

## Promoting Development Effectiveness

Improving the quality of aid and making it more effective calls for more coherent and coordinated work by the UN at country level. Building on the principles established in previous General Assembly and TCPR resolutions, the World Summit Outcome Document welcomed the 2005 Paris Declaration on Aid Effectiveness and called for aligning UN development programming with national priorities; for promoting national leadership and ownership to meet internationally agreed development goals (IADGs), including the MDGs; for promoting coordination and collaboration within the donor community; and for developing common standards to reduce transaction costs for partner countries. In large part, the World Summit Outcome Document acknowledged and responded to the fundamental shift in the development landscape, which includes a growing diversity of aid channels such as non-DAC bilateral donors, global programmes and private foundations.

# Chapter 4



*Georgia: Selling pottery at market. The UNCT in Georgia works to reduce the number of households living in poverty through helping people realize their economic potential and ensuring their social welfare.*

## UNCT Engagement in PRS Processes

In **Kenya**, the UNCT provided high level technical assistance and advisory support for key ministries for policy formulation, strategic planning, monitoring of ERS progress and reviews of national and sectoral plans, contributing and supporting the development of Kenya's 'National Vision 2030'.

In **Kyrgyzstan**, the UNCT was actively involved in the preparations of the Country Development Strategy (2007-2010) and provided important technical support for gender equality, environmental sustainability and the achievement of internationally agreed development goals.

In **Samoa**, at the UNCT's policy recommendation, the government included the environment as a priority sector for the Samoa Development Strategy. And the UNCT is assisting with the design of indicators.

In **Sierra Leone**, the UNCT developed evidence-based proposals to support the preparation, monitoring and implementation of 2004-2007 PRSP as well as provided technical assistance to the preparation of the new 2008-2010 PRSP. Various UN agencies participated in different PRS pillar and thematic groups to ensure alignment of UN agencies' sectoral strengths and mandates with PRS priorities.

In **Afghanistan**, the UNCT conducted a series of national and regional consultations to help inform and shape priorities for Afghanistan's National Development Strategy (ANDS). Provincial authorities and over 6,000 Afghans were reached and heard in these consultations.

The UNDG Action Plan on the Implementation of the Paris Declaration provides specific commitments to increase UN effectiveness.<sup>5</sup> At an operational level, it requires UN country teams to:

- Place national development plans at the centre of UN country programming;
- Strengthen national capacities; and,
- Increase use of and strengthen national systems.

## National Ownership

The focus on national ownership reflects a wide global consensus that sustainable development requires national leadership and local action and that consequently partner countries need to exercise greater national leadership and management of the development process. It has also required the UN system to redirect its support from agencies towards government programmes to which different parts of the system contribute. This shift has provided the UN an opportunity to reassert its relevance and to show its comparative advantage in new aid modalities.

### *Poverty Reduction Strategy Papers*

Since their introduction in 1999, poverty reduction strategy papers (PRSPs) and national development strategies (NDS) have become the means by which national leadership over development priorities is exercised and implemented. As such, these planning documents are also instruments for coordinating bilateral and multilateral support around a nationally owned and driven agenda. In 2007, more than 65 UNCTs cited their participation and engagement in the articulation of PRSPs in both content and process. UNCT support includes participation in high level policy dialogue, advocacy for pro-poor approaches and reforms, advising government counterparts on policy issues in different sectors; supporting capacity development; and broadening the base of dialogue with private and civil society actors. UNCTs have made substantial improvements in how they engage in PRSP processes, especially by linking national processes and priorities to the achievement of the MDGs.

### *SWAs, Sector Strategies and Joint Analytic Work*

The aid effectiveness agenda has also spurred UNCT support for and engagement in sector programmes and strategies, above all in health and education. Sector-wide Approaches (SWAs) or programme-based approaches are a single comprehensive sector plan, driven and coordinated by government, which adopts common approaches across the sector, and uses government procedures for planning, monitoring, reporting and evaluation. A 2005 UNDG Position Paper identified four 'C' functions for sector work for UNCTs: coherence, convening, capacity development and contribution.<sup>6</sup> SWAs have emerged as vital programme instruments that allow UNCTs to identify pro-poor strategies for improving sector performance, negotiate essential policy issues, and harmonize procedures with the growing number of stakeholders active in each sector, improving efficiency and reducing governments' transaction costs.

<sup>5</sup> The UNDG Action Plan on the Implementation of the Paris Declaration on Aid Effectiveness is available at <http://www.undg.org/index.cfm?P=219>.

<sup>6</sup> The Role of the UN System in a Changing Aid Environment: Sector Support and Sector Programmes,' UNDG Position Paper, 2005.

In 2007, some UNCTs reported on how they had contributed to the design and development of SWApS, sector strategies and plans by organizing their inputs through lead agency arrangements. In Laos, the UNCT actively supported the government in developing an education SWAp in its role as co-chair of the Government-Donor sector working group on education. Similarly, in Papua New Guinea, WHO, UNICEF and UNFPA pooled expertise and support for the Health Sector Improvement Programme. The UNCTs also contributed policy advice to national analytic work and to the development of sector strategies and plans.

FAO and WFP provided technical support to the 'Agricultural Development Policy Letter' through the food security thematic group in Guinea, while UNICEF and UNFPA contributed to 'The Road Map for Maternal and Neonatal Mortality'.

## Alignment

The alignment of UNCT programmes with national priorities and planning cycles is continuing. By the end of 2007, the UNDAFs of 56 UNCTs were fully aligned with their governments' national development cycles, with five UNCTs 'bridging to align' in 2007/2008 and an additional 19 UNDAFs, though not yet synchronized with national cycles, directly responding to national priorities. While the results of the 2008 'Survey on Monitoring the Paris Declaration' are still pending, some of the 2007 Resident Coordinator annual reports show a considerable improvement over the baseline established in the 2006 Survey, which found that only 30% of aid flows from the UN system were aligned with national priorities.



*Nigeria: Children fetch water at St. Luke's Primary in Araromi Oke village in the south-western state of Ekiti using a UNICEF-provided Mark II-type hand-pump. In the area of health, the UNCT contributed significantly to the increase in routine vaccination coverage (DPT3) and an 80% reduction in the wild polio virus burden.*

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### Progress on HACT in 2007

- 60 countries have secured government agreement;
- 69 countries completed macro assessments of national systems;
- 40 countries completed micro assessments of implementing partners;
- 11 countries developed assurance and audit plans;
- 43 countries are currently using FACE (Funding Authorization and Certificate of Expenditures) forms.

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### Zambia Joint Assistance Strategy (JAS-Z)

Zambia's UNCT has been actively implementing the Paris Declaration. The four UNDAF priority areas are aligned with the Fifth National Development Plan (FNDP) and focus on HIV/AIDS, basic social services, governance and food security. The UNCT also supported the government in drawing up strategic initiatives, including the JAS-Z and the AID policy. As part of the drafting group for the JAS-Z, the UNCT contributed significantly to the structure and process of the mechanism. The JAS-Z articulates how cooperating partners can harmonize their assistance to support the Government to respond to the development challenges in the FNDP and includes the division of labour matrix that was agreed by partners and the Government. The UNCT, acting as 'one', also has continued support through the Sector Advisory Groups created by the Government. Of the 12 sectors in the JAS-Z, the UNCT leads in four and co-leads in one.

## Harmonization

Common arrangements and the harmonization of procedures among donors and governments reduce transaction costs. Differing rules, regulations and requirements of development cooperation place a heavy burden on partner countries and sometimes development partners have inadvertently undermined existing national capacities by imposing complicated and bureaucratic procedures on partner countries.

### Harmonized Approach to Cash Transfers (HACT)

In April 2005, UNDP, UNICEF, UNFPA and WFP launched the 'Harmonized Approach to Cash Transfers' (HACT) as a joint effort to simplify and harmonize rules and procedures and to rely increasingly on the use of national systems. It is a simplified and coherent set of procedures for requesting, disbursing, reporting on funds, and for audit. HACT implementation has now started in over 120 countries and over 430 country focal points have been oriented since HACT's introduction. The adoption of HACT was another step towards meeting obligations under the 2003 Rome Declaration on Harmonization and the 2005 Paris Declaration. HACT should reduce transaction costs considerably and reduce the burden that the multiplication of UN procedures and rules has created for its partners.

Early feedback confirms that HACT does contribute to better planning and monitoring and has great potential to reduce transaction costs. Consequently, the Delivering as One pilots have suggested expanding HACT beyond the UNDP, UNICEF, UNFPA and WFP and using it for all UN agencies operating at country level. Use of HACT as a common tool by the UN agencies at country level would reinforce the commitment of UNCT members to use simplified and harmonized procedures for transferring funds to the partners.

More than a harmonized cash disbursement mechanism, HACT has also been an important analytical and diagnostic tool for identifying capacity gaps in countries' public financial management systems and can be used to plan capacity development programmes to address those gaps. As UNCTs move away from service delivery, HACT will allow them to concentrate their efforts on strengthening national capacities for management accountability, and to shift gradually towards using national systems. However, more work is needed to track how programme interventions can fill the capacity gaps that the assessments identify.

### Joint Assistance Strategies (JAS)

Parallel to UN harmonization efforts is the development of Joint Assistance Strategies (JAS), in which UNCTs such as those in Tanzania, Zambia and Uganda have engaged as trusted, honest brokers and helped build the capacity of governments to lead coordination efforts and determine a better division of labour among donors. JASs are a strategic framework for development partners and national governments to implement the Paris Declaration Principles in accordance with national priorities.

### Aid Coordination

To foster national ownership and management of aid processes, over 30 UNCTs across all regions actively supported coordination mechanisms in 2007. In many countries the UNCT, through the leadership of the Resident Coordinator, is the convener or co-chair together with the government of these multilateral mechanisms to coordinate and set the agendas of high level policy and technical dialogues,

develop national aid management policies and action plans, as well as support partner governments in the implementation of the Paris Declaration.


Designing aid management platforms, such as Development Assistance Databases, is another form of UNCT support that teams in Afghanistan, Maldives, Mozambique, Pakistan, Rwanda, Sri Lanka, Sudan and Zambia reported. Donor coordination mechanisms allow for a more coherent approach by donors and partner governments, and so significantly improve aid effectiveness.

## Challenges

The changing aid environment, with the growing number of players and new financing mechanisms, has accelerated progress on internal UN reform efforts, and indeed the system has done better in coordinating and delivering development assistance at country level coherently and effectively. However, there has been less engagement externally with the wider aid reform agenda and associated processes. There is still a need for significant improvement in maximizing the policy, coordination and capacity development role of the UN to ensure meeting international commitments on aid effectiveness and development goals.<sup>7</sup>

In September 2008, ministers from over 100 countries, heads of bilateral and multilateral development agencies, donor organizations and civil society organizations will gather in Accra, Ghana for a mid-term review of the implementation of the Paris Declaration.<sup>8</sup> The ‘Third High-Level Forum on Aid Effectiveness’ will review progress in improving aid effectiveness, bring newer actors into the debate and chart the path for continuing international action on aid effectiveness. The new aid architecture and its implications at country level, including south-south cooperation, will also provide linkages to the follow up ‘Financing for Development’ conference in Doha.

In order to position the UN system better within the wider aid reform agenda, country team experiences agree with independent review and assessment findings that more work is needed in the following areas:

- The UN should engage more in upstream policy advice by leveraging its brokering role to improve the policy dialogue in sector-related planning and programming.
- There should be more emphasis on greater utilization of national systems. The UN system needs to define its niche role in supporting capacity development to match the obligations of both government and development partners.
- The UN system’s rules and regulations at headquarters should be reconciled with in-country processes and procedures to make aid more effective and to drive the harmonization and alignment agenda. 

<sup>7</sup> “Response to the Changing Aid Environment,” UNDG, January 2008.

<sup>8</sup> Information on the Accra Third High Level Forum can be found at the HLF official website [www.accrahlf.net](http://www.accrahlf.net) and the UNDG website [www.undg.org](http://www.undg.org).

## Building National Capacity for Aid Management

In **Bangladesh**, the UNCT strongly advocated for greater government participation in the Local Consultative Group forum. By the end of 2007, it had jointly chaired seven out of ten plenary meetings at the Head of Mission level with the government.

In **Cambodia**, the UNCT supported increased national ownership of aid coordination mechanisms. The government now fully chairs coordination of the Cambodia Development Cooperation Forum.

**Uganda’s** UNCT, as a member of the Local Development Partners Group, engaged in a donor division of labour exercise that increased aid effectiveness contributing to the harmonization of development partners’ support to the Poverty Eradication Action Plan.

In **Georgia**, the Resident Coordinator’s Office is also the Secretariat for the Donor Coordination Group. In this capacity, the UNCT ensured high-level policy dialogue between the Government and the donor community.

**Bosnia-Herzegovina’s** UNCT, as secretariat of the Donor Coordination Forum, led a donor mapping exercise to strengthen coordination in-country and build the institutional capacity of government mechanisms for managing development cooperation funding.

In **Costa Rica**, the UNCT boosted the capacity of the Ministry of Planning to coordinate international cooperation by organizing a workshop with experts from Chile and Nicaragua to train 47 public officers from the ministries of planning and foreign relations on effective management practices for international cooperation.