Statement by

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At the First regular session of the Executive Board meeting of UNDP, UNFPA and UNOPS,

On Review of the UNDP engagement in direct budget support and pooled funding

January 2013
Mr. President,

At the outset I would like to thank the UNDP for the report on the review of the UNDP engagement in direct budget support and pooled funding.

There has been a significant Emphasis for harmonization and aligning aid flows to national development strategies since the Paris Declaration for Aid effectiveness. Poor co-ordination of aid increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonization of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. But when aid is donor driven and fragmented, it is less effective. For aid to be effective, it must make use of national development strategies and help strengthen capacity in national systems, such as those for procurement and public financial management.

Mr. President,

Taking in to account this objectives, over the last few years’ donors make extensive use of multi-donor trust funds in Ethiopia. Some of the most notable programme based interventions include the
Gender Equality Joint Programme, the Public Sector Capacity Building Programme, the General Education Quality Improvement Programme, and the Agricultural Growth Programme. The increasing number of multi-donor programmes has contributed to raising the proportion of joint missions, and will continue to do so.

However, a significant number of donors still follow a project-based approach and organize stand-alone missions, which both overburdens the implementing partners and increases transaction costs. With the UN system in particular Ethiopia has voluntarily implemented the Delivery as One and several reforms were introduced with the spirit of improving UN coordination, effectiveness and efficiency. In addition to this, one fund is established with the objective to support the coherent mobilization, allocation and distribution of resources for the implementation of UN programs. These harmonization efforts in alignment with the national development plans and systems had made a significant improvement in terms of program effectiveness.

UNDP has been among the leading development partners in Ethiopia; and its support has been instrumental in improving development results in different areas. However, there is still a room to improve the effectiveness and efficiency of UNDP's support by further strengthening the efforts towards harmonization and effectiveness.
As I have already mentioned, separate and fragmented programming by different donors not only causes lengthy preparatory work which reduces the timeliness of support to the country; but also it diminishes the cost effective and efficient implementation of programs.

As some of you might know, the development partners' in collaboration with the government has established a pool fund system to support development priorities in harmonized and effective manner. This can be a real opportunity for UNDP to harmonize and align its support with other development partners and the national development priorities. Therefore, I would like to encourage UNDP to implement the pool fund system as soon as possible. Ethiopia fully support the elements of decision contained in the report before us. We look forward to have a productive discussion and reach at consensus at the end of this meeting.

I thank you.