SSOAR

Open Access Repository
www.ssoar.info

The implementation of the Paris Declaration on Aid Effectiveness by the United Nations: Progress to date and need for further reforms

Vatterodt, Martina

Veröffentlichungsversion / Published Version
Forschungsbericht / research report

Zur Verfügung gestellt in Kooperation mit / provided in cooperation with:
SSG Sozialwissenschaften, USB Köln

Empfohlene Zitierung / Suggested Citation:
Vatterodt, M. (2008). *The implementation of the Paris Declaration on Aid Effectiveness by the United Nations: Progress to date and need for further reforms.* (DIE Studies, 35). Bonn: Deutsches Institut für Entwicklungspolitik gGmbH.
https://nbn-resolving.org/urn:nbn:de:0168-ssoar-193735

Nutzungsbedingungen:
Dieser Text wird unter einer Deposit-Lizenz (Keine Weiterverbreitung - keine Bearbeitung) zur Verfügung gestellt. Gewährt wird ein nicht exklusives, nicht übertragbares, persönliches und beschränktes Recht auf Nutzung dieses Dokuments. Dieses Dokument ist ausschließlich für den persönlichen, nicht-kommerziellen Gebrauch bestimmt. Auf sämtlichen Kopien dieses Dokuments müssen alle Urheberrechtshinweise und sonstigen Hinweise auf gesetzlichen Schutz beibehalten werden. Sie dürfen dieses Dokument nicht in irgendeiner Weise abändern, noch dürfen Sie dieses Dokument für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, aufführen, vertreiben oder anderweitig nutzen.
Mit der Verwendung dieses Dokuments erkennen Sie die Nutzungsbedingungen an.

Terms of use:
This document is made available under Deposit Licence (No Redistribution - no modifications). We grant a non-exclusive, non-transferable, individual and limited right to using this document. This document is solely intended for your personal, non-commercial use. All of the copies of this documents must retain all copyright information and other information regarding legal protection. You are not allowed to alter this document in any way, to copy it for public or commercial purposes, to exhibit the document in public, to perform, distribute or otherwise use the document in public.
By using this particular document, you accept the above-stated conditions of use.

gesis Leibniz-Institut für Sozialwissenschaften

Mitglied der Leibniz-Gemeinschaft

d·i·e

Deutsches Institut für Entwicklungspolitik

German Development Institute

Studies

The Implementation of the Paris Declaration on Aid Effectiveness by the United Nations: Progress to Date and Need for Further Reforms

Martina Vatterodt

The implementation of the Paris Declaration on Aid Effectiveness by the United Nations: Progress to date and need for further reforms

German Development Institute (DIE)

The German Development Institute (DIE) is a multidisciplinary research, consultancy and training institute for Germany's bilateral and for multilateral development cooperation. On the basis of independent research, it acts as a consultant to public institutions in Germany and abroad on current issues of cooperation between developed and developing countries. Through its nine-month training course, the German Development Institute prepares German and European university graduates for a career in the field of development policy.

Martina Vatterodt has been a research fellow at the DIE since 2006. She studied political and communication science, development economics and public international law at the Georg-August-University in Göttingen, the Concordia University in Canada and the University of Hohenheim in Stuttgart. Her thematic focus lies on the UN development cooperation and the role of the United Nations in global governance.

E-mail: martina.vatterodt@die-gdi.de

Studies
Deutsches Institut für Entwicklungspolitik

35

The implementation of the Paris Declaration on Aid Effectiveness by the United Nations: Progress to date and need for further reforms

Martina Vatterodt

Bonn 2008

Studies / Deutsches Institut für Entwicklungspolitik
ISSN 1860-0468

Vatterodt, Martina: The implementation of the Paris Declaration on Aid Effectiveness by the United Nations: progress to date and need for further reforms / Martina Vatterodt. – Bonn: DIE, 2008 – (Studies / Deutsches Institut für Entwicklungspolitik ; 35)
ISBN 978-3-88985-370-7

© Deutsches Institut für Entwicklungspolitik gGmbH
Tulpenfeld 6, 53113 Bonn
☏ +49 (0)228 94927-0
🖷 +49 (0)228 94927-130
E-Mail: die@die-gdi.de
http://www.die-gdi.de

Preface

This study was undertaken in the context of the research and advisory activities of the German Development Institute (DIE) relating to the reform of the development cooperation of the United Nations (UN). The Paris Declaration on Aid Effectiveness was adopted in March 2005 by government representatives, multilateral organisations and non-governmental organisations. It commits the signatories – donors and partner countries – to increased ownership, alignment, harmonisation, managing for results and mutual accountability. The aim is to make aid more effective so as to improve the prospects of the Millennium Development Goals being achieved. Twelve indicators set targets for 2010 to enable progress in implementation to be tracked.

The UN funds, programmes and specialised agencies – represented by the United Nations Development Group (UNDG) – have also signed the Paris Declaration. Their performance, too, must therefore be assessed against the commitments they have entered into. This study takes stock of the progress made by the UN development cooperation system in implementing the Paris Declaration and considers the strengths of UN development cooperation with a view to a more effective division of labour in international development cooperation for which the Paris Declaration calls. Furthermore, it analyses the report of the High-level Panel on System-wide Coherence in the light of the Paris Declaration. It thus contributes to the debate being conducted in the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and within the UN on progress to date in the implementation of the Paris Declaration and on the need for further reforms.

The study is based on interviews with UN and DAC staff, many of whom made helpful documents available. I would like to take this opportunity to offer to all those interviewed or otherwise involved my sincere thanks for their cooperation and support.

Bonn, February 2008 Martina Vatterodt

Contents

Abbreviations

Summary **1**

1 Introduction **11**

2 Implementation of the Paris Declaration by the United Nations development cooperation system: analysis and appraisal **12**

2.1 The Paris Declaration on Aid Effectiveness 12

2.2 The United Nations Development Cooperation System 13

2.3 Reception given to the Paris Declaration in the UN development cooperation system 16

2.4 The dimensions of the Paris Declaration and their incorporation in the UN development cooperation system 21

2.4.1 Alignment 21

2.4.2 Harmonisation 29

2.4.3 Managing for Results 41

2.4.4 Mutual Accountability 42

2.5 Summary and appraisal 43

3 Analysis and appraisal of the report of the High-level Panel in the light of the Paris Declaration **47**

4 Implications for the positioning of the United Nations in the international development architecture **55**

4.1 The question of the strengths of the UN agencies in development cooperation 55

4.2 Reflections on the future role of the UN agencies in the international development cooperation system 61

5 Taking stock and recommendations for positions to be adopted by the BMZ 67

Bibliography 85

Annex 91

Tables, Figures

Table 2. 1: Summary: progress and weaknesses in the implementation of the Paris Declaration in the UN development cooperation system 43

Table 3. 1: Summary: comparison of the dimensions of the Paris Declaration with the recommendations contained in the HLP report 52

Table 5. 1: Summary of the analysis and approaches possibly to be adopted by the BMZ 69

Figure 2. 1: Findings of the OECD Survey on the implementation of the Paris Declaration: progress made by the UN development cooperation system and average for all donors 46

Boxes

Box 2. 1:	Reception given to the Paris Declaration within the UN agencies, taking UNFPA as an example	18
Box 2. 2:	UNDP's role in the development of partner countries' capacities, taking Rwanda as an example	25
Box 2. 3:	UNDP and the development of country procurement systems	26
Box 2. 4:	UNDP and parallel project implementation units	28
Box 2. 5:	UN support for SWAps and budget support	31
Box 2. 6:	UN harmonisation at country level: Joint Offices in Cape Verde and Vietnam	37
Box 2. 7:	Initial experience after a year of a Joint Office	38

Abbreviations

BWI	Bretton Woods Institutions (includes the International Monetary Fund und the World Bank Group)
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Co-operation and Development)
CCA	Common Country Assessment
CEB	Chief Executives Board
DAC	Development Assistance Committee of the OECD
DEX	Direct execution
DGO	United Nations Development Group Office
DIE	Deutsches Institut für Entwicklungspolitik (German Development Institute)
EPTA	Expanded Programme of Technical Assistance
ExCom-Agencies	Executive Committee Agencies of the United Nations Development Group (includes UNDP, UNICEF, UNFPA and WFP)
FAO	Food and Agriculture Organization
G77	Group of 77
HACT	Harmonized Approach to Cash Transfers to Implementing Partners
HLP	High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
JP	Joint Programme
MDGs	Millennium Development Goals
MOPAN	Multilateral Organizations Performance Assessment Network
MTSP	Medium-Term Strategic Plan
MYFF	Multi-year Funding Framework
NEX	National execution
OECD	Organisation for Economic Co-operation and Development
PBA	Programme-based Approach
PIU	Project Implementation Unit

PRSP	Poverty Reduction Strategy Paper
RBM	Results-based Management
RC	Resident Coordinator
SDB	Sustainable Development Board
SWAp	Sector-wide Approach
TCPR	Triennial Comprehensive Policy Review
TRAC	Target Resources Allocated from the Core
UN	United Nations
UNCCF	United Nations Country Coordination Fund
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
WFP	World Food Programme
WHO	World Health Organization

Summary

1 Introduction

In signing the Paris Declaration on Aid Effectiveness, donors and partner countries entered into commitments to making development cooperation more effective with a view to the achievement of the Millennium Development Goals. The Paris Declaration defines five dimensions – ownership, alignment, harmonisation, managing for results and mutual accountability. Twelve indicators are to be used to gauge the degree to which these donor and partner country commitments are met by 2010.

The Declaration was also signed by the United Nations development cooperation system (Funds, Programmes and Specialized Agencies[1]). This study analyses the progress made by the UN system in meeting the commitments set out in the Declaration. Similarly, the report of the High-level Panel on System-wide Coherence is examined in the light of the Paris Declaration.

The study is based on interviews with staff members of the United Nations and of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) and on an analysis of UN documents and OECD survey data on the implementation of the Paris Declaration.

2 Implementation of the Paris Declaration by the United Nations development cooperation system

The UN development cooperation system has adopted the dynamism introduced into the international development cooperation system by the Paris Declaration, endorsed its objectives in (internal) statements and also played its part in this respect in international fora. An analysis of the implementation of the Declaration arrives at the following conclusion:

1 The World Bank Group and the International Monetary Fund are excluded from this analysis because of their fundamentally different organisational structure.

Alignment

The alignment dimension of the Paris Declaration records the extent to which development cooperation actors align their efforts with partner countries' national development strategies and procedures. Indicator 3 measures the percentage of Official Development Assistance (ODA) intended for the public sector that is reported on the partner country's budget. The OECD Survey on Monitoring the Paris Declaration (OECD 2007) indicates only about 30 % in the case of the UN agencies (target: 85 %). A reason for this low figure is that the UN agencies are active in the field of technical cooperation, which is more difficult to report on a partner country's budget than financial cooperation. The UN agencies, too, see this as a problem. Awareness of this problem, however, is not yet particularly pronounced in many UN agencies. They therefore need to pay more attention to greater transparency of their own spending at country level.

In contrast to this below-average resulting from the OECD-monitoring, the Multilateral Organizations Performance Assessment Network (MOPAN) rates the efforts of some UN agencies very highly. Furthermore, the UN agencies gear their work to partner countries' priorities through the United Nations Development Assistance Framework (UNDAF).

Indicator 4 measures the extent to which donors harmonise capacity development with other donors under coordinated programmes. According to the OECD Survey (OECD 2007), 44 % of the UN agencies' capacity development is provided through coordinated programmes (target: 50 %). Many UN agencies are now working on ways of helping partner countries to design and implement their own development plans. Yet many UN officials still lack the expertise needed to assist partner countries with this work.

Indicators 5a and 5b measure the degree to which donors use country procurement, financial management and evaluation systems for their operational activities. The OECD Survey shows that the UN agencies currently make little use of country systems. This is also confirmed by the UN.

Indicator 6 of the Paris Declaration measures the number of parallel project implementation units (PIU) in each country. According to the OECD Survey, the UN agencies maintain a comparatively large number of PIUs (OECD 2007). However, as the OECD combines under the collective term "United Nations" the PIUs of several UN agencies, the survey produces a compara-

tively higher absolute number for the UN agencies. Nonetheless, UN staff members confirm that the UN agencies still have room for improvement in this sphere.

Indicator 7 covers the proportion of ODA payments made to partner countries in accordance with an agreed (multi-year) schedule. The donors' allocation practices are such that many UN agencies undertake their operational activities largely on the basis of one-year commitments. Furthermore, funds are increasingly earmarked. This makes it difficult to plan the UN agencies' activities. The OECD Survey confirms that the United Nations' operational activities are not very predictable.

Harmonisation

Indicator 9 identifies the percentage of ODA provided by donors in the context of programme-based approaches (sector programme, budget support). The UN agencies' internal rules permit them to participate (financially) in pooled funding and sector programmes. The UN agencies do not, however, have extensive financial resources that they can provide for these aid modalities.

According to UNDG, it is not financial contributions that determine the UN agencies' participation in a sector programme but rather the expertise they contribute to the planning and implementation of such programmes. In the case of budget support and pooled funding, the UN agencies are called upon to assist partner countries with the implementation of these aid modalities. It has yet to be clarified, however, whether they indeed have the expertise they claim to have in this sphere.

Increased participation by the UN agencies in programme-based approaches is obstructed by the fact that the agencies are still often bound by the classical project approach.

The OECD Survey (OECD 2007) reveals that the UN agencies provide only 39 % of their aid in the context of programme-based approaches (target: 66 %). The Multilateral Organizations Performance Assessment Network (MOPAN) rates UNDP and UNFPA as generally doing too little to harmonise with other donors.

The OECD Survey (OECD 2007) reveals that the UN agencies conduct 30 %

of their missions jointly (target: 40 %) and that the absolute number of missions is high (2,876) (Indicator 10). UN staff members confirm that the high number of missions and the small proportion of missions conducted jointly is a problem.

The UN agencies carry out 63 % of their country analyses jointly (target: 66 %) (OECD 2007). With the Common Country Assessment (CCA) the UN agencies conduct a joint UN country analysis and thereby promote intra-UN harmonisation.

Since the late 1990s the UN agencies have undertaken numerous reforms, which have advanced intra-UN harmonisation. The UN Development Group describes this internal harmonisation agenda as *"intra-UN implementation of the Paris Declaration"* (UNDG 2007b, 34). However, the Paris-Declaration claims for external reforms. Accordingly, the UN development cooperation system has to go beyond these activities and become more closely involved in harmonisation with other development cooperation actors.

Managing for results

Managing for results means donors planning their development cooperation in a way that the progress made by their measures can be assessed against predetermined results. There are no empirical data on the extent to which the UN agencies manage for results. Indications that they use managing-for-results instruments are the United Nations Development Assistance Framework (UNDAF) and the use of computer-based planning tools, such as ATLAS.

Mutual accountability

By acknowledging the Paris-Declaration the UN agencies committed themselves to provide partner governments with up-to-date and transparent information on their development cooperation efforts. The UN agencies report to partner governments on the allocation of funds from their core resources.

However, it is more difficult to provide partner countries with systematic and transparent information on the allocation of non-core resources. There are no empirical data on the extent to which the various UN agencies participate in mechanisms and processes for mutual accountability in partner countries.

Summary appraisal

An analysis of the implementation of the Paris Declaration within the UN development cooperation system reveals that the latter has adopted the dynamism introduced by the Paris Declaration into the international development cooperation system. Numerous reforms have advanced intra-UN harmonisation since the late 1990s. Besides this, however, the UN agencies must become more closely involved in harmonisation with other donors.

Furthermore, regarding the alignment dimension further efforts of the UN agencies are needed to fulfil their Paris Declaration-commitments. This includes more transparency towards the partner countries with regard to resource allocation at country level, an increased use of national systems and a reduction of parallel project implementation units.

There are no systematic data available for the UN agencies with regard to the results-based management and mutual accountability dimensions. It is strongly recommended that the UN agencies deal with this matter.

Further reforms within the UN development cooperation system are needed, such as that of the internal incentive systems and UN staff training geared to policy advice/policy dialogue/capacity development, in order to encourage and enable staff members to adhere to the Paris Declaration commitments.

3 Analysis and appraisal of the report of the High-level Panel in the light of the Paris Declaration

The report of the High-level Panel on System-wide Coherence proposes reforms that may encourage further harmonisation within the UN development cooperation system. Particular emphasis should be placed on the recommendation for One UN (= one programme, one budgetary framework, one leader, one office), which would make the UN agencies' operational work at country level more coherent. This approach has been put to the test since early 2007 in eight pilot countries (Vietnam, Pakistan, Mozambique, Tanzania, Cape Verde, Uruguay, Albania and Rwanda).

Intra-UN harmonisation at country level can also be improved if, as proposed by the Panel, the position of the Resident Coordinator is strengthened. The proposal for the amalgamation of the governance structures of UNDP/UNFPA,

UNICEF and WFP may lead to more coherent programme planning. The Panel's reform proposals will not, however, do anything to help the UN development cooperation system to meet the commitments arising from the Paris Declaration, since they are geared solely to internal reforms. In order to meet their commitments the UN agencies have to go beyond this internal reform level.

4 Implications for the positioning of the UN agencies in the international development cooperation system

The analysis of progress in the implementation of the Paris Declaration raises the question as to which of their strengths the UN agencies can use to meet the commitments arising for them from the Paris Declaration and what position – based on their strengths – they intend to occupy in the international development cooperation system in the future.

Although not yet empirically confirmed in every case, strengths are ascribed to the UN agencies in the following spheres: the setting of international norms and standards, operational activities in politically sensitive areas, the formulation of an alternative voice in the development field, closeness to the developing countries, global local representation, capacity-building/ government advice and advocacy for development goals.

The UN agencies could use their strength in capacity-building to further the implementation of the Paris Declaration.[2] The global representation of many UN agencies – especially in countries where bilateral actors are not present – and their closeness to developing countries might also be used for greater alignment and capacity-building. The UN agencies' advocacy role might support the formulation and implementation of national development strategies. The developing countries and the UNDG itself refer to assisting developing countries with aid coordination as a further task for the UN agencies in the implementation of the Paris Declaration.

The strengths of the UN agencies have yet to be used in the implementation of the Paris Declaration, which would in any case be only a first step. Of

2 Although the UN agencies often refer to this strength, it has not yet been empirically confirmed.

greater import will be the decision yet to be taken on the eventual position of the UN agencies in the international development cooperation system – based on their strengths. The Paris Declaration explicitly calls for such a positioning and division of labour between the development cooperation actors – based on their strengths (Paris Declaration 2005, 6, paragraph 35).

The realignment and positioning of the UN development cooperation system has already been considered in various theoretical models. Messner et al. (2005), for example, propose that the position of the UN development cooperation system should be upgraded and installed as the leading actor in the development sphere. Other models envisage a consolidated UN development cooperation unit (BMZ 2006; Kloke-Lesch et al. 2006; OECD/DAC 2005b). However, these reform models merely propose a consolidation of the UN institutional landscape and do not consider the role of the UN agencies in the international development cooperation system.

The use of sector programmes and budget support similarly requires that the UN agencies occupy a position according to the contribution they have to make. In these areas government advice and capacity-building, for example, are the only opportunities for the UN agencies to play a part, since their financial resources are limited. It has yet to be determined, however, whether (certain) UN agencies have particular expertise in this respect.

The question whether the UN agencies have strengths in certain areas of operational activities remains unanswered. Whether they should withdraw from operational areas in which they may not demonstrate any strength is similarly still an open question.

The position of the UN agencies can be determined only if clear mandates are issued and serious structural problems are overcome. For this, however, decisions need to be taken by the member countries. But the intergovernmental negotiations on the reform of UN development cooperation are currently very difficult because of the confrontation between the industrialised countries and the G77. If these decision-making processes are so difficult, it has to be asked at this juncture how capable the UN agencies are of being reformed if the thinking that underlies power politics prevents reforms from being undertaken.

5 Taking stock and recommendations for the position to be taken by the German Ministry for Economic Cooperation and Development (BMZ)

The BMZ can help the UN development cooperation system to implement the Paris Declaration through the Executive Boards, through its own conduct as a donor and by providing pump-priming finance for certain reforms.

Through the Executive Boards reference can be made to all the weaknesses of the UN agencies in the implementation of the Paris Declaration.[3] Priority should be given to a systematic monitoring of progress by the UN agencies, a harmonisation with other donors and the position of the UN development cooperation system within the international development cooperation system. The BMZ should also call for further harmonisation of business practices and a reform of the UN agencies' internal incentive systems.

The BMZ should coordinate its own conduct as a donor even more closely with other German government departments. The German government's conduct towards the UN agencies as a donor should change to allow for multi-year commitments. Furthermore, contributions should be paid primarily into the UN agencies' core budgets. The German government – together with other countries – should also press in the governing boards for the commitments arising from the Paris Declaration to be met.

The BMZ can also prompt the implementation of innovative reforms with pump-priming finance and so create positive reform momentum. When providing such resources, the BMZ should point out that successful reform initiatives must be self-sustaining in the medium to long term by being financed from core resources.

During the intergovernmental negotiations the BMZ should back the High-level Panel's idea of One UN. The German government should enter into a dialogue with developing countries interested in reforms and establish a reform-friendly North-South alliance. Going beyond the UN-internal harmonisation, the BMZ should advocate for more extensive harmonisation of

3 The BMZ is able to speak only at meetings of Executive Boards for which it is the responsible ministry (UNDP/UNIFEM, UNIDO, WFP, UNFPA).

the UN agencies with other donors. This is important if the UN development cooperation system is not to be inhibited and eventually marginalised as a result of an excessive inward focus.

1 Introduction

In March 2005 donors, developing countries and non-governmental organisations agreed on commitments to more effective development cooperation at country level (Paris Declaration on Aid Effectiveness 2005). The aim of the Declaration is to increase the effectiveness of development cooperation by means of commitments by both partners and donors and so to improve the prospects of the Millennium Development Goals being achieved. Success in meeting the commitments is to be measured with the help of 12 progress indicators. The United Nations (UN) has similarly signed the Paris Declaration. This study analyses and appraises the degree to which these commitments are being met within the UN development cooperation system.

Part 2 gives an overview of the contents of the Paris Declaration (Chapter 2.1) and explains the UN development cooperation system (Chapter 2.2). Chapter 2.3 describes how the UN development cooperation system has responded to the Paris Declaration, of greatest importance in this context being the Action Plan of the United Nations Development Group (UNDG) for the implementation of the Paris Declaration. Chapter 2.4 applies the dimensions of the Paris Declaration and its progress indicators to the UN development cooperation system, while Chapter 2.5 summarises and appraises the progress made by the UN development cooperation system in implementing the Paris Declaration.

Chapter 3 considers the current trend in the UN reform process and analyses the report of the High-level Panel on UN system-wide Coherence against the background of the targets set by the Paris Declaration. The analysis of progress made in implementing the Declaration and the current reform process raise the question as to what implications the division of labour among the development cooperation actors, for which the Paris Declaration calls, will have for the position of the UN agencies in the international development cooperation system. Any positioning undertaken and any clear line drawn between the UN agencies and the other development cooperation actors should be based on their respective strengths. Chapter 4.1 therefore begins by discussing the strengths of the UN agencies in development cooperation. Building on this, Chapter 4.2 considers the future role of the UN agencies in the international development cooperation system.

To conclude, Chapter 5 sets out recommendations for determining the position of the BMZ on the basis of identified weaknesses in the implementation

of the Paris Declaration and with a view to the intergovernmental negotiations on the report of the High-level Panel.

The information on the UN agencies' implementation of the Paris Declaration is based on an analysis of UN documents, on interviews with UN and OECD/DAC staff and on the OECD Survey on Monitoring the Paris Declaration (OECD 2007). Boxes at the end of some sections serve to illustrate the areas analysed by providing examples.

2 Implementation of the Paris Declaration by the United Nations development cooperation system: analysis and appraisal

2.1 The Paris Declaration on Aid Effectiveness

The agreement between donors and partner countries on how development cooperation can be made more effective was formulated in the Paris Declaration on Aid Effectiveness (referred to in the following as "the Paris Declaration"; see Annex) in March 2005 at a forum of donors and partner countries. Effective development cooperation is to attain, with the resources used, the greatest possible degree of measurable success in the achievement of the Millennium Development Goals (MDGs) in developing countries. The Paris Declaration defines five dimensions for a more effective form of development cooperation: ownership, harmonisation, alignment, managing for results and mutual accountability.[4] The five dimensions entail practical commitments for donors and partner countries. The extent to which these commitments are met by 2010 is to be measured with the help of twelve indicators.

The Paris Declaration thus sets out a new understanding of how development cooperation should be organised: it is to be harmonised among the donors and geared to national priorities, and it is to strengthen the partner countries' capacity to undertake and manage development activities on their own. In this context, budget support and other programme-based approaches are impor-

4 For a critical analysis of the dimensions and progress indicators of the Paris Declaration see Fedon (2006) and Rogerson (2005).

tant aid modalities.[5] Greater use is to be made of country procurement and financial management systems in development cooperation activities.

In the meantime, more than a hundred states, international development organisations and non-governmental organisations have signed the Paris Declaration and committed themselves to achieving the goals it defines. UN funds, programmes and specialised agencies – represented by the United Nations Development Group (UNDG) – have also signed the Paris Declaration and so committed themselves to implementing it.

If the implementation of the Paris Declaration by the UN development cooperation system is to be suitably appraised and analysed, the structure of the system needs to be understood. The following therefore explains which UN agencies can be included in the term "UN development cooperation system" and how they relate to one another.

2.2 The United Nations Development Cooperation System

In the following the term "UN development cooperation system" embraces all the UN funds, programmes and specialised agencies operationally active in development cooperation, with the exception of the World Bank Group and the IMF.[6] Because of their structure, the World Bank Group and the IMF

5 Programme-based approaches (PBAs) include donor contributions to partners' programmes and strategies in the form of basket financing and general budget support. In basket financing and other forms of pooled funding two or more donors provide resources for the financing of a project or programme. The various donor contributions must not be earmarked for specific measures. The partner (government) is responsible for the implementation of the project/programme (see BMZ 2001, 4). Budget support is a form of direct financing of a country's overall or sectoral budget through the payment of donor contributions into its budget. The partner country is responsible for the use of the funds (ibid.).

In addition, sector programmes are regarded as sector-wide approaches (SWAps). SWAps always concern a certain sector or thematic area (e.g. health and education), the donors pooling their contributions for the sphere concerned. Administration and monitoring of donor resources are the partners' responsibility. The basic idea behind programme-based approaches is closer alignment with partners' priorities and their acceptance of greater ownership (BMZ 2001; Klingebiel et al. 2007; Leiderer 2004).

6 The UN funds and UN programmes mandated to perform the operational work in development cooperation are UNDP (United Nations Development Programme), UNFPA (United Nations Population Fund), UNICEF (United Nations Children's Fund) and WFP (World Food Programme). UNEP (United Nations Environment Programme) also operates in some

work under fundamentally different conditions from the other specialised agencies and the funds and programmes, which is why they are excluded from this analysis.

The distinction between UN funds and programmes and UN specialised agencies is very important. The funds and programmes report directly to the General Assembly. The specialised agencies are linked to the UN only by treaty and are subject to no instructions of the General Assembly.

The specialised agencies have their own memberships and their own supervisory structures and collect compulsory assessed contributions from their members. They are not obliged to cooperate with the funds and programmes. In line with the mandate they have received from their members, the specialised agencies have the task of setting international norms and standards. In this original division of labour the World Bank was entrusted with the task of providing the developing countries with loans on favourable terms to finance investments.

Some of the specialised agencies have extended their areas of responsibility considerably over the years – a development known as "mission creep" – with the result that today they are also operationally active in development cooperation, to a significant degree in some cases. For this operational work they canvass their members for voluntary contributions, in addition to the compulsory assessed contributions they receive.

Contributions from the industrialised, newly industrialising and developing countries to the UN funds, programmes and specialised agencies (excluding the Bretton Woods Institutions) amounted to 12.27 billion US$ in 2004 (United Nations General Assembly 2006, 6f.). However, this (rather large) sum also includes contributions for humanitarian assistance.

The funds and programmes report to the General Assembly on their work and are subject to its instructions. Executive boards with members drawn from a regionally representative selection of member states are responsible for con-

---

developing countries. For an overview of the UN development cooperation system see Fues / Klingebiel (2007, 222ff.). The World Bank Group, WHO (World Health Organization), FAO (Food and Agriculture Organization), ILO (International Labour Organization), IFAD (International Fund for Agricultural Development), UNIDO (United Nations Industrial Development Organization) und UNESCO (United Nations Educational, Scientific and Cultural Organization) are also operationally active in development cooperation.

trolling and supervising the work of the funds and programmes. The funds and programmes are financed entirely from voluntary contributions from the UN member countries, comprising contributions to their core resources and non-core resources.[7] The ratio of core to non-core resources has steadily shifted in the past in favour of non-core resources. This increased earmarking of resources has given rise to creeping "bilateralisation" of UN development cooperation, since the donors set their own priorities for the work of the UN agencies without consulting the Executive Boards.

On the initiative of the then UN Secretary-General, Kofi Annan, the United Nations Development Group (UNDG) was established in 1997 as the umbrella for the funds, programmes and specialised agencies active in development cooperation. The UNDG is a coordination unit consisting of representatives of 25 UN agencies whose normative and/or operational work is concerned with development issues. The aim is to harmonise the many different instruments and processes within the UN development cooperation system and to coordinate operational work more closely.

The UNDG's decisions are binding only on the agencies that report directly to the UN Secretary-General and the General Assembly: UNDP, UNICEF, UNFPA and WFP. These four funds and programmes are represented on the UNDG Executive Committee (ExCom agencies). Decisions taken by the UNDG Executive Committee must be implemented by the ExCom agencies. Such decisions are not binding on the UN's specialised agencies.

UNDG is supported substantively by the UNDG Office (DGO). DGO is working on the standardisation of instruments and work processes. It also assists the UN Country Teams (UNCTs) and the Resident Coordinators (RCs) with the harmonisation of working methods and joint programme planning.

The UNCT is the UNDG's counterpart at country level. It consists of representatives of all the UN agencies operating in a country. The aim is to achieve closer coordination of operational activities through the UNCT. The RC is the chairman of the UNCT. It is his task to coordinate the activities of

7 The funds and programmes are free to choose how core resources are used, subject to their strategic work plans and regional allocation scale. Core resources are thus based on the idea behind multilateral development cooperation: The allocation of resources is guided by the mandate agreed among the UN member countries, none of which may exercise undue influence. When non-core resources are allocated, the donors define (unilaterally) the purposes for which they are to be used.

the UN agencies in a country. In most countries the RC is also UNDP's Resident Representative and is financed by UNDP.

The following describes how the UN development cooperation system has received the Paris Declaration since this forms the basis on which the commitments are to be met in practice.

2.3 Reception given to the Paris Declaration in the UN development cooperation system

The United Nations Development Group (UNDG) signed the Paris Declaration in March 2005 on behalf of the UN development cooperation system and officially declared its willingness to implement the declaration (Obaid 2005a; 2005b; UNDG 2005e).[8] In a circular letter sent to all Resident Coordinators in April 2005 the UNDG Chairman describes the importance of the Paris Declaration for the UN development cooperation system (UNDG 2005h). According to this letter, UNDG sees the strength of the UN development cooperation system as lying in capacity development, this in turn enabling it to contribute to the implementation of the Paris Declaration at country level (ibid.).[9] In July 2005 UNDG published an action plan for the implementation of the Paris Declaration,[10] which identifies three key areas for its implementation by the UN development cooperation system (see UNDG 2005b; 2005f):

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

The instruments referred to in this context include Common Country Assessments (CCAs), assisting with the preparation of national Poverty Reduction Strategy Papers (PRSPs), synchronising programme planning with

8 Official statements on aspects of harmonisation and the role of the UN development cooperation system had been published long before the adoption of the Paris Declaration; see UNDG 2003e.

9 For a discussion of the strengths of the UN development cooperation system see Chapter 4.1.

10 In response to the High-level Forum in Rome and the Rome Declaration on Harmonisation UNDG had described the UN development cooperation system's role in harmonisation and alignment with partners as early as 2003 (UNDG 2003b; UNDG 2003c).

national planning processes and aligning the UN agencies' analytical work with national analytical work.[11]

2. Strengthening national capacities

The UN agencies are to help partner governments to use new financing instruments and budget support and to carry out their own monitoring of the Paris Declaration.

3. Increasingly using and strengthening country systems

The country procurement, monitoring, evaluation and financial systems are to be strengthened and used.

The UNDG Action Plan also contains a detailed list of the activities planned by UNDG to achieve the objectives in the three focal areas referred to above. The Action Plan assigns the Paris Declaration to the two strengths of UN development cooperation proclaimed by UNDG, "capacity development" and "policy advice." The two dimensions "managing for results" and "mutual accountability" in the Paris Declaration are not singled out for discussion in the Action Plan.

In general, it is not clear from the Action Plan what particularly qualifies the UN agencies for the tasks described or what role the UN agencies see for themselves in the three areas referred to, especially in the interplay with other donors. Most of the planned activities are not precisely defined, which makes monitoring of progress towards the goals difficult. In summary, it can be said that the UNDG Action Plan is not an instrument that the UN agencies can use for strategic positioning in the implementation of the Paris Declaration.

The Action Plan and thus the achievement of the goals set are binding on the ExCom agencies UNDP, UNFPA, UNICEF and WFP. In response to the adoption of the Paris Declaration the management levels of many UN agencies have issued internal communiqués (for UNDP see DAC Working Party on Aid Effectiveness 2006) and set up working groups to consider aid effectiveness questions. UN agencies were represented at the regional workshops on the Paris Declaration held in Uganda, Mali, South Africa, Bolivia and the

11 These instruments are considered further in Chapter 2.4 in the context of the specific reforms being undertaken to implement the Paris Declaration in the UN development cooperation system.

Philippines in 2005/2006 and even financed some of them (see DAC 2006b; 2006c).

The UN development cooperation system has thus recognised the dynamism sparked by the Paris Declaration within the international development cooperation system and participates in international fora on the Paris Declaration. Representatives of the OECD/DAC similarly see the UN agencies as supportive and seriously interested in the reform processes. Box 2.1 describes the reception given to the Paris Declaration within the UN agencies, taking UNFPA as its example.

Box 2. 1: Reception given to the Paris Declaration within the UN agencies, taking UNFPA as an example
UNFPA's Executive Director, Thoraya Obaid, has endorsed the commitments contained in the Paris Declaration both internally and externally at UNFPA Executive Board meetings. Among other things, she emphasises UNFPA's strength in the development of country capacities and the efforts it makes to use country systems. UNFPA has drawn up internal guides on aspects of aid effectiveness for its staff. Within UNFPA an interdivisional working group is considering aid effectiveness issues and is in contact with the country offices. An internal virtual communication platform has been set up to encourage exchanges among staff members in the field. UNFPA has organised a number of workshops and training courses for its field staff on aspects of aid effectiveness. However, only one staff member at headquarters is able to devote all her time to aid effectiveness. Similar staffing constraints are evident in other UN agencies.
Sources: Obaid 2007; 2006a; 2006b; 2005b; 2005c, interviews with UN staff.

The following analyses how the UN development cooperation system is meeting the commitments set out in the Paris Declaration by posing two questions. First, to what extent has the UN development cooperation system already incorporated the dimensions of the Paris Declaration in its operational work and what progress has it made regarding the agreed target indicators? Second, how can the reform measures prompted by the then UN Secretary-General, Kofi Annan, in 1997[12] be assigned to the dimensions of the Paris

12 For an overview of the reform measures initiated by Kofi Annan in the period 1997-2003 see Gillinson 2003.

Declaration and its indicators?[13] This assignment will help to determine how compatible those reforms are with the requirements of the Paris Declaration and whether they may help UN agencies to meet the commitments defined by the Paris Declaration. This analysis is undertaken in sections 2.4.1 to 2.4.4 and is based on an analysis of UN documents, interviews with UN staff and the data contained in the OECD Survey (OECD 2007).

The last of these sources is a survey conducted by the OECD of the progress being made by 34 countries and 55 bilateral donors and multilateral organisations, all participating voluntarily, in the implementation of the Paris Declaration at country level in respect of the targets set for 2010.[14] The findings of the OECD Survey on the UN agencies must, however, be viewed with caution, since the definition of what the term "United Nations" includes varies among the 34 countries surveyed. The Survey, on the other hand, presents an aggregate figure for the whole "UN". Accordingly, it is impossible to determine which UN agencies the term "UN" includes.

The fact that the Survey summarises data on a number of UN agencies must also be borne in mind when absolute figures of the survey are considered. It is therefore not surprising that the absolute numbers of missions and country analyses counted under the collective term "UN" are far higher than those for individual bilateral donors.

In an initial appraisal of the implementation of the Paris Declaration in 2006 (DAC 2006a) the OECD/DAC made a number of general comments on the subject, which have been confirmed by UN representatives as also applying to the UN agencies. They claimed that – even within the UN agencies – many donors take the view that the Paris Declaration is still largely a product and agenda of those who lay down the guidelines and principles of policy at headquarters. For those engaged in designing development programmes, on the other hand, the Paris Declaration seems to be less of a priority (ibid.).

Within the UN development agencies – as well as within bilateral donors and other multilateral organisations – there still exist guidelines and rules that

13 Many of these reforms are assigned to the harmonisation dimension (see Chapter 2.4.2) of the Paris Declaration.

14 An initial comprehensive examination of activities and progress at country level in the areas of harmonisation, alignment and managing for results was made by the DAC in preparation for the High-level Forum held in Paris in March 2005, at which the Paris Declaration was adopted (DAC 2005).

prevent closer cooperation at country level or are perceived by staff at country level as an obstacle (ibid.). In the case of the UN development cooperation system there are, for example, inadequately harmonised business practices or requirements laid down by the various Executive Boards, making separate reporting compulsory.[15]

UNDG circulated a questionnaire to the UNCTs that was designed to supplement the questions put by the OECD Survey (2007) with the aim of covering the UN-specific aspects of the implementation of the Paris Declaration. The questionnaire was sent to some 130 UNCTs. By the end of 2006 eleven replies had been received. The findings were evaluated for internal purposes only. As UNDG has no authority over the UNCTs, it has to rely on them to cooperate voluntarily. The lack of systematic feedback from country level to headquarters makes monitoring difficult. Despite this, UNDG – with the resources at its disposal – is at pains to monitor activities. Progress in the achievement of the goals defined in the UNDG Action Plan described above is not measured by UNDG.

UNDP, UNFPA and UNICEF do not themselves monitor progress in the implementation of the Paris Declaration, but rely on UNDG. As, however, UNDG receives no more than limited feedback from the UNCTs because of its lack of authority over them and as the replies permit no more than partial conclusions to be drawn from the answers given by individual agencies, the UN agencies do not have reliable information on the progress they are themselves making. But if staff at country level are to be offered practical advice by headquarters and if attempts are to be made to eliminate obstructive guidelines and rules, such information is essential. Systematic monitoring is therefore to be recommended so that weaknesses in implementation can be identified and appropriate advice offered.[16]

On the basis of the OECD Survey (OECD 2007) discussed above, of UN documents and of statements by UN staff, the following considers how the UN development cooperation system has so far incorporated the dimensions

15 This is considered again in depth when the implementation of Indicator 9 is analysed (see pp. 29ff.)

16 Unlike the UN funds and programmes, the World Bank monitors its progress in meeting the commitments arising from the Paris Declaration (see World Bank 2006).

of the Paris Declaration and Indicators 3, 4, 5a, 5b, 6, 7, 9 and 10.[17] Indicator 8, concerning the untying of aid, is excluded from this analysis, since the UN agencies provide all their aid untied.[18] In addition, reforms within the UN development cooperation system are assigned to the commitments contained in the Paris Declaration to permit statements on their congruence with the Declaration.

2.4 The dimensions of the Paris Declaration and their incorporation in the UN development cooperation system

2.4.1 Alignment

In the "alignment" dimension of the Paris Declaration donors undertake to align their development cooperation with country development strategies, institutions and procedures. Measures to reform the UN development cooperation system and specific steps taken by the UN agencies to implement the Paris Declaration are assigned in the following to Indicators 3, 4, 5a, 5b, 6 and 7 of this dimension.

Indicator 3 – Alignment with national development strategies

Donors undertake to align their development cooperation with national development strategies, such as PRSPs. This is also emphasised in the UNDG Action Plan (UNDG 2005b). Indicator 3 gauges progress in this area from the percentage of ODA intended for the government sector that is reported on the partner country's budget and sets the target for 2010 at 85 %. Within the UN development cooperation system there is no monitoring to determine what proportion of aid from UN agencies is reported on partner countries' budgets or how far the UN agencies align themselves with the partner countries' priorities.

The OECD's monitoring of progress puts the proportion of UN resources reported on the partner countries' budgets at about 30 % (OECD 2007, 119). Compared to the other donors and multilateral organisations covered by the

17 Indicators 1, 2, 11 and 12 measure progress made by partner countries in meeting their commitments.

18 The OECD Survey does not apply Indicator 8 to the UN either (OECD 2007, 119).

OECD Survey, the UN agencies bring up the rear with this result and are still far from achieving the 85 % target. However, only five of all donors have so far achieved the target (OECD 2007, 20).

One reason for the UN agencies' below-average showing in the case of this indicator is that they are active in the field of technical cooperation, which is more difficult to report on budget than financial cooperation. The UN agencies, too, see this as a challenge (UNDG 2007b, 30). Awareness of this problem, however, is not yet particularly pronounced in many UN agencies. They therefore need to pay more attention internally to the call for greater transparency of their own spending at country level. Mechanisms for transparent reporting to partner countries have yet to be introduced in some cases.

In general, the UN agencies are required to align their operational activities in partner countries with national priorities by means of the United Nations Development Assistance Framework (UNDAF) and the individual country programmes negotiated with national governments.[19] The UNDAF defines the main aspects of UN development cooperation in a country, guided by the partner countries' national development priorities. It is prepared every three to five years by the UNCT in cooperation with the partner government.

All the various UN agencies' country programmes are to be coordinated with the partner governments and to be based on national priorities. Thus the UNDAF is a UN instrument for alignment. In surveys of the UNCTs conducted by UNDG it has been found that the UN agencies have generally made considerable progress in alignment with national priorities (UNDG 2007b, 30).

The Multilateral Organizations Performance Assessment Network (MOPAN),[20] for example, rates UNDP's alignment with national development strategies and its support for national planning processes, such as the development of a national poverty reduction strategy, very highly (MOPAN 2005a, 8). UNFPA's alignment with national priorities, especially in the health sector (sector programmes), is also deemed to be good, but despite this, it is

19 The weaknesses of the UNDAF are discussed further in Chapter 4.2 (harmonisation), since it is the most important instrument for improving coordination among the UN agencies at country level.

20 MOPAN is a network of eight major (UN) donors who appraise the performance of individual multilateral organisations in eight to ten countries. It conducts surveys of the opinions of representatives of the participating donors at the embassies and/or country offices. The appraisal thus reflects only subjective assessments by the staff surveyed.

accused of often continuing to focus very much on its own projects and procedures (MOPAN 2005b, 22).

To summarise, it can be said that, although the UN development cooperation system has its own alignment instruments and the UN agencies, too, achieve good results in this field, the OECD Survey indicates that the UN agencies still have some catching up to do as regards the reporting of their ODA in partner countries' budgets, the greater difficulty of reporting technical cooperation notwithstanding.

Indicator 4 – Capacity development through harmonised country programmes

Indicator 4 of the Paris Declaration records the extent to which donors support capacity development through coordinated programmes, i.e. programmes harmonised with other donors. Capacity development is a further focal area not only of the UNDG Action Plan for the implementation of the Paris Declaration (UNDG 2005b) but also of the work of the UN development cooperation system. Within this system, however, there is no systematic monitoring of this aspect, either.

According to the OECD Survey, 44 % of capacity development by the UN agencies is accomplished through coordinated programmes (OECD 2007, 119). Even when compared with the findings on the other donors and international organisations covered by the OECD Survey, this is a good result (average: 42 %). The target of 50 % by 2010 is thus almost achieved.

The UN funds and programmes mostly use the term "capacity development" or "capacity-building" to describe the work they do. Capacity development is meant to be the most important element of the work of the UNCTs at country level (UNDG 2007b, 26). While capacity development by the UN development cooperation system has in the past usually concentrated on developing partners' capacity to implement UN projects, many UNCTs now focus on helping partner countries to devise and implement their own development plans. In 2005 40 UNCTs reported having been involved in the development of country capacities in the areas of "statistics and monitoring," "planning and budget" and "human rights and gender issues" (UNDG 2006a).[21]

21 This figure is equivalent to about one third of all UNCTs in the world, but can be regarded as no more than an approximate figure for all UN activities in this sphere, since the total of

The UN development cooperation system also assists partner countries with the elaboration and monitoring of their own development strategies, using DevInfo, an instrument developed by UNDG (UNDG 2007b). DevInfo has been in use since 2004 and enables national governments to collect data relating to the achievement of the MDGs and, on that basis, to implement national decisions and development plans (see UNDG 2005a). In 2005 DevInfo was used by 60 partner countries for their planning processes (UNDG 2006a).

Furthermore, UNDG has compiled electronic training documents for UN staff helping partner countries to integrate the MDGs into their national development strategies. 750 users in over 100 countries have registered for these documents. Through the virtual UNDG Policy Network, which is composed of 115 experts from 15 UN agencies, UN staff members take turns in advising governments engaged in national planning processes (UNDG 2006a). In 2006 60 UNCTs reported that they were working together with partner countries on the integration of the MDGs into their national poverty reduction strategies (ibid.). Box 2.2 describes UNDP's role in capacity development.

A further example relating to both capacity development and alignment is the National Execution (NEX) project and programme management procedure carried out by UNDP and UNFPA.[22] NEX means that the partner government is responsible and accountable for formulating and managing UNDP/UNFPA projects/programmes. It should take precedence over Direct Execution (DEX) by UNDP or UNFPA, with account taken of the partner country's needs and capacities (United Nations General Assembly 1993, 4).

The main aims of NEX are to strengthen capacity development and ownership by having partner countries implement projects themselves. UNFPA has some 30 % of its projects implemented by partner governments, the trend having been slightly downward in the past three years (UNDP/UNFPA Executive Board 2007a). In 2006 UNDP, on the other hand, had a NEX rate of about 60 %, the trend again being downward (UNDP/UNFPA Executive Board 2007b).

---

some 130 UNCTs is not required to report systematically on their activities. Various other UN agencies may also be operating in these fields without this being recorded centrally through the DGO.

22 The term "national execution" has given way to "national implementation" in the newly introduced terminology.

Box 2. 2: UNDP's role in the development of partner countries' capacities, taking Rwanda as an example

UNDP sees itself as having a capacity development role in four areas:

- assisting with the formulation of MDG-based national development strategies,
- helping partner countries to coordinate development cooperation on their own, e.g. through the organisation of fora for donors and the partner country ("round table"),
- developing instruments for the coordination of development cooperation, e.g. in the IT and planning spheres,
- developing national financial management systems.

With these focal areas, UNDP is addressing the demands of the Paris Declaration, building on its own focal area of "advisory work/capacity-building." In general, UNDP's capacity-building work is rated positively by the Multilateral Organizations Performance Assessment Network (MOPAN).[a] In Rwanda the UNCT helped the government in 2006 to identify weaknesses in country capacities at local and central government level as the basis for a Sector-wide Approach (SWAp) to capacity development. On the basis of this work a UN working group for the education sector drew up an action plan to assist 20 schools in two provinces.

Sources: MOPAN 2005a; UNDP 2005b; UNDG 2006; interviews with UN staff and internal documents.

[a] For further details on MOPAN see footnote 20.

Despite these activities of the UN development cooperation system in the capacity development sphere, it is claimed by some UN staff and in internal studies that many UNCTs still lack the expertise to assist partner countries with the development of national poverty reduction strategies and to provide policy advice in this area. Instead, many UN staff members are still trained for classical project implementation. Limited UNCT capacities also result in UNCT staff being unable in some countries to participate in high-level policy dialogues, e.g. in the preparation of PRSPs (UNDG 2006a). For policy dialogue and formulation UNCTs consequently need more capacities and expertise (ibid.). To enable these capacity constraints to be recorded, the UNCTs are urged to carry out an internal assessment of their capacities (UNDG 2007b, 28).

Indicators 5a and 5b – Use of country systems

Indicators 5a and 5b measure the extent to which donors use country procurement, financial management and evaluation systems for their operational activities. This, too, is an overriding objective of the UNDG Action Plan (see UNDG 2005b). Nonetheless, no systematic monitoring of progress is undertaken within the UN agencies or by the UNDG.

The OECD Survey concludes that the use of country systems partly depends on their quality, although, here again, there is only a weak correlation (OECD 2007, 25). Donors and multilateral organisations do not, then, necessarily make any greater use of country systems regarded as being of a high quality (ibid., 26).

According to the OECD Survey, the UN agencies administer only 18 % of their money through country financial management systems and use country procurement systems for only 8 % (OECD 2007, 119). The UN agencies confirm that – like other donors and multilateral organisations – they do not yet make much use of country procurement, financial management and evaluation systems (UNDG 2007b, 30; UNDG 2005d).

Box 2.3 illustrates how UNDP supports the development of national systems.

Box 2. 3: UNDP and the development of country procurement systems
UNDP sees capacity development as a focal area of its work. Specifically with a view to meeting the commitment entered into by donors in the Paris Declaration to using country procurement systems (Indicator 5b), UNDP has drawn up an internal guide to the development of country procurement systems. UNDP's advisory activities include the appraisal of country procurement capacities and their development by means of transfers of know-how and the introduction of incentive and accountability systems, for example. In Sierra Leone, for instance, UNDP has advised the government on the development of its own procurement systems. It began by bringing together the interest groups, ministries and donors concerned to analyse needs and existing capacities. On the basis of a joint evaluation of the data, a strategy for capacity development was formulated. Urgent capacity issues were addressed with training for senior staff and a mentor/coaching relationship with those concerned.
Sources: Interviews with UN staff and internal documents.

Their internal rules permit UNFPA, UNDP, WFP, WHO and UNICEF to use country reporting, monitoring and procurement systems. UNFPA already works a great deal with national procurement systems. Even though the internal rules have been adapted, staff at country level criticise the absence of practical guides providing instructions on the use of country systems.

Indicator 6 – Parallel project implementation structures

Indicator 6 of the Paris Declaration concerns the number of parallel project implementation units (PIUs) in each country. PIUs are project units maintained (financially) by donors, such as project coordination or evaluation units. A distinction is made between parallel and integrated project implementation units.[23] Even though the UNDG Action Plan for the implementation of the Paris Declaration requires that UNCTs step up the development of national capacities where there are PIUs in a country (UNDG 2005b), there is no monitoring in this respect. The UN agencies therefore have no data on the number of PIUs.

The OECD Survey reveals that the UN agencies it covers maintain an average of nine PIUs per country (OECD 2007, 19), a large number compared to the other donors and multilateral organisations covered by the OECD Survey. However, this high absolute number gives a distorted picture of the UN agencies, since the OECD adds together under the term "United Nations" the PIUs of various UN agencies. A high figure compared to other – individually assessed – donors is therefore hardly surprising.

It should also be borne in mind that a purely quantitative record of PIUs is applicable to the UN development cooperation system to only a limited extent: many UN agencies maintain parallel project implementation structures to advise the government. The aim of these structures is to assist national partners – within a set time horizon – with capacity development, thus enabling them to implement projects themselves. If, then, implementation procedures help to develop capacities, a parallel structure may be appropri-

23 Where there is a "parallel" PIU, the donor is required to account for and report on the implementation of the project. The donor is also responsible for selecting personnel and managing all activities of the unit. In the case of an "integrated" PIU, the government performs these tasks.

Box 2. 4: UNDP and parallel project implementation units

UNDP has considered project implementation units (PIUs) in an internal guide. It points out that the advantage of parallel PIUs is that in the short term they overcome capacity constraints and so increase project efficiency. In the medium to long term, however, they may impede capacity development and country ownership. Consequently, where a parallel PIU is unavoidable, the requirements are that

- it should be linked directly to the partner's institution rather than the donor's,
- an exit strategy should be devised in advance for the handover of the PIU to the partner (government),
- the PIU should be adapted to the administrative processes of the partner institution.

The guide is also meant to enable UNDP staff – with the aid of a detailed questionnaire – to determine whether a PIU is parallel, integrated or partly integrated in relation to the partner institution.

UNDP does not have any quantitative data on the extent to which it maintains PIUs or how far they are integrated into country structures. However, an exclusively quantitative record of PIUs is not appropriate for UNDP. For instance, one of UNDP's advisory activities in 2005/06 was provided by a parallel PIU: UNDP provided capacity development for the Rwandan government through an Aid Coordination Unit to enable the government to take responsibility for coordinating development cooperation in Rwanda and for the harmonisation and alignment process. UNDP's action in this respect is rated as positive and consistent with the goals of the Paris Declaration.

Source*:* Internal documents

ate for a predefined period. Box 2.4 describes how UNDP has already faced up to parallel PIUs.

Although UNDP has already considered parallel PIUs internally, it was evident from interviews with UN staff that little attention has hitherto been paid to this subject within the UN agencies. They do not, for example, conduct any monitoring in this area, nor has any systematic interest been taken in ways of dealing with this issue. The OECD figures also indicate that the UN agencies still have room for improvement in this respect.

Indicator 7 – Better predictability of ODA

Indicator 7 concerns the proportion of ODA disbursements released to partner countries in accordance with an agreed (multi-year) schedule. This is intended to make ODA more predictable for partner countries. The donors' allocation practices are such that the UN funds and programmes undertake their operational activities largely on the basis of one-year commitments. This makes medium- to long-term planning difficult for partner countries.[24]

The OECD Survey confirms that the ODA provided by many UN agencies is hard to predict and that disbursements are usually well below the planned level (OECD 2007, 119). Thus only 32 % of planned resources have been disbursed (ibid.). The regional development banks and the World Bank achieve significantly better ratings in the OECD Survey, which is partly due to their multi-year commitments.

The UN agencies' poor showing in the case of this indicator is due to the absence of multi-year commitments by donors to the funds and programmes. Furthermore, resources are increasingly earmarked. The availability of these earmarked resources is difficult or even impossible to predict. To give partner countries a better basis on which to plan for UN ODA, the donors should change their allocation practice to multi-year commitments and reduce earmarking.

2.4.2 Harmonisation

Harmonisation within the meaning of the Paris Declaration is gauged by the extent to which donors use common arrangements and procedures (Indicator 9) and conduct shared missions and analyses (Indicator 10).

Indicator 9 – Use of common arrangements and procedures

In the context of the Paris Declaration, progress in the case of the indicator 9 is measured in terms of the percentage of their ODA provided by donors in the context of programme-based approaches, e.g. as part of a Sector-wide Approach (SWAp) or in the form of budget support.[25]

---

24 The difficult financial situation of the UN funds and programmes is also described in Fues / Klingebiel 2007, 233.

25 For explanations of these aid modalities see footnote 5.

Their internal rules permit all UN agencies to participate (financially) in basket financing and SWAps**.** The UN funds and programmes are urged internally to participate in existing or planned SWAps. UNFPA, UNDP and UNICEF in particular play a practical part in these new aid modalities (for examples see Box 2.5 below).

The UN agencies do not, however, have extensive financial resources to contribute to a SWAp or as budget support. Their financial contributions are often of symbolic value. In addition to that, the UN agencies' donors would not consider it desirable to provide the UN agencies with resources which they then pass on to partner countries to finance a SWAp or a budget. This would turn the UN agencies into a mere stopping-off point for financial resources. It is difficult to see why, in this case, the donors should not disburse their money directly to the partner countries.

According to an analysis carried out by the consultancy Scanteam (2005) of the experience of the UNCTs in Malawi and Mozambique, the role of the UN agencies with regard to these new aid modalities should not be defined by financial contributions to programme-based approaches, since they do not have the financial resources to make significant financial contributions. Given its lack of financial resources, the UN development cooperation system should see its role in these new aid modalities as being a neutral mediator and adviser in accordance with its mandate (ibid.). This would mean assisting governments with the implementation and management of these new aid modalities. Some agencies might also use their advocacy role to integrate certain development issues into the preparation of a SWAp (for the example of UNFPA see Box 2.5 below).

Even before the emergence of the Paris Declaration UNDG published a position paper on the role of the UN development cooperation system in SWAps (UNDG 2005c). According to this, financial contributions do not determine the participation of UN agencies in a SWAp. Instead, the agencies should contribute their expertise to the planning and implementation of a SWAp (ibid.). In the case of budget support and basket or pooled funding,[26] they should help partner countries to implement these aid modalities and to use donor resources efficiently, through capacity development and services relating to the administration and management of donor resources, for instance.

26 For explanations of these aid modalities see footnote 5.

It is evident in this context that the UN development cooperation system needs to define its position in the implementation of the Paris Declaration as a matter of urgency: if the UN agencies cannot or should not make a financial contribution, the result at country level may be that they are not, or no longer, invited to the meetings of donors at which the dialogue on programmes or budget support takes place. If the UN agencies do not want to run the risk of being marginalised, they must be prepared to discuss their role and define the expertise with which they can make a non-monetary contribution (for examples see Box 2.5).

During such a discussion a critical analysis needs to be made to determine whether the UN development cooperation system in fact has the expertise to advise on the planning and implementation of SWAps and on the management of new aid modalities, such as budget support – as claimed by UNDG and Scanteam (see above). As regards a division of labour based on strengths, it has yet to be considered whether, compared to other donors, the UN agencies really have this expertise.

Although no systematic quantitative data are available on the participation of individual UN agencies in programme-based approaches, Box 2.5 gives an example of the support provided by the UN development cooperation system for SWAps.

Box 2. 5: UN support for SWAps and budget support

Example: Nicaragua

In Nicaragua a national plan drawn up by the government and the donors provides, among other things, for the donors to give extensive support to SWAps. As the UN agencies are unable to make a financial contribution to the SWAps in Nicaragua, they make use of their role as advocates and mediators. Through the RC's office the UN supports and chairs the donors' and government's round table meetings held to discuss the various sectors. During the formulation of the SWAps in the health and education sectors the UN development cooperation system was active as an advisor. It also contributed financially to the health sector SWAp under a pooled funding arrangement (for an explanation see footnote 5).

UNDP's role in budget support and SWAps

In a changing development cooperation architecture characterised by new aid modalities, such as budget support and SWAps, UNDP sees its strengths as lying in areas such as capacity development and policy advice. It can contribute in the budget support area in three ways:

- Capacity development for country management and monitoring and the implementation of budget support
- Support services/advice for national governments and donors in the management of pooled funding
- In certain circumstances, payment of financial resources to pooled funding arrangements which are not administered by UNDP

As, however, UNDP does not contribute to country partners' public coffers, it does not lend financial support to the balance of payments or provide budget support. To meet the requirements arising from these new aid modalities, UNDP needs to strengthen its (manpower) capacities for the areas of fund management, accountability systems and procurement. UNDP needs capacity development specialists with specific sectoral expertise.

What has yet to be clarified, however, is whether, compared to other bi- and multilateral development cooperation actors, UNDP really has the expertise to contribute in the area of budget support in the ways shown above, especially in Points 1 and 2.

UNFPA and Sector-wide Approaches (SWAps)

UNFPA has been participating in SWAps since 1999. In 2002 its senior management again emphasised the commitment to programme-based approaches. In 2006 UNFPA was involved in SWAps in 27 countries, primarily in the health sector. In 11 countries UNFPA also participated in pooled funding arrangements. It has drawn up internal guides to participation in SWAps. When participating in a SWAp in the health and education sectors, it sees its primary role in contributing its expertise on reproductive health and gender issues, advising governments/donors on these aspects and promoting policy dialogue. The eight MOPAN donors give UNFPA good marks for policy dialogue at country level.

UNICEF and SWAps

UNICEF focuses its participation in SWAps on the health and education sectors. In 2004 UNICEF was involved in some 30 SWAps throughout the world. It advises partner governments on issues that concern children's interests and assists them with the implementation of appropriate programmes. In Cambodia, for example, it has coordinated the contributions of over 50 non-governmental organisations to a SWAp in the education sector. UNICEF was deemed to be a good mediator between partner governments and donors where it was involved. It is therefore assigned the role of a coordinating unit in a SWAp.

Sources: ECOSOC 2006a; ECOSOC 2006b; ECOSOC 2005a; MOPAN 2005b; UNDG 2006a, 20; UNDP 2005a; UNDP/UNFPA Executive Board 2000; 2002a and 2002b; UNFPA 2005.

UN staff members regard the continuing absence of guidelines to operational work at country level as the main impediment to a participation in these new aid modalities. Where guidelines do exist, they are sometimes unknown at country level and/or the UN staff lack the necessary qualifications to meet the new demands for advice and policy dialogue.

A case study carried out by Scanteam (2005) confirms this weakness of the UN agencies with respect to the work of the UNCTs in Malawi and Mozambique. It shows that many UN agencies have done little to come to terms with the new aid modalities and are often still geared to classical project approaches (see Scanteam 2005 above).

Quantitative data on the participation of UN agencies in SWAps at country level can be found in the OECD Survey on Monitoring the Implementation of the Paris Declaration.[27] This shows that the UN agencies provide less than 30 % of their ODA in the context of SWAps (OECD 2007, 86 and 119). Consequently, the UN development cooperation system is still far from achieving the target of 66 % by 2010. However, the UN agencies are not alone in this respect: less than a quarter of all the donors surveyed provide 50 % or more of their ODA in the context of SWAps (ibid., 32).

Another empirical source of information on the UN agencies' general harmonisation efforts is the Multilateral Organizations Performance Assessment Network (MOPAN).[28] According to MOPAN, UNDP is not active enough in harmonising with other donors (MOPAN 2005a, 10). It also tends to act in isolation from other UN agencies and is too inflexible because internal rules restrict its participation in budget support and SWAps (ibid.). UNFPA's harmonisation efforts are similarly considered by MOPAN to be in need of improvement (MOPAN 2005b, 23f.). Although it attends donor meetings, it, too, tends to work in isolation from other donors and makes little practical effort to harmonise and coordinate in its operational work (ibid.).

This discussion of the UN development cooperation system's contributions to programme-based approaches and to harmonisation with other donors is now followed by a description of the main reform measures taken by the UN

27 Here again, it should be emphasised that, owing to the methodological difficulties encountered in their collection, the OECD data provide no more than an indication of the progress made by the UN development cooperation system in implementing the Paris Declaration.

28 For details on MOPAN see footnote 20.

agencies to increase harmonisation within the UN development cooperation system and to use common arrangements and procedures. It should be remembered that the measures considered are merely intended to improve intra-UN harmonisation, not harmonisation with other donors within the meaning of the Paris Declaration.

Harmonisation and use of common arrangements and procedures: main reform measures within the UN development cooperation system

Harmonisation of business practices – HACT

An example of the intra-UN harmonisation of business practices is the Harmonized Approach to Cash Transfers to Implementing Partners (HACT), which was introduced in 2005. HACT means that, when cooperating with the same national partners, the UN agencies standardise their financial transfers to them by subjecting monetary transfers to uniform guidelines, procedures and reporting obligations. This reduces the partners' transaction costs. HACT has so far been used only by the four ExCom agencies UNDP, UNFPA, UNICEF and WFP. However, this does not yet signify any advance in the implementation of the Paris Declaration and its understanding of harmonisation as HACT does not promote the harmonisation with other donors. The HACT initiative shows that, in many respects, the UN system is still overly intra-UN in its focus and has considerable difficulty in accomplishing minor reforms, which do not, however, have any links to other donors.

Harmonised programme cycles

The ExCom agencies now have harmonised programme cycles in almost every country. This means that the country programmes of the four agencies begin and end at the same time. Harmonised programme cycles are needed if there is to be joint programme planning.

Joint services

In 2005 over 60 UNCTs made use of joint services in such administrative areas as security and the organisation of missions. However, the money saved as a result of the use of joint services has so far been insignificant and implementation difficult. One reason for this is that specialised agencies are not prepared to use the services of the funds and programmes. Another obstacle

is that business practices are only partly harmonised and internal procedures and rules differ (UNDG 2006a).

United Nations Development Assistance Framework – UNDAF

Guided by national development priorities, UNDAFs define the areas of activity of the UN agencies in a country and combine the contributions of the individual agencies to those areas.[29] UN staff members regard the UNDAF as a mechanism that is capable of strengthening cooperation within the UN development cooperation system. This is also confirmed by a number of donors in the context of the Multilateral Organizations Performance Assessment Network (MOPAN 2005a). However, many UNDAFs have weaknesses (COWI 2001; Longhurst 2006). The UNDAF is often seen as excessively intra-UN in its focus and as doing little to promote cooperation with other partners/donors (COWI 2001).

Furthermore, many UNCTs do not commit themselves to clear work priorities in their UNDAF (Longhurst 2006). This is due to the fact that none of the agencies would like to give up its activities, as this might make them less visible to donors. Spurred on by the competition for scarce donor resources, the agencies endeavour to fulfil their mandates and to avoid taking a back seat to other UN agencies. The agencies' internal logic, which is geared to successful canvassing for contributions from donors, encourages staff to be guided by the goals of their own agency rather than UN-wide objectives. Many UNDAFs therefore formulate areas of activity in no more than very broad terms.

The UNDAF is a further example of an intra-UN initiative that is intended to make the UN agencies more coherent in their various activities without referring to other donors. This is, then, only a first step, which must be followed by another towards harmonisation within the meaning of the Paris Declaration. In some countries, for example, the Joint Assistance Strategies are already ahead of the UNDAF efforts, because all the donors working in a country consult each other.

29 Preparing a UNDAF is compulsory for UNCTs. It is preceded by a Common Country Assessment (CCA), in which the UN agencies jointly analyse the development challenges facing a country. Where national analyses of this kind already exist, they can be used during the preparation of the UNDAF, thus making the preparation of a CCA unnecessary.

Joint Programmes

Joint Programmes (JPs) are similarly intended to improve coordination among the UN agencies at country level. UN agencies pursuing the same national development goal in a country can establish a JP for the purpose. A JP describes the activities undertaken by the participating UN agencies to achieve a common development objective (see UNDG 2005g). The majority of JPs are implemented in areas requiring a multi-sectoral approach, such as HIV/Aids. While only 20 UNCTs established JPs in 2002 (UNDG 2002), a total of over 300 were drawn up in 2006 (UNDG 2006a, 26). JPs can reduce governments' transaction costs, principally because of harmonised financing mechanisms (UNDG 2006e; UNDP/UNFPA Executive Board 2006). The partner governments participate in the preparation of the majority of JPs (UNDG 2006f).

One of the main weaknesses of JPs is that only the four ExCom agencies participate in most of them (UNDG 2007b, 56). It is rare for the UN specialised agencies to be involved in JPs, and they are often seen as excessively UN-centred (UNDP/UNFPA Executive Board 2006). In general, it can be said that a JP depends for its success on good cooperation among the participating UN agencies and on the close involvement of the partner government in the planning process (UNDG 2005d). However, the agencies' alignment with their own objectives and the corresponding instructions to staff continue to encourage the establishment of agency-specific programmes. There are no formal incentives for UN staff to participate in a JP (UNDG 2007b, 57).

Strengthening the Resident Coordinator

It is the RC's task to coordinate the UN agencies' activities at country level. The weakness of this system is that, as a rule, the RC is also the UNDP Resident Representative. The result of this dual role is that the other UN agencies view the RC with some suspicion. They fear that – especially when it comes to canvassing for donor resources at country level – he/she will support UNDP's interests rather than those of all UN agencies.

To strengthen the RC's independent position, various reforms have been undertaken in the past. In 2006 the 180-Degree Performance Appraisal was introduced in over 120 countries. For the first time this procedure enables the UNCT to appraise the RC's work as a coordinator and the RC to appraise the

cooperation among the various UN agencies. This is meant to promote accountability on both sides.

In addition, the dual role of RC and UNDP Resident Representative has now been separated in 30 countries through the financing of the post of a UNDP country director, who takes over the task of representing UNDP. The RC is thus able to devote all his/her attention to his/her coordinating role. The UNCTs welcome this (UNDG 2006a).

Joint Office

The Joint Office initiative is another reform measure taken to improve intra-UN harmonisation and encourage the use of common arrangements and procedures. In a Joint Office the four ExCom agencies have a common administration, a common management in the shape of one UN representative and one country programme (with a joint budget), and they work together in a country office. One of the four agencies provides the support services for all. The first two Joint Offices were set up in Vietnam and Cape Verde in 2006. The plan is to have 20 by the end of 2007. Difficulties in implementing this initiative are due, among other things, to unharmonised business practices and services (UNDG 2006a). Further harmonisation of business practices is therefore important.

All in all, the Joint Office initiative has been welcomed in the UN system, since it brings to an end the competition between the funds and programmes for scarce donor resources at country level and the partner governments benefit from the smaller UN administrations (UNDG 2006c). The aim must be to have not only the ExCom agencies but also the UN specialised agencies participate in the installation of further Joint Offices. A systematic appraisal of experience with the Joint Office initiative has yet to be undertaken. Boxes 2.6 and 2.7 give an overview of the progress so far made in implementing this initiative.

Box 2. 6: UN harmonisation at country level: Joint Offices in Cape Verde and Vietnam
In Cape Verde and Vietnam UNDP, UNICEF, WFP and UNFPA have had a joint representative, a single country programme, a joint budget and shared premises since 2006. One agency provides services for the whole UN team. As the individual agencies retain their specific mandates, results achieved by the joint country

programme can be attributed to the various funds and programmes. In Cape Verde the strong commitment of the national government and the UNCT to the reform process and the close cooperation within the UNCT are the factors of success of this reform.

In Vietnam the strong leadership role played by the Vietnamese government is the driving force in the reform process. It attaches particular importance to relations with the UN agencies in the country and has, for example, chaired a working group on the question of UN reform in Vietnam. The UNCT in Vietnam has also been heavily involved in the reform process. In general, the UN development cooperation system has played a major part in Vietnam in the implementation of the Paris Declaration. In cooperation with the Vietnamese government it has, for example, drawn up the Hanoi Core Statement on Aid Effectiveness, a commitment by donors and the government to common objectives akin to the Paris Declaration.

Sources: UNDG 2006c; 2006d; 2006e.

Box 2. 7: Initial experience after a year of a Joint Office

According to UNDG, there is no single model for a Joint Office. Instead, each one must be appropriate to the individual country context. To support the Change Management process, it is important, UNDG claims, for the headquarters of the UN agencies to appoint staff to act in an advisory capacity. A twin-track process of communication between staff at country level and staff at headquarters is essential if difficulties and reservations are to be channelled back into the reform process. A harmonised programme cycle facilitates the reform process leading to a Joint Office. Each UN agency must remain responsible for its share of the joint country programme. UNDG considers it important that business practices are further harmonised and that practical guides on the transition to a Joint Office are drawn up.

Sources: UNDG 2006b; 2006c.

UN Houses

At country level cooperation among the ExCom agencies has improved with the establishment of UN Houses. To date, 60 UN Houses have been set up, providing premises for the RC and the representatives of the ExCom agencies and enabling them to share their services for country programmes as far as possible (ECOSOC 2005b). Unlike Joint Offices, UN Houses signify no more than the co-location of the UN representatives in a country under one roof. As

described above, the Joint Offices go much further, in that they also entail joint country programmes and a joint administration.

The aims of the reform measures that have been described are intra-UN harmonisation and the use of common arrangements and procedures within the UN development cooperation system. The UNDG refers to this intra-UN harmonisation agenda as *"intra-UN implementation of the Paris Declaration"* (UNDG 2007b, 34). According to UNDG, an internal division of labour among the UN agencies is important if they are to be able to contribute as a coherent "United Nations" to processes at country level (ibid., 31). UNDG regards all these processes as an "internal dimension" of the Paris Declaration (ibid., 29).

Nonetheless, it can be said that this internal harmonisation and division of labour form no more than a first step. Harmonisation within the meaning of the Paris Declaration – better coordination with other donors – is not directly advanced by the UN development cooperation system with these reforms. The UN development cooperation system's next step must therefore be to go beyond this intra-UN harmonisation and become increasingly involved in coordination with other development cooperation actors.

Indicator 10 – Shared missions and country analyses

Indicator 10 measures the extent to which donors carry out country missions and analyses together. The UN agencies and UNDG do not have any quantitative data on this aspect. Within the UN, however, it is known that the agencies carry out a large number of missions (UNDG 2007b, 30). The UNCT in Tanzania, for example, reports over 250 UN missions in 2006. The data contained in the OECD Survey indicate that the UN agencies conduct only 30 % of their missions jointly with other donors (OECD 2007, 119). This finding puts the UN agencies above the average calculated by the OECD of 18 % of missions conducted jointly (ibid., 33). The UN agencies (a total of 2,876 missions) and the World Bank (2,058) conduct by far the most missions (in third place is France with 687) (ibid., 87).

However, the high absolute figure shown in the OECD Survey (2,876 missions) gives a distorted picture of the UN agencies, since the Survey adds together the missions of several UN agencies under the heading "United Nations." If the absolute figures for all 22 bilateral donors were added together in the OECD Survey, the result would by 3,822 missions. This figure

would say as little about individual bilateral donors as the 2,876 missions counted for the "United Nations" say about individual UN agencies.

An exclusively quantitative record of UN missions would, however, ignore the fact that many of those missions are *technical.* Technical missions are not carried out because of specific donor interests, such as checking the progress of a project, but rather at the request of the government or partner institution for advisory purposes. Yet UN staff point out that few of these technical missions are conducted jointly by UN agencies.

Shared country analyses are carried out by the UN development cooperation system with the help of the Common Country Assessment (CCA). In a CCA the UN funds, programmes and specialised agencies represented in a country together analyse the development challenges facing the country. This shared analytical process has led to greater coordination and understanding among the UN agencies. One weakness of the CCA is that it is an entirely intra-UN analytical process. As some CCAs are carried out in parallel to country analytical and planning processes, UNCTs are at risk of being excluded from these country processes (COWI 2001; UNDG 2006d).[30]

Nor is a CCA conducted in agreement with other donors or geared to strengthening the partner country's capacity to analyse and formulate development priorities for itself. What must be regarded as positive, however, is that UNCTs have now been instructed not to carry out CCAs of their own any more if country poverty reduction strategies or country analyses cover all aspects considered relevant by the UN. In practice, however, it is difficult to decide when a country process meets the quality requirements of the UN agencies and a CCA is therefore no longer needed.

In 2005 seven UNCTs[31] decided against preparing a CCA, using country planning mechanisms instead (UNDG 2006a). Most do so because they see this process as overly UN-centred. A CCA would merely have duplicated the countries' own analyses, e.g. a PRSP, in the cases concerned (UNDG 2006d). Participation in country planning processes was regarded by the UNCTs as a

30 A UNDG guide on the role of the UN at country level in the preparation of a Poverty Reduction Strategy Paper (PRSP) was compiled in 2003. What is emphasised here, however, is how the CCA complements the PRSP (UNDG 2003a).

31 Ethiopia, Cambodia, Malawi, Mozambique, Zambia, Senegal and Tanzania

step towards meeting the commitments arising from the Paris Declaration (ibid.).

For the UN agencies, the OECD Survey puts the proportion of common country analyses at 63 % (OECD 2007, 119). With this figure, the UN agencies have already almost achieved the target for common country analyses of 66 %. At a total of 945 country analyses in 34 countries, however, they lead the field of the donors and multilateral organisations surveyed, the European Commission taking second place with 245 analyses in 34 countries (ibid., 88). But, here again, it must be said that this absolute figure distorts the picture of the UN agencies, since it combines the country analyses of several UN agencies under the collective term "United Nations."

2.4.3 Managing for Results

Managing for results[32] calls for development cooperation activities to be planned in such a way that their progress is assessed against predetermined results. In the context of the Paris Declaration this means donors undertaking to link their programme planning and their available resources to the planned results. Donors also commit themselves to using the partner countries' performance assessment frameworks where the quality and capacity of these country systems permit.

For the UN development cooperation system the UNDAF is the main instrument used by the UN agencies at country level for results-oriented management. The UNDAF contains a results matrix that records the contributions of the various agencies to the envisaged development objectives and compares activities and available resources. On this basis, the UN agencies must show in their country programmes what contribution they make to the achievement of the UNDAF objectives.

In their Multi-year Funding Framework (MYFF) and Medium-term Strategic Plan (MTSP) the UN funds and programmes define their respective overriding objectives, to whose achievement their work at country is meant to contribute. With computer-based planning instruments (ATLAS in the case of UNDP, UNFPA and UNIFEM, for instance), work at country level is linked directly to Results-based Management (RBM). With the aid of these instru-

32 Also known as Results-based Management (RBM).

ments the country offices report how their resources are used to achieve the predetermined development results.

The ExCom agencies UNDP, UNFPA, UNICEF and WFP, have recently brought their RBM terminologies into line with the OECD/DAC glossary of terms and so taken an important step towards greater harmonisation within the meaning of the Paris Declaration. DGO is currently working on the establishment of guidelines for an integrated RBM system.[33] Monitoring and reporting requirements and evaluation systems, however, have yet to be harmonised among the UN agencies.

There is no systematic information on whether the UN agencies use partner countries' performance assessment frameworks. However, the UNDAF is always prepared in cooperation with the partner government and the review of the agreed results is also conducted jointly.

2.4.4 Mutual Accountability

For donors the "mutual accountability" dimension entails the commitment to provide partner governments with up-to-date and transparent information on their development cooperation activities. This is intended to enable partner governments to draw up reliable reports on development cooperation in their countries. The UN agencies are required to report to partner governments on the allocation of their core resources. In UNDP's case, for example, this concerns Target Resources allocated from the Core (TRAC).

It is difficult, on the other hand, to give partners up-to-date information on the allocation of non-core resources. The allocation of these resources to the UN agencies is decentralised, and the agencies' Executive Boards are not consulted. Informing partner governments comprehensively on these resources is difficult, if not impossible, since the UN agencies themselves often do not know at the beginning of the year what resources donors will make available to them. If the UN agencies are able to provide systematic and up-to-date information on only a few of their disbursements to partners, it is because of donor attitudes, which have led to the steady growth of earmarked resources.

33 In this context "integrated" means that the internal RBM rules are also consistent with the guidelines of the various UN agencies on reporting and monitoring, for example.

Indicator 12 of this dimension shows whether donors and partner countries jointly assess their progress in meeting the commitments they have both entered into. Within the UN development cooperation system there is no monitoring of the extent to which the various UN agencies participate in mutual progress assessment mechanisms and processes in partner countries. The OECD Survey does not reveal what progress individual donors have so far made in meeting this commitment. It merely states which developing countries have installed mechanisms for the mutual monitoring of progress and which have not (OECD 2007, 36): 44 % (= 15 countries) of the 34 surveyed have mechanisms of this kind (ibid.).

2.5 Summary and appraisal

The implementation of the Paris Declaration in the UN development cooperation system is summarised in Table 2.1 to make it easier to understand the complex reform process.

Table 2. 1: Summary: progress and weaknesses in the implementation of the Paris Declaration in the UN development cooperation system

Dimension of the Paris Declaration	State of implementation	
	Progress	Weaknesses
Alignment Indicator 3 (Alignment with country development strategies)	- UNDAF as UN-wide planning instrument	- UNDAF often weak conceptually - Inadequate incentive systems, since work aligned with objectives of individual UN agencies
Indicator 4 (Capacity development through harmonised country programmes)	- Capacity development as focal area of UN operational work	- Partly inadequate qualifications of staff at country level

Indicator 5a and 5b (Use of country systems)	- Use permitted by intra-agency guidelines	- Absence of practical guides - Weak country systems
Indicator 6 (Avoidance of parallel project implementation structures)	-	- No monitoring, but indications of too many parallel project implementation units
Indicator 7 (Better predictability of ODA)	-	- Poor predictability due to donors' one-year commitments and high proportion of earmarked resources
Harmonisation Indicator 9 (Use of common arrangements/ procedures)	- Participation in programme-based approaches possible for UN agencies - Reforms aimed at intra-UN harmonisation (HACT, Joint Offices, etc.)	- Reforms overly intra-UN - UN development cooperation system not yet strategically geared to new aid modalities - Some inadequate qualification of UN staff - Not yet fully harmonised business practices; guidelines/rules preventing closer cooperation among UN agencies, e.g. rules on separate reporting to Executive Boards.
Indicator 10 (Common missions/ country analysis)	- CCA as common UN analysis	- CCA entirely intra-UN - Few common UN missions and high absolute number of UN missions
Managing for results	- UNDAF as planning instrument - MYFF and MTSP	- UNDAF often weak conceptually - No integrated RBM system, no common monitoring/ evaluation

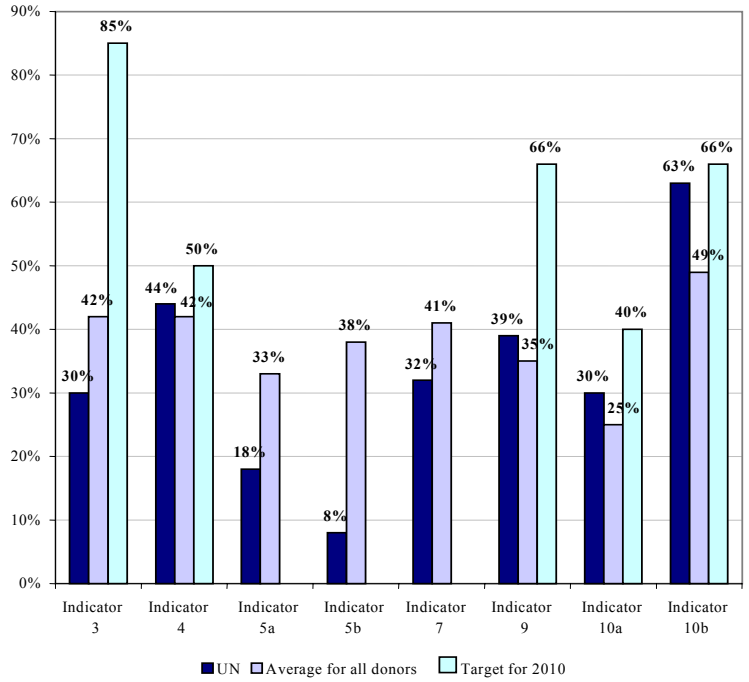
Mutual accountability	- Core resources systematically reported to partners	- Non-core resources allocated without Executive Boards being consulted, therefore difficult to record and generally hard to predict.
Source: Author's own compilation.		

The absence of monitoring of the implementation of the Paris Declaration within the UN development cooperation system means that there is no reliable data basis for statements on progress that implementation is making. Box 2.8 provides no more than a snapshot of the state of implementation on the basis of available documents, interviews with UN staff and the OECD Survey.

To summarise, the findings of the OECD Survey are displayed graphically below. Figure 2.1 thus gives an overview of the OECD's findings on the implementation of the Paris Declaration within the UN development cooperation system and compares them with the average figures for all donors covered and the targets for 2010. As the targets for Indicators 5a, 5b and 7 are not based on percentages, they are not shown in Figure 2.1. As Indicator 6 (avoidance of parallel implementation units) is expressed in absolute figures, it, too, is not shown here.

Figure 2.1 shows that the results achieved by the UN development cooperation system are generally not too bad when compared to the average for all donors. Only the results of Indicators 3 (proportion of ODA for the government sector as reported on the national budget), 5a and 5b (use of country systems) and 7 (proportion of ODA flows released in accordance with an agreed schedule) are below the average for all donors. This comparison also reveals that all the donors and multilateral organisations surveyed still have a long way to go before they achieve the agreed targets. Even though the methodological difficulties in the collection of data which have already been discussed mean that the findings on the UN development cooperation system cannot be regarded as accurately reflecting progress made in implementation, they do provide a general indication of the situation and of possible weaknesses.

Figure 2. 1: Findings of the OECD Survey on the implementation of the Paris Declaration: progress made by the UN development cooperation system and average for all donors



Sources: OECD 2007, author's own compilation and own calculations in some cases.

NB:

Indicator 3: Proportion of ODA for the government sector, as reported on the national budget.
Indicator 4: Proportion of technical cooperation implemented through coordinated programmes.
Indicator 5a: Proportion of ODA flows using the public financial management system.
Indicator 5b: Proportion of ODA flows using the partner country's public procurement systems.
Indicator 7: Proportion of ODA flows released in accordance with an agreed schedule.
Indicator 9: Proportion of ODA flows provided in the context of programme-based approaches.
Indicator 10a: Proportion of donors' field missions undertaken jointly.
Indicator 10b: Proportion of country analyses undertaken jointly.

Besides weaknesses in implementation, the analysis shows that the UN development cooperation system has recognised the dynamism emanating from the Paris Declaration. The UN agencies are committed to the new development consensus at managerial level and communicate this, too (see Chapter 2.3). The internal reforms initiated since the late 1990s are consistent with the goals of the Paris Declaration. Despite this, many of these reforms are highly intra-UN in their focus (see UNDG 2005e) and so constitute no more than a first step that must be followed by others leading to better coordination with other development cooperation actors.

In Part 5, the final part of this study, the weaknesses identified in the implementation of the Paris Declaration serve as the basis for the formulation of recommendations for determining the BMZ's position. However, the developments sparked by the High-level Panel with its report in late 2006 will first be analysed in the light of the Paris Declaration, since they are to be taken into account in the determination of the BMZ's position.

3 Analysis and appraisal of the report of the High-level Panel in the light of the Paris Declaration

At the UN World Summit in September 2005 the UN member states called on the Secretary-General to put forward proposals for strengthening the management and coordination of the UN agencies' operational activities in the areas of development, humanitarian assistance and the environment. In February 2006 the Secretary-General instructed the High-level Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance, and the Environment to draw up proposals for reforming the UN agencies' operational and normative activities in these areas. In November 2006 the High-level Panel (HLP) submitted its final report.

The new Secretary-General, Ban Ki-Moon, officially submitted the report to the General Assembly in March 2007. In June 2007 the President of the General Assembly appointed Barbados and Luxembourg as co-chairs for the proceedings of the General Assembly. From June 2007 the member states were to consider the report, broken down into thematic sections.[34] Such pro-

34 For an overview of the lengthy and politicised intergovernmental processes of negotiation on UN reforms see Luck 2005. In this context Maxwell (2005) proposes an eight-stage approach to increasing the effectiveness of reform processes in the multilateral sphere.

ceedings might lead to General Assembly resolutions, which would be binding on the funds and programmes.

The targets set in the Paris Declaration should play a central role in the further discussion of the HLP report, since the UN development cooperation system must be assessed against the achievement of the Paris Declaration indicators. Other reforms initiated by the HLP report should therefore be consistent with the Paris Declaration. The HLP report will consequently be analysed below in the light of the Paris Declaration, its dimensions being compared with the recommendations made in the report for the development sphere. On this basis, it will be possible to identify areas of the Paris Declaration of which the HLP report does not take sufficient account.

Harmonisation

The High-level Panel deals with the harmonisation dimension in its proposals for the UN agencies to work together more coherently at country level. Under the headings *One Country Programme, One Leader, One Budgetary Framework* and *One Office* the Panel sets out recommendations for more closely coordinated work of the funds, programmes and specialised agencies at country level. It thus builds on reform measures that have already been initiated and are discussed in the previous part of this study.

The proposed One Country Programme would mean that the UN agencies represented in a country would establish a joint multi-year programme based on a joint analysis of the country situation and also involving agencies not represented in the country concerned. In the One Country Programme the UN agencies would cooperate with the partner government in specifying areas of activity in line with the partner country's priorities. Contributions from the various UN agencies participating in the One Country Programme would be allotted to each area of activity.

The One Country Programme would be financed by an MDG Strategy Support Fund into which the UN agencies' donors would pay contributions in the form of pooled funding. The aim is to put an end to the small-scale project funding by donors at country level which has done a great deal to fragment the UN project landscape. If this system proves successful, an MDG Funding Mechanism is to be established at central level to combine the funding of country programmes in a single financing modality. This could put an end to

micro-project financing and lead to far more closely harmonised work by the UN agencies at country level.

In its proposals for One Leader the HLP recommends that the position of the Resident Coordinator (RC) be strengthened. The RC would be able, for example, to decide on the distribution of funds not originating from the agencies' core resources for the One Country Programme. The RC's direct access to donor resources would be new and would upgrade his position. Another innovation would be UNDP's establishment of a firewall between its programmatic work and the management of the RC system. UNDP would also withdraw from programmatic work – apart from the areas of governance and crisis prevention/reconstruction – and introduce a code of conduct for appraising its performance at country level.

It is proposed that UNDP should withdraw from certain areas of activity because it is active in areas in which other UN agencies have competencies, such as HIV/Aids. Its concentration on areas in which it alone is competent might reduce the competition among UN agencies. Moreover, UNDP's role as the impartial administrator of the RC system might be strengthened in the absence of areas in which there was a conflict of interests between UNDP's coordinating and programmatic roles (and the associated canvassing for donor resources).

UNDP's withdrawal from programmatic work and its concentration on coordinating UN operational activities is therefore to be welcomed as consistent with improving the harmonisation of UN development cooperation (see also earlier analyses of UNDP's reform and role: Klingebiel 1998; Luck 2003). The High-level Panel's proposals thus build on the reform already initiated with a view to strengthening the RC and making him/her independent. The proposals should be endorsed.

The One Budgetary Framework recommended by the High-level Panel would reflect all donor contributions to the UN agencies in country X. It would have three sources of funding: first, donor contributions to the core resources spent by the UN agencies in country X; second, earmarked donor contributions to individual UN agencies in country X; and third, donor contributions to the newly introduced One Country Programme. The aim is that donors should eventually abandon the earmarked funding of individual projects (the second source of funding above) and make contributions only to core resources and

the One Country Programme. The UN agencies would report to the partner government once a year on progress and expenditure on each defined result.

The High-level Panel further proposes that UN agencies willing to undertake reforms should be promised full funding of their core resources. Savings achieved through improved cooperation would be paid into a special fund for UN development cooperation.

Similar to the UN House that has already been introduced (see Chapter 2.4.2), the agencies represented in a country would have a One Office. This would mean the establishment of joint office premises and administrative offices with joint procurement, communication and staff services. For this the High-level Panel also recommends further harmonisation of business practices in such areas as staff, procurement and reporting.

These proposals from the High-level Panel are based on the reforms that have already been initiated (see Chapter 2.4.2). Their implementation could lead to further harmonisation within the UN development cooperation system. However, the HLP report does not consider how the UN agencies might improve their coordination with other donors/partners.

The High-level Panel puts forward proposals for greater coherence at central level as well as country level. These proposals concern the governance area of the UN development cooperation system. The High-level Panel recommends, for example, the establishment of a Sustainable Development Board (SDB), which would control and approve One Country Programmes and oversee the RC system. The individual Executive Boards of the ExCom agencies, UNDP, UNFPA, WFP and UNICEF, and their joint meetings – which have no power to take decisions – would be absorbed into the SDB.

The HLP report further recommends that a Development Policy and Operations Group (DPOG) support the planning and implementation of the One Country Programmes. The UNDP Administrator would chair the DPOG and, as UN Development Coordinator, report to the SDB on the implementation of the One Country Programmes. The SDB would also be supported by a Development Finance and Performance Unit, which would carry out internal evaluations of performance and expenditure.

These recommendations by the High-level Panel for the reorganisation of the governance of the UN funds and programmes could make UN development cooperation more coherent, since standardisation of governance and planning

structures at central level might put an end to the sometimes incoherent management requirements. The funds and programmes could thus work in accordance with uniform guidelines. This might also encourage the UN agencies to gear themselves to UN-wide targets.

A further proposal for greater harmonisation concerns improved coordination with the Bretton Woods Institutions, i.e. the World Bank Group and the International Monetary Fund. The UN Secretary-General and the Executive Directors of the World Bank and IMF should conduct a joint review of their respective mandates and then come to a formal agreement on their roles at central and country level. An approach of this kind is to be welcomed, since the World Bank is now active in many areas of technical cooperation, usually with extensive financial resources, but does not systematically coordinate its activities with other UN agencies.

The Panel also recommends the standardisation of UN regional structures. The regional offices of the funds and programmes are currently located in different countries, and the definition of "region" also varies. More coherent regional structures might result in the country offices providing more uniform advice.

Another of the Panel's recommendations calls for improved coherence among donors along the lines of an all-of-government approach. This would require donors to make their own policies/conduct in the various governance structures more coherent. The problem addressed by the Panel here is that the division of responsibilities among various government departments sometimes results in an incoherent policy towards the UN agencies and the decentralised allocation of resources to them. The implementation of this proposal might substantially reduce the fragmentation of the UN development cooperation system, since the member states (= donors) would act more coherently in their dealings with the UN agencies.

Alignment

Where alignment is concerned, the High-level Panel proposes that the One Country Programmes it recommends should be aligned with national priorities. The alignment of UN country programmes with national priorities is already standard practice in the UN development cooperation system (see Chapter 2.4.1 above).

Managing for results

The subject of "managing for results" is not explicitly referred to in the HLP report. The High-level Panel merely recommends that the One Country Programmes should be results-based, with clearly defined results and priorities (HLP 2006, 13). This rule already applies to UN country programmes. In addition, the Bretton Woods Institutions and the UN agencies should develop joint frameworks for the measurement of results (HLP 2006, 36). The High-level Panel also recommends the establishment of a single, UN-wide evaluation system involving uniform evaluation methods and results-based management guidelines (HLP 2006, 41). The Bretton Woods Institutions and UN agencies should assist partner countries with the joint measurement of development results. The implementation of these proposals could strengthen this area of the UN development cooperation system, since hitherto there has been no single RBM and evaluation system.

Mutual accountability

The HLP report does not contain any proposals for the UN development cooperation system to contribute to mutual accountability within the meaning of the Paris Declaration.

To make it easier to appreciate the High-level Panel's proposals, they are once again compared in Table 3.1 with the dimensions of the Paris Declaration in table form. New proposals not based on reforms which have already been undertaken or discussed are marked as such.

Table 3. 1: Summary: comparison of the dimensions of the Paris Declaration with the recommendations contained in the HLP report

Dimension	
Paris Declaration	Recommendation in the HLP report[a b]
Alignment	Recommendation 1: *One Country Programme* to be aligned with national priorities (p. 13) Recommendation 35: BWIs and UN agencies jointly to assist countries with their national development strategies, e.g. PRSPs (p. 36)

Intra-UN harmonisation	
One leader	Recommendation 2: Strengthened position of RC (p. 14)
	Recommendation 3: UNDP's withdrawal from programmatic work (p. 14) (NEW)
	Recommendation 4: UNDP to establish institutional firewall for management of RC system, code of conduct for performance appraisal at country level (p. 14) (NEW)
One Programme	Recommendation 1: *One Country Programme* to involve UN-wide expertise (p. 13)
Funding	Recommendation 38: *One budgetary framework* (p. 39): Transparent overview of three sources of funding of UN agencies at country level. Funding of One Country Programme through Pooled Funding (MDG Strategy Support Fund) (NEW)
	Recommendation 39: Complete funding of core resources of UN agencies willing to reform (p. 39) (NEW)
	Recommendation 40: Savings due to reforms to be paid into fund for UN development cooperation (pp. 39 f.) (NEW)
One Office	Recommendation 1: UN agencies to use joint services (p. 13)
	Recommendation 42: Harmonisation of business practices (p. 41)
Intra-UN harmonisation in general	Recommendation 25: Establishment of a working group to put forward proposals for consolidation of UN units (p. 29)
	Recommendations 27/28: Establishment of Sustainable Development Board (p. 31) (NEW)

	Recommendation 30: UNDP Administrator to chair new Development Policy and Operations Group as Development Coordinator (p. 33) (NEW) Recommendations 31/32: Uniform organisation of regional structures (p. 34) Recommendations 33/34: All-of-government approach, good multilateral donorship (p. 35) Recommendations 35/36: Better cooperation between BWIs and UN agencies (p. 36)
Managing for results	Recommendation 1: Results-based One Country Programme, integrated RBM (p. 13) Recommendation 35: BWIs and UN agencies to collect and measure data jointly (p. 36) Recommendations 42/43: RBM and evaluation system to be improved/standardised (p. 41)
Mutual accountability	-

Source: Author's own compilation

NB:

[a] For the purposes of the above table, the recommendations contained in the HLP report have been numbered in the sequence of their appearance in the report, with the number of the page in the report added.

[b] Proposals not based on current reforms and requiring an intergovernmental decision-making process, since there is as yet no mandate for their implementation, are marked "NEW".

An analysis of the recommendations for harmonisation shows that – with the exception of the reference to the BWIs – all are designed to promote intra-UN harmonisation. Improved cooperation with other donors/partners is not singled out for discussion. The proposals for a uniform system of results-based management and evaluation of system-wide results meet the demands of the Paris Declaration. Implementation of this recommendation would be welcome. In the area of alignment the HLP report takes up what has already been implemented in the UN development cooperation system. The Panel does not make any proposals for strengthening mutual accountability.

The implementation of the High-level Panel's proposals for reform at country level (One UN = One Country Programme, One Leader, One Budgetary Framework, One Office) began in early 2007, since the funds and programmes had already been given a mandate for these reforms in the Triennial Comprehensive Policy Review.[35] For the implementation of One UN there are currently eight pilot countries: Vietnam, Pakistan, Mozambique, Tanzania, Cape Verde, Uruguay, Albania and Rwanda (Dervis 2006). Proposals requiring an intergovernmental decision-making process owing to the absence of a mandate for their implementation (see the recommendations in Box 3.1 marked "NEW") were to be discussed by the member states from June 2007.

The reform initiatives analysed in Chapters 2 and 3 of this study raise the question as to how the United Nations intends to position itself with its development cooperation – on the basis of its strengths – in the international development cooperation system in the future. This question will be discussed in the following with due regard for the goal horizon set by the Paris Declaration.

4 Implications for the positioning of the United Nations in the international development architecture

4.1 The question of the strengths of the UN agencies in development cooperation

The debate on the strengths of the UN agencies' development cooperation is not new. The UN agencies occasionally come under greater pressure to justify themselves in this respect than bilateral organisations. This is because it is difficult, if not impossible, for the donors to exercise direct control over the UN agencies. Furthermore, contributing to the UN agencies' core resources

35 The mandate of the UN funds and programmes for the implementation of central reforms, such as the Joint Office, results from the Triennial Comprehensive Policy Review (TCPR), in which the UN member states take stock of the UN's operational activities at country level and call on the funds and programmes, which report to the General Assembly (UNDP, UNICEF, UNFPA and WFP), to implement reforms. The TCPR is adopted every three years in the form of a General Assembly resolution – the last being in 2004 – and is binding on the four funds and programmes.

does not make for donor visibility, which runs counter to the claim to bilateral design voiced by many donors. Frequently, the donors also call – and rightly so – for evidence that the funds they have provided are being used efficiently, since they are accountable to their taxpayers.

As regards the implementation of the Paris Declaration by the United Nations, the following will analyse which of the strengths of the UN development cooperation system can be used in the continuing fulfilment of the commitments arising from the Paris Declaration.

The basis for the legitimacy of the work of the UN agencies in the development sphere is to be found in Article 1 (3) of the UN Charter, according to which one of the UN's goals is *"[…] to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character"* (United Nations 1945, 2). One of the UN's strengths in this context is the universality of its membership. Each of its member states formally has the same right to vote as the others (one country – one vote). Even on the Executive Boards of the UN funds and programmes and the supervisory bodies of the specialised agencies each country has one vote.

Universal membership and formal equality in voting give the UN agencies a special basis of legitimacy (Jolly et al. 2004, 301). This organisational structure is intended to prevent any unilateral governmental influence on the agenda and work of the UN agencies, which is why they are perceived to be impartial actors. In contrast, the distribution of votes in the Bretton Woods Institutions, the World Bank and the IMF, corresponds to the financial contributions made by countries to the organisation (one dollar – one vote). The Bretton Woods Institutions are therefore perceived to be donor-dominated, especially by the developing countries (see Jolly et al. 2004, 302; Menocal / Rogerson 2006, 15f.).

The idea underlying multilateralism is also evident from the organisational structure of the UN funds, programmes and specialised agencies: the entire community of states adopts the country programmes and determines the distribution of core resources. Many developing countries also contribute to the UN agencies' core resources. The UN agencies therefore have the reputation of enabling the developing countries to play a special part in country programmes and UN agendas (see Turner et al. 2003). They are thus well accepted and trusted in the development sphere by the developing countries as a result of the latter's involvement and strong voice (this is confirmed in

UNDP's case by Klingebiel 1998, 147, and Messner et al. 2005, 43). From the developing countries' point of view the provision of untied and unconditional UN ODA also represents a strength of UN development cooperation (Fues 2005, 67; Fues / Klingebiel 2007, 235).

Their impartial role and the universality of their membership give the UN agencies a special basis of legitimacy for their standard-setting function. They are thus able to set globally binding standards and also to ensure compliance with them. As they are perceived as impartial actors, they are deemed to have strengths in operational work in such politically sensitive areas as reproductive health, good governance, human rights, crisis prevention and reconstruction. As impartial actors, they are often able to address these subjects better at country level than bilateral actors.

Many UN agencies, however, are also operationally active in other areas such as health, education and the promotion of the private sector. The strength of impartial UN agencies in these areas does not simply evolve. But so far – apart from various country studies[36] and reflections by certain UN agencies[37] – there has been no systematic research to identify sectors in which UN agencies have significant strengths, such as proven expertise, in their operational work. Nor has it yet been shown in respect of work in politically and culturally sensitive areas that the UN generally has a definite strength compared to other (bilateral) actors.

A further unique feature of the UN agencies in the development sphere is their role as an alternative voice in the international development debate, which is due to their standard-setting work. Owing to their alternative, multidisciplinary approaches focused on people in the process of development, many UN agencies have been able to provide major food for thought in the international development debate (Jolly et al. 2004, 301f.), an example being UNDP with its annual *Human Development Report*.

The presence of many UN agencies in almost all developing countries – even at times of crisis – is, moreover, a special feature of UN development

36 In 2005 Scanteam, for example, examined the potential role and the strength of the UN, taking Malawi and Mozambique as its examples. The findings of that study have been considered at some length in Chapter 2.4.2. The Nordic UN Project in the early 1990s included eight country studies, in which the partner countries commented very favourably on UNDP's performance (Nordic UN Project 1990).

37 For a discussion of UNDP's role and strength see Messner et al. 2005, 43.

cooperation. This decentralised organisational structure and the involvement of local and regional know-how and experience through the employment of local staff single out the UN agencies as development cooperation actors at pains to ensure that country-specific and country-owned development strategies are implemented (see Jolly et al. 2004, 304).

Representatives of the UN development cooperation system often refer to capacity development and advising governments as a particular strength of the UN agencies in development cooperation (for examples of UN capacity development activities see Box 2.2). Official UN documents similarly cite capacity development as one of the UN development cooperation system's main tasks and also see it as strength of the UN agencies in this sphere (UNDG Executive Committee 2007). Explanations of what specifically makes the UN agencies so good at capacity development are not given in this context. However, many other bi- and multilateral actors, such as the German Agency for Technical Cooperation (GTZ), are active in the field of capacity development. It has yet to be clarified whether the UN agencies have a particular strength in this field.

No systematic studies capable of revealing the strengths of the UN agencies in development cooperation are available. The only empirical source is the Multilateral Organizations Performance Assessment Network (MOPAN), which carries out non-country-specific studies of the performance of a number of selected multilateral organisations.

According to MOPAN, UNDP's strength lies in its role as advocate for internationally agreed development issues, in the promotion of policy dialogue in partner countries and in capacity development (MOPAN 2005a, 11). Similarly, MOPAN sees UNFPA's strengths in policy dialogue, primarily in the areas of reproductive health, family planning, domestic violence and gender issues, in advocacy and policy advice and in the influence these last two factors have on national policy-making (MOPAN 2005b, 19).

Unlike its appraisal of UNDP, MOPAN's findings on UNFPA's capacity development work are mixed: capacity development in the case of public institutions (e.g. the development of databases and the training of midwives) is deemed to be good, but not one of UNFPA's strengths in the case of civil-society or private organisations (MOPAN 2005b, 20). One of its particular strengths, on the other hand, lies in involving non-governmental organisa-

tions (ibid., 18). It is also especially good at using national expertise (ibid., 20).

UNICEF is also judged by MOPAN to achieve good results primarily in the development of the capacities of public institutions and to be less active in the case of private institutions (MOPAN 2006, 8). One of UNICEF's clear strengths, on the other hand, lies in its advocacy for children's rights at country level. Numerous positive examples (such as the provision of documents, the organisation of events and media presence) are presented to illustrate UNICEF's strength in this area. Apart from these data collected by MOPAN, which cannot be applied to the entire UN development cooperation system,[38] there are no empirical studies of the advantages that the UN agencies have over other development cooperation actors in capacity development and advice.

The debate on the strengths of the UN agencies in development cooperation can be summarised under seven headings:

1. Universal membership creates special legitimacy for standard-setting.
2. Owing to their legitimacy and impartiality, the UN agencies have strength in operational work in politically sensitive areas compared to other actors.
3. The UN agencies represent an alternative voice in the development sphere.
4. As a result of their multilateral character, the UN agencies are particularly close to the developing countries.
5. Unlike other actors, many UN agencies are represented locally in almost every country, even where bilateral relations have been severed.
6. The UN agencies have strength in capacity development and in advising governments.

38 MOPAN has so far appraised only the three Organizations UNDP, UNFPA and UNICEF, focusing on the specific work of these agencies. MOPAN's statements are based on anecdotal evidence collected at country level. As the appraisals of the agencies differ from one country to another, MOPAN's findings cannot be regarded as applicable to the work of other UN agencies.

7. The UN agencies are strong in their advocacy of internationally agreed development goals.

It has so far proved impossible to produce any empirical evidence that the UN agencies have any strengths in the areas that involve operational work (comprising Point 2, "politically sensitive spheres," and Point 6, "capacity development"). They will have to submit to such scrutiny of their strengths in the future.

The strengths referred to in Points 4 to 7 have implications for the implementation of the Paris Declaration. The UN agencies might, for example, use their strength in capacity development – if empirically confirmed as being a strength – in the continued implementation of the Paris Declaration, since capacity development is one of its declared objectives. The global presence of many UN agencies – especially in countries in which bilateral actors are not present – and their closeness to developing countries might also be used to enable them to meet their commitments to alignment and capacity development.

The advocacy of the UN agencies might be helpful in the preparation and implementation of national development strategies, which is another of the goals of the Paris Declaration.

The strengths summarised in Points 1 to 3 ("standard-setting", "politically sensitive spheres" and "alternative voice") do not have any direct implications for the implementation of the Paris Declaration or cannot be used for this purpose.

As regards the implementation of the Paris Declaration, UNDG sees the UN agencies as having tasks in three areas (UNDG 2007b, 29):

1. Assisting partner countries with aid coordination.
2. Deepening the dialogue on aid effectiveness through the UN agencies' involvement of various development cooperation actors and interest groups.
3. Capacity development in the use of aid modalities and support for aid coordination units, for example.

As regards Point 1 – aid coordination – representatives of developing countries, too, point out that the UN agencies, which are perceived as impartial, might provide the developing countries with strong aid coordination support at country level. A conclusive answer cannot be given here to the question

whether the UN agencies have a particular strength in the promotion of dialogue (Point 2) or capacity development in the use of certain aid modalities (Point 3).

Using the UN agencies' strengths to implement the Paris Declaration is, however, only a first step, which they must take to meet their commitments. Of greater import is the necessary and still pending positioning of the UN agencies in the international development cooperation system – on the basis of strengths. The following therefore analyses the implications which the strengths of the UN agencies will have for their possible positioning in that system.

4.2 Reflections on the future role of the UN agencies in the international development cooperation system

The fragmentation of the international development cooperation system[39] with its various bi- and multilateral and non-governmental actors gives rise to considerable transaction costs for partner countries. The Paris Declaration therefore calls on donors and international organisations to agree to a division of labour in order to reduce transaction costs and to increase aid effectiveness (Paris Declaration 2005, 9, paragraph 35). In doing so, the actors should use their comparative advantages at country and sector level to complement development cooperation efforts and, where appropriate, assign certain activities and tasks to other donors (ibid.).

The call for harmonisation voiced in the Paris Declaration thus means the possible withdrawal of development cooperation actors from sectors and countries where they do not have any comparative advantages. Its call for a more effective division of labour consequently forms the goal horizon for the

39 The term "international development cooperation system" covers the form taken by international development cooperation with its various actors (donors, developing countries, non-governmental actors) and aid modalities (budget support, programme-based approaches, project funding, etc.). Turner et al. (2003, 1) use the term "international development architecture," by which they understand *"the world's agencies, institutions and systems for managing the transfer of resources (finance and expertise) to, and development relationships with, low-income countries."* For an overview of the international development cooperation system and its possible future structure see Rogerson et al. (2004).

future positioning of development cooperation actors in the international development cooperation system.[40]

The fact that this system is subject to major changes increases the pressure on development cooperation actors to find their respective positions. On the one hand, the influence of new actors in the international development cooperation system has grown in recent years, examples being private foundations and such "new" donors as India and China. On the other hand, greater use is being made of such aid modalities as budget support and programme-based approaches, driven not least by the Paris Declaration. In this changing development cooperation architecture not only the UN agencies but also bilateral donors, the EU, the World Bank and the regional banks must ask themselves what tasks and what role they are able and willing to take on in operational work in the future.

For the UN development cooperation system this is a particularly pressing issue: most UN agencies have only limited financial resources and are therefore no match financially for other development cooperation actors. Their limited financial endowment also has an effect on the role they play in respect of the two aid modalities that are increasingly being used, budget support and sector programmes. The UN agencies cannot and should not – according to many UN donors – "buy their way" into participation in these aid modalities. If, however, they are unable to assure themselves of a place at the donor table with their financial contributions, the question is what added value they have to offer in this context.

If the UN agencies do not want to run the risk of being overtaken by the changes to the development cooperation architecture and marginalised by other (financially better endowed and therefore more influential) actors, they must build on their strengths and sharpen their image – to distinguish themselves from other development cooperation actors – and put across clearly their (possible) role in the international development cooperation system.

In the past various models have been presented for the re-structuring and positioning of the UN development cooperation system. Messner et al.

40 In May 2007 the EU, for example, adopted a code of conduct relating to complementarity and the division of labour in development policy, under which each EU Member State and the Commission will concentrate on a maximum of three sectors in any country and will appoint a lead donor for each sector.

(2005), for example, want to upgrade the position of the UN development cooperation system by creating a Council for Global Development and Environment and so to tie the Bretton Woods Institutions and the WTO more closely to the UN development cooperation system. The latter would then become the main actor in the development sphere (ibid., 18ff.)

The Dutch government has proposed a three-pillar model in which the many UN agencies would be subordinated to UN Agencies for Development, the Environment and Humanitarian Assistance according to their respective areas of responsibility (OECD/DAC 2005a). This consolidation of the UN institutional landscape would thus give rise to three UN agencies, which would perform the operational work. The specialised agencies would remain in existence and perform normative work only. As early as 1996 the Nordic UN Project defined the long-term goal of having a single UN development agency (Nordic UN Project 1996, 12). In a discussion paper in 2006 the BMZ, too, advocated a *"single integrated system of UN operational development cooperation"* (BMZ 2006, 3), with UN development and environment agencies being amalgamated to form a "*sustainable development cluster*" in an intermediate stage (ibid.).

Kloke-Lesch et al. (2006) similarly propose the strengthening of the role of the UN development cooperation system in operational work through the establishment of a single operational UN development cooperation unit. The UN agencies' operational work in the areas of economic and social development, human rights, the environment, governance, the development of peace and humanitarian assistance should accordingly be performed by a single entity. The Belgian government also sees a single consolidated UN Development Agency as the ideal future model for the re-structuring of UN development cooperation (OECD/DAC 2005b).

However, none of these reform models asks what role the UN agencies should play in the international development cooperation system on the basis of their strengths. Instead, they merely propose that the existing UN institutional landscape should be consolidated, but retain the various areas of activity in their all-embracing totality. As none of the models asks in what areas the UN agencies have strengths, none develops a reform model on that basis.

Nor does the report of the High-level Panel say how the UN agencies should position themselves in the development cooperation system in the future.[41]

The possibility of the UN development cooperation system playing a role in the application of such new aid modalities as Sector-wide Approaches (SWAps) and budget support has so far been considered only by a Scanteam study of one case (2005). According to this, the UN agencies' strength lies in assisting partner governments with the use of budget support by advising them and developing their capacities and in influencing the preparation of sector programmes through advocacy for certain development issues (ibid.).

A UNDG position paper on the role of the UN development cooperation system in sector programmes (UNDG 2005c) maintains that it is not financial contributions that determine the participation of the UN agencies in a sector programme. They should instead contribute their expertise to the planning and implementation of a sector programme (ibid.). In addition, the UN agencies should assist partner countries with the implementation of such aid modalities as budget support and basket/pooled funding through capacity development, services in the areas of administration and management of donor funds, etc.

As most UN agencies have only limited financial resources at their disposal, advising governments and developing capacities in this way would also be the only opportunity for UN agencies to position themselves with respect to these aid modalities and to distinguish themselves from other development cooperation actors.

A criticism that must be voiced in this context, however, is that, apart from the MOPAN studies referred to above, only the UN agencies themselves have so far claimed strength in capacity development. Nor has it been shown that the UN agencies have particular expertise in advising on the use of these new aid modalities, such as budget support in the area of public financial administration.

41 The terms of reference for the HLP report explicitly define the task at hand as follows: *"It [the study] will also need to address how the UN system works and can best exercise its comparative advantages with international partners, including the Bretton Woods Institutions, the European Commission and other regional actors, donors, civil society and the private sector"* (HLP 2006, 56).

Moreover, the analysis in Part 2 of this study has shown that, in some cases, the qualifications of UN staff at country level do not yet comply with the "job specifications" for advising governments or capacity development. Further reforms would therefore be needed if the UN agencies were to seek their place in the budget support/sector programme area.

To summarise, it can be said that the question whether, in their operational work, the UN agencies have strengths in certain sectors has yet to be answered. Nor do they necessarily have any strength, compared to other actors, in politically sensitive areas, such as governance and human rights or in (post-)conflict situations. Depending on the country context, other actors, too, may have strengths in these areas, perhaps owing to particular experience in a country/sector or to close bilateral relations due to historical circumstances.

In general, the debate on a division of labour based on strengths is highly complex. Menocal et al. (2006, 16f.) point out that a development cooperation actor's comparative advantage is due to five main factors: its mandate, its capacities/know-how/expertise, its cost structure (cost effectiveness), its record (successes and failures) and – a "soft" determinant – its partner's trust. As the interplay between these factors is complex, different development cooperation actors may have a particular strength, depending on the country or the sector involved. Consequently, these strengths are relative, not absolute (ibid.).

The question whether the UN agencies should withdraw from operational areas in which they may have no apparent strength remains open. A debate on this aspect should be conducted on the basis of empirical studies in an unbiased way. It should be pointed out at this juncture that not only the UN agencies but all bi- and multilateral actors must submit to a discussion and analysis of their respective strengths. If the Paris Declaration is to be implemented and the more effective division of labour for which it calls is to be achieved, none of its signatories can evade this process.

The position of the UN agencies can be determined only if clear mandates are handed down and serious structural problems are solved, the latter possibly through the standardisation of governance structures. This, however, will require intergovernmental decisions by the member states at central level. At this level, however, intergovernmental processes of negotiation in New York on the reform of the UN's development cooperation are currently very difficult because of the politicisation of the debates and the confrontation between

the donors (industrialised countries) who support the UN agencies and the developing and newly industrialising countries forming the Group of 77 (G77). If these decision-making processes are so difficult, the question arising at this stage is how capable of reform the UN agencies can in fact be if the newly industrialising and developing countries continue to adopt an obstructive attitude.[42]

In the past the G77 have been very reluctant when it came to implementing major reforms, and in the current intergovernmental discussions on the report of the High-level Panel the G77's critical attitude towards reforms is again in evidence. The amalgamation of the Executive Boards of UNDP/UNFPA, UNICEF and WFP to form a Sustainable Development Board, as proposed by the Panel, cannot, for example, be achieved at present because of the G77's opposition.

The most serious obstacle is formed by a number of strong opinion-leaders within the G77 – predominantly newly industrialising countries – who are engaging in power politics through these intergovernmental negotiations. The small developing countries, which would benefit from a more coherent and more effective UN development cooperation, are particularly unable to assert themselves in the G77's internal opinion-forming.

Given that the actors involved (industrialised and developing countries) have clearly been aware of the UN development cooperation system's weaknesses for decades – numerous analyses of the problems and proposals for reforms have been produced[43] – and that the implementation of reforms has in fact been prevented by power politics, the question still to be answered concerns the general prospects for the reform of the UN development cooperation system.

In the continuing process of reform the BMZ will have various opportunities to support the positioning and strengthening of the UN agencies in the inter-

42 The Group of 77, the association of the developing and newly industrialising countries at the UN, currently has a membership of about 130 countries. In intergovernmental decision-making processes the approval of the G77 is essential, since they usually vote as one and a majority can be found only with their consent.

43 The proposal for the establishment of a single supervisory body for the funds and programmes was put forward as long ago as 1977 in Resolution 32/197 of the General Assembly. The recommendation was discussed inconclusively at intergovernmental level for some years and then disappeared from the agenda once again.

national development cooperation system and to attempt to have a positive influence on the politicised intergovernmental process. This is discussed in the following and final part of this study.

5 Taking stock and recommendations for positions to be adopted by the BMZ

The appraisal of accessible documents and the interviews with UN staff reveal that the process of reform in the UN development cooperation system which has been continuing since the late 1990s complements the goals of the Paris Declaration. The UN development cooperation system is at pains to conform by means of reforms to the new consensus in development cooperation that postulates more harmonisation and alignment. In general, however, UN reforms are still too inward in their focus and have few links to other donors and actors. All in all, further steps need to be taken in order to enable the UN development cooperation system to meet the commitments arising for it from the Paris Declaration and in order to position the system according to its strengths in the international aid architecture.

For the following recommendations three levels of action are defined for the BMZ: Weaknesses inherent in the UN development cooperation system should be addressed by means of demands voiced through the Executive Boards. There are also weaknesses whose elimination the BMZ can support by providing financial resources. In addition, the German government should review its own conduct as a donor in some areas with a view to tackling weaknesses due to incoherent conduct towards the UN agencies.

However, the BMZ can act only within the limits of its competence for certain UN agencies. In matters that concern the entire UN development cooperation system, e.g. funding issues, the BMZ must advocate the adoption of certain positions within the German government. This aspect will be discussed in greater depth later. Table 5.1 summarises the analysis and approaches which the BMZ might adopt.

Table 5. 1: Summary of the analysis and approaches possibly to be adopted by the BMZ					
			Possible BMZ approaches		
Dimension of the Paris Declaration	Weaknesses	Problem-solving approach	Funding options	Executive Boards	Own conduct as donor
Alignment					
Indicator 3 (Alignment with national development strategies)	- UNDAFs often conceptually weak	- Make UNDAFs more strategic or gear them more closely to cross-donor harmonisation	☑	☑	
	- Inadequate incentive systems, since work geared to individual agencies' objectives	- Reform of internal incentive systems		☑	
Indicator 4 (Capacity development through harmonised country programmes)	- Sometimes staff qualifications at country level inadequate	- Purposeful training/ staff development strategy; more expertise/ capacities for policy dialogue/-advice	☑	☑	

Indicators 5a and 5b (Use of country systems)	- No practical guides	- Preparation of guides by UNDG and UN agency headquarters	☑		
	- Weak country systems	- Strengthening of weak country systems by means of UN country programmes		☑	
Indicator 6 (Avoidance of parallel implementation structures)	- No monitoring, but indications of too many parallel project implementation units (PIUs)	- Monitoring, action to address PIU problem	☑	☑	
Indicator 7 (Better predictability of ODA)	- Poor predictability due to one-year commitments by donors and large proportion of earmarked resources	- Multi-year commitments - Less earmarking			☑

Dimension of the Paris Declaration	Weaknesses	Problem-solving approach	Possible BMZ approaches		
			Funding options	Executive Boards	Own conduct as donor
Harmonisation					
Indicator 9 (Use of common arrangements/procedures)	- Reforms too intra-UN in focus - UN development cooperation system not yet strategically positioned in relation to new aid modalities	- Strategic positioning		☑	
	- Sometimes inadequate training of staff	- In-service training for staff	☑	☑	
	- Business practices not yet fully harmonised; guidelines/rules prevent closer cooperation	- Further harmonisation of business practices	☑	☑	

	among UN agencies, e.g. rules on separate reporting to Executive Boards				
Indicator 10 (Joint missions/ analyses)	- CCA entirely intra-UN - Few joint UN missions and high absolute number of UN missions	- Participation in country analytical processes and joint missions	☑	☑	
Managing for results	- UNDAF often conceptually weak	- Make UNDAFs more strategic	☑	☑	
	- No integrated RBM system, non-uniform monitoring/ evaluation	- Promotion of integrated RBM system, joint monitoring/ evaluation	☑	☑	
Mutual accountability	- As non-core resources are allocated without Executive Boards being consulted, they are difficult to record and generally difficult to plan for	- Fewer non-core resources and increase in contributions to core resources			☑
Source: Author's own compilation					

Boards

Within the German government the BMZ has overall competence for the four UN agencies UNDP, UNFPA, WFP and UNIDO and is thus able to influence their work through their Executive Boards. It is at this level that the BMZ should endeavour to address the weaknesses which need to be tackled in these agencies themselves. The following considers three issues that should have priority in this context:

First, the call for systematic monitoring of progress should have top priority. As the UN agencies do not monitor the implementation of the Paris Declaration,[44] it is difficult to make systematic statements on the progress being made in this regard. For effective monitoring there needs to be compulsory communication between headquarters and country level. Evaluation findings can then influence work at country level – in the form of guides, for example.[45]

Second, the UN agencies should coordinate their activities more closely with those of other donors and increasingly conduct joint missions and analyses. They should now go beyond intra-UN harmonisation and join cross-donor initiatives, such as the Joint Assistance Strategies.

Third, through the Executive Boards the BMZ should initiate a debate on the positioning of the UN agencies within the international development cooperation system. The agencies have not yet defined their role with respect to the changing development cooperation architecture, but have hitherto focused solely on internal reform processes. They should position themselves according to their strengths. Of greatest importance in this context are their (alleged) strengths as impartial actors and advocates for internationally agreed development goals and their (alleged) strengths in capacity development and advising governments. Provided that they can be proved to exist, these strengths could be used in the preparation of sector programmes, in budget management and in aid coordination at country level.

The BMZ should – together with other countries from the North and South – refer to the still outstanding positioning at meetings of the Executive Boards

44 The World Bank is excluded in this context (see World Bank 2006).

45 The major role played by an organised exchange between headquarters and country level is also emphasised by De Renzio 2005.

of UNDP/UNFPA, WFP and UNIDO and also develop ideas of its own on the possible definition of positions.

The BMZ should also press for greater harmonisation of business practices through the Executive Boards of UNDP/UNFPA, WFP and UNIDO. The above analysis has made it clear that the improvement of cooperation within the UN development cooperation system is often thwarted by differences in business practices and operational requirements (see also UNDG Executive Committee 2007, 7). The UNDG Executive Committee proposes, for example, that a joint fieldwork manual should be compiled (ibid.).

Similarly, the incentive systems of the various UN agencies, which are still heavily focused on the positioning of the agencies, should be changed through the Executive Boards. UN staff should be rewarded for their advocacy of UN-wide objectives and their coordination with other organisations.

On the basis of the (alleged) strength of a number of UN agencies in capacity development and advising partners the BMZ should call at Executive Board meetings for the agencies to do more to promote capacity development in their country programmes. The country systems are often identified as being too weak and are consequently not used by donors. Yet this in particular represents a good opportunity for UN development cooperation for capacity development.

If effective use is to be made of the Executive Boards as a platform for action, it is important that the BMZ joins with other member states to form a sufficient majority for the initiatives referred to above to be implemented. Possible partners of the North are, apart from the EU partners, Switzerland, Norway and Canada. The eight One UN pilot countries and other countries known only unofficially to be applying for pilot country status can be regarded as reform-friendly countries of the South.

The BMZ can put forward these proposals only in the Executive Boards of agencies for which it has overall competence (UNDP/UNFPA, WFP and UNIDO). The other appropriate German government departments will have to take a stand in the Executive Boards and supervisory bodies of all other funds, programmes and specialised agencies.

Germany's own conduct as a donor

An essential prerequisite for coherent UN development cooperation is a coherent donor conduct towards the UN agencies. Like many other donors, however, the German government does not speak with one voice to the UN agencies active in development cooperation. Competences for the various funds, programmes and specialised agencies are distributed among various government departments. Coordination among the departments occurs to only a limited extent. The coordination between the Foreign Office (competent for UNICEF and UNESCO) and the BMZ in the case of reform issues affecting the competences of both departments works well, however.

In contrast to the frequent exchanges between the BMZ and the Foreign Office, however, there are no regular exchanges between the BMZ (competent for UNDP, UNFPA, UNIFEM, WFP, UNIDO, the World Bank Group, the regional banks and the International Fund for Agricultural Development – IFAD), the Ministry of Health (competent for WHO), the Ministry of Agriculture (competent for FAO), the Ministry for the Environment (competent for UNEP), the Employment Ministry (competent for ILO) and the Family Ministry (competent for normative gender equality issues in the UN system).

It must generally be assumed that Germany's UN policy could be made far more coherent and that the time and money spent on coordination within the German government would be greatly reduced if overall responsibility for the UN agencies active in the development sphere was assigned to the BMZ alone (see Fues 2006). One criterion in this context might be, for example, the extent to which contributions to the agencies count as ODA. The BMZ would then be competent for all UN funds, programmes and specialised agencies receiving contributions more than 50 % of which counted as ODA as defined by the OECD criteria. Currently, 100 % of contributions to UNICEF (for which the Foreign Office is competent), 70 % of contributions to WHO (for which the Ministry of Health is competent) and 51 % of contributions to FAO (for which the Ministry of Agriculture is competent) count as ODA. A rearrangement of government portfolios to reflect the extent to which contributions to the UN agencies count as ODA is to be recommended.

An important intermediate stage on the road to a more coherent German UN policy should be the institutionalisation of coordination among the aforementioned government departments under the BMZ's chairmanship.

This might take the form, for example, of a regular meeting of the departments for a discussion of issues requiring a uniform German position, such as the implementation of the Paris Declaration. In particular, meetings of the Executive Boards to which the various departments send representatives should be preceded by consultation of all the departments concerned on the issues to be considered, so that a uniform negotiating line can be agreed.

The departments should adopt a uniform position on fundamental aspects of system-wide coherence, such as the introduction of joint country programmes and joint Executive Board meetings. This coordination worked well when it came to the government's position on the report of the High-level Panel. If, however, predominantly reactive coordination in specific, short-term matters is to give way to a coherent German UN policy, the BMZ's competence for the development cooperation sphere should be expanded and it should be assigned a clear coordinating role.

Furthermore, the formulation of a German multilateral strategy along the lines of the all-of-government approach proposed in the HLP report is to be recommended. Among other things, this would mean adopting the aforementioned uniform position on questions of system-wide coherence. A German multilateral strategy of this kind might also entail agreement among the departments concerned on what they expect from the UN agencies in the development sphere, where they see the agencies' strengths and how they will gear their funding to their expectations in the long term.

To place UN development cooperation on an improved financial footing (multi-year commitments and more core resources), the BMZ should call on the German government to abide by principles of good multilateral donorship. For Germany's conduct as a donor this would mean the BMZ and all other departments with competence for UN agencies urging the Ministry of Finance to enable them to enter into multi-year commitments for the UN funds and programmes. This would entail in particular a dialogue with the German parliament, since multi-year commitments are possible only with its approval. Without such commitments Indicator 7 of the Paris Declaration cannot be accomplished. It is hard to accept that Germany can make multi-year commitments to the World Bank, but not yet to the funds and programmes.

Good multilateral donorship principles might also mean donors making contributions mainly to the core resources of the UN development cooperation

system and refraining from small-scale, earmarked funding, which forces the UN agencies to adopt project-based approaches. Germany already pays most of its contributions to the UN development cooperation system in a non-earmarked form. In conjunction with other donors, Germany might press for an end to the practice – much employed by a number of donors – of increasing earmarked contributions[46] and for a commitment by donors to a rise in their contributions to core resources. In shared principles of good multilateral donorship the donors might advocate the setting of an upper limit on earmarked funding as a proportion of total contributions.

Payments by Germany and other donors into core resources and the possible introduction of multi-year commitments should be linked by the donors to clear demands addressed to the UN agencies. The German government – along with other countries – should, for example, press in the UN agencies' supervisory bodies for the commitments arising from the Paris Declaration to be met.

Germany's conduct as a donor, especially towards the UN funds and programmes, should be improved in the long term, with good multilateral donorship as the goal. In the case of compulsory contributions to the UN budget and the UN specialised agencies, Germany's economic strength is such that it is usually the third largest contributor after the USA and Japan. In terms of total voluntary contributions to the funds and programmes, on the other hand, Germany is well behind other major donors. If in the long term German voluntary contributions are to be increased in the form of multi-year commitments, a dialogue with the German parliament is important. The BMZ should reinforce this dialogue.

Funding options

The weaknesses in implementation create opportunities for the funding of innovative reform measures by the BMZ. Such bilateral funding of (partial) reforms would take the form of earmarked contributions (non-core resources) to the UN development cooperation system. Along with many other donors, the BMZ contributes to the UN Country Coordination Fund (UNCCF), which is administered by DGO. The UNCCF consists of earmarked contributions from donors, which are used to finance measures that promote closer coop-

46 For an empirical study of the determinants of donors' conduct towards multilateral organisations see Addison et al. 2003.

eration within the UN development cooperation system at country level, e.g. advice given to UNCTs by UNDG on the establishment of Joint Programmes and UNDG's compilation of appropriate guides.

Table 5.1 indicates weaknesses in the implementation of the Paris Declaration that might be overcome by funding of this kind. DGO could continue to use donors' contributions to the UNCCF to fund advisory activities undertaken to tackle these weaknesses, such as the training of UNCTs for the more strategic formulation of UNDAFs and assistance with the preparation of purposeful staff development strategies and the analysis of the problem of parallel project implementation units. Recently, for example, the guide to the preparation of CCAs/UNDAFs was brought up to date through DGO, with funding from the UNCCF, and is now more closely attuned to the situation of UNCTs at country level (UNDG 2007a).

This recommendation that (partial) reforms in the UN development cooperation system be financed bilaterally by donors paying into appropriate funds has, however, proved to be controversial. The reason for this is that a reform designed to make UN development cooperation more effective should be a fundamental commitment officially recognised by the UN system with its acceptance of the Paris Declaration. As such reforms thus belong among the core tasks of the UN development cooperation system, they should be funded from core resources and not with earmarked contributions from individual donors. Bilateral funding of innovative reform measures by the BMZ would also be inconsistent with the recommendation made in the previous section that contributions to core resources should be increased and earmarked funding should cease.

In addition, funding of reform measures by donors might result in the UN agencies losing credibility for appearing to be incapable of performing their fundamental tasks on their own. There would also be a danger of the UN development cooperation system accepting less ownership for its own reforms if they were funded by third parties. The question that therefore arises is how sustainable such measures would be if the donors stopped giving their support.

Despite this criticism of the bilateral funding of (partial) reforms, the BMZ is recommended at this stage to continue its payments to the UNCCF and so to make funds available for any further reforms that become necessary. The justification for this is that all the reforms described in Chapter 2.4 have been

undertaken only since UNDG was established and DGO began giving advice. It was only through UNDG's and DGO's work that the practical implementation of reform measures and the advising of UNCTs became possible. UNDG and DGO were the driving forces in the reform process within the UN development cooperation system, and with their reform measures they have sparked a major positive reform momentum, on which the recommendations made in the HLP report are based.

Before the establishment of UNDG and without the donor-financed funds hardly any reforms were seriously undertaken until the late 1990s.[47] Hitherto coordination and coherence within the UN system have been the responsibility of the Chief Executives Board (CEB). In the CEB the heads of all UN agencies active in the development field in the wider sense of the term meet twice a year at the invitation of the UN Secretary-General. However, none of the opinions so far published by the CEB has set any store by improved operational work. Practical support for progress towards One UN at country level has come primarily from UNDG and DGO, as in the case of the introduction of the UNDAF and such major reforms as the Joint Office initiative.

One reason for the absence of major reforms until the late 1990s is that it was only when the funds overseen by DGO were set up that money became available to finance such action. Major reforms require substantial human and other resources, for which the UN agencies have to pay from their core resources. This would mean all the UN agencies having to plan for them in their budgets. So far the coordination among the various supervisory bodies has not even gone far enough to allow agreement on joint country programmes to be reached. Moreover, the developing countries, which form the majority in the supervisory bodies, want to see the limited resources going straight to the country programmes rather being spent on reform measures.

It would therefore be utopian at present to assume that the funding of major reforms could be organised through a dozen different core budgets. For the practical implementation of reforms DGO has therefore been entirely dependent on donor-financed funds endowed with earmarked resources, such as the UNCCF.

47 The only exception was the establishment of UNDP. In 1965 the Expanded Programme of Technical Assistance (EPTA) and the Special Fund were combined and UNDP was created under Resolution 2029 (XX) of the General Assembly.

This problem is also the cause of the main weakness of the RC system: in many countries the fact that the RC is simultaneously the senior UNDP representative prevents the other UN agencies from having the necessary confidence in UNDP's coordinating role. Although the senior UNDP representative – and RC – has hitherto been mandated to coordinate the work of the UN agencies, it is evident from the actual situation at country level that some of the other UN agencies do not trust him or her to carry out the coordinating work.

The conclusions drawn from years of practical work at country level thus indicate that the weakness inherent in this duality of roles can be overcome only if UNDP finances two posts: that of a UNDP country director and that of an RC. This would affect all countries with extensive country programmes entailing a great deal of coordination, the situation facing UNDP in 40 countries. Posts for 30 country directors have already been created, and a further ten are now to be filled (UNDG Executive Committee 2007). Each UNDP country director post is estimated to cost some 300,000 US$.[48]

So far UNDP has financed 14 posts from its own budget. Whether or not further posts will be financed in this way cannot be said at the moment, since a majority of the UNDP Executive Board members would currently not be in favour. As all the UN agencies benefit from the work of the RC, the shared funding of his post by a dozen core budgets would seem appropriate, but impossible in practice owing to the absence of agreement among the supervisory bodies.

To press on with what is seen by the UN agencies in the field as a very positive reform, UNDP is therefore canvassing the donors for earmarked contributions to finance further UNDP country director posts. The BMZ is also participating and has promised to fund six UNDP country directors. This funding should continue, because it is currently the only way this reform can be sustained.

It follows from the approach to reforms described above by reference to the work of UNDG/DGO and the creation of the UNDP country director posts that certain reforms cannot be undertaken unless appropriate (earmarked) resources are provided. This funding has created a positive reform momentum, driving practical action in the UN system that has been perceived by all

48 This covers salary and all other current (administrative) costs.

the agencies involved and by the partner countries as giving rise to a clear improvement of UN development cooperation.[49] It may also significantly increase the pace of reform, since years of intergovernmental discussions would not produce a decision. Earmarked donor funding of selected reform measures is therefore recommended at this stage.

A similar situation is apparent from the implementation of the One UN initiative that is now under way: The necessary restructuring of the work of the UN agencies in the countries concerned is impossible without the support of financial/human resources. For donors – including the BMZ – this again provides an opportunity to provide the necessary resources to sustain the current reform dynamic in those countries. To demonstrate that Germany is interested in seeing UN development cooperation strengthened along the lines of One UN, the BMZ should consider providing additional funds as pump-priming finance for the pilot countries.

For the intergovernmental discussions on the HLP report and all other reforms it will be crucially important for the pilot country initiative to be a demonstrable success, as it will then create further positive reform momentum. There is therefore an urgent need for an independent evaluation of the pilot country initiatives as a source of substantiated data on whether or not these measures have improved the work of UN development cooperation. Should this be the case, the critics on the Executive Boards might be persuaded to approve the reforms for One UN at country level, to adopt amendments to the guidelines and to provide the necessary financing of the reforms from core resources.

To counter the criticism that, being donor-funded, these reforms would be donor-dominated and serve only to save money for UN development cooperation in the long term by increasing the efficiency of operational work, the donors should raise not only their earmarked funding of reforms but also their untied contributions (see the recommendation above). This would be a clear sign of support for the strengthening of UN development cooperation.

Owing to the ambivalence of the earmarked funding of reform measures, the BMZ – together with other donors – should point out in the supervisory bodies whenever earmarked funds are used to finance reform measures that they are intended as pump-priming funds. On the one hand, this will be a clear

49 See all the positively rated reforms described in Chapter 2.4.

sign that practical reforms will be undertaken. On the other hand, Germany should, however, insist that, where certain measures are rated positively, the UN agencies must be able to make funds available from core resources for further action. Earmarked funds should therefore be disbursed for only a limited period, with contributions possibly even declining each year in order not to permanently finance a coordination machinery within the UN development cooperation system.

In the knowledge that reforms are tough in practice, this recommendation is thus based on the pragmatic handling of UN reforms: as this has so far been the only way in UN reforms to make progress towards greater effectiveness, this route should continue to be followed for the time being to take advantage of the current reform momentum and to press ahead with changes.

Positioning in the negotiations on the High-level Panel (HLP) report

In the negotiations on the HLP report the BMZ should advocate within the German government that the Panel's proposals be endorsed, since they are consistent with the Paris Declaration targets. The proposals for a strengthened RC system and One UN at country level in particular may lead to further harmonisation within the UN development cooperation system. The German government should support the pilot countries and an up-to-date evaluation of these initiatives,[50] possibly financially, but certainly politically.

During the negotiations it should be ensured that all reforms take account of the alignment principle. Particular attention should also be paid to the proposals for a uniform UN-wide evaluation system, since it could put an end to the practice of each Executive Board insisting on its own monitoring and reporting rules for country programmes. As the HLP report does not single out the "mutual accountability" dimension for discussion, the BMZ should draw attention to it in the continuing reform debate.

The High-level Panel's proposal that reform-friendly UN agencies should be rewarded with the complete funding of their core resources should be sup-

50 If there are to be further reforms, it will be extremely important to determine whether the pilot country initiative has led to a significant improvement in UN work at country level. Should this be the case, advocates of reform would have a strong argument for more extensive reforms.

ported by the German government.[51] The reason for this is that, as UN staff point out, the absence of an incentive system for reforms and closer cooperation among the UN agencies is a major obstacle resulting in little progress being made in these areas.[52]

The German government should openly refute the developing countries' criticism that the sole purpose of the proposals for greater harmonisation is to reduce donor contributions to the UN agencies. The High-level Panel's proposal that any resources saved as a result of reforms should again be made available to the UN agencies should therefore be endorsed. If they are to perform an incentive function, however, it is important that savings achieved at country level remain in the countries where the savings were achieved.

In view of the difficult intergovernmental negotiating situation it is important for the German government to enter into a dialogue with developing countries interested in reforms and to form a reform-friendly North-South alliance. Potential partners in the South are the One UN pilot countries and other, still unofficial candidates for pilot country status. To create trust, the BMZ should emphasise interests that North and South have in common, such as the goal of not using reforms purely to reduce costs and that of developing the UN agencies into strong development cooperation actors.

As the High-level Panel's proposals are exclusively focused on intra-UN harmonisation, the German government should advocate during the negotiations that the UN agencies harmonise even more closely with other donors. This is important if the UN development cooperation system is not to be impeded and eventually marginalised by taking an excessively inward view. This will require an analysis of the strengths of the UN agencies within the international development cooperation system.

The implementation of the proposals set out in the HLP report and purposeful support for efforts to overcome the weaknesses identified in this study may help the UN development cooperation system as it moves towards more effective development cooperation. The German government's support is an important element in this reform process. It should be the aim of all reforms

51 Details of this proposal for a reform still need to be clarified. It is not clear, for example, what is meant by "complete" funding of core resources.

52 For the major role played by incentive systems in development cooperation agencies' harmonisation and alignment processes see De Renzio 2005.

to position the UN development cooperation within the development cooperation architecture – on the basis of its strengths – in a way that it makes a major contribution to the achievement of the MDGs.

Bibliography

Addison, T. / M. McGillivray / M. Odedokun (2003): Donor funding of multilateral aid agencies Helsinki: United Nations University, World Institute for Development Economic Research (Discussion Paper 2003/17); online: http://www.wider.unu.edu/publications/dps/dps2003/dp2003-17.pdf (31.03.2007)

BMZ (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung) (2001): Mitwirkung an gemeinschaftlichen Finanzierungen mit anderen Gebern im Rahmen programmorientierter Entwicklungszusammenarbeit, Bonn (BMZ-Positionspapier)

– (2006): Reform der Entwicklungszusammenarbeit der Vereinten Nationen: Herausforderungen und Ziele, Bonn (Diskussionspapier)

COWI Consulting Engineers and Planners AS (2001): Joint nordic assessment of the CCA/UNDAF process – Laying the keystone for UN development reform: the CCA/UNDAF experience; online: http://altair.undp.org/documents/3246-Joint_Nordic_Assessment_of_the_CCA_UNDAF_Process.pdf (08.01.2007)

De Renzio, P. (2005): Incentives for harmonisation and alignment in aid agencies, London: Overseas Development Institute

DAC (Development Assistance Committee) (2005): Harmonisation, alignment, results: Progress report on aid effectiveness, in: *DAC Journal* 6 (4), 57–121

– (2006a): Progress report on the 2006 Survey on Monitoring the Paris Declaration, Paris

– (2006b): Donor reporting on dissemination of the Paris Declaration, Paris

– (2006c): Regional Workshops on the Paris Declaration: Emerging Themes and Key Messages, Paris

DAC (Development Assistance Committee/Working Party on Aid Effectiveness and Donor Reports) (2006): Compendium of donor reports, Paris; online: http://www.oecd.org/dataoecd/55/29/37597465.pdf (30.10.2006)

Dervis, K. (2006): Follow-up letter to UNDG principals on five pilot countries, New York, mimeo

ECOSOC (Economic and Social Council) (2005a): Report of the administrator of UNDP and of the Executive Director of UNFPA, New York (Document E/2006/5)

– (2005b): Consolidated list of issues related to the coordination of operational activities for development, New York (Document E/2005/CRP.1)

– (2006a): Report of the administrator of UNDP and of the Executive Director of UNFPA, New York (Document E/2007/5)

– (2006b): Report on UNICEF engagement in sector-wide approaches, New York (Document E/ICEF/2006/14)

Fedon, P. (2006): Schritte in die richtige Richtung, in: *Entwicklung und Zusammenarbeit E+Z* 7/2007, 277–279

Fues, T. (2005): Entwicklungspolitische Perspektiven zur Weiterentwicklung von Global Governance in den Vereinten Nationen, in: D. Messner / I. Scholz (Hrsg.), Zukunftsfragen der Entwicklungspolitik, 1. Aufl., Baden-Baden: Nomos, 59–72

– (2006): Die Entwicklungszusammenarbeit der Vereinten Nationen: Defizite, Potentiale und Reformperspektiven, Bonn: mimeo

Fues, T. / S. Klingebiel (2007): Multilaterale Entwicklungspolitik: Die Rolle der Vereinten Nationen, in: H. Volger (Hrsg.), Grundlagen und Strukturen der Vereinten Nationen, München: Oldenbourg, 219–241

Gillinson, S. (2003): UN Reform: 1997–2003, London: Overseas Development Institute

HLP (High-level Panel on UN system-wide Coherence in the areas of Development, Humanitarian Assistance and the Environment) (2006): Delivering as One, New York; online: http://daccessdds.un.org/doc/UNDOC/GEN/N06/621/41/PDF/N0662141.pdf?OpenElement (20.11.2006)

Jolly, R. et al. (2004): UN contributions to development thinking and practice, Bloomington: Indiana University Press

Klingebiel, S. / S. Leiderer / P. Schmidt (2007): Wie wirksam sind neue Modalitäten der Entwicklungszusammenarbeit? Erste Erfahrungen mit Programme-based Approaches (PBAs), Bonn: Deutsches Institut für Entwicklungspolitik (Discussion Paper 7/2007)

Klingebiel, S. (1998): Leistungsfähigkeit und Reform des Entwicklungsprogramms der Vereinten Nationen, Köln: Weltforum-Verlag (Schriftenreihe des Deutschen Instituts für Entwicklungspolitik 115)

Kloke-Lesch, A. / T. Helfen / M. Sander von Torklus (2006): Deutsche Entwicklungspolitik und Vereinte Nationen, in: J. Varwick / A. Zimmermann (Hrsg.), Die Reform der Vereinten Nationen – Bilanz und Perspektiven, Berlin: Duncker & Humblot, 213–228

Leiderer, S. (2004): Öffentliches Budgetmanagement in Entwicklungsländern: Analyseinstrumente und Ansatzpunkte der programmorientierten Entwicklungszusammenarbeit, Bonn: Deutsches Institut für Entwicklungspolitik (Berichte und Gutachten 7/2007)

Longhurst, R. (2006): Review of the Role and Quality of the United Nations Development Assistance Frameworks (UNDAFs), London: Overseas Development Institute

Luck, E. (2003): Reforming the United Nations: Lessons from a history in progress, New York: Academic Council of the UN System (International Relations Studies and the United Nations, Occasional Papers 1)

– (2005): How not to reform the United Nations, in: *Global Governance* 11 (4), 407–414

Maxwell, S. (2005): How to help reform multilateral institutions: An eight-step program for more effective collective action, in: *Global Governance* 11 (4), 415–424

Menocal, A. / S. Maxwell / A. Rogerson (2006): The Future of Aid: User Perspectives on Reform of the International Development Aid System, Yaoundé, mimeo (Workshop Background Paper)

Menocal, A / A. Rogerson (2006): Which way the future of aid? Southern civil society perspectives on current debates on reform of the international aid system, London: Overseas Development Institute (Working Paper 259)

Messner, D. et al. (2005): Governance reform of the Bretton Woods Institutions and the UN development system, Washington, DC: Friedrich-Ebert-Stiftung (Dialogue on Globalization, Occasional Paper 18)

MOPAN (Multilateral Organizations Performance Assessment Network) (2005a): The MOPAN survey 2004; online: http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUImages/MOPAN/$file/2004%20-%20Synthesis%20Report.pdf (10.06.2007)

– (2005b): The MOPAN survey 2005; online: http://www.sida.se/shared/jsp/download.jsp?f=MOPAN_2005_Synthesis_Report_final_version.pdf&a=18403 (10.06.2007)

– (2006): The MOPAN survey 2006; online: http://www.sida.se/sida/jsp/sida.jsp?d=805&a=27229&language=en_US (10.06.2007)

Nordic UN Project (1990): Perspectives on Multilateral Assistance: A Review by Nordic UN Project, Stockholm

– (1996): The United Nations in development: Reform issues in the economic and social fields: a Nordic perspective, Stockholm: Almqvist & Wiksell International

Obaid, T. (2005a): Links to Events in 2005, Paris, mimeo (final statement on behalf of UNDG on the High-level Forum on Aid Effectiveness)

– (2005b): Sector programming and national capacity building, New York, mimeo (ECOSOC dialog with UNDG executive heads)

– (2005c): Statement to the annual session of the Executive Board of UNDP/UNFPA, New York, mimeo

– (2006a): Statement at the 2006 first regular session of the UNDP/UNFPA Executive Board, New York, mimeo

– (2006b): Statement at the 2006 annual session of the UNDP/UNFPA Executive Board, New York, mimeo

– (2007): Statement at the 2007 first regular session of the UNDP/UNFPA Executive Board, New York, mimeo

OECD (Organisation for Economic Cooperation and Development) (2007): 2006 Survey on monitoring the Paris Declaration, Paris

OECD (Organisation for Economic Cooperation and Development) / *DAC* (Development Assistance Committee) (2005a): A UN operational system for development fit to face the challenges of reaching the MDGs, mimeo (contributed by the delegation of the Netherlands, DCD/DAC/RD [2005]17/RD7, 2.12.2005)

– (2005b): Towards a redesign of the UN development architecture, mimeo (contributed by the delegation of Belgium, DCD/DAC/RD [2005]17/RD6, 02.12.2005)

Paris Declaration on Aid Effectiveness (2005), March; online: http://www1.worldbank.org/harmonization/Paris/FINALPARISDECLARATION.pdf (25.02.2008)

Rogerson, A. (2005): Aid harmonisation and alignment: Bridging the gaps between reality and the Paris reform agenda, in: *Development Policy Review* 23 (5), 531–552

Rogerson, A. / A. Hewitt / D. Waldenberg (2004): The international aid system 2005–2010: Forces for and against change, London: Overseas Development Institute

Scanteam (2005): The UN system and new aid modalities, Oslo

Turner, R. et al. (2003): Vision and options for change for the international development architecture, London: Department for International Development

UNDG (United Nations Development Group) *Executive Committee* (2007): UNDG steps to implement the triennial comprehensive policy review (TCPR) of operational activities for development of the UN system, s. l. (Document E/2007/CRP.1)

UNDG (United Nations Development Group) (2002): UN-Reform: Progress in 5 years; online: http://www.undg.org (08.01.2007)

– (2003a): Guidance note: UNDP country team engagement in PRSP, New York, mimeo

– (2003b): Action plan: Harmonization and alignment to help achieve the MDGs, New York, mimeo

– (2003c): Contribution to the High-level Forum on Harmonization, New York, mimeo

– (2003d): Guidance note on Joint Programming; online: http://www.undg.org (05.02.2007)

– (2003e): Harmonization: Opportunities for country ownership and capacity building; online: http://www.undg.org (05.02.2007)

– (2005a):UN Reform: Harmonization and alignment to achieve the Millennium Development Goals, New York

– (2005b): Implementing the Paris Declaration on Aid Effectiveness: Action plan of the United Nations Development Group; online: http://www.undg.org/documents/6189UNDG_Action_Plan_Implementing_the_Paris_Declaration.pdf (30.10.2006)

– (2005c): The role of the UN system in a changing aid environment: Sector Support and Sector Programmes; online: http://www.undg.org (13.11.2006)

– (2005d): Synthesis of Resident Coordinator annual reports 2004: UN Reform: UN country teams at work, New York: UNDG

– (2005e): Statement of the United Nations Development Group. High-level Forum on Aid Effectiveness, Paris, mimeo

– (2005f): Harmonization and alignment to achieve the MDGs, New York; online: http://www.undg.org (13.11.2006)

– (2005g): Joint Programmes – Overview; online: http://www.undg.org (05.02.2007)

– (2005h): Letter of the UNDG Chair to all resident coordinators for the follow-up to the Paris Declaration on Aid Effectiveness, New York, mimeo

– (2006a): Synthesis of Resident Coordinator annual reports 2005: UN Country Coordination: Putting National Priorities First, New York

– (2006b): Lessons Learned: Joint Office in Cape Verde; online: http://www.undg.org (13.02.2007)

– (2006c): The UNDG Joint Office Initiative; online: http://www.undg.org (13.02.2007)

– (2006d): UN Programming – Common Country Assessment and alternatives: Early country experience; online: http://www.undg.org (06.2.2007)

– (2006e): Case study of Joint Programmes; online: http://www.undg.org (06.02.2007)

– (2006f): Enhancing the effectiveness and efficiency of Joint Programmes: Lessons Learned from a United Nations Development Group review, New York; online: http://www.undg.org (06.02.2007)

– (2007a): Common Country Assessment and United Nations Development Assistance Framework: Guidelines for UN country teams preparing a CCA and UNDAF, New York

– (2007b): Synthesis of Resident Coordinator annual reports 2006: UN Country Coordination: Building greater coherence for capacity development, New York

UNDP (United Nations Development Programme) (2005a): UNDP role in a changing aid environment: Direct budget support, SWAps, basket funds, New York, mimeo

– (2005b): Assessing UNDP: Overview of recent surveys, New York, mimeo

UNDP (United Nations Development Programme) / *UNFPA* (United Nations Population Fund) *Executive Board* (2000): UNFPA and Sector-wide Approaches, mimeo (Document DP/FPA/2000/CRP.3)

– (2002a): UNFPA and Sector-wide Approaches: Report of the Executive Director, (Document DP/FPA/2002/6)

– (2002b): Report on the annual session 2002, New York (Document DP/2002/24)

– (2006): Report on the implementation experience of joint programming and joint programmes by UNDP, UNFPA and UNICEF since 2004, New York (Document DP/2006/33)

– (2007a): UNFPA. Report of the Executive Director for 2006: Statistical overview, New York: UNFPA

– (2007b): Annual Report of the administrator: Statistical annex, New York: UNDP

UNFPA (United Nations Population Fund) (2005): Sector Wide Approaches: A resource document for UNFPA staff. London: HLSP Institute & UNFPA; online: http://www.unfpa.org/upload/lib_pub_file/626_filename_swap-unfpa-resource-2005%20.pdf (25.02.2008)

United Nations (1945): Charter of the United Nations; online: http://www.un.org/aboutun/charter/index.html (25.02.2008)

United Nations General Assembly (1993): Triennial comprehensive policy review of the operational activities for development within the United Nations system, New York (Document A/Res/47/199)

– (2006): Comprehensive statistical data on operational activities for development for 2004, New York (Document A/61/77)

World Bank (2006): Harmonization and alignment for greater aid effectiveness: An update on global implementation and the Bank's commitments, Washington, DC: World Bank Harmonization Unit

Annex

Joint Progress Toward Enhanced Aid Effectiveness

Harmonisation, Alignment, Results

High Level Forum

Paris ■ February 28 – March 2, 2005

PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

I. Statement of Resolve

1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.

2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:

i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).

ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.

iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.

iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.

v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.

vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

4. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:

i. Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.

ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.

iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.

iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.

v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.

5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.

6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.

9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently[1]. Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for

[1] In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.

11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes – which should be applied without imposing additional burdens on partners – to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.

12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

14. **Partner countries** commit to:

- Exercise leadership in developing and implementing their national development strategies[2] through broad consultative processes.
- Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (**Indicator 1**).
- Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.

15. **Donors** commit to:

- Respect partner country leadership and help strengthen their capacity to exercise it.

[2] The term `national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. **Donors** commit to:

- Base their overall support — country strategies, policy dialogues and development co-operation programmes — on partners' national development strategies and periodic reviews of progress in implementing these strategies[3] (**Indicator 3**).
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review of progress in implementing this strategy. Other conditions would be included only when a sound justification exists and would be undertaken transparently and in close consultation with other donors and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.

18. Diagnostic reviews are an important — and growing — source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. **Partner countrie**s and **donors** jointly commit to:

- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (**Indicator 2**).
- Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

20. **Partner countries** commit to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

21. **Donors** commit to:

- Use country systems and procedures to the maximum extent possible. Where use of country systems is not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures (**Indicator 5**).

---

[3] This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).

- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (**Indicator 6**).
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. **Partner countries** commit to:

- Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

24. **Donors** commit to:

- Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (**Indicator 4**).

Strengthen public financial management capacity

25. **Partner countries** commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

26. **Donors** commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules (**Indicator 7**).
- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms **(Indicator 5**).

27. **Partner countries** and **donors** jointly commit to:

- Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. **Partner countrie**s and **donors** jointly commit to:

- Use mutually agreed standards and processes[4] to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

[4] Such as the processes developed by the joint OECD-DAC – World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

29. **Partner countries** commit to take leadership and implement the procurement reform process.

30. **Donors** commit to:

- Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes **(Indicator 5**).
- Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (**Indicator 8**).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

32. **Donors** commit to:

- Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
- Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (**Indicator 9**).
- Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (**Indicator 10**); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.

34. **Partner countries** commit to:

- Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.

35. **Donors** commit to:

- Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
- Work together to harmonise separate procedures.

Incentives for collaborative behaviour

36. **Donors** and **partner countries** jointly commit to:

- Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states[5]

37. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

38. **Partner countries** commit to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. **Donors** commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.

41. **Donors** and **partner countries** jointly commit to:

- Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for "strategic environmental assessment" at the sector and national levels.
- Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.

42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

[5] The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

44. **Partner countries** commit to:

- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
- Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (**Indicator 11**).

45. **Donors** commit to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

46. **Partner countrie**s and **donors** jointly commit to:

- Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

48. **Partner countries** commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

49. **Donors** commit to:

- Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

50. **Partner countrie**s and **donors** commit to:

- Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (**Indicator 12**).

III. Indicators of Progress

To be measured nationally and monitored internationally

OWNERSHIP		TARGET FOR 2010
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.

ALIGNMENT		TARGETS FOR 2010
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.	**(a) Public financial management – Half of partner countries** move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.
		(b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.
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 sector not reported on government's budget(s) (with at least 85% reported on budget).
4	*Strengthen capacity by co-ordinated support* — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	**50% of technical co-operation flows** are implemented through co-ordinated programmes consistent with national development strategies.
5a	*Use of country public financial management systems* — Percent of donors and of aid flows that use 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.	**PERCENT OF DONORS**
		Score* / **Target**
		5+ / **All donors** use partner countries' PFM systems.
		3.5 to 4.5 / **90% of donors** use partner countries' PFM systems.
		PERCENT OF AID FLOWS
		Score* / **Target**
		5+ / **A two-thirds reduction** in the *% of aid* to the public sector not using partner countries' PFM systems.
		3.5 to 4.5 / **A one-third reduction** in the *% of aid* to the public sector not using partner countries' PFM systems.
5b	*Use of country procurement systems* — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	**PERCENT OF DONORS**
		Score* / **Target**
		A / **All donors** use partner countries' procurement systems.
		B / **90% of donors** use partner countries' procurement systems.
		PERCENT OF AID FLOWS
		Score* / **Target**
		A / **A two-thirds reduction** in the *% of aid* to the public sector not using partner countries' procurement systems.
		B / **A one-third reduction** in the *% of aid* to the public sector not using partner countries' procurement systems.
6	*Strengthen capacity by avoiding parallel implementation structures* — Number of parallel project implementation units (PIUs) per country.	**Reduce by two-thirds** the stock of parallel project implementation units (PIUs).
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 not disbursed within the fiscal year for which it was scheduled.
8	*Aid is untied* — Percent of bilateral aid that is untied.	**Continued progress over time.**

HARMONISATION		TARGETS FOR 2010
9	*Use of common arrangements or procedures* — Percent of aid provided as programme-based approaches.	**66% of aid flows** are provided in the context of programme-based approaches.
10	*Encourage shared analysis* — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	**(a) 40% of donor missions** to the field are joint**.**
		(b) 66% of country analytic work is joint.
MANAGING FOR RESULTS		**TARGET FOR 2010**
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.	**Reduce the gap by one-third —** Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.
MUTUAL ACCOUNTABILITY		**TARGET FOR 2010**
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.

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

*__Note on Indicator 5:__ Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Appendix A:
Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level.**

Country level vs. global level — The indicators are to be **measured at** the **country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria — The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B:
List of Participating Countries and Organisations

Participating Countries

Albania
Bangladesh
Bolivia
Burkina Faso
Cameroon
Congo D.R.
Dominican Republic
European Commission
France
Ghana
Guinea
Indonesia
Jamaica
Kenya
Kyrgyz Republic
Madagascar
Mali
Mongolia
Nepal
Nicaragua
Pakistan
Poland
Russian Federation
Senegal
Solomon Islands
Sri Lanka
Tajikistan
Timor-Leste
Uganda
Vanuatu
Zambia
Australia
Belgium
Botswana
Burundi
Canada
Czech Republic
Egypt
Fiji
Gambia, The
Greece
Honduras
Ireland
Japan
Korea
Lao PDR
Malawi
Mauritania
Morocco
Netherlands
Niger
Papua New Guinea
Portugal
Rwanda
Serbia and Montenegro
South Africa
Sweden
Tanzania
Tunisia
United Kingdom
Vietnam
Austria
Benin
[Brazil]*
Cambodia
China
Denmark
Ethiopia
Finland
Germany
Guatemala
Iceland
Italy
Jordan
Kuwait
Luxembourg
Malaysia
Mexico
Mozambique
New Zealand
Norway
Philippines
Romania
Saudi Arabia
Slovak Republic
Spain
Switzerland
Thailand
Turkey
United States of America
Yemen

*** To be confirmed.**

More countries than listed here have endorsed the Paris Declaration. For a full and up to date list please consult www.oecd.org/dac/effectiveness/parisdeclaration/members.

Participating Organisations

African Development Bank
Asian Development Bank
Consultative Group to Assist the Poorest (CGAP)
Economic Commission for Africa (ECA)
European Bank for Reconstruction and Development (EBRD)
Global Fund to Fight Aids, Tuberculosis and Malaria
Inter-American Development Bank
International Monetary Fund (IMF)
Islamic Development Bank
New Partnership for Africa's Development (NEPAD)
Organisation for Economic Co-operation and Development (OECD)
OPEC Fund for International Development
United Nations Development Group (UNDG)
Arab Bank for Economic Development in Africa
Commonwealth Secretariat
Council of Europe Development Bank (CEB)
Education for All Fast Track Initiative (EFA-FTI)
European Investment Bank (EIB)
G24
International Fund for Agricultural Development (IFAD)
International Organisation of the Francophonie
Millennium Campaign
Nordic Development Fund
Organisation of Eastern Caribbean States (OECS)
Pacific Islands Forum Secretariat
World Bank

Civil Society Organisations

Africa Humanitarian Action
Bill and Melinda Gates Foundations
Comité Catholique contre la Faim et pour le Développement (CCFD)
Comisión Económica (Nicaragua)
EURODAD
Japan NGO Center for International Cooperation (JANIC)
Tanzania Social and Economic Trust (TASOET)
AFRODAD
Canadian Council for International Cooperation (CCIC)
Coopération Internationale pour le Développement et la Solidarité (CIDSE)
ENDA Tiers Monde
International Union for Conservation of Nature and Natural Resources (IUCN)
Reality of Aid Network
UK Aid Network

Publications of the German Development Institute

Nomos Verlagsgesellschaft

Neubert, Susanne / Waltina Scheumann / Annette van Edig / Walter Huppert (eds): Integriertes Wasserressourcen-Management (IWRM): Ein Konzept in die Praxis überführen, 314 p., Nomos, Baden-Baden 2004, ISBN 3-8329-1111-1

Messner, Dirk / Imme Scholz (eds): Zukunftsfragen der Entwicklungspolitik, 410 p. , Nomos, Baden-Baden 2004, ISBN 3-8329-1005-0

Brandt, Hartmut / Uwe Otzen: Armutsorientierte landwirtschaftliche und ländliche Entwicklung, 342 p., Nomos, Baden-Baden 2004, ISBN 3-8329-0555-3

Liebig, Klaus: Internationale Regulierung geistiger Eigentumsrechte und Wissenserwerb in Entwicklungsländern: Eine ökonomische Analyse, 233 p., Nomos, Baden-Baden 2007, ISBN 978-3-8329-2379-2 (Entwicklungstheorie und Entwicklungspolitik 1)

Schlumberger, Oliver: Autoritarismus in der arabischen Welt: Ursachen, Trends und internationale Demokratieförderung, 255 p., Nomos, Baden-Baden 2008, ISBN 978-3-8329-3114-8 (Entwicklungstheorie und Entwicklungspolitik 2)

Qualmann, Regine: South Africa's Reintegration into World and Regional Markets: Trade Liberalization and Emerging Patterns of Specialization in the Post-Apartheid Era, 206 p., Nomos, Baden-Baden 2008, ISBN 978-3-8329-2995-4 (Entwicklungstheorie und Entwicklungspolitik 3)

[Books may be ordered only through publishing house or bookshops.]

Schriftenreihe bei Routledge

Brandt, Hartmut and Uwe Otzen: Poverty Orientated Agricultural and Rural Development, 342 p., Routledge, London 2007, ISBN 978-0-415-36853-7 (Studies in Development and Society 12)

[Books may be ordered only through publishing house or bookshops.]

Berichte und Gutachten

[Price: 9,63 Euro; books may be ordered directly from the DIE or through bookshops. This publication series was terminated and superseded by the new publication series **"Studies"**, starting November 2004.]

Studies

34 *Liebig, Klaus*: Municipal Borrowing for Infrastructure Service Delivery in South Africa – a Critical Review, 120 p., Bonn 2008, ISBN 978-3-88985-368-4

32 *Scheumann, Waltina / Elke Herrfahrdt-Pähle* (eds): Conceptualizing Co-operation on Africa's Transboundary Groundwater Resources, 375 p., Bonn 2008, ISBN 978-3-88985-364-6

31 *Vatterodt, Martina*: Die Umsetzung der Paris-Erklärung zur Wirksamkeit der Entwicklungszusammenarbeit durch die Vereinten Nationen: Stand und weiterer Reformbedarf, 94 p., Bonn 2007, ISBN 978-88985-359-2 (English edition: ISBN 978-3-88985-370-7 – Studies 35)

30 *Loewe, Markus et al.:* The Impact of Favouritism on the Business Climate: A Study on *Wasta* in Jordan, 216 p., Bonn 2007, ISBN 978-3-88985-358-5

29 *Grävingholt, Jörn / Claudia Hofmann / Stephan Klingebiel:* Development Cooperation and Non-State Armed Groups, 112 p., Bonn 2007, ISBN 978-3-88985-353-0 (German edition: ISBN 978-3-88985-333-2 – Studies 24)

28 *Leiderer, Stefan et al.:* Public Financial Management for PRSP Implementation in Malawi: Formal and informal PFM institutions in a decentralising system, 181 p., Bonn 2007, ISBN 978-3-88985-345-5

27 *Altenburg, Tilman* (ed.): From Project to Policy Reform: Experiences of German development cooperation, 146 p., Bonn 2007, ISBN 978-3-88985-344-8

26 *Chahoud, Tatjana et al.:* Corporate Social and Environmental Responsibility in India – Assessing the UN Global Compact's Role, 118 p., Bonn 2007, ISBN 978-3-88985-336-3

25 *Horlemann, Lena / Susanne Neubert:* Virtual Water Trade: A Realistic Concept for Resolving the Water Crises? 118 p., Bonn 2007, ISBN 978-3-88985-335-6 (German edition: ISBN 978-3-88985-327-1 – Studies 22)

24 *Grävingholt, Jörn / Claudia Hofmann / Stephan Klingebiel:* Entwicklungszusammenarbeit im Umgang mit nichtstaatlichen Gewaltakteuren, 118 p., Bonn 2007, ISBN 978-3-88985-333-2 (English edition: ISBN 978-3-88985-333-2 – Studies 29)

23 *Wiemann, Jürgen et al.*: Vietnam – the 150th WTO-Member: Implications for Industrial Policy and Export Promotion, 184 p., Bonn 2006, ISBN 978-3-88985-330-1

[Price: 10,00 Euro; books may be ordered directly from the DIE or through bookshops.]

Discussion Paper

3/2008 *Phillips, Lauren, M.*: International Relations in 2030: The Transformative Power of Large Developing Countries, 31 p., Bonn 2008, ISBN 978-3-88985-391-2

2/2008 *Soest, Christian von*: Donor Support for Tax Administration Reform in Africa: Experiences in Ghana, Tanzania, Uganda and Zambia, 50 p., Bonn 2008, ISBN 978-3-88985-390-5

1/2008 *Haldenwang, Christian von*: Taxation, Social Cohesion and Fiscal Decentralization in Latin America, 32 p., Bonn 2008, ISBN 978-3-88985-393-6

24/2007 *Leão, Ana*: Different Opportunities, Different Outcomes – Civil War and Rebel Groups in Angola and Mozambique, 32 p., Bonn 2007, ISBN 978-3-88985-367-7

23/2007 *Berensmann, Katrin / Angélique Herzberg*: Procedure: A Comparative Look at Selected Proposals, 36 p., Bonn 2007, ISBN 978-3-88985-366-0

22/2007 *Richerzhagen, Carmen / Imme Scholz:* China's Capacities for Mitigating Climate Change, 24 p., Bonn 2007, ISBN 978-3-88985-362-5

21/2007 *Berger, Bernt / Uwe Wissenbach:* EU–China–Africa Trilateral Development Cooperation – Common Challenges and New Directions, 34 p., Bonn 2007, ISBN 978-3-88985-363-9

20/2007 *Faust, Jörg / Dirk Messner*: Organizational Challenges for an Effective Aid Architecture – Traditional Deficits, the Paris Agenda and Beyond, 28.p., Bonn 2007, ISBN 978-3-88985-360-8

19/2007 *Obser, Andreas:* Multilateral Organisations Performance Assessment: Opportunities and Limitations for Harmonisation among Development Agencies, 53 p., Bonn 2007, ISBN 978-3-88985-357-8

18/2007 *Gu, Jing / John Humphrey / Dirk Messner:* Global Governance and Developing Countries: The Implications of the Rise of China, 25 p., Bonn 2007, ISBN 978-3-88985-356-1

17/2007 *Burnell, Peter:* Does International Democracy Promotion Work? 14 p., Bonn 2007, ISBN 978-3-88985-354-7

16/2007 *Schirm, Stefan A.:* Die Rolle Brasiliens in der globalen Strukturpolitik, 27.p., Bonn 2007, ISBN 978-3-88985-352-3

15/2007 *Dussel Peters, Enrique / Günther Maihold:* Die Rolle Mexikos in der globalen Strukturpolitik, 54 p. , Bonn 2007, ISBN 978-3-88985-351-6

[Price: 6,00 Euro; books may be ordered directly from the DIE or through bookshops.]

Analysen und Stellungnahmen (ISSN 1434-8934)

10/2007 *Vatterodt, Martina:* Die Reform der Entwicklungszusammenarbeit der Vereinten Nationen: Trotz Fortschritten noch ein weiter Weg zu mehr Kohärenz

9/2007 *Chahoud, Tatjana:* Süd-Süd-Kooperation – Chancen und Herausforderungen für die internationale Zusammenarbeit

8/2007 *Liebig, Klaus: Dutch Disease* aufgrund steigender Entwicklungshilfe – Kluges Management und eine effiziente Mittelverwendung können die Holländische Krankheit verhindern

7/2007 *Bauer, Steffen / Dirk Messner:* Der Klimawandel bedroht globale Entwicklung und internationale Stabilität

6/2007 *Loewe, Markus:* Eine demographische Dividende für die Entwicklungsländer? Konsequenzen des weltweiten Alterungsprozesses

5/2007 *Altenburg, Tilmann / Jochen Weikert:* Entwicklungspolitische Dreieckskoope rationen mit „Neuen Gebern"

[Analysen und Stellungnahmen free of charge available from the DIE.]

Briefing Paper (ISSN 1615-5483)

10/2007 *Vatterodt, Martina:* Reform of United Nations Development Cooperation: Despite Progress, still a Long Way to go to Achieve more Coherence

9/2007 *Chahoud, Tatjana:* South-South Cooperation – Opportunities and Challenges for International Cooperation

8/2007 *Liebig, Klaus / Ulrike Rondorf:* Macroeconomic Challenges of Scaling up Aid – Intelligent Management and Efficient Use of ODA Can Prevent Dutch Disease

7/2007 *Bauer, Steffen / Dirk Messner:* Climate Change Threatens Global Development and International Stability

6/2007 *Loewe, Markus:* A Demographic Dividend for the Developing Countries? Consequences of the Global Aging Process

5/2007 *Altenburg, Tilmann / Jochen Weikert:* Trilateral Development Cooperation with „New Donors"

[Briefing Paper free of charge available from the DIE.]

Eine vollständige Auflistung erhältlicher Publikationen des DIE finden Sie unter:

http://www.die-gdi.de