

SYNTHESIS OF RESIDENT COORDINATOR ANNUAL REPORTS 2008

UN COUNTRY COORDINATION: Delivering Aid More
Effectively to Achieve the MDGs



UNITED NATIONS
DEVELOPMENT GROUP



Delivering Aid More Effectively to Achieve the MDGs

How does this contribute to development effectiveness?

As a complement to other sources of financing for development, development aid plays an essential role in facilitating the achievement of the internationally agreed development goals, in particular the Millennium Development Goals (MDGs).

Increasing the volume, quality and effectiveness of aid is more important than ever in light of the severe impact that the current global financial and economic crisis is having on developing countries. National ownership of development strategies, capacity development, alignment of development assistance with national priorities and harmonization of development efforts all contribute to better, more sustainable development outcomes.



Key Points

- ⊗ The UN system is committed to supporting national ownership and leadership of development plans, strategies and processes. In 2008, United Nations Country Teams (UNCTs) provided policy guidance and technical assistance when requested by national Governments and facilitated consultation and engagement of development partners in order to ensure that development efforts truly reflect national priorities. Particular attention was given to strengthening national efforts to coordinate and manage aid effectively and to assess its impact.
- ⊗ The aid effectiveness agenda is part of the broader financing for development agenda. At the Accra High Level Forum on Aid Effectiveness held 2-4 September 2008, the United Nations Development Group (UNDG) stressed the importance of capacity development and the use of country systems; and called for untying aid, limiting conditionalities and making aid more predictable to complement growing new sources of development finance.
- ⊗ UNCTs in the 55 developing countries that chose to participate in the 2008 Survey on Monitoring the Paris Declaration used the survey to identify their own progress in delivering aid more effectively as called for in the 2007 triennial comprehensive policy review (TCPR) of operational activities for development of the United Nations system. The UN has made clearest progress in support of country ownership, alignment with national development strategies, coordinated capacity development support, joint missions and joint analytical work. Increased use of national public financial management, procurement and monitoring and evaluation systems remains a central challenge for UNCTs.

UNDG commitment to aid effectiveness

UNCTs will further align programming with national plans, planning cycles and systems; work to see that national development plans incorporate agreed global development goals and commitments; provide timely and substantive technical assistance tailored to local needs for capacity development; and promote national dialogues, including with the legislature and civil society.

UNDG member organizations will improve their policy and analytical expertise and will harmonize and simplify their financial systems.

UNDG will track its performance against Paris Declaration indicators; develop comprehensive guidelines linking aid effectiveness commitments, UN reforms and national development strategies; and leverage its unique legitimacy, neutrality and objectivity to strengthen mutual accountability between development partners.



UNDG Initiatives

In July 2008, UNDG members participated in the first Development Cooperation Forum (DCF), one of the principal new functions of a strengthened UN Economic and Social Council. The DCF produced policy guidance and recommendations on how to improve international development cooperation and provided strategic input to the Accra High Level Forum on Aid Effectiveness and the Doha Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus.

At the Doha conference, the UNDG jointly called for a reformed, stronger and more inclusive multilateral system to better respond to the unprecedented challenges posed by the global financial and economic crisis. The UNDG further stressed the need to firmly anchor the aid effectiveness agenda in the broader financing for development agenda. The resulting Doha Declaration on Financing for Development reaffirms the 2002 Monterrey Consensus and the international community's commitment to tackle global poverty and achieve the MDGs.

The UNDG is in the process of a thorough review of its Action Plan, including the Implementation of the Paris Declaration to adjust it to meet its 2007 TCPR mandate as well as commitments on the effectiveness of aid for development arising from the Accra Agenda for Action and the Doha Declaration on Financing for Development. The UNDG will accordingly issue a guidance note to UNCTs in line with the UNDG position paper *Response to the Changing Aid Environment* (January 2008).

Trends and Progress

2008 OECD Survey on Monitoring the Paris Declaration

Fifty-five developing countries participated in the 2008 OECD Survey on Monitoring the Paris Declaration. The survey served as mid-term stocktaking to assess progress towards the targets set for the year 2010. UNCTs used the Survey to identify their own progress in delivering aid more effectively as part of their response to the 2007 TCPR mandate established in paragraph 44 of General Assembly resolution 62/208 for “concrete, effective and timely action implementing all agreed commitments on aid effectiveness, with clear monitoring and deadlines.” In 26 countries, the UN system also coordinated the donor responses for the survey so as to ensure harmonized reporting. Building on the lessons learned from the first Paris Survey in 2006, UNDP conducted regional preparation workshops for UNCTs and the UNDG provided ongoing support through a help desk in DOCO.

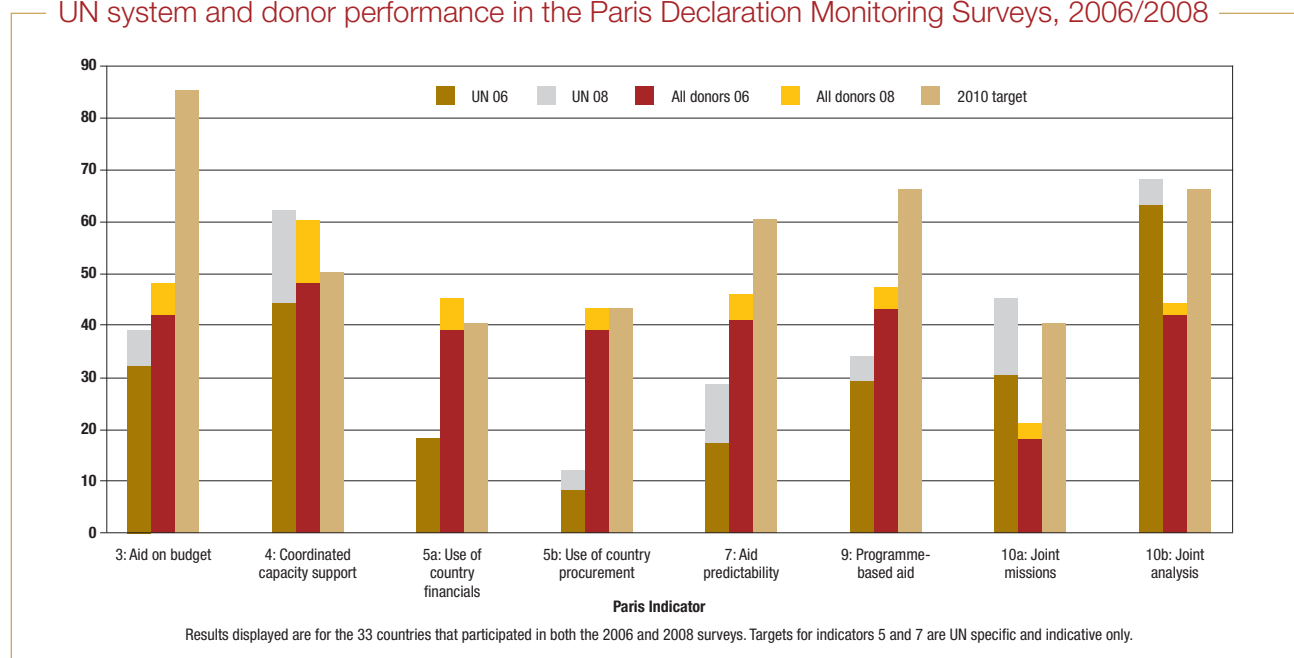
The findings of the survey are clear: Progress is being made but developing countries and their external partners need to make more rapid progress in order to meet their international commitments for more effective aid by 2010.

UNCTs have made some encouraging progress since 2006: for three of the nine applicable indicators, the global targets have already been achieved – three years ahead of the 2010 deadline. UNCTs now provide the vast majority of their capacity development support through coordinated programmes that are consistent with national development strategies (Indicator 4: 62 per cent in 2008 compared to 44 per cent in 2006). UN agencies coordinate their field missions better (Indicator 10a: 45 per cent in 2008 compared to 30 per cent in 2006) and conduct more than two thirds of their analytical work jointly

(Indicator 10b: 68 per cent in 2008 compared to 63 per cent in 2006). By reducing the number of parallel project implementation units (PIUs), national capacities would have been further strengthened (Indicator 6: 9.0 per country in 2008 compared to 10.1 in 2006).

Progress in other areas has been slower, however. In an effort to make aid more predictable, funds are now increasingly released according to agreed schedules in annual or multiyear frameworks. Yet, only less than a third of the overall aid disbursements currently meet these criteria (Indicator 7: 31 per cent in 2008 compared to 17 per cent in 2006). More aid is now reported on national budgets (Indicator 2: 39 per cent in 2008 compared to 34 per cent in 2006) and a higher proportion is provided in the context of programme-based

UN system and donor performance in the Paris Declaration Monitoring Surveys, 2006/2008



Indicator 3: Aid flows are aligned on national priorities — Percentage of aid flows to the government sector that is reported on partners' national budgets.

Indicator 4: Strengthen capacity by coordinated support — Percentage of donor capacity-development support provided through coordinated programmes consistent with partners' national development strategies.

Indicator 5: Use of country systems — Percentage of aid flows for the government sector that use public financial management systems (a) and national procurement systems (b).

Indicator 7: Aid is more predictable — Percentage of aid disbursements released according to agreed schedules in annual or multiyear frameworks.

Indicator 9: Use of common arrangements or procedures — Percentage of aid provided as programme-based approaches.

Indicator 10: Encourage shared analysis — Percentage of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.

approaches (Indicator 9: 34 per cent in 2008 compared to 29 per cent in 2006). The use of public financial management systems (Indicator 5a: 18 per cent in 2008 as in 2006) as well as national procurement systems (Indicator 5b: 12 per cent in 2008 compared to 8 per cent in 2006) leaves the greatest room for improvement.

The 2008 OECD Survey on Monitoring the Paris Declaration points to tangible progress in several key areas. In this context, UNDG is building on the promising initiatives of several countries to develop an indicator framework to help UNCTs to enhance the quality of aid and to increase its impact in line with the 2007 TCPR mandate.

Strengthening Inclusive National Ownership

National ownership of development strategies is now widely recognized as a fundamental cornerstone for achieving sustainable development. National leadership of the development process not only ensures that external assistance is closely aligned with national priorities, it also facilitates the strengthening of national capacity. National ownership must be viewed within the context of broad, inclusive partnerships that extend beyond Governments. It must also focus on building effective societal participation. The Resident Coordinator Annual Reports (RCAR) of 2008 indicate an increasing recognition of the important role civil society and the private sector play in poverty alleviation efforts and the achievement of the MDGs. UNCTs in Ghana, Indonesia, Libyan Arab Jamahiriya, Mauritania, Peru, Swaziland, and Uruguay supported wide consultative processes with civil society on aid effectiveness that resulted in the participation of several civil society organizations in the Accra Civil Society Parallel Forum on Aid Effectiveness.

National Development Plans and Poverty Reduction Strategies

UNCT assistance to Governments in the formulation of their National Development Plans (NDPs) and Poverty Reduction Strategies (PRS) has facilitated broad national ownership of development goals and policies, through both policy advice and support for comprehensive consultation with stakeholders. In Guatemala, Guyana, Liberia, and Panama, for example, UNCTs contributed to sector papers or strategies and facilitated nation-wide stakeholder consultations and national dialogues.

In 2008, 103 UNCTs supported the formulation and implementation of NDPs and PRS. The most active areas of UNCT engagement in PRS include technical assistance (63), followed by capacity development (30), advocacy (29) and policy dialogue (21). As shown in the 2008 RCARs, 67 per cent of UNCTs have assisted national Governments in successfully integrating MDGs into national development or PRS-based plans.

Another significant area of UNCT contributions to national development processes is the mainstreaming of cross-cutting issues such as human rights-based programming, gender and environment (Colombia, Gabon, Kosovo, Sao Tome and Principe, Togo, and Yemen).



UNCT engagement in Poverty Reduction Strategies

Guyana: The UNCT actively engaged with the Government in the preparation of the PRS by facilitating extensive multi-stakeholder consultations in the country's ten administrative regions. The UN was also engaged in sectoral and thematic stakeholder consultations and was able to coordinate effectively its contribution to the national planning framework.

Kyrgyzstan: The UN system was actively involved in the revision of the Country Development Strategy and provided technical expertise to the Government throughout the process. The UN system is widely credited with having provided key technical support in areas of social policy, gender equality, health, environmental sustainability and the MDGs.

Togo: In response to poverty and food insecurity, the UNCT provided financial and technical support to the design and formulation of Togo's PRS with a view to ensuring a focus on the vulnerable. The UNCT developed inter-agency joint programmes for poverty reduction in Savanah and Kara, some of the poorest regions in Togo, and mobilized and sensitized national actors to the MDGs.

Yemen: The UNCT provided technical assistance and advice to the PRS process with the objective of maintaining the centrality of MDGs in national development plans and strategies. The UNCT advocated for greater attention to income poverty, food security and population issues.



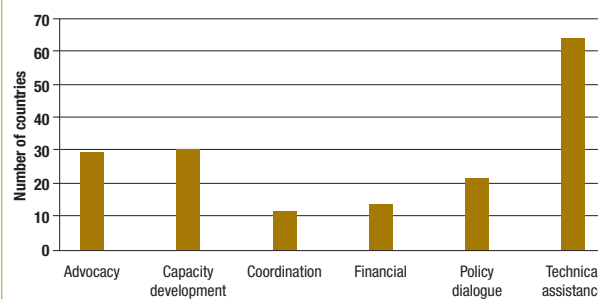
National Capacity Development

Supporting country capacities to manage development resources and deliver on their development objectives is one of the most important forms of development cooperation as it reduces reliance on donor systems and increases sustainability. The UN system provides vital technical assistance, training and resources to support national capacity development efforts. UNCTs also build partner countries' capacities for evidence-based development planning and policy formulation that integrates human rights, gender and other cross-cutting issues into the development process and enhances the delivery and quality of services.

Over 80 UNCTs provided capacity development assistance at national and/or local levels in 2008. While much of their capacity development support is primarily targeted at central ministries, UNCTs are moving towards working more closely with authorities at regional and local levels as noted in the 2008 RCARs.

Some of the capacity development activities reported in 2008 include initiatives such as facilitating the completion of the Lao Civil Service Capacity Development Study; capacity-gap assessment for the social sectors in four out of Ethiopia's ten regions; building statistical capacities in education, health and social protection services in preparation for the national census in Bosnia and Herzegovina; and strengthening the capacity of the National

Type of UNCT support to the formulation of national development plans and Poverty Reduction Strategies



Building national capacity for institutional development

Djibouti: The UNCT provided technical assistance and institutional support to the Ministry of Foreign Affairs and International Cooperation and the Ministry of Finance and Economy, which are responsible for aid and donor coordination at the national level.

Georgia: The Resident Coordinator's Office continued to serve as the Secretariat for the Donor Coordination Group, playing a critical role in supporting policy dialogue between the donor community and the Government, especially in the post-August crisis situation.

Ghana: The UNCT strengthened capacities for nationally-led coordination in 2008. As chair of the Heads of Cooperation Group, the Resident Coordinator mobilized development partners around Ghana's national priorities in an effort to increase aid effectiveness. The UNCT also supported the Government in the drafting of the aid policy, highlighting and reinforcing ownership based on a vision of development embodied in the national long term plan.

Jamaica: The Resident Coordinator's Office convened the 14th Annual Retreat of International Development Partners to align donor development plans with Jamaica's national development plans and to enhance joint partnerships for more effective development assistance to achieve national priorities and MDGs. The conference was attended by donors, UN agencies and Government representatives.

Lesotho: Building on the Accra Agenda for Action, the Development Partners' Consultative Forum was reinvigorated in close collaboration with the Government. The Forum has helped to increase transparency and facilitate strategic dialogue to strengthen the institutional capacity of the Government for aid coordination and management.

Uganda: Together with the World Bank, the UN proposed an Aid Coordination Platform to complement the division-of-labour exercise by providing financial data regarding "on-and-off-budget" allocations in an effort towards greater transparency and accountability.



Planning Commission to monitor the localization of national social policies in Guatemala.

The UNDG is endeavouring to provide enhanced support to UNCTs for developing more comprehensive, coordinated and joint approaches to capacity development at the country level.

Harmonizing External Assistance

Harmonization of development assistance allows partners to leverage their varied expertise, reduces overlaps and duplication and, most importantly,

reduces government transaction costs. In 2008, UNCTs continued to promote programme-based approaches, joint missions, joint analytical work and enhanced donor coordination while at the same time pursuing internal reforms of business processes and practices to facilitate better coordination with other development partners.

In their role as impartial and trusted partners, UNCTs work closely with Governments to strengthen country ownership of the development process, to harmonize and negotiate a division of labour among donors and to align donor assistance with national priorities.

In some 90 countries, UN Resident Coordinators supported and facilitated government/donor coordination forums and negotiations covering development assistance. At the same time, UNCTs have contributed to more harmonization of UN technical and financial support to national processes.

Aligning with National Strategies, Processes and Systems

Alignment of external assistance with national development strategies is vital to supporting national leadership of the development process. UNCTs have continued to make progress in aligning their strategic contributions and operational activities with national priorities and processes. United Nations Development Assistance Frameworks (UNDAFs) continue to be a highly effective instrument in this regard.

By the end of 2008, 35 UNCTs, mostly in Africa and Asia, indicated that their UNDAFs were aligned with national Poverty Reduction Strategies, 54 noted that their UNDAFs were aligned with national development plans while the remaining 19 said the UNDAFs were aligned with sector strategies. Moreover, 75 UNCTs reported that their UNDAF cycles were synchronized with their partner country's national programming cycles, an increase from 56 in 2007. Increasing alignment with national priorities and programming cycles has afforded UNCTs more opportunities for strategic engagement with national partners and demonstrates the UN system's resounding commitment to aid effectiveness.

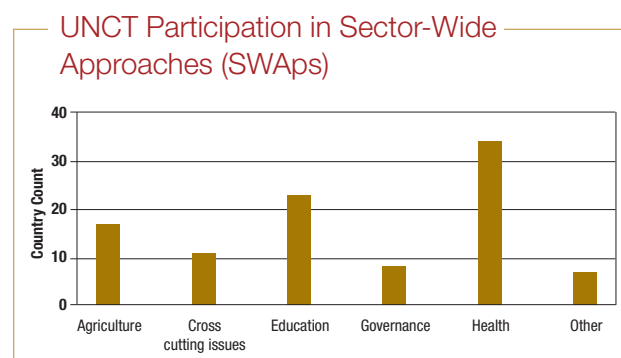
A common framework for Harmonized Approach to Cash Transfers (HACT) was adopted by UNDP, UNICEF, UNFPA and WFP pursuant to General Assembly resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system. HACT allows efforts to focus more on strengthening national capacities for management and accountability, with a view to gradually shifting to utilizing national systems. For more detailed information on HACT, please, refer to chapter 5 of the present report.

Sector-Wide Approaches and Sector Strategies

Sector Wide Approaches (SWAs) involve multiple development partners adopting a common approach to development assistance in a particular sector under government leadership, with a single budgetary framework that captures domestic and external resources. Led and driven by Governments, SWAs facilitate enhanced alignment with national priorities, reduce transaction costs for Governments and strengthen government procedures for planning, monitoring, reporting and evaluation. UNCTs play a valuable role in providing Governments with advisory services, technical assistance and capacity-development support as well as contributing to the planning, coordination and implementation of SWAs. More efforts are required, however, to ensure that UN activities are reflected in sector plans and budgets.

In 2008, 53 UNCTs reported participating in 82 SWAs, primarily in the health (31), education (20) and agricultural sectors (14). UNCTs also reported on their active efforts and engagement in the formulation of sector policies and strategies in China, Eritrea, Gabon, Guinea, Lao People's Democratic Republic, Lesotho, Madagascar, Togo, and Zambia, especially in the areas of food security and health.

As the food, energy and financial crises are rapidly reshaping the aid environment and forcing UN agencies and other partners to intensify efforts to meet the MDGs by 2015, the undg will be developing operational guidance to enable UNCTs to better position themselves and participate more effectively in nationally led sector processes.



Innovations and Good Practices at the Country Level

Albania

Government as Driver

The coherence efforts of Delivering as One have enabled the Government to successfully enhance and exercise national ownership and leadership by ensuring the alignment of external assistance with its national priorities and plans. As co-chair of the Joint Executive Committee, the Government is closely involved in the decision-making on fund allocation to the One Programme and increasingly guides UN agencies on where it sees their comparative advantage in addressing national priorities.

Ghana

Building Capacity to Achieve the MDGs

The UNCT provided continuous capacity enhancement support to the National Development and Planning Commission (NDPC) to strengthen its leadership in shaping the national development agenda and in formulating a corresponding

long-term plan. The UNCT also provided technical and financial support for the preparations of the District Human Development Report, which will be used to assess the capacity-building needs for the northern regions of Ghana and to formulate a long-term, multi-sectoral growth strategy to accelerate the attainment of the MDGs there.

The United Republic of Tanzania

Health Sector Basket Funding

UN agencies contributed jointly to the Government-led health-sector basket to strengthen health systems on the basis of a sector strategic plan with agreed outcomes. In 2008, the UN system requested that it take part in the joint pooled-funding mechanism. Funds from the health basket reach down to all districts using a resource allocation formula that takes into account poverty and population indicators. By allocating resources through government systems, the UN supports national leadership, harmonizes its contribution with other development partners and has overall greater impact in strengthening and ensuring the sustainability of health systems at both national and local levels.

LEARN More

www.undg.org/ae – The UNDG workspace on aid effectiveness contains relevant UNDG guidance, policy papers, presentations and links to further resources

www.aideffectiveness.org – The aid effectiveness portal contains thematic and regional resources for practitioners with focus on aid coordination and management.

