



FIRST ITEM ON THE AGENDA

Trends in international development cooperation

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I. Introduction

1. Over the past two years, international development cooperation has been marked by greater efforts to achieve coherence in the face of increasing complexity. This paper examines recent trends in international development cooperation and their impact on delivering ILO technical cooperation. The paper then takes stock of new challenges and proposes two points for decision. The purpose of this paper is to follow up to the conclusions of the Committee on Technical Cooperation of the 95th Session of the International Labour Conference (2006) on the integration of the Decent Work Agenda into the programming framework of the UN system,¹ and to identify what further measures the ILO needs to take to capitalize on trends in development cooperation and strengthen its technical cooperation services to constituents.

II. Decent work as a development strategy

2. Before examining the operational aspects of development trends, it is essential to recall the context of an increasing political endorsement of and demand for employment and decent work as central development strategies. As reported regularly to the Governing Body,² decent work is becoming increasingly reflected in development processes and outcomes. Most recently, the General Assembly adopted a resolution on the *Second United Nations Decade for the Eradication of Poverty (2008–17)*,³ which makes “full employment and decent work for all” the central theme of the Decade. The resolution creates conditions for the further recognition of the ILO’s approaches in system-wide action in the field of poverty eradication. The General Assembly also adopted a resolution supporting the principles of the ILO Declaration on Social Justice for a Fair Globalization (the Social Justice Declaration). It requests the whole of the UN system to continue to mainstream the goals of full and productive employment and decent work in its policies, programmes and activities through the application of the Chief Executives Board for Coordination (CEB) *Toolkit for Mainstreaming Employment and Decent Work*.⁴ A number of other General Assembly resolutions adopted in 2008 also refer to elements of the Decent Work Agenda.⁵ The adoption of these resolutions is further evidence of the increasing demand for, and system-wide ownership of, decent work strategies for the eradication of poverty and for achieving other internationally agreed development goals, including the Millennium Development Goals (MDGs).

¹ ILO: Report of the Committee on Technical Cooperation, International Labour Conference, 95th Session, Geneva, 2006.

² Most recently, in November 2008, in GB.303/6.

³ UN General Assembly: *Second United Nations Decade for the Eradication of Poverty (2008–17)* (A/RES/63/230), 19 Dec. 2008.

⁴ UN General Assembly: *International Labour Organization Declaration on Social Justice for a Fair Globalization* (A/RES/63/199), 19 Dec. 2008.

⁵ These include a comprehensive resolution on the Committee on the Rights of the Child, which contains an extensive section on child labour (A/RES/63/244); a resolution on international migration and development (A/RES/63/225); and a political declaration on Africa's development needs (A/RES/63/1).

III. Financing for development

3. Net official development assistance (ODA) declined from an all-time high of US\$107.1 billion in 2005 to 104.4 billion in 2006 and 103.7 billion in 2007, mostly due to a reduction in debt-relief grants. Excluding debt relief, net aid in 2007 was 2.4 per cent higher than in 2006. For 2007, net aid from developed countries represented 0.28 per cent of their combined gross national product, well below the 0.7 per cent target set through the Monterrey Consensus in 2002.⁶
4. Under the shadow of the deepening financial and economic crisis, the Outcome document of the Financing for Development Review Conference held in Doha, Qatar, at the end of 2008, urged “all donors to maintain and deliver on their ODA commitments”.⁷ The document also stressed that “the realization of full and productive employment and decent work is essential” for human development.⁸ It includes several paragraphs that articulate clearly a development approach in which productive employment plays a key role in mobilizing resources for investment and in raising living standards. In addition to supporting several financial measures to further development assistance, the Doha Conference emphasized the importance of private sector development, public–private partnerships, gender equality, South–South cooperation, aid effectiveness, and support for the UN reform.⁹ The Outcome document concludes by pointing out future financing challenges, including measures to address climate change, key commodity crises, and the reconstruction and development needs in post-conflict countries.

IV. Aid effectiveness and follow-up to the Paris Declaration

5. Besides reaching the ODA targets, another priority for the international development community has been increasing the efficiency of development aid. The Paris Declaration on Aid Effectiveness, adopted in 2005, lays out five key principles of effective aid: ownership by countries; alignment with partner (aid recipient) countries’ strategies, systems and procedures; harmonization of donors’ actions; managing for results; and mutual accountability.¹⁰
6. The Third High-Level Forum on Aid Effectiveness, held in Accra, Ghana, in September 2008, reviewed progress made on implementing the Paris Declaration. The Accra Agenda for Action, adopted at the meeting, reaffirms the principle of country ownership and stresses the importance of engaging with and building the capacity of civil society and the private sector. It also emphasizes building national capacity. In this respect, the Accra Agenda calls for using country systems as a first option for aid programmes in support of activities managed by the public sector. It also stresses untying aid, South–South

⁶ UN: *Millennium Development Goals Report 2008*, New York, 2008, pp. 44–435.

⁷ UN: Outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (A/CONF.212/L.1/Rev.19), December 2008, para. 81.

⁸ UN: op. cit., para. 12.

⁹ UN: op. cit. The ILO participated actively in the Conference and its preparation. An ILO statement is available at www.ilo.org/public/english/bureau/dgo/selecdoc/2008/doha.pdf.

¹⁰ On progress on implementing the Paris Declaration, see OECD: *2008 Survey on Monitoring the Paris Declaration*, Paris, 2008, pp. 23–25.

cooperation, deepening ties to civil society organizations, aid for countries in fragile situations, results-based management, mutual accountability and a lightening of conditionality.

7. The Paris Declaration is applicable to the United Nations Development Group (UNDG), of which the ILO is a member. In particular through its participation in the Accra process and in the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Working Party on Aid Effectiveness, the ILO has stressed the unique importance of capacity building for the social partners as a means of fostering national ownership. Moreover, strong employers' and workers' organizations are the best means of ensuring that issues such as labour and human rights retain a prominent place in country-driven development plans. The ILO has also emphasized the importance of recognizing the comparative advantages of the specialized agencies, which engage line ministries that are often not directly involved in the formulation of development cooperation programmes. In this respect, the ILO has underlined the importance of Decent Work Country Programmes, which not only foster national ownership and the setting of national decent work priorities, but also build the capacity of constituents in results-based programming, monitoring, evaluation and other important operational skills.
8. Aid effectiveness trends also imply a move away from project-based development assistance towards larger programmes. Rather than focusing solely on the implementation of downstream delivery of services to beneficiaries through projects and programmes, the ILO might increasingly provide technical assistance and advisory services to constituents to facilitate the execution of national development goals and priorities, including through such means as direct budget support of sector-wide assistance programmes.

V. Development cooperation and the United Nations system

1. Triennial Comprehensive Policy Review 2007

9. Taking up a number of principles enunciated in the Paris Declaration, the General Assembly's resolution on the Triennial Comprehensive Policy Review called on the UN to improve its systems in delivering aid, and to ensure that the management of extra-budgetary resources did not adversely affect its regular activities. The resolution affirms the centrality of the United Nations Development Assistance Framework (UNDAF) and the Resident Coordinator system as the collective, coherent and integrated programming and monitoring framework for the UN system country-level operations. There is a strong focus on results-based management, and on the need to harmonize and simplify rules and procedures to reduce significantly the administrative and procedural burden on the UN organizations and national partners. It also stressed the importance of capacity building and development, South–South cooperation, gender equality and women's empowerment, and the transition from relief to development. The resolution urged donor countries to substantially increase their voluntary contributions to the core funding of the UN development system, and to “contribute on a multi-year basis, in a sustained and predictable manner”. It also noted, in this regard, that the increased use of restrictively earmarked non-core resources “reduced the influence of the governing bodies and can lead to the fragmentation of operational activities for development of the UN system and can

thus constrain their effectiveness”.¹¹ Similar themes were taken up in the first Economic and Social Council Development Cooperation Forum in July 2008.¹²

2. “Delivering as One”

10. Within the UN system, the “Delivering as One” initiative in eight pilot countries has been the primary operational exercise in implementing UN reform and principles of aid effectiveness.¹³ While no further pilot exercises are planned, a significant number of additional developing countries have either copied them or are now embarking on the new approach. The year 2009 will see over 30 new UNDAF exercises and a number of those countries have chosen voluntarily to implement aspects of “Delivering as One”. Sixty additional UNDAFs will be rolled out in 2010 and 2011.¹⁴

National ownership

11. According to a recent report by the United Nations Evaluation Group (UNEG),¹⁵ national ownership and leadership are strong in the pilot countries and the programmes are relevant. The report cautions however that “[s]ome UN organizations have very specific mandates related to capacity development directed at institutions outside the government. For example, ILO is tripartite in nature with accountabilities not only to governments, but also to employers’ organizations and trade unions. By and large, ‘Delivering as One’ has not addressed these dimensions. In several countries, consultations were held with civil society organizations, but these consultations did not result in contributions to the ‘Delivering as One’ process”.¹⁶
12. Moreover, the individual evaluability assessments of the eight pilots carried out by UNEG only mention one social partner in one country. While recognition for the Decent Work Agenda has been growing steadily at the policy level, and Decent Work Country Programmes have been able to influence joint UN country programming, the ILO still faces difficulties in bringing its tripartite structure fully to bear on the UN reform process. Clearly there is a need for an enhanced strategy to ensure greater involvement of its tripartite constituents in the “Delivering as One” process.
13. As regards the composition of the United Nations Country Teams, the report finds that many governments are of the view that “there is a strong need for institutional platforms that allow line ministries and decentralized levels of government to fully participate in the articulation of national needs and priorities, which is usually a process coordinated by

¹¹ UN General Assembly: *Triennial comprehensive policy review of operational activities for development of the United Nations system* (A/RES/62/208), 14 Mar. 2008, paras 19 and 21.

¹² United Nations Economic and Social Council: *Report of the First Development Cooperation Forum*, New York, 2008.

¹³ Albania, Cape Verde, Mozambique, Pakistan, Rwanda, United Republic of Tanzania, Uruguay and Viet Nam.

¹⁴ See also GB.301/LILS/1, para. 11.

¹⁵ United Nations Evaluation Group: *Evaluability Assessments of the Country Pilots Delivering as One UN: Synthesis Report*, New York, 2008.

¹⁶ *ibid.*, para. 103.

ministries of planning and finance”.¹⁷ A key strategy of the ILO will remain to ensure that ministries responsible for labour and social affairs gain and maintain a strong voice in the “Delivering as One” and national development framework processes.

14. The report notes scope for improvements in the involvement of the social partners, as well as the special status of employers’ and workers’ organizations in the ILO. It concludes that future evaluation of “Delivering as One” needs to examine the benefits and possible disadvantages of “One UN” for line ministries and social partners more closely.

Joint programming and harmonized business processes

15. The “One Programme” concept developed for the “Delivering as One” pilots comprises joint programmes aimed at common outcomes within a budgetary framework, allowing for targeted resource mobilization. The challenge has been to maintain a strategic focus while involving a large number of participating UN organizations. The UNEG report finds that “... while ‘Delivering as One’ offers the important advantage of making the UN role and contribution more relevant and effective, it should not become a straitjacket that deprives the country of access to global and regional mandates and resources of the UN system”.¹⁸ This offers significant reassurance to the agencies that their regular activities are not compromised by the move to “Delivering as One”, and that work on organization-driven mandates – such as tripartism, human rights and international labour standards – is not excluded by country-driven “Delivering as One” modalities.
16. The One Budgetary Frameworks operating in the pilots have resulted in more predictable funding. The funding is intended to be largely un-earmarked and this has led to new funding opportunities, especially for non-resident agencies traditionally funded through global or regional schemes. This confirms the trend towards un-earmarked funds and addresses the imbalance between stagnating core and growing voluntary contributions. There is also a consensus on the need for simplification and harmonization of UN rules and procedures at headquarters level.
17. Despite the difficulties in setting up common business practices among agencies, the report notes that “[n]ational partners, especially central ministries of foreign affairs, planning and finance, consistently perceived that their cost in dealing with the UN system had decreased with ‘Delivering as One’, noting the reduced number of meetings with individual agencies and more harmonized reporting requirements. Most donors shared this perception. In contrast, the UN Country Teams indicated that their workload had increased considerably, because ‘Delivering as One’ was additional to regular programming and because it involved more inter-agency meetings and a high number of missions”.¹⁹ For the ILO, too, engaging in UN operations and development cooperation implies large additional costs, even if long-term efficiencies are the goal.

¹⁷ *ibid.*, para. 102.

¹⁸ *ibid.*, para. 100.

¹⁹ *ibid.*, para. 138.

VI. ILO action in relation to development trends

18. The ILO has already taken numerous steps to align itself with the development cooperation trends outlined above. Decent Work Country Programmes allow the ILO to make progress on the principles of national ownership, alignment with country development programmes, and the strengthening of employers' and workers' organizations. Decent Work Country Programmes have also served as a powerful tool to promote decent work priorities in the "Delivering as One" process.²⁰ The application of results-based management throughout ILO operations, including technical cooperation, has been an important step in increasing transparency and accountability of the ILO to its donors. Recent improvements in the appraisal mechanism of technical cooperation projects have also strengthened the application of results-based management in ILO technical cooperation. The Regular Budget Supplementary Account (RBSA), as well as a number of partnerships with donors, have allowed the ILO to move toward greater un-earmarked and multi-annual voluntary funding. In relation to capacity building for national constituents, the Office is planning further training and information sharing for the social partners on capacities related to UN reform and Decent Work Country Programmes, building on two pilot training activities carried out in 2008.²¹
19. The Social Justice Declaration provides an important impetus for improving the ILO's technical cooperation. It emphasizes technical cooperation as a means for supporting Decent Work Country Programmes and ILO action within UN development frameworks, and for strengthening the capacity of Members to implement meaningful and coherent social policy, labour standards and sustainable development. It recognizes the commitments of Members to support implementation of the ILO's mandate to promote decent work, including in relation to financial market and trade policies. The Social Justice Declaration states that the strategic objectives are "inseparable, interrelated and mutually supportive", which is a powerful impetus to ensure that all of the ILO's strategies are deployed in the pursuit of specific decent work outcomes in Decent Work Country Programmes, UNDAF and "Delivering as One" programmes.
20. With regard to South–South cooperation, the ILO has taken a number of initiatives, including the exchange of experience and the training of officials for the development of national policies based on family grant schemes. In December 2008, Brazil became the first country from the South to contribute to the RBSA. More recently, the International Programme on the Elimination of Child Labour has undertaken some important South–South cooperation initiatives to promote knowledge sharing and research on child labour and youth employment, education, health, social protection, conditional cash transfers and vocational training in coordination with other UN agencies. The ILO is part of a task force with the United Nations Development Programme (UNDP) on South–South cooperation.

ILO participation in United Nations reform

21. As reported in March 2008, the UNDG has become a third pillar of the CEB. The ILO is participating and supporting the work of all five working groups under the UNDG, and is also an active member of the UNDG Advisory Group. The ILO is specifically responsible,

²⁰ ILO: *Implementation of Decent Work Country Programmes*, Governing Body, 303rd Session, Geneva, November 2008, GB.303/TC/2.

²¹ On activities carried out in 2008, see GB.303/TC/1.

alongside other agencies, for one of the five results areas of the Working Group on Programming Issues (WGPI), that of strengthening normative–operational linkages and cross-cutting issues, where the ILO can integrate international labour standards, human rights, gender equality and concerns for indigenous peoples and people with disabilities into the programming frameworks of the UN system at the country level. In December last year, the ILO succeeded in integrating international labour standards and the CEB *Toolkit for Mainstreaming Employment and Decent Work* into the revised 2008 guidelines for UN Country Teams on preparing Common Country Assessments and UNDAFs.

22. The Director-General is chair of the CEB's High-Level Committee on Programmes for a two-year term beginning in 2009. The ILO will host the Committee in Geneva in late February to discuss, among other topics, the social impact of the financial and economic crisis. The Committee has two main functions: first, system-wide follow-up of intergovernmental decisions and, second, monitoring and identification of emerging programme issues requiring a system-wide approach. These responsibilities include fostering and supporting integrated and coordinated follow-up to major UN conferences and summits, and elaborating common strategies, policies, methodologies and tools, in response to emerging issues and challenges facing the UN system.
23. With regard to harmonized business practices, the ILO is taking part in important initiatives to promote harmonization and alignments, including the development of the proposal of the CEB's High-Level Committee on Management to harmonize 19 business practices, but also through participation in the undg Working Groups on Country Office Business Operations and Joint Funding, Finance and Audit Issues, respectively.
24. In November 2008, for the second time, a group of newly appointed Resident Coordinators, chosen not only from the UNDP but also from other UN agencies, attended a briefing at ILO headquarters. This included a substantive discussion with the Director-General, as well as sessions on the role of the social partners, human rights-based approaches and international labour standards, linking the MDGs and the Decent Work Agenda, the ILO's Strategic Policy Framework, and the challenges of "Delivering as One" in terms of social development.
25. The briefing also included a session on the CEB *Toolkit for Mainstreaming Employment and Decent Work*. At country level, the UN Country Team and national stakeholders can use the *Toolkit* to assess how the development assistance and programming framework have an impact on employment and decent work outcomes. The *Toolkit* can also foster knowledge sharing, help determine the strategic division of labour and strategic collaboration based on respect for different agency mandates and competencies, and promote multidisciplinary and multisectoral approaches to "Delivering as One" on employment and decent work. In the United Republic of Tanzania, for example, the UN Country Programme has fully incorporated the Decent Work Country Programme following application of the *Toolkit* checklist to the country assessment.

VII. Facing the challenges ahead

26. The OECD estimates that in 2006, excluding ODA as debt relief, US\$32 billion were given to multilateral institutions by OECD countries in the form of core contributions, and \$11 billion as voluntary contributions.²² Core contributions are divided mainly between the European Commission, the World Bank group and the UN system. Of the voluntary funds, more than half (\$7 billion) went to the UN system. While the net amount of funds

²² OECD: *DAC Report on Multilateral Aid, 2008* (DCD/DAC(2008)58/ADD), Paris, 2008.

going to multilateral institutions has risen slightly in the past 20 years, the share of overall ODA has declined.

27. At the same time, the number of international organizations has proliferated from 15 in 1940 to more than 260 today, and more than 200 donor institutions now actively fund various development efforts in over 160 partner countries. The multi-donor trust funds office of UNDP currently manages more than \$3.3 billion distributed in over 20 trust funds, but as one out of 40 UN agencies the ILO has only received \$15 million. As a result, the ILO has had to become increasingly competitive to navigate the complex aid architecture and to mobilize the resources required to reduce the gap between available funds and those required to implement Decent Work Country Programmes.
28. In its recent report on multilateral aid in 2008, the OECD took note of this increasing complexity and recommended that the Paris Declaration principles be applied to multilateral ODA. The report recommends that multilateral institutions report on their own effectiveness and make greater efforts on the division of labour at the country level. With regard to donors, the report suggests that they develop coherent strategies on voluntary funding of multilateral institutions. Finally, it notes that the current system of multilateral funding "... has strong parallels with aid effectiveness issues at country level: lack of predictability, over-prescriptive donors, multiple reporting systems, etc. Applying Paris principles to multilaterals would give them 'ownership', align with and make use of their reporting systems, and provide mutual accountability for results".²³
29. In view of the above, there appears to be a need to take further steps to ensure that the ILO continues to operationalize decent work in development cooperation and UN reform, in line with its tripartite mandate and normative agenda, and under the guidance of its governance bodies. While progress has been made in certain areas, consideration could be given to the following topics:
- Assessing issues, lessons learned and challenges experienced by the ILO constituents in the "Delivering as One" pilots to develop a strategy for ensuring better involvement of the social partners in the UN reform process.
 - In this connection, further developing a capacity-building plan and resource strategy, to prepare ILO constituents and staff for the 90 UNDAFs planned in the next three years, taking fully into account the integrated approach set out in the Social Justice Declaration, the priorities of the Decent Work Country Programmes, and the strategic framework of the Strategic Policy Framework 2010–15.
 - Enhancing the ILO's technical cooperation strategy, including in relation to resource mobilization, to ensure that donor funding is aligned with the decent work outcomes and priorities as set out in the Strategic Policy Framework and programme and budget, that it is predictable and easily allocated to areas of greatest need, and that reporting requirements coincide with those of the Organization.
30. *The Committee may wish to invite the Governing Body to:*
- (a) *request the Director-General to continue to promote efforts to engage the ILO in international development trends, in particular aid effectiveness and United Nations reform; and*

²³ *ibid.*, para. 31. Emphasis in the original.

- (b) request the Office to prepare a paper on the topics listed in paragraph 29, to be submitted to the Committee on Technical Cooperation at the 306th Session (November 2009) of the Governing Body.*

Geneva, 9 February 2009.

Point for decision: Paragraph 30.