



UN MANAGEMENT REFORM THE ROLE AND PERSPECTIVE OF THE G77

by Irene Martinetti
8 September 2007

Among the many caucuses and groupings of the United Nations none seems to be more intensively scrutinized than the Group of 77 (G77), a powerful faction representing the interests of 130 developing Member States. Since its inception in 1964, the Group has carefully guarded the interests of 'the South', as the developing world is colloquially referred to at the United Nations. For outsiders, the G77 has often been elusive yet the Group constitutes a powerful factor in moving opinions on important issues at the UN. Through interviews with key diplomats and UN officials, this article analyzes the current management reform discussions as seen through the eyes of the Group of 77.

Throughout its history, United Nations reform proposals seem to have ebbed and flowed with the political developments inside as well as outside its headquarters. For its 60th birthday in 2005, a strong momentum to redesign its basic practices and structures seemed to have arrived once more. Based on reports by two groups of experts, Secretary General Kofi Annan decided to put forward proposals to revitalize and reform the United Nations system, and the largest gathering of world leaders in history agreed to move the process forward by signing the **World Summit Outcome Document** (WSOD) in September of 2005. However, the formulation of the document did not come without a price. The arrival in August 2005 of the new United States Ambassador to the UN, John Bolton, who made numerous demands for changes, made it difficult for Member States to reach agreement on many substantial points in time for the high-level session in September. With only a few days left before the summit the document was finally assembled and agreed upon.

Many delegations in general and developing countries in particular, felt as if they had been force-fed the reform agenda. Furthermore, to advance the reform agenda, the US insisted that the membership approve a cap on the organization's budget. The cap provided that if a substantial corpus of reforms was not approved by Member States during the first half of 2006 the UN Secretariat would not receive funds to continue its activities. The budget cap intensified the existing North/South divide and increased mistrust to grow to the point that developing countries felt threatened by what they perceived as an attempt by the UN's major donors to grab power over the organization through the reform process. In a countering move, they appeared determined to block all reform efforts. The 'tipping point' came when the G77 insisted on a vote at the Fifth Committee, which since 1986 had been taking all decisions regarding institutional reforms by consensus. The vote, naturally, favored the developing states, which hold the majority in the General Assembly (GA).

With the budget cap lifted at the end of June 2006 and a shift in the US reform approach, especially by December 2006, the atmosphere cleared up. During the 61st session of the GA, a great deal of reform proposals were discussed at the Fifth Committee (Budget and Administrative), whose delegates were assigned the bulk of the work of approving the new policies and the funding required to implement them. To date some progress has been achieved, but much remains to be discussed.

Because of the often very irreconcilable stances during the negotiations surrounding the WSOD as well as during the budget cap for much of 2005 and 2006, the developing countries have been seen as the counter-agents of change, resistant to all reform initiatives. As a result, the ongoing reform process appeared to be largely a US/Western driven agenda that the developing countries were eager to hamper in

every possible way. Such a perception, however, is only partially correct. At the UN, much politicking is involved while negotiating reforms and new policies. In general, developing countries seek to obtain more development-friendly policies, while the big donors strive to direct the UN's activities towards what they believe to be its original purpose: maintaining international peace. This may make developing countries appear resistant towards accepting change when it is not in the direct interest of their single main objective: development.

Several delegates interviewed for this article noted, however, that the importance the developing countries entrust to the UN should not be overlooked. Indeed, the UN represents the only forum where they can make themselves heard on global issues and influence the norm-setting process. Developing nations fully realize and agree that it is in their interests to have a better functioning organization capable of effectively delivering the tasks it is assigned. Therefore, while they will resist, and have resisted, those reform initiatives that may threaten the sovereign equality of all States and undermine stable development policies, developing countries support, and have already supported, several processes directed to making the organization more efficient.

Developing countries discuss the bulk of the reforms related to the management of the organization and of its programs at closed meetings of the G77 caucus. The prime objective of the G77 is to promote developing nations' economic interests and "enhance their joint negotiating capacity on all major international economic issues within the United Nations system."¹ Developed countries often perceive the G77 simply as a disruptive force, a group without a defined agenda that comes together only to prevent any alleged attempt from the major donors to grab power over the organization's activities. However, when decisions are taken by consensus as in the Fifth Committee, the G77 also functions as a venue where the developing countries work out their differences and formulate coherent policies and approaches. Several G77 delegates noted how also within the current reform process, much of the work towards finding a compromise agreeable to all the membership, and necessary to approve the reforms, was accomplished within the G77 caucus. In many instances, G77 delegates feel, consensus on new policies was reached thanks to the Group's willingness to engage. On the other hand, when G77 members have not been able to work out their differences, reforms have sunk (e.g. mandate review).

A vital point in the G77's reform agenda is to make sure that resources are applied across the board equitably and to prevent any attempts to divert funds from development towards other purposes. Several G77 delegates indicated with frustration how the allocation of the regular budget resources has increasingly been skewed away from development towards issues related to peace and security. In fact, according to a delegate interviewed, funds from the UN regular budget have been progressively assigned to mandates issued by the Security Council and there is a sense that the Fifth Committee is only there to rubberstamp decisions taken by the Security Council. According to this source, in 2006 \$600 million were approved for activities of the Department of Political Affairs. Adding that, while there has been a 34% increase in funding coming from the regular budget into peacekeeping operations, funding for development and implementation of internationally agreed development goals (IADGs), including the MDGs, have only increased by 0.5%.² Thus, developing countries feel that distribution of resources at present is not equitable and that resources from the regular budget are not distributed fairly towards development.

This accusation is refuted by major donors who contend that development is covered by voluntary funding and that the regular budget of the UN should rather serve its mission of ensuring international peace and security.³ Developing countries, in fact, are the main recipients of large amounts of funding, through voluntary contributions, which in the last few years have largely surpassed the UN regular budget.⁴ However, voluntary contributions are generally perceived by developing nations as funds directed to programs in accordance with the donors' priorities⁵ rather than to the priorities set by developing countries' national government.⁶ It is this perception that drives the urge to ensure that the regular budget of the UN, over which all 192 Member States have control through the Fifth Committee of the General Assembly, is distributed equitably.

Management Reform initiatives supported by the developing countries include:

Reform of the Accountability Framework of the UN:

Developing countries strongly believe that more transparency and accountability in the work of the UN are needed in order to improve its capability to deliver. The G77 repeatedly stressed the necessity to achieve better implementation and more effective monitoring and evaluation of programs.

In the past three years, all UN major organisms related to management and monitoring of system-wide effectiveness have issued reports concerning the problem of accountability. The reports contained suggestions on how to improve the current mechanisms. In addition, a Steering Committee commissioned by the SG supervised an external study by Price Waterhouse Coopers on the UN's accountability systems.⁷ The developing countries, however, feel that no comprehensive report on the accountability framework has been issued to date.

Some progress has indeed been made towards improving the UN's accountability framework. Establishment of the Ethics Office was among one of the earliest reforms approved and its creation enjoyed wide support amongst the UN membership.⁸ Also, with regard to the resolution on the strengthening of the oversight and governance systems of the UN recently discussed at the Fifth Committee, G77 delegates feel that agreement on the Independent Audit Advisory Committee (IAAC) and its terms of reference was reached because the G77 was willing to engage actively in finding a compromise acceptable to all parties. The IAAC, a subsidiary organ whose creation was strongly advocated by the US, had previously divided the membership.⁹

Human Resources Management

Developing countries have also been particularly in favor of achieving substantial reform of the human resources management structure of the UN. Their highest priority in that regard is ensuring fair representation of geographical balance at senior level positions. The G77 feels that too few developing countries are represented at senior levels. In fact, from 2002 to 2006 the number of staff from developing countries has constantly decreased. At senior level (D1 and above) 40% of the staff comes from a developing country against 49% from developed countries.¹⁰ This trend is not acceptable to developing countries, which contend that since they constitute 77% of the UN membership, they should have greater representation at senior levels.¹¹

Formulating better contracts for field missions staff is also an issue that the G77 has strongly supported. On the other hand, proposals to increase mobility amongst staff were postponed for further discussion. Although a resolution on human resources management reform was approved in December 2006, results on implementation of the new policies are expected to take a long time.¹²

Administration of Justice System

Another reform issue considered a priority by the G77 is that of the UN internal justice system. A Panel established by the SG to review the administration of justice system at the UN described it as fragmented and over-centralized, slow, expensive and inefficient. The current system does not provide proper or adequate remedies and fails to guarantee individual rights. The Panel proposed the establishment of an entirely new internal justice system.¹³ Subsequently, a resolution that sets new ground for a more efficient and effective administration of justice at the UN was approved in March 2007, with the support of the developing countries.¹⁴ The new system is expected to be functional by 2009.

Information and Communications Technology

Reforming the UN system-wide information and communications technology system is also a high priority for the developing countries. The UN suffers from an "information technology malaise" which affects its human resources management, coherent data gathering for statistical analysis as well as all UN's operational activities worldwide.

Most of the UN's IT platforms are not only outdated but also incompatible with each other, even within the same agency or the Secretariat. For instance within the Secretariat at least 6 departments have their own ICT units with no integrating mechanism among them, preventing staff from having access to a coherent and system-wide record of information and resulting in considerable duplication of work. Among the SG proposals for a better ICT system is the establishment of an integrated global system, which would replace the current Integrated Management Information System (IMIS), and all other stand-alone systems.¹⁵

Member States have approved, in principle, the reform of the UN system-wide ICT system and endorsed funding for a Chief Technological Officer at the ASG level,¹⁶ who was appointed in July 2007 by Secretary General Ban

Ki-moon,¹⁷ but funding requirements to implement all the proposed reforms have yet to be submitted to the Fifth Committee for approval. It is expected that the reform of the organization's information technology and communications systems will amount to 120 million dollars. ICT reform is on the agenda of the Fifth for the upcoming session, pending a detailed report from the Secretary General. The SG submitted a short report during the second resumed session of the Fifth Committee but Member States did not find it sufficiently detailed and requested a further report.

Procurement Reform

Major weaknesses in the UN's procurement system include lack of managerial oversight and controls, outdated procurement processes, poor governance structure and lack of sufficient resources.¹⁸ Currently, there is no way to hold managers accountable for how they handle their procurement accounts; moreover holes in the system give ample leeway for corruption and mishandling of funds dedicated to procurement.

Developing countries have expressed much interest in the reform of procurement because they see the potential for an increased participation of vendors from developing countries. In that regard, the Secretariat already instituted a seminar program with the aim of increasing the vendor roster in developing countries but, as Swart notes in her article on procurement reform: "the G77 does not consider this sufficient and is insisting that additional methods of capacity building to increase procurement from developing countries should be developed."¹⁹ On the other hand, developed countries did not feel that procurement should be looked at as a tool for development, thus negotiations on additional ways to increase procurement opportunities for developing countries were postponed to a later stage. A resolution was nevertheless agreed upon with the support of the G77 in December 2006. Application of the new policies approved, however, has been postponed because of pending reports from the Secretariat. In fact, more SG reports on procurement are expected for the 62 session of the GA.²⁰

UN Security Systems

Agreement was also reached on the reform of the security systems of the UN with the support of the G77.

Contentious Issues

One of the most important tenets of the G77 agenda is that sovereign equality of States must be ensured. Therefore, in the eyes of the developing countries, all reform proposals that may result in discriminating States on the basis of their size, population or monetary contribution are not acceptable to the G77.

G77 delegates feel that some of the proposals contained in the WSOD, put forward by the Secretary General and supported by the developed countries, sought to change the decision-making process of the organization. For example, from the point of view of developing countries, more independence for the SG in the management of the Secretariat translates into a potential grab of power from the developed countries, since several Member States believe the SG to be heavily influenced by the US. A belief that seems to have increased in the first six months of 2007, in relation to the appointment of a new SG and the perception that none of the reforms he has proposed were directed to improve the delivery of development projects.

In general, reform processes perceived as likely to work against the interests of the developing countries have been inevitably doomed, such as the mandate review, system-wide coherence and for several proposals contained in the SG report " **Investing in the UN.**"²¹

Mandate review

The review of all UN mandates, conceived with the objective to eliminate obsolete or duplicative mandates, is a process in which the US and other major donors bore a great deal of expectations. However, developing countries felt that the process was initiated with the intention to eliminate politically sensitive mandates and to divert funds from eliminated mandates towards financing reform proposals or other non-development related programs. Furthermore, as a G77 member delegate explained, it is very difficult to eliminate mandates that have been approved by the whole membership. It is also very difficult to prove to what extent a mandate has been implemented. Mandate review has been dormant for over six months and it does not seem likely that it will gain momentum any time soon.

System-wide Coherence

With regards to the ongoing discussions on the recommendations contained in the report of the High-level Panel on System-wide Coherence, there is a widespread feeling amongst developing countries that these do not offer any added value to the current reform process. In regards to management reforms, which are being discussed under the 'business practices' cluster, G77 members feel that the proposals contained in the report are not in accordance with the rules of procedure of the UN. The reforms proposed with regards to the Chief Executive Boards, for example, are considered far-fetched and difficult to implement.²² Furthermore, the G77, together with other Member States, find that the discussion on management reforms belong in the Fifth Committee and should continue to be examined in that forum.

Several G77 delegates indicated that they feel that fairly good progress has been made in most reform areas and they do not wish to discuss any new reforms at this time. In fact, what seems to be the hope of the developing countries is that there will be no further restructuring proposals, as much work is yet to be completed on the reforms already approved.

Conclusion

Considering the modus in which developing countries have reacted to the reform process originating from former SG Kofi Annan's "**In larger Freedom**" document,²³ it is clear that ambitious reform efforts tend to alarm the membership and may result in unproductive politicking by various groupings. There is a shared feeling amongst UN delegates that the WSOD and the budget cap, while building momentum, also contributed greatly to undermine the process of reform by engendering mistrust and creating wariness amongst developing countries that they would not own the process.

As the atmosphere at the UN has much improved and collaboration between the G77 and Western countries has become easier, especially since the appointment of US Ambassador Khalilzad, who perhaps exhibits a smoother diplomatic style than his predecessor, the 62nd session of the GA represents a good opportunity, with the help of a strong GA Presidency, for the new Secretary General to follow up the reform process and, little by little, fill in the numerous gaps.

¹ **G-77 Official Website.**

² Francisco Sagasti, Ursula Casabonne and Fernando Prada, "Power, Purse and Numbers: A Diagnostic Study of the UN Budget and Finance Process and Structure," Lima, January 2007.

³ In fact, while developing countries represent about 77% of the total UN membership, their monetary contribution to the UN programs is minimal. In 2006, G77 member countries as a whole contributed about 10% to the UN regular budget. **All about the UN budget**, UNA USA, June 2006.

⁴ In 2005, voluntary contributions accounted for 46.5% while the regular budget only accounted for 24.4% of total expenditures, with peacekeeping covering the remaining 29%. This trend is only increasing, in 2006-2007 the regular budget amounts to US\$ 3.8 billion against US\$ 5.6 billion from voluntary contributions. Sagasti, Casabonne and Prada, January 2007.

⁵ 72% of voluntary contributions fund humanitarian affairs and human rights programs. Sagasti, Casabonne and Prada, January 2007.

⁶ It has been argued by Iqbal Haji that the system of voluntary contributions creates a sort of "UN a la carte," whereas major donors tend to push certain causes while forgetting others, in Iqbal Haji, *The "Problem" of Voluntary Funding*, 1997.

⁷ For an overview see Irene Martinetti, "**Reforming Governance and Oversight of the UN encounters hurdles**," UN Reform Watch No. 22, Center for UN Reform Education, 1 December 2006.

⁸ See: <http://www.centerforunreform.org/node/32>.

⁹ For further details see: "**Fifth Committee Report: 1-8 June 2007**," Center for UN Reform.

¹⁰ **Composition of the Secretariat - Report of the Secretary General**, 15 August 2006.

¹¹ According to the SG report, however, the current composition of the Secretariat is within normal ranges.

¹² See: **Fifth Committee Report: 18-22 December 2006**, Center for UN Reform.

¹³ For an overview see: **Fifth Committee Report: 5-9 March 2007**, Center for UN Reform.

¹⁴ See: **Fifth Committee Report: 19-30 March 2007**, Center for UN Reform.

¹⁵ See: Secretary General Report, **“Investing in the United Nations for a stronger organization worldwide - Section on Information and Communications Technologies,”** 7 March 2006.

¹⁶ See: <http://www.centerforunreform.org/node/29>.

¹⁷ **“Secretary General appoints Choi Soon-Hong of the Republic of Korea as Chief Information Technology Officer, Assistant Secretary General,”** UN Press Release, 6 July 2007.

¹⁸ **“Investing in the United Nations for a stronger organization worldwide,”** Report of the Secretary General, 7 March 2007.

¹⁹ Lydia Swart, **“Fifth Committee considers Progress on Procurement Reform,”** Center for UN Reform, 15 November 2006.

²⁰ See: **“Fifth Committee Report: week of 18-22 December 2007,”** Center for UN Reform.

²¹ The Secretary General report **“Investing in the UN for a stronger organization worldwide,”** published in March 2006 contains a wide range of recommendations on how to improve management of the Secretariat.

²² For further details see: **“First Round of Consultations on System-wide Coherence in progress,”** Center for UN Reform, 1 July 2007.

²³ The recommendations contained in the SG Report **“In Larger Freedom”** served as a basis for the negotiations towards the formulation of the World Summit Outcome Document.

The Center does not endorse any particular reform proposal and has no affiliation with any governments. All expressions of opinion contained in its publications are the sole responsibility of the authors.