

TANZANIA
12th July Afternoon

**TALKING POINTS FOR DR. SERVACIUS B. LIKWELILE, DEPUTY
PERMANENT SECRETARY, MINISTRY OF FINANCE AND ECONOMIC
AFFAIRS, UNITED REPUBLIC OF TANZANIA AT THE ECOSOC
OPERATIONAL SEGMENT PANEL ON "FUNDING OF UN OPERATIONAL
ACTIVITIES FOR DEVELOPMENT: CHALLENGES AND BEST PRACTICES
AT THE COUNTRY LEVEL"
12TH JULY, 2010, NEW YORK**

INTRODUCTION

1. Let me Congratulate the Secretary General for his comprehensive report on the funding of operational activities for development of the United Nations system. The report has provided timely insight on the size, trend and challenges related to the architecture for funding the United Nations system operational activities for development.
2. There have been significant efforts made in ensuring appropriate allocation and distribution of the contributions between development oriented and humanitarian assistance. Further, there are encouraging trend of diversified donor base and increased contributions for funding of the UN System's operational activities between 1993 and 2008. However, there is still a need for continued efforts for improving the quality of funding;

What do we Note from the SG Report

3. The main challenge that we see arises from the funding mix, especially between core and non-core contributions. We believe that Core funding is a lifeline of UN operational activities. While appreciating that Non Core funding is fundamentally unavoidable, because of the ad hoc requirements and focused interventions, its current ratio versus that of Core funding is overstretched and should be reviewed. Ideally one would expect high proportion of core funding to be more predictable compared to Non Core funding. As such high percentage of Core funding is a way to go and should be encouraged.

4. The numerous crises facing the world today are likely to cause a decline in contributions to UN; with the likelihood of stagnation or reversal of growth in contributions for the year 2010, and observed shrinking of the donor base for individual funds and programmes, which provide a big chunk of development-oriented funds. It is also predicted that there will be a challenge of increased expenditure of core funds to cover headquarters' institutional costs. A combination of multiple global challenges will negatively affect the capacity of the United Nations system to support programme countries' development.
5. So far, according to the Secretary General Report, there is an improvement in the proportion of expenditures of the UN Operational activities for development that was incurred in the least developed countries between 1993 and 2008. We are also encouraged by the fact that, in 2008, the focus of about 80% of core resources was on low-income countries. It is important to emphasize that in principle, funding for operational activities should be aligned with the strategic plans, resource frameworks and priorities of United Nations funds, programmes and specialized agencies, as well as with consultatively agreed national priorities and plans.

What are our Experiences and Challenges at the country level, on Funding Operational Activities for Development?

6. The UN system has played, and is still playing a commendable role in supporting Tanzania's efforts to promote growth and reduce poverty through nationally developed development strategies and policies. Funding has been provided through conventional programmes/projects support over the past three decades. With the changing aid environment, new funding mechanisms have emerged globally, also touching Tanzania in the last two decades.
7. In the case of Tanzania, Pooled Funds have played an important role in promoting sector-wide approaches and enhancing the envelope for development resources. These funds are essentially thematic funding in nature. We call them Basket Funds (BFs). UNFPA and UNICEF have

been, and are still contributing to the Health Sector Basket Fund. UNDP has been, and is still contributing to the Health Sector and the Poverty Monitoring System (PMS). The International Fund for Agriculture (IFAD) has been supporting the Agricultural Sector Development Programme (ASDP).

8. Each BF has a strategic plan, which the contributing partners agree to implement. The BFs allow the participation of the government in the process of deciding resource allocation, through National Steering Committees (NSCs). The NSCs draw membership from the contributing partners and donors, implementing government MDAs, and the coordinating authority, i.e., the Ministry of Finance and Economic Affairs. This modality does also allow joint periodic review of performance of the BFs, thus serving as a framework for mutual accountability.
9. As demonstrated by a study on UN Programme management modalities recently completed in Tanzania, whose report was released in March 2009, the government-led basket funding arrangement is lean and uses less project management and operations resources, both in the UN and Government. These arrangements have led to substantial reduction in transactions costs, and have allowed more time for the UN to focus on upstream interventions and support.

It is also important to note, however, that these BFs have created unnecessary parallel implementation management systems and structures which need harmonization. Furthermore, these systems are not flexible when it comes to resource allocation and use across and within sectors/thematic cluster.

Experience with DaO Initiative: One UN Fund

10. It is also important to share experience of Tanzania as one of the countries that are piloting the "Delivering as One" Initiative.

11. The pilot One Programme has been funded through the One Fund, which is one of the Multi-Donor Trust Funds (MDTFs); one of the main funding mechanisms. In the course of implementing the pilot process, we have noted the following:
12. The One UN Fund mechanism has facilitated UN's improved strategic focus and better management for results, and enhanced its compliance with the Paris principles. This mechanism further provides space to the Governments and the UN Country Teams (UNCTs) to effectively, and in a coherent manner, prioritize programming on the basis of national needs; thus reducing competition over resources among agencies.
13. The One UN Fund Programme governance structure under the oversight of Joint Steering Committee (JSC) has enabled the Government to lead the decision making process on issues related to the implementation of the One UN Programme. Within the spirit of the Paris Declaration, The One Fund endeavors to streamline the management of donor contributions to the One Programme and increasingly use Government systems and procedures. This set up ensures that resources will only be allocated based on the prioritization process, that is guided by the national development goals, resulting into increased national ownership and government leadership over the development process. It thus applies the principle of Performance Based Allocation (PBA).
14. The One Budgetary Framework (OBF) was established to provide an overall picture of the consolidated UN investments and its disaggregation between available funds and gaps in the One UN Programme. This tool has been a basis for planning, resource mobilization and, for monitoring UN results-based performance.
15. Furthermore, structuring of funding criteria need to be linked to objective principles of results-based management under the One Fund, leading to further improvement of the strategic focus of programmes.

16. Our observation in Tanzania is that although the One UN Fund seems to have reduced competition for resources among the UN Agencies, in situations where no enough funding is mobilized via the One UN Fund, Agencies approach donors bilaterally and mobilize the required resources.
17. There is also a challenge of managing donor preferences. A number of donors have identified programmes, not necessarily within the agreed funding approach, i.e., the One UN Fund management and governance mechanisms, causing continuation of parallel funding of activities.

Suggestions for Improving the Funding Architecture

18. From Tanzania's experience, and as clearly put in the Secretary General's report on Statistical Analysis of the funding of operational activities for development of the United Nations system, non-core resources have enhanced funds available for funding development activities. The growth on non core funding could in the long term affect resource flows because of its unpredictability and possible political posturing among donors when requested to disburse the non core funds at critical times. To avoid this, a recommendation would be to direct this growth to core funds; which have demonstrated to be predictable and devoid of political posturing.
19. As MDTFs become popular and attract more donors, it is clear that they must serve multiple funding purposes, ranging from development-oriented to humanitarian assistance. With the world faced with the challenge of climate change, it's obvious that disaster preparedness and emergency responses are potential challenges. There is, therefore, a need to see the possibility of creating a framework that will simplify the fiduciary risks assessment or provide a waiver for it, to allow MDTFs to fund emergency responses.
20. The Secretary General's report reveals that a significant proportion of core resources were used to cover institutional costs of

the UN Agencies' headquarters. While the impact of these practices is obvious, there is need to deliberately devise a mechanism to reduce such costs. The call here would be to replicate "***Delivering as One***" approach at the UN Headquarters. One way to do that is through harmonization of procurement and ICT systems, just as we do at the country-level.

I thank you for your kind attention.