Ethiopia's perspective on the UN Operational Reform

- The first question we need to ask is why the need for reform?
    - As you all know globally there have been substantial efforts to make development aid more effective:
    - MDGs Agenda = move towards results-based cooperation
        - Paris and Accra Principles= increased efficiency through:
        - national ownership,
        - alignment with partner country systems and priorities
        - Harmonization of rules and procedures,
        - mutual accountability
    - Complex aid environment, new donors, south-south cooperation for trade and investment, private investors and foundations
    - Contemporary global challenges and new vulnerabilities:

    Climate Change & global financial crisis& security threats

We understood that the UN Reform including DaO is the UN response to the new requirements of development cooperation, the Paris/Accra principles and the effectiveness agenda

❑ This implies change is a must!

⇨ If UN remains to be relevant in the aid development realm

❑ So we asked ourselves what are the Fundamental requirements for change

⇨ Working together:

Coordinate closely to get the most development impact

⇨ Being strategically focused and aligned with partner government priorities

⇨ Building strong alliances and networks

⇨ Value for money: quality, cost, resources use, fitness for purpose, timeliness and convenience

With these basic understanding and principles Ethiopia has been declared itself as a self-starter of DAO since 2008 and a lot of positive achievements have been made by both the government and the UN including:

First I would like to underline that UN is a very crtical partner for my country especially in the areas of capacity building,

• Focused and consolidated intervention based on the comparative advantages of the UN

   o Capacity building
   o Knowledge sharing

- o SSC
- o MDG
- o GOVERNANCE
- o GENDER
- o Climate change and disaster risk managment
- Alignment of priorities of UNDAF with the GTP strategic pillars
- UNDAF AP jointly planned and fully aligned with GTP priorities Alignment of UNDAF cycle with that of the government Medium term plan cycle
- Alignment of UNDAF cycle with that of the government Medium term plan cycle
- Common Implementation manual implemented
- Increasing number of the UN using the HACT
- Joint AWP planning process
- Increasing transparency of the UN

Though the government and the UN achieved remarkable results there are still challenges that the country and the UN are facing that needs to be addressed if we really want to realize the objective of UN to become coherent, effective and efficient in its fullest sense. Some of the key challenges we are facing in my country at this point in time include the following.

1. Fragmentation: Even though Ethiopia is self-starter in DAO fragmentation is the current prevailing challenges of the UN.

Unless we address the root causes of fragmentation UN will continue to face this challenge. Some of the root causes of the UN fragmentation include :

- o Funding instrument available to the UN: The Non-Core part of the funding are earmarked, short term, focus more on emergency, limited to some geographic areas of the countries, not aligned to the planning cycle, comes with donor specific procedures, reporting modalities, monitoring and evaluation and financial regulations etc. While it is important to work out the balance between the core and non-core, it is also possible to improve the quality of the non-core at least by earmarking broadly to the sector that the donor is interested to without going to specific intervention within the sector to allow agencies and the government some flexibility in setting priorities in a programmatic approach, assign the resources during the beginning of the annual planning period, and give minimum of one year duration of implementation. We can also explore other opions that could improve the quality of the non-core funding.
- o Harmonization of rules, regulations and procedures: If the UN continues to operate under

different financial procedures, procurement procedures, reporting formats and requirements, different procedural requirements, separate monitoring and evaluation requirements of the boards etc. UN will continue to operate in a fragmented manner.

- Common country programming which include common work planning, monitoring and evaluation alone cannot bring us the expected system wide UN coherence, efficiency and reduce the workload on national partners in programme countries. Because this doesn't give any incentive for the UN to harmonize their procedures rather they will be encouraged to move ahead with their own details as usual. So the UN need to harmonize in the areas of financial management including one software, one financial reporting format and simplified requirement, fund release procedures including timing, harmonized and simplified monitoring and evaluation approach. Even though the UN country offices are willing to harmonize and work with each other, the existing rules and procedures at the HQ level

will not allow them to do so. The pace of harmonization and reform at the HQ slowed us from advancing the reform agenda and improving the effectiveness and efficiency of the UN at country level. So what we need is action at the HQ level. The application of lead agency then will be effective if the UN can create an enabling environment.

- o Competition for limited resources: Eg. One Fund and the path through method
- o Operating in small scale and high operational costs

2. The current governance structure of the UN has become one sources of the challenge for the UN.
    a. Vertical and horizontal responsibility is an issue EG. Evaluation of country program, audit, memorandum of agreement, letter of agreement etc.
    b. Delegation of authority and decision making to the country offices especially to the UN Special Agencies This has direct relation with how UN works effectively and efficiently.
    c. The current governance structure does not allow agencies to flexibly to adopt to the countries specific situation. Eg. Bi annual disbursements.

d. Lack of consistency among donors, member states and UN which has contributed to the problem of coherence, harmonization and efficiency and effectiveness.

e. The limited role of the RC to advance the harmonization agenda in the country. There is a need to enhance the role of the RC to harmonize and simplify the UN procedures in the country. The role of the RC can be enhanced through tasking him to prepare common implementation manual at country level that could serve all UN agencies. This commonly agreed arrangements should be binding and should be endorsed by Government and the UNCT in the country. This will help the RC office to advance the harmonisation agenda. The RC system can also be tasked with coordination of preparation of common county program, joint planning, and monitoring and evaluation process. However the RC to function as envisaged need to be resourced enough not through ad hoc voluntary contribution of the UN agencies rather assigning some lowest percentage from annual country allocation of each agency depending on the size of the UNCT the RC will be dealing with.

So to summarize change is a must and the UN can adopt a sequential process as the reform requirement is many but now

urgently need to focus on the following strategic and priority areas as indicated above.

- o Accelerate harmonization at HQ level focusing on financial management, reporting and procedural requirements

- o Decentralize the decision making role to the county offices and allow them to flexibly adopt to the country situation

- o Address the complexity of the governance structure of the UN including the consistency, the role, relations etc. of member state, executive board, donors, agencies HQ etc

- o Address the issues of funding modalities to more predictable, development oriented, multiyear, un earmarked but also improve the quality of earmarked funding so as to allow the UN country offices and program countries assign resources based the prevailing needs of the sectors or countries

- o The role of the RC system need to be enhanced by taking concrete actions so as to make the system fully functional and binding.

Operational Activities Segment of ECOSOC, 13-17 July 2012

Friday, July 13, 10:30 a.m.-1:00 p.m.

Discussion questions

These discussion questions are intended for panellists in the session "perspectives from programme countries" held at the 2012 Operational Activities Segment of ECOSOC.

Panellists may not need to address all of the questions in their initial remarks and could focus on 3-4 issues felt to be particularly important, with others raised later in the session. Each panellist will have some 10-12 minutes for initial remarks.

1.   What are the key challenges facing the UN development system in programme countries at this juncture?

2.   Is there urgency in improving the functioning of the UN development system if the organization is to remain a relevant player in international development cooperation in a changing development landscape?

3.   What should be the three-to-four strategic priorities for enhancing the performance of the UN development system in the next QCPR cycle (2013-2016)?

4.   How can the UN Resident Coordinator system be made more effective?

5.   Can common country programming (including common work planning, monitoring and evaluation) become a key modality for fostering system-wide coherence and reducing workload on national partners in programme countries?

6.   How can Member States deal with the approval of common country programming documents? Should such documents be sent to all Executive Boards for approval? Or could the Joint Meeting of the Boards play that role? Or, could common country programming documents be approved at the country level, followed by endorsement at the level of the Executive Boards?

7.   How important is it for the UN development system to step-up simplification and harmonization of business practices at the headquarters and country level? Could the adoption of a *Lead Agency* or *Business Centre* model at the country level accelerate this process? Or, will meaningful progress in this area primarily require harmonization of business systems and rules and regulations of UN entities at the headquarters level?

8.   From your perspective, what is the potential of the DaO approach in furthering coherence within the UN system?