

New York, February 23, 2006

To: H.E. Mr Jens Stoltenberg
Prime Minister of Norway

Excellency,

As a group of 13 donor countries¹, and on behalf of our governments, we wish to congratulate you on your appointment as Co-Chair of the Panel on UN system-wide coherence in the areas of humanitarian assistance, the environment and development. With this letter we want to assure you of our strong support for your mission.

In doing so we recognize that your work represents the best opportunity for a generation to reform the UN operational system and to help the Secretary General strengthen the UN so that it is fit to tackle the 21st Century challenges on human rights, sustainable development and security agreed in the Millennium Review Summit outcome document.

The terms of reference for the Panel's work are usefully broad, allowing the Panel plenty of scope to examine the full range of issues and to formulate a new vision for the UN operational system. This vision should be shaped by consideration of the challenges facing the UN operational system including working for attainment of the Millennium Development Goals. This includes helping partner countries to absorb new and additional aid and to use this effectively to secure tangible outcomes for poor people.

Working towards a new vision, we believe the Panel has an opportunity to strengthen and accelerate the reform of UN operations at country level already underway, and to expand these to include restructuring at a regional and global level. With this in mind we would like to draw your attention to a few important principles that we believe will help to shape and underpin a new vision for the future:

- orientation towards supporting sustainable development and the achievement of the agreed international development goals, including the MDGs;
- policy and institutional coherence;

¹ The G13 countries are: Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Luxemburg, the etherlands,

- more unified presence than today at country level with one UN country team, one country representative for the whole system and one integrated, results based plan;
- support to national priorities and processes as well as efficient and timely delivery;
- clear division of labor and effective partnerships, based on comparative advantages between the UN system, Global Funds, bilateral actors and the IFIs.

The UN operational system should also be provided with adequate and predictable multi-year funding on the basis of enhanced burden-sharing. The way in which funding is allocated should also be considered to ensure that it creates incentives to maximize the performance of the UN development system in helping partner countries to secure development outcomes through more effective aid.

These and the other issues listed in the attached annex are in our view highly relevant for the study. We believe that a focus of the study should be on development, but with due attention to the inter linkages between development, humanitarian and environment work, and peace and security. We welcome that the Panel has been asked to include in its report clear benchmarks for results to be achieved in the short and medium term. This is vital if we are to have an effective means of monitoring progress.

As stated in the terms of reference for the study, UN reform work on humanitarian assistance is progressing steadily and has already yielded significant results. The efforts to explore the possibility of a more coherent and integrated institutional framework for UN's environment work is also underway. Progress in these areas must be taken into account by the panel.

We believe that it will be important to build a broad consensus across the membership of the UN to support the conclusions and recommendations of the panel and to ensure a successful outcome. To that end we would encourage the Panel to consult widely with all stakeholders. In particular we know that you will want to ensure that the voice of developing country partners is heard. Outreach activities, both in New York and in capitals, will no doubt be an important part of your work. You can count on our support for these activities.

Finally, we are pleased to inform you that several of us have decided to give financial support to the Panel by making a substantial contribution to its extra budgetary costs. Also we hope that you will be successful in mobilizing resources from a wider circle of UN member countries.

Yours sincerely,

H.E. Mr Johan C Verbeke
Permanent Mission of Belgium

H.E. Mr Allan Rock
Permanent Mission of Canada

to the United Nations

H.E. Ms Ellen Margrethe Løj
Permanent mission of Denmark
to the United Nations

H.E. Mr Jean-Marc de la Sablière
Permanent Mission of France
to the United Nations

H.E. Mr David J Cooney
Permanent Mission of Ireland
to the United Nations

H.E. Mr Franciscus Antonius
Maria Majoor
Permanent Mission of Netherlands
to the United Nations

H.E. Mr Anders Lidén
Permanent Mission of Sweden
to the United Nations

H.E. Sir Emyr Jones Parry
Permanent Mission of the United
Kingdom to the United Nations

to the United Nations

H.E. Ms Kirsti Lintonen
Permanent Mission of Finland
to the United Nations

H.E. Mr Gunter Pleuger
Permanent Mission of Germany
to the United Nations

H.E. Mr Jean-Marc Hoscheit
Permanent Mission of Luxembourg
to the United Nations

H.E. Mr Johan L Løvald
Permanent Mission of Norway
to the United Nations

H.E. Mr Peter Maurer
Permanent Mission of Switzerland
to the United Nations

cc: H.E. Ms Luisa Dias Diogo, Moçau, Prime Minister of Moçambique
H.E. Mr Shurkart Aziz, Prime Minister of Pakistan

Key Issues for Strengthening the United Nations Operational System

1. The core role of the UN operational system

In order to make the right decisions on strengthening the UN, we need to have a good sense of what the role of the organization is. Therefore, the Panel might find it useful to consider what the core normative and operational roles of the UN are in the development, humanitarian and environment fields. What are the comparative advantages of the UN in these fields? Are there tasks that the UN is engaged in now but should better be left to other actors? What are the complementary roles of the UN, the global funds, bilateral donors and the multilateral development banks? How does the role need to adapt to meet new 21st challenges.

2. The structure of the UN operational system

We propose that the Panel take a fresh look at how the UN operational system, including the field-related activities of the UN specialized agencies and the Secretariat could be organized to provide maximum support at country level. Many believe that the current fragmented structure of the UN operational system is hindering the system to achieve its full potential in terms of results at the country level. Is there a better way to organize the system at both headquarter and field level to achieve synergies, avoid overlaps and rationalize its work? Would a more integrated structure facilitate or complicate important functions such as programming operational activities, human resources management, monitoring and evaluations. What is the comparative advantage of the specialized agencies at country level? Should normative and operational roles within the system be more integrated or separated?

3. Governance of the UN operational system

A reorganization of the current structure of the UN operational system would have ramifications also for the intergovernmental governance and inter-agency coordination mechanisms of the system. The Panel could explore options for adapted governance structures and indicate what coordination mechanisms might be needed. The current structures for the governance of operational activities - the General Assembly, ECOSOC, the Executive Boards of the Funds and Programs, and Governing bodies of other entities, including the specialized agencies, as well

as interagency mechanisms such as the Chief Executive Board, the United Nations Development Group, the Executive Committee on Humanitarian Affairs and the Inter-Agency Standing Committee - are complex and it is a challenge to create coherent policy and action.¹ The Panel could consider how to streamline governance functions, eliminate duplication and clarify roles of the existing governance structure of the UN operational system.

4. Deepening and accelerating country level reform

Much progress has been made in recent years in strengthening UN country level operations. But more needs to be done. It would be useful if the Panel assess on-going reform efforts and propose ways of strengthening them. In short, what needs to be done in order for the UN to maximize its contribution to the achievement of the international development goals, including the MDGs? Speeding up implementation of the resolution on the Triennial Comprehensive Policy Review (A/59/250) would be a one option and include reform of the Resident Coordinator system, enhanced joint programming, more joint offices and shared resources as well as delegation of decision making powers to the joint meetings of the Executive Boards of UNDP, UNFPA, UNICEF and WFP. How to engage all parts the UN operational system including the specialized agencies in country level reform is another important issue.

5. Funding of UN operational activities

We welcome that the Terms of Reference for the Panel states that funding issues will need to be a central element of the study. The voluntarily financed UN Funds and Programmes have for many years urged their members to provide adequate, predictable and multi-year financial support to the regular (core) budgets. Calls have also been voiced for an enhanced sharing of the financing “burden” between member states. But the present arrangements for mobilizing resources for the Funds and Programmes do not seem to be adequate for responding to these shortcomings of the funding of the UN operational activities. In addition, the tendency toward decentralization of donor funding decisions to country level, earmarking, as well as the recent expansion of grant facilities of multilateral development banks and the emergence of global funds imply added funding concerns for the UN operational system. It would be useful if the Panel considered funding mechanisms that could better respond to these challenges and broaden the donor circle, including private financing.

6. Mainstreaming of cross cutting issues

A well functioning and coherent system for mainstreaming of cross cutting issues such as human rights, environment and gender will be necessary if the UN as a whole is to deliver on the international development goals, including the MDGs. The UN system has a comparative advantage working with mainstreaming cross

¹ As recognized in the World Summit Outcome (op 169)

cutting themes at the country level given the link between its normative role and operational activities. This role could be strengthened. For example, evidence shows that the gender architecture of the UN is fragmented and weak. How can it be improved? How can we ensure that the operational activities at country level produce concrete results that reflect the standards and norms that have been agreed in these cross cutting areas.

7. Managing change and Human resources in a new operational environment

A strategic issue for any organization in a changing environment is to maintain the right competence and skills mix of its leadership and staff. We believe that this is an important issue for the Panel to study in relation to the UN operational activities, not least considering that an exceptionally large share of UN staff will retire in the next 5 to 10 years. What is the corporate culture and the key competences and skills that the UN operational system will need in the long term? And what can be done to make sure that these needs are met? How would a continued movement away from individual project support to more programmatic approaches - and intensified coordination with other partners - affect the requirements on the skills of the leadership and staff of the UN operational system? The implications of a possible further integration of development, security and human rights at country level may also need to be considered. The panel should consider what arrangements need to be made to oversee a system wide change process.

8. UN contribution to improving aid effectiveness

The Panel may also wish to assess the implementation by the UN Development Group of the Paris Declaration on Aid Effectiveness. It is essential that all members of the UNDG implement the action plan that they have agreed to in relation to ownership, alignment, harmonization, managing for results and mutual accountability.