

*Malawi
12 July afternoon*

TALKING NOTES

12 July 2010

UN FUNDING OF OPERATIONAL ACTIVITIES FOR DEVELOPMENT

Excellencies,

Distinguished panelists and participants

Ladies and Gentlemen

I would like to thank the distinguished Vice Chairman of the Economic and Social Council for extending an invitation to us to participate at these meetings.

Malawi is one of the countries that have voluntarily adopted the Delivering as One (DaO) pilot. This is largely out of the mutual agreement between the Government and the UN country team. Our experience with the approach is relatively young dating only as far as 2008 even though the country formally applied to join in 2006. However we have over 40 years experience working with the UN.

The Government and the UN country team decided to commission a country led evaluation of the pilot UN reforms in order to generate lessons. My comments are partially drawn from the evaluation report and out of experience working with the UN. The evaluation of delivering as One pilot in Malawi has shown that UN activities are aligned with the Malawi Growth and development Strategy (MGDS) through UNDAF. However it has been noted that while sustainable growth and food security is government's and UNDAF priority pillar the UN is increasingly spending more of its resources (75%) on social development and social protection which are pillars number 2 and 3, respectively. Like at the global level the total allocation to the UN in Malawi has been growing marginally. The country's participation in the pilot, however has resulted in increased funding for UN country activities through the Extended funding window (\$18.5 million in 2008) and local resource mobilization. Government of Norway has contributed some funds to address the funding gap in the UNDAF. Thus the reform initiatives have provided opportunities for local resource mobilization. Is this a possibility that should be encouraged? We note that at the moment it is only one development partner who has taken this route.

The UN has been observed to spread its resources so thinly. In Malawi, the UN in 2008 was involved in 12 sectors, implementing a total of 62 projects with only \$28.5 million disbursed.

Despite being involved in many sectors it has been noted that 75% of the funds went to two sectors of education and social protection. This limits the effectiveness of UN funding whilst increasing operational costs as each project requires separate reporting, field visits and other such activities.

The One fund has generally been perceived to offer the best opportunity for more collaboration by the UN agencies. The requirement of multi sector planning for one to access the one fund has been added incentive to improved collaboration. Clearly the effectiveness of the one depends on the synchronization of planning horizons and mechanisms. This is not the case at the moment. The agencies have different planning cycles. Some have annual plans whilst others are using 5 year planning cycles. The country led evaluation has also revealed that the efforts by the country teams integrate their activities and act with more cohesion have been compromised by the failure of agency headquarters to adopt common financial management regime. The lack of flexibility by the UN in terms of adapting global systems to national needs has also adversely affected Governments attempt to promote the use of national systems for the management of resources mobilized through the UN. This is even when the UN and development partners helped with development of such national systems. Thus there is need for more harmonization at technical level of systems to allow for integration including reporting, procurement, budgeting etc. The introduction of such approaches as HACT is therefore welcome.

On the Government side, the UN reforms were taken as part of the reforms in the public sector hence the designation of the Governments reform coordination unit as the focal point for the UN reforms. The UN reforms have benefitted more from earlier reforms in aid management. The reforms have centered on increased collaboration not just with the UN but also the donor community in accordance with the Paris Declaration and the subsequent declarations such as the Accra accord. This has seen government introduce cluster system to facilitate more joint planning and also the establishment of joint committees for collaboration and consultation.

The reforms in government coupled with UN reforms have revealed the need for government to address huge capacity gaps and for the UN and donors to assist government build its capacity. For example, sector wide planning is new in Malawi with implications to development planning, budgeting, reporting systems etc. The government has had to change its system to suit multi-sectoral work arrangements.

The UN reforms will only be appreciated if results show improvement in poverty indicators. This means that the UN and the government must find ways of improving its rate³ of delivery of planned outputs. The UN is not known for quick results. The reforms must, therefore, consider funding arrangements that facilitate faster implementation of projects at the decentralized level such as the district. In Malawi some UN agencies have adopted government system of direct funding to the districts. This however is only adopted by a few agencies.

In conclusion, the introduction of the reforms is providing an opportunity for the better coordination among UN agencies and between the Government and the UN. However, genuine efforts by headquarters to empower the country teams is needed. Any decentralization without spending authority is bound to fail.