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Held at the Palais des Nations, Geneva,
on Thursday, 3 July 2003, at 9.30 a.m.

President: Mr. HUSSEIN (Ethiopia)
(Vice-President)

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In the absence of Mr. Rosenthal (Guatemala), Mr. Hussein (Ethiopia), Vice-President, took the Chair.

The meeting was called to order at 9.40 a.m.

OPERATIONAL ACTIVITIES OF THE UNITED NATIONS FOR INTERNATIONAL DEVELOPMENT COOPERATION (agenda item 3) (E/2003/89)

High-level panel discussion on resources for operational activities for development, reviewing the progress made on the issue of funding on development cooperation activities of the United Nations

The PRESIDENT said that the current funding situation should be considered from the perspective of the consensus that had emerged from the major conferences of the 1990s and the agreements that had been reached on development cooperation. The Monterrey Consensus, for example, reaffirmed the role of official development assistance (ODA). However, the funds available to the operational activities of the United Nations had declined or stagnated over the previous decade. The predictability and continuity of such resources, and particularly core resources, was of critical importance.

He welcomed the panellists and announced that Mr. Desai, Under-Secretary-General for Economic and Social Affairs, would serve as moderator.

Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, after briefly introducing each of the panellists, explained that the aim of the panel discussion was to encourage interaction and dialogue between the partners.

Mr. FUST (Director General for Development Cooperation, Ministry of Foreign Affairs, Switzerland), Panellist, said that the real disbursements of ODA probably amounted to much less than the estimates made by the Organisation for Economic Cooperation and Development (OECD) suggested. As the criteria for determining what could be classified as ODA varied from country to country, it was difficult to assess the situation accurately. Furthermore, the recent trend of recycling pledged money into new pledges made transparency and accountability increasingly difficult. There was also a widening gap between “declared” and “disbursed” money.

Clearly, in the current climate of sluggish economic growth, it would be difficult to mobilize the additional means required to implement the Monterrey Consensus through the traditional budgetary channels. New ways of financing ODA should be found and the architecture of the current financial United Nations system and its subsystems should be reviewed so that adequate partnership support could be given. It was important to mobilize increased ODA from the OECD countries and to review the situation of development partners in the South and the East.

A number of options were available. First of all, the role of financing institutions should be reviewed in light of the development mandate of the United Nations so as to determine which sectors would be better served by grants and which would be better served by loans. Secondly, preference should be given to complementarity and added value within the multilateral system. One subsystem should not compete with another, and a win-win situation should be created. Thirdly, efforts should be made to mobilize more ODA in the traditional budgetary way, by placing development issues much higher on national agendas. Fourthly, development actors in industrial countries should stop protecting their own interests and should adopt a more coherent approach. New long-term partnership arrangements should also be made and the donor base expanded.

A crucial political question was whether or not it was feasible for the industrialized countries to become indebted in order to fulfil their international cooperation commitments and thus place a burden on future generations. In that connection, it was worth considering that cutting defence spending by 10 per cent worldwide would release an additional US$ 80 billion for ODA.

The word “voluntary” should no longer be used within the United Nations with reference to contributions. Immediate steps should be taken to improve the functioning of the United Nations Development Programme (UNDP). United Nations programmes should benefit from increased funds proportionate to the increases in grants provided by the International Development Association (IDA). Lastly, country-related consortia could be created to enable the United Nations, financial institutions, bilateral donors and local Governments to work together to develop long-term national development projects and secure clear commitments from the partners.

Replying to a question by Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, he said that, while he did not wish to state categorically that all grant funding should be made through the United Nations, it would be useful to look at how the grant-funded means were used and to what purpose. For example, it was important to ensure that development banks did not loan money to finance programmes that could be developed on a commercial basis.

Mr. NASLAUSKY (Director General for Development Cooperation, Ministry of Foreign Affairs, Brazil), Panellist, said that he supported the recommendations in the report of the Secretary-General on the funding of development cooperation activities of the United Nations system (E/2003/89). He was particularly in favour of urging donor countries to increase their contributions to the regular budgets of the organizations of the United Nations system.

Although significant importance had always been attached to the role of the multilateral channel as the best way of achieving economic and social development, new challenges had arisen. The development objectives set out in the Millennium Declaration and in the decisions of the Monterrey Conference could be achieved only by the overall strengthening of development cooperation through the United Nations system.

Some 20 per cent of the world's population still lived on less than US$ 1 per day. However, World Bank data indicated that it was possible to overcome the current obstacles to development. As most developing countries did not have the means to overcome poverty by themselves, the international community had pledged to provide greater support to the poorest people through ODA. Nevertheless, only five countries had reached the basic target of mobilizing 0.7 per cent of gross domestic product (GDP). The number of people living in poverty had declined in the previous two decades, largely because of the adoption by developing countries of improved public policies. Much more could have been achieved if the ODA of the developed countries had reached the promised levels. In view of the enormous problems in the world, there was no avoiding the question why funding for development was still so far away from the goal of 0.7 per cent of GDP.

The President of Brazil had highlighted the importance of world economic integration to overcome poverty, setting out three basic principles for its achievement: equal opportunities, coherence and definition of responsibilities. He had also adopted a "Zero Hunger" policy. For five decades, Brazil had been a recipient of international cooperation. That cooperation had been instrumental in achieving the country's current development levels. Brazil had been sharing its experience and knowledge of solving problems through "triangular cooperation" with less developed countries and countries at similar levels of development. In addition, increased human and financial resources had been allocated for development cooperation and the operational strategies of Brazil's programmes to combat sexually transmitted diseases and HIV/AIDS and to improve community literacy had been extended to many interested countries. The Government of Brazil considered that solidarity with the least developed countries was an ethical imperative. It would thus strengthen the transfer of knowledge, technologies and best practices to the nations willing to share them.

Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, said that it would be interesting to know to what extent the increasingly significant efforts to encourage new donors were integrated with other aid cooperation efforts at the national level. He wondered what role the United Nations could play in those efforts. He would also like to hear the views of the panellists with regard to "triangular cooperation".

Ms. JACOBY (Director General for Development Cooperation, Ministry of Foreign Affairs, Sweden), Panellist, said she was disappointed that the issue of resources for operational activities for development had remained unresolved for so many years. More than ever before, there was a need for an effective and stable multilateral system with adequate funding at its disposal. There was a deeper understanding of the role that could be played by ODA and greater recognition of the need for partnerships for development. It would be impossible to achieve the Millennium Development Goals (MDGs) by adopting a "business as usual" approach. Since Monterrey, there had been some indication that increased ODA resources were going to be made available. Those resources had to be put to the best possible use within the collective system.

Regrettably, very little progress had been made in practice in terms of placing the funding of the United Nations system on a stable and reliable basis. Core funding had, in fact, decreased in real terms. Non-core funding was not an alternative since it eroded the common ownership of programmes. Despite reforms in some areas, the link between reform and increased funding had remained weak. All Member States should ask themselves whether or not they were serious about addressing the funding question. There had been a lot of talk about the system's universality and integrity, but very little about how it should fit into the development agenda as a whole. It was unclear whether there was a coherent view among Members on those issues.

She expressed concern that the United Nations agencies were competing with one another for funding from a small group of OECD donors. Once systemic consideration had been given to questions such as the division of labour, the role of grants and loans and the complementarity of roles, all that was needed was political will.

It made no sense to base long-term development work on unsustainable annual voluntary contributions. It was equally senseless that most development funding came from a number of small European countries. The donor country base had to be broadened to include all countries, so as to increase involvement in and responsibility for the common effort. While new sources of funding should be explored and the issue of "triangular cooperation" should be given further consideration, it was even more important to ensure that current resources were used as effectively as possible.

Mr. BUIRA (Chairman of the Group of 24, Washington, D.C.), Panellist, said that, while the need for increased resources to implement the outcomes of United Nations summits and conferences was recognized, there were some outstanding issues entirely dependent upon political will. For instance, the Monterrey Consensus had outlined a new partnership based on the increased participation of developing countries in decision-making processes concerning financing for development. The United States Government had recently asserted that no further reforms were necessary but the Bretton Woods institutions still failed to reflect those aims.

Since 1997, the International Monetary Fund (IMF) had been stressing good governance, transparency and accountability among its member countries. Yet, at the same time, it had failed to ensure the adequate participation of all its members in decision-making, and fell short of its own standards with regard to transparency and accountability. The original voting power of IMF members had been intended as a compromise between the principle of sovereign equality and a reflection of the size of contributions. Over time, however, there had been a huge increase in the relative importance given to the latter criterion, so that quotas had become virtually the sole determinant of voting power, with a consequent reduction in the participation of small countries. Furthermore, when the weighted voting arrangements and the need for qualified majorities were also taken into account, the developing countries had little chance of making their voices heard.

The original “ad hoc” formula for determining quotas had been designed to satisfy political objectives, and had resulted in disproportionately large shares for the United States and its allies. That formula was still in use and the discretion applied when selecting the formula to be used in each particular case meant that the determination of quotas lacked any transparency. Moreover, the quotas were not representative of the relative importance of economies. For example, Canada enjoyed the same quota as China, in spite of a much smaller economy, and the proportion of total quotas allocated to the Netherlands was twice that of Mexico and one and a half times that of Brazil.

There were a number of steps that should be taken to reform the IMF: the Executive Board should be restructured, eliminating the over-representation of the European Union countries and increasing the participation of developing countries; quota formulas should be revised, by introducing a closer reflection of the size of economies and using purchasing power parity to measure GDP, and the basic votes, which reflected the principle of sovereign equality among members, should be restored to their original status.

To meet its own standards of governance, the IMF should ensure that all decisions were the result of open discussion among members, and that the appointment of senior management took place on a more transparent basis. It also needed to be rendered accountable for programmes that failed owing to either design faults or underfinancing. Lastly, it should ensure that adequate checks and balances were in place to prevent the marginalization of developing countries in the decision-making process. The current power structure placed decisions in the hands of a small minority, undermining transparency, accountability and legitimacy.

Mr. FUST (Director General for Development Cooperation, Ministry of Foreign Affairs, Switzerland), Panellist, said that it was crucial to consider the linkage between governance and financing with regard to burden sharing.

Mr. KELLER (Director General for International Cooperation, Ministry of Foreign Affairs, the Netherlands), Panellist, said that, although the presentation on the IMF had made some interesting points, it had not given an entirely balanced picture. For instance, the quota of the Netherlands was not unreasonable in the light of the fact that it corresponded to a group of 12 countries, comprising a single constituency.

Mr. BUIRA (Chairman of the Group of 24, Washington, D.C.), Panellist, said that he had referred to the quota for the Netherlands alone, which was absurdly disproportionate to the size of its economy, however one wished to measure it. Financing should be closely linked to the issue of responsibility. The size of the Fund had decreased from over 50 per cent of world trade to just 4 per cent by current estimates. Industrialized countries were unwilling to increase its size, given that it was only developing countries that were benefiting from it. Many emerging-market economies were in a position to contribute more generously to the Fund, but were prevented from doing so by the quota rules.

Mr. KELLER (Director General for International Cooperation, Ministry of Foreign Affairs, the Netherlands), Panellist, said that the issue of funding for United Nations development activities seemed to have been on the agenda for a very long time but, in the words of Winston Churchill, members should “never, never, never give up”. Core funding remained the preferred mode of financing, because it facilitated long-term planning. The trend of increasing non-core contributions had serious implications for the fragmentation of programmes and undermined the neutrality of the United Nations. United Nations agencies and institutions should resist the temptation to accept non-core contributions, in an endeavour to discourage such practices.

It was important to ascertain why the World Bank and regional development banks were attracting more financing than United Nations funds and programmes. The successful governance structure of the World Bank was probably a decisive factor, since it offered a more comprehensive and coherent policy framework. It was stretching the truth to refer to a single United Nations system, when even cooperation between agencies was often very difficult to achieve. Despite some progress in that regard, a more long-term, harmonized approach to development operations was still required. While he welcomed innovative steps such as the multi-year funding frameworks, they must also be given a more solid legal foundation.

Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, said that donors expected agencies to work separately, and that made it more difficult to promote joint programmes.

Mr. BUIRA (Chairman of the Group of 24, Washington, D.C.), Panellist, explained that, unlike the United Nations funds and programmes, the World Bank did not rely on donations from industrialized countries, but built up a resource base through recovering the loans it granted to borrowing countries.

Mr. DUBEY (President of the Council for Social Development, India), Panellist, said that endless discussions within the United Nations system had failed to make substantial efficiency gains. UNDP had experienced a decline in core contributions of almost 50 per cent between 1992 and 2001. In the light of the zero nominal growth policy imposed on the budgets of the specialized agencies for the past 15 years, there had also been a significant decline in assessed contributions.

During the 1970s, UNDP had been the only agency in the United Nations system with a mandate for financing development. It had thus been able to establish multi-year plans for each country, based on predicted growth rates, and programme accordingly. However, in recent years, the system had become so fragmented that stable planning had become impossible. The sheer variety of programmes meant that the overall development objectives of a country were rarely taken as the frame of reference. Furthermore, the increase in non-core contributions had led to the imposition of individual donor countries’ priorities on development assistance. The core capacity of United Nations agencies had been reduced to such an extent that the minimum level of expertise was no longer available.

The diminishing role of the State in the economic sphere had been reflected in the decline in contributions to intergovernmental mechanisms. That decline had coincided with the debt crisis affecting the developing countries since the early 1980s. Rich countries had used the issue of reform to deny resources to the United Nations, by making contributions conditional upon restructuring according to their own designs. That had led to a massive intrusion of politics into the United Nations system, and a tendency to use intergovernmental structures to achieve national foreign policy objectives.

It was of course unrealistic to expect that extrabudgetary sources of financing would be converted into core contributions, political motives being what they were. Nevertheless, some of the funding experiments that had been tried were self-contradictory; multi-year funding frameworks subject to annual appraisals and voluntary contributions subject to assessments were frankly ludicrous. Governments would always seek to tinker with operational arrangements, but at the very least they should refrain from freezing the budgets of the specialized agencies. Once a plan had been agreed upon, it should be adhered to and the resources made available to carry it out.

A system of international taxation should be considered, and greater efforts made to diversify the contributions base. Funding for post-conflict and disaster-management activities should be kept separate so that the capacity of a given specialized agency to react to emergencies would not be overstretched. Purely national ownership of programmes should be encouraged, without any form of downstream involvement by the United Nations. Planning, implementation, monitoring and evaluation should be entirely in the hands of national Governments.

Lastly, unless some formal link was established between reductions in military expenditure and a so-called "peace dividend", it was dishonest to bandy the phrase about. The massive reduction in military spending at the end of the cold war had in fact yielded little in the way of a peace dividend.

Mr. FAURE (Former Chairman of the Development Assistance Committee, Organisation for Economic Cooperation and Development (OECD)), Panellist, said that panel discussions of the current type brought up old issues that required new solutions. Donors must gradually align themselves with the strategies adopted by their partner countries, and the strategies themselves must be internally consistent to ensure the effective deployment of aid. Partner countries were obviously best placed to diagnose their own problems and needs and to formulate appropriate strategies. The MDGs necessitated vertical action centred around certain specialized funds, but there must also be synergy with horizontal goals.

All development actors should ask themselves how they could improve their performance. Accordingly, it was important to encourage system-wide awareness and ensure that everyone was on the same wavelength. What seemed to be missing was a macro-approach to allocating or earmarking assistance, the purpose of which would be to ensure consistency and coherence across the board. Dialogue and discussion between existing and potential donors were obviously essential, and the IMF had an extremely important coordinating role to play in aligning international policy.

Mr. JENKS (Associate Administrator and Director of the Bureau for Resources and Strategic Partnership, United Nations Development Programme (UNDP)), Panellist, said that increasing donor flows gave cause for optimism, demonstrating as they did the robust health of the Bretton Woods institutions and the bilateral system. There was also a need, however, for a strong United Nations presence in the development arena, a view that had been endorsed at recent international conferences and summits such as the International Conference on Financing for Development in Monterrey. The recent strong performance of UNDP in the non-core area should silence any doubts about the Programme’s competitiveness; UNDP had passed all market tests with flying colours. The picture on the core side was less rosy, however, with the recent freezing or cutting back of contributions and payment delays in the middle of the current financial year.

The weakness of the UNDP core funding situation could be attributed to five major structural causes. In the first place, UNDP was residually funded, meaning that it received what was left over after everyone else with a legal claim to budget funding had been paid. Secondly, it lacked a financially strong constituent base in donor capitals, i.e. it did not have the ear of finance ministers, or even of ministers for foreign affairs against the backdrop of the current war on terror. Thirdly, there was no clear constituency for the development mandate of the United Nations. The private sector had largely taken over responsibility for pre-investment and feasibility studies, and that meant that UNDP could no longer “sell” its services effectively. Fourthly, the aid burden was not shared equally among donors; and last of all, the Programme itself had inherited a flawed structure.

The case for an adequately core funded United Nations system had never been stronger, for the Organization’s development activities were currently on a slippery slope towards marginalization. However, without a strong political commitment and leadership, the structural problems he had mentioned would never be tackled properly.

Mr. BUIRA (Chairman of the Group of 24, Washington, D.C.), Panellist, said that an impartial observer would note that, since 1997, there had been negative capital flows to developing from developed countries, i.e. the South was actually sending money to the North. It was also apparent that Latin American countries, which had been the most enthusiastic in pursuing the structural reforms mandated by the international financial institutions, had been stagnating for the best part of 20 years, whereas Asian countries, which had implemented similar reforms in a much more sporadic and partial way, had experienced the fastest growth.

Mr. ROJAS (Chile) suggested that some sort of “road map” could be drawn up on the basis of the current discussions to act as a guide to future work on operational activities for international development cooperation.

Mr. ROSENTHAL (Guatemala) said that he agreed that there were problems with the decision-making process in the major international financial institutions. In the specific case of operational activities, it should be stressed that the United Nations excelled at public awareness initiatives. The various international conferences had had a significant impact on the agenda for development and on the shaping of economic policy. Direct action, however, was the Organization’s weak point. Accordingly, the United Nations system should focus more on capacity-building. It was a mystery to him why it should be so difficult to raise $1 billion a year in core resources for the Organization’s principal operational arm, UNDP.

Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, said that, for the first time in a decade, aid budgets had increased; the challenge was to determine how those increased resources were to be deployed as rapidly and effectively as possible. The mindset of the international community needed to change to take account of the new realities. The second point to note was that, as a result of United Nations conferences and the Millennium Declaration, there was an increasingly clear consensus as to what aid was actually for. In the 1990s, the role of the State and its priorities had been clarified after the confusion and uncertainty of the 1980s, and the purpose of aid had thus also become clearer.

A second set of questions concerned the mix of grants and loans. Obviously, the mix would be very different if funding was intended to promote education or health rather than, say, agriculture. The question was whether the right mix was being used in the various areas and whether there should be some form of oversight to determine the mix or whether the decision should be left to individual donors. A subsidiary issue concerned the distribution of resources. He did not believe that organizations were competing for funding to achieve the same goal: rather, the competition was between different aims, with some organizations focusing on children, others on AIDS, and so on.

The issue of the growing fragmentation of funding sources and the need to coordinate them had been raised and questions had been asked about core and non-core funding and multi-year predictability of funding. In that regard, there had been a particularly interesting suggestion that 10- or 20-year programmes led by country consortia should be introduced. The point had been made that aid coordination processes were perceived as being run by donors and that new donors were all too often excluded from decision-making. If aid was to be directed towards mutually agreed ends and new donors were to be attracted, new structures would need to be found.

Mr. AKINSANYA (Nigeria) said that many developing countries believed that United Nations operational activities had been decimated by lack of funding, and he would welcome some further clarification of Mr. Dubey's suggestion that "tied assistance" should be used.

Mr. DUBEY (President of the Council for Social Development, India), Panellist, said that the point he had been trying to make was that countries with medium-sized economies, such as India, China or Brazil, would be able to provide more development assistance if they were allowed to contribute in a tied form, in other words, in the form of goods or services.

The PRESIDENT said he agreed that such assistance and South-South cooperation in general could be extremely valuable, and he drew attention to the example of Morocco, which had recently granted debt relief to the least developed countries and eliminated tariffs on exports from those countries.

Mr. FAURE (Former Chairman of the Development Assistance Committee, Organisation for Economic Cooperation and Development (OECD)), Panellist, said that ODA was increasing and was expected to continue increasing since, for example, the European Union had tied its level of ODA to the growth in GDP. An increase of one third in ODA was not an impossible target, as it would still leave ODA at well below its level of a decade previously (0.33 per cent). Moreover, as it would be increased only after there was evidence that it was meeting its objectives, any increases would be more easily justifiable to the taxpayers funding it. That was why the entire donor community had a keen interest in cooperating to ensure the most effective use of development funding. However, comparative advantage, not effectiveness, must be the criterion used for allocating ODA.

The PRESIDENT said that there was a greater degree of agreement than ever before between donors and recipients on the criteria for allocating aid, but the question was how best to ensure that all parties were accountable for delivering on their commitments.

Mr. GARCIA GONZALES (El Salvador) said that he would welcome comments by the panellists on the methods of voting used in the international financial institutions. The basic problem with development funding appeared to be the lack of political will to make the necessary changes. Political will was needed to improve coordination in the implementation of development policies and would be critical to the introduction of any new international financial system. A new forum was, perhaps, needed for that purpose. Although political will was often expressed in forums such as the General Assembly, it did not seem to have much effect, and he would like to know if the panellists had any suggestions for translating political will into action.

Mr. KELLER (Director General for International Cooperation, Ministry of Foreign Affairs, the Netherlands), Panellist, said he agreed with the representative of El Salvador that there was a problem in translating political will into action at the international level; at the domestic level, Governments managed to reconcile their various policy objectives quite successfully. The purely political dimension of the problem could not be ignored, as the choice of channels for aid was influenced by political motives. For example, the success of the IDA was in part dependent on the political opportunities it offered to certain countries. Lack of geopolitical weight was actually an advantage for some countries, as it allowed them to base their funding decisions on the effectiveness of aid programmes.

With regard to the question of fragmented funding and annual voluntary contributions, he wondered if it would be naive to suggest that the heads of United Nations programmes and agencies should submit a collective proposal for multi-year funding based on proper burden-sharing.

The PRESIDENT said that, while it would not be naive, any action would need to be approved by the executive bodies of each of the organizations concerned.

Mr. RAUBENHEIMER (South Africa) said that the effectiveness of ODA depended not only on the performance of the recipient countries but also on that of the donor countries. Donors should have procedures for peer review and best-practice sharing to ensure that they were as efficient as possible in generating ODA. Moreover, as multi-year budgeting was one of the basic requirements of good governance, a multi-year commitment was needed from donors.

Ms. JACOBY (Director General for Development Cooperation, Ministry of Foreign Affairs, Sweden), Panellist, said she agreed that there must be good governance on the part of both donors and recipients. The system of annual voluntary commitments made no sense and she had a good deal of sympathy with the suggestion that all forms of assistance, including bilateral assistance, should be channelled through the United Nations. After all, the main concern of each individual developing country was to have its Poverty Reduction Strategy Paper (PRSP) properly funded, the sources of funding being relatively unimportant. Mr. Faure’s idea of country consortia was also interesting in that perspective, as were his ideas on “macro-allocations”. The challenge was to channel the political will that undoubtedly existed in such a way as to allow funding to be allocated as effectively as possible. She did not think that new structures were needed to achieve that; rather, greater awareness was needed on all sides.

Ms. CRONENBERG-MOSSBERG (Sweden) said that she did not understand why Mr. Dubey found multi-year funding laughable. It was based on a two-way commitment; donors undertook to increase funding and the various funds and programmes undertook to become more efficient. As for the goals for ODA, it should not be forgotten that the agreed goal was 0.7 per cent of gross national product (GNP), far higher than the 0.33 per cent currently being talked about. Ms. Jacoby had rightly insisted that non-core funding eroded common ownership and that a new way needed to be found to finance development programmes. She would be interested in the panellists’ remarks on that point, and also in their views on humanitarian assistance.

Mr. JENKS (Associate Administrator and Director of the Bureau for Resources and Strategic Partnerships, United Nations Development Programme (UNDP)), Panellist, referring to Mr. Keller’s “offer”, said that the only mistake the international community could make would be to fail to be bold enough. He agreed with Mr. Desai that it was important to make the most of the opportunity presented by rising development aid and stressed how important it was to remember that guaranteeing the core resources of the funds and programmes was a perfectly manageable proposition, involving relatively modest amounts that would allow them to do the job expected of them.

Mr. DUBEY (President of the Council for Social Development, India), Panellist, said that he could not help but laugh at a system that was moving further and further away from the ideals it had set for itself and seemed unable to put matters right. Nor could he help but laugh when he saw a country like Sweden reverse all its previous views on how to channel its technical assistance and on its funding structures and the type of programmes it supported, or when he heard that UNDP was apparently “in the market, competing for funding”. The Charter of the United Nations did not provide for voluntary contributions, but only for assessed contributions: though not actually prohibited, voluntary contributions were, in fact, a deviation from the Charter.

Mr. FASS-METZ (Germany) said that, while there appeared to be agreement on what was wrong with the funding activities of the United Nations system, it was not clear what the best way forward was. The United Nations system might, perhaps, learn some lessons from the success of the international financial institutions in attracting donations, particularly through their approach to burden-sharing and governance. He would be particularly interested to hear the panellists' ideas on how to improve coherence in the activities of the United Nations system at the country level.

Mr. STENVOLD (Observer for Norway) said that care must be taken to avoid any system-wide change that reduced funding to United Nations funds and programmes and stressed the crucial role of UNDP in forming credible partnerships with Governments, strengthening good governance and providing cooperation at the country level.

Mr. FUST (Director General for Development Cooperation, Ministry of Foreign Affairs, Switzerland), Panellist, said that as banks had to have a certain basis on which to provide "soft" financing, it was only to be expected that finance ministries would play a greater role in the institutions of the World Bank than in those of the United Nations. The continuity that was necessary for development assistance could be provided by consortia working within a multi-year financial framework to implement PRSPs. He would like to see the United Nations system operating within such a framework also, as the IDA already did.

On the question of donor countries sharing best practices in generating ODA, he said that like-minded countries were already doing so. On the question of humanitarian assistance, he pointed out that it was unfortunately growing faster than ODA in some countries; it was of course easier to convince parliaments to provide humanitarian aid than to sell them the idea behind some long-term development project. Indeed, development actors would do well to remember from time to time how hard it could be to mobilize resources for development.

The PRESIDENT said that, if more assistance was provided for development, there would be less need for humanitarian assistance.

Mr. DESAI (Under-Secretary-General for Economic and Social Affairs), Moderator, said that some clear messages had emerged from the discussion: significant amounts of new money were likely to be available in the future, but there was some concern as to whether the United Nations had the systems in place to make optimum use of it; better systems were needed to assess the effectiveness of aid at country level, as effectiveness was the basis for convincing donors to provide aid; and the emergence of new donors was an important development. Concern had been expressed about changes in the classical system of development funding, based on country programmes implemented by a single agency with strong developing-country engagement, and about the lack of progress in changing decision-making procedures in some institutions to take developing countries' concerns into account. The panellists seemed to agree that the system of annual voluntary contributions needed to be reformed and that the real emphasis should be on the actual funding of development programmes.

The meeting rose at 1.10 p.m.