

Implementing the Paris Declaration on Aid Effectiveness **Action Plan of the UN Development Group**

Context

On 2 March 2005, Ministers and other high-level officials of some 85 developed and developing countries as well as heads of some 20 bi- and multilateral development organizations gathered in Paris, France, to discuss ways to improve the quality of development assistance. The members of the UN Development Group participated as one delegation, itself a sign of the increased depth of cooperation among the operational development agencies of the UN system. The message coming out of Paris was loud and clear:

**“Development assistance works best
when it is fully aligned with national priorities and needs”**

The Paris High-Level Forum was a critical milestone in the overall preparations by the international community for the September 2005 review of the Millennium Declaration and the Millennium Development Goals. As such, the outcome of the meeting, i.e., the adoption of the “[Paris Declaration on Aid Effectiveness](#)”, has major implications for the work of the UNDG and UN Country Teams, opening up new windows of opportunity while also requiring us to be bolder and more ambitious in our reform efforts.

→ The United Nations Development Group (UNDG)

The UNDG was created by the Secretary-General in 1997, to improve the effectiveness of the UN System in development cooperation at the country level.

The UNDG brings together 25 operational agencies working on development plus five observers. The Group is chaired by the Administrator of the United Nations Development Programme (UNDP) on behalf of the Secretary-General.

Since adoption in 2003 of the Rome Declaration, the UNDG has moved beyond often inward-looking reform initiatives towards defining our position in a changing aid environment, and the outcome of the Paris High Level Forum encourages us further in that direction. We will have to tackle a number of challenging issues, for example our role vis-à-vis new aid modalities, such as SWAps and direct budget support, and a stronger alignment with national priorities and systems, if we are to provide optimal support to partner countries to realize the commitments of the Millennium Declaration and the MDGs. The 2004 Triennial Comprehensive Policy Review by the United Nations

General Assembly provides strong support for doing so, and these points were endorsed also by the United Nations Chief Executive Board.

Many initiatives have already been taken since the launch of the Secretary-General's programme for UN Reform in 1997, responding to the challenges of Harmonization & Alignment. Progress on these initiatives has been described in a background paper for Paris, “[UN Reform – Harmonization and Alignment to Achieve the MDGs](#)”. The Secretary-General's March 2005 report “In larger Freedom” endorses the call for a stronger UN role in follow-up to the 2005 High-Level-Forum on Aid Effectiveness. As laid out in the remainder of this document, the UNDG foresees actions in the following areas to turn the commitments made in Paris into practice:

- 1. Putting national development plans at the center of UN country programming**
- 2. Strengthening national capacities**
- 3. Increasingly using and strengthening national systems**

Annex 1 provides a list of initiatives with time-lines and Annex 2 relates UNDG action to the twelve indicators adopted in the Paris Declaration.

1. Putting national development plans at the center of UN country programming

As reaffirmed in Paris, sound national development strategies combined with strong national leadership are the basis for successful development cooperation, and such 'ownership' is also a prerequisite for achieving the commitments of the United Nations' Millennium Declaration. This is also the vision expressed in the Secretary-General's March 2005 report "In larger Freedom" which, following the recommendations of the Millennium Project, calls for the preparation of ambitious MDG-based national development plans and the close linkage of development, security and human rights.

The UNDG, therefore, attaches prime importance to supporting the development of high-quality and MDG-based national development plans such as those articulated in poverty reduction strategies (PRS), and in doing so through the broad consultative process endorsed in Paris. In all countries, the UN-led Common Country Assessment (see [CCA and UNDAF Guidelines for UN Country Teams](#)), should build upon ongoing country analytical work, including the PRS. Recent revisions to the CCA/UNDAF Guidelines for UN Country Teams also stipulate that, where issues of concern to the UN and the international community can be covered in national processes, separate UN Common Country Assessments do not need to be undertaken and UNCTs should participate fully instead in such processes.

→ Review with all UNCTs their contribution to national analytic work such as in preparation for PRSs and encourage joint analytic work whenever feasible

Beyond analytic work, other critical roles the UN System can play in national planning processes are laid out in the [Guidance Note](#) on UN Country Team engagement in PRSPs. As the prime concern for the international community, UN Country Teams should support national counterparts to make PRSs MDG-based. However, further guidance to UN Country Teams is needed on their potential role beyond the preparation of PRS documents and incorporation of international norms and standards, for example in supporting national counterparts in the participatory monitoring of the implementation of PRSs, or line ministries in the establishment of Medium Term Expenditure Frameworks, or in aid policy and management. Special focus is given in the Paris Declaration to fragile states and the use of the Transitional Results Matrix, and the UN should continue to play a leading role in such circumstances.

→ Assist partner countries in developing MDG-based national PRSs, with support to UNCTs through specific resources, tools and manuals and from an "MDG policy network" bringing together experts from the entire UN System

→ Assist partner countries in preparing and implementing transitional results matrixes where appropriate

→ Provide guidance to UNCTs on support to national counterparts in the implementation, monitoring and evaluation of PRSs in a participatory manner

To ensure maximum synergies between national PRSs and the UNDAF, and to provide optimum support to national counterparts, UN Country Teams have been encouraged to synchronize the timing and duration of their programming with national planning cycles. While some UNCTs have already adjusted their programming cycles where necessary, this does not yet happen systematically for all countries embarking on new country programmes.

→ Ensure all UN country programme cycles are synchronized with national planning cycles

UN Country Teams should use the MDG-based national PRs as the basis for their own programming through the 3-5 year UN Development Assistance Framework (UNDAF) and its Results Matrix which guides the preparation of agency specific programmes. The UNDAF is the tool through which Country Teams align their interventions with national priorities, as reflected in UNDAF outcomes and agency-specific outputs. This way, the UN ensures that its support to national counterparts responds to broadly agreed national development priorities.

→ Make sure UNDAF outcomes are aligned with national priorities and plans

As mandated by UN Member States in the Triennial Comprehensive Policy Review 2004, and as has become apparent in the discussions in Paris, the UN will also need to strengthen its capacity to support national counterparts in managing new aid modalities such as sector-wide approaches and budget support (see section 2 for capacity development in this area). In February 2005, the members of the UNDG endorsed a policy position ("[The role of the UN System in a Changing Aid Environment – Sector Support and Sector Programmes](#)"), highlighting the important role the UN can play in sector programmes during conception and implementation. A notable feature of this position is the UNDG commitment to amend, by the end of 2005, any policies and regulations that prevent agencies from fully participating in sector support arrangements and to increase the use of national systems (see section 3).

→ Support partner countries in sector support arrangements

→ Turn policy commitment on sector support into practical guidance

Equally important, the UN Country Teams should support national governments in increasing aid effectiveness through integrating global and regional sectoral or thematic initiatives at the country level. It is important to integrate such initiatives, such as the work with global funds, in the follow-up on Paris at the country level, and to make them an integral part of national planning processes such as PRs. UNCTs can help in making sure that such initiatives have an impact at country level, for example by promoting the "Three Ones" on HIV/AIDS and the Education for All Fast Track Initiative. More broadly, UN leadership in such matters, including for example on human rights based programming, gender mainstreaming and environmental management should be promoted at the country level,

→ Provide guidance on sectoral/thematic initiatives, including global funds and regional initiatives, to UN Country Teams and align, where appropriate, UNCT capacities so as to increase aid effectiveness in these matters

2. Strengthening national capacities

The Paris Declaration is grounded in the understanding that national leadership of the process of improving aid effectiveness is crucial. While one element for success in this area is strong commitment, a second element is the existence of national capacities to implement an agenda that is both politically and technically challenging.

The UN system, with its access to a broad range of technical expertise, is widely acknowledged as a key partner for supporting capacity development efforts in programme countries. However, in the past, capacity development initiatives often addressed capacities needed to manage and implement UN-supported programmes/projects, rather than strengthening counterpart capacities to manage and implement the national development process. The 2004 Triennial Comprehensive Policy Review of the General Assembly therefore tasked the UN to increase efforts to strengthen the national capacity development strategies essential to achieving the MDGs, including the capacities needed to manage different aid modalities.

- **Review and redefine the UNDG role in “capacity development” to implement the TCPR and the Paris Declaration, including the issue of national execution**
- **Highlight the importance of “capacity development” in the CCA/UNDAF Guidelines and make sure that identified capacity gaps are systematically addressed by UNCTs**
- **Work with partner countries in the integration of capacity development issues in national plans and where appropriate in the preparation and implementation of national capacity development strategies**

To foster the spirit of mutual accountability, the members of the UNDG consider the monitoring of the Paris commitments at the country level crucial. The UN can support partner governments in facilitating this process in an inclusive manner, and strengthen respective capacities where needed. The monitoring of the Paris Declaration should be linked to the monitoring of MDG 8 (“Develop a global partnership for development”) and reflected in national and regional MDG reports. The UNCT should encourage and participate in harmonized national performance assessment frameworks and in joint assessments of progress, where these are available.

- **Develop guidance to UNCTs on how to support the monitoring and reporting of the Paris Declaration, building on established models such as the Independent Monitoring Group in Tanzania and using existing MDG reporting processes to monitor aid effectiveness as part of MDG 8**

3. Increasingly using and strengthening national systems

It is widely acknowledged that development cooperation practices put a heavy burden on partner countries in the form of differing rules, regulations, and requirements. Instead of strengthening national systems, development partners thereby effectively undermine existing capacities, by keeping officials occupied with the fulfillment of often complicated and bureaucratic procedures.

In the context of the policy position on sector support, the UNDG member agencies have already committed to make the use of national systems possible in the areas of:

- sector reporting
- monitoring and evaluation
- annual performance reviews
- progress reports
- procurement

In follow-up to Paris, these commitments will be extended to cover all interventions, whenever and wherever feasible, especially in other areas of public financial management. In particular the UN system will support capacity development of national systems for this purpose, for example in procurement and monitoring and evaluation. Where parallel systems exist such as in PIUs, the UN will support transition plans towards fully using national systems, in line with arrangements for national execution.

- **UNDG member agencies to amend any regulations inhibiting the use of national systems in the above areas, subject to board approval**
- **Include a systematic review of national systems in the Common Country Assessment, as basis for the decision on whether to rely on these in subsequent programme cycles and to address identified capacity gaps systematically through targeted support to national counterparts**

A special case in point is the area of financial interaction with national counterparts. The member agencies of the UNDG Executive Committee (UNDP, UNFPA, UNICEF, WFP) have already agreed to harmonize the way they transfer cash to implementing partners at the national level, thereby greatly reducing transaction costs. As part of this approach, UN Country Teams will jointly review the capacities in partner countries in the area of public financial management, drawing upon or participating in similar assessments by other development partners. In case capacity gaps in this area are identified, agencies will work with their partners to address these gaps.

→ Roll-out of the new cash transfer modalities, including conducting review of capacity in financial management, and work with counterparts to address identified capacity gaps

To enable national counterparts to manage development cooperation effectively, the member agencies of the UNDG acknowledge the need to make data on support provided available to national counterparts. While it is not necessary for assistance to go through the national treasury, it is important for UN support to be visible and recognized as responding to national priorities as expressed in budget and related documents.

→ By the end of 2006, information on all incoming assistance from UNDG member agencies will be available to national governments, so that it can be reported on national budgets

4. Implementation and monitoring of this Action Plan

The implementation of this Action Plan will require follow-up at the level of individual agencies as well as through inter-agency mechanisms of the UNDG.

The UNDG Working Group on OECD/DAC, Harmonization & Alignment has been tasked to monitor the implementation of this Action Plan and to report progress and recommendations for further policy decisions to the UNDG Programme Group.

July 2005

Annex 1: UNDG Actions in Follow-up to Paris:

Action	Timeline / Target	Responsible party
Putting national development plans at the center of UN country programming		
Review with all UNCTs their contribution to national analytic work such as in preparation for PRSs and encourage joint analytic work wherever feasible	September 2005	Regional Directors (Lead agencies) ¹
Assist partner countries in developing MDG-based national PRSs and to incorporate other commitments of the Millennium Declaration	Ongoing	MDG Policy Network
Provide guidance to UNCTs on support to national counterparts in the implementation, M&E of PRSs	December 2005	Programme Group ²
Assist partner countries in preparing and implementing transitional results matrixes where appropriate	Ongoing	Programme Group
Ensure all UN country programme cycles are synchronized with national planning cycles	Ongoing	Regional Directors
Make sure UNDAF outcomes are derived from national priorities and plans	Ongoing	Regional Directors
Support partner countries in sector support arrangements	Ongoing	Programme Group
Turn policy commitment on sector support into practical guidance	December 2005	Programme Group
Provide guidance on sectoral/thematic initiatives, including global funds and regional initiatives, to UNCTs	December 2005	Programme Group
Strengthening national capacities		
Review and redefine the concept of “capacity development” to implement the TCPR and Paris Declaration	January 2006	Programme Group
Highlight the importance of “capacity development” in the CCA/UNDAF Guidelines and make sure that identified capacity gaps are systematically addressed by UNCTs	January 2006	Programme Group
Work with partner countries in the preparation and implementation of national capacity development strategies in follow-up to Paris	Support ongoing; 100% of cap dvpmt support as part of coordinated programmes as of 2006	UNCTs
Develop guidance to UNCTs on how to support the monitoring and reporting of the Paris Declaration, building on established models such as the Independent Monitoring Group in Tanzania and using existing MDG reporting processes to monitor aid effectiveness as part of MDG 8	October 2005	Programme Group
Increasingly using and strengthening national systems		
UNDG member agencies to amend any regulations inhibiting the use of national systems in the areas of sector reporting, monitoring & evaluation, annual performance reviews, progress reports and procurement, subject to board approval	Regulations amended by December 2005 (subject to board approval); Use of national PFM and procurement systems for at least 50% of UNDG funding by December 2006	Programme and Management Group ³
Include a systematic review of national systems in the Common Country Assessment, as basis for the decision on whether to rely on these or to address identified capacity gaps	December 2005	Programme and Management Group
Roll-out of the new cash transfer modalities including conducting review of capacity in financial management and work with counterparts to address eventual capacity gaps	15 countries in 2005, 19 in 2006, 37 in 2007	Management Group
By the end of 2006, information on all incoming assistance from UNDG member agencies will be available to national governments, so that it can be reported on national budgets	Info on all aid flows available to counterparts by end 2006	Management Group

¹ The UNDG has identified lead agencies for each region to coordinate inter-agency quality support and assurance for Common Country Programming

² The UNDG Programme Group brings together staff from all UN agencies, to develop joint guidelines for UNCTs and to promote the harmonization of policies

³ The UNDG Management Group is the counterpart of the above mentioned Programme Group, in charge of operations and management

Annex 2: UNDG Action in response to the indicators of the Paris Declaration

Paris Indicators			Corresponding Action by the UNDG	
	OWNERSHIP	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
1	Partners have operational development strategies — Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At least 75%* of partner countries have operational development strategies	Support to UNCTs in addressing MDGs in national PRSs through an “MDG policy network”, bringing together experts from the entire UN System Guidance Note on UNCT Engagement in PRSPs	Develop Guidance on UNCT support to formulation, implementation, monitoring and evaluation of PRSs (incl. Medium-Term-Expenditure-Frameworks)
	ALIGNMENT	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
2	Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Double the proportion of partner countries that have reliable public financial management systems Halve the gap – Halve the proportion of countries without sound PFM reform programmes. Double the proportion of partner countries that have reliable procurement systems. Halve the gap – Halve the proportion of countries without sound procurement reform programmes.		Capacity development to strengthen financial management of implementing partners as part of harmonized approach to cash transfer of UNDG Executive Committee agencies Capacity development to strengthen procurement systems (esp. by UNDP)
3	Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners’ national budgets.	Halve the gap – Halve the proportion of aid flows to government outside national budgets (with at least 85% reported on budgets).		Target: Information on 100% of aid flows to be made available to national counterparts as of 2006
4	Strengthen capacity by coordinated support — Percent of donor capacity development support provided through coordinated programmes consistent with partners’ national development strategies.	Halve of aid flows implemented through coordinated programmes consistent with partners’ national development strategies.		Highlight the importance of “capacity development” in the CCA/UNDAF Guidelines and make sure that identified capacity gaps are systematically addressed by UNCTs Support partner countries in the preparation and implementation of national capacity development strategies in follow-up to Paris Target: 100% of capacity development support is part of coordinated programmes as of 2006

	ALIGNMENT	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
5	Use of PFM systems — Percent of donors and of aid flows that use partner country procurement and/or public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	Halve the gap – Halve the proportion of aid flows that do not use country PFM systems. Halve the gap – Halve the proportion of donors that do not use country PFM systems. Halve of aid are channeled through country procurement systems. Halve the gap – halve the proportion of donors that do not use country procurement systems.		UNDG Target: > 50% by end 2006
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.	Halve the number of parallel project implementation units per country.		Where PIUs exist, UNCT supports developing national capacities and assists in developing transition plans to fully use national systems
7	Aid is more predictable — Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap – halve the proportion of aid disbursements not released within fiscal year.	UN Development Assistance Frameworks include planned contributions over the next 3-5 year programme cycle	
8	Aid is untied — Percent of bilateral aid that is untied.	Continued progress over time.	n/a	n/a
	HARMONISATION	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches	two-thirds of aid provided as programme-based approaches.	UNDG Policy Position on Sector Support endorsed in 2005	Guidance to UNCTs to implement the policy position
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	A third of donor missions to the field is joint. Two thirds of country analytic work is joint.	UN Agencies do their country analysis jointly through Common Country Assessments, increasingly drawing upon or feeding into national analytic work Sector support policy includes commitment to reduce field missions	Review with all UNCTs their contribution to national analytic work such as in preparation for PRSs and encourage joint analytic work wherever feasible Synchronize timing and duration of UN programming cycles with national cycles for all new country programmes by 2007.

	MANAGING FOR RESULTS	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Halve the gap - halve the proportion of countries without transparent & monitorable performance assessment frameworks. Halve the gap - halve the proportion of sector programmes without transparent & monitorable performance assessment frameworks.		Support to partner countries in the preparation of national PRSs and sector programmes, as well as through targeted capacity development initiatives
	MUTUAL ACCOUNTABILITY	TARGETS For 2010	Action already taken	Planned Action / UNDG Target
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place		Guidance to UNCTs on how to support the monitoring of the Paris Declaration