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# Encouraging Inter-Agency Coordination

David Wright

One would expect that inter-agency coordination is a pre-requisite of all development assistance initiatives. Unfortunately coordination has never been given the attention it deserves, although recently there have been some significant moves to facilitate both interagency coordination and cooperation, notably in the environment sector. This presentation provides a brief introduction to the various agencies involved in development assistance, outlines some of the causes and impacts of poor coordination and gives recent examples of donor coordination initiatives related to the environment and sustainable development.

## The Agencies

There are scores of agencies offering development assistance, each with its own mandate and its own peculiar methods of conducting business. First, there are sources of "bilateral assistance" given from one country to another through organizations such as USAID. This assistance is provided primarily by 3 industrialized countries collectively referred to as the Organization for Economic Cooperation on Development (OECD). Eastern Europe and the Commonwealth of Independent States (CIS countries) were, in the recent past, sources of funds for assistance projects, but have recently become, temporarily at least, consumers rather than suppliers of assistance. There is also special-circumstance bilateral assistance. For example India provides bilateral assistance to neighboring countries such as Bhutan whereas China has provided development assistance to Nepal.

Multilateral assistance is delivered through either the Breton Woods Institutions (development banks) or the United Nations system. In Asia, the World Bank and Asian Development Bank fund relatively large-scale structural adjustment loans and investment projects which, in the natural resources sector, can range from a few million to hundreds of millions of dollars each.

The UN system is responsible for technical assistance activities which focus on capacity building, human resource development, pre-investment activities, research and technology transfer. There are about forty UN system and specialized agency organizations, most of which are restricted to specific sectors such as education, food, health or the environment. The largest agency of the UN system is the United Nations Development Program (UNDP) which has annual financial resources exceeding \$1 billion. UNDP has the broad mandate of enhancing self-reliance and promoting sustainable human development. The UN system is currently undergoing reformation and some consolidation is underway which is intended to facilitate more efficient delivery of development assistance. The combined financial resources of the United Nations system is about \$6 billion. In fact, the total financial resources from all multilateral and bilateral sources (the Official Development Assistance-ODA) currently amounts to only \$54 billion per year.

Finally, there is development assistance from unofficial sources, primarily northern non-governmental organizations (NGO'S), providing \$5 billion per year.

Total funds available for development assistance are modest relative to need. By comparison, third world military spending is almost \$150 billion per year, nearly three times the ODA. In spite of the scarcity of funds, there is no scarcity of development agencies, all mandated to deliver specific programs

and projects. In some cases, developing countries must face 50 to 100 different organizations all eager to help and all looking for attention.

The large number of aid agencies can be bewildering to even the most experienced government official and one can only imagine what it is like for the rural poor who are the intended key beneficiaries. In countries targeted by the development community, including those in the Himalayan region, there is a continuous stream of "missions", visiting specialists who come to develop or review and evaluate programs and projects. Each mission is intent on meeting senior officials and embarking on field trips where meetings with the rural people are a high priority. Although the intentions of missions are well-meaning (many are committed to involving local people in project design and implementation), the process places major strains on limited government resources. Governments end up committing their most capable and best-trained administrators to service missions, and often provide scarce infrastructure support such as vehicles, office space and related equipment. Efforts by the development community for "capacity building" too often become "capacity consuming."

### **Causes of lack of coordination**

There are a number of shortcomings in the development process hindering inter-agency coordination. Multilateral and bilateral agencies are not known to be models of management efficiency and each has a unique system for processing projects. Efforts to harmonize project cycles among the development agencies are very difficult and can often delay financing. Similarly, governments in developing countries are often incapable of dealing efficiently with the donor community. Lack of coordination among various agencies of developing country governments compounds the problem.

The forces of human motivation are also partly to blame for inefficient agency coordination. Technical staff and consultants are more apt to be rewarded for short-term success (i.e. "bagging a project") than for creation of a sound program guaranteed to have long-term benefits. The careers of some development workers can be enhanced by the size of their project portfolios. In addition, the people who prepare projects for agencies typically do not implement them. Finally, it is often simply an individual's impatience, who, when developing a project, finds agency coordination to be only a troublesome burden slowing the process (and possibly also slowing his/her career advancement).

At the same time, there are certain risks associated with too much interagency coordination dominated by the agencies themselves. It is essential to recognize that national governments are in charge of development in their respective countries and they are understandably nervous whenever agencies take it upon themselves to provide a major coordination function, in particular at the country level. Furthermore, excessive coordination can also reduce the competitiveness of development assistance which can be beneficial to the process. Governments have the right to choose from various development options and can benefit by pitting one agency against another to get the best terms and conditions for an assistance package.

### **Impacts of poor coordination**

There is no doubt that the overriding impact of poor coordination is poor development assistance. Firstly, money is wasted through the duplication of effort. Secondly, lessons learned from past mistakes are often not shared among agencies. Thirdly, human resources are wasted, particularly trained, capable technocrats within developing country agencies. Probably the most damaging result of poor agency coordination is inconsistent advice. This is particularly important now that a high priority is given by agencies to structural reforms, improved policy and strategic planning. If, for example a World Bank expert arrives on a Monday, suggesting one thing and on Friday, an expert from the Asian Development Bank suggests something else, consistent and sustainable development is not possible.

### **Recent examples of donor coordination**

In spite of the valid criticisms, there has been recent progress by the development community in providing more orderly and effective development assistance. Using UNDP as an example, the Resident Representative who heads each field office in 128 developing countries, is usually designated the Resident Coordinator for the United Nations System's operational activities in that country. UNDP is working hard to strengthen this donor coordination role.

Another example (again drawing from the UNDP experience) is the "Round Table" process developed for the world's poorest countries—the "Least Developed Countries" (LDCs), primarily in Africa. Using extensive, systematically collected background material, UNDP and LDC governments co-host regular Round-Table conferences in the country in question and in Geneva with all the key donors to review development plans, raise funds and discuss a coordinated development strategy.

Another important step which UNDP has taken to improve delivery of development assistance, is the so-called "program approach." Instead of funding scores of small fragmented individual projects, UNDP staff help governments develop a broad plan for development and then package interventions from many different sources into broader programs. A good recent example is Bolivia where the government, with assistance from UNDP, prepared a comprehensive five year country program which included all aspects of development, both domestic and foreign-assisted. As the program is being implemented, UNDP provides strategic inputs (e.g. help to reform institutions in a sector) and coordinates fund raising activities from other donors, including the multilateral development banks.

Related to the program approach is a move towards "national execution", where governments are given full responsibility for the execution of programs and projects, instead of agencies. This is positive for coordination, since governments have more control over their own destiny. UNDP is also decreasing its reliance on foreign experts. In 1991 we recruited 20,000 experts and more than 11,000 were nationals. Quite obviously, nationals know a lot more about what is going on in their own country and activities can therefore be better coordinated.

#### **New Co-managed Initiatives**

Several multi-agency programs facilitating the coordination of development assistance have evolved in recent years particularly in the environmental field. The first of these was the Tropical Forest Action Program (TFAP) co-founded by FAO, UNDP, the World Bank and the World Resources Institute in 1984. TFAP has brought attention to forestry issues and a measure of order to development assistance in the forestry sector. There are currently TFAP programs completed or in progress in more than 80 countries.

A criticism of TFAP leveled by many developing countries is the lack of follow-up investment funding after TFAP studies take place. A solution offered primarily by the Asian Development Bank (ADB) is the "Master Plan for Forest Development" (MPFD) approach. In this program, the ADB, tends to play the role of coordinator. Emphasis is typically given to preparation of an investment program and creation of a better environment for investment projects through policy reforms and institutional changes. Both Nepal and Bhutan have direct experience with these Forestry Master Plans. There have been numerous critics of MPFDS, but a benefit of this initiative has been a significant improvement in interagency coordination.

More recently, we have seen the new global environmental initiatives, beginning with the Interim Multi-Lateral Fund of the Montreal Protocol. This fund was established in 1990 to assist developing countries who have signed the Protocol, (meaning they have pledged to phase out the use of ozone depleting substances) carry out their commitments. Agencies responsible for implementation of the assistance program are the United Nations Environment Program (UNEP), UN Industrial Development Organization (UNIDO), UNDP and the World Bank. The glue which binds inter-agency coordination is the Convention itself and a consolidated Work Program developed by the agencies, but approved by the Parties to the Convention. Between 180 and 240 million dollars will be committed over the next three years in almost 30 countries, facilitating conversion of equipment and industries which produce or consume ozone depleting substances. These substances include the chlorofluorocarbons (CFCs) found in many propellants, coolants and solvents.

The latest major coordinated initiative is the Global Environment Facility (GEF). This billion dollar Facility funds projects focusing on four themes: (I) global warming; (II) biological diversity; (III) international water pollution; and (IV) ozone depletion. It is co-managed by three agencies UNDP, UNEP and the World Bank. A separate feature of GEF is an NGO small grants program managed by UNDP in a decentralized manner relying on its network of 18 field offices.

Most of the core fund of GEF has now been committed to projects. About 30% is allotted to technical assistance, capacity-building and preinvestment under UNDP'S direction. Two-thirds of the fund is committed to Bank-led investment projects and the remainder is to be spent on activities promoting the Biodiversity Convention and the Framework Convention on Climate Change—the two global environmental Conventions signed by world leaders at the Earth Summit in Rio in June, 1992. Both Nepal and Bhutan receive funding assistance from GEF for the conservation of biodiversity projects.

The GEF is now moving from a three-year pilot phase to an operational phase, beginning in 1994. There had been some expectation that this facility could be broadened into a green fund giving more attention to national environmental problems. However, it was agreed at Rio that in the foreseeable future, the GEF would continue to focus on the four original global environmental themes mentioned earlier. However, there was some concession in that land degradation problems such as desertification and deforestation can now be considered for funding assistance, as they relate to existing themes (i.e. provided that the initiative would conserve biodiversity or help to reduce greenhouse gas emissions).

There are six important principles on which the operational phase of the GEF is expected to be based:

1. The governance of GEF will be restructured to allow universal membership with no "entry fee" for participating governments.
2. The GEF must be transparent and accountable to contributors and beneficiaries alike.
3. GEF will serve as the interim funding mechanism for the Biodiversity Convention and the Framework Convention on Climate Change.
4. GEF funds will provide funding for the agreed incremental costs for achieving agreed global environmental benefits.
5. Interventions from GEF are to be cost effective.
6. GEF programs and projects must be country-driven and consistent with national priorities designed to support sustainable development.

### **Conclusion**

International development has become increasingly complex. As predicted by many, the well-being of our planet is increasingly at risk not only because of short-sighted exploitation of our limited natural resources, but because of poverty, hunger and inadequate living conditions at the local level throughout the developing world. As we move forward from the Earth Summit and plans crystallize for the implementation of Agenda 21, including the formation of a Commission for Sustainable Development, it is imperative that the international development community improves its record in the coordination of assistance measures.

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