernmental oversight. This meant that all development projects funded from these two sources were subject to a review at both the inter-agency and intergovernmental level.

In the case of the Special Fund, resources were allocated to UN entities not based on a pre-determined allocation formula but rather the perceived quality of the respective project proposals. A full-time Managing Director was charged with the sole authority to recommend projects proposed by programme country governments for approval by the Governing Council. A Consultative Board, composed of the Secretary-General, the Executive Chairman of EPTA and the President of the World Bank, or their representatives, advised the Managing Director of the Special Fund about the project requests and proposed programmes.

All funding for operational activities of the UN system in this period was subject to a formal governance review by either the Technical Assistance Committee for the Expanded Programme of Technical Assistance, or the Governing Council of the Special Fund, both subsidiary bodies of ECOSOC, as well as the governing bodies of the specialized agencies that received assessed contributions for such activities. However, the Executive Chairman and the Managing Director retained significant authority for the operations of EPTA and the Special Fund respectively, including the power to coordinate inter-agency processes. This funding and institutional arrangement with an emphasis on strong central review of project proposals reinforced the role of governing bodies but also reflected the relative power of the developed countries in geopolitics and political decision-making at the intergovernmental level at the time.

For EPTA, which relied on voluntary, non-earmarked funding, the governing body, i.e., the Technical Assistance Committee of ECOSOC, did not have a formal decision-making authority to determine the overall size of the budget, burden-sharing arrangements among Member States, the allocation of resources among UN entities, which, as mentioned earlier, was based on a specific formula, or the power to establish new programmes. Project proposals for consideration by the Technical Assistance Board were submitted by the specialized agencies following consultations with the respective recipient country government. An important function of the Technical Assistance Board, under the leadership of the Executive Chairman, was to review the technical quality and likely impact of the project proposals submitted by the specialized agencies. The Technical Assistance Committee of ECOSOC, on the other hand,

provided intergovernmental oversight of the operations of EPTA, which helped to ensure that projects were aligned with the overall mission of the entity.

For the Special Fund, which also relied on voluntary, non-earmarked funding, the Governing Council did not have a formal decision-making authority to determine the overall size of the budget or the burden-sharing arrangements among Member States and had only limited ability to influence the allocation of resources or establish new programmes. The Managing Director had the sole authority for presenting project proposals for consideration of the Governing Council, which was composed of an equal number of developing and developed countries. A key function of the Governing Council was to ensure that projects proposed by the Managing Director were aligned with the overall vision of the Special Fund.

The work of the UN development system during the 1940s and 1950s was thus characterized by solid interlinkages of funding and governance at both the entity and system-wide level. This meant that institutional arrangements were in place to help ensure effective governance of the UN development system, including a strong principal-agent relationship, at both levels.

Phase II (1960s-1980s)

This period marked a major shift away from mandatory assessed contributions for operational activities of the UN system to primary reliance on voluntary, non-earmarked funding. UNDP became the central funding and coordinating organ of the UN development system from January 1966, following the merger of EPTA and the Special Fund. The *1970 Consensus* also placed the ultimate responsibility for programme activities with the recipient governments, as discussed earlier, underlining that the primary purpose of UN assistance was to support developing countries in their own development efforts. This reflected the growing influence of developing countries in system-wide governing bodies like the General Assembly and ECOSOC as well as governing bodies of the major funds and programmes. This policy shift led to greater decentralization of decision-making to the country level and the emergence of the integrated UN country cooperation programmes which were expected to be aligned with the national development plans of the recipient governments. Another implication was to weaken the role of governing bodies in the governance of the UN development system.

The Governing Council of UNDP, composed initially of 37 members with majority voting, was expanded in 1972 to include 48 states with decision-making by consensus, took over the responsibilities of the governing bodies of EPTA and the Special Fund when these entities were merged, with regard to the review and approval of projects and programmes for operational activities of the UN system and later the integrated country cooperation programmes, as well as for the UN Regular Budget of Technical Cooperation. However, unlike in the case of EPTA, neither individual projects nor the integrated country cooperation programmes were subject to review by an inter-agency body such as the Technical Assistance Board.

The 1980s saw the gradual weakening of the central funding and coordination role of UNDP as UN entities began to mobilize a greater volume of resources directly from the donors. The expansion in the size of the Governing Council of UNDP in 1972 from 37 to 48 states, with the share of developing countries increasing from 19 to 31 seats, compared to 17 for the donor countries, may also have been a contributing factor to this decline in resource flows to the entity. The change in the size and composition of the Governing Council of UNDP and the shift from a majority to consensus rule constituted a significant departure in political decision-making at the intergovernmental level. Developing countries pushed for these changes in both

the principle of political decision-making and the purpose of development cooperation. These changes may have been a key factor in shifting the funding architecture away from voluntary unearmarked contributions to those that are earmarked, particularly strictly earmarked, in nature, as highlighted earlier. The changes in the size and composition of governing bodies also increased decision-making costs, as defined by the public choice theory (chapter 1).

The shift from central to agency-specific resources mobilization also changed the character of the UN development system as entities actively began to compete for funding from the same group of donors. As a result, the Governing Council of UNDP became less equipped to provide a unified vison for operational activities of the UN system. The competition for funding also reduced the incentives of UN entities to collaborate in programming and promote a system-wide approach in the delivery of operational activities. As a result, the principal-agent relationship at the system-wide level was no longer functioning.

Shift from central to agency resource mobilization changes character of UNDS

By the end of the 1980s, the mandatory assessed contribution system had broken down and most of the funding for operational activities of the UN system was in the form of voluntary, non-earmarked contributions to either UNDP or the individual entities. The power to determine the overall budget of entities and the system as a whole had by that time shifted away from intergovernmental bodies to the individual donors. The governing bodies of UNDP and the individual entities though retained authority to set programme priorities, distribute funds and create new programmes. The high share of voluntary, non-earmarked contributions during this period helped to ensure significant accountability of UN entities to governing bodies and by extension the principal-agent relationship. However, with the gradual breakdown of the central funding and coordination role of UNDP during the latter half of the 1980s, the system-wide governance of the UN development system began to unravel, as highlighted earlier.

By end of 1980s, mandatory assessed contribution system breaks down…

…but GBs still able to foster interlinkages of funding & governance at entity level…

…although not at system-wide level

During the early 1980s, Member States opted to introduce new institutional instruments to foster enhanced system-wide coherence in the work of the UN development system. This included the establishment of the post of Director-General for Development and International Economic Cooperation; the introduction of a Single Pledging Conference; and the launch of the triennial comprehensive policy review of the General Assembly of operational activities for development of the UN system. However, the role and functions of the Director-General's post were not defined with sufficient clarity, which made it difficult for the incumbent to perform an effective coordination role in the UN development system as a whole. The annual pledging conference has continued until this day, but largely as a symbolic exercise. The triennial comprehensive policy review, now conducted on a quadrennial basis, on the other hand, has continued to serve as the main instrument of the General Assembly to provide system-wide policy guidance to the UN development system. Overall, these new system-wide instruments were not designed with a view to being able to sufficiently strengthen the role of central governing bodies like the General Assembly and ECOSOC (principal) vis-à-vis the individual entities (agent) in the governance of operational activities of the UN system.

New system-wide instruments introduced in early 80s …

…but not equipped to achieve effective interlinkages of funding and governance

During the 1960s to the 1980s, the work of the UN development system was characterized by solid interlinkages of funding and governance at the entity level. This meant that voluntary, non-earmarked funding to UN entities was subject to a formal intergovernmental review. However, at the system-wide level, solid interlinkages of funding and governance could be achieved during the 1960s, 70s and the early part of the 80s, or until the coordination role of UNDP began to seriously suffer because of the lack of resources. The introduction of the post of Director-General for Development and International Economic Cooperation, however, did

Funding-governance interlinkages collapse in latter part of 1960s-80s period

not result in material improvements in system-wide coordination for the reasons highlighted above. This led to the abolition of the post in 1992 by Secretary-General Boutros Boutros-Ghali, as mentioned earlier. The introduction of the triennial comprehensive policy review, which took place for the first time in 1983, on the other hand, relied on the voluntary compliance of UN entities and inter-agency bodies, not formal authority or funding power, for the implementation of system-wide mandates established by central bodies like the General Assembly or ECOSOC.

Phase III (1990s-present)

The early 1990s marked another turning point in the evolution of the UN development system as the role of UNDP as the central funding organ finally came to an end and individual entities began to mobilize resources for operational activities directly from the donors. This led to reduced incentives for UN entities to engage in joint programming and the weakening of system-wide coordination and governance of the UN development system. As a result, UN entities opted to establish their own resources mobilization offices to manage relations with the donors in order to reduce funding uncertainty, which led to greater competition among them for scarce resources. The major funds and programmes also opted to create their own entity-specific country programme documents, as mentioned earlier. The country programme documents are formally approved by the Executive Boards of funds and programmes, but not subject to review and discussion at the governance level. In accordance with existing procedures, such documents are only made available on the website of the respective entity for comments prior to the formal approval by its Executive Board.

By early 1990s, UNDP no longer serves as central funding & coordinating mechanism for UNDS...

The 1990s also led to a major increase in voluntary, earmarked contributions by the donor countries, particularly those strictly earmarked in nature. By 1997, voluntary, earmarked contributions exceeded non-earmarked resources for the first time, as mentioned earlier. In recent years, voluntary, strictly earmarked contributions have accounted for some 90 per cent of all earmarked funding for operational activities of the UN system. Voluntary, strictly earmarked contributions are only indirectly aligned with the strategic plans and mandates of entities ([United Nations, 2018b](#)). Such funding is also not subject to a formal review by governing bodies. In OECD/DAC reporting, voluntary, strictly earmarked contributions for operational activities of the UN system are defined as bilateral.

...and strictly earmarked funding begins to rise rapidly

The heavy reliance on voluntary, strictly earmarked funding since the late 1990s has fundamentally changed the formal decision-making and accountability role of both entity-specific and system-wide governing bodies. In a funding environment characterized by high reliance on voluntary, strictly earmarked contributions, it is difficult for entity-specific governing bodies to discharge their key governance functions such as providing strategic guidance and vision; ensuring policy implementation; monitoring organizational performance; and having an effective overview of the programme of work. The central governing bodies like the General Assembly and ECOSOC face similar challenges in discharging their coordination and oversight functions of the UN development system as a whole.

New funding rules and practices change role of entity-specific and system-wide GBs...

When funding is predominantly voluntary, strictly earmarked in nature, the volume, quality, substantive focus and destination of operational activities of the UN system are primarily determined by the donors individually, not Member States collectively at the level of governing bodies. As a result, the organizational leadership of each UN entity is now faced with relationships with multiple principals rather than a single governing body. The rapid

...and undermine cost-effectiveness and performance of UN entities...

growth in voluntary, strictly earmarked funding has also undermined the cost-effectiveness and performance of international development organizations because of the increased administrative burden (Heinzel, Cormier and Reinsberg, 2023).

While the breakdown of central funding through UNDP during the mid-1980s led to the weakening of system-wide coordination and governance of the UN development system, as discussed earlier, the shift from non-earmarked to strictly earmarked contributions since the late 1990s, has also made it difficult for entity-specific governing bodies to effectively perform their mandated role and functions.

The heavy reliance on voluntary, strictly earmarked funding has also created disincentives for UN entities to develop joint or integrated programmes. In addition, this incentive structure makes it difficult for the UN Sustainable Development Assistance Framework to play a meaningful role in promoting system-wide coherence in the work of the UN development system at the country level, particularly as inter-agency cooperation is voluntary and decision-making by consensus, and there are no sanctions for non-compliance of agreed decisions by entities.

The high reliance on voluntary, strictly earmarked contributions has also created incentives for UN entities to continuously broaden their mandates and functions, which has increased the risk of fragmentation, duplication and overlaps of activities and other inefficiencies in the work of the Organization (United Nations, 2006a). As a result, Member States have little overview of the work of the UN development system as a whole except through the funding analysis prepared by the Secretary-General as part of the annual reporting on the implementation of the QCPR resolution of the General Assembly.

The liberalization of funding rules and practices and the major increase in voluntary, strictly earmarked resources flows since the 1990s has resulted in weak interlinkages of funding and governance at both the entity and system-wide level in the UN development system. The power to determine the overall budget of UN entities and the system as a whole now largely rests with the individual donors, not the respective governing bodies. Governing bodies at the entity and system-wide level also no longer retain the authority to set programme priorities, distribute funds, create new programmes, and provide oversight and accountability of programme delivery.

In General Assembly resolution 71/243 on the QCPR, adopted in December 2016, Member States requested the Secretary-General to prepare a system-wide outline of the functions and capacities of the UN development system. The Secretary-General commissioned an independent consulting firm, the Dalberg Global Development Advisors, to prepare the system-wide outline the following year (Dalberg, 2017).

As highlighted in the June 2017 report of the Secretary-General on the repositioning of the UN development, the findings of the Dalberg study brought to the fore both overlaps and duplications across entities in support of the SDGs and targets. This is reflected, inter alia, in the following findings of the Dalberg report:

❖ Of the 29 UN entities surveyed, 20 were involved in activities that contribute to 10 or more of the 17 SDGs. Sixteen UN entities also contributed to 50 or more of the 169 SDG targets.

❖ Some 62 per cent of the expenditures of the 29 entities in 2016 were in three functional areas: (a) "direct support and service delivery", (b) "support functions" and (c) "other functions", including coordination. These are primarily of management, implementation and service nature and generally defined as "non-core" functions as they are not directly linked to the main purposes and central mandates of UN entities. The first function "direct support and service delivery" involves helping governments and other actors directly deliver or implement programmes or serve in programme management capacity for funding. In comparison, 16 per cent of the total funds and staff of the 29 entities were dedicated to policy advice, normative support and data collection and analysis.

❖ In some sectors the work of the UN development system was characterized by engagement of a large number of entities. It was estimated that some $420 million were spent by 15 entities on SDG 12 "Sustainable Consumption and Production" in 2016; 18 entities spent $230 million on SDG 7 "Affordable and Clean Energy"; $26 million was spent by 9 entities on SDG 14 "Life below Water"; while 19 entities were involved in activities addressing SDG 9 "Industry, Innovation and Infrastructure" (SDG9) with estimated expenditures of $520 million.

❖ It was estimated that UN entities spent some 20 per cent of funding in 2016 on "Support functions and other functions", including back-office support, administrative activities, and coordination, the cost of which could be minimized by sharing such functions.

❖ The UN development system maintained at the time of the Secretary-General's survey at least 120 statistical datasets and likely many more, most of which contain primary data collected by each entity. Over two-thirds of the entities have their own data units, each with separate data collection and management resources and statisticians. Some of the basic data collected overlaps across different entity datasets. Likewise, many entities use similar data sources and methodologies, such as annual surveys, or data from the national government ministries.

The findings of the Secretary-General's survey raise questions about the relationship between robust coordination and accountability systems and the risks of fragmentation, overlaps and duplication in the work of the UN development system. The 2017 report of the Secretary-General highlighted the need to limit overlaps through adequate division of labour and collaborative approaches that generate synergy (United Nations, 2017). The findings of the Secretary-General's survey seem to indicate that the traditional principal-agent relationship has largely collapsed at both the entity and system-wide level. Furthermore, the survey findings suggest that current funding rules are negatively impacting the overall cost-effectiveness and performance of entities and the UN development system as a whole.

Recent evaluations conducted by the Executive Office of the Secretary-General of the impact and effectiveness of the COVID-19 Fund, established to support the efforts of low- and middle-income countries to address the socioeconomic impacts of the pandemic, have further reaffirmed the limitations of current coordination rules in the UN development system.

Some 62 per cent of expenditures in 2017 not directly related to core purposes and central mandates of entities…

…and UN entities spend 20 per cent of funding on support & other functions, which could be shared

GBs no longer able to foster alignment and interlinkages within UNDS

SG conducted evaluations of UNDS response to COVID-19 ….

The Executive Office of the Secretary-General first conducted an assessment of the lessons learned from the implementation of the COVID-19 Fund in December 2020, which was followed by a system-wide evaluation in the second half of 2022 (United Nations, 2022). These evaluations noted that the rapid establishment and simple governance principles of the COVID-19 Fund had positively enhanced the responsiveness of the support provided by the UN development system to programme countries. However, the relatively low level of contributions to the COVID-19 Fund did undermine its relevance for UN country teams. The Fund was also not effective in catalyzing additional contributions from other partners for country-level responses to the pandemic.

The system-wide evaluation of the COVID-19 Fund identified a number of constraints, which affected the overall effectiveness of the support provided by the UN development system to programme countries in addressing the impact of the pandemic. These constraints included the persistent country-level competition among UN entities for funding; little accountability of UN entities for collective results, which highlighted the need to fully operationalize the management accountability framework of the UN development system and resident coordinator system; individual agency priorities serving as the determining factor in programme planning and performance appraisal; limited emphasis in the strategic plans of entities on the importance of a coordinated UN-wide action; weak understanding of entities of the "integrator" role of UNDP at the country level; need to accelerate the reform of the UN development system at the regional level, including defining more clearly the contribution of the regional commissions to the work of country teams; lack of harmonization of business practices across UN entities, which greatly complicated the development and implementation of joint programmes; and the importance of fostering more effective cooperation with the international financial institutions during such development emergencies.

Findings suggest that coordination problems identified in 2017 survey of SG remain ....

The findings of the system-wide evaluation of the COVID-19 Fund suggest that the new coordination rules adopted by the General Assembly in 2018, which separated the functions of the UN resident coordinator and the UNDP resident representative and transferred the administration of the former to the Secretary-General, while also enhancing role of the UN Sustainable Development Group, have not resulted in material improvements in the effectiveness of the coordination function at the country level.

... including limited progress in improving UNDS coordination ....

In the second half of 2023, the Secretary-General also commissioned the consulting firm Dalberg Global Development Advisors to undertake a rapid follow-up assessment of the functions and capacities of the UN development as part of the preparations for the SDG Summit to take place during the high-level segment of the General Assembly in September that year. The 2023 Dalberg study concluded that changes in the coordination arrangements of the UN development system, undertaken since the 2017 survey, had not materially improved system-wide coherence and cost-effectiveness in the work of the UN development system.

... further reaffirmed in 2023 Dalberg study

Since the early 1990s, the UN development system has increasingly relied on voluntary, strictly earmarked funding, which has encouraged pluralism and competition among entities. This shift has contributed to significant growth in resources flows but at the same time, increased the risk of fragmentation, overlaps and duplication of operational activities across UN entities, as reflected in the findings of the 2017 and 2023 surveys of the Secretary-General, as well as the evaluations of the response of the UN development system to the COVID-19 pandemic.

Funding rules increased risk of overlaps and duplication of activities across entities...

Those that advocate for pluralism and competition in development cooperation particularly point out advantages such as increased innovation, stimulus to improved performance and robustness of a system if one component fails. Others favouring a more coordinated approach argue that pluralism often involves high indirect and direct transaction costs and the likelihood of duplication of activities. The main conclusion from the literature is that the disadvantages of pluralism and competition in development cooperation vis-à-vis a more coordinated approach outweigh the benefits (Acharya et al., 2006).

The period since the 1990s has seen significant weakening of the interlinkages of funding and governance at both the entity and system-wide level in the UN development system. The high reliance on voluntary, strictly earmarked resources has meant that both entity-specific and system-wide governing bodies like the General Assembly and ECOSOC are unable to perform their mandated role and functions.

It appears that the shift towards primary reliance on voluntary, strictly earmarked funding has created incentives for UN entities to reduce funding uncertainty by continuously expanding their role and functions. At the same time, there are little, or no, incentives for UN entities, or governing bodies and inter-agency mechanisms to address the risks of fragmentation, overlaps and duplication of operational activities. This is a long-standing challenge that can only be addressed by Member States at the intergovernmental level.

In the 2016 quadrennial comprehensive policy review resolution (71/243) of the General Assembly on operational activities for development of the UN system, and a subsequent resolution in 2018, Member States opted, as mentioned earlier, to establish several new system-wide instruments to promote a more coherent, effective and efficient support of the UN development system for 2030 Agenda implementation, namely a system-wide strategic document; an annual system-wide results report to start in 2021; an independent system-wide evaluation mechanism, also expected to become operational in 2021; and a funding dialogue to review progress in implementing a funding compact.

As the result of General Assembly resolutions adopted in 2016 and 2018 on operational activities of the UN system, the system-wide coordination and governance architecture now broadly relies on the following instruments:

Global level:

- ❖ Quadrennial comprehensive policy review,
- ❖ System-wide strategic document,
- ❖ Annual system-wide results report,
- ❖ Independent system-wide evaluation,
- ❖ Funding compact and dialogue,
- ❖ Operational Activities for Development Segment of ECOSOC (annual).

Country level:

- ❖ UN resident coordinator system,
- ❖ United Nations Sustainable Development Assistance Framework.

Like with all system-wide instruments that rely on voluntary participation and consensus-based decision-making, the primary challenge to their effectiveness is ultimately the commitment of UN entities, and Member States in some instances, to the implementation process. Of the above instruments, only the quadrennial comprehensive policy review of the General Assembly and the Operational Activities Segment of ECOSOC are defined by Member States at the intergovernmental level as core functions, with funding provided from the regular budget. The UN resident coordinator system, which administration was formally shifted from UNDP to the Secretary-General in 2018 has not yet been defined by Member States at the intergovernmental level as a core function of the United Nations with funding provided from the regular budget. The UN resident coordinator system relies instead primarily on voluntary, earmarked contributions from donor countries and cost-sharing from the member entities of the UN Sustainable Development Group, along with a small levy on strictly earmarked resources.

Since the 1990s, the high reliance on voluntary, strictly earmarked funding has meant that governing bodies at both the entity and system-wide level are no longer able to discharge their mandated role and functions. This has resulted in weak interlinkages of funding and governance at both the entity and system-wide level of the UN development system. The introduction of the new system-wide instruments discussed above is unlikely to materially improve the effectiveness of system-wide coordination and governance, unless additional incentives or sanctions are created that can better steer the behaviour of entities towards the interest of the UN system as a whole. The funding compact between the Secretary-General and Member States also relies on voluntary implementation by UN entities. Another challenge facing system-wide governance is that key terms like the *UN development system* have never been formally defined by Member States at the intergovernmental level, which makes it more difficult to make entities accountable for the implementation of legislative mandates established by central governing bodies like the General Assembly and ECOSOC.

3.4 Conclusion

The funding rules and practices in the UN development system have undergone major liberalization since the Organization was established in the aftermath of World War II. This liberalization process has been driven by the continuous quest of both programme countries and individual UN entities to increase resource flows for operational activities, as the theories of new institutionalism and resource dependence would predict (chapter 1).

The liberalization of the funding rules and practices, which began to accelerate rapidly in the latter half of the 1990s, has fundamentally weakened the policymaking and oversight role of governing bodies (principal) in the UN development system while empowering the organizational leadership (agent) of different entities, which now serve as major brokers of bilateral relationships in a governance system characterized by multiple principals. While the liberalization of funding rules and practices has contributed to a major growth in resource flows, it has at the same time increased fragmentation, overlaps and duplication of operational activities across UN entities, as reflected in the findings of the 2017 and 2023 surveys of the Secretary-General. The findings of these surveys suggest that the liberalization of funding rules and practices has also negatively impacted on the cost-effectiveness and performance of the UN development system.

The various reform initiatives launched by Member States and the Secretary-General (e.g., in 1979, 1997, 2006 and 2017) aimed at promoting greater coherence in the delivery of operational activities of the UN system by introducing new system-wide instruments to strengthen the principal-agent relationship at the central level, have not been able to address the underlying governance problems caused by the liberalization of funding rules and practices.

Reforms to foster greater system-wide coherence in UNDS unable to address underlying governance problems

As long as the funding architecture remains primarily in the form of voluntary, strictly earmarked contributions and there are no sanctions for non-compliance of decisions adopted by central governing bodies or inter-agency mechanisms, UN entities have little, or no, incentive to abide by strong coordination rules. The introduction of new system-wide instruments by the Secretary-General, including the *funding compact* in 2017, have not created stronger incentives for the donors to materially increase voluntary, non-earmarked contributions for operational activities of the UN system. Member States instead need to ask themselves what incentives, or reforms, are required to change the behaviour of the donor countries so that voluntary non-earmarked funding for operational activities of the UN system can reach the high levels experienced until the end of the 1980s.

New system-wide instruments unlikely to improve coordination and incentives for greater voluntary, unearmarked funding

Table 3.1 briefly summarizes the main findings of the analysis presented in this chapter.

Table 3.1 Overview of the institutional trajectory of UN development system: 1945–present

	Role, functions and funding	Governance arrangements	Interlinkages of funding and governance
Phase I 1945–1950s	UNDS **role** to promote industrialization in developing countries and their economic convergence with developed states. The primary **functions** were to provide advice to governments by supplying experts, training of human resources and knowledge-sharing. **Funding** in the form of mandatory assessed contributions until establishment of EPTA (1949) and the Special Fund (1958) when voluntary pledges were introduced as a more flexible mechanism for providing resources for the promotion of socioeconomic development in developing countries.	EPTA and Special Fund governed by 18-member subsidiary bodies of ECOSOC, composed evenly of developed and developing countries. For EPTA, a Technical Assistance Board composed of heads of agencies and accountable to the Technical Assistance Committee of ECOSOC responsible for UNDS coordination. Resident representatives of TAB coordinate development and implementation of country cooperation programmes, which serve as key coordination instrument.	The work of the UNDS during the 1940s and 1950s characterized by sound interlinkages of funding and governance at both entity and system-wide levels. This meant that institutional arrangements were in place to help ensure effective governance of UNDS at both entity and system-wide levels.
Phase II 1960s–1980s	UNDS **role** to support states develop national development plans and strategies. Role of UNDS broadens rapidly with creation of many new entities in the 1960s. The **functions** further expand to support national capacity building in areas such as development planning, institution building, human resources development and science & technology. **Funding** primarily centralized through EPTA and the Special Fund and from 1966, UNDP, and in the form of assessed contributions and voluntary, non-earmarked resources. Voluntary pledges grow rapidly and become primary funding mechanism with the establishment of EPTA, the Special Fund and later UNDP.	EPTA and Special Fund governed by subsidiary bodies of ECOSOC. Governing Council of UNDP becomes central governing body in UNDS (1966). Inter-agency Consultative Board, replacing Technical Assistance Board and chaired by the UNDP Administrator, coordinates UN activities at the global level, but not accountable to any governing body. UNDP RRs and UN RCs from 1979, coordinate development and implementation of country programmes. The post of Director-General, a Single Pledging Conference & TCPR of GA created at the central level to promote greater system-wide coherence in UNDS.	Work of UNDS entities characterized by sound interlinkages of funding and governance. Funding of entities was subject to formal intergovernmental review. At system-wide level, solid interlinkages of funding and governance could be achieved during the 1960s, 1970s and early part of the 1980s, or until the coordination role of UNDP began to suffer because of lack of resources. The introduction of new system-wide instruments in early 1980s did not materially improve the interlinkages of funding and governance.
Phase III 1990s–present	Promotion of social development, particularly poverty eradication, humanitarian assistance, MDGs and the SDGs from 2016, becomes key **role** of the UNDS. **Functions**, according to the 2017 survey of the Secretary-General, are the following: integrated normative support; integrated evidence-based policy advice; comprehensive and disaggregated data; capacity development and technical assistance; convening of stakeholders; direct support and service delivery; support functions; and other functions. **Funding** becomes agency-specific and primarily in the form of voluntary, strictly earmarked contributions. The introduction of more flexible funding rules and practices creates incentives for entities to continuously broaden their mandates and functions.	Creation of Executive Boards of major funds and programmes in 1993, in recognition of *principle of differentiated responsibility of states*. The 1997 reforms include creation of UNDG, including Executive Committee [later abolished & replaced by Advisory Group]; Common Country Assessment; UNDAF; UN Houses; post of Deputy Secretary-General; and joint meetings of EBs. UN RCs coordinate work of agency representatives at country level. Fs/Ps prepare agency-specific country programmes. 2016 QCPR creates several new instruments to further coherence: system-wide strategic document, annual system-wide results report; system-wide evaluation; funding dialogue and compacts. In 2018, UN RC system becomes part of UN Secretariat under overall administration of SG.	Since the 1990s, the work of UNDS not characterized by effective interlinkages of funding and governance. The high reliance on voluntary, strictly earmarked funding has meant that governing bodies at entity and system-wide levels are not able to effectively perform their mandated role and functions. The introduction of new system-wide instruments in the past few years is unlikely to materially improve interlinkages of funding and governance in UNDS.

Chapter 4   The complex configuration of current governance arrangements

Key messages

1. *The design of governing bodies varies greatly across UN entities, reflecting the different normative preferences of utility-maximizing government representatives that participate in their work, as the theories of rational choice and new institutionalism would predict.*

2. *The rules defining representation are particularly important for the governance of the UN development system. The legitimacy of governing bodies is highly influenced by who are the representatives; how are they selected and their qualifications; what is the outcome of the decision-making process; and to what extent do these three aspects matter for decision acceptance and implementation by Member States and UN entities alike.*

3. *The composition of most governing bodies in the UN development system has been underpinned by the principle of equitable geographical representation. However, the application of this principle doesn't enable all Member States to contribute equitably to intergovernmental decision-making. For example, a review of the composition of governing bodies in the UN development system reveals that the share of the Western European and Other States Group of the total number of seats is materially higher than its electoral power would suggest; a sizeable number of Member States do not participate in the work of any governing body; the least-developed countries are under-represented in governing bodies; and high-income countries are much more likely to participate in the governance of UN entities. Furthermore, the top-20 programme countries and the top-10 donor countries have been assigned only one-fourth of the membership of 8 governing bodies of 9 entities that account for more than 90 per cent of all contributions for operational activities of the UN system. This means that three-fourths of all seats in the 8 governing bodies is allocated to Member States for which operational activities are of little, or no, financial importance. Moreover, the election of members of governing bodies within the regional groups is regularly influenced by informal, unwritten criteria such as "power" and "contribution" that can make the selection process less transparent and equitable.*

4. *The ability of the General Assembly and ECOSOC to provide effective guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited. The resolutions adopted by the General Assembly and ECOSOC are not automatically implemented by entity-specific governing bodies. The quadrennial comprehensive policy review resolution of the Assembly on operational activities of the UN system, for example, is seldom an integral part of the strategic plans of individual entities and/or endorsed by the respective governing bodies.*

5. *The non-hierarchical character of inter-agency mechanisms, relying on voluntary participation and decision-making by consensus and not formally accountable to central governing bodies like the General Assembly and ECOSOC, has provided little incentives for UN entities to capitalize on opportunities for synergy in programming and operations in the delivery of operational activities. Member States have also been reluctant to make inter-agency mechanisms formally accountable to central governing bodies for the implementation of system-wide mandates, which has made it difficult to achieve greater cost-effectiveness in the delivery of operational activities of the UN system through stronger cooperation across entities in areas such as programming and operations.*

This chapter reviews the current configuration of governance of the UN development system. A particular focus of the chapter is to examine the principles and rules that underpin representation in both entity-specific and system-wide governing bodies. The purpose of the review is to better understand whether the current governance arrangements can be described as equitable, transparent and effective.

Governing bodies in the UN development system operate based on specific rules formally adopted by Member States at the intergovernmental level. These rules define key aspects such as the role, functions, jurisdiction, representation, participation, decision-making and secretariat support of governing bodies. The design of these rules is strongly influenced by the normative preferences of the primary government stakeholder that participates in the work of the respective governing body. This means that the design of governing bodies in the UN development system varies considerably across entities.

The chapter also briefly examines other collective choice processes that are internal to the UN development system like the UN Sustainable Development Group (chapter 1), UN Sustainable Development Assistance Framework and the UN resident coordinator system.

Chapter 4 is composed of three sections:

Section 4.1 first provides a brief overview of the multilevel governance and coordination arrangements of operational activities for development of the UN system.

Section 4.2 undertakes a review of the design of governing bodies in the UN development system, with a particular focus on the rules defining their role, functions, jurisdiction, representation, participation and decision-making.

Section 4.3 provides the main conclusion of the chapter.

4.1 Overview of governance of operational activities of UN system

The General Assembly, the Economic and Social Council, the Executive Boards of the major funds and programmes and the governing bodies of the specialized agencies and other entities constitute a two-tiered intergovernmental policymaking and oversight system for almost all operational activities for development of the UN system.

The governance also takes place at the inter-agency and country level through various global and national policy coordination mechanisms such as the United Nations Sustainable Development Group, UN resident coordinator system, UN country teams, UN Sustainable Development Assistance Framework, as well as agency-specific programming documents involving the respective government and the heads of UN entities, where country priorities are determined, and implementation is assessed.

These entity-specific, system-wide, inter-agency and country-level governance and coordination mechanisms for operational activities for development of the UN system are briefly discussed below. A high-level overview of the key elements of this governance and coordination system is also provided in table 4.1.

(a) System-wide

General Assembly

All Member States are represented in the General Assembly in accordance with the *sovereign equality of states* principle where each country has one vote. When the Organization was established after World War II, there were 51 Member States but today they are 193. Like other legislative bodies, the General Assembly employs a system of six standing committees each addressing a specific subject area.

The General Assembly is empowered by the UN Charter to make recommendations but cannot adopt legally binding resolutions or codify international law. The General Assembly is the overarching deliberative, policymaking, and representative organ on issues relating to operational activities for development of the UN system. The General Assembly discharges this role primarily through its Second Committee and the *quadrennial comprehensive policy review* of operational activities for development of the UN system. The QCPR focuses, in particular, on cross-cutting and coordination issues on the operational side of the UN development system. General Assembly mandates, including those emanating from the QCPR resolution, while not legally binding on Member States, are applicable to all funds and programmes and other entities that report to the Assembly.

There are currently 31 UN entities that report to the General Assembly (annex 4.1). The General Assembly has also requested the funds and programmes and encouraged the specialized agencies to align their respective strategic planning cycles to the timing of the QCPR (UNGA, 2009). The Secretary-General, through the UN Department of Economic and Social Affairs, prepares a report to inform the QCPR deliberations of the General Assembly. In addition, the Secretary-General through UN DESA and in close consultation with the member entities of the UN Sustainable Development Group, prepares an annual monitoring report on QCPR implementation, which provides the main background document for the Operational Activities for Development Segment of ECOSOC. UN DESA provides the secretariat support to both the Second Committee and the QCPR negotiations of the General Assembly.

The General Assembly also provides policy guidance to the UN system in a range of other substantive areas, from macroeconomic and financing for development issues to social development and the advancement of women, including the follow-up to outcomes of major UN conferences and summits such as the 2030 Agenda.

Economic and Social Council

ECOSOC is one of the six principal UN organs charged with supervising activities in the economic and social sphere. ECOSOC is mandated to provide coordination and guidance to the UN system, including annual monitoring of the implementation of the QCPR resolution of the General Assembly on operational activities (United Nations, 1977; United Nations, 1993). Also, as specified in the UN Charter, "the Council may coordinate the activities of the specialized agencies through consultation with and recommendations to such agencies and through recommendations to the General Assembly and to Member States of the United Nations". ECOSOC resolutions are not legally binding on Member States but are applicable to those UN entities which report to the General Assembly.

GA serves as overarching GB of UN-OAD…

…particularly through QCPR resolution

31 UN entities report to GA

ECOSOC mandated to coordinate UNDS including implementation of QCPR resolution

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The Council is led by a president elected for a one-year term and supported by four vice-presidents representing the other geographical regions. The president and the four vice-Presidents constitute the ECOSOC Bureau. The bureau is charged with proposing the agenda and programme of work and organizing the annual sessions of ECOSOC in cooperation with the UN Secretariat. The subsidiary machinery of the Council includes three standing committees, five regional commissions and eight functional commissions. The Council is serviced by the Department of Economic and Social Affairs and the Department for General Assembly and Conference Management, both part of the UN Secretariat.

The role of ECOSOC in coordinating and monitoring the implementation of policy guidance established by the General Assembly is primarily discharged through the Council's Operational Activities for Development Segment (OAS), which meets annually for three days generally in February or March (United Nations, 1993). The OAS adopts a resolution on progress in QCPR implementation, negotiated prior to the meeting through the UN political groups and a small number of other states with strong interest in operational activities of the UN system. However, this resolution is not legally binding on Member States or UN entities, as mentioned earlier, but provides general guidance to UN entities regarding QCPR implementation.

The Secretary-General, as stated earlier, submits every year a report, prepared by UN DESA in close consultation with the Development Coordination Office of the UN Sustainable Development Group, to the Operational Activities for Development Segment, on progress in QCPR implementation. UN DESA also provides secretariat support for the OAS, under the overall leadership of one of the vice-presidents of ECOSOC.

(b) Entity-level

Executive Boards of the major operational funds and programmes

The Executive Boards of the major operational funds and programmes (UNDP/UNFPA/UNOPS, UNICEF, WFP) were established by General Assembly resolution 48/162 in 1993 and met for the first time the following year. UN Women, including its Executive Board, was established by General Assembly resolution 64/289 on system-wide coherence in 2010, as the result of the merger of four gender-related entities in the UN system.

The Executive Boards are responsible, inter alia, for providing intergovernmental oversight of the respective entities in accordance with the overall policy guidance established by the General Assembly and ECOSOC, and for ensuring that they are responsive to the needs and priorities of recipient countries (UNGA, 1993).

The Executive Boards are subject to the authority of ECOSOC and expected to bring to the Council's attention issues requiring its guidance (ibid). General Assembly resolution 48/162 of 1994 states that the "Boards are subject to the authority of the Council" (Article 21) but are mandated "to implement the policies formulated by the Assembly and the coordination and guidance received from the Council" (Article 22).

Despite articles 21 and 22 in General Assembly resolution 48/162 of 1993, there remains legislative ambiguity regarding the responsibility of the operational funds and programmes to implement system-wide mandates established by the Assembly and the Council. The senior management of the funds and programmes sometimes maintains that their own governing bodies also need to formally endorse system-wide mandates established by the General Assembly or ECOSOC in order for them to be accountable for their implementation. However,

the agency-specific governing bodies almost never formally endorse system-wide mandates established by the General Assembly or ECOSOC or adopt decisions requesting their full implementation by the senior management of the entities concerned. As a result, the implementation of system-wide mandates by UN entities has been both selective and limited.

Notably, one Executive Board which governs three entities, namely UNDP, UNFPA and UNOPS, has not been authorized by Member States to adopt decisions in areas common to all of them. This means that Member States have not granted authority to the Executive Board of UNDS/UNFPA/UNOPS to capitalize on opportunities for synergy in programming and operations across the three entities.

Joint Meeting of the Boards

Since 1998, the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF, WFP, and now UN Women, have convened an informal joint meeting of the boards once a year to discuss selected priority issues of common concern.[39] These meetings have so far not been granted formal authority by Member States to adopt decisions that bind these important operational funds and programmes. The Joint Meeting of the Boards serves primarily as a mechanism for exchange of views among the three boards on issues of common concern. In 2006, the High-level Panel of the Secretary-General on System-wide Coherence proposed transforming the Joint Meeting of the Boards into a renamed Sustainable Development Board with decision-making authority in important areas (United Nations, 2006a). However, this proposal was not accepted by Member States and as a result the Joint Meeting of the Boards continues to serve as a consultative forum for the respective funds and programmes only.

Other important funds and programmes

The UN development system also includes other funds and programmes that report to the General Assembly and deliver some considerable volume of operational activities for development, including UNEP, UN-Habitat, UNODC and UNHCR (annex 4.1).

Governing bodies of specialized agencies

The specialized agencies are separate, legally autonomous organizations with their own policymaking and executive organs, secretariats, and budgets. Usually, the general conference of members of the respective specialized agency elects its governing body. In the governing bodies of the specialized agencies, except for the World Bank and the International Monetary Fund where voting is weighted, each Member State has one vote. The specialized agencies may also draft treaties or conventions for approval by their Member States. Some specialized agencies are primarily rulemaking entities that adopt international regulatory norms for implementation by Member States. Others, over time, have become heavily engaged in the delivery of operational activities for development. The executive heads of the specialized agencies are elected by the membership of the respective entity. The detailed functioning of the relationship of the specialized agencies with the UN is defined by the terms of special agreements established with ECOSOC and subsequently approved by the General Assembly. Thirteen specialized agencies receive contributions for operational activities for development (box 1.1, chapter 1).

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[39] The Joint Meeting of the Boards was established based on a recommendation of the 1997 reform programme of UN Secretary-General Kofi Annan (Annan, Kofi, 1997).

Article 63 of the UN Charter stipulates that the Council may coordinate the activities of the specialized agencies through consultation with, as well as recommendations to such agencies and through recommendations to the General Assembly and to Members of the UN. In Article 64, ECOSOC is authorized to take appropriate action to obtain regular reports from the specialized agencies. ECOSOC may also arrange with the Members of the UN and with the specialized agencies to obtain reports on steps taken to give effect to the Council's recommendations and to recommendations falling within its competence as established by the General Assembly.

Notably, two of the specialized agencies, namely the International Maritime Organization and the International Civil Aviation Organization have been granted authority to establish legally binding standards on signatory states (annex 4.1).

GBs of IMO and ICAO granted authority to adopt binding standards in respective fields

(c) Inter-agency coordination mechanisms

Over time, the responsibility of inter-agency mechanisms to further the implementation of system-wide mandates established by central governing bodies like the General Assembly and ECOSOC, has assumed greater importance. System-wide mandates like those established through the quadrennial comprehensive policy review resolution of the General Assembly need action by all entities of the UN development system with the implementation coordinated by the UN Sustainable Development Group as well as through the annual monitoring report of the Secretary-General submitted to the Operational Activities for Development Segment of ECOSOC.

Inter-agency bodies consensus-based and not accountable to GBs

However, the UN Sustainable Development Group, originally created by Secretary-General Kofi Annan as part of his 1997 reforms (chapter 2), is not formally accountable, through the Secretary-General, to any governing body for the implementation of QCPR mandates and decision-making is by consensus, thereby increasing the risk that inter-agency consultations result in outcomes that can be described as the lowest common denominator. The lack of formal accountability of inter-agency bodies like the UN Sustainable Development Group to Member States for the implementation of QCPR mandates means that UN entities have little incentive to accept new demands on their work by central governing bodies such as the General Assembly or ECOSOC. The net result is that the transfer of responsibility for the implementation of system-wide mandates to inter-agency mechanisms operating based on voluntary participation and decision-making by consensus and not formally accountable, through the Secretary-General, to governing bodies like ECOSOC makes it unlikely that UN entities adequately fulfil their obligations to Member States in this regard.

UN entities have little incentives to implement system-wide mandates…

Furthermore, inter-agency bodies, although under the leadership of the Secretary-General, are unlikely to adopt decisions that are in the best interest of the system as a whole, without formal accountability to the General Assembly or ECOSOC. This explains why the implementation of the QCPR resolution of the General Assembly on operational activities of the UN system has been both limited and selective over the years, as often highlighted by Member States at the intergovernmental level. However, in the early years, inter-agency bodies were formally accountable to governing bodies through the Secretary-General and later the Administrator of UNDP, which helped to ensure a more coordinated implementation of system-wide mandates established by the General Assembly and ECOSOC (chapter 3).

…and to act in best interest of system as a whole

Box 4.1   UN inter-agency coordination mechanisms

The key coordination instruments and processes in the UN development system at the country, regional and global level, are briefly described below:

National

The United Nations Sustainable Development Cooperation Framework is the collective, coherent, and integrated programming and monitoring framework linking the normative and operational work of the UN system at the country-level. The UN resident coordinator system encompasses all organizations dealing with operational activities for development of the UN system in a programme country. The UN resident coordinator, supported by a country team, has a central role in the coordination of operational activities in programme countries. As decided by the General Assembly in 2018 (United Nations, 2018), the responsibility for managing the UN resident coordinator system has shifted from the Administrator of UNDP to the Secretary-General.

Regional

The regional coordination mechanisms established by ECOSOC resolution 1998/46 and led by the Regional Commissions serve to improve coordination among the work programmes of UN organizations. The Regional Directors' Teams of the UN Sustainable Development Group have also been tasked with providing coherent technical support to the UN resident coordinators and country teams; performance management of UN resident coordinators and country teams; and quality assurance of UNSDCFs/UN programmes.

Global

The Chief Executives Board for Coordination, under the leadership of the Secretary-General, furthers coordination and cooperation on a range of substantive and management issues facing UN system organizations. The CEB is supported by three committees: (a) High-level Committee on Programmes, (b) High-level Committee on Management and (c) the UN Sustainable Development Group, which has been incorporated into the CEB subsidiary machinery. UNSDG, with the support of the Development Coordination Office, has a key role to play in translating General Assembly and ECOSOC mandates into actionable guidelines for UN country teams. CEB/HLCP has two main functions: UN system-wide follow-up of intergovernmental decisions and scanning and identification of emerging programme issues requiring a system-wide approach. The Bretton Woods Institutions are members of the CEB, including the CEB/HLCP, and the World Bank participates as an observer in CEB/UNSDG. CEB/HLCM is responsible for ensuring coordination in administrative and management areas across the UN system.

UN DESA provides substantive support to the General Assembly and ECOSOC in delivering coherent and effective policy guidance to operational activities of the UN system at the country level. Other thematic internal coordination bodies and networks include the Executive Committee on Economic and Social Affairs, the Executive Committee on Peace and Security, the Executive Committee on Humanitarian Affairs, the Secretary-General's Policy Committee, and the UN Evaluation Group. Other such groups include the Inter-Agency Standing Committee, which involves key UN and non-UN humanitarian partners, and the Environment Management Group.

Source: Author compilation.

(d) Country-level arrangements

Over the years, the funding architecture of the UN development system has changed significantly, with contributions to entities increasingly shifting from non-earmarked (core) to earmarked (non-core) (chapter 3). [40] In 2018, 79 per cent of all contributions for operational activities of the UN system were earmarked, of which some 90 per cent was strictly earmarked, where the quantity, quality, substantive focus and destination are primarily determined by the donors and only indirectly managed and overseen by governing bodies. The Executive Boards of the funds and programmes, as a result, have only direct control over a relatively small share of the overall resource envelope, of which a significant part is already committed to cover the core institutional costs of the respective entity.

Increased non-core funding changed role of GBs in UN-OAD governance

The programme priorities at the country level are determined to a significant extent through consultations between the host government, donors, and UN entities, e.g., during the preparations of the UN Sustainable Development Assistance Framework and the country programme documents of the operational funds and programmes. The country programme documents of the funds and programmes are formally approved by the respective Executive Board but not discussed at the governing body level, with the review, according to existing procedures, primarily undertaken online prior to the meetings of the Boards. The Executive Board of WFP is an exception in this regard (chapter 5). Also, the Executive Boards when approving a particular country programme document only take note of the planned non-core resources mobilization target of the respective fund or programme.

Programme priorities mainly decided at country level ….

…. and limited guidance & oversight of GBs of country programmes…

For the specialized agencies, the country programme documents are generally not tabled for governing body review, although there are exceptions (ICAO and IMO, chapter 5). The projects funded by extra-budgetary resources are therefore generally only subject to review by the management of the respective specialized agencies.

…which not subject to GB discussion…

A significant part of the non-core resources for development-related activities are now mobilized by UN entities from donors directly at the country level in support of national development priorities and in close consultation with the respective governments. The governing bodies of the funds, programmes and specialized agencies, except for ICAO, IMO and WFP (chapter 5), on the other hand, perform limited review of the substantive content of country programmes, including their alignment with the core purposes and central mandates of the respective entity. As a result, the management and oversight role of governing bodies of the funds, programmes and agencies has materially changed over the years in response to the new reality of the funding environment (chapter 3).

…increasing risk of limited alignment of country activities with core entity mandates & purposes

An overview of the key elements of the country-level governance of operational activities for development of the UN system, is also provided in table 4.2.

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[40] UN operational activities are funded by a combination of so-called core and non-core resources. Core resources are those that are commingled without restrictions and whose use and application are directly linked to the entities' multilateral mandates and strategic plans that are approved by the respective governing bodies as part of an established intergovernmental process. In contrast, and as determined by the contributors, non-core resources are mostly earmarked and thus restricted with-regard to their use and application. There is therefore not necessarily a direct link between activities financed by non-core resources and the multilateral mandates and strategic plans approved by governing bodies. In some instances, governing bodies formally approve the use of core resources while "taking note" of the use of non-core resources.

4.2 A review of the key rules underpinning governing body design

This section undertakes a review of the rules that define the design of governing bodies in the UN development system. The focus is on rules relating to the role, functions, jurisdiction, representation, participation, and decision-making of governing bodies. It builds on the overview of governance arrangements of operational activities of the UN system provided in the previous section. The rules defining representation in governing bodies are the subject of the most in-depth examination in this section. Those rules are especially important because they determine the distribution of political power among Member States, which affects the legitimacy of decision-making of governing bodies, as well as the effectiveness of their overall functioning.

(a) Role

Every UN entity reports to a governing body, as mentioned earlier. A governing body is generally composed of a group of Member States which *role* is to steer the overall direction of the respective entity or the UN development system as a whole. The primary role of a governing body can be described as protecting the interests of all Member States on whose behalf the respective UN entity is working.

The UN development system is led by both entity-specific and system-wide governing bodies, which perform different roles (annex 4.1). The role of the General Assembly as the principal policymaking body on operational activities of the UN system is primarily discharged through the Second Committee and its quadrennial comprehensive policy review.

The role of the Economic and Social Council is to provide system-wide coordination and guidance to the UN development system primarily through the Council's Operational Activities for Development Segment, which takes place annually for 3 days, usually in February or March.

The role of entity-specific governing bodies such as the Executive Boards of the major funds and programmes is to supervise the work of the respective entities in accordance with the policy guidance provided by the General Assembly and ECOSOC (annex 4.1). The governing bodies of other funds and programmes of the General Assembly like the United Nations Environment Programme (UNEP), United Nations Human Settlements Programme (UN-Habitat), UN Office for Drug Control (UNODC) and the United Nations High Commissioner for Refugees (UNHCR), generally have a more technical role. The Environment Assembly of UNEP, for example, is expected to provide leadership and catalyze intergovernmental action on the environment; the Executive Board of UN-Habitat is mandated to assist countries and regions in solving human settlements problems; the Commission on Crime Prevention and Criminal Justice serves as the principal policymaking body in the UN on crime prevention and criminal justice; and the Executive Committee of UNHCR provides operational leadership for the entity.

The governing bodies of the specialized agencies are generally mandated to play a specific technical role (annex 4.1). The Executive Board of the World Health Organization is mandated to provide leadership and foster partnership in advancing the global health agenda and to develop and sustain WHO as an effective and efficient organization. The role of the Council of FAO is to serve as the entity's executive organ between the sessions of the Conference. The role of the Governing Body of the International Labour Organization is to act as the executive body of the organization. The Executive Board of the United Nations Educational, Scientific and Cultural Organization similarly serves as the entity's executive organ and oversee its

This section reviews rules underpinning GB design

Key role of GB to steer respective entity or UNDS as a whole

GA principal policymaking body on UN-OAD

ECOSOC coordinates implementation of GA guidance

EBs supervise work of Fs/Ps…

…as do GBs of specialized agencies

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management. The role of the Council of the International Civil Aviation Organization is to provide a continuing direction to the work of the entity.

(b) Functions

The *functions* of governing bodies are an essential part of the rules defining intergovernmental cooperation in the UN development system. The key functions of governing bodies in the UN development system can be broadly grouped as follows: (a) providing a strategic vision and guidance, (b) ensuring policy implementation, (c) performance monitoring, (d) coordination, and (e) oversight.

GBs generally have 5 core functions

The entity-specific and system-wide governing bodies in the UN development system perform different functions (annex 4.1). The key functions of the General Assembly are to formulate and appraise system-wide policies on operational activities of the UN system; set system-wide policy orientations for the development cooperation and country-level modalities of the UN system, with focus on cross-cutting and coordination issues; and assess the effectiveness, efficiency and impact of operational activities of the UN system.

GA has system-wide functions…

The Economic and Social Council has been mandated to monitor and evaluate the implications of the policy guidance established by the General Assembly; coordinate the activities of the independent specialized agencies; receive reports from the funds and programmes; establish regional and functional commissions; and provide cross-cutting coordination and overall guidance on system-wide basis, including objectives, priorities and strategies, in the implementation of policies of the General Assembly; monitor the division of labour between and cooperation within bodies of the UN system, in particular the development funds and programmes, to include the conduct of field-level coordination and make recommendations to the GA; review and evaluate reports of the development funds and programmes, including assessment of their overall impact, with a view to enhancing operational activities of the UN on a system-wide basis; undertake preparatory work for the quadrennial comprehensive policy review of the GA; review operationally relevant recommendations of the subsidiary bodies of ECOSOC and other bodies in light of policies adopted by the GA in order to incorporate them, as appropriate, into operational activities of the UN; and provide orientation and recommendations to relevant inter-agency mechanisms and to support and enhance their role.

…as does ECOSOC

The key functions of the Executive Boards of the major operational funds and programmes are to implement the policies of the General Assembly and the coordination mandates and guidance of ECOSOC; give guidance to the head of each organization; ensure that activities and strategies are consistent with GA and ECOSOC guidance; monitor performance; approve programmes, including country programmes; decide on administrative and financial plans and budgets; recommend new initiatives to ECOSOC; encourage and examine new programme initiatives; and submit an annual report to the Council.

One function of EBs of Fs/Ps is to implement guidance set by GA & ECOSOC

The key functions of several other funds and programmes of the General Assembly are also briefly described in annex 4.1. In the case of UNEP, the Environment Assembly is mandated to set priorities for global environmental policies and the development of international environmental law. The key functions of the Executive Board of UN-Habitat are to implement the Habitat agenda; help ensure the alignment of the work of UN entities with the Habitat agenda; and study new human settlement issues and problems.

GBs of SAs have also well-defined functions

The key functions of governing bodies of the specialized agencies are also briefly described in annex 4.1. The key functions of the FAO Council, for example, are to deal with the world food and agricultural situation; review current and proposed activities of FAO, including the programme and budget of work and administrative and financial matters.

(c) Jurisdiction

The *jurisdiction* of governing bodies in the UN development system refers to their authority to adopt legally binding decisions on Member States or entities. Generally, decisions adopted by governing bodies in the UN development system are not legally binding on Member States and entities but rather require their voluntary collaboration for effective implementation. An exception in this regard are specialized agencies like the International Civil Aviation Organization and the International Maritime Organization, which act primarily as standard-setting bodies in their respective areas.

GBs in UNDS have no authority to legally bind Member States…

General Assembly resolutions are not legally binding on Member States but applicable to UN entities that report to the Assembly. The list of the 31 UN entities for which General Assembly resolutions are applicable is provided in annex 4.1.

ECOSOC resolutions are also not legally binding on Member States but applicable to UN entities that report to the General Assembly (annex 4.1). ECOSOC can also make recommendations to governing bodies of the specialized agencies.

… unless conventions or other legal instruments are formally ratified at national level

The resolutions adopted by the Executive Boards of the major funds and programmes are not legally binding on Member States. The jurisdiction of the Executive Board of UNDP, UNFPA and UNOPS is also limited to supervising and providing guidance to the entities individually, not in areas of common interest.

In the case of other funds and programmes reporting to the General Assembly, the ministerial declarations, resolutions, decisions, guidelines and other norm-setting documents adopted by their governing bodies, are not legally binding on Member States or UN entities.

The resolutions, decisions, guidelines, conventions and other norm-setting documents adopted by governing bodies of the specialized agencies, are similarly not legally binding on Member States or UN entities unless formally ratified through relevant constitutional procedures at the national level.

GBs of ICAO and IMO serve explicitly as standard-setting bodies

The legal mandate of the International Maritime Organization is unique compared to other UN specialized agencies because it is recognized as the primary forum for developing and revising international shipping rules and regulations. While other specialized agencies also deal with specific global issues, IMO's mandate is directly linked to the Law of the Sea Convention, giving it a more explicit role in international law-making.

The legal mandate of the International Civil Aviation Organization is also more explicit than other UN specialized agencies, particularly in its core areas of aviation safety and air navigation. This is because the Chicago Convention on International Civil Aviation, ICAO's foundational treaty, establishes a clear and specific framework for regulating international civil aviation, including the development of International Standards and Recommended Practices (SARPs). While other specialized agencies also have standard-setting mandates, those of ICAO are often more tightly focused and provide a stronger basis for international cooperation and standardization within its specific domain.

(d) Representation

The legitimacy of governing bodies is generally influenced by factors such as: who are the representatives; how are they selected and their qualifications; what is the outcome of the decision-making process; and to what extent do these three aspects matter for decision acceptance and implementation by Member States and UN entities alike. These are some of the questions that this sub-section attempts to examine.

Representation is critical for effective governance in at least two respects: *first*, the composition of governing bodies needs to be equitable, accountable and transparent in order to give legitimacy to policy decisions adopted at the intergovernmental level and, *second*, participation must be such as to ensure their effective functioning.

There is often an inherent tension, or trade off, between the principles of equity and efficiency in the composition of governing bodies. Considering the large membership of the UN (193 states), including all Member States in all decisions (one country, one vote) is likely to result in a cacophony and the lowest common denominator. A selective representation, on the other hand, runs the risk of privileging the most powerful Member States or excluding others from the decision-making process.

The methods of representation in governing bodies of international organizations have evolved significantly since the end of World War II and are now anchored in a multitude of principles and practices. In some multilateral organizations, all states are treated equally in representation in governing bodies based on the principle of sovereign equality of states (e.g., General Assembly and UNEP Environment Assembly). In other organizations, political power is distributed based on specific criteria such as economic strength, population, contribution level etc., or in accordance with the principle of differentiated responsibility of states (e.g., IFAD, ICAO, IMO). In still others, like most UN entities, representation in governing bodies is primarily based on the number of states in each region, or the principle of equitable geographical representation.

The principles of equitable geographical representation and sovereign equality of states have been at the heart of representation in multilateral organizations since the end of World War II. These principles have underpinned the composition of most governing bodies in the UN development system, as highlighted earlier. The question remains whether these principles remain as relevant today as they were when the Organization was established in 1945 following World War II, particularly considering that the number of UN Member States has multiplied by a factor of almost four in this period.

In 1945, following World War II, the UN membership stood at 51 states; by 1964, the membership had risen to 118 states and today there are 193 Member States. This rapid growth in the number of Member States has led to renewed discussion on how to best constitute governing bodies, including increased interest in composition being informed by specific criteria or constituency groupings so as to make the representation more equitable, transparent, effective and efficient. There are now several entities in the UN development system where the composition of governing bodies is guided by specific criteria based on the principle of differentiated responsibility of states, as discussed later in this section.

Principles & criteria for selecting members especially important

Representation critical for effective governance

Often tension between principles of equity & effectiveness

Multitude of principles inform representation in GBs of multilateral entities

Principle of equitable geographical representation central to design of

Entity functions should drive GB design

The rapid growth in the UN membership since 1945 has complicated and slowed down decision-making at the intergovernmental level, particularly in central governing bodies. This raises the question whether governance principles such as equitable geographical representation and sovereign equality of states, are equipped to ensure equitable, effective, transparent and efficient representation in governing bodies.

According to Ramesh Thakur the term *representation* can have many different meanings besides geography, including the following (UNU, 1999):

First, represent the interests of a constituency,

Second, signify the distribution of the world's population,

Third, reflect the economic weight of countries,

Fourth, manifest the major cultures and civilizations of the world,

Fifth, be formed based on more homogenous regional groupings,

Sixth, demonstrate more equitable representation through greater weight given to developing countries in governance structures, and

Seventh, incorporate the interests of non-governmental and private sector stakeholders.

The use of regional groupings as the primary basis for the distribution of political power in governing bodies of the UN system has been marked by incremental formalization and institutionalization (UNU, 1999). The election to UN bodies in 1947, 1948 and 1949 was already influenced by geography, with the General Assembly formally recognizing the regional groupings in 1957. In 1963, Member States, under the auspices of the General Assembly, negotiated an electoral system based on the current five regional groups (UNU, 1999). Regional groupings are used solely for the election of members of governing bodies in the UN system. The states elected to governing bodies serve in their own capacity, not as representatives of the respective regional group, in accordance with the principle of national sovereignty. In comparison, in constituency-based voting groups like in the case of the Executive Board of the World Bank, a member (Executive Director) represents a group of countries in accordance with the principle of shared governance. In the UN system, Member States instead organize themselves into *political groupings* that represent countries in the substantive and procedural negotiations in central governing bodies like the General Assembly and ECOSOC.

When ECOSOC was established in 1945, with 18 members only, there was an agreement that the states of importance in the economic and social fields should be elected to this governing body, but with the consideration of unofficial rotation and representation of the different regions to apply in practice (chapter 3). This practice of the regional groupings using other informal, un-written criteria such as "contribution" and "power" is now regularly applied to the selection of members of governing bodies in the UN system, as further discussed later. The use of informal, un-written criteria by the regional groups, at the same time, has reduced the transparency of the selection process, as well as the ability of many smaller states to participate equitably in the work of governing bodies in the UN system. In many other international institutions, including a few UN entities, additional criteria based on the principle of differentiated responsibility of states have been incorporated into the formal selection rules for membership in governing bodies.

One question facing Member States is whether there is need to rethink the configuration and the composition of electoral groupings in the UN system, including the relationship of electoral and political groupings in the UN system. For example, in some multilateral entities, Member States have accepted that their interests can be shared by other countries by composing governing bodies based on specific criteria or constituencies, as mentioned earlier, rather than the principles of equitable geographical representation and sovereign equality of states.

Those that have advocated for the reconfiguration and recomposition of the UN electoral groups have particularly highlighted the following objectives: *first*, improve the prospects for all Member States to play an equitable part in UN decision-making; and *second*, achieve this through the expansion of the number of the electoral groups and by reducing their size (UNU, 1999). An important objective of such reconfiguration and recomposition would be to create groups that are more homogenous in terms of their economic and social characteristics so that an intergovernmental consensus on the objectives of international cooperation is easier to attain.

The changing nature of funding architecture in the past three decades with the shift towards high reliance on earmarked contributions where the quantity, quality, substantive focus and destination of resources flows are primarily determined by the donors, has also altered the policymaking and oversight role of governing bodies (chapter 3).

Another issue that is likely to influence the future debate on representation in governing bodies in the UN development system is the growing importance of partnerships with non-governmental organizations, foundations and other private actors in the financing and delivery of operational activities for development. Should such non-state stakeholders be represented in governing bodies of the UN development system in the future, and if so, how could such participation be accommodated most effectively?

Main methods of constituting governing bodies in the UN development system

There are three main methods currently in use in the UN development system for selecting representatives in governing bodies with limited membership. Each method reflects a different normative approach to the selection process (table 4.3):

> *First*, using the UN regional groupings, or the principle of equitable geographical representation as the instrument for allocating seats,
>
> *Second*, basing selection of members on agreed criteria, and
>
> *Third*, a combination of regional groupings and agreed criteria.

The composition of 34 of the 43 entities of the UN Sustainable Development Group that account for almost all contributions for operational activities is shown in annex 4.2, organized by the three methods of constituting governing bodies.

The three main methods of constituting governing bodies in the UN development system are further discussed below.

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Method 1: Equitable geographical representation (regional groupings)

For a long time, the principle of equitable geographical representation has served as the primary electoral system regulating the composition of governing bodies with limited membership in the UN development system. According to this principle, seats in governing bodies are distributed to the regional groupings based on their share of the overall membership of the United Nations. Each regional group then decides how its quota in a governing body is allocated among its members. Within each regional grouping, the concepts of "contribution" and "power" can thus become important in selecting representatives in governing bodies (UNU, 1999).

Regions as electoral groupings

The regional groupings were established to ensure that there was a fair and equitable representation in the various UN bodies, so that all members who desired an opportunity to contribute to decision-making could do so (UNU, 1999). However, the question remains whether representation by the regional groupings as a general selection rule can adequately capture the significant diversity in the social and political conditions that often exists among Member States. If this is not the case, it undermines the legitimacy of composition of governing bodies of UN entities.

Varying size of regional groupings makes equitable participation of states in GBs difficult

A geographically based electoral system in the United Nations, resulting in the current five regional groupings, was first negotiated and approved by the General Assembly in 1963 and implemented the following year, at which time the UN membership consisted of 118 states (UNU, 1999). A major milestone in this journey was the General Assembly resolution 1192 (XII), adopted in 1957, which laid down the first formal distribution pattern of seats on the General Committee of the Assembly. Seats were allocated to Asian-African states, Latin America, Eastern Europe, and a new category Western Europe and other countries created by the addition of the United States, Australia, Canada, New Zealand and South Africa as the 'Others'. This resolution was the first and perhaps the most significant step in the creation of the modern electoral group configuration (UNU, 1999).

Regions as electoral groupings came into existence in 1964

Since 1963, there have been five electoral groupings in the UN, with the current number of members shown in bracket: (a) African Group (54), (b) Asia-Pacific Group (54), (c) Eastern European Group (23), (d) Latin America and Caribbean Group (33) and (e) Western European and Other States Group (29).

Regional groups range in size from 23 to 54 members

There are currently 193 Member States of the United Nations. Of those, 192 are part of an electoral group. Only Israel is not formally a member of any group but participates in the work of the Western European and Other States Group.

The evolving size of UN electoral groupings (1945–present)

There have been significant changes in the composition of the electoral groupings since 1945, with the Africa and Asia-Pacific groups growing rapidly, the Eastern European Group maintaining a more stable share, but the Latin America and Caribbean Group and Western European and Other States Group losing significant electoral power (table 4.4). These two regional groups accounted for 64 per cent of the UN membership in 1945 but now only 32 per cent. The African and Asia-Pacific groups, on the other hand, currently account together for 56 per cent of the electoral power in the UN.

Composition of electoral groups materially changed since 1945

The size of the different electoral groups also varies considerably, or from 23 members in the Eastern European Group to 54 members in the African and Asia-Pacific groups respectively, which affects the opportunities available to individual countries, particularly the smaller ones, to participate in the work of governing bodies considering that issues such as "contribution" and "power" often play an important role in the selection process (table 4.4).

Composition of electoral groupings by income status

The share of low-income countries of the UN membership continues to decline and is now 14 per cent and predominantly located in Africa, where 23 of the 27 LICs are located. The high-income and middle-income countries account for 86 per cent of the UN membership and more than half of Member States (56 per cent) are in the middle-income category alone (table 4.5).

It is reasonable to assume that the significant increase in the number of high-income and upper-middle-income countries of the UN membership will affect political dynamics and groupings in intergovernmental negotiation processes. In addition, changes in the income composition of Member States may require rethinking of the strategic positioning of the UN development system in global development cooperation (chapter 3).

Twenty-five of the 46 LDCs are in the low-income category and another twenty are classified as lower-middle-income countries (table 4.6). LDCs are located predominantly in Africa (33) and the Asia-Pacific (12), with one country in the Latin America and Caribbean region (Haiti). This means that 33 of the 54 members of the African Group are currently classified as least-developed countries. Many LDCs have been subject to this classification for decades.

Some weaknesses of the regional electoral grouping system

The legitimacy of representation and decision-making can be defined as the extent to which the rules defining the functioning of a governing body are seen by Member States and other stakeholders to be equitable, transparent, effective and efficient.

An important question that emerges after reviewing the experience with the application of the principle of equitable geographical representation is whether this electoral system enables all Member States to contribute fairly to decision-making in governing bodies in the UN development system. For example, do some members of the regional groupings exert disproportionate power when it comes to the selection of representatives in governing bodies? Also, do the smaller countries have equitable opportunities to participate in the work of governing bodies of the UN development system? Or have some of the regional groups become too large to enable equitable participation in the governance of UN entities?

One frequent criticism of the current electoral system is that the methods used within the regional groups for selecting members of governing bodies are often modified to reflect informal rules and dynamics, with limited transparency on how the decisions are made. The African Group is the only electoral grouping that rotates members equitably when selecting representatives to the different governing bodies. In other groups, informal, un-written criteria such as "contribution" and/or "power" often exert considerable influence when selecting members of governing bodies, as mentioned earlier.

Size of electoral groups varies greatly

Low-income countries account for 14 per cent of UN Member States

More than half of UN membership now in middle-income category

46 Member States LDCs; 33 in Africa

Legitimacy of electoral groups important in governance

Political power in regional groups often plays major role in selecting GB members

Africa Group only region that equitably rotates countries' participation in GBs

One issue that is likely to influence the future debate on representation in governing bodies in the UN development system is the growing importance of partnerships with non-governmental organizations, foundations, and other private actors in the financing and delivery of operational activities for development, as mentioned earlier. Should non-state stakeholders be represented in the governance of the UN development system, and, if so, how could such participation be accommodated most effectively?

A 1999 publication of the United Nations University suggested that if the number of the electoral groups is increased to ten, roughly twenty Member States would constitute each group. One objective of such reconfiguration would be to increase their homogeneity in terms of socioeconomic characteristics of Member States, building on factors such as commonality of their political and economic interests and other affinities (UNU, 1999). The reconfiguration of the electoral groups could de facto begin a process of turning them into constituencies for participation in governing bodies of UN entities as well as for negotiations of resolutions in system-wide governing bodies like the General Assembly and ECOSOC.

Another issue that raises some questions about the application of the principle of equitable geographical representation in selecting members of the governing bodies in the UN development system is that operational activities for development of the UN system are not of equal importance for Member States of the five electoral groups, i.e., the costs and benefits are highly concentrated in a relatively small number of donor and programme countries.

For example, as shown in reporting of the Secretary-General, Africa accounted for 44 per cent of country-level activities of the UN development system in the year 2016 and Western Asia for 25 per cent; the top-10 donor countries provided 75 per cent of total contributions for UN operational activities; the top-20, 27 and 50 programme countries accounted for 66, 71 and 85 per cent of total country-level expenditures in 2016 respectively; but the 100 smallest programme countries for only 15 per cent. Many of the top-20 programme countries have large humanitarian expenditures. The 46 least-developed countries accounted for 46 per cent of total country-level expenditures and 49 per cent of development-related activities in 2016, as mentioned earlier. Six and 11 of the 47 LDCs are among the top-10 and top-20 programme countries respectively. These shares have not materially changed since 2016.

The question is whether an important factor in decision-making on the composition of governing bodies in the UN development system should be the relative importance of operational activities for Member States. This is an issue that has often been raised in the past at the intergovernmental level as well as in expert reports and studies on reform of the UN development system (chapter 2), but generally faced considerable opposition, not the least from the more powerful states that often dominate decision-making in the regional groupings.

Method 2: Criteria-based representation

Of the 43 entities that receive contributions for UN operational activities (box 1.1), four have adopted what can be described as criteria-based selection of members of governing bodies: ICAO, IFAD, IMO and UNHCR (table 4.7). The Global Environment Facility, a joint undertaking of UNDP, UNEP, and the World Bank, has adopted a constituency-based approach to selecting members of the GEF Council. The establishment of the Executive Boards of UNDP/UNFPA/UNOPS, UNICEF and WFP in 1993, with 12 seats distributed to the Western European and Other States Group, based on its members' significant voluntary contributions

to the respective entities, was also in recognition of the differentiated responsibility of states in governance of operational activities.

The general thrust of a criteria-based approach is to try to ensure that stakeholders with significant interest in the work of an entity are adequately represented in its governing body. The purpose is to improve equity, transparency and effectiveness of the rules defining representation and decision-making at the governance level. Another objective is to try to ensure that countries that bear the bulk of the costs of decision-making by governing bodies in the UN development system are equitably represented in the negotiation process, which would be consistent with a key tenet of the theory of public choice theory (chapter 1).

A criteria-based selection of representatives in governing bodies has a number of advantages. For example, it encourages those stakeholders that have significant interest in the work of an entity to seek representation in its governing body, which may contribute to more pragmatic and consensus-based decision-making and reduce the risk of political opportunism. The adoption of transparent criteria for the selection of representatives may also reduce the influence of the more powerful countries which often exert considerable sway in terms of which regional group members are elected to a governing body, as highlighted earlier.

ICAO, one of the specialized agencies of the UN system, has adopted criteria-based selection of members of its Governing Council. Thirteen of the 36 seats on the Governing Council are assigned to the five regional groupings. The remaining 23 seats are assigned to two groups of countries based on agreed criteria (table 4.7). The purpose of this arrangement is to ensure that those countries that have a major stake in the effective management of international civil aviation are at the table when common policies are adopted.

Members of the Executive Board of IFAD are elected directly from five lists composed of a specific group of countries. The net result of this arrangement is that fifteen seats on the Executive Board are assigned to the Western European and Other States Group, or 42 per cent of the total (table 4.7). The voting rules of IFAD are also unique within the UN system in that the total number of votes in the Executive Board are calculated based on both the membership and contributions.

The 40-member Council of IMO is also selected based on agreed criteria that aims to ensure that countries with significant stake in the effective management of global maritime shipping, are represented in the governing body. The selection criteria has also been designed to ensure that countries from all regions are represented in the Council.

The Executive Committee of UNHCR was established by ECOSOC following a specific mandate from the General Assembly. The Executive Committee consists of representatives from UN Member States or members of any of the specialized agencies. The General Assembly resolution (1166 (XII)) specified that representatives on the Executive Committee should "*be elected by the Council on the widest possible geographical basis from those States with a demonstrated interest in, and devotion to, the solution of the refugee problem*." Although the membership on the Executive Committee is open to all Member States, the resolution stipulates that they should have a demonstrated interest in, and devotion to, the solution of the refugee problem, as mentioned earlier. Of the four entities applying a criteria-based approach to the selection of members of governing bodies, UNHCR is the one most difficult to place concretely in this category. However, the fact that members of the Executive Committee are elected by ECOSOC based on the above criteria, suggests that UNHCR belongs to this group of entities.

The Executive Committee of UNHCR is a subsidiary organ of the General Assembly and its report is submitted directly to the Assembly for consideration by its 3rd Committee. The Executive Committee has been mandated by Member States to advise the High Commissioner on the exercise of the incumbent's functions; review funds and programmes; authorize the High Commissioner to make appeals for funds; and approve the biennial budget targets. The Executive Committee holds an annual session in Geneva for approximately one week.

Besides the entities highlighted in table 4.7, the experiences of WHO, GEF, World Bank and the 30-member Open-ended Working Group on Sustainable Development Goals of the General Assembly, with criteria- and constituency-based selection of representatives in governing bodies and intergovernmental processes, are briefly discussed below.

Proposal for Committee C in WHO

In the past few years, there has been a large increase in the number and variety of stakeholders participating in efforts to deal with global health challenges. Non-governmental organizations and philanthropic organizations such as the Bill & Melinda Gates Foundation, multilateral initiatives like the Global Fund to Fight AIDS, Tuberculosis and Malaria as well as the private sector and civil society organizations have become highly important actors in the global health sector. While there are initiatives aimed at improving coordination between them such as the International Health Partnership, no governance mechanism has so far been established to facilitate the participation of these key stakeholders.

Committee C was a proposal to adapt the governance of global public health issues to these changes and address the current coordination deficit by integrating a wider range of actors in the work of the World Health Organization. Committee C was envisaged to be a multi-stakeholder forum within the framework of the World Health Assembly, which would include Member States as well as a select group of major stakeholders such as international agencies, philanthropic organizations and civil-society groups. Committee C would serve as an interface between Member States and non-state actors and could make proposals for consideration of the World Health Assembly. It was envisaged that through resolutions adopted by the World Health Assembly, initiatives and commitments by non-state partners to the global health challenges would be formally acknowledged (Silberschmidt, Matheson, Kickbusch, 2008). However, the proposal for Committee C never gained sufficient political support from Member States, nor a later initiative for the establishment of a Global Health Forum at the World Health Assembly in 2011 ([WHO, 2011]).

Constituency system in Global Environment Facility (GEF)

The GEF was set up in 1991 to help finance the incremental cost for developing countries of new environmental investments with global benefits. A joint undertaking of UNEP, UNDP and the World Bank, the Facility is an innovative arrangement that has provided an opportunity to develop new forms of governance. Especially interesting is the constituency system by which the GEF has attempted to combine the principles of equity and effectiveness in representation and decision-making at the governance level.

Shortly after the establishment of the GEF in the wake of the 1992 Earth Summit in Rio, the Facility was significantly restructured. Two opposing visions competed in this process:

1. Developing countries, UN agencies and NGOs favored a governance structure similar to the UN system and normative values, i.e., with focus on transparency, accountability, democracy and universality.

2. OECD countries and the World Bank favored a governance structure similar to the Bretton Woods system, i.e., with focus on efficiency, cost-effectiveness, effective management and executive abilities.

The different positions of key stakeholder groups in the negotiations on the restructuring of the GEF are shown in table 4.8. The final result, notably, was a compromise between the governance principles of the UN and the World Bank.

GEF has 183 Member States, but the GEF Council has 32, each representing a constituency: 16 for developing countries, 14 for industrialized countries, and two for economies in transition in Eastern Europe. The countries in each constituency choose a board member and an alternate. New GEF members join an existing constituency. Documentation is sent to all Member States. Each constituency determines its own process of consultation and decision-making. A Chairperson is elected at each session of the GEF Council, alternating between a representative from the developed and developing countries. The GEF Council meets twice a year and is responsible for developing, adopting, and evaluating policies and programmes for GEF-financed activities.

GEF 32-member Council constituency-based

An evaluation conducted in 2002 concluded that Member States generally consider the GEF Council effective. Developing and developed countries are actively involved in the governance of the GEF, although OECD countries were felt to be more powerful in view of their financial leverage (Streck, 2001).

Study views GEF Council model as effective

A comparative study that assessed democratization in global governance according to a model of deliberative democracy also identified the GEF as "perhaps the most inclusive and open international organization" (Bernstein, 2005).

Constituency-based governance in the World Bank

The experience of the World Bank suggests that the design of constituency-based voting groups in governance needs to be carefully thought through (box 4.2). For example, a constituency-based group lacking in cohesion in terms of the countries' level of economic development, geography and value perspectives, will make effective representation in a governing body more challenging.

Constituency groupings need to be cohesive…

An important lesson learned from the World Bank and other institutions adopting a constituency-based approach is the need to try to ensure that such voting groups share similar development experiences so that common country positions can be more easily articulated at the level of the governing body.

…e.g., share similar experiences & positions

"Variable geometry" in open-ended working group on SDGs

In accordance with the outcome of the Rio+20 Conference in 2012, a 30-member Open-ended Working Group was established on 22 January 2013 by a decision of the General Assembly to prepare a proposal on Sustainable Development Goals and targets for consideration of the Assembly. Member States decided to use an innovative, constituency-based system of representation in the new working group that is new to limited membership bodies of the General Assembly, with each seat shared by 1-4 countries (rotational representation). Seventy

GA applied 'variable geometry' in composing WG on SDGs…

Member States participated in this "variable geometry" arrangement. These self-organized country groupings decided among themselves how they would be represented in meetings of the Open-ended Working Group.

The composition of the Open-ended Working Group signaled an important change in the composition of bodies with limited membership and established by the General Assembly. For the first time, Member States agreed to innovate in the application of the principle of national sovereignty by introducing shared decision-making in an intergovernmental process with limited membership and reporting to the General Assembly. The advantage of "variable geometry" is that the size of a governing body can be kept smaller, which furthers effectiveness in governance, while equity in decision-making is advanced through rotational participation of Member States depending on the issue for discussion. The application of "variable geometry" therefore offers a new and innovative approach to enhance legitimacy of governing bodies with limited membership.

...with Member States part of special country groups with rotational participation

Method 3: Mixed regional groupings and criteria-based representation

There are four other entities that belong to the UN development system which have adopted a mixed regional grouping and criteria-based approach to the composition of governing bodies, i.e., UN Women, UNAIDS, ILO and IAEA (table 4.8).

Four entities use mixed regional grouping & criteria approach

In the case of UNAIDS, 22 of the 38 seats on the Programme Coordinating Board are assigned to the regional groupings, with 7 of those distributed to the Western European and Other States Group, which members provide most of the funding to the entity. In addition, UN entities that have major HIV/AIDS programmes and partner with UNAIDS, along with one non-governmental organization from each region representing the main beneficiaries, are members of the Programme Coordinating Board, although without voting rights. The assumption is that UNAIDS needs to work closely with UN entities and beneficiary organizations, which justifies their membership on the Programme Coordinating Board.

UNAIDS GB includes UN entities and beneficiary

In the case of UN Women, 35 of the 41 seats on the Executive Board are assigned to the five regional groupings. Member States have also recognized the importance of those countries providing funding to an entity that relies exclusively on voluntary contributions for its operational activities by introducing specific criteria for the election of "contributing countries" to the Executive Board. Six seats are assigned to the top contributing countries of which four are allocated to OECD/DAC members and two to developing countries (non-OECD/DAC members).

UN Women EB includes special seats for countries providing significant funding

The 56-member ILO Governing Body is unique in that the key stakeholders, namely the workers and employers, have been assigned half of the seats. The other half of the seats (28) are assigned to the regional groups. Notably, ten of the titular government seats are permanently held by states of chief industrial importance (Brazil, China, France, Germany, India, Italy, Japan, Russian Federation, United Kingdom and United States). The other government members are elected every three years by the ILO Conference. Employers and worker representatives are elected in their individual capacity. The Governing Body meets three times per year, in March, June and November, to adopt decisions on ILO policy, the agenda of the International Labour Conference, the programme and budget of the Organization for submission to the Conference, and to elect the Director-General.

ILO GB includes workers and employers besides governments

The Board of Governors of IAEA uses a mixed regional grouping and criteria-based approach in the selection of its members. It is one of the two policymaking bodies of the entity, along with the annual General Conference. The Board, composed of 35 Member States, examines, and makes recommendations to the General Conference on the financial statements, programme, and budget of IAEA. The Board also considers applications for IAEA membership, approves safeguards agreements, and the publication of the organization's safety standards. It also appoints the Director-General of IAEA, with the approval of the General Conference. The Board of Governors generally meets five times per year: in March and June, twice in September (before and after the General Conference) and in November.

IAEA GB assigns seats to most advanced atomic technology countries

Box 4.2   The Executive Board of the World Bank

The World Bank Group consists of five institutions, each with its own governance structure. At the system-wide level, a President and two governing bodies oversee the work of the Group. The Board of Governors consists of all Member States and meets once a year. The Board of Directors is made up of 25 Executive Directors. It meets several times a week to oversee the Bank's business, such as approving loans, borrowing and financial decisions, as well as new policies, country assistance strategies and interpreting the Articles of Agreement.

At the system-wide level, representation in the World Bank Group's governing bodies is based on two principles: voting groups and contribution-based voting shares.

Five seats on the Board of Directors are reserved for the five largest shareholders. By tradition, Russia, China, and Saudi Arabia also hold individual seats. The remaining 17 seats represent the general membership, with each Executive Director chosen from a voting group. An Executive Director representing a voting group holds the combined votes of the group's constituent members; the vote cannot be divided. While Member States can in theory choose which voting groups they want to belong to, changes are rare in practice and mostly occur when new groups are created. Within each group, a representative is elected by a simple majority vote for a two-year term. Generally, the representatives are those members with the largest voting share in their respective group.

Some groups lack a coherent design based on geography or level of development: Switzerland for example has represented a group consisting of Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Tajikistan, Turkmenistan, and Uzbekistan.[41] Groups like these, which include both creditors and borrowing countries, raise important questions about how the Executive Directors can adequately represent the diverse interests of their constituency. Moreover, the voting groups have widely different sizes: two of the three sub-Saharan groups have over 20 members each, making them the largest by far. Their Executive Directors thus face particularly complex coordination challenges.

The voting shares reflect the shareholding of each member in the Bank's capital. For the sake of the smaller members who would otherwise have next to no votes, each member is allotted 250 basic votes and one vote for each share of the capital subscription. However, while the Bank's capital and therefore the overall number of votes has increased significantly since 1946, the relative weight of the basic votes has declined drastically. Although the Board of Directors uses simple majority votes for most decisions, it requires an 85 per cent majority to amend the Articles of Agreement. Since the United States holds over 15 per cent of all votes, it has a de facto veto power.

Through a series of reforms, the World Bank has been trying to address criticisms of its lack of inclusiveness. These "voice reforms" have included the creation of a 25th Executive Director to represent the sub-Saharan members, as well as an increase in the share of basic votes, which now constitute 5.55 per cent of the total votes. The vote shares have also been re-organized to reflect more closely countries´ standing in the world economy, and a proposal has been passed to review the vote share every five years.

Source: Author compilation.

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[41] Based on research conducted by the author in 2013 on the composition of the Executive Board of the World Bank.

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Overview of composition of governing bodies in the UN development system

The composition of governing bodies of 25 of the 43 entities of the UN development system is presented in annex 4.2 (as of Jun. 2021) along with summary breakdowns by the share of each regional grouping and the organizational type of the total number of seats, as well as for the system as a whole.

The 25 governing bodies are grouped by the above three main methods of selecting members: (a) equitable geographical representation (yellow colour), (b) criteria-based (green colour) and (c) mixed regional grouping and criteria-based (red colour).

There are 17 (of the 25) entities of the UN development system that rely primarily on the principle of equitable geographical representation, or regional groupings when it comes to determining representation in governing bodies, four organizations use a criteria-based approach and another four apply a mixed regional grouping and criteria in the selection of members, as discussed earlier.

The share of the Western European and Other States Group of members of governing bodies of the 25 entities in the UN development system and included in the calculation is 26 per cent; the African Group accounts for 24 per cent of representatives on the 25 governing bodies; the Asia-Pacific Group 23 per cent; the Eastern European Group 10 per cent; and the Latin American and Caribbean Group 16 per cent (annex 4.2).

Disaggregated analysis of the composition of 8 governing bodies of 9 UN entities

A more disaggregated analysis of the breakdown of the composition of eight governing bodies (UNDP/UNFAP/UNOPS, UNICEF, WFP, UN Women, UNRWA, UNHCR, WHO, FAO) by regional and income groupings and other criteria, is undertaken in table 4.10. The eight governing bodies of nine UN development system entities have a total number of 367 seats, with 106 of them, or 29 per cent, on the Executive Committee of UNHCR alone (as of June 2021). More than half of all seats assigned to the Eastern European Group, or 20, for example, are on the Executive Committee of UNHCR.

The African Group has the largest share on the Executive Committee of UNHCR, or 33 seats. This most likely stems from the fact that since the end of the Cold War more than thirty years ago, the Africa region has suffered heavily from intra-state conflicts and experienced large numbers of forced migrants across national borders.

In the case of the Advisory Commission of UNRWA, the Western European and Other States Group alone accounts for 18 of the 29 seats, or two-thirds of the total. This high concentration of seats by WEOG in one governing body is unusual and raises the group's overall share of the total membership on the eight governing bodies (table 4.10).

The allocation of 367 seats on the eight governing bodies among the regional groupings shows that electoral and political power, as envisaged by the principle of equitable geographical distribution, are not aligned (table 4.11). If electoral and political power were aligned in the composition of the eight governing bodies, 50 seats allocated to WEOG would need to be transferred to the Africa, Asia-Pacific and Latin America and Caribbean groups. The Asia-Pacific Group alone would receive 21 of those seats.

Most UNDS entities assign seats in GBs by regional groupings

Africa Group with 25 per cent of seats on 8 GBs and 28 per cent of UN membership

Africa Group accounts for 30 per cent of seats on EC of UNHCR

WEOG accounts for 18 of 27 seats on EC of UNRWA

Alignment of electoral & political power would require WEOG to transfer seats to other regional groups…

The electoral and political power, as reflected in the number of seats on the eight governing bodies, is not fully aligned for any regional group (table 4.12). For the Africa, Asia-Pacific and Latin America and Caribbean groups, their share of seats on the eight governing bodies is 3, 6 and 4 per cent lower respectively than their share of the UN membership.

The political power of the Western European and Other States on the eight governing bodies, on the other hand, is 14 per cent higher than the group's share of the UN membership. The political power of WEOG is thus significantly greater than the group's electoral power, according to the principle of equitable geographical representation. This means that the rules defining the selection of members of many governing bodies have been modified to reflect other issues such as "contribution" and "power" of WEOG countries.

The fact that some electoral groupings have very large membership makes it also more difficult to provide regular opportunities for individual countries to participate in the work of governing bodies. This raises the question whether Member States may need to consider making the size of the electoral groups more equal, or alternatively, introducing different rules such as criteria- or constituency-based composition of governing bodies.

Some 41 per cent of all seats on the eight governing bodies are assigned to high-income countries that account for 30 per cent of the UN membership (as of June 2021) (table 4.13). Upper-middle-income countries account for roughly the same number of seats as the group's share of the UN membership or 26 per cent versus 28 per cent. Low-income countries also account for roughly the same proportion of seats, or 12 per cent, on the eight governing bodies compared to 14 per cent of the UN membership. However, lower-middle-income countries are measurably under-represented in the governing bodies of the nine entities if the principle of equitable geographical representation is applied (21 per cent versus 28 per cent). Together, the high-income and upper-middle-income countries account for 67 per cent of all seats on the eight governing bodies.

Forty-nine Member States, or 25 per cent of the total, don't participate in any of the eight UN governing bodies (as of June 2021) (table 4.14). Seventy-one per cent of the Member States, or 138 countries, participate in two or fewer of the eight governing bodies. However, 55 countries, or 28 per cent of the Member States, participate in 3 or more of the 8 governing bodies. Two Member States (United Kingdom and Japan) participate in all the 8 governing bodies (as of June 2021).

High-income countries are much more likely to participate in three or more of the eight governing bodies (table 4.15). The five permanent members of the UN Security Council also participate in greater number of governing bodies than the average for Member States as a group: France (3), United Kingdom (8), Russian Federation (6), China (6) and United States (7). This suggests that Member States considered politically and economically powerful generally seek representation in many governing bodies of the UN system.

Furthermore, 39 of the 54-member African Group, or 72 per cent of the total, participate in two or fewer of the eight governing bodies (table 4.16). Twenty of the 54 members of the Asia-Pacific Group, or 37 per cent of the total, do not participate in any of the eight governing bodies. Eighteen of the 23 members of the Eastern European Group, or 78 per cent of the total, participate in either one or two governing bodies. On the other hand, 18 of the 29 members of WEOG, or 72 per cent of the total, participate in three or more of the eight governing bodies.

Moreover, the top-10 programme countries only accounted for 6 per cent of the 367 seats on the eight governing bodies (table 4.17). The top-20 programme countries, with 66 per cent of all country-level expenditures of the UN development system in 2016, similarly accounted for only 11 per cent of seats on the eight bodies.

In 2016, the total expenditure on operational activities of the UN system amounted to $30.3 billion, of which 73 per cent was spent on programme activities at the country level, or $22.2 billion (United Nations, 2018). Africa accounted for 44 per cent of country-level activities and Western Asia for 25 per cent, or together 69 per cent of the total. There were 27 programme countries with expenditures exceeding $200 million. These programme countries accounted for 71 per cent of total country-level expenditure, or $15.8 billion.

The top-20 programme countries in 2016 accounted for $14.6 billion, or approximately $730 million on average and about 66 per cent of total country-level expenditures. Many of the top-20 programme countries have large humanitarian expenditures. However, the top-20 programme countries in 2016, with more than two-thirds of total country-level expenditures, accounted for only 11 per cent of the seats on the eight governing bodies, as highlighted above (table 4.17).

Expenditures in the 46 least-developed countries totaled $10.3 billion in 2016, representing 46 per cent of total country-level expenditures. The LDCs also accounted for some 49 per cent of development-related expenditure that year. Six of the 46 LDCs are among the 10-top programme countries and 11 among the top-20. However, the 46 LDCs, with 46 per cent of the total country-level expenditures in 2016, accounted for only 16 per cent of seats on the eight governing bodies (table 4.17).

The UN development system spent $13.3 billion in middle-income countries, or 60 per cent of total country-level expenditures, of which 44 per cent was development-related and 56 per cent in the form of humanitarian assistance. Of the total expenditures in middle-income countries in 2016, 17.5 per cent was funded from core resources and 82.5 per cent from non-core contributions. The middle-income countries accounted for 47 per cent of seats on the eight governing bodies in the UN development system (table 4.13).

The top-10 donor countries (US, Germany, UK, Japan, Sweden, Norway, Canada, Netherlands, Switzerland, and Australia), with 55 seats on the eight governing bodies, or 15 per cent of the total, accounted for 75 per cent of all government funding for the UN development system in 2016 ($16.16 billion out of $21.44 billion).

The 30 Member States that have the most direct stake in the effective and efficient delivery of operational activities of the UN system, namely the top-20 programme countries and the top-10 donors, thus accounted for only 26 per cent of the 367 seats on the eight governing bodies (table 4.17). This means that three-fourths of the 367 seats on the eight governing bodies were assigned to Member States for which the operational activities of the UN system are of little, or no, financial importance.

These findings raise the question whether the current rules that define representation in governing bodies of the UN development system are equitable, transparent, effective and efficient. In the case of a few governing bodies in the UN development system, Member States have opted for the introduction of a criteria-based selection of members. In other organizational settings like the World Bank, Member States have introduced a constituency-based composition of governing bodies, which involves willingness on the part of governments to share their national sovereignty in the governance function.

Political power of WEOG countries and growth in operational activities of UN system

The relationship between the share of Western European and Other States Group of seats on governing bodies of 19 UN development system entities and the average annual growth rate in core and non-core contributions between 2002 and 2016, broken down into two sub-periods: 2002 to 2009 and 2009 to 2016 respectively, is shown in table 4.18.

For the period 2002 to 2016, only UNDP and UNIDO of the 18 entities experienced a negative average annual growth rate in core contributions for operational activities, or -0.4 and -0.1 per cent respectively (table 4.18). In both entities, the Western European and Other States Group accounts for a significant share of seats on the two governing bodies, or 32 per cent in the case of the UNDP Executive Board and 26 per cent in the Programme and Budget Committee of UNIDO. Both UNDP and UNIDO, on the other hand, experienced a robust average annual growth rate in non-core contributions in the 2002 to 2016 period, or 4.3 and 7.0 per cent respectively. However, for both UN entities, the pace of the average annual growth rate in core contributions declined significantly between the first (2002-2009) and the second sub-period (2009-2016).

UNDP & UNIDO with negative annual growth rate in core funding 2002-2016 despite high WEOG share of seats on GBs…

For example, the average annual growth rate in core contributions to UNDP between 2009 and 2016 was -6.9 per cent and for UNIDO it was -5.5 per cent. This means that core contributions to UNDP declined cumulatively by some 60 per cent in this 7-year period and for UNIDO, the percentage was 45 per cent. Both entities, on the other hand, experienced a strong average annual growth rate in core contributions in the 2002 to 2009 period or 6.5 and 5.7 per cent respectively.

…with pace of decline in core funding in the 2009-2016 period accelerating…

The above trends suggest that the confidence of donor countries in both UNDP and UNIDO may have declined in the latter 7-year period irrespective of the fact that WEOG has a significant share of seats on governing bodies of both entities. For UNDP, the average annual growth rate in non-core contributions in the 2009 to 2016 period has also been minuscule, or 0.5 per cent, but was 8.2 per cent in the earlier period. UNIDO, on the other hand, experienced a significantly higher average annual growth in non-core contributions in the 2009 to 2016 period, or 7.2 per cent.

…suggesting low donor confidence in two entities

Six of the 19 UN development system entities experienced a negative annual growth rate in core contributions in the 2009 to 2016 period, namely UNAIDS, UNDP, UNFPA, FAO, ITU and UNIDO (table 4.18). However, in the 2002 to 2009 period, only three entities had a negative annual growth rate in core contributions, i.e., WFP, UNCTAD and WHO. This trend may indicate that the UN development system generally faced a more challenging funding environment in the 2009 to 2016 period.

6 of 19 UN entities with negative annual growth rate in core funding in 2009-2016 period

The average annual growth rate in both core and non-core contributions has generally decelerated for entities of the UN development system between 2009 and 2016 compared to the 2002 to 2009 period (table 4.18). For example, for 16 entities for which data is presented in the table for both sub-periods, 11 had a lower average annual growth rate in core contributions in the 2009 to 2016 sub-period compared to the earlier one. For non-core contributions, only four entities experienced a higher average annual growth rate in non-core contributions in the 2009 and 2016 period compared to the earlier one. UNESCO, for example, experienced an annual average growth rate in core contributions of 16.0 per cent between 2002 and 2009 compared to 0.2 per cent in the 2009 to 2016 period.

Growth rates in funding for UNDS entities declined 2009-2016 from 2002-2009

UNICEF also experienced a significantly lower average annual growth rate in core contributions between 2009 and 2016 (1.5 per cent) compared to the 2002 to 2009 period (6.1 per cent). For UNFPA, the same percentages were 9.7 per cent (2002- 2009) and -4.1 per cent (2009-2016) respectively. UNCTAD is an exception to this declining trend experiencing a -0.7 per cent average annual growth rate in core contributions between 2002 and 2009, but 11 per cent in the 2009 to 2016 period. Even IFAD, where the Western European and Other States Group accounts for 42 per cent of seats on the Executive Board, the annual average growth rate in core contributions declined from a healthy 19.9 per cent between 2002 and 2009 to 0.7 per cent in the 2009 to 2016 period, with the same percentage for non-core contributions 22.5 per cent and -4.1 per cent respectively. For FAO, the decline in core and non-core contributions between the first and the second sub-periods has been even more precipitous. For example, core and non-core contributions experienced an average annual growth rate of 7.3 and 24.3 per cent respectively between 2002 and 2009, but -1.4 and -1.5 per cent in the 2009 to 2016 period.

UNEP and UN Habitat, on the other hand, experienced different growth trajectories in terms of core and non-core contributions compared to the UN development system as a whole. For UNEP, the average annual growth rate in core and non-core contributions in the 2002 to 2016 period was 10.4 and 22.5 per cent respectively and 14.7 and 17.0 per cent for UN Habitat, also respectively. In the 2009 to 2016 period, the average annual growth in core and non-core funding to UNEP grew at a healthy rate of 12.2 and 23.9 per cent respectively. For UN-Habitat, the same percentages were 12.2 and 6.6 per cent. These high average annual growth rates in contributions suggest that both UNEP and UN-Habitat experienced a rising donor confidence in the 2002 to 2016 period.

Member States have recently decided to change the governance arrangement of UNEP by replacing the Governing Council with an Environment Assembly with universal membership. The Western European and Other States Group accounts for 15 per cent of seats on the new Environment Assembly. In the recently established Executive Board of UN Habitat, WEOG accounts for 8 of 36 seats, or 22 per cent.

Generally, there appears to be limited correlation between the share of the Western European and Other States Group of seats on governing bodies and the annual growth rates in core and non-core contributions to entities of the UN development system (table 4.18). Other factors such as the positive reputation of entities for effective and efficient delivery of mandates and the importance of their subject area, as perceived by the donors, may instead better explain the high average annual growth rates in core and non-core contributions in the 2002 to 2016 period.

(e) Participation

The legitimacy and effectiveness of multilateral organizations is closely related to the degree of participation and ownership of Member States of decision-making at the governing body level, as mentioned earlier. The multilateral character of international organizations is generally seen to be heavily influenced by these two factors. A key objective of the principle of equitable geographical representation when it comes to selecting members of governing bodies of multilateral organizations is to ensure that all countries, large and small alike, have equal opportunities to participate in decision-making on issues of common interest. However, realizing this objective in the composition of governing bodies in the UN system has proven

difficult, which suggests that Member States may need to consider alternative approaches such as the adoption of more precise rules to define the selection of members.

The participation in governing bodies of UN entities varies greatly both in terms of who represents Member States, and the amount of time spent on governance responsibilities. The participants in meetings of the General Assembly and ECOSOC are generally diplomats based in the Permanent Missions of Member States in New York. This form of participation also applies to the QCPR negotiations of the General Assembly. ECOSOC meets annually for three days in the Council's Operational Activities for Development Segment, which main role is to monitor the implementation of the QCPR resolution of the General Assembly. ECOSOC also normally adopts annually a resolution on operational activities of the UN system except in those years when the QCPR negotiations of the General Assembly take place.

Participation in QCPR process of GA not by experts from capitals, but NY-based diplomats

An overview of the meeting frequency and type of participation in 16 entity-specific and system-wide governing bodies in the UN development system, is presented in annex 4.3. These governing bodies oversee the work of entities that account for 90-95 per cent of all operational activities for development of the UN system.

In entities that have a primary focus on the delivery of operational activities such as the major funds and programmes (UNDP, UNFPA, UNICEF, WFP, UN Women), which accounted for nearly 60 per cent of total contributions in 2018, the participants in meetings of the Executive Boards are mostly delegates of permanent missions of Member States based in New York and Rome. The governance deliberations in these entities focus generally on issues related to resource use, management and accountability. Some Member States, particularly those with significant funds invested in UN operational activities, may also send expert(s) from capitals to participate in meetings of the Executive Boards.

Participants in EBs of Fs/Ps mostly NY-based delegates

The Executive Boards of UNDP/UNFPA/UNOPS; UNICEF; WFP and UN Women meet for approximately 45 days in formal sessions annually (annex 4.3). In addition, the four EBs convene informal meetings and briefings open to all Member States throughout the year for at least 50 to 55 days, bringing the total to some 100 days annually. The substantive coverage of the informal sessions can range from providing general orientation to new board members on the work of the entities to technical briefings on specific issues (e.g., cost recovery policies) or important documents (e.g., strategic plan and resources framework) that may be the subject of a formal discussion at an upcoming Executive Board meeting.

EBs of Fs/Ps meet for total of some 100 days p/year in formal & informal sessions…

Despite the large number of formal and informal meeting days, it was pointed out earlier that there is often limited ownership of Member States of key documents like the strategic plans and resources frameworks of the funds and programmes, as examined at greater length in chapter 5. The country programme documents of the same entities are also only available for online review prior to the formal approval by the Executive Boards. In addition, most governing bodies play a limited role in providing oversight of the country programme documents including their alignment with the core purposes and central mandates of the respective entities.

…but still limited ownership of Member States of key entity documents like strategic plan

Member States have recently changed the governance arrangement of UNEP by establishing a universal Environment Assembly that meets every two years. The creation of the UNEP Environment Assembly would seem to signal the intention of Member States to strengthen the global normative role of the entity which could lead to the eventual transformation of the programme into a specialized agency of the United Nations. The participants in UNEP meetings at the governance level are generally senior officials from the environment

Participants in UNEP GB meetings mainly from environment ministries

ministries of Member States along with Nairobi-based diplomats of Member States. The governance deliberations in UNEP focus generally on environment-related issues, with limited time devoted to operational activities of the entity. The Committee of Permanent Representatives provides the governance interface with the senior management of UNEP in between meetings of the Environment Assembly.

UN-Habitat was until 2019 governed by a Governing Council composed of 58 Member States which met every two years for 5 days. This governing body has since been replaced by an Executive Board, composed of 36 members, which met for the first time in November 2019. A Committee of Permanent Representatives provides an interface with the senior management of UN-Habitat in between the meetings of the Executive Board. The participants in meetings of the Executive Board are generally senior officials from the capitals of Member States with responsibility for policymaking on urban issues. The Committee of Permanent Representatives, on the other hand, is composed of diplomatic representatives of Member States accredited to Kenya. The same approach applies to the composition of the Working Party on the Strategic Framework and Programme Budget of UNCTAD, which meets three times per year for nine days in total and is composed of Geneva-based diplomats of Member States, not experts from capitals.

Another programme with a strong normative role is the Commission on Narcotic Drugs, which governs the Vienna-based UN Office for Drug Control. This governing body is also one of the functional commissions of ECOSOC. When UNODC was established, it was not envisaged that operational activities would become a significant part of the organization's work programme as it was seen to have primarily a normative role, which explains why Member States opted for the creation of a functional commission to govern the entity. A review of the list of participants in meetings of the Commission shows that most attendees are Vienna-based diplomats of Member States, with some experts from the capitals also participating. The substantive focus of the work of UNODC appears to have shifted over time away from the entity's original normative role to greater emphasis on the delivery of operational activities. This raises the question whether the functional commission form is the most appropriate modality to govern an entity that is increasingly operational in nature.

The Executive Committee of UNHCR is composed of 106 Member States (as of mid-2021) which have formally applied for membership to ECOSOC based on their demonstrated interest and commitment to the refugee issue. Over the years, the Executive Committee has developed an array of internationally accepted norms and principles for refugee protection and others of humanitarian concern. The strong legal orientation of this work has meant that participants in the Executive Committee are primarily Geneva-based diplomats of Member States along with some experts from capitals.

Participants in the governing bodies of the specialized agencies are generally experts from capitals of Member States but in the case of the Paris-based UNESCO, they are primarily diplomatic representatives of foreign ministries. The Council of ICAO, a global standard-setting body has been vested with international authority to adopt legally binding standards on signatory states, is attended by permanent representatives of Member States with a strong technical background in aviation. The Council of ICAO, including the committee preparatory phase, meets for more than 90 days during the year. The Governing Body of ILO also meets for some 24 days annually. Other governing bodies of the specialized agencies examined in this chapter meet for fewer days (annex 4.3).

The regional commissions of the Economic and Social Council generally convene an annual or biannual conference that sets the agenda for the work of the respective commission, with committees of diplomats often serving as the interface with the senior management in between those meetings. The annual conferences of the regional commissions are generally attended by ministers and senior officials from capitals of Member States. In addition, the Executive Secretaries of the regional commissions provide annually an update to the ECOSOC on the progress of their work.

Regional commissions annual meetings attended by ministers & senior officials

Finally, as pointed out earlier, the nature of participation of Member States in the decision-making of governing bodies has changed in a fundamental way in the past two decades with the introduction of more flexible funding rules and practices in the UN development system. For example, governing bodies take only note of the planned non-core contributions of UN entities when adopting the respective strategic plan and resource framework. The current heavy reliance on voluntary, strictly earmarked funding in the UN development system has shifted the locus of decision-making on operational activities away from the governing bodies to informal negotiation processes involving the donors and the organizational leadership of the respective entity. However, the limited information provided to members of governing bodies on the substantive focus and destination of non-core contributions often makes it difficult for them to provide effective oversight of operational activities of the respective entities.

Shifts in funding changes ability of states to participate in GB decision-making

(f) Decision-making

The optimal decision-making system in governing bodies, according to the public choice theory (chapter 1), should aim to minimize the sum of negotiation costs and external costs. The external costs are defined by the public choice theory as those costs that a governing body can impose on non-members in a negotiation process. Decisions with potentially high external costs should require unanimity or at least supermajority systems, according to the public choice theory. The main decision-making rule in 16 governing bodies of the UN development system, is shown in annex 4.3.

Optimal decision-making rule minimizes sum of negotiation costs & external costs

When the size of a governing body is large, it becomes difficult to maintain a consensus-based decision-making rule due to high negotiation costs. This has led to great diversity in the decision-making rules of international organizations. The Global Environment Facility, for example, has adopted a rule requiring resolutions of the GEF Council to enjoy the support of 60 per cent of all Member States as well as countries accounting for 60 per cent of contributions.

Large GBs increase negotiation costs

Most governing bodies of UN entities, except for the specialized agencies, adopt decisions by consensus as the main rule (annex 4.3). This is consistent with the principle of sovereign equality of states. The Executive Boards of the major operational funds and programmes, i.e., UNDP/UNFPA/UNOPS, UNICEF, UN Women and WFP, for example, have adopted this decision-making rule. This approach aims to ensure that decisions enjoy broad-based support among members even though developing countries enjoy in most instances a significant numerical advantage in the composition of governing bodies. Consensus-based decision-making increases negotiation costs, but the amount of external costs imposed on countries that are not part of the negotiation process depends on the size of the governing body. One disadvantage of a consensus rule is that a small number of countries can exert a disproportionate influence on decision-making of a governing body by holding out for a more favourable outcome.

Most GBs in UNDS adopt decisions by consensus

Another characteristic of the Executive Board of UNDP/UNFPA/UNOPS, which governs three distinct entities, is that decision-making is agency-specific only. This means that issues of common concern to all three entities are not part of the mandated decision-making functions of the Executive Board of UNDP/UNFPA/UNOPS. This can be partly explained by the original design of the UN system along functional rather than federal lines. Member States also seem to prefer to treat each entity as distinct rather than as part of a system of related organizations.

The Executive Committee of UNHCR adopts decisions by consensus as the main rule despite having 106 members (as of mid-2021). When consensus cannot be reached because of high negotiation costs, the Executive Committee reverts to a majority rule. In between meetings of the Executive Committee, a Standing Committee, composed of ten representatives, reviews UNHCR's activities and programmes at the regional and global level and adopts appropriate decisions and conclusions on relevant issues while also discussing other matters deemed to be of concern. The purpose of this governance arrangement is to reduce the negotiation costs of decision-making on issues that have already been approved by the Executive Committee.

In the case of the Environment Assembly of UNEP and the regional commissions, except for the Regional Economic Commission for Europe, the decision-making rule is by majority voting. This is driven by the fact that the respective governing bodies are composed of a large number of representatives and Member States do not want to give too much power to "holdout" countries.

The specialized agencies differ from most other UN entities in that their governing bodies in almost all instances adopt decisions by majority voting. The Governing Body of ILO is an exception in this regard, adopting decisions by consensus, as members come from three main constituencies, namely governments, labour unions and employers. Both ICAO and IMO are also an exception in that the governing bodies of these organizations have been vested with international authority by the signatory states to establish legally binding standards for air aviation and shipping respectively. In other instances, the resolutions, decisions, guidelines and conventions and other norm-setting documents of the specialized agencies in the UN system are not legally binding on Member States.

4.3 Conclusion

Chapter 4 has surveyed the governance architecture of the UN development system. This has included a review of the principles and rules defining the design of both entity-specific and system-wide governing bodies. A special focus has been on rules defining representation, or the distribution of political power in governing bodies.

The design of governing bodies varies greatly across UN entities, reflecting the different normative preferences of utility-maximizing government representatives that participate in their work, as the theories of rational choice and new institutionalism would predict (chapter 1).

The rules defining representation are particularly important for the governance of the UN development system. The legitimacy of governing bodies is highly influenced by who are the representatives; how are they selected and their qualifications; what is the outcome of the decision-making process; and to what extent do these three aspects matter for decision acceptance and implementation by Member States and UN entities alike.

Representation in governing bodies needs to be equitable, accountable and transparent in order to give legitimacy to policy decisions adopted at the intergovernmental level and participation has to be such as to ensure their effective functioning.

The legal design of most governing bodies in the UN development system has been underpinned by the principles of equitable geographical representation, sovereign equality of states and national sovereignty. The application of these principles in governing body design has meant that countries with little, or no, financial stake and/or direct interest in the operational activities of the UN system can exert considerable influence in decision-making at the intergovernmental level. The election of members of governing bodies within the regional groups is also regularly influenced by informal, unwritten criteria such as "power" and "contribution" that can make the selection process less transparent and equitable.

Analysis of the composition of 8 governing bodies of nine entities in the UN development system, accounting for more than 90 per cent of all contributions for operational activities, has revealed that the top-20 programme countries and the top-10 donor countries together account for only one-fourth of all seats. This means that three-fourths of the seats on the 8 governing bodies are allocated to countries for which operational activities of the UN system are of little, or no, financial importance. A separate analysis also shows a limited correlation between the share of the Western European and Other States Group of seats on governing bodies and the annual growth rates in core and non-core contributions to entities of the UN development system. Other factors such as the positive reputation of UN entities and the importance of the subject areas, as perceived by the donors, may better explain the high average annual growth rates in core and non-core contributions.

Criteria- or constituency-based composition of governing bodies, in comparison, may foster a more pragmatic and consensus-oriented decision-making and reduce the influence of the powerful countries to dictate which members of the regional groupings are elected. However, only a small number of UN entities select members of governing bodies based on criteria or constituency groupings.

The ability of the General Assembly and ECOSOC to provide effective guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited. The resolutions adopted by the Assembly and ECOSOC are not automatically implemented by agency-specific governing bodies. The quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system, for example, is seldom an integral part of the strategic plans of individual entities and/or endorsed by the respective governing bodies.

The responsibility of inter-agency bodies like the UN Sustainable Development Group to further the implementation of system-wide mandates established by the General Assembly and ECOSOC has assumed greater importance over time. However, the UN Sustainable Development Group is not formally accountable to either the General Assembly or ECOSOC and relies on voluntary participation and decision-making by consensus, which means that it is unlikely that UN entities will adequately fulfil their obligations to Member States in this regard. However, in the early years, inter-agency bodies were formally accountable, through the Secretary-General and later the Administrator of UNDP, to Member States, which helped to ensure a more coordinated implementation of system-wide mandates established by the General Assembly and ECOSOC (chapter 3).

Table 4.1   Overview of governance of operational activities of the UN system

System-wide	Agency-specific	Inter-agency	Country-level
General Assembly Economic and Social Council	Executive Boards of funds and programmes Governing bodies of specialized agencies	UN Sustainable Development Group UN resident coordinator system UN Sustainable Development Cooperation Framework	Entity-specific country programme documents

Source: Author compilation based on information reviewed in chapter 4

Table 4.2   Country-level governance

Instruments	Key functions
Country programme documents of funds and programmes	Define programme priorities and present indicative allocation of non-core funding based on consultation between government and UN entity.
United Nations Sustainable Development Cooperation Framework	The strategic programme framework describing the collective response of the UN development system to national development challenges.

Source: Author compilation based on information reviewed in chapter 4.

Table 4.3   Main methods of constituting governing bodies

Equitable geographical representation (26)	Criteria groupings (4)	Mixed regional & criteria grouping (4)
UNDP/UNFPA/UNOPS, UNICEF, WFP, UNCTAD, UNODC, UN-Habitat, UNEP, UNRWA, FAO, ITU, UNESCO, UNIDO, UPU, WIPO, WHO[42], WMO, UNWTO, OHCHR, Regional Commissions (5 in total), DESA, OCHA	ICAO, IFAD, UNHCR[43], IMO	UNAIDS, UN Women, ILO, IAEA

Source: Author classification of main methods of constituting governing bodies (GBs) in UNDS as discussed in chapter 4. Annex 4.2 shows composition of each above GB as of mid-June '21. Table 4.7 provides details on composition of criteria-based GBs (ICAO, IFAD, IMO, UNHCR). Table 4.9 provides details on composition of four GBs defined by author as a composite of principle of equitable geographical representation and criteria (UNAIDS, UN Women, ILO, IAEA).

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[42] WHO uses the following regional groupings: Africa, the Americas, Eastern Mediterranean, Europe, South-East Asia and Western Pacific.

[43] UNHCR governance is unique in a sense that when countries are elected to the Executive Committee, they become permanent members. UNHCR uses three criteria for electing members to the Executive Committee: (a) demonstrated interest in and devotion to the solution of the refugee problem, (b) widest possible geographical distribution, (c) membership of the United Nations or its specialized agencies. For the selection of rotational bureau members, the following four regional groupings are used: (a) Africa, (b) the Americas, (c) Asia and (d) Europe.

Table 4.4   Changing   membership   of   electoral   groups   1945   to   2021 (percentage)

Regional group	1945	1967	1999	2021
Africa (54)	8	33	29	28
Asia-Pacific (54)	16	22	26	28
Eastern Europe (23)	12	8	11	12
Latin America and Caribbean (33)	39	19	18	17
Western European and Other States (29)	25	17	15	15
Total	**100**	**99**	**99**	**100**

Source: Author compilation for the year 2021 (mid-June) and UNU (1999) for earlier periods.

Note: Percentages may not total 100 due to rounding. The composition of regional groups has since slightly changed and is currently as follows: Africa (53), Asia-Pacific (53), Eastern Europe (23), Latin America and Caribbean (33), Western European and Other States (28 + United States as observer). Turkey participates in both Asian Group and WEOG but votes in the latter.

Table 4.5   UN membership by income group (number of countries) (Jun. 2021)

Regional group	Income group			
	Low-income	Middle-income		High-income
		Lower	Upper	
Africa	23	23	7	1
Asia-Pacific	4	24	13	13
Eastern Europe	0	1	13	9
Latin America and the Caribbean	0	6	20	7
Western Europe and Other States	0	0	1	28
Total	**27**	**54**	**54**	**58**

Source: Author compilation based on World Bank classification of income groups.

Table 4.6   All Member States and least-developed countries by income group

Income group	All Member States		Least-developed countries	
	Number	*Percentage*	*Number*	*Percentage*
High-income countries	58	30	0	0
Upper-middle-income countries	54	28	1	2
Lower-middle-income countries	54	28	20	43
Low-income countries	27	14	25	54
Total	**193**	**100**	**46**	**100**

Source: Author compilation of UN Member States by income group as defined by World Bank, with classification of least-developed countries provided on UN DESA website.

Table 4.7   Criteria-based representation in governing bodies in UNDS

Entity	Criteria used for selection of members of governing body
ICAO (ICAO, 1944; ICAO, 2024)	**Council** (36) 10 States of chief importance to air transportation; 12 States that make the largest contribution to the provision of international civil air navigation; 14 States ensuring geographical representation.
IFAD (IFAD, 1976; IFAD, 2024)	**Executive Board** (36) As with the IFAD Governing Council, the total number of votes in the Executive Board is calculated based on both membership and contribution. Elected (18); Alternates (18) List A (Developed countries, all WEOG members (7 elected, 7 alternates) List B (Oil producing countries (4 elected, 4 alternates) Sub-list C-1: Africa (3 elected, 3 alternates) Sub-list C-2: Europe, Asia-Pacific (2 elected, 2 alternates) Sub-list C-3: Latin America and Caribbean (2 elected, 2 alternates)
IMO (IMO, 1948; IMO, 2024)	**Council** (40) Category (a): 10 States with the largest interest in providing international shipping services: Category (b): 10 other States with the largest interest in international seaborne trade: Category (c): 20 States not elected under (a) or (b) above which have special interests in maritime transport or navigation, and whose election to the Council will ensure the representation of all major geographic areas of the world
UNHCR (UNHCR, 1958; UNHCR, 2024)	**Executive Committee** (106) (Jun. 2021) Member States apply to ECOSOC for membership in the Executive Committee of UNHCR based on "*demonstrated interest in, and devotion to, the solution of the refugee problem*"

Source: Author compilation.

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Table 4.8   The GEF as a bridge between the UN and Bretton Woods institutions

GEF restructuring process (1994)	OECD countries, World Bank	G-77 & China, UNDP, UNEP, NGOs	Restructured GEF
Legal status	Favoured establishment of GEF by resolution of WB Board for reasons of: (a) Pragmatism (b) Simplicity (c) Flexibility	Favoured establishment of GEF independent of WB by Inter-agency Agreement or Treaty for reasons of: (a) Democracy (b) Accountability	(1) Resolution by three agencies (2) Approved by governing bodies (3) Legally established as trust fund of WB (4) GEF without legislative personality
Participants		Universality	Abandoned the mandatory membership contribution
Representation	Constituency-based participation	"Universal" assembly	Constituency-based council General Assembly
Distribution of constituencies	Small council with balanced representation of OECD and G-77 countries	Majority of council members from G-77 countries	16 council members from G-77 countries; 14 from OECD countries and 2 from countries in economic transition
Decision-making	(1) WB model of 1$=1 vote (2) Qualified majority necessary	(1) UN model of 1 country-1 vote (2) Simple majority	Mixed system: (1) Double majority (2) Qualified majority
Chairperson	CEO of GEF serving also as Chairperson	Chairperson elected by Council	Chairpersons: CEO and elected Chairperson
Management	Management within WB	Independent secretariat	"Functionally" independent secretariat

Source: Streck (2001).

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Table 4.9   Mixed representation in governing bodies

Entity	Method used for selection of members of governing body
UNAIDS (UNAIDS, 2024; ECOSOC, 1994)	Programme Coordinating Board (38 members) 22 Member States from the five regional groupings 11 UNAIDS Co-sponsors: UNHCR, UNICEF, WFP, UNDP, UNFPA, UNODC, UN Women, ILO, UNESCO, WHO, World Bank 5 NGOs/people living with AIDS: One each from Africa, Asia-Pacific, Europe, Latin America and Caribbean, North America
UN Women (United Nations, 2010)	Executive Board (41) 35 Member States from the regional groupings 6 Contributing Countries: Four seats selected by and from the top ten largest providers of voluntary core contributions to UN Women. The remaining two seats will be allocated to two developing countries not members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (DAC/OECD). These two countries selected by the developing countries not members of the Development Assistance Committee among the top ten providers of voluntary core contributions to the entity
ILO (ILO, 2023)	Governing Body (56) 28 Member States from the regional groupings. Ten of the Government seats assigned permanently to states of chief industrial importance (Brazil, China, France, Germany, India, Italy, Japan, Russian Federation, United Kingdom and United States) 14 employers 14 workers
IAEA (IAEA, 1957; IAEA, 2024)	Board of Governors (35) Board consists of 35 IAEA Member States, each with a single vote. Thirteen are designated by the previous Board as either one of the ten countries that are the most advanced in atomic energy technology plus the most advanced from any of the eight regional groups not represented by the first ten. Twenty-Two Board Members are elected by the IAEA General Conference to a two-year term, eleven each year. Twenty Member States are elected to the Board by the General Conference are apportioned geographically. Two additional members are elected, one from each of the following sets of areas: (a) rotating among Africa, Middle East and South Asia, Southeast Asia and the Pacific (b) rotating among Middle East and South Asia, Southeast Asia and the Pacific, Far East

Source: Author compilation.

Table 4.10 Composition of eight governing bodies (GBs) by region (Jun. 2021)

Region	UNDP/ UNFPA/ UNOPS EB	UNICEF EB	WFP EB	UN Women EB	UNRWA AC	UNHCR EC	WHO EB	FAO Council	Total num. of seats	Percentage
Africa	8	8	9	10	1	33	8	14	91	25
Asia-Pacific	7	7	7	10	9	16	13	13	82	22
Eastern Europe	4	4	3	4	0	20	3	1	39	11
Latin America and the Caribbean	5	5	5	7	1	12	6	9	50	13
Western Europe and Other States	12	12	12	10	18	25	4	12	105	29
Total	**36**	**36**	**36**	**41**	**29**	**106**	**34**	**49**	**367**	**100**

Source: Author compilation of composition of 8 GBs in UNDS based on information on official websites as of 15 June '21.

Table 4.11 Seats in eight GBs if aligned with electoral power by region

Region	Current number of seats	Seats according to electoral power	Difference
Africa	91	103	(12)
Asia-Pacific	82	103	(21)
Eastern Europe	39	44	(5)
Latin America and the Caribbean	50	62	(12)
Western Europe and Other States	105	55	50
Total	**367**	**367**	**0**

Source: Author comparison of (a) distribution of seats on 8 GBs as of 15 June '21 (table 4.10) with (b) allocation of seats if based on principle of equitable geographical representation. Table 4.11 shows that based on rules defining composition of 8 GBs as of mid-June '21, Africa was underrepresented by 12 seats and Western Europe and Other States were overrepresented by 50 seats.

Table 4.12 Regional representation in eight GBs (Jun. 2021)

Region	Number of countries	Share of UN membership (%)	Share of seats on governing bodies (%)
Africa	54	28	25
Asia-Pacific	54	28	22
Eastern Europe	23	12	11
Latin America and the Caribbean	33	17	13
Western Europe and Other States	29	15	29
Total	**193**	**100**	**100**

Source: Author comparison of (a) actual percentage share of seats on 8 GBs (table 4.10) as of 15 June '21 with (b) composition based on principle of equitable geographical representation. Table 4.12 shows that as of mid-June '21, share of Asia-Pacific countries of seats on 8 GBs was 22 per cent but would have been 28 per cent if principle of equitable geographical representation had been applied.

Table 4.13   Composition of eight GBs by income group

Income Group	UNDP/ UNFPA /UNOPS EB	UNICEF EB	WFP EB	UN Women EB	UNRWA AC	UNHCR EC	WHO EB	FAO Council	Total		Share of UN Membership (%)
									Num. seats	%	
HICs	15	16	16	15	22	38	10	17	149	41	30
UMICs	10	8	9	12	4	29	11	13	96	26	28
LMICs	8	8	6	11	2	23	7	12	77	21	28
LICs	3	4	5	3	1	16	6	7	45	12	14
Total	**36**	**36**	**36**	**41**	**29**	**106**	**34**	**49**	**367**	**100**	**100**

Source: Author aggregation of the number of seats on 8 GBs (table 4.10) as of 15 June '21 by income group as defined by World Bank.

Table 4.14   Participation by Member States in number of GBs

Number of governing bodies	0	1	2	3	4	5	6	7	8	**Total**
Num. of countries	49	49	40	24	8	12	5	4	2	**193**
Percentage	25	25	21	12	4	6	3	2	1	**99**

Source: Author aggregation of the number of Member States participating in each of 8 GBs as of 15 June '21 (table 4.10). Table 4.14 shows that 49 Member States (25 per cent of total) did not participate in any of 8 GBs while 2 Member States participated in all of them. Table 4.14 also shows that half of Member States participated in either one or none of 8 GBs.

Note: Percentages may not total 100 due to rounding.

Table 4.15   Participation by Member States in number of GBs by income group

Num. governing bodies → Income group ↓	0	1	2	3	4	5	6	7	8	**Total**
HICs	11	11	14	6	2	7	2	3	2	**58**
UMICs	15	14	11	6	1	4	3	0	0	**54**
LMICs	20	12	9	9	2	1	0	1	0	**54**
LICs	3	12	6	3	3	0	0	0	0	**27**
Total	**49**	**49**	**40**	**24**	**8**	**12**	**5**	**4**	**2**	**193**

Source: Author aggregation of number of Member States participating in each of 8 GBs (table 4.10) by income group as defined by World Bank as of 15 June '21. Table 4.15 shows that 22 high-income countries (38 per cent of all HICs) participated in 3 or more of 8 GBs compared to 6 low-income countries (22 per cent of all LICs).

Table 4.16   Participation by Member States in number of GBs by region

Region	0	1	2	3	4	5	6	7	8	Total
Africa	10	16	13	11	4	0	0	0	0	54
Asia-Pacific	20	14	9	4	2	1	1	2	1	54
Eastern Europe	2	9	9	2	0	0	1	0	0	23
Latin America and the Caribbean	15	6	4	2	1	4	1	0	0	33
Western Europe and Other States	2	4	5	5	1	7	2	2	1	29
Total	**49**	**49**	**40**	**24**	**8**	**12**	**5**	**4**	**2**	**193**

Source: Author aggregation of number of Member States participating in each of 8 GBs (table 4.10) by regional group as of 15 June '21. Table 4.16 shows that 14 Western European and Other States (48 per cent of WEOG members) participated in 4 or more of 8 GBs compared to 4 African Member States (7 per cent of African Group members).

Table 4.17   Share of key groups of all seats on eight GBs

	Number of seats	Percentage share of total number of seats (367)
Top-10 programme countries	20	6%
Top-20 programme countries	41	11%
Top-10 donor countries	55	15%
Least-developed countries (46)	57	16%

Source: Author calculations as of mid-June '21_based on data provided by Operational Activities Policy Branch of UN DESA on top 10 and 20 programme countries and top 10 donor countries. List of least-developed countries as of mid-June '21 was found on UN DESA website

Table 4.18   WEOG share of UN membership and operational activities

Entity	Number of seats on governing body	Number of WEOG seats	WEOG share (%)	Average annual growth in funding (2002–2016)		Average annual growth in funding (2002–2009)		Average annual growth in funding (2009–2016)	
				Core	Non-core	Core	Non-core	Core	Non-core
Funds and programmes									
UNAIDS-PCB	22	7	32	4.6	1.3	14.8	-4.4	-4.8	7.3
UNICEF-EB	36	12	33	3.8	12.0	6.1	17.6	1.5	6.7
UNDP-EB	36	12	33	-0.4	4.3	6.5	8.2	-6.9	0.5
UNFPA-EB	36	12	33	2.6	12.5	9.7	15.9	-4.1	9.3
WFP-EB	36	12	33	0.4	9.4	-1.7	13.6	2.5	5.3
UNEP-EA	193	29	15	10.4	22.5	8.4	20.8	12.2	23.9
UN Habitat GC[44]	58	13	22	14.7	17.0	17.2	28.5	12.2	6.6
UNCTAD-TDB	193	29	15	4.6	-2.9	-0.7	2.2	11.0	-8.6
UNODC-CND	53	14	26	0.7	15.7	0.8	28.0	0.6	6.1

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[44] As per General Assembly resolution 73/239. the UN Habitat Governing Council was placed in 2018 with an Executive Board. The EB met for the first time in 2019.

Entity	Number of seats on governing body	Number of WEOG seats	WEOG share (%)	Average annual growth in funding (2002–2016)		Average annual growth in funding (2002–2009)		Average annual growth in funding (2009–2016)	
				Core	Non-core	Core	Non-core	Core	Non-core
UNODC-CCPCJ	40	7	17.5	..	..	..	..	..	..
UNHCR-EC	101	22	22	8.8	12.4	6.6	12.3	11.1	12.5
Specialized agencies									
FAO-Council	49	8	16	2.9	10.6	7.3	24.3	-1.4	-1.5
ICAO-Council	36	10	28	N/A	N/A	N/A	N/A	N/A	-0.7
IFAD EB	36	15	42	9.9	8.4	19.9	22.5	0.7	-4.1
ILO GB	28	7	25	2.1	5.4	2.3	12.6	2.0	-1.3
IMO-Council	40	16	40	N/A	N/A	N/A	N/A	N/A	-21.6
ITU-Council	48	10	21	N/A	N/A	N/A	N/A	-3.1	5.7
UNIDO-P&B	27	7	26	-0.1	7.0	5.7	6.8	-5.5	7.2
UNESCO EB	58	8	14	7.8	-0.1	16.1	3.0	0.2	-3.2
WHO-EB	34	8	24	0.6	10.4	-1.8	15.6	3.0	5.5

Source: Author compilation of information on total number of seats on 20 GBs in UNDS and share of Western European and Other States as of mid-June '21. Data on average growth in funding for UN-OAD, both core and non-core, was provided to author by Operational Activities Policy Branch of UN DESA.

Annex 4.1   Role, functions and jurisdiction of governing bodies in UN development system

Governing bodies	Role	Key functions	Jurisdiction
(a) System-wide			
General Assembly (UN Charter) (GA/32/197) (GA/48/162) (GA/50/227) (GA page)	Principal policymaking body in UN. (GA/32/197) (GA/48/162) (GA/50/227)	Formulate and appraise system-wide policies on operational activities of the UN system. (GA/32/197) (GA page)	GA resolutions not legally binding on Member States but applicable to UN entities that report to General Assembly: **10 funds and programmes**: UNICEF, WFP, UNDP (incl. UNCDF, UNV), UNHCR, UNRWA, UNFPA, UNEP, UN Women, UNODC, UN-Habitat; **6 research and training institutions**: UNICRI, UNIDR, UNITAR, UNRISD, UNSSC, UNU; **5 regional commissions**: ECLAC, ESCWA, ESCAP, ECA, ECE; **8 Secretariat departments**: **UN Secretariat (assessed)**: OCHA, UNODC, OHCHR, UNDPA, UNCTAD, UNDESA, UNISDR; **2 other entities**: UNAIDS, UNOPS
Quadrennial comprehensive policy review of operational activities of the UN system (GA/35/81) (GA/75/233) (QCPR page)	Set system-wide policies for UN-OAD. (GA/75/233) (QCPR page)	Set system-wide policy orientations for the development cooperation and country-level modalities of UN system, with focus on cross-cutting and coordination issues. (GA/75/233) (UNSDG page) Assess the effectiveness, efficiency, and impact of UN-OAD. (QCPR page)	
Economic and Social Council (UN Charter) (GA/32/197) (GA/50/227) (GA/45/264) (GA/72/305) (ECOSOC booklet)	Principal coordination body. (GA/32/197) (GA/45/264) (GA/50/227) (GA/61/16) (GA/75/290A)	Monitor and evaluate the implication of policy guidance established by GA. (GA/32/197) Coordinate activities of independent specialized agencies. (UN Charter) Accredit NGOs. (GA/32/197) (GA/68/1) (GA/72/305) (ECOSOC booklet) Receive reports from funds and programmes. (GA/68/1) Establish regional and functional commissions. (ECOSOC booklet)	ECOSOC resolutions not legally binding on Member States but applicable to UN entities reporting to General Assembly (see above) ECOSOC can make recommendations to specialized agencies. (UN Charter)
Operational Activities for Development Segment (GA/32/197) (GA/45/264) (GA/48/162)	Provides coordination and system-wide guidance to UNDS. (GA/32/197) (GA/45/264)	Cross-sector coordination and overall guidance on system-wide basis, including objectives, priorities, and strategies, in implementation of GA policies. (GA/48/162) (GA/50/227) (GA/72/305)	

Governing bodies	Role	Key functions	Jurisdiction
(GA/50/227) (GA/68/1) (GA/72/305)	(GA/48/162) (GA/50/227) (GA/68/1) (GA/72/305)	Monitor division of labour between and cooperation within bodies of the UN system, in particular development funds and programmes, to include the conduct of field-level coordination and make recommendations to GA. (GA/48/162) Review and evaluate reports on work of development funds and programmes, including assessment of their overall impact, with a view to enhancing the operational activities of UN on system-wide basis. (GA/48/162) Undertake preparatory work for QCPR of GA. (GA/48/162) Review operationally relevant recommendations of subsidiary bodies of ECOSOC and other bodies in light of policies adopted by GA, in order to incorporate them, as appropriate, into operational activities of UN. (GA/48/162) Provide orientation and recommendations to relevant inter-agency mechanisms and to support and enhance their role. (GA/48/162)	
(b) Executive Boards of the major operational funds and programmes			
UNDP/UNFPA/UNOP (GA/48/162) (UNDP EB page) UNICEF (GA/48/162) (UNICEF EB page) WFP (GA/48/162) (WFP EB page) UN Women (GA/48/162) (GA/64/289) (UN Women EB page)	Supervision of each fund and programme in accordance with GA and ECOSOC policy guidance (GA/48/162)	Implement GA policies and ECOSOC coordination and guidance. (GA/48/162) Give guidance to heads of each organization. (GA/48/162) Ensure that activities and strategies are consistent with GA and ECOSOC guidance. (GA/48/162) Monitor performance. (GA/48/162) Approve programmes, including country programmes. (GA/48/162) Decide on administrative and financial plans and budgets. (GA/48/162)	UNDP/UNFPA/UNOPS EB jurisdiction limited to supervising and providing guidance to activities of three entities individually, not in common areas (GA/48/162) Decisions and resolutions adopted by EBs are not legally binding on Member States.

Governing bodies	Role	Key functions	Jurisdiction
		Recommend new initiatives to Council. (GA/48/162) Encourage and examine new programme initiatives. (GA/48/162) Submit annual report to ECOSOC (GA/48/162)	
(c) Other funds and programmes			
UNEP (Environment Assembly) (GA/66/288) (UNEP EA page)	Provide leadership and catalyze intergovernmental action on the environment (GA/66/288)	Set priorities for global environmental policies. (GA/66/288) Develop international environmental law. (GA/66/288)	Ministerial Declarations, resolutions, decisions, guidelines and other norm-setting documents of EA not legally binding on Member States or UN entities
UN-Habitat (Executive Board) [45] (GA/73/239) UN-Habitat Governing Council resolution 26/8 (A/73/726, Note by the Secretary-General) (UN-Habitat EB page)	To assist countries and regions in solving human settlement problems. GC RES/26/8 (GA/73/239)	Oversee implementation of normative and operational activities of UN-Habitat. (A/73/726) Ensure accountability, transparency, efficiency and effectiveness. (A/73/726) Approve and oversee implementation of annual programme of work and budget and resource mobilization strategy. (A/73/726) Guide and support efforts to finance work of UN-Habitat. Oversee compliance of UN-Habitat with evaluation and support auditing function. (A/73/726) Collaborate with executive boards of other UN agencies, funds and programmes in accordance with management reform programme of SG. (A/73/726)	Decisions adopted by UN-Habitat Executive Board are not legally binding on Member States.
UNODC (Commission on Crime Prevention and Criminal Justice) (GA/46/152) (ECOSOC/1992/1) (UNODC, CCPCJ page)	Principal policymaking body in the UN on crime prevention and criminal justice (GA/46/152)	Improve international action to combat national and transnational crime. (GA/46/152) Promote efficiency and fairness of criminal administration systems. (GA/46/152)	Decisions and resolutions adopted by CCPCJ are not legally binding on Member States.

[45] First meeting of the newly constituted Executive Board of UN-Habitat took place on 19 and 20 November 2019.

Governing bodies	Role	Key functions	Jurisdiction
		Serve as forum for exchange of experience and expertise. (GA/46/152)	
UNHCR (Executive Committee) (GA/1166(XII)) (ECOSOC resolution 672 (XXV)) (UNHCR EC page)	Provide operational leadership for UNHCR. (E/672 (XXV))	Advise High Commissioner. (GA/1166/XII) Review funds and programmes. (GA/1166 (XII)) Authorize High Commissioner to make appeals for funds. (GA/1166 (XII)) Approve proposed biennial budget targets. (GA/1166(XII))	Decisions and resolutions adopted by Executive Committee of UNHCR are not legally binding on Member States.
(d) Key specialized agencies			
WHO (Executive Board) (WHO constitution) (WHO EB page)	Exercise leadership and foster partnerships in advancing global health agenda. Develop and sustain WHO as effective and efficient organization (WHO constitution)	Give effect to decisions and policies and decisions of Health Assembly. (WHO constitution) Act as executive organ of Health Assembly. (WHO constitution) Provide advice to and facilitate work of Health Assembly. (WHO constitution) Submit to Health Assembly for consideration and approval general programme of work covering specific period. (WHO constitution) Take emergency measures within functions and financial resources of Organization to deal with events requiring immediate action. (WHO constitution)	Adoption of a convention or agreement requires two-thirds of votes cast in Health Assembly and is also subject to approval by national authorities through relevant constitutional procedures. (WHO constitution). Health Assembly has authority to adopt health regulations, as specified in article of 21 of WHO constitution. Such regulations shall come into force for all Members after due notice has been given of their adoption by Health Assembly except for such Members as may notify Director-General of rejection or reservation within the period stated in the notice. WHO Health Assembly also has authority to make non-binding recommendations to Members with respect to any matter within competence of Organization. (WHO constitution)
FAO (Council) (FAO constitution) (FAO booklet) (FAO Council page)	Serve as FAO executive organ in between sessions of Conference (FAO booklet)	Address world food and agricultural situation. (FAO booklet) Review current and proposed activities of FAO, including programme and budget of work and administrative and financial matters. (FAO booklet)	FAO Conference, subject to two-thirds majority of votes cast, may submit conventions concerning questions relating to food and agriculture to Member nations for consideration with a view to their acceptance by appropriate constitutional procedures. (FAO constitution) FAO Conference, subject to two-thirds majority of votes cast, may also make recommendations for consideration of Member nations concerning questions relating to food and

Governing bodies	Role	Key functions	Jurisdiction
			agriculture, with a view to implementation by national action. ([FAO constitution](#)).
ILO (Governing Body) ([ILO constitution](#)) ([ILO booklet](#)) ([ILO GB page](#))	Act as ILO executive body. ([ILO booklet](#))	Elects Director-General. ([ILO booklet](#)) Decides ILO policy, implementing strategic direction provided by Conference and guides work of Office. ([ILO booklet](#)) Approves programme and budget for adoption by Conference. ([ILO booklet](#))	ILO Conference can adopt conventions by two-thirds majority of votes cast for consideration of Members in accordance with relevant constitutional procedures. ILO Conference can also adopt non-binding recommendations for consideration of Members. ([ILO constitution](#))
UNESCO (Executive Board) ([UNESCO constitution](#)) ([UNESCO EB in brief](#)) ([UNESCO standard-setting](#)) ([UNESCO EB page](#))	Prepares agenda of Conference; examines programme & budget, makes recommendations to Conference. Deals with questions entrusted to EB by Conference. ([UNESCO EB in brief)](#)	Prepares agenda of Conference and examines programme of work for UNESCO ([UNESCO EB in brief](#)) Responsible for execution of programme adopted by Conference ([UNESCO EB in brief](#)) Convenes conferences in areas of UNESCO mandates ([UNESCO EB in brief](#))	UNESCO conventions need two-thirds majority of votes cast in Conference and are open to Member States of the Organization, and in some instances to other states. Like in the case of other UN specialized agencies, conventions are binding upon states only upon ratification, acceptance, approval or accession by respective national authorities. For recommendations of Conference, majority of votes cast is required. Recommendations are non-binding on Member States. Declarations are adopted by Conference and like recommendations, are not subject to ratification, acceptance, approval or accession by Member States. ([UNESCO constitution](#)) ([UNESCO standard-setting](#))
IMO (Council) ([IMO constitution](#)) ([IMO Council page](#))	Council is executive organ of IMO and is responsible, under Assembly, for supervising work of Organization. ([IMO constitution](#)) ([IMO Council page](#))	Consider draft work programme and budget estimates prepared by Secretary-General in light of proposals of Maritime Safety Committee (MSC), Legal Committee (LC), Marine Environment Committee (MEC), Technical Cooperation Committee (TCC) and other organs of Organization. ([IMO constitution](#)) Receive reports, proposals and recommendations of MSC, LC, MEC and TCC and other organs of Organization and shall transmit them to Assembly, and when Assembly not in session, to Members for information, together with comments and recommendations of Council. ([IMO constitution](#)) Matters within scope of articles 28, 33, 38 and 43 shall be considered by Council only after obtaining	IMO as a treaty making body is entrusted with developing international maritime law. IMO's legal mandate is unique compared to other UN specialized agencies because the organization is recognized as the primary forum for developing and revising international shipping rules and regulations. While other agencies also deal with specific global issues, IMO's mandate is directly linked to the Law of the Sea Convention, giving it a more explicit role in international law-making. IMO is responsible for setting global standards for maritime safety, security and environmental protection. IMO develops and administers global conventions and treaties that become legally binding for states that ratify them. IMO's regulations are primarily adopted through conventions, which are international treaties. These conventions establish rules and standards that Member States agree to abide by once ratified at

Governing bodies	Role	Key functions	Jurisdiction
		views of MSC, LC and MEC or TCC, as may be appropriate. (IMO constitution)	national level. This regulatory mandate includes mandatory compliance mechanisms, monitoring and enforcement protocols. IMO has thus direct regulatory impact on global shipping industry. (IMO constitution)
ICAO (Council) (ICAO Convention) (ICAO Council functions) (ICAO Council page)	Provide continuing direction to standard-setting work of ICAO. (ICAO convention) (ICAO Council functions)	Define mission and vision of ICAO. (ICAO Council functions) Convene triennial ICAO Assemblies. (ICAO Council functions) Appoint Secretary-General. (ICAO Council functions) Provide continuing direction to work of ICAO. (ICAO Council functions) Develop and adopt international Standards and Recommended Practices (SARPs) for aviation safety, security, and air traffic management. (ICAO Council functions)	ICAO is a treaty making body entrusted with developing global civil aviation law. This gives ICAO direct legal authority over international aviation. States must notify ICAO if they cannot comply with standards and practices adopted by ICAO. ICAO standards and practices impact both state behaviour and operations of airlines. ICAO technical standards must first be ratified at the national level before taking effect. (ICAO convention) ICAO's legal mandate is arguably more explicit than other UN specialized agencies, particularly in its core areas of aviation safety and air navigation. This is because the Chicago Convention on International Civil Aviation, ICAO's foundational treaty, establishes a clear and specific framework for regulating international civil aviation, including the development of International Standards and Recommended Practices (SARPs). While other specialized agencies also have standard-setting mandates, those of ICAO are more tightly focused and provide a stronger basis for international cooperation and standardization within its specific domain.

Source: Author compilation. Annex 4.3 provides complementary information on rules relating to representation, participation and decision-making of same GBs as defined in legislative documents and discussed in chapter 4.

Annex 4.2   Composition of governing bodies with limited membership of UNDS entities by region (Jun. 2021)

Entity	Governing body and size	Africa	Asia-Pacific	Eastern Europe	Latin America and the Caribbean	Western Europe and Other States
Funds and programmes						
UNDP UNFPA UNOPS	Executive Board (36)	8	7	4	5	12
UNICEF	Executive Board (36)	8	7	4	5	12
WFP	Executive Board (36)	9	7	3	5	12
UN Women	Executive Board (41) (35 seats for Member States; 6 for contributing countries	10	10	4	7	10
UNHCR	Executive Committee (106)	33	16	20	12	25
UNAIDS	Programme Coordinating Board (38) (22 Member States; 11 UNAIDS Co-sponsors; 5 NGOs)	5	5	2	3	7
UN-Habitat	Executive Board (36)	10	8	4	6	8
UNODC	Commission on Narcotic Drugs (53 i.e. 52 seats + 1 rotating one)	11	11	6	10	14
	Commission on Crime Prevention and Criminal Justice (40)	12	9	4	8	7
UNRWA	Advisory Committee (29)	1	9	0	1	18
Total num. of seats (434)		107	89	51	62	125
Average share (%)		25	21	12	14	29
Specialized agencies						
FAO	Council (49)	14	13	1	9	12
IAEA	Board of Governors (35)	5	8	4	6	12
ICAO	Council (36)[46]	8	8	1	8	11
ILO	Governing Body (56) (28 Member States; 14 employers; 14 workers)	6	6	3	6	7
IMO	Council (40)	4	12	1	8	15
ITU	Council (48)	13	12	6	7	10

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[46] The composition of the ICAO Governing Council is criteria-based: (a) states of chief importance to air transportation (11); states that make the largest contribution to the provision of international civil air navigation (12); states ensuring geographic representation (13).

Entity	Governing body and size	Africa	Asia-Pacific	Eastern Europe	Latin America and the Caribbean	Western Europe and Other States
UNESCO[47]	Executive Board (58)	17	15	7	10	9
UNIDO	Programme and Budget Committee (27)	6	6	3	4	8
UPU	Council of Administration (41)	11	10	4	8	8
WIPO	Coordination Committee (87)[48]	19	19	10	17	22
WHO	Executive Board (34)	8	13	3	6	4
UNWTO	Executive Council (35)	12	8	4	5	6
Total num. of seats (518)		123	130	47	94	124
Average share (%)		24	25	9	18	24
Other entities						
IFAD	Executive Board (36) (Elected 18; alternate 18)	6	10	0	5	15
OHCHR	Human Rights Council (47)	13	13	6	8	7
Total num. of seats (83)		19	23	6	13	22
Average share (%)		23	28	7	16	27
Total num. of seats (1,035)		249	242	104	169	271
Average share (%)		24	23	10	16	26

Source: Author compilation of the composition of GBs of 25 UN entities as of mid-June 2021 based on information provided on their official websites. The 17 UN entities in a yellow colour are those in which composition of GBs is defined by the author as anchored in the principle of equitable geographical representation (chapter 4). The 4 UN entities in a green colour are those in which the composition of the GBs is defined by the author as criteria-based. The 4 UN entities in a red colour are those in which the composition of the GBs is defined by the author as a composite of both the principle of equitable geographical representation and criteria.

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[47] The current UNESCO Executive Board includes 6 Arab States as one of its regional groupings. Those six countries have been distributed in accordance with GA groupings.

[48] The regional breakdown of the Coordination Committee of WIPO is not included in the table for reasons of complexity of certifying the relevant information.

Annex 4.3 Representation, participation and decision-making of governing bodies in UN development system

Governing bodies	Representation	Participation	Decision-making
(a) System-wide			
General Assembly	Universal representation, including in 6 standing committees. (UN Charter)	Representatives of permanent missions of Member States in New York, traditionally from ministries of foreign affairs.	Decisions of General Assembly are adopted by a consensus vote.
Economic and Social Council	Composed of 54 Member States nominated by 5 regional groups for 3-year term and elected by GA. (UN Charter)	Representatives of permanent missions of Member States in New York, traditionally from ministries of foreign affairs.	Decisions of ECOSOC are adopted by majority of votes.
(b) Executive Boards of the major operational funds and programmes			
UNDP/UNFPA/UNOP (Executive Board)	Each EB composed of 36 members nominated by five regional groups and elected by ECOSOC for 3-year term. UNDP EB UNICEF EB WFP EB	Representatives of permanent missions of Member States in New York & some experts from capitals. 3 sessions per year, 14 days (2019); 14 days (2018); 20 days (2017) + large # informal meetings.[49]	EBs adopt decisions by a consensus vote. UNDP EB[50] UNICEF EB WFP EB
UNICEF (Executive Board)		Representatives of permanent missions of Member States in New York & some experts from capitals. 3 sessions per year, 8 days (2019); 10 days (2018); 9 days (2017) + large # informal meetings.	
WFP (Executive Board)		Representatives of permanent missions of Member States in Rome & some experts from capitals. 3 sessions per year, 15 days (2019); 13 days (2018); 13 days (2017) + significant # informal meetings.	

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[49] Based on author review of reports of the Executive Board of UNDP for the years 2017, 2018 and 2019.
[50] The Executive Board of UNDP/UNFPA/UNOPS adopts entity-specific decisions. It is not mandated to adopt decisions in areas that are common to the three entities.

Governing bodies	Representation	Participation	Decision-making
UN Women[51] (Executive Board)	EB composed of 41 members elected by ECOSOC for a 3-year term: 35 members from regional groups 4 members from contributing countries 2 members from contributing non-OECD/DAC countries.	Representatives of permanent missions of Member States in New York & some experts from capitals. 3 sessions per year, 6 days (2019); 5 days (2018); 5 days (2017) + significant # informal meetings.	Decisions of EB of UN Women are adopted by a consensus vote.
(c) Other funds and programmes			
UNEP (Environment Assembly)	Universal representation UNEP EA	Generally, representatives of ministries for the environment from capitals of Member States & Nairobi-based diplomats UNEA, biennial session, 5 days	Decisions of UNEP EA are adopted by majority of votes cast
UN-Habitat (Executive Board) [52]	EB composed of 36 members elected by UN-Habitat Assembly for a 4-year term. (Executive Board)	Generally, representatives of relevant ministries from capitals of Member States & Nairobi-based diplomats. EB meets in 2 or 3 regular sessions per year for first time 19-20 Nov.'19. EB decides # days per session.	Voting in UN-Habitat EB generally by consensus. However, if a member of EB requests a vote, the rule of majority of votes cast will apply.
UNODC (Commission on Crime Prevention and Criminal Justice)	CCPCJ composed of 40 members elected by ECOSOC. CCPCJ	Generally, representatives of relevant ministries from capitals of Member States and some Vienna-based diplomats. CCPCJ meets annually for 5 days	Generally, voting in CCPCJ by consensus. However, if a member of CCPCJ requests a vote, the rule of majority of votes cast will apply.

[51] The Commission on Status of Women also provides normative guidance to UN Women. The CSW is composed of 45 members elected by ECOSOC and meets annually for approximately 10 days, with large participation from capitals of Member States as well as NY-based delegates.

[52] First meeting of the newly constituted Executive Board of UN-Habitat took place on 19 and 20 November 2019. UN-Habitat Assembly, a universal body, also meets every four years. In addition, a Committee of Permanent Representatives meets every two years in an open-ended manner.

Governing bodies	Representation	Participation	Decision-making
UNHCR (Executive Committee)	EC composed of 106 members elected by ECOSOC. UNHCR EC 10 member Standing Committee	Generally, representatives of permanent missions of Member States in Geneva & some experts from capitals. Ex-Com, annual session, 5 days Standing Committee, 3 sessions per year, 9 days	Generally, voting in EC of UNHCR by consensus. However, if a member of EC requests a vote, the rule of majority of votes cast will apply.
(d) Key specialized agencies			
WHO (Executive Board)	EB composed of 34 members elected by Health Assembly for a 3-year term on basis of regional groupings.	EB members need to be technically qualified in the health field. Generally, they are from the national health ministry. EB meets in annual session in January (generally for 6 days but sometimes for a longer period) and shorter session in May (2 days).	Decisions in EB of WHO are adopted by majority of votes cast.
FAO (Council)	Council composed of 49 members elected by FAO Conference for a 3-year term based on regional groupings.	Council members from both permanent missions of Member States in Rome and agricultural ministries. Council generally holds five sessions in a biennium (16 days in 2018-2019).	Decisions of FAO Council are adopted by majority of votes cast.
ILO (Governing Body)	GB composed of 56 titular members (28 Governments, 14 Employers and 14 Workers) elected by ILO Labour Conference for a 3-year term. Ten of titular government seats are permanently held by States of chief industrial importance (Brazil, China, France, Germany, India, Italy, Japan, Russian Federation, United Kingdom and United States). Other Government members are elected by ILO Conference every three years on basis of regional groupings. The Employer and Worker members are elected in their individual capacity.	GB representatives come from labour ministries, labour unions and employers' associations. GB meets three times a year (Mar. Jun. Nov.) for 24 days.	Decisions of ILO Governing Body are adopted by a consensus vote.

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Governing bodies	Representation	Participation	Decision-making
UNESCO ([Executive Board](#))	[58 members](#) elected by General Conference for a 4-year term on basis of regional electoral groupings.	EB members are a combination of ministers, diplomats and representatives of education ministries. EB [meets](#) twice a year for approximately 22 days with a preparatory group meeting two days in advance of each meeting.	Decisions of UNESCO EB are adopted by [majority](#) of votes cast.
IMO ([Council](#))	[40 members](#) elected by Assembly for a 2-year term on basis of specific criteria and equitable geographical representation.	Representatives of relevant ministries from capitals of Member States as well as permanent representatives. Council [meets](#) two to three times a year for approximately 9-10 days.	Decisions of IMO Council are adopted by [majority](#) of votes cast.
ICAO ([Council](#))	[36 members](#) elected by Assembly for a 3-year term on basis of specific criteria and equitable geographical representation.	[Council members](#) are permanent representatives of the respective member countries. Council [meets](#) three times a year for approximately 54 days preceded by a committee phase for each Council meeting of about 39 days in total.	Decisions of ICA are adopted by [majority](#) of votes cast.

Source: Author compilation of rules relating to representation, participation and decision-making of above 25 GBs of UNDS entities as defined by legislative documents (mid-June 2021). Annex 4.3 complements Annex 4.1 by providing information on rules relating to role, functions and jurisdiction of same 25 GBs of UNDS entities as defined by legislative documents (mid-June 2021). Information in Annex 4.3 was also compiled from resolutions adopted by intergovernmental bodies and listed in Annex 4.1, official websites of UN entities and by reviewing reports of GBs.

Chapter 5   The varied performance of governing bodies

Key messages

1. *The performance of 14 governing bodies in the UN development system, when measured as their level of engagement and ownership of the strategic planning process, varies significantly. The governing bodies of ICAO, IMO, WHO and FAO stand out in terms of their engagement and ownership of the strategic planning process. In the four entities, the strategic planning process is led and owned by the respective governing body (principal) rather than the organizational leadership (agent). The other 10 governing bodies play a less influential role in this process vis-à-vis the organizational leadership.*

2. *An important indicator of the level of engagement and ownership of governing bodies of the strategic planning process is whether the draft strategic plan can be expected to materially change as the result of intergovernmental deliberations. The governing bodies of ICAO, IMO, WHO and FAO score high on this indicator. The four governing bodies also issue detailed implementation guidance to the organizational leadership when adopting the respective strategic plan. Another indicator of the level of engagement and ownership of governing bodies of the strategic planning process is whether they have adopted a vision and mission statement for the respective entity, or the system as a whole. Only 7 of the 14 governing bodies have adopted such a statement to guide the formulation of the strategic plan. The other 7 governing bodies instead rely on norms, standards, resolutions, declarations and other legislative documents adopted by the UN membership as a whole at the global level, for strategic guidance.*

3. *The governing bodies of WHO, ICAO and IMO discuss periodically the alignment of funding and functions. ICAO is almost exclusively financed by assessed contributions of Member States and the Council's deliberations on the business plan and budget are strongly focused on ensuring the alignment of functions and funding. The Council of IMO discusses every two years the alignment of functions and funding in the context of approving the outputs for the next biennium as well as the business plan of the secretariat. The Executive Board of WHO, in [decision 148/12 (2021)](#), created a Working Group on Sustainable Financing, which purpose is to advise on how the different functions of the organization can be more logically financed. The governing bodies of WHO, ICAO and IMO also commission periodically a functional review of the respective entity.*

4. *Only three governing bodies, namely those of ICAO, IMO and WFP, review the alignment of country programme documents with the entity's core purposes and central mandates. Five governing bodies, i.e., those of ICAO, IMO, WHO, FAO and WFP, review the findings of country programme evaluations.*

5. *None of the 14 governing bodies conducts an annual review of the implementation of system-wide mandates such as those established through the QCPR resolution of the General Assembly on operational activities of the UN system. The annual report of the Administrator of UNDP on the implementation of the strategic plan includes an annex (for information) that provides a high-level summary of the progress made in the implementation of QCPR mandates. The strategic plan itself, like in the case of the other New York-based funds and programmes, includes an annex providing a high-level summary of how the document is aligned with the most recent QCPR resolution of the General Assembly. UNDP, UNICEF and UN Women use a common template to report on progress in the implementation of the QCPR resolution. However, this information is not discussed by the Executive Boards of the New York-based funds and programmes.*

6. *The General Assembly and ECOSOC do not commission evaluations of the work of the UN development system as a whole at the country and global level. The system-wide evaluations conducted in the UN system are also not discussed in the General Assembly or ECOSOC.*

7. *It appears to be a general rule that when the participants in governing bodies are diplomatic representatives of Member States, the subsidiary bodies are either political or advisory and decision-making is political in nature. On the other hand, when the participants are technical experts of Member States, the subsidiary organs of governing bodies are invariably technically oriented.*

8. *There are seven rules that appear to correlate with the performance of governing bodies in the UN development system, when measured as their engagement and ownership of the strategic planning process, namely: (a) form of funding, (b) participation by technical experts, (c) establishment of technical subsidiary bodies, (d) technical decision-making process, (e) decisions adopted by majority voting, (f) technically-oriented decisions, and (g) criteria-based composition.*

Chapter 5 undertakes a comparative analysis of the effectiveness of 14 governing bodies in the UN development system. The analysis aims to answer the following two main questions:

(a) *How effective are governing bodies in the UN development system in discharging their mandated role and functions?*

(b) *How does the choice of rules stipulating the design of governing bodies affect their performance?*

A key function of a governing body is to establish the vision, mission, values, goals and strategy for an organization and the plans to achieve them. The strategic planning process involves asking where an organization is headed and what should be its priorities. For example, what should be the strategic positioning of the respective UN entity, or the system as a whole, in the broader global development cooperation environment in the next 3-5 years? The strategic planning process is important because its purpose is to provide the overarching direction for an organization, or the UN development system as a whole, and outline the measurable goals that need to be achieved during a specific period.

The first draft of a strategic plan for each UN entity is generally prepared by its organizational leadership. The role of the governing body is to review and further improve that document so that it aligns with the expectations of Member States at the governance level. The management of the strategic planning process is a key function of a governing body. The performance assessment of the 14 governing bodies in the UN development system focuses on this particular function. The purpose of the assessment is to ascertain to what extent the strategic planning process at the entity or system-wide level is led and owned by governing bodies (principal) in the UN development system rather than the respective organizational leadership (agent).

The performance assessment focuses on 12 entity-specific and 2 system-wide governing bodies in the UN development system, namely UNDP[53], UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO, UNEP, UNODC, General Assembly and ECOSOC. The 12 entities constitute funds, programmes and specialized agencies that account for more than 90 per cent of all operational activities of the UN system. The assessment also includes the two central governing bodies in the UN development system: the General Assembly and ECOSOC.

The performance assessment framework is organized around three main parts: (a) four sub-dimensions of analysis, (b) four key performance indicators, and (c) 15 sub-indicators (box 5.1). The sub-indicators serve as the *dependent variables* of the comparative analysis of the 14 governing bodies. The *independent variables* are the rules chosen by Member States at the intergovernmental level to define the design of the 14 governing bodies, focusing on four main areas: (a) membership (composition, participants), (b) support structure (subsidiary bodies), (c) decision-making (process, format, outcome type), and (d) resources (staff, institutional support structures) (table 5.2).

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[53] Also serves as the Executive Board of UNFPA and UNOPS.

Performance Assessment Framework

Chapter 5 conducts a comparative analysis of the role of 14 governing bodies in the UN development system in the strategic planning process. The objective is to examine how the choice of rules defining the design of governing bodies affects their performance. The first part of the comparative analysis is to assess the performance of governing bodies in the strategic planning process. The purpose is to assess the level of engagement and ownership of governing bodies (principal) vis-à-vis the organizational leadership (agent) of the respective strategic planning process.

The performance assessment framework is made up of the following three parts: (a) four sub-dimensions of analysis, (b) four key performance indicators, and (c) 15 sub-indicators. The 15 sub-indicators serve as the dependent variables of the comparative analysis of the 14 governing bodies in the UN development system.

A.   Formulation

#1   Effectiveness of GB rules, or institutional arrangements, defining strategy formulation

#1.1   Is draft strategic plan guided by a vision and mission statement adopted by GB at the intergovernmental level?

#1.2   Number of formal and informal GB sessions & workshops to discuss draft strategic plan?

#1.3   Does the strategic plan change materially during GB deliberations?

#1.4   Does the GB issue detailed guidance to leadership of entity when approving the strategic plan?

B.   Implementation

#2 Effectiveness of GB rules, or institutional arrangements, furthering alignment of strategy and institutional resources

#2.1   Does GB periodically commission a functional review of entity/system?

#2.2   Does GB periodically discuss the alignment of funding and functions of entity?

#2.3   Does GB periodically undertake funding dialogues?

#2.4   Does GB review alignment of draft country programmes with the entity mandates and purposes?

C.   Monitoring

#3   Effectiveness of GB rules, or institutional arrangements, stipulating monitoring of strategic plan implementation

#3.1   Does GB periodically conduct review of strategic plan implementation?

#3.2   Does GB periodically review contribution to SDG implementation?

#3.3   Does GB conduct annual review of implementation of system-wide mandates?

D.   Review

#4   Effectiveness of GB rules, or institutional arrangements, stipulating review of the results and impact of strategic plan implementation

#4.1   Does GB commission evaluation of strategic plan implementation?

#4.2   Does GB commission or review country programme evaluations?

#4.3   Does GB issue specific implementation guidance to entity leadership following review of evaluations?

#4.4   Does GB review findings of system-wide evaluations?

Source: Author design of performance assessment framework (PAF) by dividing strategic planning process of UN entities into four main stages: (a) formulation, (b) implementation, (c) monitoring and (d) review.

An important purpose of the comparative analysis is to examine how the choice of rules stipulating the design of governing bodies in the UN development system is correlated with their performance, and which rules may be particularly important in this regard.

Does choice of rules defining GB design correlate with their performance?

The performance assessment relies on publicly available information on the websites of the respective UN entities and the UN Sustainable Development Group for the system as a whole. The documentation includes the strategic plans; evaluation reports; rules of procedure of governing bodies, as well as their workplans, agenda, session documents, decisions and the reports of meetings over several years, including the substantive focus of informal

Performance analysis relies on information from a range of sources…

consultations and briefings. In addition, the data collection includes a review of many reports prepared by the Multilateral Organization Performance Assessment Network ([MOPAN](#)) of the performance of the respective UN entities.[54] The performance assessment of the 14 governing bodies generally involves the triangulation of data from multiple information sources.

An additional step was undertaken to enhance the quality of the comparative analysis by inviting a small group of experts with strong knowledge of the work of the UN development system, including that of governing bodies, to review the findings of the performance assessment. The feedback received from this group of experts further enhanced the quality of the assessment exercise.

...as well as review by experts ...

5.1 A comparative analysis of 14 governing bodies

The strategic planning process in governing bodies of the UN development system can be divided into four main stages: (a) formulation, (b) implementation, (c) monitoring and (d) review. These are the sub-dimensions of the performance assessment of the 14 governing bodies (box 5.1). Each sub-dimension has a key performance indicator that is further divided into 3-4 sub-indicators that constitute the ***dependent variables*** of comparative analysis.

...and focuses on level of engagement and ownership of Member States of GBs...

In addition, the comparative analysis involves a review of the rules defining the design of governing bodies in four key areas, namely those relating to: (a) membership, (b) support structure(s), (c) decision-making and (d) resources. These rules constitute the ***independent variables*** of comparative analysis. The purpose is to examine how the choice of rules defining the design of the 14 governing bodies in the UN development system correlates with their performance in the strategic planning process.

(a) Unit of analysis: strategic planning process

The below analysis, organized around the four sub-dimensions of the strategic planning process, summarizes the findings of an extensive data collection undertaken to complete the responses to the 15 sub-indicators that serve as the dependent variables of the comparative analysis of the 14 governing bodies. The sub-indicators serve as proxies to measure the level of engagement and ownership of the 14 governing bodies in the UN development system of the respective strategic planning process.

... in strategic planning process

A. Formulation

Sub-indicator 1.1

Is the draft strategic plan guided by a vision and mission statement adopted by the governing body at the intergovernmental level?[55]

Seven of the 14 governing bodies, namely those of **WFP, WHO, FAO, ILO, UNESCO, ICAO** and **IMO**, have adopted a vision and mission statement for the respective entities that guides the development of the strategic plan. An important purpose of a vision statement is to create a mental image of the ideal state that the organization wishes to achieve. A mission statement explains the reason why the organization exists. The 2018 MOPAN assessment of [FAO](#) found

7 of 14 GBs adopted vision and mission statement to guide strategic planning process

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MOPAN is composed of 19 donor governments with significant financial stake in multilateral development cooperation, including the UN development system.

[55] Information for PAF sub-indicator 1.1 relies on comprehensive review of strategic plans, official websites, resolutions establishing functions of governing bodies (GBs), rules of procedure, agenda, session documents and reports of meetings of 14 GBs and evaluation reports where relevant.

that the agency has established a clear, compelling and focused strategic vision. The strategic plan (2017-2021) for WFP aligns the vision and mission statement of the entity with the 2030 Agenda, particularly SDG 2 (zero hunger). The 2018 MOPAN assessment of WFP concluded that the entity has a clear and cohesive long-term vision. The vision and mission statements of ICAO serve as the foundation for the development of the agency's business plan and budget (ICAO, 2020). The other seven governing bodies, namely those of UNDP, UNICEF, UN Women, UNEP, UNODC, General Assembly and ECOSOC have not adopted a vision and mission statement to guide the formulation of the strategic plan. Instead, the development of the strategic plan is guided by norms, standards, resolutions, conventions, declarations or other legislative documents adopted by the UN membership as a whole at the global level, rather than a vision and mission statement established by the respective governing body.

Sub-indicator 1.2

Number of formal and informal meetings, sessions, workshops, and briefings, conducted by governing body to discuss the draft strategic plan?[56]

The Council of **ICAO** and the Council of **IMO** conduct a high number of meetings to discuss the draft strategic plan. The quadrennial comprehensive policy review process of the **General Assembly** on operational activities of the UN system similarly involves a high number of informal consultations among the political groupings and several other Member States for approximately two months every four years. The governing bodies of **WHO** and **FAO** conduct what can be described as medium to high number of meetings to discuss the respective draft strategic plan. The Executive Boards of UNDP, UNICEF, UN Women and WFP conduct medium number of informal meetings and briefings to discuss the draft strategic plan. The same applies to ECOSOC at the system-wide level as the informal consultations conducted among the political groupings and several other Member States to negotiate the annual monitoring resolution of the Council on the implementation of the QCPR mandates of the General Assembly are often quite intensive although the timespan is short. The consultative process of the governing bodies of ILO, UNESCO, UNEP and UNODC to discuss the draft strategic plan, in comparison, generally involves what can be described as low to medium number of meetings when compared against those discussed above.

GBs of ICAO, IMO, WHO, FAO and GA undertake high number of meetings to discuss draft strategic plan

Sub-indicator 1.3

Does the strategic plan materially change during the deliberations of the governing body?[57]

The draft strategic plan of **ICAO, IMO**, **WHO** and **FAO** can be expected to materially change as the result of the respective governing body review, including that of their subsidiary organs. The draft QCPR resolution of the **General Assembly** on operational activities of the UN system as well as the annual monitoring legislation of **ECOSOC** usually change significantly as the result of the large number of informal consultations of political groups and several other Member States**.** In the case of FAO, the Council reduced the number of strategic objectives from 12 to 5 during the last review of the strategic framework (FAO, 2012). The revised strategic framework, according to the 2018 MOPAN assessment of FAO (FAO, 2017-2018), has been instrumental in shaping the direction of the agency and driving change in the way it works. The strategic framework of FAO is also subject to continuous refinement during the 10-year validation period, including the quadrennial review process. The Council of IMO discourages continuous activities without strong justification by the secretariat. The strategic plan of the IMO is subject to a strong prioritization review by the Council and its subsidiary

In 6 GBs draft strategic plan changes materially as result of intergovernmental deliberations

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Information for PAF sub-indicator 1.2 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs.

[57] Information for PAF sub-indicator 1.3 relies on comprehensive review of strategic plans, agenda, session documents, reports and resolutions of 14 GBs and evaluation reports where relevant.

bodies. The 2018 MOPAN assessment of WHO concluded that the participatory nature of the strategic planning process has resulted in high-level understanding and buy-in from the key stakeholders of the agency. Deliberations in the other 8 governing bodies, namely those of UNDP, UNICEF, UN Women, WFP, ILO, UNESCO, UNEP and UNODC, however, are less likely to result in material changes to the draft strategic plan.

Sub-indicator 1.4

Does the governing body issue detailed guidance to the entity/system-wide leadership when approving the strategic plan?[58]

The governing bodies of **WHO, FAO, ICAO** and **IMO**, issue detailed guidance to the organizational leadership when adopting the strategic plan. The ICAO Council sets out the priorities for the Secretariat in a detailed Charter letter at the outset of the Secretary-General's term of office and when adopting the business plan and budget as well as regularly during the implementation process. The IMO Council provides detailed planning and management procedures to ensure uniform implementation of the strategic plan of the agency by all its organs. However, the governing bodies of UNDP, UNICEF, UN Women, WFP, ILO, UNESCO, UNEP, UNODC, as well the General Assembly and ECOSOC, issue more general implementation guidance to the organizational leadership when adopting the respective strategic plan.

GBs of WHO, FAO, ICAO and IMO, provide detailed guidance to entity leadership when approving strategic plan

B. Implementation

Sub-indicator 2.1[59]

Does the governing body commission a periodic functional review of the entity/system?

The governing bodies of **WHO, ICAO** and **IMO** commission periodically a functional review of the respective entities. A far-reaching reform programme of WHO was launched in 2011 to improve the organization's overall performance and accountability. WHO has continued the reform programme since 2018 through adjustments to its organizational structures and staffing. Better alignment of functions and funding has been an important objective of this dialogue at the governing body level. The 2018 MOPAN assessment concluded that the reform of WHO has been driven by Member States. The Council of ICAO periodically reviews the agency's structure and alignment with its functions, particularly in the context of deliberations on the business plan and budget. Such reviews have resulted in significant organizational changes in ICAO. For example, the Technical Cooperation Bureau of ICAO was subject to ISO 9000 certification in 2018. Other governing bodies like those of UNDP, UNICEF, UN Women, WFP, FAO, ILO, UNESCO, UNEP, and UNODC, as well as the General Assembly and ECOSOC, however, do not commission periodically a functional review of the respective entity or the UN development system as a whole. The reforms of UNDP, UNICEF, UN Women, WFP, FAO, ILO, UNESCO, UNEP and UNODC have been primarily driven by the organizational leadership often based on findings and recommendations of internal reviews, audits and evaluation reports, or informal consultations with select groups of Member States, rather than decisions adopted at the governing body level. The 2019 MOPAN assessment of UNODC concluded that its organizational structure is only partially congruent with the strategic plan.

GBs of WHO, ICAO and IMO, periodically commission functional review of entity

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Information for PAF sub-indicator 1.4 relies on comprehensive review of rules of procedure, agenda, reports and resolutions of 14 GBs and evaluation reports where relevant.

[59] Information for PAF sub-indicator 2.1 relies on comprehensive review of agenda, reports and resolutions of 14 GBs and evaluation reports where relevant.

Sub-indicator 2.2[60]

Does the governing body periodically discuss the alignment of funding and functions?

The governing bodies of **WHO, ICAO** and **IMO** periodically discuss the alignment of funding and functions. ICAO is almost exclusively financed by assessed contributions of Member States and the Council's deliberations on the business plan and budget are strongly focused on ensuring the alignment of functions and funding. The Council of IMO discusses every two years the alignment of functions and funding in the context of approving the outputs for the next biennium as well as the business plan of the secretariat. The Executive Board of WHO, in decision 148/12 (2021), created a Working Group on Sustainable Financing, which purpose is to advise on how the different functions of the organization can be more logically financed. The governing bodies of UNDP, UNICEF, UN Women, WFP, FAO, ILO, UNESCO, UNEP and UNODC, as well as the General Assembly and ECOSOC, however, do not periodically discuss the alignment of functions and funding at the entity and system-wide level. In these entities, individual projects, country programme documents and major programmes, are also generally not reviewed in meetings of the respective governing body, which discussions tend to focus more on the overall state of contributions and the balance between core and non-core funding. UN Women has a strong normative role, which is most logically funded from core resources. The Executive Board of UN Women, however, hasn't undertaken so far substantive deliberations on how the three core functions of the entity (norm-setting, UN coordination, and operational activities) would be most logically funded. In the WFP, there are some concerns, including among staff, that a strategy based on expanding the development role of the entity in programme countries, as well as the recent introduction of the country strategic plans, have increased the risk of mission creep (MOPAN, 2018). The operational role of FAO has grown relative to its normative work in the past decade. It seems that the more a UN entity relies on non-core resources, the less inclined its governing body is to discuss the alignment of functions and funding. In UNODC, the high share of non-core funding has also fostered a culture of competition for resources within the entity (MOPAN, 2019).

GBs of WHO, ICAO and IMO periodically discuss alignment of funding and functions

Sub-indicator 2.3[61]

Does the governing body conduct periodic funding dialogues?

The governing bodies of **UNDP, UNICEF, UN Women, WHO, FAO, ICAO, IMO, UNESCO, General Assembly** and **ECOSOC** conduct annual or periodic funding dialogues. QCPR resolution 71/243 (2019) of the General Assembly on operational activities mandated the entities of the UN development system to regularly conduct a funding dialogue. The focus of funding dialogues at the level of governing bodies is generally on the overall volume of resources and the balance between core and non-core funding, not the alignment of functions and contributions. Four entities, WFP, ILO, UNEP and UNODC, do not conduct periodic funding dialogues. The leadership of UNODC has invited Member States to engage in a dialogue on the funding of the entity, but these efforts are yet to yield results (MOPAN, 2019). The governing body of WFP regularly discusses the resource situation, including the funding forecasts and the mismatch that often exists between food security and the supply of contributions. However, in-depth dialogue on funding is generally undertaken with a more select group of countries accounting for a large share of the overall contributions to WFP.

10 GBs conduct periodic funding dialogue as mandated in QCPR resolution 71/243

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[60] Information for PAF sub-indicator 2.2 relies on comprehensive review of agenda, session documents, reports and resolutions of 14 GBs.

[61] Information for PAF sub-indicator 2.3 relies on comprehensive review of agenda, session documents, reports and resolutions of 14 GBs.

Sub-indicator 2.4[62]

Does the governing body review the alignment of draft country programme documents with entity mandates and purposes?

Only the governing bodies of **ICAO, IMO** and **WFP** review the alignment of country programme documents with the entity's mandates and purposes. In ICAO, the country programme documents are reviewed by the Council and relevant subsidiary bodies and working groups for alignment with the entity's mandates and purposes. Country strategic plans are generally a key item on the agenda of the Executive Board of WFP though not reviewed in detail. In addition, the country strategic plans are made available to Member States electronically for review and comments prior to meetings of the Executive Board of WFP. Comments are often expressed by Member States in meetings of the Executive Board of WFP on the alignment of country strategic plans with the mandates and purposes of the entity. In the other 11 governing bodies, neither country programme documents nor the UN Sustainable Development Assistance Frameworks for the work of the UN development system as a whole at the country level, are subject to a formal review with regard to alignment with entity-specific or system-wide mandates and purposes, as agreed at the intergovernmental level. In the case of the New York-based funds and programmes and according to established procedures, the country programme documents are only made available for online comments by Member States for a limited period and for a brief informal consultation prior to the formal approval of the respective Executive Board. The governing body of ILO doesn't review country programme documents for alignment with entity mandates and purposes. Only if one of the three constituents of ILO raises concerns about labour issues in a particular country is the support of the agency discussed at the level of the governing body. The Executive Board of UNESCO similarly doesn't review or approve country programme documents for alignment with the agency's mandates and purposes.

GBs of WFP, ICAO and IMO, review alignment of country programmes with entity mandates and purposes

C. Monitoring

Sub-indicator 3.1[63]

Does the governing body periodically review the implementation of the strategic plan?

The governing bodies of **UNDP, UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO, ICAO,** and **IMO,** as well as **ECOSOC** at the system-wide level, review periodically the implementation of the respective strategic plan. The annual report of the Administrator of UNDP on the implementation of the strategic plan is subject to a review by the Executive Board. The Executive Board of UNDP also undertakes a mid-term review of the implementation of the strategic plan. The other major funds and programmes follow a similar approach. The Council and the Programme and Finance Committees of FAO conduct a periodic review of the implementation of the strategic framework as well as the programme of work and budget based on reports prepared by the Director-General. The governing body of ILO conducts annually a review of the implementation of select strategic objectives of the biennial programme and budget. The governing body of ILO also conducts a mid-term review of the implementation of the strategic plan. The Executive Board of UNESCO discusses regularly various reports prepared by the secretariat on the state of the implementation of the strategic plan. Every output of the strategic plan of IMO is subject to oversight and reporting on the status of implementation by one of the subsidiary bodies of the Council. The agenda of the IMO Council and subsidiary bodies is aligned with the need to periodically review the

Only 3 of 14 GBs: (UNEP, UNODC, GA) do not periodically review state of implementation of strategic plan

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[62] Information for PAF sub-indicator 2.4 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs and official websites of UN entities.

Information for PAF sub-indicator 3.1 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs.

implementation of the strategic plan. The Council of ICAO regularly reviews progress in the implementation of the business plan based on reports prepared by the Secretary-General. ECOSOC is mandated to annually monitor the implementation of the QCPR resolution of the General Assembly on operational activities of the UN system based on a report prepared by the Secretary-General. This report serves as the main background document for the Operational Activities Segment of the Council. However, the report is not discussed during the Operational Activities Segment, but informs a resolution adopted annually by ECOSOC to guide the QCPR implementation process. The governing bodies of UNEP and UNODC, as well as the General Assembly at the system-wide level, on the other hand, do not conduct a periodic review of the implementation of the respective strategic plan.

Sub-indicator 3.2[64]

Does the governing body conduct a periodic review of SDG contribution?

Nine of the 14 governing bodies conduct a periodic review of SDG contribution: **UNICEF, UN Women** (moderately)**, WFP** (moderately)**, WHO, FAO, ILO, UNESCO, ICAO** and **IMO**. The annual report of the Executive Director of UNICEF on the implementation of the strategic plan, including the data companion and scorecard, describes the progress of the entity in contributing to relevant SDG targets. These documents are briefly discussed by the Executive Board during its annual session as well as at an informal briefing convened by the UNICEF secretariat. The Executive Board of UN Women hasn't specifically discussed in the past 4 years the contribution of the entity to the implementation of SDG 5 (gender equality). However, the annual report of the Executive Director on the implementation of the strategic plan, which is discussed in the Executive Board, reviews the contribution of UN Women to SDG implementation. The strategic plan of UN Women also discusses how the work of the entity in different areas contributes to SDG implementation. The strategic plan of WFP is anchored in support for SDG 2 (zero hunger) and SDG 17 (partnerships). However, the Executive Board of WFP generally devotes limited time to reviewing the annual performance report of the entity, which includes information and analysis on the support for SDG implementation. This report is also subject to an informal consultation open to all Member States prior to the respective session of the Executive Board. The 2018 MOPAN assessment of [WFP](#) concluded that the long-term vision of WFP is aligned with SDG 2 and SDG 17. The General Programme of Work of WHO is closely aligned with the SDGs and organized around three strategic objectives. The annual review of the Executive Board of WHO of progress in the implementation of the General Programme of Work includes an assessment of the support for SDG achievement. The Council of FAO reviews the contribution and alignment of the work of the agency with SDG implementation. The results reports of FAO are also reviewed by the Programme Committee of the Council. ILO has developed an SDG implementation plan, which is periodically reviewed by the governing body. The Executive Board of UNESCO reviews periodically the support of the agency for SDG implementation. The governing bodies of ICAO and IMO also review periodically the support of the respective agency for SDG implementation. The Executive Board of UNDP, on the other hand, doesn't allocate specific time to discuss the contribution of the entity to SDG implementation. The broad sectoral and geographical development mandate of UNDP means that the entity contributes to many SDGs simultaneously. This makes it difficult for the Executive Board to review the performance of UNDP in terms of its support for specific SDGs. The governing bodies of UNEP and UNODC do not review specifically the support of the two entities for SDG implementation. The General Assembly and ECOSOC at the system-wide level have so far not discussed specifically the contribution of the UN development system as a whole to SDG implementation. The General Assembly, in 2018, mandated the Secretary-General to prepare a system-wide outline of the work of the UN development system in support of SDG implementation, as well as an annual

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[64] Information for PAF sub-indicator 3.2 relies on comprehensive review of agenda, session documents, reports and resolutions of 14 GBs and evaluation reports where relevant.

system-wide results report, to be launched in 2021, to focus on the contribution of the UN development system to the implementation of the SDGs.

Sub-indicator 3.3[65]

Does the governing body conduct an annual review of the implementation of system-wide mandates on operational activities of the UN system?

None of the 14 governing bodies conducts an annual review of the implementation of system-wide mandates such as those established through the QCPR resolution of the General Assembly on operational activities of the UN system. The annual report of the Administrator of UNDP on the implementation of the strategic plan includes an annex (for information) that provides a high-level summary of the progress made in the implementation of QCPR mandates. The strategic plan itself, like in the case of the other New York-based funds and programmes, includes an annex providing a high-level summary of how the document is aligned with the most recent QCPR resolution of the General Assembly. UNDP, UNICEF and UN Women use a common template to report on progress in the implementation of the QCPR resolution. This information, however, is not discussed by the Executive Boards of these New York-based funds and programmes. The Executive Boards of the New York-based funds and programmes, like other entity-specific governing bodies in the UN development system also do not adopt an annual resolution or decision that assesses progress in the QCPR implementation. The Executive Boards, however, receive periodically an update on progress in repositioning the UN development system in the context of the QCPR resolution of the General Assembly. The 2021 annual report of the Audit Committee of the WFP points out that the Enterprise Risk Management Division has identified 14 key risks for the entity, including its inability to effectively adapt to UN reform. The Programme Committee of FAO periodically discusses issues related to repositioning of the UN development system and possible implications for the agency, but not the Council itself. Some entity-specific governing bodies periodically receive updates from their respective secretariats on issues related to repositioning of the UN development system. The UN Secretary-General prepares annually a monitoring report on the progress made by the UN development system as a whole in implementing QCPR mandates, but this document is not subject to formal discussion at the Operational Activities Segment of ECOSOC, as mentioned earlier. The Council, however, in most years, adopts a resolution on the progress made by the UN development system as a whole in implementing the QCPR resolution, but the substantive scope of this legislation is generally limited.

System-wide mandates of GA on UN-OAD not reviewed annually by any entity-specific GB

D. Review

Sub-indicator 4.1

Does the governing body commission an evaluation of the implementation of the strategic plan?[66]

Eight of the 14 governing bodies commission an evaluation of the implementation of the respective strategic plan: **UNDP, UNICEF, UN Women, WFP, WHO, FAO, ILO** and **UNESCO**. The strategic plan of UNDP is subject to a mid-term review by the Administrator, with the findings presented in the annual report to the Executive Board. The Independent Evaluation Office of UNDP has also evaluated the implementation of the strategic plan for the 2018 to

8 of 14 GBs commission evaluation of strategic plan implementation

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[65] Information for PAF sub-indicator 3.3 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs.

[66] Information for PAF sub-indicator 4.1 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs and evaluation reports.

2021 period, with the report discussed by the Executive Board. The strategic plan of UNICEF is subject to a mid-term review by the Evaluation Office, as well as through independent evaluations. The findings of the mid-term review are presented in the annual report of the Executive Director of UNICEF to the Executive Board. An evaluation of the strategic plan of UNICEF conducted by the Evaluation Office was submitted for the first time to the first regular session of the Executive Board in 2021. The strategic plan of UN Women is subject to a mid-term review by the Independent Evaluation Office, with findings presented in the annual report of the Executive Director to the Executive Board. The WFP follows a similar approach, with all centralized evaluations subject to a review by the Executive Board. The Evaluation Office of WHO, in accordance with the biennial evaluation work plan adopted by the Executive Board, evaluates the different components of the agency's general programme of work. The Evaluation Office of FAO examines the strategic positioning and achievement by the agency of results defined in the strategic framework, with particular focus on its contribution to SDG implementation. The evaluation plan of ILO, which is endorsed by the governing body, generally includes evaluations of specific objectives of the strategic plan of the agency. The Executive Board of UNESCO through an evaluation plan submitted by the Internal Oversight Services also endorses evaluations of specific objectives of the agency's strategic plan. ICAO, IMO, UNEP, UNODC, General Assembly and ECOSOC, on the other hand, do not commission an evaluation of the respective strategic plan. The governing bodies of ICAO and ICAO instead conduct regular and in-depth substantive reviews of the implementation of the respective strategic plan. The governing bodies of UNEP and UNODC also do not commission an evaluation of their strategic plan. The General Assembly and ECOSOC similarly do not commission an evaluation of the implementation of system-wide mandates such as those established through the QCPR resolution of the Assembly on operational activities of the UN system.

Sub-indicator 4.2[67]

Does the governing body commission or review country programme evaluations?

Five of the 14 governing bodies commission or review country programme evaluations: **WFP, WHO, FAO, ICAO** and **IMO**. The Executive Board of WFP approves the management plan submitted by the entity's Executive Director that includes the proposed evaluations of country strategic plans. The Executive Board is mandated to review all centralized evaluations, including those of the country strategic plans. However, time constraints during sessions of the Executive Board make it difficult for the governing body to discuss evaluation reports in great detail. The Executive Board of WHO approves the evaluation work plan for the biennium that lists planned country programme evaluations. The reports of country programme evaluations are made available on the website of the Evaluation Office but not discussed by the Executive Board. The Evaluation Office also provides periodic updates to the Executive Board that include information on the status of country programme evaluations. The Independent Expert Oversight Committee, a technical subsidiary body of the Executive Board, composed of 5 members, reviews the quality of country programme evaluations conducted by WHO and provides guidance to the Evaluation Office. In FAO, a list of the proposed country programme evaluations is provided in the work plan of the Evaluation Office submitted to the Programme Committee for review and approval. The Programme

Only 5 of 14 GBs commission or review country programme evaluations

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[67] Information for PAF sub-indicator 4.2 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs.

Committee, however, doesn't discuss the findings of country programme evaluations. The Council of IMO can commission evaluations of country programme documents, but this function is discharged in practice by a subsidiary body, the Technical Cooperation Committee, which has the responsibility for monitoring and evaluating the implementation of the agency's technical assistance activities. The Council of ICAO can also commission evaluations of country programmes. The Executive Board of UNDP only endorses the plan for global evaluations conducted by the Independent Evaluation Office. The Executive Board doesn't commission or review evaluations of country programmes of UNDP, but such reports are made available to all Member States on the home page of the Independent Evaluation Office. The Executive Boards of UNICEF and UN Women also do not commission or review country programme evaluations. The governing bodies of ILO, UNESCO, UNEP and UNODC similarly do not commission or review country programme evaluations. The General Assembly and ECOSOC at the system-wide level, have so far not commissioned or reviewed evaluations of the UN Sustainable Development Assistance Frameworks, which are the strategic plans of the UN development system as a whole in programme countries. The General Assembly in 2018 endorsed the establishment of independent system-wide evaluation of operational activities of the UN system, which is expected to be launched in 2021, as part of the Executive Office of the Secretary-General.

Sub-indicator 4.3

Does the governing body issue specific implementation guidance to entity/system leadership following review of evaluations?[68]

The governing bodies of **FAO, ICAO** and **IMO**, issue specific implementation guidance to the respective entities following a review of evaluation reports. The Council and Programme Committee of FAO issue specific guidance to the organizational leadership following a review of evaluation reports. The Council and relevant committees and working groups of ICAO carefully review the findings and recommendations of evaluation reports and issue specific implementation guidance to the management. The Council and subsidiary bodies of IMO also review the findings and recommendations of evaluation reports and issue specific follow-up guidance to the management. The governing bodies of UNDP, UNICEF, UN Women, WFP, WHO, ILO, UNESCO, UNEP and UNODC, on the other hand, do not issue specific implementation guidance to the respective organizational leadership following the review of evaluation reports. At the system-wide level, the General Assembly and ECOSOC have not commissioned evaluations of the work of the UN development system as a whole and thus not provided specific implementation guidance to the system following the review of such documents.

3 GBs (FAO, ICAO, IMO) issue specific guidance to entity leadership following review of evaluations

Sub-indicator 4.4

Does the governing body review findings of system-wide evaluations on issues other than operational activities of the UN system?[69]

No GB reviews findings of system-wide evaluations on issues other than UN-OAD

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[68] Information for PAF sub-indicator 4.3 relies on comprehensive review of rules of procedure, agenda, session documents, reports and resolutions of 14 GBs.

[69] Information for PAF sub-indicator 4.4 relies on comprehensive review of agenda, session documents, reports and resolutions of 14 GBs and evaluation reports where relevant.

None of the 14 governing bodies reviews the findings of system-wide evaluations conducted in the UN system on topics other than operational activities for development.

(b) Dependent variable: performance of governing bodies

The above performance assessment summarizes the key findings of an extensive review of public documentation available on the websites of the respective UN entities as well as the UN Sustainable Development Group, as mentioned earlier. Table 5.1 highlights the governing bodies that performed best on each of the 15 sub-indicators, organized around the four stages of the strategic planning process, i.e., formulation, implementation, monitoring and review. Table 5.1 provides an overall assessment of the performance of the 14 governing bodies in terms of their engagement and ownership of the strategic planning process. A summary score of the 14 governing bodies on each of the sub-indicators is provided in annex 5.1.

The findings presented in table 5.1 suggest that **ICAO, IMO, WHO** and **FAO** stand out in terms of high engagement and ownership of their governing bodies of the strategic planning process. The governing bodies of ICAO and IMO perform particularly well on three of the four dimensions of the strategic planning process, namely those of formulation, implementation, and monitoring. These two governing bodies are unique within the UN system in that they have been granted authority by the signatory states to adopt legally binding standards in their respective fields. The governing bodies of WHO and FAO are also highly engaged in the strategic planning process, particularly when it comes to the formulation and monitoring stages and FAO additionally in the area of review. The four high performing governing bodies are all specialized agencies that receive assessed contributions from Member States. ICAO and IMO rely almost exclusively on such contributions while this form of funding accounts for 20 and 40 per cent of the total resources of WHO and FAO respectively.

GBs of ICAO, IMO, WHO and FAO demonstrate high engagement and ownership of strategic planning process

The Executive Board of WFP ranks next in terms of engagement and ownership of the strategic planning process, based on its performance on the 15 sub-indicators. The governing bodies of UNDP, UNICEF, UN Women, UNESCO, ILO, UNEP, UNODC, as well as the General Assembly and ECOSOC at the system-wide level, on the other hand, play a more limited role in the strategic planning process vis-à-vis the respective organizational leadership.

Engagement and ownership of other 10 GBs of strategic planning process is lower

Formulation		Implementation	
Sub-indicator 1.1	WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO	Sub-indicator 2.1	WHO, ICAO, IMO
		Sub-indicator 2.2.	WHO, ICAO, IMO
Sub-indicator 1.2.	ICAO, IMO, WHO, FAO, General Assembly	Sub-indicator 2.3.	UNDP, UNICEF, UN Women, WHO, FAO, ICAO, IMO, UNESCO, General Assembly, ECOSOC
Sub-indicator 1.3	FAO, ICAO, IMO, WHO, General Assembly, ECOSOC		
Sub-indicator 1.4	WHO, FAO, ICAO, IMO	Sub-indicator 2.4	WFP, ICAO, IMO
Governing body engagement and ownership		**Governing body engagement and ownership**	
High	ICAO, IMO, WHO, FAO	High	ICAO, IMO
Medium	WFP, UNESCO, ILO	Medium	WHO
Low	UNDP, UNICEF, UN Women, UNEP, UNODC	Low	UNDP, UNICEF, UN Women, WFP, FAO, ILO, UNESCO, UNEP, UNODC, GA, ECOSOC
Monitoring		**Review**	
Sub-indicator 3.1	UNDP, UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO, ECOSOC	Sub-indicator 4.1.	UNDP, UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO
Sub-indicator 3.2	UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO	Sub-indicator 4.2.	WFP, WHO, FAO, ICAO, IMO
		Sub-indicator 4.3.	FAO, ICAO, IMO
Sub-indicator 3.3.	None	Sub-indicator 4.4.	None
Governing body engagement and ownership		**Governing body engagement and ownership**	
High	UNICEF, UN Women, WFP, WHO, FAO, ILO, UNESCO, ICAO, IMO	High	FAO
		Medium	WFP, WHO, ICAO, IMO
Medium	UNDP, ECOSOC	Low	UNDP, UNICEF, UN Women, ILO, UNESCO, UNEP, UNODC, GA, ECOSOC
Low	UNEP, UNODC, GA		

GBs of ICAO, IMO, WHO and FAO, most involved in strategic plan formulation

GBs of ICAO & IMO most involved in strategic plan implementation

9 GBs highly involved in monitoring of strategic plan implementation

GB of FAO highly engaged in review of strategic plan implementation

(c) Independent variables: rules defining design of governing bodies

The previous section assessed the performance of the 14 governing bodies in the UN development system in the strategic planning process based on 15 sub-indicators. The four governing bodies that stood out in terms of high engagement and ownership of the strategic planning process were those of ICAO, IMO, WHO and FAO. In the other 10 governing bodies, the organizational leadership appears to play a more influential role in the strategic planning process. The question is whether these performance variations among the 14 governing

bodies can be explained by the rules stipulating their design and approved by Member States at the intergovernmental level.

This section aims to answer that question by undertaking a ***comparative analysis*** of the rules that Member States have chosen to define the design of the 14 governing bodies, focusing on four areas: (a) membership, (b) support structure(s), (c) decision-making, and (d) resources. These rules constitute the ***independent variables*** of comparative analysis. Table 5. 2 shows the rules the 14 governing bodies have adopted in the four areas.

Can variation in performance be explained by GB design?

Membership

The composition of the 14 governing bodies is defined by one of the following four main rules: (a) equitable geographical representation, (b) criteria-based selection, (c) mixed equitable geographical representation and criteria-based selection and (d) universal membership. The 14 governing bodies also differ in terms of the participants in their meetings, which are either technical experts, diplomats, or a combination of the two categories.

GB composition and participation methods differ greatly

In the Executive Boards of the three major funds and programmes (UNDP, UNICEF, WFP), as well as the Commission on Crime Prevention and Criminal Justice, the governing body of UNODC, the principle of equitable geographical representation determines the selection of members. The composition of the Executive Board of UN Women, on the other hand, is determined based on mixed equitable geographical representation (35 seats) and criteria-based selection (6 seats). In all five governing bodies, the participants are diplomatic representatives of Member States.

Composition of EBs of UNDP, UNICEF and WFP based on principle of equitable geographical distribution…

The six specialized agencies have adopted different rules to define the composition and participation in their respective governing bodies, as shown below:

…but EB of UN Women applies mixed EGD and criteria-based selection

ILO	Mixed equitable geographical representation and criteria-based selection, and participation by experts.
UNESCO	Equitable geographical representation and participation by diplomats.
FAO	Equitable geographical representation and participation by experts.
WHO	Equitable geographical representation and participation by experts.
ICAO	Criteria-based selection and participation by experts.
IMO	Criteria-based selection and participation by experts.

GB composition and participation methods of SAs vary considerably

The membership in the governing body of UNEP, i.e., the Environment Assembly, is based on the principles of universality and sovereign equality of states. The Environment Assembly meets every two years, with participation primarily by experts from the environment ministries of Member States. The General Assembly is a universal governing body while ECOSOC is composed based on the principle of equitable geographical representation. Participants in meetings of both the General Assembly and ECOSOC are New York-based diplomatic representatives of Member States.

Composition of GB of UNEP and General Assembly based on principle of universality

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Table 5.2   Key rules stipulating the design of 14 governing bodies in the UN development system

	UNDP Executive Board[70]	UNICEF Executive Board	UN Women Executive Board
1. Membership			
(a) Composition method	Equitable geographical distribution	Equitable geographical distribution	Mixed EGD & criteria[71]
(b) Participants[72]	Diplomatic representatives	Diplomatic representatives	Diplomatic representatives
2. Support structure			
(a) Subsidiary organs[73]	**Political[74]** Bureau of EB (5) **Advisory** Audit & Evaluation Advisory Committee (6)	**Political** Bureau of EB (5) **Advisory** Audit Committee (6)[75]	**Political** Bureau of EB (5) Commission on Status of Women (45) **Advisory** Committee on Oversight (5) Committee on Evaluation (11)
3. Decision-making			
(a) Process	Political/general	Political/general	Political/general
(b) Format	Consensus	Consensus	Consensus
(c) Type	Political/general	Political/general	Political/general
4. Resources			
(a) Administrative capacity	GB secretariat Independent Evaluation Office	GB secretariat Evaluation Office	GB secretariat Independent Evaluation Office
	WFP **Executive Board**	**WHO** **Executive Board**	**FAO** **Council**
1. Membership			
(a) Composition method	Equitable geographical distribution	Equitable geographical distribution	Equitable geographical distribution
(b) Participants	Diplomatic representatives	Technical experts	Technical Experts[76]
2. Support structure			
(a) Subsidiary organs	**Political** Bureau of EB (5) **Advisory** Audit Committee (5)	**Technical** Programme Budget and Administration Committee (12) Independent Expert Oversight Committee (5)	**Technical** Programme Committee (12) Finance Committee (12) **Advisory**

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[70] Also serves as the Executive Board of UNFPA and UNOPS.

[71] Mixed Equitable geographical distribution and criteria-based selection of governing body composition.

[72] Participants: (a) primarily experts, (b) primarily diplomatic representatives, and (c) balanced representation from both groups.

[73] Only those highlighted that are considered relevant for governance of operational activities of the respective UN entity.

[74] Composed of political representatives of Member States rather than technical experts.

[75] The UNICEF Evaluation Policy also envisages the creation of an independent, external Evaluation Panel to advise the Director of the Evaluation Office on policy implementation.

[76] The terms of reference for the subsidiary bodies of FAO make it a requirement that members be experts. The subsidiary bodies of FAO also operate as technical bodies. It is for this reason that participation in FAO is defined for the purpose of this analysis as by experts, although some participants in meetings of the Council may be diplomats based in Rome.

	FAO Finance Committee (12) WFP External Auditor	Working Group on Sustainable Financing (19) **Advisory** Independent Oversight and Advisory Committee of the Health Emergencies Programme (6)[77]	Oversight Advisory Committee (5)[78]
3. Decision-making			
(a) Process	Political/general	Technical/specific	Technical/specific
(b) Format	Consensus	Majority	Majority
(c) Type[79]	Political/general	Technical/specific	Technical/specific
4. Resources			
(a) Administrative capacity	GB secretariat Office of Evaluation	GB secretariat Evaluation Office	GB secretariat staff Office of Evaluation
	ILO **Governing Body**	**UNESCO** **Executive Board**	**ICAO** **Council**
1. Membership			
(a) Composition method	Mixed EGD & criteria	Equitable geographical distribution	Criteria
(b) Participants	Technical experts	Diplomatic representatives & some experts	Technical experts
2. Support structure			
(a) Subsidiary organs	**Advisory** Independent Oversight Advisory Committee (5)	**Political** Bureau of EB (12) Preparatory Group[80] Programme and External Relations Commission[81] Finance and Administrative Commission Special Committee (18)[82] **Advisory** Oversight Advisory Committee (5)	**Technical** Finance Committee Technical Cooperation Committee Working Group on Governance and Efficiency External Auditor **Advisory** Evaluation and Audit Advisory Committee (6)
3. Decision-making			
(a) Process	Political/general	Political/general	Technical/specific
(b) Format	Consensus	Majority	Majority
(c) Type	Political/general	Political/general	Technical/specific
4. Resources			
(a) Administrative capacity	GB secretariat Evaluation Office	GB secretariat Evaluation Office	GB secretariat staff Evaluation and Internal Audit Office

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[77] Reports to the Director-General of WHO. The purpose of the Independent Oversight Advisory Committee to provide oversight and monitoring of the performance of the World Health Emergency Programme of WHO.

[78] A panel of independent experts that assist the Director-General and the Finance Committee with a view to ensuring effective internal control of the organization.

[79] Are decisions primarily general/legalistic/political or do they provide specific/detailed/technical guidance?

[80] Open to all Member States and charged with efficient preparations for the regular sessions of the Executive Board.

[81] All EB members are automatically members of commissions.

[82] Examines methods and machinery for evaluating the activities of UNESCO; relationship with the Joint Inspection Unit; and organization of work of General Conference and EB.

	IMO Council	UNEP Environment Assembly	UNODC Commission on Crime Prevention and Criminal Justice[83]
1. Membership			
(a) Composition method	Criteria	Universal	Equitable geographical distribution
(b) Participants	Technical experts	Technical experts	Diplomatic representatives
2. Support structure			
(a) Subsidiary organs	**Technical** Technical Cooperation Committee	**Political** Open-Ended Committee of Permanent Representatives	**Political** Bureau and Extended Bureau of CCPCJ Open-ended intergovernmental working group on improving the governance and financial situation of UNODC
3. Decision-making			
(a) Process	Technical/specific	Political/general	Political/general
(b) Format	Majority	Majority	Consensus
(c) Type	Technical/specific	Political/general	Political/general
4. Resources			
(a) Administrative capacity	GB secretariat staff Internal Oversight and Ethics Office	GB secretariat Evaluation Office	GB secretariat Independent Evaluation Section
General Assembly		**ECOSOC**	
1. Membership			
(a) Composition method	Universal	Equitable geographical distributions	
(b) Participants	Diplomatic representatives	Diplomatic representatives	
2. Support structure			
(a) Subsidiary organs	**Political** 2nd Committee	**Political** Operational Activities Segment	
3. Decision-making			
(a) Process	Political/general	Political/general	
(b) Format	Consensus	Consensus	
(c) Type	Political/general	Political/general	
4. Resources			
(a) Administrative capacity	DESA divisions	DESA divisions	

Source: Author compilation.

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[83] UNODC is governed by two functional commissions of ECOSOC: (a) Commission on Narcotic Drugs and (b) Commission on Crime Prevention and Criminal Justice. The Strategic Plan of UNODC is approved by both commissions.

Support structure

The 14 governing bodies also differ in terms of the rules defining the role of subsidiary bodies in the governance process. In the major funds and programmes (UNDP, UNICEF, UN Women, WFP), UNEP, UNODC, as well as the General Assembly and ECOSOC at the system-wide level, the subsidiary bodies of governing bodies, when they exist, are either political or advisory rather than technical in nature. Four specialized agencies, namely those of WHO, FAO, ICAO and IMO, on the other hand, have established subsidiary bodies that are technical in nature. The Executive Board of UNESCO, in comparison, relies primarily on political subsidiary bodies to support the governance process, while the Governing Body of ILO has one subsidiary body that is advisory in nature. It appears to be a general rule in the UN development system that when the participants in governing bodies are diplomatic representatives of Member States, the subsidiary bodies are either political or advisory in nature.

Decision-making

The rules defining the decision-making process, format, and type in the 14 governing bodies vary considerably. The decision-making process can be either political or technical; the form is either by consensus or majority voting; and the outcome type is either political or technical in nature.

In the case of the four major funds and programmes (UNDP, UNICEF, UN Women, WFP), UNODC, as well as the two system-wide governing bodies, i.e., the General Assembly and ECOSOC, the decision-making process is invariably political, with decisions reached by consensus and almost always political in nature.[84] In the governing bodies of four of the specialized agencies, namely WHO, FAO, ICAO and IMO, the decision-making process is technical, decisions are adopted by majority voting and they are technically oriented. UNESCO and ILO are an exception among the specialized agencies in this regard, where the decision-making process is primarily political in character, with decisions adopted by majority voting in the Executive Board of UNESCO[85] but consensus in the Governing Body of ILO and is generally politically oriented. The political nature of decision-making in the Executive Board of UNESCO may stem from the fact that participants in meetings of the governing body are primarily diplomats from the foreign ministries of Member States.

According to the public choice theory of economists Buchanan and Tullock (chapter 1), decision-making in a collective action situation involves both negotiation costs and external costs. A well-designed decision-making process for a collective bargaining process should aim to minimize the sum of these two types of costs. The rules defining decision-making are particularly important in this regard. For example, when a decision-making process in a governing body involves those states that have the greatest stake in the outcome, external costs are likely to be low, which in the context of the UN development system, which relies exclusively on voluntary funding, would generally be the top programme and donor countries. A collective decision-making process by consensus, or unanimity, rather than a majority rule, also lowers the external costs.

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[84] Notably, the Governing Council of UNDP when the entity was established in 1965 was composed of 37 members of which 20 and 17 were from developing and developed countries respectively, and decision-making was by majority voting (see part 1, section B).

[85] The Executive Board of UNESCO, in practice, often adopts decisions by consensus.

Buchanan and Tullock also point out that the consensus rule is likely to make the negotiation process less efficient as participants have an incentive to engage in wasteful bargaining and holdouts, which increases the decision-making cost. Each participant has the power to veto any decision under unanimity (or consensus-based) rule. Under a majority rule, on the other hand, participants have an incentive to compromise to prevent exclusion from future negotiations. It is thus reasonable to assume that participants have greater incentive to refuse a particular proposal under unanimity/consensus rule rather than majority decision-making. A less-than-unanimity rule should thus be preferred for most negotiations.

As shown in figure 5.1, three governing bodies appear to be particularly effective in minimizing the sum of negotiation costs and external costs, namely those of ICAO, IMO and WHO. Of the remaining 11 governing bodies, the Council of FAO comes closest to this objective.

The governing bodies of ICAO and IMO have adopted a criteria-based selection of members, participation is by experts, their subsidiary bodies are technical in nature, and decision-making is by a majority voting rule. These design factors reduce negotiation costs and external costs because those that bear a significant share of the decision-making costs are part of the consultative process. In WHO, the principle of equitable geographical representation is applied to the selection of members which increases negotiation costs because of lack of group homogeneity as well as external costs as key stakeholders are likely to be outside the negotiation process. This means that both negotiation costs and external costs of the Executive Board of WHO are likely to be higher than those of the governing bodies of ICAO and IMO. On the other hand, experts participate in the Executive Board of WHO, which is supported by technical subsidiary bodies and decision-making is by majority voting. In the case of FAO, the size of the Council (58) is considerably larger than the Executive Board of WHO (34), which increases negotiation costs but lowers external costs. The Council of FAO, like the Executive Board of WHO, explicitly requires the participation of experts and its subsidiary bodies are technical in nature and decision-making is by majority voting. As a result, the Council of FAO is characterized by higher negotiation costs than the Executive Board of WHO, but lower external costs.

Figure 5.1   Decision-making costs of 14 governing bodies in the UNDS
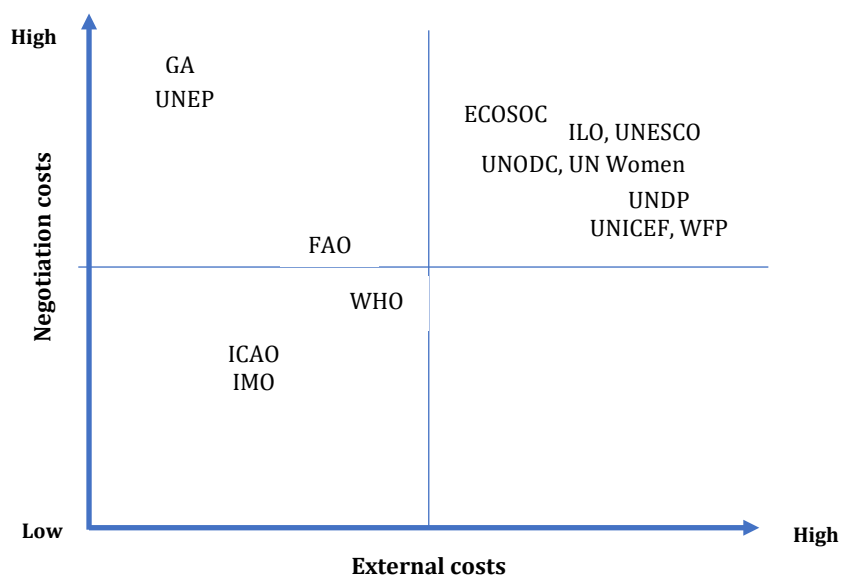
Source: Author elaboration.

ECOSOC and the governing bodies of UNODC, UN Women, ILO, UNESCO, UNDP, UNICEF and WFP are all characterized by both high negotiation costs and external costs. The Executive Boards of the major funds and programmes (UNDP, UNICEF, WFP, UN Women) have all adopted a decision-making rule based on consensus which increases negotiation costs, participants are diplomats, and subsidiary bodies are either political or advisory in nature. Notably, when UNDP was established in 1965, a majority voting rule was adopted for decision-making in the Governing Council, which was composed of 37 members, 20 from developing countries and 17 from developed countries. The composition of the Executive Boards of UNDP, UNICEF and WFP is based on the principle of equitable geographical representation, which often results in key stakeholders such as the top programme and donor countries not being adequately represented at the governance level (chapter 4). In the case of UN Women, six of the 41 seats on the entity's Executive Boards are allocated to the top donor countries among both developed and developing states. The Executive Board, however, has adopted a decision-making rule by consensus, participants are New York-based diplomats, and subsidiary bodies are either political or advisory in nature.

The governing bodies of ILO and UNESCO are also characterized by both high negotiation costs and external costs. In ILO, the composition of the Governing Body is based on mixed equitable geographical representation and criteria-based selection, the decision-making process is political, the form is by consensus, and the outcome type is political, while the subsidiary body is advisory in nature. In UNESCO, the composition of the Executive Board is underpinned by the principle of equitable geographical representation, the decision-making process is political, the form is by majority voting, and the outcome type is political, participants are Paris-based diplomats, and the subsidiary bodies are either political or advisory in nature.

The composition of ECOSOC is based on the principle of equitable geographical representation, the decision-making process is political, the form is by consensus, the outcome type is political, participants are New York-based diplomats, and subsidiary bodies are political in nature. All these factors ensure that both negotiation costs and external costs of decision-making in ECOSOC are high. The General Assembly and the Environment Assembly are two governing bodies where members are selected based on the principles of universality and sovereign equality of states. The decision-making process of these two governing bodies is characterized by high negotiation costs but low external costs. In both governing bodies, the decision-making process is political, although in the case of UNEP the form is majority voting but consensus in the General Assembly, and subsidiary bodies are political in nature.

Resources

The ability of governing bodies to discharge their mandated roles and functions also depends on their resources. For example, do governing bodies have their own secretariats and access to evaluation capacities to assess the effectiveness and efficiency of programme delivery of the respective entity or the system as a whole? All the entity-specific governing bodies have their own secretariat and are also served by an evaluation office which role is to provide support for their oversight function. The two system-wide governing bodies, i.e., the General Assembly and ECOSOC, are an exception in this regard, as they must rely on UN DESA divisions for technical support and the UN Department of General Assembly and Conference Management for meeting services. These two governing bodies have not been authorized by Member States at the intergovernmental level to establish a core institutional capacity to independently evaluate the performance of the UN development system as a whole.

5.2 Conclusion

The governing bodies of ICAO, IMO, WHO and FAO performed best overall on the 15 sub-indicators used to measure the degree of engagement and ownership of Member States of the strategic planning process. The four governing bodies performed significantly better than the other ten, including those of UNESCO and ILO, the two other specialized agencies. What might explain this varying level of engagement and ownership of the 14 governing bodies in the UN development system of the strategic planning process?

What explains high engagement of GBs of ICAO, IMO, WHO, and FAO, in strategic planning process?

If the rules defining the design of the Executive Board of UNESCO are examined, it becomes evident that they share some similarities with those of the four governing bodies that performed materially better in the comparative analysis, i.e., those of ICAO, IMO, WHO and FAO, but also important differences. The composition method of the Executive Board of UNESCO is based on the principle of equitable geographical representation, as in the case of the Executive Board of WHO and the Council of FAO. The form of decision-making in the Executive Board of UNESCO is by majority voting as in the governing bodies of ICAO, IMO, WHO and FAO. In addition, a major source of funding of UNESCO (some 50 per cent) is assessed contributions of Member States like in the case of ICAO, IMO, WHO and FAO. In UNESCO, the assessed contributions account for a higher share of the total funding than in WHO and FAO, but significantly lower than in ICAO and IMO.

GBs of UNESCO and ILO, also specialized agencies, in comparison, less engaged in strategic planning process

The rules defining the design of the Executive Board of UNESCO also differ from those of ICAO, IMO, WHO and FAO, in three important ways. First, participants in meetings of the Executive Board of UNESCO and its subsidiary bodies are primarily diplomatic representatives of Member States based in Paris. Second, the subsidiary bodies of the Executive Board of UNESCO are primarily political or advisory in nature, which may stem from the dominant role played by diplomatic representatives in the governance of the agency, while the governing bodies of ICAO, IMO, WHO and FAO are supported by technical subsidiary bodies with important roles and functions. Third, the decision-making process and the outcome document type of the Executive Board of UNESCO are generally political in nature, but technically oriented in the governing bodies of ICAO, IMO, WHO and FAO.

In EB of UNESCO, participants are diplomats and the Board is supported by political and advisory subsidiary bodies

The rules defining the design of the governing body of ILO also differ in three important ways from those of ICAO, IMO, WHO and FAO. First, the composition of the Governing Body of ILO is a combination of the principle of equitable geographical representation and criteria-based selection. However, like in ICAO, IMO, WHO and FAO, participants in meetings of the Governing Body of ILO are experts who represent the three main constituents of the agency, which are Member States, labour unions, and employer associations. Second, the Governing Body of ILO, unlike those of ICAO, IMO, WHO and FAO, is not supported by a technical subsidiary body but rather an Independent Oversight Advisory Committee, composed of five members. Third, the decision-making process as well as the outcome document type of the Governing Body of ILO are generally politically oriented.

In ILO, GB is not supported by a technical subsidiary body and decision-making is often political in nature

A comparison of the design of the governing bodies of the above six specialized agencies (UNESCO, ILO, ICAO, IMO, WHO, FAO), highlights the important role that the rules defining **participation** and **subsidiary bodies** play in explaining their performance in the strategic planning process. The participation of **experts** and the creation of **technical subsidiary bodies** appear to be important factors explaining the varying performance of these six governing bodies in the strategic planning process. The participants in the governing bodies of the major funds and programmes (UNDP, UNICEF, UN Women, WFP), as well as UNODC, the

Rules defining participation and subsidiary bodies appear to impact GB effectiveness

General Assembly and ECOSOC at the system-wide level, for example, are primarily diplomatic representatives of Member States and their subsidiary bodies are either political or advisory in nature, and these factors may explain their lower level of engagement and ownership of the respective strategic planning process.

If the choice of rules defining the design of governing bodies in the UN development system, as well as those relating to the funding arrangements, are correlated with the performance of governing bodies, how to best identify those rules that are most significant? One approach could be to examine the rules that have influenced the design of the governing bodies of ICAO, IMO, WHO and FAO that performed best on the 15 sub-indicators discussed above. A closer look reveals that the four governing bodies share a number of common rules that may explain their success in furthering the high level of engagement and ownership of Member States of the strategic planning process.

Seven such rules are highlighted below:

First, the rule defining the **form of funding** appears to be an important explanatory variable when it comes to the performance of governing bodies. The four entities rely to a significant extent on assessed contributions of Member States. The fact that Member States have agreed to burden-share the activities of the four entities, particularly their normative work, provides a powerful incentive for these governing bodies to be actively involved in the strategic planning process.

Second, participants in the four governing bodies are invariably **technical experts**. This means that representatives in governing bodies have strong knowledge of the work of the respective entity and are thus less likely to suffer from information asymmetry vis-à-vis the organizational leadership, which also equips them to provide effective substantive direction.

Third, the four governing bodies have established **technical subsidiary bodies** with well-defined roles and functions to strengthen the governance process. The creation of technical subsidiary bodies strengthens the oversight role of governing bodies and reduces the information asymmetry that may exist between government representatives and the organizational leadership.

Fourth, a **technical decision-making process**, rather than a political one, strengthens the guidance and oversight role of the governing body.

Fifth, the adoption of **majority voting**, rather than a consensus-based decision-making rule, furthers the objectives of efficiency, democracy, and equity in this important process. A majority voting rule makes it more difficult for countries with limited stake in the work of an entity to use a holdout strategy when it comes to decision-making. A consensus-based decision-making rule also increases the risk of governing bodies adopting the lowest common denominator outcome. A majority voting rule is generally applied in decision-making in legislatures at the national level.

Sixth, **technically-oriented decisions**, rather than political ones, further strengthen the guidance and oversight role of governing bodies of the respective entities.

Seven, a **criteria-based composition** of governing bodies such as in the case of ICAO and IMO, which scored highest on the 15 sub-indicators, may be another important rule explaining their high level of engagement and ownership of the strategic planning process. The governing bodies of ICAO and IMO also appear to best minimize the sum of negotiation costs and external costs of decision-making, as shown in figure 5.1.

Annex 5.1   Summary score of comparative analysis of effectiveness of 14 governing bodies in UNDS   (SI = sub-indicator; 0 = No; 1 = Yes)

SI	UNDP	UNICEF	UN Women	WFP	WHO	FAO	ILO	UNESCO	ICAO	IMO	UNEP	UNODC	GA	ECOSOC
1.1	0	0	0	1	1	1	1	1	1	1	0	0	0	0
1.2	1	1	1	1	1	1	0	0	1	1	0	0	1	1
1.3	0	0	0	0	1	1	0	0	1	1	0	0	1	1
1.4	0	0	0	0	1	1	0	0	1	1	0	0	0	0
2.1	0	0	0	0	1	0	0	0	1	1	0	0	0	0
2.2	0	0	0	0	1	0	0	0	1	1	0	0	0	0
2.3	1	1	1	0	1	1	0	1	1	1	0	0	1	1
2.4	0	0	0	1	0	0	0	0	1	1	0	0	0	0
3.1	1	1	1	1	1	1	1	1	1	1	0	0	0	1
3.2	0	1	1	1	1	1	1	1	1	1	0	0	0	0
3.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4.1	1	1	1	1	1	1	1	1	0	0	0	0	0	0
4.2	0	0	0	1	1	1	0	0	1	1	0	0	0	0
4.3	0	0	0	0	0	1	0	0	1	1	0	0	0	0
4.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	5	5	7	11	10	4	5	12	12	0	0	3	4

Source: Author compilation.

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Chapter 6 Key findings: *what have we learned?*

Key messages

1. *Geopolitical fissures, as well as shifts in the political landscape in many advanced economies, often driven by public backlash against the economic and cultural impact of globalization and the perception of growing inequality in society, pose a considerable challenge to the revitalization of multilateralism. These shifts in the political landscape may suggest that only a material restructuring of the institutional design of multilateral organizations, including those that are part of the UN development system, would be able to garner the necessary support from all Member States.*

2. *The governance-related recommendations that are common to the many expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system and advocating for the consolidation of governance structures, more precise rules stipulating representation and participation in governing bodies, and enhanced working methods of governing bodies, have strong support from both academic theory and empirical evidence.*

3. *The liberalization of funding rules and practices, resulting over time in an overwhelming share of voluntary, strictly earmarked contributions for operational activities of the UN system, has fundamentally weakened the ability of governing bodies to perform their mandated role and functions. When funding is predominantly voluntary, strictly earmarked in nature, the volume, quality, substantive focus and destination of operational activities of the UN system are primarily determined by the donors individually, not Member States collectively at the level of governing bodies. Voluntary, strictly earmarked contributions are only indirectly aligned with the strategic plans and mandates of UN entities.*

4. *The design of most governing bodies in the UN development system has been underpinned by the principles of equitable geographical representation, sovereign equality of states and national sovereignty. The application of these principles has enabled countries with little, or no, financial stake in the delivery of operational activities of the UN system, to exert considerable influence in intergovernmental decision-making. On the other hand, the top programme and donor countries, which bear almost all the cost of intergovernmental decision-making on operational activities of the UN system, account for only a small share of the total number of seats on governing bodies. Furthermore, a sizeable number of Member States do not participate in the work of any governing body; the least-developed countries are under-represented in governing bodies; and high-income countries are much more likely to participate in the governance of UN entities.*

5. *A criteria-based approach to the composition of governing bodies aims to ensure that those stakeholders with significant interest in the work of UN entity are adequately represented in intergovernmental decision-making. A criteria-based selection aims to improve the equity, transparency and effectiveness of the rules defining representation and decision-making in governing bodies. Another objective of this selection method is to ensure that countries that bear the bulk of the cost of decisions adopted by governing bodies are adequately represented in the negotiation process. A criteria-based selection method is particularly relevant when the costs and benefits of a collective activity are highly concentrated in a small number of participants, or where their utility function differs significantly, like in the case of operational activities of the UN system.*

6. *The performance of 14 governing bodies in the UN development system, when measured as their level of engagement and ownership of the strategic planning process, varies significantly. The governing bodies of ICAO, IMO, WHO and FAO stand out in terms of their performance in the strategic planning process. In the four entities, the strategic planning process is led and owned by the respective governing body (principal) rather than the organizational leadership (agent). The other governing*

bodies play a less influential role in the strategic planning process vis-à-vis the organizational leadership.

7. *The application of seven rules appears to be correlated with the performance of governing bodies in the UN development system, when measured as their engagement and ownership of the strategic planning process, namely: (a) form of funding, (b) participation by technical experts, (c) establishment of technical subsidiary bodies, (d) technical decision-making process, (e) decisions adopted by majority voting, (f) technically- oriented decisions, and (g) criteria-based composition.*

8. *The ability of central governing bodies like the General Assembly and ECOSOC to provide guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited. The resolutions adopted by the General Assembly and ECOSOC are not automatically implemented by entity-specific governing bodies. The quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system, for example, is seldom an integral part of the strategic plans of individual entities and/or endorsed by the respective governing bodies.*

9. *The non-hierarchical character of inter-agency mechanisms like the UN Sustainable Development Group, relying on voluntary participation and decision-making by consensus and not formally accountable, through the Secretary-General, to central governing bodies such as the General Assembly or ECOSOC, has provided little incentives for member entities to capitalize on opportunities for synergy in programming and operations in the delivery of operational activities of the UN system.*

10. *More academic research and analysis is needed on the interlinkages of design and performance of governing bodies of international organizations, including those that are part of the UN development system. Such research could, inter alia, focus on the performance of entity-specific governing bodies in the UN development system; why the design of governing bodies in the UNDS varies so greatly; how the performance of governing bodies in the UNDS compares to those of other international organizations; why the share of voluntary, strictly earmarked contributions is much higher in the UNDS than in other international organizations; the impact of the high share of voluntary, strictly earmarked funding on the cost-effectiveness and performance of both entities and the UNDS as a whole; and if governing body design has been an important causal driver of the high share of voluntary, strictly earmarked contributions for operational activities of the UN system.*

This dissertation has focused on the state of governance of the UN development system. It aims to contribute to a growing body of research and analysis on the interlinkages of institutional design and effectiveness of international organizations. The research effort has examined whether the design of governing bodies in the UN development system is correlated with their performance, and if so, which institutional rules are particularly important in this regard.

Focus of dissertation on state of UNDS governance

The objectives of each chapter are briefly recapped below, followed by a summary of the key findings of the dissertation.

Chapter 1 presented the primary research question of the dissertation; described the UN development system; discussed important academic theories relevant to better understanding the relationship between institutional design and effectiveness of international organizations; and highlighted the specific knowledge gaps that the dissertation aims to address. The chapter also briefly discussed how growing geopolitical fissures as well as major shifts in the political landscape in many advanced economies have resulted in rising polarization within and across countries, which poses a formidable challenge to the reinvigoration of multilateral cooperation and the institutions that sustain it.

Chapter 1 introduced primary research question

Chapter 2 set out to assess whether the governance-related recommendations that are common to the many expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system remain relevant today based on the explanatory power of both academic theory and empirical analysis.

Chapter 2 reviewed relevance of earlier governance-related recommendations

Chapter 3 examined how major institutional changes in the UN development system such as the liberalization of funding rules and practices, resulting in an overwhelming share of voluntary, strictly earmarked contributions, have affected the ability of entity-specific and system-wide governing bodies to perform their mandated role and functions, including furthering enhanced coherence, coordination and effectiveness in the delivery of operational activities for development.

Chapter 3 examined how liberalization of funding rules impacts governance of UNDS

Chapter 4 reviewed the principles and rules underpinning the design of entity-specific and system-wide governing bodies in the UN development system, with particular focus on their role, functions, jurisdiction, representation, participation and decision-making. A special focus of this chapter was to examine whether the current rules defining representation in governing bodies are likely to result in outcomes that can be described as equitable, transparent and effective.

Chapter 4 surveyed rules underpinning governance of UNDS

Chapter 5 undertook a comparative analysis of the performance of 12 entity-specific and 2 system-wide governing bodies in the UN development system in the strategic planning process. The 12 entities constitute funds, programmes and specialized agencies that account for more than 90 per cent of all operational activities of the UN system. The key objective was to examine whether the choice of rules underpinning the design of governing bodies is correlated with their performance in the strategic planning process, with a view to identifying those rules that may be particularly important in this regard.

Chapter 5 undertook comparative analysis of performance of 14 GBs in UNDS

Chapter 6 summarizes the key findings of the earlier chapters of the dissertation, with a view to identifying the key lessons learned that could be considered by Member States and other stakeholders in the redesign of governance arrangements of the UN development system.

Chapter 6 takes stock of lessons learned from earlier chapters

6.1 Main findings and lessons learned

This section summarizes the key lessons learned from the research and analysis conducted in the earlier chapters of the dissertation.

1. Governance-related recommendations common to earlier expert reports and studies have strong support from both academic theory and empirical evidence

The recommendations that are common to the many expert reports and studies commissioned by Member States, the Secretary-General and other stakeholders over the past 50 years on reform of the UN development system and advocating for the consolidation of governance structures, more precise rules stipulating representation and participation in governing bodies, and enhanced working methods of governing bodies, have strong support from both academic theory and empirical evidence (chapter 2). The implementation of these recommendations would be expected to materially improve the quality of governance of the UN development system.

Implementation of recommendations of earlier expert reports would materially improve governance of UNDS

The complex configuration of governance arrangements of the UN development system has negatively impacted the ability of the Organization to deliver operational activities for development in a coherent and cost-effective manner (chapter 3). The proposals made in many of the expert reports and studies reflect a strong preference for enhancing the rational design of governing bodies in the UN development system. The overly complex design of governing bodies has increased the risk of the principal-agent problem; duplication and overlaps of activities across entities and other inefficiencies; contributed to high governance-related costs; weakened multilateral ownership of the work of the UN development system; and reduced the accountability of the organizational leadership of UN entities and the system as a whole to Member States at the intergovernmental level. A complex governance system also increases the risk of information asymmetry between Member States (principal) and the organizational leadership (agent) of UN entities in the governance of operational activities for development.

Complex governance undermined UNDS effectiveness

Determining the optimal size of a governing body and the best decision-making rule is particularly important in situations where the costs and benefits of a collective activity are concentrated in a small number of countries, or where their utility function differs significantly, like in the case of operational activities of the UN system (chapter 1). A high priority should be accorded to the adoption of more precise rules to define the composition of governing bodies, with a view to making the intergovernmental negotiations more flexible, expeditious and results-oriented. The adoption of more precise rules defining representation in governing bodies in the UN development system should particularly aim to minimize the sum of negotiation costs and external costs of decision-making (chapter 1). The application of the principle of equitable geographical representation is unlikely to achieve that objective as the delivery of operational activities for development of the UN system is not of equal importance to all Member States.

More precise rules for GB composition critically important

Almost all the expert proposals and evaluation reports have highlighted the importance of ensuring the participation of representatives with the right experience and skills set in the work of governing bodies in the UN development system (chapter 2). For governing bodies to be effective, members need to be knowledgeable about the work of the respective entity and have the experience and skills to think and act strategically. The more knowledgeable the members of the governing bodies are about the work of the respective entities, the smaller the risk of the principal-agent problem in decision-making.

Participants key to effectiveness of GBs

2. The liberalization of funding rules and practices has been a major causal driver of many governance problems facing the UN development system

The liberalization of funding rules and practices, resulting over time in an overwhelming share of voluntary, strictly earmarked contributions for operational activities of the UN system, has fundamentally changed the ability of governing bodies to perform their mandated role and functions such as providing strategic guidance and vision, ensuring policy implementation, monitoring organizational performance and having an effective overview of the work of the UN development system as a whole (chapter 3).

Liberalization of funding rules changed role of GBs…

When funding is predominantly voluntary, strictly earmarked in nature, the volume, quality, substantive focus and destination of operational activities of the UN system are primarily determined by the donors individually, not Member States collectively at the level of governing bodies. Voluntary, strictly earmarked contributions are not subject to formal review by governing bodies and thus only indirectly aligned with the strategic plans and mandates of UN entities.

…and weakened alignment of funding and strategic plans and mandates of entities…

While the liberalization of funding rules and practices has been the most significant factor in the growth in resource flows in the past three decades, it has also increased the fragmentation, overlaps and duplication of operational activities for development of the UN system, as reflected in the findings of the 2017 and 2023 surveys of the Secretary-General (chapter 3). The high growth in voluntary, strictly earmarked funding has also undermined the cost-effectiveness and performance of UN entities due to the larger administrative burden. In addition, the liberalization of funding rules and practices has led to rapid growth in non-core functions, i.e., those activities not directly related to the core mandates and central purposes of UN entities. Another important driver of the expansion of non-core functions has been the subsidization of programme support and management (non-programme) costs from core resources, by UN entities.

…as well as creating incentives for expansion of non-core functions…

As a result, the liberalization of funding rules and practices has weakened the multilateral character of the UN development system and created strong incentives for entities to continuously expand their mandates and functions as a strategy to reduce resource uncertainty, as predicted by the resource dependency theory (chapter 1), while simultaneously decreasing their motivation to engage in joint programming and inter-agency cooperation.

…and weakened multilateral character of UNDS

The liberalization of funding rules and practices has meant that the power to determine the overall budget of entities and the UN development system as a whole now rests primarily with the donors, not the governing bodies themselves. Governing bodies also no longer retain the authority to set programme priorities, distribute funds, create new programmes, and provide oversight and accountability of programme delivery at the country and global level.

Key decisions now taken by donors directly, not GBs

The four UN entities that performed best in the evaluative assessment of 14 governing bodies in the UN development system, namely those of ICAO, IMO, WHO and FAO, rely to significant extent on assessed contributions of Member States (chapter 5). The fact that Member States have agreed to burden share the activities of these UN entities provides a powerful incentive for the four governing bodies to be actively involved in all phases of the strategic planning process. The work of the four entities is also characterized by strong interlinkages of funding and governance. However, the interlinkages of funding and governance are much weaker in the other UN entities examined, as well as for the system as a whole.

High burden-sharing of funding provides incentive for active involvement of states in governance

3. The rules defining representation in governing bodies do not result in equitable, transparent and effective participation of Member States

The design of most governing bodies in the UN development system has been underpinned by the principles of equitable geographical representation, sovereign equality of states and national sovereignty (chapter 4). However, the application of these principles has not been able to ensure that the composition of governing bodies is equitable, transparent and effective.

GB design anchored in three main principles

Analysis of eight governing bodies of nine entities (UNDP/UNFPA/UNOPS, UNICEF, WFP, UN Women, UNRWA, UNHCR, WHO and FAO), which account for more than 90 per cent of all contributions for operational activities of the UN system, shows that 49 Member States, or 25 per cent of the total, didn't participate in any of the eight bodies (chapter 4, table 4.16); and 72 per cent of Member States participated in two or fewer of the eight governing bodies. Also, 39 of the 54 members of the African Group, or 72 per cent of the total, participated in two or fewer of the eight governing bodies; 20 of the 54 members, or 37 per cent, of the Asia-Pacific Group didn't participate in any of the eight governing bodies; and 20 of the 23 members of the Eastern European Group, or 87 per cent, participated in two or fewer of the eight governing bodies. On the other hand, 18 of the 29 members of the Western European and Other States Group, or 62 per cent of the total, participated in three or more of the eight governing bodies.

Large number of states do not participate in UNDS governance

The analysis of the eight governing bodies of nine UN entities also showed that the top-10 programme countries accounted for only six per cent of all seats (table 4.17); the top-20 programme countries, accounting for 66 per cent of country-level expenditures of the UN development system, were assigned 11 per cent of seats; the least-developed countries, recipients of 46 per cent of country-level expenditures, were allocated 16 per cent of seats; and the top-10 donor countries that contributed 75 per cent of all government funding for operational activities of the UN system held 15 per cent of all seats.

Top programme and donor countries not well represented in GBs in UNDS

The above statistics suggest that three-fourths of all seats on the eight governing bodies were assigned to Member States for which operational activities are of little, or no, financial importance. This raises the question whether the rules defining representation in governing bodies in the UN development system are equitable, transparent and effective.

Rules defining representation in GBs not equitable

4. The design of governing bodies has led to high decision-making costs

The rapid growth in the UN membership since 1945 has complicated and slowed down decision-making at the intergovernmental level, particularly in central governing bodies like the General Assembly and the Economic and Social Council. This raises the question whether principles such as equitable geographical representation and sovereign equality of states are equipped to ensure equitable, effective, transparent and efficient representation in governing bodies of the UN development system, particularly when the membership of the Organization has nearly quadrupled since 1945.

UN membership grown fast since 1945 but principles underpinning GB design remained largely unchanged

The decision-making process in a governing body involves both negotiation costs and external costs, according to the public choice theory (chapter 1). The sum of these two types of costs is primarily determined by the rules defining the composition and decision-making of the respective governing body. The negotiation costs and external costs increase and decrease respectively the greater the number of participants involved in decision-making. A well-designed decision-making process should aim to minimize the sum of negotiation costs and external costs.

Decision-making involves negotiation costs & external costs

When a collective decision-making process involves those states that have the greatest stake in its outcome, external costs are likely to be low, which in the context of the UN development system, which relies exclusively on voluntary funding, would generally be the major programme and donor countries. Those are the countries that bear almost all the cost of intergovernmental decision-making on operational activities of the UN system.

Decision-making by consensus, or unanimity, rather than a majority rule, by a governing body, lowers external costs.[86] The public choice theory points out that a consensus rule is likely to make the negotiation process less efficient as participants have an incentive to engage in wasteful bargaining and holdouts, which increases decision-making costs. Under a majority rule, in comparison, participants have an incentive to compromise so as to not be excluded from future negotiations.

In some of the specialized agencies where members of governing bodies are selected based on agreed criteria, the adoption of a majority rule among a relatively homogenous group of states is intended to promote greater efficiency in decision-making by creating incentives for adopting a compromise in the negotiation process. In other instances where the composition of governing bodies is more heterogenous because of the application of the principle of equitable geographical representation, the adoption of a majority rule may have the opposite effect, i.e., giving a particular group of countries the opportunity to impose their preferences on the minority.

Three governing bodies in the UN development system appear to be more successful in minimizing the sum of negotiation costs and external costs of decision-making, namely those of ICAO, IMO and WHO (figure 5.1). Of the remaining 11 governing bodies, the Council of FAO comes closest to this objective.

The governing bodies of ICAO and IMO have adopted a criteria-based selection of members, participation is by experts, their subsidiary bodies are technical in nature, and decision-making is by a majority rule (chapter 5). These design factors reduce both negotiation costs and external costs because those states that bear a significant share of the decision-making costs are involved in the negotiation process. In WHO, the principle of equitable geographical representation is applied in the selection of members, which increases negotiation costs because of a lack of group homogeneity, as well as external costs, as important stakeholders may not be involved in the decision-making process. This means that both negotiation costs and external costs of the Executive Board of WHO are likely to be higher than in the governing bodies of ICAO and IMO. On the other hand, experts participate in the Executive Board of WHO, which is supported by technical subsidiary bodies, and the decision-making is by a majority rule. In the case of FAO, the size of the Council (58) is much larger than the Executive Board of WHO (34), which increases negotiation costs but lowers external costs. The Council of FAO, like the Executive Board of WHO, explicitly requires the participation of experts and its subsidiary bodies are technical in nature and the decision-making is by a majority rule. As a result, the Council of FAO is characterized by higher negotiation costs than the Executive Board of WHO, but lower external costs.

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[86] The terms 'unanimity' and 'consensus' are used interchangeably in this section.

ECOSOC and the governing bodies of UNODC, UN Women, ILO, UNESCO, UNDP, UNICEF, and WFP, are all characterized by both high negotiation costs and external costs. The Executive Boards of the major funds and programmes (UNDP, UNICEF, WFP, UN Women) have all adopted a decision-making rule based on consensus which increases negotiation costs, participants are diplomats, and subsidiary bodies are either political or advisory in nature. In the case of UN Women, six of the 41 seats on the entity's Executive Boards are allocated to the top donor countries among both developed and developing states. The Executive Board, however, has adopted decision-making by consensus, participants are diplomats, and the subsidiary bodies are either political or advisory in nature.

The governing bodies of ILO and UNESCO are also characterized by both high negotiation costs and external costs. In UNESCO, the composition of the Executive Board is underpinned by the principle of equitable geographical representation, the decision-making process is political while the form is by a majority rule, and the outcome type is political, the participants are Paris-based diplomats, and the subsidiary bodies are either political or advisory in nature.

The General Assembly and the Environment Assembly of UNEP are two governing bodies where members are selected based on the principles of universality and sovereign equality of states. The decision-making process of these two governing bodies is characterized by high negotiation costs but low external costs. In both governing bodies, the decision-making process is political, although in the case of UNEP the form is a majority rule but consensus in the General Assembly, and subsidiary bodies are political in nature.

5. The performance of governing bodies, as measured by their engagement and ownership of the strategic planning process, varies greatly

Only four governing bodies (ICAO, IMO, WHO and FAO) of the 14 examined were characterized by high engagement and ownership of the strategic planning process (chapter 5). The strategic planning function of governing bodies is particularly significant because its purpose is to provide a clear direction and outline the measurable goals to be achieved by the respective entity or the UN development system as a whole during a specific time period.

The engagement and ownership of the Executive Board of WFP of the strategic planning process was ranked materially lower than those four highlighted above, while the governing bodies of UNDP, UNICEF, UN Women, UNESCO, ILO, UNEP, UNODC, as well as the General Assembly and ECOSOC at the system-wide level, appear to play an even more limited role in the strategic planning process vis-à-vis the respective organizational leadership.

Only two entity-specific governing bodies (ICAO, IMO) undertake what can be described as a high number of meetings to discuss the draft strategic plan; in four entity-specific governing bodies (ICAO, IMO, WHO, FAO) does the draft strategic plan materially change as the result of deliberations at the governance level and they are also the ones that issue detailed implementation guidance to the organizational leadership of the respective entities; only the governing bodies of ICAO, IMO and WHO commission a periodic functional review of the respective entities and they are the only ones that regularly discuss the alignment of functions and funding; three governing bodies (ICAO, IMO, WFP) review the alignment of the draft country programme documents with the respective entity mandates and purposes; none of the 12 entity-specific governing bodies formally reviews the implementation of system-wide mandates on operational activities of the UN system such as those established through the quadrennial comprehensive policy review (QCPR) resolution of the General Assembly; five entity-specific governing bodies (WFP, WHO, FAO, ICAO, IMO) commission or review country programme evaluations, with three of those (FAO, ICAO, IMO) issuing specific implementation

guidance to the organizational leadership of the respective entity; and no governing body reviews the findings of system-wide evaluations conducted on issues other than operational activities of the UN system.

6. The choice of rules defining the design of governing bodies appears to be a key variable explaining their performance

The governing bodies of ICAO, IMO, WHO and FAO, performed best overall on the 15 sub-indicators used to measure their depth of engagement and ownership of the respective strategic planning process (chapter 5). The four governing bodies performed significantly better than the other 10 that were also part of the assessment. This included the Executive Board of UNESCO and the Governing Body of ILO, the two other specialized agencies that were also part of this exercise. What might explain this varying level of engagement and ownership of the 14 governing bodies in the UN development system in the strategic planning process?

Rules defining design of GBs impact their effectiveness

A comparison of the design of governing bodies of the above six specialized agencies (UNESCO, ILO, ICAO, IMO, WHO, FAO), highlights the important role that the rules defining **participation** and **subsidiary bodies** play in explaining their performance in the strategic planning process. The participation of experts and the creation of technical subsidiary bodies appear to be important explanatory variables when it comes to the performance of governing bodies in the strategic planning process. Participants in governing bodies of the major funds and programmes (UNDP, UNICEF, UN Women, WFP), as well as UNODC, the General Assembly and ECOSOC at the system-wide level, on the other hand, are primarily diplomatic representatives of Member States, and their subsidiary bodies are either political or advisory in nature, and these design factors may explain their lower level of engagement and ownership of the strategic planning process.

Rules defining participation and subsidiary bodies important in explaining performance of GBs of specialized agencies

A closer look reveals that the governing bodies of ICAO, IMO, WHO and FAO share some rules that may explain their success in fostering higher level of engagement and ownership of the strategic planning process.

Key rules explaining GB performance:

      First, the rule defining **form of funding** appears to be an important explanatory variable when it comes to the performance of governing bodies. ICAO, IMO, WHO and FAO all rely on assessed contributions as an important source of funding for their activities.

❖ *Form of funding*

      Second, participants in the four governing bodies are invariably **technical experts**.

❖ *Participation by technical experts*

      Third, the four governing bodies have established **technical subsidiary bodies** with well-defined roles and functions to strengthen the governance process.

❖ *Technical subsidiary bodies*

      Fourth, a **technical decision-making process**, rather than a political one, strengthens the guidance and oversight role of governing bodies of the organizational leadership.

❖ *Technical decision-making process*

      Fifth, the adoption of a **majority voting rule**, rather than consensus, furthers the objectives of efficiency, democracy, and equity, in the decision-making process.

❖ *Majority voting*

      Sixth, **technically-oriented decisions**, rather than political ones, strengthen the guidance and oversight role of governing bodies of the organizational leadership.

❖ *Technically-oriented decision-making*

      Seven, a **criteria-based composition** of governing bodies such as in the case of ICAO and IMO, which scored highest on the 15 sub-indicators used in the performance assessment appears to be another important rule explaining their high level of engagement and ownership

❖ *Criteria-based composition of GBs*

of the strategic planning process (chapter 5). The design of the governing bodies of ICAO and IMO also best minimizes the sum of negotiation costs and external costs of decision-making (figure 5.1).

7. Legislative ambiguity makes it difficult for system-wide governing bodies to effectively coordinate operational activities of the UN system

The ability of the General Assembly and ECOSOC to provide effective guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited. The resolutions adopted by central governing bodies are not automatically implemented by agency-specific governing bodies. The quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system, for example, is seldom an integral part of the strategic plans of the individual entities and/or endorsed by the respective governing bodies (chapter 3).

Implementation of system-wide mandates by UN entities limited...

There remains legislative ambiguity regarding the responsibility of the operational funds and programmes to implement system-wide mandates established by the General Assembly and the Council. The senior management of the funds and programmes often maintains that their own governing bodies also need to formally endorse system-wide mandates established by the General Assembly or ECOSOC in order for them to be accountable for their implementation. However, agency-specific governing bodies almost never formally endorse system-wide mandates established by the General Assembly or ECOSOC or adopt decisions requesting their full implementation by the leadership of the entities concerned. As a result, the implementation of system-wide mandates by UN entities has been both selective and limited.

...as responsibility not legally well-defined

The General Assembly introduced new coordination instruments in 2018 by mandating the Secretary-General to prepare a system-wide outline of the work of the UN development system in support of 2030 Agenda implementation; submit an annual system-wide results report, beginning in 2021; and endorsed the strengthening of an independent system-wide evaluation of operational activities of the UN system, also scheduled to begin operation in 2021. The Secretary-General, furthermore, was requested to undertake a funding dialogue to review the progress in the implementation of a funding compact between the Member States and the Organization in support of 2030 Agenda implementation.

GA attempted to address coordination deficit in 2018 by creating new system-wide instruments...

However, the new coordination instruments rely on voluntary participation and decision-making by consensus by members of the UN Sustainable Development Group, an inter-agency mechanism not formally accountable, through the Secretary-General, to system-wide governing bodies like the General Assembly or ECOSOC. These instruments are neither backed by formal authority nor funding and thus unlikely to materially improve coordination within the UN development system and foster effective interlinkages of funding and governance at the system-wide level. UN entities have little incentive to abide by new coordination rules if the funding architecture remains primarily in the form of voluntary, strictly earmarked contributions and there are no sanctions for non-compliance of decisions adopted by either inter-agency mechanisms or system-wide governing bodies.

...but not backed up by formal authority or funding

8. Inter-agency bodies have little incentive to foster greater coherence and cost-effectiveness in the delivery of operational activities of the UN system

The non-hierarchical character of inter-agency mechanisms, relying on voluntary participation and decision-making by consensus, and not formally accountable, through the Secretary-General, to central governing bodies like the General Assembly and ECOSOC, has provided little incentive for them to capitalize on opportunities for synergy in programming and operations in the delivery of operational activities of the UN system. Member States have also been reluctant to make inter-agency mechanisms such as the UN Sustainable Development Group formally accountable to system-wide governing bodies for the implementation of system-wide mandates. This has made it difficult for system-wide governing bodies to achieve greater cost-effectiveness in the delivery of operational activities of the UN system through stronger cooperation across entities in areas such as programming and operations.

Member States reluctant to make inter-agency bodies formally accountable to central GBs

Despite repeated mandates by the quadrennial comprehensive policy review resolution of the General Assembly on operational activities of the UN system, inter-agency mechanisms like the UN Sustainable Development Group have been unable to harmonize institutional processes that are common to all entities such as those relating to planning, programming, business practices, results-based management and evaluation (chapter 3). The harmonization of such common institutional processes would be expected to greatly improve the overall cost-effectiveness and coherence of the UN development system, not the least from the perspective of programme countries. The High-level Panel on System-wide Coherence in 2006 estimated that the harmonization of such common institutional processes could generate 20 per cent cost savings for the UN development system. An improvement of that magnitude in cost-effectiveness would be expected to materially strengthen the strategic positioning of the UN development system in global development cooperation.

Inter-agency bodies, unable to harmonize institutional processes common to all UN entities

In General Assembly resolution 71/243 on the QCPR, adopted in December 2016, Member States requested the Secretary-General to prepare a system-wide outline of the functions and capacities of the UN development system (chapter 3). The Secretary-General commissioned an independent consulting firm, the Dalberg Global Development Advisors, to prepare the system-wide outline the following year (Dalberg, 2017).

GA requested SG to commission analysis of functions and capacities of UNDS

As highlighted in the June 2017 report of the Secretary-General on the repositioning of the UN development, the findings of the Dalberg study brought to the fore both overlaps and duplications across entities in support of the SDGs and targets.

This is reflected, inter alia, in the following findings of the Dalberg report (chapter 3):

❖ Of the 29 UN entities surveyed, 20 were involved in activities that contribute to 10 or more of the 17 SDGs.

❖ Some 62 per cent of the expenditures of the 29 entities in 2016 were in three functional areas: (a) "direct support and service delivery", (b) "support functions" and (c) "other functions", including coordination. These are primarily of management, implementation and service nature and generally defined as "non-core" functions as they are not directly linked to the main purposes and central mandates of UN entities.

Some 62 per cent of expenditures in 2017 not directly related to core purposes and central mandates of entities ....

❖ In some sectors the work of the UN development system was characterized by the engagement of a large number of entities. It was estimated that some $420 million were spent by 15 entities on SDG 12 "Sustainable Consumption and Production" in 2016; 18 entities spent $230 million on SDG 7 "Affordable and Clean Energy"; and $26 million was spent by 9 entities on SDG 14 "Life below Water".

❖ It was estimated that the UN entities spent some 20 per cent of the funding in 2016 on "Support functions and other functions", including back-office support, administrative activities, and coordination, the cost of which could be minimized by sharing such functions.

.... and UN entities spend 20 per cent of funding on support & other functions, which could be shared

❖ The UN development system maintained at the time of the Secretary-General's survey at least 120 statistical datasets and likely many more, most of which contain primary data collected by each entity.

The findings of the Secretary-General's survey raise questions about the relationship between robust coordination and accountability systems and the risks of fragmentation, overlaps and duplication in the work of the UN development system. The 2017 report of the Secretary-General highlighted the need to limit such overlaps through adequate division of labour and collaborative approaches that generate synergy (United Nations, 2017).

Inter-agency bodies no longer able to foster cost-effective delivery of UN-OAD

These findings were further reaffirmed in a follow-up survey conducted by the Dalberg Global Development Advisors on behalf of the Secretary-General in the second half of 2023, as well as evaluations of the UN development system's response to the COVID-19 pandemic, which were undertaken in December 2020 and late 2022 respectively (chapter 3).

9. More academic research needed on the interlinkages of design and performance of governing bodies of international organizations, including those part of UNDS

Academic research on international organizations has been growing in the recent decade (chapter 1). This research has particularly focused on issues related to the design of international organizations rather than their performance, or the interlinkages of the two. In addition, research on the effectiveness of governing bodies of international organizations, including those that are part of the UN development system, has been limited.

Earlier expert analysis focused on state of system-wide governance

Member States, the Secretary-General and other stakeholders have commissioned a large number of expert reports and studies on reform of the UN development system over the past 50 years (chapter 2). These reports and studies have generally included recommendations on how to improve system-wide governance of the UN development system, but not the performance of entity-specific governing bodies. There has also been little research on why the design of governing bodies in the UN development system varies so greatly. Furthermore, there has been limited comparative research and analysis on the effectiveness of governing bodies in the UN development system vis-à-vis other international organizations. These are all areas that would merit further academic research in the near future.

Limited research on effectiveness of entity-specific GBs ....

... including comparative analysis with GBs of other IOs

Another area that would benefit from further research and analysis is to better understand why the share of voluntary, strictly earmarked funding for operational activities of the UN system is much higher than in other international organizations. The high share of voluntary, strictly earmarked funding for operational activities of the UN system has greatly impacted the ability of governing bodies to perform their mandated role and functions while also negatively impacting the cost-effectiveness and performance of both UN entities and the

Greater research needed on interlinkages of GB design and funding rules in UNDS

system as a whole (chapter 3). This research could, inter alia, study more closely whether the design of governing bodies has been an important causal driver of the high share of voluntary, strictly earmarked funding for operational activities of the UN system. It could also examine how the high share of voluntary, strictly earmarked funding has impacted on the cost-effectiveness and performance of entities and UN development system as a whole.

Chapter 7   Looking ahead

The design and performance of governing bodies in the UN development system vary greatly, with these two variables also correlated (chapter 5). The varying ability of governing bodies to perform their mandated role and functions is directly related to the rules that underpin their design. Another key factor impacting the performance of governing bodies has been the liberalization of funding rules and practices in recent decades, which has led to exceptionally high growth in voluntary, strictly earmarked contributions for operational activities of the UN system, where the quantity, quality, substantive focus and destination of resource flows are primarily decided by the individual donors and only indirectly managed and overseen by Member States at the governance level (chapter 3).

GB design and performance correlated

The exceptional growth in voluntary, strictly earmarked funding in the past three decades has meant that the power to determine the overall budget of entities and the UN development system as a whole now rests primarily with the donors, not governing bodies. Governing bodies also no longer retain the authority to set programme priorities, distribute funds, create new programmes, and provide oversight and accountability of programme delivery at the country and global level.

GBs in UNDS play limited role in policymaking and oversight because of funding architecture

The reform of the UN development system has been a regular topic for discussion at the intergovernmental level over the past 50 years (chapter 2). The General Assembly, the Economic and Social Council and the Secretary-General, have commissioned many expert reports and studies to inform these deliberations. The Joint Inspection Unit also regularly conducts independent evaluations of the functioning and performance of UN member entities that includes an assessment of their governance arrangements.

Member States regularly debated UNDS reform in past 50 years

The expert reports and JIU evaluations have highlighted the high direct and indirect costs of existing governance arrangements in the UN system. However, Member States have invariably adopted a cautious approach when debating governance reform, which reflects the varied utility functions and preferences of states involved in such deliberations, particularly at the central level. The benefits and costs of operational activities of the UN system, on the other hand, are highly concentrated in a relatively small number of key donor and programme countries and this group of states bears almost all the cost of intergovernmental decision-making in this area.

Current governance poses high costs on UN entities and Member States

However, the top programme and donor countries with the greatest stake in operational activities of the UN system hold only a small share of seats on governing bodies (chapter 4). This means that the vast majority of the total number of seats on governing bodies is held by Member States for which operational activities of the UN system are of little, or no, financial importance. The current rules underpinning representation in system-wide governing bodies like the General Assembly and ECOSOC also create incentives for Member States to link negotiations across different, and often unrelated policy domains, which has increased the politicization of decision-making on operational activities of the UN system at the intergovernmental level.

Countries bearing nearly all costs of decision-making on UN-OAD hold small share of seats on GBs

This concluding chapter first discusses why enhanced governance of operational activities of the UN system should be accorded high priority by Member States. It then examines which actor(s) would be best placed to lead such strengthening of governance arrangements. The third section focuses on how to overcome opposition to improvements of governance by vested interests. The fourth section highlights the priority areas that could be the focus of such

efforts, while the final section presents an illustrative governance model of operational activities of the UN system based on lessons learned from the earlier chapters.

7.1 Why is enhanced governance of UNDS important at this juncture?

This section discusses why Member States should accord high priority to strengthening governance of the UN development system. The section particularly highlights factors in the external environment as well as important performance weaknesses of governing bodies, which are heightening the need for Member States to rethink current governance arrangements of operational activities of the UN system.

A. A more challenging external environment

Multilateral cooperation facing strong political headwinds

Rising geopolitical fissures are changing the external environment of multilateral cooperation. These developments, if left unabated, could result in the fragmentation of the international system into geopolitical blocs, with negative implications for multilateral cooperation, including support for the work of the UN development system.

Global political fissures pose significant risk for multilateralism…

The recent changes in the domestic political landscape in many advanced economies, particularly in Europe, which have led to growing polarization within and across countries, also pose a formidable challenge to multilateral cooperation. These shifts in the distribution of political power at the national level, often driven by public backlash against the economic and cultural impact of globalization and the perception of growing inequality in society, may suggest that only a material restructuring of the institutional design of multilateral institutions would be able to garner the necessary support from all states. The reinvigoration of multilateral cooperation may thus be inextricably linked to the ability of states to agree on institutional reform.

…as well as major changes in national political landscape in advanced economies

Growing questions about the performance legitimacy of multilateral institutions

The high global economic, social and environmental impact of recurrent crises like COVID-19, the war in Ukraine and climate change, has brought the effectiveness of multilateral cooperation to the forefront of intergovernmental policymaking. There is growing realization in policy circles that the multilateral system is no longer able to anticipate and respond to such shocks that become systemic and greatly impact the global economy and the development prospects of developing countries. Many multilateral institutions are no longer felt to be able to deliver the public value which was their original reason for being. Recent shocks like COVID-19 have reinforced a crisis of legitimacy of global governance (Zurn, 2021).

Growing concern about performance of multilateral entities

The interlinkages of globalization and systemic shocks are increasing the pressure on Member States to rethink the role, functions and institutional modalities of multilateral cooperation. Member States face the choice of either having to slow down globalization or rethink multilateral cooperation, including the institutions that sustain it, so that the costs of catastrophic risks can be minimized.

Reform of multilateral institutions now political necessity

Global development cooperation undergoing a transformation

The global development cooperation environment within which the UN development system operates is rapidly changing. This includes the rapid growth in the number of both private and public providers of aid. International financing institutions are also expanding their development cooperation portfolios and high-end consulting companies have become more active in providing policy advisory services in developing countries, particularly middle-income countries. In addition, as ODA allocations for global public goods have increased in the past decade, there has been a corresponding expansion in the establishment of special purpose funds by the international financing institutions supplied from the national budgets of developed and developing countries.

The advances in technology are also enabling more effective targeting of poor people through direct cash transfer mechanisms. The public in many advanced economies is increasingly unconvinced about the ability of large, complex and bureaucratic aid structures to target poor people in developing countries when compared to private alternatives. As a result, private aid could gradually replace official development assistance as the main source of financing for poverty eradication and social welfare programmes in developing countries. Only a handful of UN entities like UNICEF, WFP and UNHCR have become adept at directly mobilizing funding from the public in donor countries. As developing countries grow economically, they are also more likely to prefer technical advisory services provided by multilateral development banks and high-end consulting companies to those of UN entities.

There are also growing pressures in OECD/DAC countries to connect ODA allocations to the 'national interest', particularly the promotion of trade and investment linkages, as well as addressing important global public goods like climate change and other systemic risks. This means that the remaining share of traditional aid from the government budgets of OECD/DAC countries is likely to be heavily focused on providing support to countries in complex humanitarian and conflicted-affected situations.

The broader development cooperation environment is thus rapidly changing, with implications for the UN development system. This will increase the pressure on Member States and the organizational leadership to rethink the role and functions of both UN entities and the system as a whole, including the governance arrangements, so that the Organization can maintain its pre-eminent status as a leading actor in global development cooperation.

B.   A governance system not equipped for purpose

Governing bodies unable to perform their mandated role and functions

The primary role of a governing body in the UN development system is to protect the interests of all Member States (principals) on whose behalf the organizational leadership (agent) of the respective entity or the system as a whole, is working. A governing body is also expected to provide a vision and direction for the respective entities or the UN development system.

However, the policymaking and oversight role of governing bodies in the UN development system has been fundamentally eroded by the liberalization of funding rules and practices in the past three decades, which has led to the empowerment of the organizational leadership of individual entities, now serving as a key broker of bilateral relationships in a governance system characterized by multiple principals (chapter 3). The principal-agent problem has created power and information asymmetry between Member States and the organizational

leadership in the governance of many entities and the UN development system as a whole. The liberalization of funding rules and practices has been driven by the continuous quest of both programme countries and the organizational leadership of individual UN entities to increase the volume of resources for operational activities.

As a result, the multilateral character of the UN development system has been materially weakened by the liberalization of funding rules and practices, which has created strong incentives for entities to continuously expand their mandates and functions as a strategy to reduce resource uncertainty, while simultaneously eroding their motivation to engage in joint programming and inter-agency cooperation.

Representation in governing bodies is neither equitable, transparent nor effective

The legal design of most governing bodies in the UN development system is underpinned by the principles of equitable geographical representation, sovereign equality of states and national sovereignty. However, within the regional groups the practice of using other informal, unwritten criteria in the selection of members of governing bodies is common. The use of such informal, unwritten criteria has reduced the transparency of the selection process, as well as the ability of many smaller states to participate equitably in the work of governing bodies in the UN development system.

Informal, unwritten criteria often important in selection of members of GBs in UNDS

As a result, the application of the principle of equitable geographical representation in selecting members of most governing bodies in the UN development system has not led to alignment of electoral and political power. For example, the share of the Western European and Other States Group of the total number of seats on governing bodies is materially higher than its electoral power would suggest. The least-developed countries are also under-represented in governing bodies of the UN development system; a sizeable number of Member States do not participate in the work of any governing body; and high-income countries are much more likely to participate in the governance of UN entities.

GB design resulted in lack of alignment of electoral and political power

Furthermore, analysis of the composition of 8 governing bodies of nine entities, accounting for more than 90 per cent of all contributions for UN operational activities, shows that the top-20 programme countries and the top-10 donor countries hold only one-fourth of all seats. This means that three-fourths of all seats on the 8 governing bodies are allocated to countries for which UN operational activities are of little, or no, financial importance (chapter 4).

Top programme and donor countries not well-represented in GBs

System-wide governance unable to ensure that the UNDS works as a system

While the liberalization of funding rules and practices has been the most significant factor in the growth in resources flows in recent decades, it has also greatly increased fragmentation, overlaps and duplication of operational activities of the UN system, as reflected in the findings of the 2017 and 2023 surveys of the Secretary-General (chapter 3).

UNDS entities have little incentives to foster synergy in programming and operations

The non-hierarchical character of inter-agency mechanisms, relying on voluntary participation and decision-making by consensus and not formally accountable, through the Secretary-General, to central governing bodies like the General Assembly and ECOSOC, has provided little incentive for entities to capitalize on opportunities for synergy in programming and operations in the delivery of operational activities of the UN system. Member States, particularly developing countries, have also been reluctant to make inter-agency mechanisms such as the UN Sustainable Development Group formally accountable, through the Secretary-General, to system-wide governing bodies for the implementation of system-wide mandates.

Inter-agency bodies not equipped to foster economy of scale in UNDS

This has made it challenging for system-wide governing bodies to foster greater cost-effectiveness in the delivery of operational activities of the UN system through stronger cooperation across entities in areas such as programming and operations.

The ability of the General Assembly and ECOSOC to provide effective guidance, coordination and oversight of the UN development system, including the implementation of system-wide mandates, is limited. The resolutions adopted by central governing bodies are not automatically implemented by agency-specific governing bodies. The quadrennial comprehensive policy review resolution (QCPR) of the General Assembly on operational activities of the UN system is also seldom an integral part of the strategic plans of individual entities and/or endorsed by the respective governing bodies (chapter 3).

Implementation of system-wide mandates by UN entities limited

7.2 Which actor(s) could drive governance improvements?

The UN development system like every other major institution needs to periodically review its mission, role and functions, including whether the organizational structures and governance arrangements are effectively aligned with the Organization's purpose. However, there is little clarity or consensus among Member States about what improvements in governance of the UN development system might mean in practice. Only a few of the many reform efforts launched over the past 50 years have yielded the anticipated results.

Limited Member States' consensus on nature of UNDS reform…

The complex political economy of decision-making on operational activities of the UN system, particularly at the system-wide level, generally explains the lack of intergovernmental consensus on reform priorities. Principles like national sovereignty, sovereign equality of states and equitable geographical representation underpin the design of most governance arrangements in the UN system, which means that in governing bodies like the General Assembly, with responsibility for setting system-wide policies, all Member States should be able to participate in decision-making, even on issues where the costs and benefits are highly concentrated in a relatively small number of countries. For example, the top 20 programme countries, accounting for nearly 70 per cent of country-level expenditures, and the top 10 donor countries, providing some 75 per cent of all government contributions, that have the most direct financial stake in the delivery of operational activities hold only about a quarter of seats on eight governing bodies of nine entities delivering more than 90 per cent of all operational activities of the UN system, as highlighted above (chapter 4). This power asymmetry makes it difficult for this group of countries to drive reform of operational activities of the UN system.

…stemming from complex political economy

The structure of intergovernmental negotiations on operational activities of the UN system matters greatly because it guides the behaviour of states, which then adopt strategies to maximize their own return within that framework. This begs the question whether the current negotiation structures are equipped to effectively address the challenges facing the UN development system. Also, do those Member States that bear most of the cost of decision-making on operational activities of the UN system have sufficient leverage in determining reform priorities, or are their views being crowded out by other countries with little, or no, financial stake in such policies? Moreover, is it possible, even within the existing structures, to introduce innovations to both intergovernmental negotiations and the substantive preparations led by the Secretary-General, that could level the playing field in decision-making on reform priorities?

Important to increase leverage of top donor and programme countries in formulation of reform proposals

The President of the General Assembly plays a key political leadership role at the intergovernmental level. The current crisis of legitimacy of global governance provides an impetus for the GA President to initiate a substantive dialogue at the intergovernmental level on how to address more effectively the growing number and rising intensity of global development challenges and systemic risks facing the international community. Recurrent crises like COVID-19, the war in Ukraine and climate change, are posing high global economic, social and environmental costs and greatly impacting the development prospects of many developing countries. In *Our Common Agenda*, the Secretary-General has called for a reinvigorated multilateralism and the UN at the centre of this effort to address such global challenges.

Intergovernmental consultations on reform of the UN development system as a whole are generally led by two co-facilitators appointed by the President of the General Assembly. The selection of the two co-facilitators matters greatly for the overall vision and direction of any important intergovernmental negotiation process. The role of the two co-facilitators is to forge a consensus among Member States on the legislative outcome based on the analytical work undertaken by the Secretary-General. The GA President invariably appoints ambassadors or senior diplomats from the permanent missions of Member States based in New York to facilitate intergovernmental consultations on the respective issues. An alternative strategy, and a break with tradition, could be for the GA President to appoint two national policymakers with responsibility for development cooperation and representing a major programme and donor country respectively to co-lead intergovernmental negotiations on reform of operational activities of the UN system. This action would signify that the intergovernmental consultations on reform of operational activities of the UN system, which are primarily delivered at the country level, need to be grounded in the perspectives of national policymakers.

The substantive preparations are equally important, and the Secretary-General has a major responsibility to ensure that the diagnosis of the problems facing operational activities of the UN system is of high quality to reduce the risk of the principal-agent problem and information asymmetry between Member States and the organizational leadership in the intergovernmental negotiation process.

This places the Secretary-General at the centre of any reform process. The incumbent is the only official of the UN Secretariat directly elected by Member States and formally accountable to them at the intergovernmental level. The Secretary-General also nominates the heads of the funds and programmes that report to the General Assembly, which account for a significant share of all operational activities of the UN system. In addition, the General Assembly and the Economic and Social Council generally assign the Secretary-General the responsibility to coordinate the implementation of system-wide mandates on UN operational activities.

The Secretary-General, on the other hand, invariably delegates the responsibility to manage a reform process to a designated representative. The selection of this individual is probably the single most important decision the Secretary-General makes in terms of influencing the success of any reform process on operational activities of the UN system. This individual becomes de facto the primary architect and driver of the reform process and needs to be perceived as independent from UN entities; enjoy high political and substantive legitimacy; but also have a strong personal commitment to the mission of the Organization.

In 1997, Secretary-General Kofi Annan appointed an outsider, Maurice Strong, an internationally known individual with formidable leadership skills and knowledge of the UN system, as well as experience in national government and the private sector, to manage an UN-wide reform process that included the UN development system, a selection that proved to be a masterstroke. The 1997 reforms led by Kofi Annan are probably the most significant effort in recent decades to remold the key structures and processes of the UN development system (chapter 3). This success can be attributed in large part to the exceptional qualities of the individual selected by the Secretary-General to manage the reform process.

The Secretary-General can also use the analytical preparations to create greater opportunities for Member States with the most stake in the delivery of operational activities of the UN system to influence the formulation of proposals submitted for intergovernmental negotiations. In the past 50 years, the Secretary-General has regularly created high-level panels or other groups of experts to submit proposals on reform of the UN system for intergovernmental review (chapter 2). Based on that practice, the Secretary-General, with the support of the GA President, could consider establishing a technical advisory group of 15-20 Member States, equally divided between the top programme and donor countries, and composed of national policymakers with responsibility for development cooperation, to submit draft proposals for reform of operational activities of the UN system for consideration at the intergovernmental level. The objective would be to ensure that the preferences of those countries that bear most of the cost of intergovernmental decision-making are adequately reflected in the formulation of proposals to reform operational activities of the UN system.

SG needs to develop mechanisms for active involvement of states with high financial stake in operational activities in reform effort

7.3 How to overcome opposition by vested interests?

Any reform involving a change in the rules of representation and decision-making in governing bodies in the UN development system would empower some Member States and lessen the influence of others. For example, rule changes aimed at improving equity, transparency and effectiveness in representation in governance arrangements are likely to benefit the top programme and donor countries that bear almost all the cost of decision-making by governing bodies on operational activities of the UN system.

Stakeholders with vested interest in status quo likely to oppose reform of governance rules

The opposition to reform of governance of operational activities of the UN system, on the other hand, is likely to come from those stakeholders that benefit from existing rules. These stakeholders often have significant leverage in intergovernmental negotiations because of the design of current rules defining representation. It is thus particularly important to understand the interests of those stakeholders if successful reform of the UN development system is to be achieved at the intergovernmental level.

Important to understand their interests and ~~preferences~~

The group likely to oppose reforms includes a significant number of Member States that have little, or no, financial stake in operational activities of the UN system, but a strong preference for a negotiation structure that allows them to create interlinkages across different policy domains at the intergovernmental level, irrespective of whether those issues are related or not. The countries that fall into this group often look at intergovernmental negotiations as a zero-sum game. It becomes important within such a framework to link all the negotiation processes together to create maximum opportunities for leverage. This group of Member States is likely to oppose reforms that involve a change in representation away from the principle of sovereign equality of states to the principle of differentiated responsibility, as this would reduce their leverage in intergovernmental negotiations.

This group often includes states with little financial stake in operational activities

The staff and organizational leadership of UN entities is another group likely to oppose rule changes aimed at empowering Member States in the governance process. The liberalization of funding rules and practices in recent decades, resulting in major increase in voluntary, strictly earmarked funding for operational activities, has greatly enhanced the role and influence of the organizational leadership vis-à-vis Member States in policymaking at the governance level, while also contributing to a considerable increase in the total number of UN staff. In the current funding architecture, the organizational leadership of UN entities increasingly plays the role of brokers of bilateral relationships, as most of the resource flows are not subject to formal review and oversight by governing bodies.

Overcoming the opposition of these two groups that stand to lose from changes in representation in governing bodies, will require the Secretary-General to reduce the risk of information asymmetry by providing sound analysis of the costs of current governance arrangements on UN entities, the system as a whole and Member States themselves, as well as to make a strong case to those stakeholders that the outcome of reforms would also benefit them.

The first step would be to reduce the power imbalance and information asymmetry that exists between Member States and the organizational leadership at the intergovernmental level regarding operational activities of the UN system. This would require the Secretary-General to establish an independent technical team to support the reform process with capacity to provide high-quality, transparent analysis of the strengths and weaknesses of current governance arrangements and how this negatively impacts UN entities, the system as a whole and Member States themselves. The purpose of such analysis would be to level the playing field between Member States and the organizational leadership on the likely impact of reform.

The second step would be to make a strong case for stakeholders likely to oppose reforms that they also stand to benefit. For the staff and organizational leadership of UN entities, it may be important to demonstrate that reform of governance is a necessary condition for the UN development system to continue to grow the volume of operational activities, for example, by entering new market segments in global development cooperation. The increase in resource flows could be expected to compensate for loss in autonomy that the organizational leadership of many UN entities currently enjoys in policymaking vis-à-vis Member States at the governance level.

Similarly, for Member States likely to oppose reforms, many of which are in the middle-income category, it is important to show that the proposed changes would enable the UN development system to provide new services that would financially benefit those countries. This may, for example, involve the UN development system playing a greater role in addressing global development challenges and systemic risks, which would be expected to increase funding flows to middle-income countries.

Another factor that may influence the acceptance of those Member States likely to oppose reforms could be the positive impact this might have on the role, influence and legitimacy of the United Nations in multilateral governance, which has been weakening in recent decades. Developing countries have long argued for a stronger role of the United Nations in multilateral governance on development issues but this objective has been difficult to realize due to the rules that Member States have adopted to define representation in governing bodies.

7.4 What could be priorities for strengthening of governance?

There are four objectives that could serve as the loadstar of efforts to strengthen governance of operational activities of the UN system:

Establishing a unified governance arrangement

If the United Nations is to become a central framework for multilateral cooperation in the area of development, there is need to develop a more integrated and effective system of UN entities. The current complex governance arrangements of operational activities of the UN system pose high direct and indirect costs on UN entities, the system as a whole and Member States themselves, particularly programme countries. A unified governance arrangement would help to mitigate the risk of the principal-agent problem in decision-making and reduce governance-related costs. A unified governance arrangement for operational activities of the UN system would also be expected to foster more streamlined and less complex policymaking and oversight at the intergovernmental level; reduce information asymmetry between Member States and the organizational leadership in policymaking and oversight; and foster greater multilateral ownership of the work of the Organization for development. Furthermore, a unified governance arrangement would make it easier for governing bodies to promote greater cost-effectiveness in the delivery of operational activities of the UN system, including through harmonization of institutional processes that are common to all entities such as those relating to planning, business practices, programming, results-based management and evaluation.

Unified governance of operational activities could mitigate risk of principal-agent problem

Adopting equitable, transparent and effective rules for composition of governing bodies

The optimal size and composition of a governing body minimizes the sum of negotiation costs and external costs of decision-making (chapter 1). This is particularly important as the costs and benefits of operational activities of the UN system are highly concentrated in a relatively small number of donor and programme countries, which bear almost all the cost of decision-making by governing bodies. The major programme and donor countries generally share a similar utility function and preferences and have a common interest in the cost-effective delivery of operational activities of the UN system. When it comes to operational activities of the UN system, which account for about two-thirds of all the work of the Organization, it would be logical to underpin the composition of governing bodies in the principle of differentiated responsibility of states rather than the principle of equitable geographical representation, as this would further a more pragmatic and consensus-oriented decision-making at the intergovernmental level. An important objective of the composition of governing bodies should be to enhance their legitimacy in policymaking and oversight of operational activities of the UN system.

Important to rethink rules underpinning composition of GBs

Promoting expert participation in governance

For governing bodies to be effective, members need to be knowledgeable about the work of the respective UN entity and have the experience and skills to think and act strategically. The more knowledgeable the members of governing bodies are about the work of the entity the less risk of the principal-agent problem due to information asymmetry between Member States and the organizational leadership. The higher the professional standards of members of governing bodies, the better the quality of intergovernmental decision-making. It is thus important that members of governing bodies fully understand their role and functions in the governance

Expert participation reduces risk of information asymmetry

process. Many expert reports and evaluations have highlighted the importance of members of governing bodies being policymakers from capitals with responsibility for ensuring the effective implementation of intergovernmental decisions at the national level.

Strengthening working methods of governing bodies

Strengthening the working methods of governing bodies in the UN development system could particularly aim to make their agenda more purposeful and results-oriented. An important objective of the secretariat support services should be to enable governing bodies to effectively discharge their core functions and mandates. System-wide governing bodies like the General Assembly and ECOSOC that perform an important policymaking, coordination and oversight role of operational activities of the UN system need to have access to high-quality secretariat support in areas such as development finance, performance management and independent evaluation. Strengthening of working methods of governing bodies could also include enhanced inter-disciplinary approach in the preparation of background documentation for meetings of the General Assembly and ECOSOC.

Improved working methods key to GB effectiveness

7.5 An illustrative governance model building on lessons learned

The complexity of current governance arrangements of the UN development system poses high costs on entities and Member States alike, as highlighted earlier. This complexity increases the risk of the principal-agent problem in decision-making, as well as the duplication and overlaps of activities across UN entities and other inefficiencies, including higher administrative costs for programme countries. A complex governance system also increases the risk of information asymmetry between Member States and the organizational leadership in policymaking and oversight of operational activities of the UN system. In addition, the simplification of governance arrangements would be expected to improve cost-effectiveness and coherence in the delivery of operational activities of the UN system.

Governance complexity poses high costs on UN entities and Member States

The illustrative governance model presented in this section is anchored in the creation of a **second generation Economic and Social Council**. This model would require Member States to rethink the rules defining the role, functions, jurisdiction, composition, decision-making, participation, working methods and secretariat support of ECOSOC. The objective would be to transform ECOSOC into a single, full-time governing body for operational activities of the UN system in addition to performing select other global governance-related responsibilities.

Alternative model could be to create second-generation ECOSOC…

A second generation Economic and Social Council would be only slightly less prestigious than the UN Security Council. The creation of a second-generation ECOSOC would constitute a major effort by Member States to regain the role and legitimacy of the United Nations in multilateral governance on development. An overarching objective would be to transform ECOSOC into a highly legitimate governance forum for Member States to coordinate policies and solve problems. An important corollary of this pathway would also be to rejuvenate the whole UN development system by enabling entity-specific and system-wide governing bodies to refocus on their core purposes and central mandates.

…only slightly less prestigious than UN Security Council…

The creation of a second-generation ECOSOC would be expected to minimize the sum of external costs and negotiation costs of decision-making (figure 7.1). The current design of ECOSOC ensures that both external costs and negotiation costs of decision-making are high (chapter 5). The creation of a second-generation ECOSOC provides an opportunity for Member States to address this weakness in the present rules defining the design of the Council.

…with a view to minimizing sum of external costs and negotiation costs of decision-making…

The second-generation ECOSOC would replace the Executive Boards of the New York-based funds and programmes (UNDP/UNFPA/UNOPS, UNICEF, UN Women), while each entity would continue to maintain its distinct resource mobilization identity. The UN Charter would be amended to reflect the new responsibilities of ECOSOC. The new role of ECOSOC would also require Member States to modify the rules underpinning the design of governing bodies of other funds and programmes based outside New York (e.g., UNEP, UN-Habitat, UNODC, UNHCR, WFP). Those governing bodies would primarily focus on strengthening the normative and other substantive leadership role of the respective fund and programme. The governing bodies of the specialized agencies would similarly be repositioned to focus almost exclusively on strengthening their core norm- and standard-setting role.

...and replacing GBs of New York-based funds and programmes

A second generation Economic and Social Council would subsume the functions of its current subsidiary bodies, which would become sub-committees of the Council. ECOSOC would also be able to establish new sub-committees as needed, for example, to undertake a review of the common country programme documents, the system-wide strategic results and funding framework and the annual system-wide results report (chapter 3).

ECOSOC could subsume functions of current subsidiary bodies...

Figure 7.1 Decision-making costs of a second-generation ECOSOC
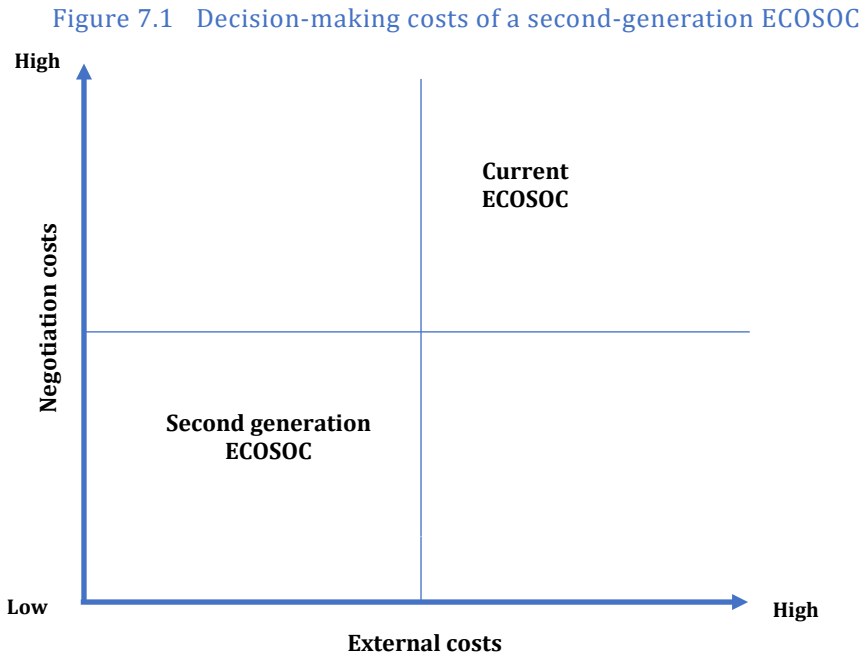
Source: Author elaboration.

Moreover, the illustrative governance model would involve a major strengthening of inter-agency coordination in the UN development system. The UN Sustainable Development Group, led by the Deputy Secretary-General, and supported by the Development Coordination Office, would report to ECOSOC on the implementation of legislative mandates adopted by the Council. UN resident coordinators at the country level would also oversee country teams and report to both the Chair of the UN Sustainable Development Group and the respective programme country government. The Department of Economic and Social Affairs in the UN Secretariat would provide technical support to ECOSOC, working closely with the Development Coordination Office of the UN Sustainable Development Group and other relevant UN entities.

...with UNSDG reporting to Council

An important objective of the illustrative governance model would be to rejuvenate the whole UN development system by promoting greater functional specialization in the work of governing bodies, as mentioned earlier. The governing bodies of the specialized agencies, as well as those funds and programmes with a strong substantive orientation, would be able to focus solely on their global norm- and standard-setting role and other substantive responsibilities.

A second generation Economic and Social Council

A key objective with the creation of a second generation Economic and Social Council would be to improve the quality of governance of operational activities of the UN system and to strengthen the role and legitimacy of the United Nations in global policymaking on development-related issues within the multilateral system.

Role

ECOSOC would serve as a single, full-time governing body for operational activities of the UN system. The Council would also serve as a multilateral governing body with responsibilities to address global development challenges and systemic risks.

Functions

The Economic and Social Council could be expected to discharge the following functions:

(a) Operational activities of the UN system:

- ❖ Establish system-wide programmatic and operational policies and standards,
- ❖ Establish policies for inter-agency coordination,
- ❖ Review system-wide implementation of global normative and analytical work,
- ❖ Maintain a strategic overview of the work of the UN development system as a whole,
- ❖ Approve a 4-year a system-wide strategic results and funding framework,
- ❖ Oversee the management of a funding mechanism for the SDGs,
- ❖ Conduct an annual funding dialogue with the UN membership at large,
- ❖ Review annually a system-wide results report,
- ❖ Approve common country programme documents,
- ❖ Approve the strategic plans for the New York-based funds and programmes,
- ❖ Review and comment on the strategic plans of funds, programmes and specialized agencies based outside New York,
- ❖ Review the performance of the New York-based funds and programmes,
- ❖ Review the performance of the UN resident coordinator system,
- ❖ Review the findings of system-wide and entity-specific evaluations and other risk management and audit findings,
- ❖ Review the workplan and results of the UN Sustainable Development Group,
- ❖ Provide biannual briefings to the General Assembly on important issues facing operational activities of the UN system,
- ❖ Organize periodic informal briefings to UN membership at large on the work of New York-based funds and programmes.

(b) Sub-committees of ECOSOC

- ❖ Establish sub-committees to support the work of the Council,
- ❖ Approve the workplans of sub-committees,
- ❖ Review the outcome of meetings of sub-committees,
- ❖ Conduct an annual coordination meeting with representatives of sub-committees.

(c) Global development challenges and systemic risks

- ❖ Provide leadership on development and global public goods-related issues,
- ❖ Promote consistency between the policy goals of the major international institutions on development and global public goods-related issues,
- ❖ Promote consensus-building among governments on integrated solutions for global economic, social and environmental issues,
- ❖ Marshall the resources of the UN development system to respond to urgent global development challenges and systemic risks,
- ❖ Conduct periodic consultations with the Group of 20 on coordinated response to global development challenges and systemic risks,
- ❖ Conduct periodic consultations with the boards of the international financial institutions and the regional development banks on development-related issues,
- ❖ Undertake an annual dialogue with the General Assembly on issues related to global development challenges and systemic risks.

(d) Other tasks

- ❖ Report annually to the General Assembly on progress of work,
- ❖ Other tasks assigned by the General Assembly.

Jurisdiction

The legislative mandates adopted by ECOSOC would not be legally binding on Member States. However, the legislative mandates established by ECOSOC would be binding on all UN entities receiving contributions for operational activities for development as well as members of the UN Sustainable Development Group at the global, regional and country level. The Secretary-General, with the support of the UN Sustainable Development Group and the Development Coordination Office, would be accountable to ECOSOC for the implementation of legislative mandates addressed to the UN development system.

All UNDS entities would be accountable to ECOSOC when it comes to operational activities

Composition

A second generation Economic and Social Council could be composed of 23 Member States selected for a 2-year term based on both criteria and the principle of equitable geographical representation. The five regional groupings would nominate one representative each to ECOSOC. The remaining 18 members of ECOSOC would be selected based on the following criteria: (a) the top 20 programme countries would select 9 representatives, and (b) the top 20 donor countries would select 9 representatives. The composition of ECOSOC would be anchored in the principle of differentiated responsibility of states rather than the principle of

Composition of ECOSOC based on both criteria and equitable geographical representation

equitable geographical representation. The chairmanship of ECOSOC would rotate every two years between the groups of major programme and donor countries.

The objective would be to ensure that the selection of ECOSOC members is equitable, transparent and effective in order to minimize the sum of external costs and negotiation costs of decision-making.[87] The proposed composition of the second-generation ECOSOC would also be expected to help rebuild a more productive and collaborative relationship between developed and developing countries in policymaking and oversight of the UN development system at the intergovernmental level.

Composition of ECOSOC would aim to minimize decision-making costs

The second generation Economic and Social Council would establish rules for the number, size and composition of the sub-committees of the Council. In establishing those rules, ECOSOC would consult with the UN membership at large. The composition of the sub-committees would be expected to follow a similar logic as for the Council itself, namely a combination of criteria- and equitable geographical representation-based selection, with 2-year membership. The objective could be to ensure that rules defining the composition of sub-committees of ECOSOC minimize the sum of negotiation costs and external costs of decision-making. The composition of the sub-committees would generally include countries with principal interest in the specific subject matter whether they are members of the Council or not.

Composition of ECOSOC sub-committees based on similar logic

Decision-making

Decision-making in ECOSOC would be by consensus because of the small size of the Council. This decision-making rule would also apply to the sub-committees of the Council.

Decision-making by consensus

Representation

The government representatives in ECOSOC would be senior policymakers from the development cooperation ministries of Member States with the rank of ambassador. Each Member State of ECOSOC would be expected to nominate a Principal Representative and a Deputy to participate in the work of the Council.

Senior policymakers from capitals of states would participate in ECOSOC

The government representatives in the sub-committees of ECOSOC would be senior policymakers from the capitals of Member States with specialized expertise in the respective areas.

ECOSOC would be full-time GB based in New York…

Working methods

ECOSOC would function as a full-time governing body, meeting approximately twice a week, like the Executive Board of the World Bank. ECOSOC would be based in New York but meet for a week in each region every year, generally at the location of the respective regional commission. ECOSOC would meet at least once a year at the ministerial level.

…but also meet in regions

The meetings of the sub-committees of ECOSOC would take place in the regions generally at the location of the respective regional commission.

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[87] ECOSOC was originally composed of 18 members, equally divided between developed and developing countries (chapter 3). Over time, the size of ECOSOC has grown to 54 members.

Secretariat support

The Secretary-General, supported by the UN Sustainable Development Group, chaired by the Deputy Secretary-General, would be responsible for the implementation of decisions adopted by ECOSOC. The Department of Economic and Social Affairs in the UN Secretariat, working closely with the Development Coordination Office of the UN Sustainable Development Group, would serve as the primary technical secretariat of ECOSOC. The objective would be to provide ECOSOC with access to an interdisciplinary secretariat consisting of a technical team of economists, sociologists and specialists in various fields with high qualifications. The secretariat of ECOSOC would be expected to establish effective collaboration with the staff of the funds, programmes and specialized agencies of the UN system, as well as the Bretton Woods institutions, World Trade Organization and others.

DESA would serve as primary secretariat of ECOSOC…

DESA would develop strong capacity to provide ECOSOC with technical support in the areas of development finance and performance management, while the Joint Inspection Unit could serve as the primary mechanism for conducting independent evaluations of the work of the UN development system. The existing evaluation offices of the New York-based funds and programmes would continue to provide entity-specific evaluations to inform the deliberations of the Council as well as decision-making by the respective organizational leadership.

…working closely with DCO of UNSDG and other relevant UN entities

The support to the sub-committees of ECOSOC would be coordinated by the Department of Economic and Social Affairs, in close cooperation with the most technically qualified UN entity in the respective areas. The regional commissions would also provide conference-related, technical and other region-specific support for meetings of ECOSOC or its sub-committees convened at their headquarters.

Support for sub-committees of ECOSOC also provided by DESA and relevant UN entities

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