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## FOR INFORMATION

### FOURTH ITEM ON THE AGENDA

## The United Nations and reform

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1. This paper updates information provided to the Governing Body in March 2007<sup>1</sup> on developments with regard to UN reform issues affecting the ILO and the Decent Work Agenda in intergovernmental and inter-agency processes.

## **1. United Nations Economic and Social Council (ECOSOC) (Geneva, July 2007)**

### **(a) High-level Segment and Ministerial Declaration**

2. ECOSOC held its first Annual Ministerial Review (AMR) on the subject of the HLS – “Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development”, and launched the Development Cooperation Forum (DCF), on “the coherence and effectiveness of international development cooperation”, both requested at the 2005 World Summit to enhance implementation of the United Nations development agenda. The interactive discussion that followed six national voluntary presentations held within the AMR demonstrated ECOSOC’s strengthened role in implementation and the link between ECOSOC discussions and action at the country level. The launch of the DCF involved a substantive discussion on aid effectiveness and aid coordination.

3. The High-level Segment adopted a Ministerial Declaration<sup>2</sup> which again endorsed decent work:

10. We reiterate our strong support for fair globalization and the need to translate growth into reduction of poverty, and in this regard we resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of relevant national and international policies as well as national development strategies, including poverty reduction strategies, as part of efforts to achieve the Millennium Development Goals.

### **(b) Coordination Segment and resolution**

4. The Coordination Segment of ECOSOC focused on the issue of “the role of the UN system in promoting full and productive employment and decent work for all”, examining the operational implications of its Ministerial Declaration of 2006.<sup>3</sup> Within this framework, ECOSOC adopted a resolution on the theme of the segment,<sup>4</sup> which establishes a clear implementation mechanism for the Ministerial Declaration of 2006 for both intergovernmental and inter-agency components of system-wide action under the aegis of the Chief Executives Board for Coordination (CEB) and ECOSOC itself, with the ILO as lead agency.

<sup>1</sup> GB.298/4/2; GB.298/4/3.

<sup>2</sup> [http://www.un.org/ecosoc/docs/pdfs/AR-M451N\\_20070713\\_104138.pdf](http://www.un.org/ecosoc/docs/pdfs/AR-M451N_20070713_104138.pdf).

<sup>3</sup> GB.297/WP/SDG/1.

<sup>4</sup> E/2007/L.14; <http://www.un.org/ecosoc/julyhls/cs2007.shtml>.

## **2. Toolkit for mainstreaming employment and decent work**

5. In April 2007 the UN system CEB fully endorsed the Toolkit for mainstreaming employment and decent work developed by the ILO in close collaboration with other specialized agencies, and agreed to proceed with its application under ILO guidance.
6. In July 2007, the ECOSOC panel on the Toolkit, led by the ILO together with UNDP, FAO and WHO, highlighted specific areas within the mandates of UN institutions where the Toolkit would be of particular relevance. Delegations paid tribute to the work done within a very limited time frame, emphasized the country dimension of the Toolkit and requested a regular update on its progress.
7. The Toolkit and the three-phased approach to the action plan involve: (i) each organization's formulating its own action plan by the end of 2007 or the beginning of 2008 based on the self-assessment; (ii) follow-up on the action plan by the end of 2008 or the beginning of 2009 by promoting ownership by the organization and enhancing the decent work elements of its policies, programmes and activities; and (iii) establishing by the end of 2009 a UN system-wide action plan for 2010–15. Self-assessments have begun in WFP, UNAIDS, UPU and UNODC.
8. A project has been launched in the ILO to ensure that it plays its full role in helping agencies in this task, for which donor support is being sought to add to the funds already assigned.
9. Response so far has been positive. A joint FAO-ILO web site will launch shortly on joint activities and decent work elements addressed in them.
10. Preparations are being made to apply the Toolkit at the field level as a key instrument for the UN Country Teams (UNCTs) to mainstream employment and decent work in national development programmes and frameworks. Some country teams have already expressed interest in adapting and testing the Toolkit at the country level.
11. Ongoing work in this regard was also discussed by the High-level Committee on Programmes (HLCP) and the UN Communications Group in September, and reported to the CEB in October 2007.

## **3. Millennium Development Goals (MDGs): Addition of a new target and indicators on “achieving full and productive employment and decent work for all, including women and young people”**

12. At the 2005 World Summit, world leaders committed themselves to achieving four targets in addition to the ones included in the Millennium Declaration, including one on decent work.<sup>5</sup> The Secretary-General proposed to the General Assembly at its 61st Session (2006) the inclusion of four new corresponding targets.<sup>6</sup>

<sup>5</sup> GB.295/WP/SDG/1 [<http://www.ilo.org/public/english/standards/relm/gb/docs/gb295/pdf/sdg-1.pdf>].

<sup>6</sup> UN document A/61/1, para. 24 [<http://www.un.org/ga/61/documentation/list.shtml>].

13. The selection of the appropriate indicators for the new targets was undertaken by the Inter-Agency and Expert Group on MDG indicators, coordinated by UN-DESA, in which the ILO participated. The new formulation of the monitoring framework includes, under MDG goal 1 (Eradicate extreme poverty and hunger), a new target: “Achieve full and productive employment and decent work for all, including women and young people”, which will involve indicators being measured for the following:

- growth rate of GDP per person employed;
- employment-to-population ratio;
- proportion of employed people living below US\$1 (PPP) per day; and
- proportion of own account and contributing family workers in total employment.

#### 4. UN system CEB

14. Giving effect to recommendations on inter-agency machinery in the report of the High-level Panel on UN System-wide Coherence in the areas of development, humanitarian assistance and the environment,<sup>7</sup> in April the CEB, meeting at ILO headquarters for the first time in its history, endorsed a set of proposals on its structure, working methods, and relation to other inter-agency mechanisms in a report presented by the ILO Director-General and Mr Pascal Lamy, Director-General of the WTO. The main proposal is that all UN inter-agency bodies should effectively come under the authority of the CEB as the primary organ for policy-setting and decision-making. The main consequence will be the integration of the UN Development Group (UNDG) into the CEB as a third pillar for development cooperation alongside the HLCP and the High-level Committee on Management (HLCM).

15. Three main aspects of this review were identified for further discussion and decision at the CEB session on 26–27 October 2007. The first concerns specific suggestions on a new format for CEB meetings and the setting of its agenda; the second concerns the work of the committee chairs, including the integration of UNDG into CEB; and the third concerns the reorganization and strengthening of the CEB secretariat under its new structure.

#### 5. Follow-up on the report of the High-level Panel (HLP)

16. A review of the report of the HLP was presented to the General Assembly by Secretary-General Ban Ki-Moon in April<sup>8</sup> together with his own proposals for follow-up. This review is being led by the Ambassadors of Barbados, Mr Christopher Hackett and of Luxembourg, Mr Jean-Marc Hochscheid, working as facilitators on behalf of the President of the General Assembly. Several donor countries have co-sponsored consultations with Member States on a regional basis in the first half of 2007 in order to broaden understanding of the various related issues. The report has also been widely discussed in the media and civil society, in addition to the governing bodies of UN agencies. The reform proposals are being treated as a package, and negotiations are hence complex.

<sup>7</sup> GB.297/WP/SDG/2 [<http://www.ilo.org/public/english/standards/relm/gb/docs/gb297/pdf/sdg-2.pdf>].

<sup>8</sup> UN document A/61/836.

17. Debate was positive at ECOSOC's Operational Activities Segment in July in preparation for this year's Triennial Comprehensive Policy review, with most delegations noting that the UN system was implementing reforms across a broad range of issues, particularly evident in country-level coordination and programming efforts, which many called for the UN system to accelerate and apply more widely.

## 6. "Delivering as One" in pilot countries

18. The "One UN" exercises in eight pilot countries began in January 2007. The aim is to test new forms of country-level cooperation in programming and coordination, and more unified and harmonized business practices. The United Nations is aiming to "deliver as one", with *one programme or plan, one team under one leader*, and a common financial framework, *one fund*. A further 20 countries have also been designated for the "joint office" model, and a number of countries have volunteered.
19. The pilots are intended to facilitate experimentation. The aim is to learn lessons and develop good practices that can be shared. Each pilot is being closely monitored by donor countries, Member States and the agencies. Separate machinery has been established within UNDG to monitor and coordinate policies between organizations and to determine support needs. A number of inter-agency missions, in which the ILO has participated, have been fielded to advise UNCTs and validate arrangements for the one programme and one fund, and to provide change management support. Many agencies have individually taken special measures to ensure effective participation in the pilot exercises, including the ILO, for example through special missions or reinforcing presence in countries where they are not a resident agency.
20. The UN Evaluation Group (UNEG) will work with the pilot countries to harmonize the monitoring and assessments to the extent possible. An initial assessment is expected by the end of 2007.
21. The increase in coordination and programme planning and the adaptation of administrative and business practices requires a significant initial investment of time and resources, and one immediate result of the exercise has been a sharp increase in transaction costs. Several coordination arrangements have been established at the inter-agency level, including an informal senior executives coordination group of the ten largest funds, programmes and specialized agencies, in which the ILO is also participating.
22. A major objective is to achieve a number of results with an inclusive approach that makes full use of the combined and diverse resources, experience and mandates of the UN system. There is also a need to reconcile vertical responsibilities within organizations with the horizontal mutual accountability of country directors, the Resident Coordinator and other members of the country teams.
23. In the "One UN" pilots a three-tier funding system is emerging, consisting of the core and regular budget resources of individual agencies, the additional resources mobilized from a variety of sources, and the "one fund", a pooled multi-donor trust fund to finance the agreed "one plan". The aim here is that agencies retain control over their resources, but plan and programme them within an integrated programme framework. Significant questions remain about the future direction of changes in funding modalities and whether they will be conducive to better and more integrated planning and implementation, allocated and controlled in a transparent and equitable manner and based on national priorities; or whether significant parts of agencies' mandates and programmes will be overlooked.
24. To date only a small number of donors have committed to pooled country-level funding to support the "One UN" programmes. Spain has established a major €28 million (\$750

million) Millennium Development Goals Achievement Fund to accelerate efforts to reach the MDGs and to support UN reform efforts at the country level. The fund is managed by the UNDP through a joint steering committee with the Government of Spain, whereas proposals are prepared by the UNCTs under different “thematic windows”. The ILO has prepared the terms of reference for the window on youth, employment and migration, and will be the convenor of the Technical Review Panel that will evaluate the proposals submitted. Other windows concern the themes of gender equality and empowerment; environment and climate change; culture and development; economic governance; human needs and basic social services; economic and private sector development; and conflict prevention and peacebuilding.

25. Regional Directors’ Teams (RDTs) are being formed to take responsibility for three core functions: (1) oversight and supervision of the implementation of UN reform initiatives in countries under their jurisdiction, notably the “One UN” pilots; (2) quality assurance and support of the CCA/UNDAFs through decentralized regional technical teams; and (3) performance appraisal and supervision of Resident Coordinators and UNCTs. In 2007, all Resident Coordinators’ performance appraisal reports were prepared by a collegium of regional directors, rather than UNDP; the performance appraisals of representatives of individual agencies are based on team assessments and other feedback. The ILO’s Regional Directors have begun to participate in meetings of the RDTs.
26. UN reform is recognized as a clear opportunity for the ILO to advocate the Decent Work Agenda as a major national objective and forge partnerships with UN system actors to increase its influence. The need for active and continuous participation in country-level coordination and programming puts the ILO field structure to the test, especially in countries where the ILO is not a resident agency. New planning and implementation arrangements raise a number of issues with regard to contractual arrangements of a legal, financial and fiduciary nature. As stated in March 2007, the ILO is introducing a number of internal measures to reinforce capacity, notably establishing an ILO presence through the assignment of national programme and liaison staff in countries without an ILO office; the establishment of an interdepartmental task force involving regional departments, and greater participation in inter-agency processes.
27. Effective information management is also essential. Web-based information resources have been developed and training was provided to familiarize ILO staff with new concepts and tools. With the support of the United Kingdom and the Netherlands, the Office has prepared a modular training programme, to be implemented in partnership with the regional departments and the Turin Centre. The programme will include training for constituents in the subregions, and covers the UN reform framework, results-based management, planning and managing Decent Work Country Programmes, project cycle management, and monitoring and evaluation. Most modules and training materials and references are complete, and a number of workshops have already been held to test and apply them. More activities are planned in the coming months.
28. The partnership with UNDP concluded in February 2007 should also be seen in this perspective, since it focuses on six of the “One UN” pilot countries. The aim is to mainstream decent work in UN system programmes by leveraging the strengths of each organization to deliver as one. Since the joint planning workshop for 12 UN Resident Coordinators and their ILO counterparts in April, the programme of work is being expanded, with regular joint planning meetings at both regional office, subregional and country levels.

Geneva, 27 September 2007.

*Submitted for information.*