



**Statement of the
United Nations Development Group
(UNDG)**

***High-Level Forum
on Aid Effectiveness***

Harmonization, Alignment & Results



High Level Forum
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The High-Level Forum on Aid Effectiveness comes at a critically important time, as the international community is preparing for the five-year review of the progress made towards realizing the commitments in the Millennium Declaration. The United Nations Secretary-General views the Forum as a critical stepping-stone in that process. Increased aid must be accompanied by rigorous efforts to harmonize and align development assistance, in order to achieve the commitments contained in the Millennium Declaration, and in particular in the Millennium Development Goals.

When the international community met in Rome two years ago, and agreed to concrete action to harmonize and align development policies and procedures with national priorities and processes, the UN system had already taken the first steps along the path toward major internal reform, as part of the Secretary-General's "programme of reform" launched in 1997. Since 'Rome', progress has accelerated remarkably, and now the UN system is implementing reforms that touch on virtually every aspect of the programming cycle. As a result, the operational agencies of the UN system, under the umbrella of the UN Development Group, are now in a better position to support partner countries in their efforts to achieve the MDGs.

However, the UN system also recognizes that much more needs to be done. Doubling aid and improving aid effectiveness is not feasible within today's aid architecture. If the UN is to play its part in the rapidly changing environment of international cooperation, it needs to seize bold ideas and implement innovative initiatives, with support from other development partners. The members of the UN Development Group recognize that the UN reform process was initially largely inward-looking and did not benefit from the broader harmonization and alignment debate or engagement with the wider development community.

The imperatives for further progress in UN reform are most clearly set out in the recommendations of three recent documents: the Secretary-General's High-Level Panel on Threats, Challenges and Change; the General Assembly's 2004 Triennial Comprehensive Policy Review of the Operational Activities of the UN system; and in the report "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals" by the Millennium Project. All three are contributing to a radical re-thinking of the role of the UN system in development, and how it can better serve partner countries, while at the same time recognizing that the UN system should continue to be a vital partner in development given its unique features and indispensable role in development cooperation.

In the new aid architecture emerging from the Monterrey Consensus, the UN has five distinct roles: (i) to assist partner countries in developing their capacities to manage aid from an increasing number of sources; (ii) to be a strong advocate for the Millennium Declaration and the MDGs, and the integration of the MDGs in national development policies and strategies, such as poverty reduction strategies; (iii) to spearhead initiatives to scale-up programmes to meet the MDGs, especially at the local level, and to support the provision of essential aid

and services in post-conflict and other difficult situations; (iv) to offer state-of-the-art and evidence-based policy advice; and (v) to act as a bridge and neutral convener between governments and civil society; between governments and development partners; and between warring factions.

The Secretary-General will announce the next wave of UN reform in a few weeks. Five tracks are emerging that need to be pursued in order for the UN to continue to play a role in transforming peoples' lives:

1. Alignment of all development activities in a country around a broadly owned national development strategy that offers a convincing path to achieving the MDGs;
2. Radical simplification of programme procedures and cycles in line with best development practices;
3. Focusing development activities where the UN's comparative advantage lies;
4. A determined effort to rationalize the UN's country presence – both in lightening and integrating it – so that programme countries get the maximum value from UN support; and
5. Empowered and strengthened UN Country Teams, led by highly qualified UN Resident Coordinators, capable of driving towards strategic coherence and concrete development results.

In the area of sector programmes, the UN Development Group has recently agreed to amend any rules and procedures that inhibit individual agencies from participating in sector-wide and direct budget funding arrangements, and to increase support towards the development of national capacities for the management of these aid modalities. The UNDG agencies have also committed to make greater use of national systems for sector reporting, monitoring and evaluation, annual performance reviews, progress reports and procurement procedures. UNDG agencies will also review staffing and skill mix at the country level with a view to strengthening capacity to provide high quality "upstream" policy advice in key sectors, as well as across sectors. These policy initiatives will reduce transaction burdens on national partners.

For countries in post-crisis and other difficult situations, harmonization and alignment is particularly needed. In the last two years, the UN has worked to bring the humanitarian and development communities closer together by spearheading the development of some very innovative tools. Among these are the "post-conflict needs assessment handbook", developed jointly with the World Bank with support from GTZ, and the "Transitional Results Matrix", a planning, coordination and management tool that national stakeholders and donors are already using to prioritize actions to achieve a successful transition, including in the response planning to the countries affected by the recent tsunami in the Indian Ocean.

Equally important has been the UN's role in managing funds earmarked by the international community for post-crisis operations, such as in the case of Afghanistan, Iraq, and the Sudan. While recognizing that the UN's most vital role, even in those situations, is not in the management of large sums of donor funds, it has proven to be an effective and efficient manager and coordinator of donor funds in cases where rapid disbursement was needed to support initial peace initiatives or rapid restoration of basic state services.

The international community is about to endorse the Paris Declaration on Harmonization, Alignment and Results. The UN is proud to be a co-host of the High-Level Forum and will wholeheartedly support the commitments expressed in the Declaration, because this agenda is a critical element in the pursuit of the MDGs, which are about improving the quality of people's lives. Let's do all we can to make that a reality, convinced that this Forum and its Declaration could be important steps in that direction.