

18 December 2007

Tripartite Stocktaking Report UN Reform in Viet Nam

The most radical decision we could take is to maintain the status quo. It would represent a victory for inertia and parochial, short term institutional and national interests to maintain a [UN] system that has grown over time, and which no one facing the challenges we do today would design as it is.

Report of the High Level Panel on System-wide Coherence, 2006

This report was drafted in response to the request by Kemal Dervis, Chair of the UN Development Group, for an informal end-of-the year stocktaking of progress in the Delivering as One Pilots. The report below was shared, discussed and endorsed by the UN Country Team (UNCT), the Government Aid Coordinating Ministries (GACA) and the donor community involved in UN reform at country level in Viet Nam, chaired by Norway.

PART I: OVERVIEW OF ACHIEVEMENTS IN 2007

1. Background

In October 2007 the United Nations and the Government of Viet Nam celebrated 30 years of partnership based on mutual understanding and shared principles. In these years the UN has established a track record of impartiality and support for country ownership of development strategy and policy. Until the early 1990s, the United Nations represented a large proportion of overall ODA and was one of only a small number of development partners that maintained a presence in the country during the challenging period prior to the advent of the *doi moi* reforms. Today, UN resources make up less than two percent of ODA to Viet Nam, and a growing contingent of multilaterals, bilaterals and international NGOs are present in country to provide financial and technical support.

Viet Nam's development needs have also changed markedly. Two decades of rapid economic growth have transformed Viet Nam from a country struggling to meet the basic subsistence needs of its people to an emerging market economy with ambitions to achieve middle-income country status in the very near future. But with development come new challenges, such as the balance between equity and growth; social change associated with increased geographical and social mobility; environmental pollution and sustainable resource use; and the development of rule of law, democratic institutions and a robust civil society.

In this rapidly changing environment, the United Nations in Viet Nam must adhere closely to its comparative advantage relative to other international partners. Failure to do so

would mean loss of relevance and would undermine the special relationship between the Government and the UN. The need to refocus the mission of the UN is the primary motivation of UN Reform in Viet Nam.

2. Vision for UN reform in Viet Nam

The One UN Initiative in Viet Nam predates the recommendations contained in the report of the High Level Panel on System-wide Coherence by over one year. A discussion paper on UN reform in Viet Nam dated September 2005 was followed by a more detailed roadmap towards the One UN Initiative in early 2006. It recognized that the UN, at country level, is fragmented, with built-in inefficiencies, and that the development impact of the UN's work would be enhanced if planned, implemented and monitored better together. The question was not 'should the UN reform', but 'how do we reform' to achieve the best results for those the UN is here to serve: the Government and people of Viet Nam.

Considering incrementalism the worst enemy of innovation, an ambitious reform vision was drafted. The objective of the One UN Initiative was to establish a One (integrated) United Nations. The paper outlined the necessary UN reform measures within the context of the Paris Declaration on Aid Effectiveness and its contextualization in Viet Nam, the Hanoi Core Statement on Aid Effectiveness (HCS). The HCS calls on donors to align to national development strategies and national systems, to reduce the transaction costs associated with delivering ODA, to focus more on managing for development results and to establish systems of mutual accountability.

The Prime Minister was closely engaged in the One UN Initiative for a transformed UN, integrating the participating Agencies, with unity of purpose, coherence in management and efficiency and effectiveness in operations. He approved the 'Agreed Principles, Objectives and Instruments' to achieve One United Nations in Viet Nam and the Terms of Reference for the Tripartite National Task Force (TNTF). The TNTF, comprising of the Government Aid Coordinating Agencies¹, representatives from the donor community and the participating UN Agencies, was charged with the responsibility to advance UN reform by providing effective oversight of the process, and to operationalize the roadmap. The TNTF identified five dimensions of harmonization, or 'Five Ones': One Plan, One Budget, One Leader, One Set of Management Practices and One UN House. There are significant similarities between the One UN Initiative and the report of the High Level Panel on System-wide Coherence which was launched 10 months later in November 2006.

Initially, the One UN Initiative consisted of UNICEF, UNDP and UNFPA. UNAIDS, United Nations Volunteers (UNV) and UNIFEM joined the development of the One Plan 1 and its budgetary framework in the second half of 2006. It is hoped that the integration of an additional 8 UN Agencies in the One Plan 2, One Budget 2, and One Plan Fund can be completed by early 2008: FAO, IFAD, WHO, UNIDO, UNESCO, UN-Habitat, UNODC and ILO. In addition, IOM and UNHCR will join other components of the One UN Initiative such as the UN House.

¹ Ministry of Planning and Investment, Ministry of Foreign Affairs, Ministry of Finance, Office of Government

3. Overall Progress Achieved in 2007

The One UN Initiative has made considerable progress in 2007: the One Plan and One Budget were signed in August 2007, the One Plan Fund was established mid 2007, the Principals of the 6 initiating Agencies agreed to an empowered Resident Coordinator as the One Leader, the UN Country Team is currently discussing a Memorandum of Understanding for the One Leader and the Operations Management Team was established and has made significant progress in implementing the Common Services Action Plan. A proposed set of harmonized programme and project management guidelines has been drafted by the three resident ExCom Agencies (UNDP, UNICEF, UNFPA) and the Government. Last but not least, concrete steps have been taken towards the establishment of a green UN House in Hanoi. Progress so far achieved is in large part due to the strong leadership of the Government, who consider the UN an important partner in helping to address the development challenges ahead.

However, it should be recognized at this stage that the radical vision of a merger with financial and programmatic integration of the three ExCom Agencies in One UN managed by an empowered Resident Coordinator as the Representative of the participating Agencies, has gradually changed. Although the terminology of the 5 'Ones' has not changed, it became apparent during the course of 2006 that a full programmatic and budgetary merger of UN Agencies with an empowered RC (being the representative of the Agencies) acting as a CEO of the One UN was not politically feasible. Rather than the original 'integrationist' approach, the One UN Initiative now implements a 'synergistic' model towards enhanced coherence and effectiveness. The progress achieved and remaining challenges for all of the five 'Ones' in the One UN Initiative are summarized in the next sections.

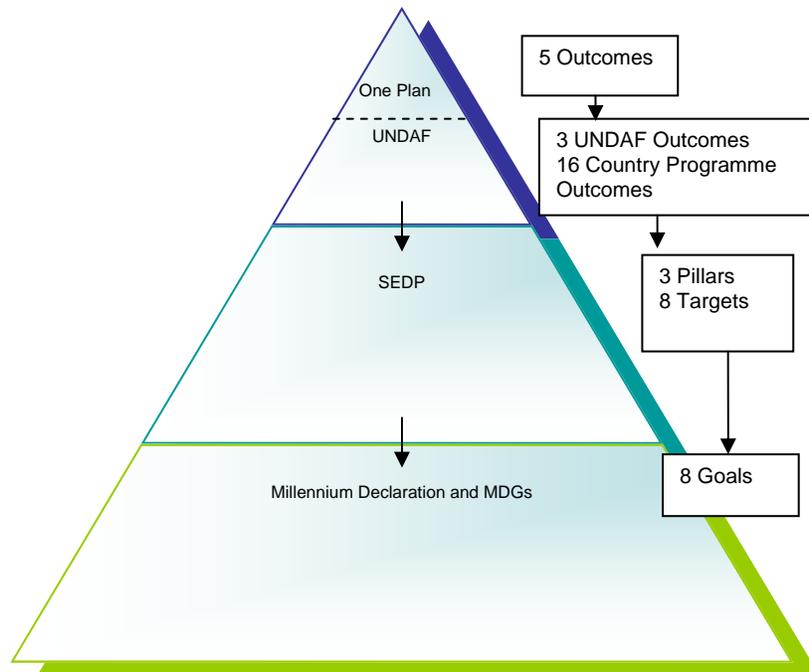
3.1. One Plan 1

The overall goal of the One Plan is to maximize the contribution of the participating UN Agencies to building a prosperous, equitable and democratic Viet Nam for all by enhancing coherence, coordination and programmatic synergies among the Participating Agencies. The One Plan combines and synthesizes the work of the six Participating Agencies (UNDP, UNICEF, UNFPA, UNV, UNAIDS, UNIFEM) to better support the Government of Viet Nam to achieve goals expressed in the Millennium Declaration and the Millennium Development Goals.

It was clear from the outset that the One Plan could not be a 'zero-based programme', as the Country Programme Documents (CPD 2006-2010) and Country Programme Action Plans (CPAP 2006-2010) of the three initiating Agencies had just been approved early 2006 by their governing bodies and by the Government. UN commitments and the formulation of key results areas were in line with the Socio-Economic Development Plan (SEDP 2006-2010) and related national sector plans. The next programme cycle (2011-2015) offers greater scope for streamlining of UN programming than the current One Plan.

The development of the One Plan was therefore a process of combining the CPAPs into a common programme, within the overall framework of the UNDAF and in keeping with the general pillars and timeframe of the SEDP. The UNDAF addresses a subset of objectives of the SEDP, and the One Plan in turn addresses a subset of the objectives included in the UNDAF. This relationship is depicted graphically in the figure below.

Diagram 1: Linkages between MD/MDGs, SEDP, UNDAF and One Plan 1



As the 5-year programmatic and budgetary framework for the Participating Agencies, the One Plan supersedes the individual country-specific action plans and consists of two parts: a *narrative part*, outlining the basis of the relationship with the Government, a situation analysis, an overview of past cooperation and lessons learned, a summary of the proposed programme, the partnership strategy, programme management, monitoring and evaluation and the commitments of the participating Agencies and the Government of Viet Nam; and an annex with a *Results and Resources Framework (RRF)*, which outlines the five outcomes of the One Plan, the outputs and results to be achieved under each of the outcomes, the main partners and the resources required to implement the One Plan. The financial section of the RRF is also known as the ‘One Budget’ (see below).

On June 12 2007, a special session of the Tripartite National Task Force took place to discuss the One Plan. The chair of the UN-donor group, H.E. Ambassador Storlokken of Norway, presented a joint donor assessment at the meeting. While the donors supported the UN reform process in Viet Nam, the report states that reform should go beyond the compilation of existing work programmes into One Plan. Donors articulated the expectation that ‘the UN does things differently’ - mainly focusing on the normative role of the UN offering international best practice in a non-partisan manner. Donors agreed to accept the approach of One Plan 1 on the clear understanding that the period from 2007-2010 would provide an opportunity for the UN in Viet Nam to refocus, while preparing to do things very differently in the next Plan period (2011-2015). To ensure collective accountability in this change process, the joint donor assessment

requested the tripartite stakeholders to agree to time-bound ‘success criteria’ against which the reform process would be reviewed over the period July 2007 to end December 2008. These ‘success criteria’ are not to be regarded as conditions for donor support. Rather they are the actions which all three parties consider necessary for success and against which they can monitor progress. Where progress is not as fast as anticipated, the ‘success criteria’ will be retained, but the timeframe for their achievement extended. The ‘success criteria’, agreed by Government, Participating UN Agencies and donors, have since featured as a standing item on the agenda of meetings of the Tripartite National Task Force.

The One Plan 1 was approved by H.E. Prime Minister of Viet Nam and signed as a legally binding document on 23 August 2007. The One Plan 1 identifies five outcomes that reflect the development challenges of Viet Nam and the comparative advantage of the six UN Agencies participating in the One Plan:

1. Equitable and Inclusive Social and Economic Policies, Plans and Laws
2. Universally Available, High Quality Social and Protection Services
3. Environmental Protection and the Rational Use of Natural Resources
4. Accountable, Transparent and Participatory Governance
5. Reduced Vulnerability to Natural Disasters

These outcomes were drawn from the development challenges in Viet Nam and the mandates of the participating Agencies. They build on their comparative advantages, yet seek to maximize opportunities to enhance coherence and collective impact. In producing the One Plan, and the UNDAF before it, UN Agencies and Government reconfirmed the main areas where the UN has a comparative advantage in Viet Nam: support for capacity building; impartial policy support and advice; the provision of objective monitoring and evaluation of development initiatives; access to international experience, expertise and best practice; the promotion of the principles of the United Nations; and support for programmes and initiatives aimed at realizing these principles. Based on these comparative advantages, the UN can identify how it can best respond to support the achievement of Viet Nam’s development goals.

3.2. One Plan 2

A UNCT retreat in February 2007 resulted in a broad roadmap for an inclusive One Plan, with the tentative agreement by almost all UN Agencies present in Viet Nam that they would strive to have their strategic results framework incorporated in the One Plan by the first quarter of 2008. Interested UN agencies agreed to send a Letter of Intent to Government of Viet Nam which would signal their intention to join the programmatic framework of the One Plan and its five outcomes; to join the One Plan Fund as a key mechanism to mobilize and allocate other (non core) resources to implement the One Plan; and to adhere to the One Leader as the accountability link between the One Plan and One Plan Fund to ensure enhanced coherence and effectiveness.

On 12 June 2007, five Specialized Agencies (WHO, FAO, UNESCO, ILO, and UNIDO) wrote to the Minister of Planning and Investment and the donors, stating that they had been excluded from the One Plan process, and requesting that no funds be disbursed from the One Plan Fund until their programs would be included in the One Plan. The Government replied to this letter on 13 June reiterating the agreement by the Prime Minister issued in May 2006 that

UN reform is a voluntary process that started in Viet Nam with UNDP, UNICEF and UNFPA; welcoming their willingness to join the initiative; and confirming that the implementation of the One Plan would move ahead as planned. By August 2007, Letters of Intent had been sent by FAO, IFAD, ILO, UNESCO, UNIDO, UNODC, WHO, IOM and UN-Habitat. UNHCR had decided not to join One Plan 2, whereas IOM, not being a UN Agency, could not join. However, both Agencies will remain involved and engaged in the One UN Initiative.

During the UNCT retreat in September 2007, a joint roadmap was agreed to develop a One Plan 2, advancing the planned integration from March 2008 to December 2007. The recent UNCT retreat in December 2007 agreed to finalize the One Plan 2 by January 2008. The consolidation and prioritization process is being led by a UNCT One Plan Working Group comprising of the key UN stakeholders. The Government has agreed to some minor rewording of the original 5 Outcomes to reflect the mandates of the Incoming UN Agencies; Output statements are being reformulated as needed to account for synergies among Agencies, and new ones are being added, to indicate the programmatic contributions of the Incoming UN Agencies in the One Plan 2.

The Government Aid Coordinating Ministries (GACA) have made every effort to facilitate the integration of the Incoming Agencies, by organizing a GACA-UN Country Team meeting in September and a two-week mission to the Headquarters of the Europe-based UN Agencies to discuss challenges of their participation in the One UN Initiative in November 2007. In addition, consultations with UN Agencies, line Ministries and GACA are being organized to discuss programmatic and planning details for the remaining implementation period of One Plan (2008-2010).

3.3. One Budget

The High Level Panel report states that: 'Current UN funding patterns are highly fragmented, unpredictable and constrained by too much earmarking, which has encouraged duplication and inefficiency. This limits the UN and programme countries from making strategic decisions, and undermines the principles of multilateralism and country ownership.' The One Budget that has been developed allows partners of the UN a comprehensive and integrated picture of results and resources for the Participating Agencies during the 5-year planning period. This significantly enhances transparency of UN operations at country level, reduces time and transaction costs by the Government in overseeing the UN's activities, and as such is a part of the UN's response to the Ha Noi Core Statement.

The One Budget, articulated in the detailed Results and Resources Framework, highlights the resources required to implement the One Plan 1, which amounts to US\$ 218 million in total for 6 Agencies over the 5 year time frame 2006-2010. The Results and Resources Framework is also referred to as One Budget and highlights, for each outcome, the output, the expected results, the implementing partners and the resources required per output for the duration of the One Plan. The One Budget contains details regarding both core (US\$ 73 million) and non core resources (US\$ 145 million) required. The funding gap for the implementation of the One Plan 1 was US\$ 88 million as per June 2007. The funding gap will be reduced throughout the implementation period as UN Participating Agencies receive funding for results articulated in the One Plan.

It should be noted that both the One Budget and the funding gap will change upon the integration of the results and resources of the eight incoming UN Agencies.

3.4. Monitoring and Evaluation

An inter-agency Working Group on M&E (MEWG) was established to develop a Monitoring and Evaluation Framework (MEF) for the One Plan, in order to be able to measure the results from the One Plan towards a more effective, coherent and efficient UN. An M&E framework has been developed to provide up-to-date and reliable information on progress and challenges, building on existing M&E systems and tools from the Government of Viet Nam and UN. This will avoid undue transaction costs and establishment of duplicative structures. A range of M&E instruments will be used under the One Plan MEF. These will include regular Government surveys, sectoral baseline and end-line surveys, studies (especially at the provincial level), joint periodic reviews and monitoring, and independent assessments and evaluations as well as data management systems, such as the Development Assistance Database (DAD) and VietInfo. To the extent possible, the One Plan will make use of SEDP and VDG indicators given the existing alignment of results at various levels.

Additionally, a set of indicators to track progress and the milestone results against the expected outputs of the One UN Initiative as a whole has been developed. Examples are the reduced transaction costs due to harmonized procedures, efficiency gains resulting from joint (as opposed to Agency specific) annual reviews, cost saving emerging from the common services, etc. Such process indicators would be used as a proxy to indicate enhanced efficiency and effectiveness. As part of establishing a baseline for the One UN Initiative, an independent and external stakeholder (perception) review and a staff survey are planned.

The MEF and the process benchmarks were reviewed in November 2007 by an independent mission commissioned by the United Nations Evaluation Group (UNEG) to assess overall 'evaluability' of the One UN Initiative. While the mission concluded that the process was well documented, and the instruments generally of good quality, the mission also highlighted the need for 'clarity of intent' among all the participants, as well as the need to further document the transaction costs.

3.5. One Leader

The original vision articulated in the Roadmap in February 2006, with an empowered RC acting as the CEO of the UN Participating Agencies, never materialized. Instead, the Executive Principals of the 6 Agencies currently in the One Plan approved the designation of new representational responsibilities and additional authority in January 2007, which would apply to the UN Resident Coordinator (UNRC) position in Viet Nam only.

In short, the Resident Coordinator in Viet Nam would be the designated representative of the Secretary General and leader of the United Nations Country Team. The Participating Agencies would appoint Country Directors who would develop and manage their country programmes. This model would require that the newly empowered UNRC provides strategic leadership to the participating Agencies and that the development and management of the detailed substantive portfolio of each is entrusted to their Country Directors. The UNRC would represent the Participating Agencies at the level of Head of State or Government, bringing

Agency colleagues along where issues related to their mandates will be discussed. Country Directors will interact with the government at Ministerial and other levels. The UNRC would also lead the strategic planning process and high-level policy dialogue, lead the operationalisation of the UNDAF in line with the Ha Noi Core Statement on Aid Effectiveness and support, at the country level, the mobilization of resources for the UNDAF. The Principals of the 6 Participating Agencies also agreed that the One Leader would guide the development and management of 'One UN', including bringing about agreement on the harmonization of business practices at the country level, covering in particular back office operations, to the extent possible.

The Incoming UN Agencies however voiced concerns over the RC-note, particularly with the representational part. During a retreat of the UNCT (13-14 September 2007), the UNCT collectively concluded that a One Leader is imperative as coherence at country level requires decisions from a UN-wide perspective.

As there is no enhanced authority and accountability framework for RC which allows for that at present, the UNCT decided to develop a local Memorandum of Understanding (MoU) for the role of the RC containing among others the following principles:

- One Leader has the authority to give guidance on the One Plan;
- On the UN side, One Leader is the ultimate decision maker on the allocation of funds from One Plan Fund;
- One Leader acts as One Voice on behalf of UNCT as appropriate;
- A system of mutual accountability in which RC and UNCT members provide reciprocal feedback on performance.

A draft MoU was discussed at a UNCT retreat in early December 2007. In addition, a document outlining a Code of Conduct and Terms of Reference for the UNCT has been developed and agreed upon during the retreat. Together with the MoU, this will provide for clearly defined roles and responsibilities for the UNRC and the Heads of Agencies.

Under the Terms of Reference of the One Plan Fund, the Resident Coordinator already has the ultimate authority to allocate funds. Donors stressed the need for the enhanced authority and accountability framework for the Resident Coordinator to go beyond the enhanced financial authority to include strategic priority and results accountability. During the last meeting of the Tripartite National Task Force in November 2007, donors urged the UN Country Team to find an agreement on the Memorandum of Understanding with a view to its swift adoption. The absence of a well articulated accountability and authority framework may have a bearing on donors' assessment of progress.

3.6. Common Services

Common services are joint operational arrangements, in areas such as travel and accommodation services, security, procurement, maintenance and supplies, joint training, some administrative services/processes, and IT support. For example, the UN can leverage significant discounts/cost reductions from service providers when they negotiate together as one larger business entity. By working together as one, Agencies obviously also create transaction efficiencies and save staff/project time. A UNCT-wide Operations Management Team in Viet Nam was established in late 2006. The Action Plan for Common Services to achieve greater efficiencies prioritized the following: developing long term agreements for procurement; common cost norms (for UN-assisted projects with the Government); learning and training services; travel services; and a shared interpreters/translators pool. A tracking process is being put in place to record how much savings are being made through these new common services. Initial estimates of the work of the past half year point to substantial cost savings. For Agencies with a small operations budget, cost savings of 20% plus have been realized as a consequence of the introduction of some of the Long Term Agreements.

3.7. Harmonisation and Simplification

The Harmonized Programme and Project Management Guidelines (HPPMG) harmonize the programme and project management procedures of UNICEF, UNFPA and UNDP to better align them with the Government's current systems and to simplify current business processes in order to reduce transaction costs for Government counterparts and key partners. HPPMG is jointly developed by the Government (MPI and MOF) and the 3 ExCom (UNDP, UNICEF, UNFPA) Agencies in Viet Nam. The second draft of the HPPMG consists of a narrative and a set of standard templates, samples, preparation guidelines and key reference documents. It is expected to be finalized in early 2008. HPPMG will initially be applicable to the resident ExCom Agencies. The UN Country Team and the Government have agreed that the harmonisation agenda would be best served if other Agencies could, within their governance framework, implement (parts of) HPPMG too. These UN Agencies were invited to attend meetings of the HPPMG working group as observers.

The harmonization of common EU/UN Cost Norms with a view to effect the Hanoi Core Statement was completed in November 2007.

3.8. One UN House

The UN Country Team considers the establishment of One UN House as pivotal to efforts to achieve greater UN coherence. Physical co-location will help to break down the barriers that come with physical separation, foster a sense of common UN identity, and lead to considerable savings for individual Agencies. Currently, UN Agencies in Viet Nam are housed in 12 different locations in Ha Noi. This inhibits the establishment of common services and other harmonisation and simplification measures, as well as impeding the achievement of programmatic synergies – goals that are clearly outlined in the Ha Noi Core Statement on Aid Effectiveness. The ambition is to house all 16 UN Agencies resident in Viet Nam in a green UN building. Within the context of the Tripartite National Task Force, donors have included the One UN House as one of the 'success criteria'.

A joint GoV/UN Working Group on UN House was established under the TNTF. Regular interaction takes place with UNCT, members of the Operations Management Team (OMT) and with UNDG HQs' Working Group on Common Premises and Services (WGCPS). Considerable technical support was received from the Regional Office of UNEP Bangkok. In partnership with UNEP and UNDG WGCP, a joint mission mid 2007 established the technical feasibility of an eco-friendly UN House. A green UN House would:

- Enable the UN in Viet Nam to implement an ambitious reform programme to enhance coherence, effectiveness and efficiency as one of the 8 pilot countries of the High Level Panel.
- Provide an example of UN agencies working together through programmatic functional clusters as well as common support services – enhancing effectiveness and creating cost-efficiencies.
- Use key resources (energy, water) more efficiently, and be a firm statement of the UN's commitment to environmental sustainability.
- Provide a demonstration building and through that demonstrate the viability of innovative sustainable buildings in a rapidly urbanizing Viet Nam.
- Provide a better, healthier, safer and more friendly work environment for employees – creating a working environment that enhances productivity;
- Maximize the opportunities for South-South cooperation by collaborating with the Centre of Excellence, Faculty of Architecture, Chulalongkorn University in Thailand for the eco-design. The preliminary eco-design by the Centre of Excellence, Faculty of Architecture, Chulalongkorn University was completed with funding from Norway.
- Maximize the transfer of 'green' technology and knowledge to Viet Nam, building local capacities whenever possible

All UNCT members confirmed their support for a UN House but financial feasibility remains a challenge as UN Agencies have very limited (if any) budget for the construction costs of the UN House. Total costs are expected to be around US\$ 6-8 million if all UNCT join. With the support of the UNDG Working Group on Common Premises and Services, the UN Country Team is hopeful to raise resources within the UN for this important component of the One UN Initiative. However, external support from bilateral donors and the Government will be essential to achieve financial feasibility. The recent decision by UNDP, who will manage the donor contributions towards the construction of the UN House, to reduce the cost recovery rate to 4% was welcomed by the donors in Viet Nam. The UN Country Team is hopeful to establish a partnership with the Clinton Foundation Climate Initiative.

3.9. 'Greening' the UN in Viet Nam

An independent environment audit of all UNCT premises in Hanoi, including CO2 emission inventory, is ongoing. With its long coastline, Viet Nam is particularly vulnerable to climate change and the UN wishes to harness its advocacy powers by establishing best 'green' business practices. The main objective is to establish an environmental 'baseline', so UNCT can track tangible progress towards reducing its environmental footprint through the Environment Action Plan (under development) by changing harmful business practices, staff behaviour and establishing an eco-friendly UN House.

PART II: EMERGING AND POTENTIAL RESULTS

1. Development Results

Developing the One Plan, particularly the detailed Results and Resources Framework, required a substantial investment of time and staff resources from all participating Agencies. While the joint UN-Government One Plan Working Group progressed developing the narrative text and the RRF, much in-house and inter-agency consultation in the UN was ongoing, particularly at the outcome level. It should be recognized that particularly for the smaller Agencies, such involvement in operationalising UN reform required considerable commitment and flexibility, and resulted in considerable transaction costs.

In more concrete terms, the One Plan 1 and 2 are expected to lead to:

- A clearer articulation of the work of the Participating UN agencies in Viet Nam, i.e. it puts forward the overall outcomes to which all participating UN agencies will contribute, and specifies what this contribution will be (in terms of outputs, expected results, financial inputs);
- Greater focus of the Participating UN Agencies' programmes in five key areas, thereby helping to identify areas where the UN's efforts are fragmented or duplicative;
- Reliance on a common reference document for programming by all Participating UN Agencies in Viet Nam;
- Identification of areas where the UN Agencies can and should collaborate more effectively, whether in specific geographic regions or on specific themes and activities (see box with examples);
- Deliberate (as opposed to ad hoc) identification of gaps in the work of the UN Agencies so that these may either be addressed by the UN or other development partners working in Viet Nam in collaboration with the Government;
- Reduced time and transaction costs by the Government in overseeing the UN's activities, since it only has to work with one consolidated country programme (instead of currently six, and soon 14 individual UN programmes).

It should be noted that most of these benefits will be realized primarily through the modalities of coordination and other management arrangements to implement the One Plan, and the planning and implementation of the next One Plan (2011-2015).

For One Plan 1, the following value-added has been specified (NB: this articulation of value-added is not yet possible for One Plan 2 as this is still under development):

Value-added of the One Plan 1: Selected Examples

Areas where there is clear scope for Participating UN Agencies to collaborate better:

- Social policy and social security
- HIV policy and services
- Education
- Health and nutrition
- Representation and democratization
- Climate related disasters.

Areas where overlaps have been identified and can be eliminated:

- Monitoring and evaluation of the progress in socio-economic development
- Promotion of behaviour change in communities related to health, gender, child health, and nutrition
- Access to HIV information
- Strengthening of national and local capacities to minimize impacts of climate-related disasters

Areas where gaps have been identified amongst the six participating UN agencies:

- Information, strategies and legal frameworks related to women's participation in Peoples' Committees and People's Councils at provincial, district and commune levels
- Elimination of stockpiles of agro-pesticides and dioxins
- Mainstreaming of climate change issues into development planning

Deepening the programmatic collaboration could be fostered by 'functional clustering' of programme staff involved in certain thematic issues. The political willingness and feasibility to establish such mechanisms to drive UN coherence and enhanced impact will be further assessed in 2008 in the context of the One Plan Management Plan (see paragraph 4.1 below).

The UN Country Team is currently revising the One Plan to integrate the results and required resources of the eight Incoming Agencies by early 2008. The challenge is to have a revised One Plan including all, but with a focus on the comparative advantages, and the capacity to effectively deliver quality programmes, based on historic disbursement figures as a baseline. As the independent UNEG mission concluded, the integration of new Agencies in the One UN Initiative necessitates a collective articulation of the 'intent' of the reform exercise.

2. One Budget - One Plan Fund

The One Budget has provided all stakeholders with a full and transparent overview of total resources required to implement the One Plan over its 5 year duration, as well as a detailed breakdown of funds required per year for each output. A One Plan Fund has been established to raise resources for the implementation of the One Plan. The design of the One Plan Fund aims to overcome the obstacles mentioned in the High Level Panel Report: 'Current UN funding patterns are highly fragmented, unpredictable and constrained by too much earmarking, which has encouraged duplication and inefficiency. This limits the UN and programme countries from

making strategic decisions, and undermines the principles of multilateralism and country ownership'. Therefore, the One Plan Fund aims to raise unearmarked resources for the One Plan as a whole (earmarking at the level of Outcome is possible).

This is a significant change from the way non-core resources were previously raised at country level, which traditionally had donors earmarking resources at Agency-level to implement specific programmes/projects (usually reflecting the priorities of the donors concerned). The One Plan Fund mechanism thus allows donors to fund a strategic plan for a coordinated UN response towards the development challenges of Viet Nam. As a result, transaction costs will be reduced as competition among UN Agencies for limited donor resources to implement their programmes will be reduced. The One Plan Fund also enhances the flexibility of the UN to respond to the key development challenges of Viet Nam within its mandate and in line with its comparative advantages. Allocation of resources mobilized through the One Plan Fund will be prepared by the One Plan Fund Mobilization and Allocation Committee, consisting of the Heads of the Participating Agencies and the Resident Coordinator. The allocation will be guided by the strategic priority criteria established by the joint UN-Government One Plan Steering Committee.

Currently resource mobilization is ongoing to cover the funding gap of US\$ 88 million to implement the One Plan 1 for the six participating UN agencies (UNDP, UNFPA, UNICEF, UNAIDS, UNIFEM, UNV). By the end of 2007, the One Plan 1 received almost US\$ 31 million in pledged support. Donors providing financial support to the One Plan Fund are: Norway, Netherlands, UK, New Zealand, Ireland, France, Luxemburg, Canada/CIDA, Switzerland/SCD, Spain (MDG-Fund). Several of these donors announced that they would commit fully to the UN reform process by providing funds to One Plan Fund only, and as a consequence would in future discontinue specific project/Agency funding.

A One Plan Fund Mobilisation and Allocation Committee (OPFMAC) was established in autumn 2007, comprising of the Heads of participating UN Agencies and the Resident Coordinator as the chair. As agreed by the whole UN Country Team, the current OPFMAC developed and tested allocation criteria to facilitate allocation process. The criteria were used in the first round of allocations in December 2007. The One Plan Steering Committee, chaired by the Vice-Minister of MPI and the Resident Coordinator, will meet in January 2008 to discuss the next steps. The donors in Viet Nam have stressed the importance of the tripartite nature of the partnership on UN reform, expressing their appreciation for the frank and constructive consultations in the Tripartite National Task Force and requesting its continuation as a forum for dialogue.

3. Transaction Costs

The resolution on the Triennial Comprehensive Policy Review (TCPR, A/59/250) highlights the need to achieve efficiency gains. Multiple cost-savings have been achieved as a result of the implementation of the Common Services Action Plan 2007. The establishment of a UN House should lead to a widening array of common and shared support services, possibly including common security, common procurement and human resources, common IT support. Such common services would lead to significant efficiencies, whereas the green UN House would lead to reduced maintenance and energy costs.

At the same time, it must be recognized that the reform process is staff-intensive and time-consuming. In the current preparatory and early implementation stages of UN reform, it is more appropriate to refer to up-front investment costs rather than to regular transaction costs. The investment costs of engaging in the UN reform process are relatively high, and these entail opportunity costs as well as additional costs, such as staff time (pro forma salary costs) spent on reform, the costs of additional short and long term staff mobilized by the Country Team and Agencies in Viet Nam in support of the reform process, direct costs of support missions and costs of travel (and salaries) undertaken by staff in Vietnam related to UN reform.

A reduction in regular transaction costs and efficiency gains have always been at the centre of UN reform objectives of the Government of Viet Nam. From the Government perspective, a key to such a reduction is a streamlining of the interaction of Government with the UN system through the One Leader, and a harmonization of the rules and procedures through the HPPMG-process. In addition, a rationalization of the annual review process (collectively for the One Plan rather than for each Agency/project) is considered an essential component in reduced transaction costs.

4. Other Measures to Enhance UN Coherence, Effectiveness and Efficiency

The One Plan, the One Plan Fund and the One Leader constitute an integral and interdependent management and accountability framework. This crucial linkage allows the UN to reduce fragmentation, enhance a strategic allocation of resources and provide more scope for programmatic synergies. In addition, the UN in Viet Nam aims to enhance coherence and effectiveness at country level through the following additional instruments:

4.1 One Plan Management Plan

The One Plan Management Plan (OPMP) is an internal management tool, articulating how the UNCT will organize itself to better achieve the results in the One Plan 2006-2010. As the principal reform tool it outlines operational changes for enhanced effectiveness and coherence – ensuring that the One Plan is matched by an adequate management structure, human resources, and improved business practices and common services. OPMP will present options upon which Agencies can take a decision to participate. Participating in OP and OPF and not participating in any part of OPMP would mean ‘business as usual’. UNCT will thus have to determine the degree to which all OP Agencies should adhere to parts of OPMP (minimum compliance package).

The OPMP will provide a description of the current situation, and will propose changes to enhance effectiveness and efficiency in the immediate future, i.e. the period until early 2008; it sets out a strategy for how management structures, resources and practices are expected to be in 2009 when One UN House should be completed; and it provides pointers to the future beyond. Functional clustering through co-location is being reviewed for its potential to enhance coherence and effectiveness. The OPMP will provide information on such ongoing change processes, for example development of joint programme-management/coordination groups with staff from different Agencies who are to be co-located in the immediate or medium term future, and harmonisation of programme / project management guidelines. At present, only an outline of the draft OPMP has been shared with external partners.

All stakeholders in the Tripartite National Task Force agree that finalisation of the OPMP, including the ‘minimum compliance package’ is needed in the short term, as based on this document the organisational change process needed to deliver more effectively can be implemented. At the same time, it has been difficult to come to a common understanding with a multitude of differently organised UN Agencies at the same time. Both Government and donors expressed their keen interest in the finalisation of the OPMP, which is one of the TNTF ‘success criteria’ (re. part I, paragraph 3.1.). During the last meeting of the Tripartite National Task Force in November 2007, both Government and donors stressed the need to speed up the OPMP process, as they expect to see effectiveness and efficiency gains in the way the six Agencies currently in the One Plan 1 are implementing their programme with the resources they have provided to the One Plan Fund since mid 2007.

The donors specifically requested the UN in Hanoi to be ambitious with the ‘minimum compliance package’ to which all UN agencies in Hanoi subscribe. As a minimum it should include a reprofiling of the UN at country level, based on the changed development needs of Vietnam and the contributions from other stakeholders in the development process (NGOs, bilateral donors, World Bank, ADB, EC and other multilateral organisations). Before 2010, Viet Nam will achieve Middle Income Status, and the UN must prepare to deliver effective future support to the Government and people of Viet Nam NOW. This will require rethinking the role of the UN within the context of the next One Plan for 2011-2015, matching the changed socio-economic landscape and the likely changes in the support of some bilateral donors with the future challenges, while at the same time keeping in mind the comparative advantages of the UN. It also requires the UN to review and adapt its human resources capacity and skill mix as required. In this context, there seems to be less need for service delivery projects, and an enhanced need for upstream policy advice. Developing a competency framework, conducting competency mapping, staff re-profiling and deployment, identifying training needs assessments and staff development will all be important in the process of reforming the UN at the country level.

UN reform will only work in a sustainable way if all UN staff members are ready to make it work. Staff needs to be informed, engaged and empowered to participate in deliberations on UN reform. An urgent need is to revisit the appraisal process of UN staff at country level, including the Heads of Agencies, and to include commitment and contributions to UN reform as key performance dimensions. Only one UN Agency, UNFPA, has comprehensively revised the job descriptions of all staff to include commitment to and implementation of UN reform, both at HQ and at country level. Providing adequate information to staff is essential for continued engagement. A specific weekly newsletter ‘The One to Know’ has been developed to keep staff informed since mid 2007. Since September 2007 a representative of the UN Staff Associations is also invited to attend all UNCT meetings on UN reform and the OPMP. Additionally, regular Townhall meetings as a forum for dialogue are planned. The first Townhall meeting in Viet Nam, in which several hundred staff participated, took place in June 2007, and another is planned for January 2008. A comprehensive staff survey is being considered as part of the benchmarking.

Donors have pledged financial support to assist the UN at country level with the considerable change process it is undertaking as part of the One UN Initiative. For this purpose, a

One UN Support Facility has been established, with UNDP as the Managing Agent. The One UN Support Facility will provide additional resources to ensure the UN can avail itself of external change management expertise, adequate M&E expertise and systems, innovative policy articulation as One UN, and adequate tools and capacity for effective internal and external communication through the One UN Communications Team.

4.2. One UN Communication

The UN Country Team has tangible experience with functional clustering through the UN Communications Team. For the past year, the UN Communications Team has been operating as a single unit, with staff members from UNFPA, UNDP and UNICEF sharing the same office and working from a joint workplan. During the year an additional staff member was contracted, without agency affiliation, with financial support from the Irish Embassy. This was invaluable assistance to help meet growing demands in communications outputs in media and public relations, online and print products.

The experience of the Team has reinforced the strategic importance of communications to the One UN process, but more importantly to moving from an agency model of communications, to one that is issue-based. Throughout the year, the Team has continued to meet Agency priorities, provided important services to the entire UNCT (news summary, weekly newsletter, creation of a UN website), while supporting the One UN with communications advice and products. Appreciation has been expressed by media for the ability to contact a central UN hub where their enquiries, questions and requests can be managed and directed.

The UN website involved input from the entire UNCT, and through the use of a content management system, allows all Agencies direct access to update their pages and upload material such as press releases, publications and photos. Other areas of progress included coordination of media messages; support to Non-Resident Agencies; support to smaller Agencies in-country; establishment of UNCT brochure templates; UN-wide communications and media training; daily and translated news briefings to all UN agencies; 35 issues of a weekly internal UN newsletter were produced; as well as overall support to UN events, speeches and media. In the last quarter of 2007, the team came together in the organisation of a week-long UN Film Festival, drawing the attention of students, government and development partners, and the general public to issues related to Urbanisation in its many development dimensions.

Following a year-end retreat to review progress and make recommendations for the coming year, it was further recognized that continuing institutional challenges related to human resources, IT and budgetary flexibility will need to be addressed in 2008 if the Team is to continue on this path of innovation. A human resources consultant will be hired in early 2008 to do a competency mapping exercise and needs assessment of the team to help guide next steps. Protocols are also being finalized to clarify where the Team can support the UNCT, as well as establishing conditions for how other UN agencies can join as Viet Nam enters the One Plan 2 phase of the One UN Initiative. An Annual Report will be prepared and widely shared, highlighting lessons learned and areas of continued challenge.

The retreat concluded that the One UN Communications Team is continuing to provide good support and service to the UN Country Team, participating agencies and the One UN. It

was unanimously decided that 2008 will, with greater support as outlined, be a year to take next steps toward strengthening the first joint team of the One UN Initiative in Viet Nam.

4.3. Joint Programmes

The UN Country Team as a whole is strongly committed to harmonization, coherence and achieving a more sustainable impact of UN support to the development challenges currently facing Viet Nam. Joint Programmes are an expression of this common desire, based on consensus formed around the UNDAF 2006-2010 and the identification of shared programmatic areas during the development of the UNDAF and the One Plan. Joint programmes provide an effective mechanism for coordinated support to a nationally-led programme, and it reduces duplicative activities between the UN and its development partners. It allows for joint needs assessments, joint implementation and joint monitoring. Knowledge and expertise sharing as well as a common shared commitment to results to be achieved and a more open substantive dialogue are other important advantages of joint programmes. In the case of Viet Nam, joint programmes enable the UN to implement the core goals of the Hanoi Core Statement on Aid Effectiveness: working together more effectively for a common objective, while reducing the transaction costs for partners that work with the UN.

In January 2007, the second phase of the *Joint Programme to fight Highly Pathogenic Avian Influenza (HPAI)* was signed with the Government. The programme is being implemented by FAO, WHO, UNICEF and UNDP in a collaborative manner, with a budget of just over USD 23 million for Phase I and II combined through 2010 (USD 16 million for Phase II), with UNDP serving as the Administrative Agent. Early 2007, the *Joint Programme Strengthening Capacity in Socio-Economic Development Planning, Implementation and Provision of Basic Social Services in Kon Tum* was signed by the Government and its implementing partners UNDP, UNICEF and UNFPA. This Joint Programme aims to support ethnic minorities in the central highlands. The total budget is USD 5 million for the period 2007-2010, which is managed via a combination of pass through (UNDP as Administrative Agent) and parallel funding modality. The UN also formulated a *Joint Programme on Gender Equality (2007-2010)* to provide coordinated, comprehensive, multi-sectoral support to build national capacity to implement the national gender equality law in an effective way. Twelve UN Agencies participate in the gender joint programme, with the total budget of 4.5 million USD being funded through the Spanish MDG Fund. A *Joint UN Programme on HIV* for the period 2008 - 2010 has also been agreed by 11 UN organizations. The Joint Programme on HIV (JPHIV) has been developed through a true joint programming process and a joint budget is being developed. The JPHIV will be implemented by the Joint UN Team on HIV, which is currently developing its second annual workplan. Furthermore, a *UN Joint Programme on Youth* has been developed by 6 UN Agencies. The concept note for the Youth Joint Programme, with a total budget of 3 million USD, was recently submitted to the Spanish MDG Fund.

PART III: REVIEW OF LESSONS LEARNED

According to the Report of the High Level Panel on System-wide Coherence, the UN has a key role in ensuring progress towards the Millennium Development Goals and other internationally agreed development goals such as ICPD. But the report also states that the UN collectively fails to deliver effectively, that the UN is fragmented and weak with a proliferation of Agencies, mandates and offices burdening the capacity of developing countries having to deal with multiple partners, creating duplication and focusing less on outcomes. Even when mandates intersect the UN tends to operate alone, according to the HLP, with little synergy and coordination between the Agencies. The situation is exacerbated by inadequate and unpredictable funding of the system contributing to increased competition between UN Agencies.

Solving such a complicated and multi-faceted problem involving different UN Agencies obviously does not happen overnight. The UN in Viet Nam is currently setting up new mechanisms and innovative ways of working together to achieve its overall goal: a coherent UN achieving higher development impact at a reduced cost. It is clearly too early to establish an enhanced development impact of the changes in planning, programming, budgeting, implementing and monitoring. An independent evaluation mission will be conducted through the UN Evaluation Group (as mandated by the Chief Executives Board) in 2009. Until such time, the UN in Viet Nam will use a set of process benchmarks as a proxy for enhanced development effectiveness. Yet the mere fact that a One Plan has been signed as the legally binding programmatic 5-year framework for 6 UN Agencies with a transparent One Budget attached to it is a major step forward. Very soon, the One Plan 2 will be finalized, incorporating the development contributions of 8 additional UN Agencies. The fund mobilization for One Plan 1 through the new One Plan Fund has been very successful, and enables the 6 Participating UN Agencies to address the strategic needs of Viet Nam in 2008 in accordance with their mandate and comparative advantage. In addition the drive towards common services, and harmonization and simplification of the UN has resulted in cost-savings and process efficiencies.

With UN reform in its second year in 2007, it is clear that the strong ownership and leadership by Government is perhaps the most critical factor in explaining the above-mentioned success of the reform process. Government has shown exemplary leadership and UN reform would not be at the stage it is now had it not been for the outstanding political and practical support of the GACA partners during the process. In addition, the donor community operated as a very cohesive group in support of UN reform, preparing a joint donor assessment and speaking with 'one voice' during meetings of the Tripartite National Task Force (TNTF). Throughout the past two years they have partnered with the UN and Government in the UN reform process, ultimately supporting the achievement of the reform objectives both politically and financially.

A lesson learned is that a reform process such as the One UN Initiative should ideally be launched prior to a new programming/planning period. In the case of Viet Nam, as a result of historic coincidence, the reform process started just after the endorsement of the planning framework of the initiating ExCom Agencies, thus limiting the scope of programmatic changes. The reform process started, on a voluntary basis, with first three and then six UN Agencies only. This two-track approach allowed for fast progress among Agencies that are similar in the programming and planning framework, but did lead to tension in the UN Country Team

upon the launch of the report of the High Level Panel Report. The development of the One Plan 2 as an inclusive results framework will improve its comprehensive nature but, as the UNEG mission stated, also leads to an inevitable slowing down of the reform process. External (and internal) expectations of the performance of the Viet Nam pilot are high, and this has generated significant additional pressure on the UN Country Team.

There are already clear indications that the development of the One Plan was instrumental in enhancing coherence: it resulted in greater inter-agency teamwork and team spirit; it provided a clearer understanding of the potential for programmatic synergies, joint programmes and efficiency gains; it improved mutual understanding of the different planning, programming and resource mobilization strategies; and it fostered the development of a common terminology to denote the different programming instruments and methodologies. Further work is needed in 2008 to operationalize the considerable scope for programmatic synergies. The One Plan is ultimately only a means towards an end: more effective and more coherent UN support to Viet Nam.

Many challenges remain to be solved in 2008 and beyond. Of particular importance is the implementation of the One Plan in such a way that the obstacles mentioned by the High Level Panel are overcome. The achievement of tangible development results depends, among others, on the modalities of implementation, and the establishment of sustainable and tangible programmatic synergies between the different Agencies. The One Plan Management Plan (OPMP) or the business practices of the UN is thus a key success factor, and it will require Headquarters to allow their country offices more flexibility to allow harmonization and simplification of procedures, guidelines and practices among the UN Agencies. At present, the implementation of UN reform is constrained by the standard rules and regulations of the different UN participants, and little meaningful reform can be achieved if the Agencies in pilot countries are not allowed to really 'pilot' and deviate from these parameters. A major challenge to be addressed is incompatibility of the IT-systems. Combined with the different financial rules and reporting requirements per Agency, the differences in the IT and HR set-up make planning, programming and reporting 'as One' very difficult. At the meeting of the Tripartite National Task Force in November 2007, donors stated that UN Headquarters should not 'tolerate' the pilots as an experiment, but should rather 'nurture' them by providing active encouragement and effective support. A low-cost but effective tool is to integrate commitment and contribution to the UN reform objectives in the job description of staff at all levels, thus making reform a part of the appraisal process. Donors lauded UNFPA for being the only UN organisation that has done so consistently for all staff.

In addition, physical proximity and co-location where it makes sense are crucial to establish joint programmatic teams and integrated support services. The establishment of a common support service structure in the UN House will require a dedicated Common Services Advisor for the UN Country Team. More importantly, for pooled and joint teams to operate effectively, an UN-wide human resources management strategy is required. At present, inter-agency mobility is hampered by the Agency-specific contract modalities. But the vision of more effective programme delivery at reduced support cost depends to a large extent on the establishment of a UN House. Yet UN Agencies have little, if any, resources to establish a UN House as an essential component of the reform drive.

But perhaps the most challenging aspect of UN reform is the need to address system-wide issues, for which there is no decision-making or accountability mechanism. Implementing an ambitious UN reform programme requires difficult choices: who decides if the comparative advantages of the UN in a country are adequately addressed by the proposed interventions? How to ensure an inclusive One Plan is developed which is focused on priority development needs? How to avoid that the One Plan leads to an ambitious and increased programme/project portfolio with commensurate resource requirements, taking into account that an enhanced level of programmes also need to be supported by appropriate levels of staff?

The challenge is, in other words, to ensure that the objectives of UN reform as an exercise in coherence and organisational change towards better results delivery are maintained, and that the process does not become driven by Agency-specific or budgetary considerations. Coherence for better development results does not necessarily require more money – it requires, above all, time for inter-agency discussion and agreement, and the courage and determination to change. Establishing new ways of working that yield programmatic synergies across Agencies requires innovative solutions, such as the programme coordination groups currently being discussed within the context of the OPMP. Careful consideration needs to be given to the accountability framework in such matrix management arrangements.

The Resident Coordinator has been given the ultimate authority to take decisions on fund allocations from the One Plan Fund. At the same time, the Resident Coordinator has no real accountabilities for collective and individual agency results within One Plan, and thus no authority to make the difficult choices that may be required. It is, for example, not yet clear what the role of RC should be in case an agency does not perform and deliver as committed in the One Plan. The authority and accountability lines between the RC, UNCT and Agencies are currently not clearly defined, and there is an urgent need to develop the RC Job Description, norms for UNCT working relations and an arbitration (dispute resolution) mechanism.

UN reform in Viet Nam is a visionary process that requires courage and a willingness to look beyond comfort zones. With the outstanding cooperation between the partners in the Tripartite National Task Force (Government, Donors and the UN Country Team) the One UN Initiative will evolve as per Charles Darwin's wisdom, "It is not the strongest of the species that survives, nor the most intelligent... It is the one that is most adaptable to change."

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