

**UNDAF Annual Review meeting between the
Government of the Democratic Socialist Republic of Sri Lanka and the United
Nations System
UNDAF Review
Colombo, Sri Lanka 24 January, 2009**

Introductory Remarks
Neil Buhne
UN Resident Coordinator

Mr. Abeyesinghe, Secretary to the Treasury
Distinguished representatives of the Government of Sri Lanka
Colleagues from the UN System
Ladies and Gentlemen

On behalf of the United Nations System in Sri Lanka – both resident and non resident agencies, it is our great pleasure to join together with the Government of Sri Lanka for this first joint annual review of the UN Development Assistance Framework 2008– 2011.

The UNDAF represents the **UN's commitment to supporting Government** in its implementation of the National Development Plan (*Mahinda Chintana*) and to achieving its development goals, most notably the **MDGs** where Sri Lanka has already made impressive steps and is on target to meet most if not all the goals by 2015.

It also represents our **commitment to the UN Reform agenda** articulated by the former Secretary General Kofi Annan and endorsed by the General Assembly. It represents our commitments to the of the **Paris Declaration on Aid Effectiveness** which intends to promote national ownership and place the government and national processes at the heart of our support. It is about **promoting mutual accountability**, strengthening national capacities and the utilization of public financial management systems (ref. HACT).

But more fundamentally, today's dialogue is one of the means to ensure the UN System continues to meet its obligations, and responds to new opportunities and to new needs, It is about **how the United Nations system in Sri Lanka can be a key partner to the government and people of Sri Lanka. It is about how the United Nations system can best help Sri Lankans to improve their lives.**

I know the work of the UN system in Sri Lanka is **diverse**. But it was encouraging to see that diversity and impact captured in one document. The partners are as diverse as Sri Lanka is, whether it be government ministries, provincial and local governments, communities, civil society organizations and academic institutions. And... not all is captured in this document as the full range of humanitarian assistance is captured through other documents. I hope this meeting helps us to best use this diversity to meet our responsibilities more effectively.

The situation in the country has evolved considerably from when the UNDAF was prepared during 2006 and today. In 2006, we were also still struggling to cope with the massive death and destruction wrought by the tsunami of 2004 which saw a huge influx of resources into the country and a resulting special and unique situation in the the external and internal aid environment. Equally, few of us could have predicted the dramatic developments in the North and East, which has seen a significant amount of time and

resources being devoted to supporting the humanitarian needs that arose from the massive movement of people, while also presenting opportunities and challenges for the UN system.

Today, at the start of 2009 we face a very different reality. The global financial crisis, the tremendous fluctuations in oil and commodity prices have all had a negative impact on the aid environment and on the development prospects for Sri Lanka. For the UN this has meant having to make realistic choices about the resources that can be mobilized globally, especially in support of a middle income country. At the same time, there are real humanitarian needs in the north and east, and we can anticipate enormous development needs there in the coming years. As a partner to Sri Lanka for the last 50 years, we have a responsibility to to be a strong partner in the days ahead. Across a range of sectors and in our unstinting support for and promotion of human development, it is clear that the UN will remain committed as we move ahead together to meet the needs of the most vulnerable people in the country, be they the farmer struggling to make ends meet in Moneragala, or a displaced family in Vavuniya. We are committed to increasing the impact of our work.

To do this we must continue to improve the way we work. As a UN system we must continue to be focused on **promoting greater cohesion and coordination** that would allow the best application of our **individual expertise** of agencies and the strategic partnerships with individual line ministries, local government bodies and NGOs to remain at the centre of our efforts. However, we must increasingly focus on **joint results and initiatives** that recognize that the sum of the whole is far greater than the sum of our individual parts.

In order to improve the quality of development cooperation within Sri Lanka, the United Nations Country Team is currently **rolling out a series of measures that are envisioned to help better align and harmonise** procedures as well as to simplify processes among UN agencies and with Government Counterparts. These measures are being introduced to help lessen the burden and reduce the transaction costs associated with working with the UN.

Part of this **internal reform process** included the introduction, in October of 2008, of a harmonisation approach to cash transfers to Implementing Partners (**HACT**). This approach was adopted by UNDP, UNFPA, UNICEF & WFP and it introduces a framework that details harmonised and simplified procedures that focus on the management of risks rather than the introduction of systems of controls. As such, a new and shared financial reporting format was introduced and the United Nations Country Team is currently undertaking an upfront assessment of the financial management capacities of Implementing Partners to determine both the capacity development needs of partner as well as the potential areas where additional controls would be required to manage risks associated with cash transfers.

A number of trainings were organised for Government Counterparts and information shared, outlining all of the steps associated with the roll out of HACT. It is important to note that a team is currently visiting the offices of Implementing Partners conduct what is called a micro-assessment and that this process will continue into the second quarter of 2009. As such, the cooperation of Implementing Partners is greatly appreciated in order to finalise this process and determine how best UN agencies can support Implementing Partners in the future.

The UN Agencies participating in HACT have created a working group that meets regularly to discuss issues and to provide support to all Implementing Partners. The identification of HACT focal points within ERD and relevant Ministries who could regularly participate and contribute to this group would be an important addition, in order to clarify some of the

operational issues associated with the introduction of simplified procedures for transferring cash and reporting on them. It should be noted that all financial support, including resources released through direct payments should also be considered and recorded as ODA, as the Government remains in full control of all resources through the work planning process. A circular has been developed for further consultation and release by the Ministry of Finance on Cash transfer modalities employed by UN agencies which will provide further guidance for UN Implementing partners.

Following from the UNDAF many UN Agencies developed Country Programmes to put into action their commitments in the UNDAF. These Country Programme Action Plans or CPAPs were agreed to with the Government and were further developed through project documents and annual workplans as elaborations of the objectives and activities outlined in the CPAPs. Many agencies are currently experiencing delays in the approval process for their project documents, yet it should be noted that the Government approval of the CPAP allows for direct formulation and approval of actionable workplans with Implementing Partners. As long as they are within the parameters of the CPAPs this should therefore facilitate a more streamlined process for project formulation. **We would like to suggest the establishment of a working group to look into possibilities of a further streamlined approval process while ensuring that resources committed are adequately captured within the national budget process.**

In the presentations that will follow the UN will highlight key results for 2008 through the four priority areas of the UNDAF. However, I would like to touch on a couple of relevant points:

1. Despite the fact that the emphasis much of 2008 has been on meeting the humanitarian needs in Sri Lanka (which has taken much of my own energy), the **UN system has programmed around US\$120m in development assistance with an implementation rate that averages around 80%**
2. While we remain committed to results based management, it should also be noted that many **results apply across different pillars** and should not be seen as mutually exclusive - a result reported under the poverty pillar may be directly relevant to the objectives of the peace pillar.
3. Support from the UN system can be broadly broken down in terms of three main categories – **policy advice and research, capacity development and direct assistance to people.**
4. Some agencies have many more resources at their disposal but we remain firmly committed to the principle of “**delivering as one**” where the successes (and failures of one agency) are success and failures of the system as a whole.

This review also highlights a number of cross cutting issues that are central to the UNDAF and should frame the dialogue. These include: a **commitment to human rights based approaches across all programs, gender mainstreaming, environmental sustainability, capacity development and RBM** and a particular focus on the most vulnerable and the the desire to (frequently) work at the sub-national level.

We are **large and diverse, yet bound by common priorities** and purpose as a UN Country Team. We have strengths and we have weaknesses too. We are committed to continue to work to ensure **coherence** among ourselves, **to engagement** with other development partners, to **dialogue** on international commitments made by the Government of Sri Lanka, and most importantly **to align** the work we do with Sri Lanka's national development strategy. Our work does not meet the interests of any one country, it does not serve any commercial interests. It aims to serves the interest of the people in UN

member states – here in Sri Lanka – according to internationally agreed principles. This is an important part of the “value we can add” over period of the UNDAF. But the UN system like any partner needs to be challenged to ensure our support remains focussed, relevant and meeting the needs of the Sri Lankan people. We therefore seek **frank, honest and focussed exchange today**.

We welcome the opportunity that today’s meeting brings and we thank you in advance for taking your Saturday morning to help review our shared work and identify the critical next steps forward...

Thank you