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Reinvigorating the economic development functions of the UN a proposal by the UNIDO Director-General

Vienna Austria, 1 February, 2005



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UN Reform is not a new idea. "Many mechanisms have been tested in attempts to reorganize the UN machinery" says UNIDO Director-General Carlos Magariños in the new UNIDO publication ***Economic Development and UN Reform***. But when it comes to the UN's economic development functions, none of the institutional arrangements, managerial strategies and bureaucratic adjustments have overcome the malaise brought about by "insufficient critical mass; absence of a common approach; and inability to price". Mr. Magariños believes that for the reinvigoration of UN development functions, institutional arrangements are necessary, but do not suffice. "They will only deliver better integration of efforts and collective responses by the system if articulated around a strong programmatic core and in the presence of the right set of incentives. Apt leadership is also required." And to bring this mechanism to life, says Mr. Magariños, "a fundamental prerequisite must be met: political will. Not much else is needed."

With the overriding motive of improving the contribution to the fight against poverty and strengthening the link between development, peace and security, the reform proposal put forward by Mr. Magariños is original in at least two aspects: in the first place it gives less weight to bureaucratic arrangements and more to organizing the system's activities around a set of

substantive economic development topics or issues; and in the second, it adopts a bottom -up approach, drawing from the experience of the reform of UNIDO itself.

The proposal is that "a system-wide, Millennium Development Goal (MDG)-based operational strategy for the UN's economic development functions be elaborated building on key aspects of the current approach to development, with its emphasis on macroeconomic stability, market-oriented reforms and good governance." More specifically, the strategy should have four aims: the first aim - defining the MDGs as the

common policy orientation for the work of the system towards sustainable economic development; the second aim of the proposed strategy is - identifying priority areas for coordinated responses by organizations of the system with a mandate in the field of economic development and elaborating a well-defined, results-oriented, workplan built around an agreed economic agenda designed to draw fully on the capacities and comparative advantages of different parts of the system; the third aim - developing the appropriate mechanism or modality for coordinated interventions on the basis of the agreed workplan; and the fourth aim of the strategy - exploring alternative avenues for mobilizing the required resources.

With this strategy in mind, "If we really want to succeed in achieving the Millennium Development Goals and targets", the Director General says "we must admit that we will have to address the current undersupply of public goods by the global society and in particular, the capacity of the less developed countries to supply them locally, at their national level. I believe this is the area where we in the UN must focus most of our efforts." The UN reform proposed by Mr. Magariños also prescribes a strong connection between the UN's peace and development functions.

Mr Magariños recommends the MDGs as "an organizing principle for the international system, offering programmatic coherence for the UN's activities, particularly at the country level, and constituting the basis for an integrated, multi-sectoral approach to development. Adopting them for this purpose would provide an opportunity to achieve a demonstrable coming together of the system's various organizations around common objectives, wherever possible pooling resources, engaging in collaborative programming, and devising innovative alliances and partnerships."

The proposals to reinvigorate the economic development functions of the UN are above all pragmatic. With seven years at the head of UNIDO (during which he spent two years as chairman of the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination (CEB)), Mr. Magariños knows the system. He identifies four key challenges in fitting the proposal to "such an intricate legal system as that of the UN" to make it operational: The first challenge is making a common agenda for action relevant and workable for the multiplicity of UN bodies involved in economic development. The second challenge concerns organizing the work of the various UN bodies once the programme has been formulated. The third challenge is that of rewarding the various UN bodies contributing to the common agenda. The fourth challenge is making sure that the selection of areas of work relevant to the MDGs is also relevant for field-level operations.

A choice of two approaches, or combination of both, is suggested to come up with "a common agenda of action relevant and workable for the multiplicity of UN bodies involved in economic development." "One is having the system-wide, MDG-based, common agenda for action formulated through any of the existing mechanisms of coordination within the UN system, namely, the United Nations Development Group (UNDG) and the High Level Committee on Programmes (HLCP) of the Chief Executives Board for Coordination (CEB), without an explicit mandate necessarily emanating from an organ of the UN Secretariat. One possible scenario would be having the HLCP play a leading role in the drafting of the common agenda and doing so in cooperation with the UNDG and DESA (the UN Department of Economic and Social Affairs). For some of the agencies involved, the implementation of the voluntary common agenda to better perform their MDG-related economic development functions may not entail policy changes but, rather, managerial accommodations. In other cases, the approval of the respective organizations' governing bodies might be needed. If such is the case, a second, not necessarily alternative way may be sought. The General Assembly or the ECOSOC could pass a resolution calling on the UN bodies involved in economic development to formulate a system-wide, MDG-based agenda, requesting the Secretary General to report on it and inviting the relevant executive heads to follow up. The governing bodies for the relevant specialized agencies, funds, and programmes could later endorse the resolution."

On the second challenge; of organizing the work of the various UN bodies once the programme has been formulated, Mr. Magariños proposes "issue-leadership". "A good example of this approach was developed by Professor John Ruggie in the formulation, implementation and management of the Global Compact, with many partners (ILO; UNHCR; UNDP; UNEP and UNIDO), each contributing according to its own mandate and expertise..." The issue-leadership approach "requires agreement on two things: the programmatic focus to be adopted (e.g. the MDGs) and the list of issues that need to be developed in order to achieve the

programmatic goal..." As mentioned earlier, the list of issues or areas of work critical to the achievement of the MDGs for Mr. Magariños centre around the supply of public goods. In his "suggested menu of topics" the areas of work focus on "the need to strengthen the supply of three specific public goods: 1. market efficiency and integration; 2. knowledge; and 3. environment; with an additional area of endeavour that requires special attention, 4. benchmarking and monitoring economic performance."

Of the four challenges to making the proposal operational, the third one, the development of an incentives system, is deemed to be the key one in order to ensure that the relevant UN bodies participate in an effective manner. "In addition, one of the goals of setting up a common business plan for better implementing the MDG-related economic development functions of the UN system is attracting additional funding from donors. ...If only a portion of future ODA flows were applied as a reward mechanism for those UN agencies contributing to a common, MDG-oriented business plan, this plan would count with substantive additional funds to pursue their joint efforts while strengthening the UN's economic development functions."

The fourth challenge, ensuring the relevance of the final menu of issues for the implementation of the MDGs on the ground, can only be met "by improving coordination and facilitating the work of the UN Resident Coordinator and the UN Country Team. Any menu of topics will have to rely on a critical review of the current generation of Poverty Reduction Strategy Papers (PRSPs) and the United Nations Development Assistance Framework (UNDAF)."

After outlining the features of the proposal in chapter 1, the rest of Part I of the book looks at the "institutional" aspects covered by most of the UN reform proposals (chapters 2 and 3) and of the "programmatic" challenges to be addressed by the system to improve its effectiveness (chapters 4 and 5). As the Director-General says in his introduction, "This is, of course, an arbitrary distinction introduced to facilitate the analysis and to simplify the key message of the book: that more attention should be given to the programmatic aspects of the reform efforts undertaken at the UN system." The "institutional" aspects revolve mainly around bureaucratic, administrative and financial arrangements to improve coherence at the system level, including operations in the field. The "programmatic" challenges relate to the need to align and harmonize the normative and operational functions of the system in the field of economic development so as to maximize its contribution to the collective goals of the UN established by its Member States at the major UN conferences and summits.

Part II tells the story of UNIDO's reform and how it has reached a point where any future efficiency gains in meeting international development objectives will depend on similar gains throughout the common system and the capacity of UNIDO to both benefit from and contribute to them.

Economic Development and UN Reform - Towards a Common Agenda for Action by Carlos Magariños is available for download in full and in parts at <http://www.unido.org/un-reform-book>

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