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# The EU-UNDP Partnership and Added Value in EU Development Cooperation

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## Abbreviations

DAC	Development Assistance Committee
EU	European Union
FAFA	Financial and Administrative Framework Agreement
LOTFA	Law and Order Trust Fund for Afghanistan
MPTFO	Multi-partner Trust Fund Office
OECD	Organisation for Economic Co-operation and Development
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund

## **Executive summary**

European Union (EU) funding for United Nations (UN) organisations has expanded significantly over the last two decades. The EU's partnership with the United Nations Development Programme (UNDP) is an important example of EU-UN cooperation, and UNDP was the fourth-largest UN recipient of European Commission funds in 2018. Against the backdrop of UN and EU reforms that aim to strengthen multilateralism and promote more integrated development cooperation approaches, this paper outlines priority areas in EU-UNDP cooperation and modes of cooperation. The term "added value" provides an entry point for identifying the rationales for EU funding to UNDP. In EU budgetary discussions, added value is a concept used to inform decisions such as whether to take action at the EU or member state levels or which means of implementation to select. These choices extend to the development cooperation arena, where the term relates to the division of labour agenda and features in assessments of effectiveness. The paper explores three perspectives to consider the added value of funding choices within the EU-UNDP partnership relating to the division of labour between EU institutions and member states, the characteristics of UNDP as an implementation channel and the qualities of the EU as a funder. On the first dimension, the large scale of EU funding for UNDP sets it apart from most member states, though EU funding priorities display elements of specialisation as well as similar emphases to member states. On the second dimension, UNDP's large scope of work, its implementation capacities and accountability standards are attractive to the EU, but additional criteria – including organisational cost effectiveness – can alter the perception of added value. Finally, the scale of EU funding and the possibility to engage in difficult country contexts are key elements of the added value of the EU as a funder. However, the EU's non-core funding emphasis presents a challenge for the UN resource mobilisation agenda calling for greater flexibility in organisational funding. Attention to these multiple dimensions of added value can inform future EU choices on how to orient engagement with UNDP to reinforce strengths of the organisation and enable adaptations envisaged in UN reform processes.



## 1 Introduction

In the midst of the global health crisis, which has added stress to the multilateral system, the European Commission has expressed hope that ongoing challenges present an “opportunity to reinforce multilateralism” and strengthen the United Nations (UN) system (European Commission, 2020a, p. 14). Support for multilateral solutions is considered a core principle guiding European Union (EU) external action, and the EU emphasises its global leadership role in sustaining, adapting and expanding multilateral governance. Advancing a strategic approach to funding for UN entities and promoting greater levels of collaboration between the EU and its member states in engagement with multilateral organisations are elements of this leadership agenda (Council of the European Union, 2019).

The EU’s funding to the UN system provides evidence of its leadership role. The EU institutions are the largest non-governmental contributors to the UN – in 2018 the €3.2 billion they provided amounted to 6.5 per cent of the overall UN budget (European Parliamentary Research Service, 2020). When EU and member state funds are counted together, the EU is the largest financial contributor to the UN. Funding from EU institutions supports a wide range of activities across a multitude of UN organisations, but it is heavily concentrated in the large operational organisations with mandates in the areas of humanitarian assistance and development cooperation, including the World Food Programme (WFP), the United Nations Children’s Fund (UNICEF) and the United Nations Development Programme (UNDP).

This analysis examines the EU’s partnership with UNDP due to the financial importance of the partnership and UNDP’s traditional role as a focal point for EU cooperation. Both the EU and UNDP are navigating a changed setting for their global development work. For the EU, a new budgetary framework promises adjustments in priorities and modes of cooperation, while UNDP faces a repositioning of its role within the United Nations development system as a part of broader UN reform efforts (Hendra & FitzGerald, 2021). EU and UN reform agendas similarly aim to improve coherence, enable flexibility in responding to global development challenges and strengthen accountability. It is therefore timely to analyse how EU funding practices towards UN organisations relate to both the EU cooperation agenda and ongoing UN reforms. This paper is based on a desk-based analysis that relies on descriptive data and policy documents published by the EU and by UNDP.

The EU’s engagement with the UN system has attracted growing analytical interest due to the role of the EU as a political actor within UN forums, its potential to promote coherence among EU member states and its large footprint as a funding partner for operational activities (Medinilla, Veron, & Mazzara, 2019). The EU positions itself as a strong supporter of ongoing reforms to the UN development system, advocating for a UN “that demonstrates its added value, delivers for all and that is fit for purpose” (Council of the European Union, 2020, p. 3). Alongside support for rationalising UN country-level engagement, the EU expresses an interest in collaborating more closely with the UN system in the context of EU country programming to advance an efficient division of labour.

This paper uses the term “added value” as an entry point for situating the EU-UNDP partnership within European development cooperation. The term has broad appeal as a signifier to justify engagement, but its meaning depends on what is being compared. This paper discusses three angles for reviewing the added value of EU cooperation with UNDP:

1) EU engagement relative to member state support for the organisation, 2) the selection of UNDP as a channel for EU support compared to alternative channels and 3) what qualities the EU has as a contributor to UN entities in relation to other funders. The presentation of different approaches for viewing added value draws attention to the shared responsibility of the EU institutions, the EU member states and UN entities in selecting cooperation priorities that reflect the strengths of funders and implementing partners at the same time.

To orient the analysis, the paper begins with an overview of how the added value concept is used to inform EU budgetary debates before turning to its application in EU development cooperation. The paper proceeds to outline key features of the EU's partnership with UNDP by examining policy frameworks guiding the partnership and presenting a summary of geographic and thematic priorities as well as the main modalities used. A final substantive section uses the three dimensions of added value to analyse EU-UNDP cooperation in order to inform EU and member state strategic reflections on how to strengthen their collective engagement with the organisation in the future. The discussion of alternative vantage points for considering the added value of the EU-UNDP partnership encourages EU policymakers to clarify the relative importance of rationales for UNDP funding choices and implies that decisions have a stronger basis when they present added value across multiple dimensions.

## **2 Entry points for exploring added value**

### **2.1 European added value as a budgetary concept**

The concept of added value is relevant across EU policy fields to distinguish the advantages of community-level versus member state action. In a 2010 review of issues to consider in determining future EU budgets, the European Commission listed EU added value as one of five key principles to underpin budgetary choices. Noting the limited scale of the general EU budget in relation to national budgets, the document's reference to added value highlights the role of EU budgetary priorities in filling gaps not covered by member states, particularly with respect to cross-border initiatives in the areas of research, mobility and territorial cohesion.<sup>1</sup> The review cites the potential for EU-level action to exploit economies of scale and invest in ways that deliver better results, indicating that the EU's added value can encompass both fields of action and the means of implementation (European Commission, 2010). In assessing added value, the benefits to EU-level action, such as the potential of pooled resources to leverage additional funds or to promote coordination, are considered alongside potential drawbacks, such as the possible duplication or crowding out of member state investments. However, EU institutions acknowledge that the determination of added value does not follow a purely economic rationale and ultimately reflects political choices (European Commission, 2011).

A Directorate for Impact Assessment and European Added Value within the European Parliamentary Research Service contributes to EU legislative processes by reviewing

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1 Development cooperation accounts for a larger share of the EU budget in comparison with the importance of the policy area in member state budgets. Funding allocated to Heading 6 in the Multiannual Financial Framework ("The Neighbourhood and the World") for 2021-2027 represents 9.15 per cent of the overall budget (European Commission, 2020b).

Commission impact assessments, conducting assessments of potential added value in relation to parliamentary proposals and preparing reports on European added value in selected policy areas, alongside other monitoring and evaluation activities (Hiller, 2019). Though EU institutions link the added value concept to the promotion of evidence-based policymaking, in practice the concept has proven difficult to operationalise as a means of weighing the benefits and disadvantages of pursuing alternative courses of action (Schout & Bevacqua, 2018).

Analysts encounter several challenges in assessing the added value of EU-level action. First, because initiatives can address multiple policy goals, comparisons of EU and member state action may focus on limited dimensions of performance that do not provide a full picture of the strengths and drawbacks of action at different levels. Second, criteria for added value assessments are guided by the objectives emphasised, and diverse stakeholders weight the importance of particular objectives and assessment criteria differently (Technopolis Group, 2014). Third, the challenge of comparing EU to member state action is complicated by the diversity of member state preferences as well as the varied availability of data on national priorities and actions. The clarification of rationales for action therefore provides an important starting point for the analysis of added value (Technopolis Group, 2014).

Referencing territorial cohesion policy, Molino and Zuleeg (2011) indicate that the elaboration of rationales for action should be followed by considerations linked to the subsidiarity principle about what level of government is best suited to advance a given set of objectives, and completed by a choice of the most effective policy or financial instruments to implement the goals. Rationales can stem from EU values, treaty obligations, political interests of key actors, common strategies or interests specific to the issue area. Molino and Zuleeg (2011) observe that policy choices reflect compromises between different rationales as well as the legacies of historical policy priorities.

The assessment of European added value involves a consideration of how EU and member state actions relate to one another rather than representing a simple choice about the appropriate level for action. The budgetary principles of additionality and complementarity highlight the relevance of avoiding the substitution of EU funding for member state expenditure, as well as limiting duplication and promoting synergies in public expenditure across levels (Medarova-Bergstrom, Volkery, & Baldock, 2012).

As suggested above, comparisons of actions taken at the member state or EU level emphasise economic concepts and measurements such as realising economies of scale, generating cross-border spillover effects or reducing competition among member states that leads to wasted resources (Heinemann, Misch, Moessinger, Osterloh, & Weiss, 2013). A study examining the added value of a consolidation of EU diplomatic missions by comparing the costs of maintaining separate member state missions to the costs of unified missions acknowledged that, although such economic calculations can inform decision-making, factors such as national political preferences for demonstrating sovereignty do not follow an economic logic (Heinemann, Moessinger, Osterloh, & Weiss, 2013). A similar study outlining the potential for cost savings through the consolidation of development cooperation at the EU level suggested that member state specialisation carries advantages that would persist even if an economic logic of pooling resources to lower transaction costs were to prevail (Harendt, Heinemann, & Weiss, 2018).

At the EU level, markers of added value such as increasing visibility or creating policy spillovers point to the relevance of considering further dimensions of the concept. Both ex-ante assessments of added value studying the anticipated impacts as well as ex-post assessments reviewing the effectiveness of implemented activities can provide input for budgetary discussions. Either type of assessment is based on evaluation criteria derived from the rationale for engagement. However, acknowledging that a broader range of political considerations influence budgetary choices underscores the limitations of viewing added value analysis on its own as a basis for decision-making (Rubio, 2011).

In spite of the challenges in assessing added value, the concept provides a stimulus for clarifying the roles of EU institutions and member states within policy fields and for considering funding alternatives.

## 2.2 Added value in European development cooperation

The added value concept can be applied to assess not only the possible choices between EU- and member state-level action but also the allocation of resources between EU policy areas or the choice of implementation approaches (Molino & Zuleeg, 2011; Rubio, 2011). In European development cooperation, its use relates to defining the respective roles of funders and reviewing the effectiveness of interventions.

The objective of promoting complementary action among the multitude of development cooperation actors is at the heart of the “Team Europe” approach formulated in the context of the global Covid-19 response. The approach promotes agreement on funding priorities and the improvement of coordination of EU institutions and member states to pursue coherent global and country-level responses to key development challenges (European Commission & High Representative of the Union for Foreign and Security Policy, 2020). The approach echoes the division of labour agenda, which sought to address aid fragmentation problems by encouraging greater specialisation among EU aid providers to focus investments in areas of demonstrated advantage.

However, there has long been a lack of a clear and consistent definition of donor comparative advantage (Mürle, 2007). Applying to European Commission and member state choices, the EU Code of Conduct on Division of Labour in Development Policy sought to accommodate a role for all member states by indicating that a variety of attributes could be relevant in identifying donor comparative advantage. Possible criteria included those related to aid volume, specialisation in terms of country presence, sectoral or technical expertise as well as effectiveness considerations, including the speed and predictability of funding, management efficiency and relative costs (Council of the European Union, 2007). Despite the impetus that the Code of Conduct and subsequent initiatives offered for increasing the emphasis on joint analysis and programming among European donors, donor-specific factors such as differences in political preferences, administrative structures and modalities of choice have contributed to the persistence of fragmented aid efforts among the EU and its member states (Latek, 2015). While “Team Europe” and the associated agenda of “Working Better Together” reflect a continuation of commitments to improving cooperation among EU actors, increasing the visibility of collective EU development contributions has been the focus of these recent initiatives (Keijzer, Burni, Erforth, & Friesen, in press).

EU policy frameworks emphasise the concepts of complementarity and added value, but the meanings of the concepts are open to member state interpretation. Member state views of the relative strengths of EU institutions as aid providers can not only vary among member states but also evolve within member states over time. As an evaluation of Dutch engagement with EU development cooperation noted, alternative conceptions of added value could relate both to areas where EU institutions had specific expertise and areas that reinforced the priorities of the member state, whereas advantages related to the scale of EU aid and specialisation in thematic areas such as infrastructure and governance could be viewed as more stable elements of perceived added value (IOB, 2013).

The extent to which EU action creates added value in relation to member state activities often appears as a key question in EU development cooperation evaluations. A review of EU strategic evaluations underlined that common elements of EU added value relate to its aid volume, its wide geographical scope as well as its possibilities to engage in areas of political sensitivity due to a distance from national interests. Additional areas of added value involve areas of sectoral specialisation linked to specific mandates, such as the EU's role in the promotion of trade and regional integration, or expertise with the management of particular modalities, of which budget support provides a key example (Particip, Ecorys, ECDPM, Mokoro, & Lattanzio e Associati, 2016). The evaluation indicated that EU added value was most evident where its coordination role vis-à-vis other aid providers was clear.

In addition to justifying EU action in relation to member state activities, the added value concept also guides assessments of the EU's use of specific instruments. For example, the added value of blended finance has been analysed in relation to EU grant-based aid and evaluated against the expectations that blended finance could leverage policy reforms, improve the quality of projects, reduce barriers to lending and contribute to the implementation of aid effectiveness goals (Analysis for Economic Decisions [ADE], 2016). In the EU blended finance context, the term "additionality" seeks to capture the extent to which EU blending operations lead to investments that would not otherwise have taken place in order to ensure that blended finance does not displace financing from bilateral development finance institutions, private investors or other financing sources (European Court of Auditors, 2020). Multiple frames of comparison can be used to assess a single intervention, and the selection of the dimension for comparison shapes the verdict on whether an intervention reflects added value.

The next section of the paper provides an overview of the main features of the EU-UNDP partnership as background for examining how the concept of added value can contribute to clarifying the reasoning behind EU funding choices.

### 3 The EU-UNDP partnership

The EU's partnership with UNDP is one of the most important in the broader context of EU-UN relations. In 2018, UNDP was the fourth-largest UN recipient of European Commission funds, accounting for 9.3 per cent of the Commission's total funding to UN entities (United Nations Economic and Social Council, 2020). EU funding to UN organisations expanded significantly after the turn of the millennium. The aid effectiveness agenda, the response to crises such as the wars in Afghanistan and Iraq and the Indian Ocean tsunami, and European Commission reforms that enabled an intensification of country-level cooperation provided impetus for closer collaboration (United Nations, 2006). When the first results report relating to the EU-UN partnership was published in 2006, it noted a breadth of cooperation extending to more than 80 countries, amounting to €700 million in funding for development and humanitarian cooperation alone in 2005 (United Nations, 2006). A decade later, the partnership encompassed collaborations in 170 countries, and the total of EU development cooperation and humanitarian assistance to UN entities surpassed €1.5 billion (United Nations Office in Brussels, 2017). In 2018, the EU institutions provided €3.2 billion to the overall UN budget (European Parliamentary Research Service, 2020), marking a continuation of the steadily upward trend.

This section provides an overview of the policy frameworks within which the EU-UN partnership is embedded and the profile of the EU development cooperation funding that is channeled through UNDP.

#### 3.1 Policy frameworks for cooperation

The EU views the UN system as the central arena for strengthening global governance and has articulated a commitment to multilateralism as a core element of its external relations. The recent Communication on “Strengthening the EU's Contribution to Rules-Based Multilateralism” reflects an EU interest in pursuing a more strategic approach to engagement with multilateral organisations. The Communication emphasises the EU's support for reform of the UN development system, indicating a will to adapt EU engagement with UN entities to better enable them to pursue a “delivering as one” approach. The Communication calls for improvements in the collective character of engagement at the EU level and between European institutions and member states as a means of leveraging the EU's weight to advance its interests and support reform objectives (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021).

A key reference point in the evolution of EU engagement with the UN was a 2003 Commission Communication that emphasised the EU's contribution to bolstering the UN through the early adoption and implementation of UN initiatives and support to non-EU countries to enable them to advance UN agendas. The Communication stated the Commission's intentions to establish strategic partnerships with UN agencies, funds and programmes that were active in development and humanitarian affairs. These partnerships aimed to expand the EU role in the governance of UN entities, promote funding stability and support organisational capacities (Commission of the European Communities, 2003). The Communication indicated that the EU would need to adapt its own ways of working to enable it to engage more effectively with the UN system.

EU declarations since then have affirmed the commitment to multilateralism. The 2016 Global Strategy stated that the EU would “strive for a strong UN as the bedrock of the multilateral rules-based order” (European Union, 2016, p. 39), emphasising the varied roles of the UN as a source of international norms, an arena for dialogue and coordination, and a partner in implementation. Although the New European Consensus on Development mainly outlines a long list of thematic priorities and means through which the EU and its member states can improve collaboration among themselves, it briefly mentions a goal for the EU and member states to strengthen their partnerships with multilateral organisations, including UN entities (Council of the European Union, 2017). The Consensus indicated that the EU would work towards greater effectiveness of UN organisations at the headquarters and country levels and promote developing-country participation in multilateral governance (Council of the European Union, 2017).

EU cooperation with UNDP has a basis in a Strategic Partnership Agreement from 2004. The agreement identified multiple avenues to foster collaboration between the European Commission and UNDP. These included policy dialogue, knowledge sharing, programme collaboration and financial cooperation in support of UNDP’s operational activities “where there is added value, relevant impact, common interest and adequate capacities” (European Commission & UNDP, 2004, p. 4). The agreement identified thematic priorities focused on governance, conflict prevention and post-conflict reconstruction, and it noted concern about countries in crisis or at risk. It expressed an interest in the harmonisation of EU and UNDP approaches, for example with respect to assessment and monitoring, and proposed the means for institutionalising a strengthened partnership through regular high-level dialogue (European Commission & UNDP, 2004).

The Financial and Administrative Framework Agreement (FAFA) provides a framework for UN organisations’ management of contribution-specific agreements. The FAFA states that “UN organisations may manage European Union contributions in accordance with their own rules and regulations as assessed by the Commission” (European Union & the United Nations, 2018, p. 1). Nevertheless, the framework agreement outlines accountability expectations related to Commission engagement with the monitoring and evaluation of funded activities and the scope and quality of reporting. It specifies which kinds of expenses can be labelled “direct eligible costs”, indicates that “indirect costs” should be capped at a rate of 7 per cent in relation to eligible costs and provides guidance with respect to contracting and procurement procedures.<sup>2</sup>

Among other formalities, the FAFA also summarises how the visibility of EU contributions should be promoted (European Union & the United Nations, 2018). The agreement can be understood as an effort to standardise cooperation relationships between the EU and UN entities to simplify administration, while respecting accountability requirements that the European Commission must uphold.

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2 Cost recovery is a controversial issue in debates on UN funding practices due to concerns that core resources subsidise non-core resources. UNDP, UNICEF, UNFPA and UN-Women have adopted a harmonised framework for cost recovery that sets a standard cost recovery rate at 8 per cent on non-core funds, though exceptions may be granted related to the purpose of funding or its scale. The EU’s 7 per cent figure reflects a special arrangement linked to the FAFA; other entities such as vertical funds similarly benefit from reduced rates (Executive Board of the United Nations Development Programme, the United Nations Population Fund, and the United Nations Office for Project Services, 2019).

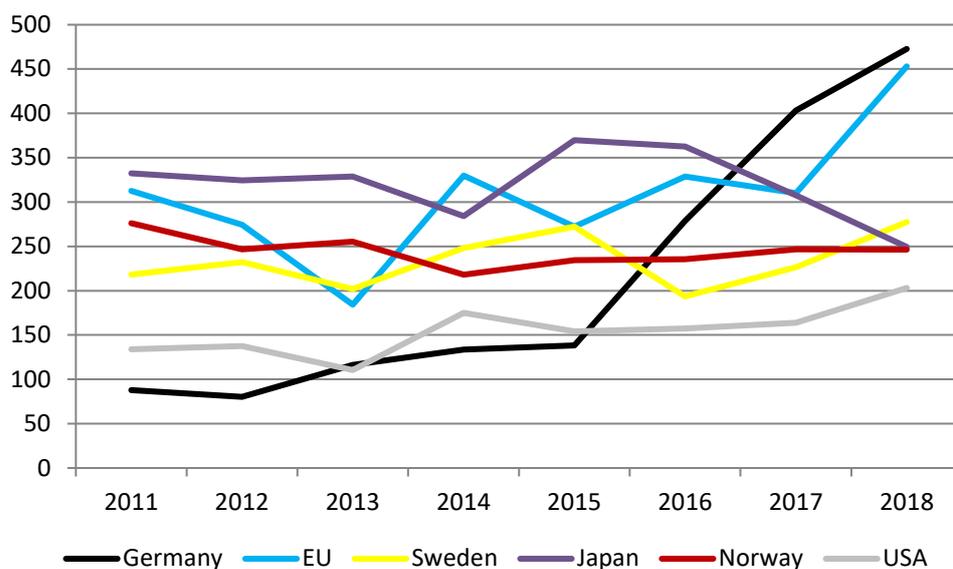
### 3.2 Funding overview and main priorities

The EU has consistently been among the leading contributors to UNDP over the last decade (see Figure 1). In 2018, it was second only to Germany as a contributor and disbursed more than \$450 million to the organisation (Organisation for Economic Co-operation and Development [OECD], 2020). It is part of a relatively small group of contributors that provide the lion's share of funding to UNDP. The six contributors featured in Figure 1 accounted for 78 per cent of the funds UNDP received from members of the OECD Development Assistance Committee (DAC) in 2018. As the leading contributors are also key supporters of global vertical funds – including the Global Environmental Facility and the Global Fund for AIDS, Tuberculosis, and Malaria, both of which disburse large amounts of funding to UNDP – their funding importance extends beyond their direct contributions.

A large component of EU funding for UNDP consists of direct contributions for UNDP project implementation, which amounted to \$284 million in 2019 (United Nations Development Programme [UNDP], 2020b). The EU is also one of the top contributors to the UN inter-agency pooled funds, which are an important source of revenue for UNDP. Beyond a funding relationship, the engagement between the EU and UNDP involves policy dialogue, knowledge sharing and joint work on country programming. UNDP's traditional coordination role within the UN development policy system has made its office in Brussels a focal point for wider EU-UN engagement in the areas of development cooperation and humanitarian assistance (UNDP, 2014). As a result of recent reforms of the UN development system that aim to strengthen the independence, capacities and integrative role of UN Resident Coordinators, UNDP has lost its coordination mandate within the UN system (Connolly & Roesch, 2020). However, UNDP continues to emphasise its role in promoting integrated development policy approaches across sectors, within partner countries and among UN entities, and it still provides operational support within the UN system, including to Resident Coordinator offices (Executive Board of the United Nations Development Programme, the United Nations Population Fund, & the United Nations Office for Project Services, 2020).

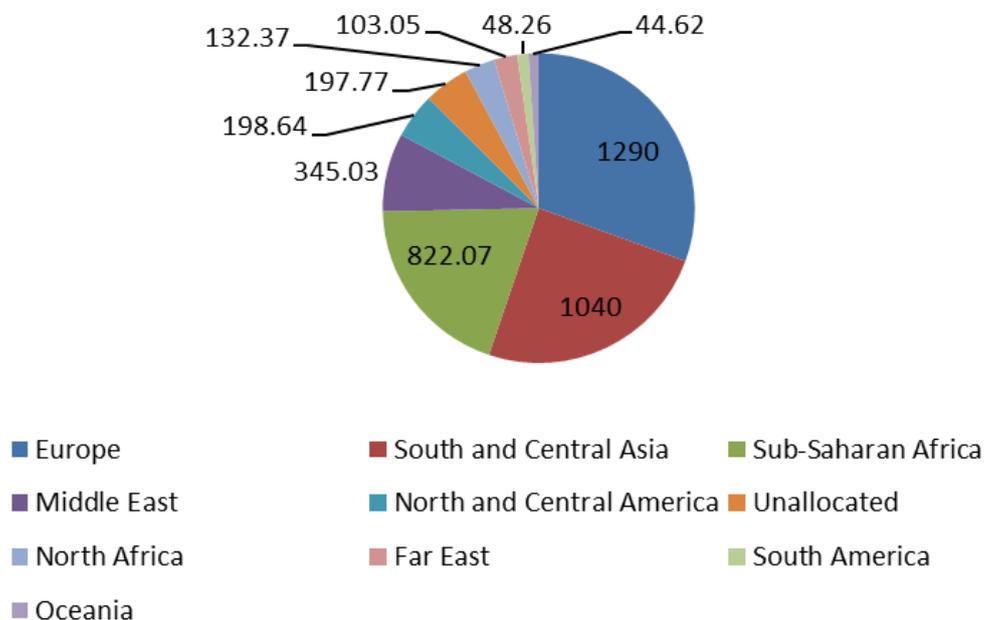
According to data reported in the EU aid explorer, EU funding to UNDP supported three regions in the period 2007 to 2019 in particular: Europe, South and Central Asia, and sub-Saharan Africa (see Figure 2). Bosnia and Herzegovina was the recipient of an exceptionally large volume of EU funding to UNDP in 2014. This funding allocation followed disastrous flooding in the country and influences both the status of Bosnia and Herzegovina as the top recipient and the place of post-emergency reconstruction at the top of the list of sectoral areas of emphasis. Although activities continue to be spread across the globe, in 2018 and 2019, Europe and the Commonwealth of Independent States, Asia and the Pacific, and the Arab states have been the main regions receiving funding from the direct project-related EU contributions to UNDP (2020b).

**Figure 1: Leading contributors to UNDP, 2011-2018 (\$ mil.)**



Source: Author’s presentation based on data from the OECD Creditor Reporting System. The figures stem from the dataset on contributors’ total use of the multilateral system, reflecting the sum of core and non-core resources provided by the contributors to UNDP and are reported in constant 2018 dollars (OECD, s.a.).

**Figure 2: Regional breakdown of EU funds channelled through UNDP, 2007-2019 (€ mil.)**



Source: Author’s presentation based on the selection “Top Recipients Regions” from the EU Aid Explorer (European Commission, s.a.)

Country recipients		Sectors	
Bosnia and Herzegovina	609.9	Post-Emergency Reconstruction	643.94
Afghanistan	596.48	Elections	562.71
Bangladesh	176.95	Security System Management & Reform	435.75
Iraq	169.9	Civilian Peace-Building, Conflict Prevention and Resolution	263.59
Albania	145.22	Decentralisation and Support to Subnational Government	223
Somalia	110.96	Public Sector Policy & Administrative Management	192.49
North Macedonia	105.35	Ending Violence against Women and Girls	168.39
Ukraine	100.9	Legal and Judicial Development	132.17
Pakistan	79.47	Environmental Policy and Administrative Management	131.83
Moldova	79.41	Rural Development	126.97

Note: The table is based on data from the “EC+OECD” data source for all sectors, with the European Commission selected as a donor and UNDP selected as the channel for implementation.

Source: Author’s presentation based on data from EU Aid Explorer (European Commission, s.a.)

The sectoral funding priorities listed in Table 1 are consistent with the areas for cooperation outlined in the EU-UNDP Strategic Partnership Agreement, which focused on themes of governance, conflict prevention and post-conflict reconstruction (UNDP, 2014). Although these areas have traditionally represented a core component of UNDP’s agenda, the organisation’s work covers a broad range of thematic priorities. In the current UNDP Strategic Plan, strengthening effective, inclusive and accountable governance is one of six key action areas outlined. The other areas seek to address drivers of poverty, build resilience to emergencies, promote sustainability, increase energy access and advance gender equality (Executive Board of the United Nations Development Programme, the United Nations Population Fund, & the United Nations Office for Project Services, 2017). The orientation towards promoting structural transformations to achieve sustainable development reflects the heightened attention to climate and natural resource management issues on the global agenda. In the context of the EU-UNDP partnership, the focus on environmental and energy challenges has similarly increased, including support for varied projects aimed at increasing governmental capacities to improve environmental planning and regulation and implement environmental protection initiatives (UNDP, 2014).

The list of the 15 largest projects budgeted for 2020 in Table 2 provides an indication of the range of countries and priorities where EU funding via UNDP is directed.<sup>3</sup> These 15 projects accounted for roughly half of the volume of EU project funds provided to UNDP in that year (\$195 million out of \$394 million total). This presentation hides a spectrum of engagements that vary widely in scale. Of 265 projects for which a budgetary allocation

3 The projects listed in Table 2 also vary with respect to their funding constellations. The European Commission serves as sole contributor in the projects implemented in Serbia, Iraq and through the Regional Bureau for Arab States. Other variations include the European Commission serving as the sole EU contributor with additional resources coming from non-EU contributors, the Commission providing funds alongside member states, the Commission and UNDP providing funding (Yemen) or the European Commission and the national government providing funds (Turkey). Source: UNDP (2021c).

was reported in 2020, only six had a budget larger than \$10 million. Seventy-six projects had a budget between \$1 and \$10 million; 106 projects had a budget between \$100,000 and \$1,000,000, and 77 were allocated less than \$100,000 (UNDP, 2021c).

**Table 2: Fifteen largest EU-funded UNDP projects in 2020**

Country	Project title	Budget (\$)
Afghanistan	Law and Order Trust Fund for Afghanistan (LOTFA) – Support to Payroll Management	34,710,000
Nigeria	Support to Covid-19 Response	22,074,608
Turkey	Turkey Resilience Project in Response to the Syria Crisis	21,070,000
Central African Republic	Support to Electoral Process 2019-2022	16,173,032
Ukraine	Recovery and Peacebuilding Programme	15,388,774
Serbia	EU for Civil Protection	11,984,850
Iraq	Supporting Stability and Recovery through Local Government	9,653,587
Burkina Faso	Support to Electoral Processes 2020-2021	9,494,010
Yemen	Social Protection	9,177,120
Libya	Resilience and Recovery	8,504,068
Bosnia and Herzegovina	Response to Covid-19 outbreak	8,213,555
Mozambique	Mozambique Recovery Facility	7,897,636
Reg. Bureau for Arab States	Resilience of Subnational Authorities of Syria and Iraq	7,452,818
Nigeria	Integrated Community Stabilization	6,980,514
Bangladesh	Activating Village Courts Phase II	6,543,215
Source: UNDP (2021c)		

The broad range of activities funded through the EU-UNDP partnership reflects the wide mandates of the EU and UNDP in development cooperation as well as the diversity of country contexts in which funds are implemented. It is also an expression of the multidimensional character of the development challenges that require engagement at different levels of governance and across sectors, involving investments in knowledge production, policy dialogue, network building and project implementation. In a report on the achievements of the EU-UNDP partnership in the Arab states region, for example, activities included efforts to increase citizen political participation and build capacities in national institutions as well as localised development projects promoting employment creation (European Commission & UNDP, 2017).

### 3.3 Modes of cooperation

The reports that provide an overview of activities funded through the EU-UNDP partnership indicate that the partnership provides an umbrella for a multitude of engagements that have a basis in a common administrative framework but involve varied stakeholders in their design and implementation. Cooperation between the EU and UNDP encompasses a spectrum of modalities that vary in their complexity and governance arrangements. As noted above, country-based project funding is the main mode of cooperation. Pooled funding

approaches including cooperation through multi-donor trust funds are another prominent avenue for cooperation.

The field of electoral assistance – a key priority area within the partnership (see Table 1) – offers an illustration of project-focused, country-level cooperation. In this example, partnership activities emerge from a confluence of UNDP and EU delegation programming. The UNDP decision to engage in electoral assistance in a given country is rooted in a national request for UN involvement and the UN-focused assessment of project needs. For the EU, a decision to provide electoral assistance is similarly spurred by a request from the partner government, and it is considered if it falls within priority areas outlined in the EU's country strategy paper. An agreement between the EU and the partner-country government provides a basis for project identification, which can involve the selection of UNDP as an implementation partner. Implementation through international organisations is a delegated management model known as joint management (European Commission & UNDP, 2013).

Decisions on cooperation projects can involve dialogue both between UNDP country offices and EU delegations and headquarters-level exchanges (European Commission & UNDP, 2013). Building on the Strategic Partnership Agreement from 2004, the European Commission and UNDP formulated “Operational Guidelines for the Implementation of Electoral Assistance Programmes and Projects” in 2006. The guidelines established mechanisms to facilitate institutional cooperation, including a Joint Task Force on Electoral Assistance to enable headquarters-level involvement in the assessments of projects being developed as well as in monitoring project implementation (European Commission & UNDP, 2016). Headquarters-level participation can also include representatives of the European External Action Service and the UN Department of Political Affairs, signalling the incorporation of political considerations into decision-making on electoral assistance projects. However, UNDP country offices and EU delegations are at the frontline in terms of assessing requests for assistance from partner governments and overseeing project implementation (European Commission & UNDP, 2016). Cooperation between the EU and UNDP is formalised in standard contribution agreements. Notwithstanding these institutional arrangements, projects implemented in the context of the European Commission-UNDP Partnership on Electoral Assistance also receive funding from other sources, including partner governments, UNDP's organisational resources or donors within or outside of the EU (European Commission-UNDP Joint Task Force on Electoral Assistance, 2021).

The electoral assistance example indicates that funding for EU-UNDP cooperation has flowed from multiple sources. While the geographic instruments, and particularly the European Development Fund, have provided the main source of funding, the Instrument for Stability and European Instrument for Democracy and Human Rights have been among the other sources of support (European Commission & UNDP, 2013). The broad spectrum of activities covered by the EU-UNDP partnership means that numerous entities within the Commission have contributed to its implementation. The consolidation of development instruments in the new EU budgetary framework is expected to emphasise geographic programming in order to integrate country-level funds, reserving thematic windows for actions with a global dimension to a greater extent (Jones, DiCiommo, Monràs, Sheriff, & Bossuyt, 2018).

A second main mode of cooperation between the EU and UNDP involves contributions through pooled funding arrangements. The funding for the Covid-19 response in Nigeria, which is listed as the second-largest project funded in 2020 (see Table 2), provides an illustration. In this case, EU funding flows to a basket fund managed by UNDP on behalf of the UN system, indicating a continuation of UNDP's traditional coordination role in "ONE-UN" initiatives. The EU contribution agreement notes that support for the basket fund reflects an interest in prompt and effective implementation in addition to creating a political space to enable alignment and cohesion among the EU and other stakeholders (European Union, 2020, p. 1). The funding from the EU Emergency Trust Fund for Africa makes the EU by far the largest contributor to the basket fund. The fund's governance arrangements enable EU participation alongside UN, governmental and donor representatives in a project board to provide guidance and review progress as well as participation in a separate technical committee. Although national and subnational governmental partners are key partners in implementation, accountability for the achievement of project results resides with UNDP and other involved UN agencies (European Union, 2020).

Reflecting a similar logic, the EU has turned to multi-donor trust funds as an implementation avenue to respond to major crises such as dealing with the aftermath of conflict, natural disasters and pandemics. Numerous justifications can lead the EU to provide funding to UN organisations through trust funds, including the existence of an international mandate, neutrality and security concerns as well as the expertise, implementation capacities and field presence of the organisations (European Commission, 2016). Trust fund arrangements are governed by the FAFA policy framework, and the engagement of the EU involves not only prior vetting of management systems but also policy dialogue and oversight through reporting (European Commission, 2016). Funding for these vehicles has come from both geographic and thematic budget lines. Within the UN system, a distinction can be made between single-agency thematic funds and inter-agency pooled funds that allocate funds to multiple UN entities (Weinlich, Baumann, Lundsgaarde, & Wolff, 2020). For funders including the EU, contributions to single-agency funds reflect a more direct decision to support the activities of specific organisations rather than allocations to inter-agency funds.

EU funding to multi-donor trust funds has been heavily concentrated geographically, with Afghanistan and Iraq together accounting for 47 per cent of funding between 2003 and 2016 (European Commission, 2016). In Iraq, the EU was the largest contributor to the United Nations Development Group Iraq Trust Fund within the International Reconstruction Fund Facility for Iraq, providing 44 per cent of the resources to the fund during its lifetime from 2004 to 2013 (UN Multi-partner Trust Fund Office, 2020a). The fund involved 22 UN agencies. UNDP was the single largest recipient, accounting for 28 per cent of funds delivered.

In Afghanistan, multilateral trust funds are considered a means of enabling funding to flow through country systems in a context where the eligibility criteria for budget support are not met (European External Action Service, European Commission, & Government of the Islamic Republic of Afghanistan, 2014). UNDP's Law and Order Trust Fund for Afghanistan (LOTFA) has been the primary vehicle for EU support to Afghanistan dealing with rule of law, one of four sectoral priority areas within the EU country programme. It is

an example of a single-entity fund with UNDP as the sole delivery partner.<sup>4</sup> This fund works with Afghan ministries to strengthen the capacities of national police forces and other institutions in the rule of law sector. Within its layers of governance, the UN's Multi-partner Trust Fund Office (MPTFO) serves as an administrator managing contributions and the disbursement of funds. At the operational level, a trust fund management unit located in UNDP's country office performs planning and review functions and provides input to a steering committee and technical working groups consisting of Afghan government officials, UN representatives and donor representatives (UN Multi-partner Trust Fund Office, 2018).

The Somalia Multi-window Trust Fund is a major ongoing EU funding commitment. In this case, the EU is second to Sweden as a contributor and has accounted for 19 per cent of the total funding since the fund's creation in 2014. The fund differs from the LOTFA as a range of UN entities as well as the Government of Somalia are delivery partners. UNDP is the largest UN delivery partner through this vehicle, having received half of the funds provided through the trust fund (UN Multi-partner Trust Fund Office, 2020b). The multi-window construction intends to promote coordination at different levels: among donors through the pooling of resources, among multilateral organisations managing resources through different trust funds and among UN implementation partners. Similar to the LOTFA example, the Somali trust fund's governance model involves the MPTFO in an overarching administrative role, with a steering committee, development partners groups, and an aid coordination unit providing guidance and dealing with country-level implementation. The trust fund intends to support the goal of transitioning from being reliant on UN entities towards a larger role for the Somali government in implementation over time (Somalia Multi-Partner Trust Fund, 2014).

While these examples highlight the importance of EU engagement with UNDP via country-specific trust funds, the EU also supports UNDP via thematic trust funds. The most prominent example is the Spotlight Initiative, which was established with a €500 million initial commitment from the EU to advance the objective of eliminating violence towards women and girls. Alongside UNDP, UN Women, the United Nations Population Fund (UNFPA) and UNICEF are also core UN partners in the initiative (Spotlight Initiative, 2020). The normative, standard-setting and advocacy functions of UN entities along with their potential to build bridges to national governments and a wider range of stakeholders are among the assets that made UN entities attractive partners for the EU in promoting a comprehensive approach in support of this thematic agenda (Spotlight Initiative, 2018).

The Spotlight Initiative aspires to serve a global agenda-setting function. Its scale and the high-level status it holds as a flagship initiative demonstrating the promise of UN development system reforms constitute assets in stimulating policy shifts across the world (Spotlight Initiative, 2020). The initiative reports that its inter-agency structure has facilitated an increase in joint work among UN agencies at the country level, which is a key aspect of the UN development system reform agenda. An emphasis on a holistic approach in the context of country programmes extends to support for initiatives that cut across

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4 The LOTFA also receives funding from a variety of member states. In ascending order of their contributions, other EU contributors are Romania, Hungary, the Czech Republic, Estonia, Poland, Croatia, Denmark, Finland, the Netherlands, Italy and Germany. Source: UNDP (2021d).

governmental areas of responsibility and promote multi-stakeholder responses within societies (Spotlight Initiative, 2020). The multilevel nature of the initiative – promoting collaboration at the global, regional and country levels to advance knowledge sharing – is another perceived advantage.

The centrality of the EU as a funding source shapes the initiative’s governance arrangements, with EU representatives participating in strategic and operational decision-making at different levels of the initiative. The EU and UN also cooperate to provide common guidance to UN organisations and EU delegations at the country level, illustrating that the initiative is more than a funding partnership. Alongside UN Women, UNFPA and UNICEF, UNDP is one of the core UN partners in the initiative (Spotlight Initiative, 2020).

Although the Spotlight Initiative aspires to promote comprehensive approaches at the country level and foster cross-sectoral and multi-stakeholder approaches consistent with the UN reform agenda, it is also a new initiative with its own set of governance arrangements, creating the potential for coordination challenges. It is also nearly exclusively dependent on EU funding, highlighting that EU contributions to UN organisations can reinforce challenges in broadening the base for resource mobilisation in the multilateral system.

The examples presented in this section underline that the expansion of EU funding for UNDP has not only supported priorities dating to the creation of a strategic partnership but also contributed to the evolution of the cooperation agenda within the partnership.

#### **4 Applying added value lenses to the EU-UNDP partnership**

The term “added value” is widely used and can reflect numerous dimensions of how an organisation or an intervention distinguishes itself from others. The introduction to the concept above suggests that the volume of resources provided, the extent to which resources fill a funding gap and the costs associated with the management of funds can be considered common economic dimensions of added value. Political considerations such as the neutrality of delivery partners or their ability to serve convening or coordination roles are often highlighted in statements of the added value of multilateral organisations. This short list of alternative criteria for assessing added value underlines that the term does not have a fixed meaning, but it requires some selection of a basis for comparison to provide guidance in policy debates.

This section presents three approaches to comparison to explore how the term “added value” can be applied to position the EU-UNDP partnership in the context of the EU and UN development policy systems. The first approach deals with the distinctiveness between EU member state choices and funding choices at the EU level. The second approach discusses the EU-UNDP partnership in terms of its added value in relation to the alternative funding channels that the European Commission can select. The third approach considers the EU as one of many potential funders of UNDP to explore how it may add value as a contributor to the organisation. Table 3 provides an overview of criteria for reviewing added value that are linked to the three approaches, which are discussed in the text that follows.

<b>Table 3: Three lenses for considering added value in the EU-UNDP partnership</b>		
Division of labour	Implementation alternatives	Contributor qualities
Scale of funding	Scope of work	Scale of funding
Additionality of funds	Delivery capacities	Scope for engagement
Geographic priorities	Accountability	Thematic priorities
Sectoral specialisation	Administration	Coordination role
Funding approaches	Development effectiveness	Flexibility of funding
	Stakeholder engagement	Oversight approach
Source: Author		

#### 4.1 Division of labour in EU and member state funding

Defining the respective funding roles of member states and EU institutions is an important element of EU budgetary debates and has been a focus of the division of labour agenda in European development cooperation. The division of labour can relate to geographic or thematic funding priorities as well as modes of cooperation.

Table 4 presents an overview of EU member state funding for UNDP for 2018 (United Nations Economic and Social Council, 2020). The table indicates that there is great variety among member states in terms of their level of bilateral support for UNDP. Notably, the top five member states (Germany, Sweden, the Netherlands, Italy and Denmark) accounted for 68 per cent of all EU funding to UNDP in this calculation, with the Commission contributing another 25 per cent of the total.

As the top contributors provide a large share of their funding as non-core resources, the profiles of their engagement with UNDP reflects specific areas of donor interest. The donors vary with respect to their geographical emphases. While Arab states were the most sizeable destination for UNDP non-core funding from Denmark, Germany and the Netherlands between 2014 and 2017, Italy's non-core funding to UNDP flowed overwhelmingly to the Asia-Pacific region. For Sweden, global programmes and the African region were top destinations. Variations are also evident in terms of priority sectors. In this period, early recovery was the leading development outcome supported by Denmark and Germany, while the provision of basic services was the largest category of funding for the Netherlands and Italy. Sweden stands out for its prioritisation of democratic governance in this comparison (UNDP, 2018a-e). For Germany, non-core funding to UNDP has reflected an investment in crisis prevention, stabilisation and peacekeeping in areas including Iraq, Libya and the Lake Chad region, as well as additional funding from a bilateral initiative to address migration challenges (Auswärtiges Amt, 2020).

<b>Table 4: Core and non-core contributions to UNDP from the European Commission and EU member states, 2018 (\$)</b>					
Contributors	Voluntary core	Non-core	Total	Core share	Non-core share
Germany	46,224,419	355,578,139	401,802,558	12%	88%
European Commission	0	309,281,427	309,281,427	0	100%
Sweden	75,812,274	118,580,939	194,393,213	39%	61%
The Netherlands	34,129,693	78,288,040	112,417,733	30%	70%
Italy	5,896,226	74,868,310	80,764,536	7%	93%
Denmark	18,227,009	44,249,264	62,476,273	29%	71%
Belgium	12,345,679	5,067,830	17,413,509	71%	29%
France	10,669,598	4,096,012	14,765,610	72%	28%
Ireland	8,913,159	4,778,440	13,691,599	65%	35%
Luxembourg	3,182,870	8,179,546	11,362,416	28%	72%
Finland	1,234,568	9,911,210	11,145,778	11%	89%
Austria	1,814,988	5,190,954	7,005,942	26%	74%
Slovak Republic	0	3,486,475	3,486,475	0	100%
Poland	0	2,814,996	2,814,996	0	100%
Spain	568,828	2,181,070	2,749,898	21%	79%
Czech Republic	132,691	1,472,723	1,605,414	8%	92%
Croatia	0	642,040	642,040	0	100%
Estonia	88,863	420,000	508,863	17%	83%
Romania	57,870	345,965	403,835	14%	86%
Bulgaria	0	227,273	227,273	0	100%
Cyprus	23,618	157,343	180,961	13%	87%
Portugal	50,000	97,711	147,711	34%	66%
Malta	0	34,286	34,286	0	100%
Hungary	0	0	0	n.a.	n.a.
Latvia	0	0	0	n.a.	n.a.
Lithuania	0	0	0	n.a.	n.a.
Slovenia	0	0	0	n.a.	n.a.
Greece	0	-370,774	-370,774	0	100%
EC + MS total	219,372,353	1,029,579,219	1,248,951,572	18%	82%

Note: The table lists the overall volume of funding provided by these contributors and indicates the share of core and non-core funding within each contributor's support to UNDP.

Source: Author's presentation based on data from United Nations Economic and Social Council (2020). The figures stem from Table A-4 in the UN Department of Economic and Social Affairs spreadsheet.

Although France stands out alongside Belgium and Ireland as one of the few EU member states to provide the majority of its contribution to UNDP as core support, its low level of funding to UNDP compared to Germany or Italy reflects its prioritisation of the climate, health and education sectors as well as a preference for multilateral development banks and

global vertical funds as multilateral implementation channels (Ministère de l'Europe et des Affaires Étrangères, 2017).

An overview of member state funding choices reveals both different national accents through non-core funding and areas where there is a reinforcement of the same priorities and a shared focus with the European Commission. An example of this is that Afghanistan and Iraq were among the top 10 country recipients of earmarked funds channelled through UNDP for all five leading member state contributors between 2014 and 2017 (UNDP, 2018a-e). The European Commission's emphasis on funding UNDP in the European region does not seem to be shared by the leading member state contributors. However, Central and Eastern European member states do prioritise development funding in their neighbourhood, and this has carried through to funding for UNDP. As examples, the Czech-UNDP Partnership for Sustainable Development Goals focuses on cooperation with country offices in Bosnia and Herzegovina, Georgia and Moldova, while Belarus and Ukraine have been key priority countries in Poland's funding to UNDP. These donors are part of a larger group of countries that UNDP collaborates with to develop young aid administrations and provide vehicles for transferring expertise (UNDP, 2021b). The most clear-cut examples of a specialisation in the funding profiles between member states and the Commission appear with respect to the member states that do not allocate funds to UNDP.

Cyprus presents a special case within the low contributor group because Cyprus has been a key beneficiary of EU funds channelled through UNDP in recent years. In 2020, UNDP's office in Cyprus was the ninth-largest recipient of EU project funds to UNDP, receiving \$12.8 million spread across nine projects (UNDP, 2021c). This funding supports peacebuilding goals and invests in areas including infrastructure development and the protection of cultural heritage. The EU is the main funder of UNDP's work in the country (UNDP, 2021a).

In spite of the concentration of funding to UNDP, key EU member states do not justify their funding profiles in relation to the activities of other contributors, but rather emphasise the alignment between bilateral objectives and UNDP's organisational characteristics at the strategic level. Sweden's strategy for engaging with UNDP highlights many ways of strengthening UNDP as an organisation in order for it to advance UN reform efforts and key objectives in the areas of democratic governance, climate action and conflict prevention. Although the strategy mentions an intention to make alliances with like-minded UN member states, there is no explicit reference to how engagement within the European Union can advance these goals (Regeringen, 2017). Denmark's strategy for engagement with UNDP similarly invokes cooperation with like-minded countries and considers how UNDP can operate more effectively within the landscape of multilateral development cooperation by further focusing its work within a broad mandate, but it does not raise the role of the European Union as a funder or implementer (Ministry of Foreign Affairs of Denmark, 2018). The overall multilateral strategy of Germany's development ministry signals an interest in increasing core funding to UNDP and pushing the organisation to strengthen its emphasis on climate and gender issues. The strategy does not address the issue of complementarity with the EU or other funders within the UN system (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung, 2020).

The lack of reference to the European Commission as an important UNDP funder in member state strategy documents does not demonstrate that there is an absence of dialogue or

coordination between the Commission and member states in engaging with UNDP at different levels of the organisation and across areas of implementation. However, it is an indication of the absence of an overarching strategic view of whether – and how – funding streams from the leading member states and Commission serve to complement one another. This reflects broader challenges in European development cooperation related to the similar status of the European Commission and bilateral aid providers.

#### 4.2 Situating UNDP as an alternative implementation channel

The EU's portfolio of cooperation with UNDP reflects numerous decisions taken at different governance levels and points in time, extending across diverse country contexts and addressing a multitude of policy priorities. This section outlines criteria that can serve to justify the choice of development cooperation channels, highlighting rationales for disbursing funds to multilateral organisations.

The term “added value” and related concepts such as complementarity and comparative advantage are commonly used to frame the rationales for bilateral contributors to deliver assistance through multilateral channels. Drawing on an analysis of bilateral and multilateral funding trends, OECD DAC member perceptions and monitoring reports from the Global Partnership for Effective Development Cooperation, the OECD Multilateral Development Finance report highlights several elements of multilateral added value (OECD, 2020). In addition to advantages related to scale and geographic or thematic specialisation, the report indicates that multilateral organisations have a claim to added value due to their performance in relation to development effectiveness goals. In particular, multilateral organisations show strengths in areas related to partner-country ownership and the alignment of strategies and reporting frameworks with nationally-determined formats (OECD, 2020). As an example of a bilateral perspective, France's multilateral strategy highlights that multilateral organisations can offer advantages with respect to defining international norms, reducing transaction costs in delivery, leveraging funding, enhancing legitimacy and contributing expertise (Ministère de l'Europe et des Affaires Étrangères, 2017).

The European Commission considers the EU's ability to engage widely and with a variety of stakeholders as a key aspect of its unique identity as an aid provider and as a factor in giving it a global leadership role in this policy field (European Commission, 2018b). Its spectrum of possibilities covers a range of implementation approaches, including the direct management of projects, the provision of budget support, blended finance and delegation to international organisations or other implementation partners. EU trust funds are a recent addition to this menu and have expanded avenues for resource mobilisation for specific regions and themes (European Commission, 2018b). General alternatives to implementation through international organisations include the EU itself acting as implementer, the channelling of funds directly to national governments or the choice of non-governmental stakeholders as partner organisations. As an implementing partner, UNDP competes not only with European development agencies and civil society organisations but also with other multilateral entities, including UN organisations.

Assessments of EU funding to UN organisations have highlighted a lack of clarity about what criteria are used to select implementing partners and whether funding decisions have a basis in a systematic assessment of organisational achievements and available alternatives (ADE,

2008; European Court of Auditors, 2009). Taking note of EU stakeholder concerns about the transaction costs involved in disbursing funding through multilateral channels, the most recent DAC Peer Review of the EU recommended that the rationale for funding multilateral organisations should be outlined more clearly (OECD, 2018).

Against the backdrop of the expansion of EU funding to UN entities, an evaluation of EU-UN cooperation more than a decade ago noted several ways that this cooperation created added value. According to the evaluation, cooperation with the UN offered the European Commission an added value in cases where other means of delivery were disrupted, where the UN had an international mandate to intervene, in politically sensitive situations or in cases where challenges had a global orientation. These aspects reflected several UN advantages, including the availability of multi-donor funding vehicles, the ability to maintain policy dialogue with governments, the neutrality and legitimacy of the UN system, and continuities in the UN field presence (ADE, 2008).

Several motives or criteria for allocating aid can influence the choice of delivery channels, including the scope of a partner organisation's work, its capacities for implementation, accountability standards, the contribution to development effectiveness goals and prospects for engagement with particular stakeholder groups.

*Scope of work:* The choice to support the work of any organisation is linked to its geographic and sectoral range of action and the nature of organisational expertise that determines what tasks it is able to execute. UNDP has a presence in 170 countries and territories, and its country programmes pursue varied priorities to reflect the diversity of national circumstances. Although the organisation has specialised in areas including conflict prevention and the promotion of democratic governance, it considers itself uniquely positioned within the UN development system as an entity that can promote integrated approaches to development through cross-sectoral and cross-governmental work (Executive Board of the United Nations Development Programme, the United Nations Population Fund, & the United Nations Office for Project Services, 2017).

*Implementation capacities:* The EU's reliance on multilateral entities as implementation partners has been perceived as a puzzling phenomenon in light of the double delegation of development funding, which may be associated with a longer accountability chain from funding source to partners and additional administrative costs (Michaelowa, Reinsberg, & Schneider, 2017b). To account for the choice of the EU delegation of funds to international organisations, Michaelowa, Reinsberg and Schneider (2017a) emphasise the role of capacity limitations in terms of staffing levels and available expertise within the European Commission. Organisational reforms in the domain of EU external action led to staff reductions in the Directorate-General for International Cooperation and Development while the European External Action Service expanded, favouring a dilution of development expertise (OECD, 2018). As a result, a reliance on UN entities as partners can be viewed as a means of alleviating capacity deficits within a development bureaucracy where there is a gap between the high volume of funds disbursed and personnel to administer them.

*Accountability standards:* The delegation of funds to international organisations falls into the administrative category of "indirect management" of EU budgetary funds. While the delegation of implementation responsibilities potentially lowers the administrative burden on the Commission, these funds remain subject to stringent accountability demands.

Organisations implementing EU funds through indirect management are expected to undertake so-called pillar assessments that review organisational financial management set-ups to ensure compliance with EU auditing standards (European Commission, 2020c). Accountability pressures also offer an explanation for reliance on international organisations as an intermediary in aid delivery instead of providing budget support, as EU budgetary rules stipulate that the provision of budget support is contingent on transparent, reliable and effective public financial management in the partner country (European Commission, 2017).

*Administrative factors:* UN entities can have an administrative advantage as EU funding recipients in relation to civil society organisations due to the higher likelihood of receiving direct grants rather than having to respond to calls for proposals or procedural requirements that make the management of funding for civil society organisations more time-intensive for Commission staff (CONCORD, 2016).

Considerations about organisational cost effectiveness can also be relevant in selecting delivery partners. A “value for money” approach to aid provision adopts a comparative framework and calls attention to how delivery partners are distinguished, not only by their operational profiles but also by the cost effectiveness, quality and efficiency of their operations. Key cost drivers of implementation include procurement and staffing, and UN agencies may be more costly implementation channels in comparison to non-governmental organisations using such criteria (Baker, Dross, Shah, & Polantro, 2013). The 2015-2016 MOPAN assessment of UNDP characterised its efficiency as uneven, owing in part to the delays in implementation that occur in fragile states (MOPAN, 2017).

*Contribution to effectiveness goals:* One perceived advantage of multilateral development aid in relation to bilateral aid is that it reflects key development effectiveness principles to a larger extent, particularly with respect to aligning engagement with nationally determined priorities and using country systems (OECD, 2020). Organisations display varied strengths in implementing effectiveness thinking. In UNDP’s case, a decentralised operational model enabling country-driven development and a commitment to transparency signal a commitment to effectiveness considerations. However, UNDP has also faced criticism due to limited coherence with the work of other stakeholders and challenges in ensuring the sustainability of its interventions (MOPAN, 2017). Performance on effectiveness measures can vary across country settings.

*Stakeholder engagement:* An additional element of an organisation’s added value involves its ability to connect with relevant stakeholders. Like other UN entities, part of UNDP’s selling point as an implementing organisation is its ability to serve a liaison function with national governments, especially in fragile states. However, the organisation adopts a holistic view and emphasises outreach with civil society and private-sector actors in addition to governmental partners (Executive Board of the United Nations Development Programme, the United Nations Population Fund, & the United Nations Office for Project Services, 2017).

This list of criteria to review the added value of implementation channels is not exhaustive, as aid providers take numerous considerations into account when making funding decisions, including factors dealing with political relationships or visibility. The list nevertheless indicates that a determination that UNDP or any other implementation channel offers added value to the EU depends on what criteria are prioritised in the assessment. Ideally, a choice

of implementation channel would reflect added value across multiple decision criteria, but a focus on a restricted number of criteria, such as the scope of work or implementation capacities, may tilt funding choices in favour of a given organisation, even if its performance is mixed with respect to other criteria. A clarification of the added value criteria guiding allocation decisions is useful, not only in implementation choices but also in providing a basis for evaluations.

### 4.3 The added value of the EU as a funder for UNDP

A final perspective on the concept of added value relates to the qualities of the EU as a funder and how its manner of engagement with UNDP shapes the organisation's capacities for effective cooperation in the context of ongoing reforms in the UN development system. The added value of EU development cooperation has been described in terms that are similar to the list of perceived advantages of multilateral cooperation more broadly. For example, the EU's coordination role, its wide scope of action, the variety of instruments at its disposal, its potential to leverage resources, a commitment to transparency and political neutrality have been considered key areas of advantage in relation to member state engagement. At the same time, the EU has displayed disadvantages as an aid provider in relation to the complexity of management procedures (HM Government, 2013).

The EU's perception of its added value as an aid provider is evident in the proposal for the Multiannual Financial Framework for 2021-2027. In this context, the European Commission indicated that the consolidation of its external financing instruments would foster added value as a result of the volume of resources provided, as well as the flexibility and predictability of instruments employed. Other advantages of EU engagement the Commission emphasises include the EU's potential to exert political leverage, engage in sensitive contexts where many member states are not active, and build on longstanding expertise in thematic areas such as food security and peace and conflict (European Commission, 2018a). In the new strategy for multilateralism, the European Commission and European External Action Service emphasise the potential for the EU to leverage its collective strength to advance European interests and promote multilateral effectiveness. The strategy acknowledges that this requires better coordination in the positions and contributions of the EU and its member states, signalling that the strength of the EU comes not only from its own financial resources but from the convening role that it can play (European Commission & High Representative of the Union for Foreign Affairs and Security Policy, 2021).

A rare evaluation of EU relations with UN organisations pointed to elements of added value for UN organisations and for partner countries gained by having the European Commission as a funding partner. For UN organisations, the primary benefit cited was the access to large-scale resources that added to UN capacities. For partner countries, added value emerged due to access to funding in difficult contexts as well as benefits from specialised UN expertise and coordination gains through reliance on multi-donor platforms (ADE, 2008). However, the evaluation also highlighted management challenges related to EU-UN cooperation, with the European Commission expressing criticism of UN accountability systems, and UN organisations lamenting the burdensome nature of EU reporting demands and lack of a harmonised approach (ADE, 2008).

The UN reform processes that the EU supports imply a period of adjustment for UNDP. UNDP has traditionally played a pivotal role within the UN development system, positioning itself as a source of the integration of approaches by convening diverse stakeholders and serving as a focal point and provider of operational infrastructure for other UN agencies. Formulated prior to the Secretary-General's reform proposals, the organisation's current strategy emphasises plans for improvements in areas related to increasing cost effectiveness and developing innovative ways of working at country and regional levels (Executive Board of the United Nations Development Programme, the United Nations Population Fund, & the United Nations Office for Project Services, 2017). The organisation has faced challenges from the reduction of its regular resources and reliance on non-core funds in recent years. Funding challenges have created a constraint with respect to adopting a strategic approach to investment within the organisation, notably in terms of avoiding spreading resources too thinly across priority areas within its broad mandate (MOPAN, 2017). UN development system reform directly impacted UNDP's position within the UN system by delinking the Resident Coordinator system from UNDP, thus reducing its coordination mandate. The reform also promotes shifts in how UNDP, other UN entities and system-wide functions are funded by encouraging contributors to increasingly prioritise core or pooled funding as an alternative to non-core resources and incentivising this shift through the imposition of a coordination levy on tightly earmarked funding (Jenks & Weinlich, 2019; UNDP, 2020a).

As highlighted above, the EU has consistently been among the top funders for UNDP in recent years. Its financial support has therefore contributed heavily to maintaining the organisation's resource base in the face of reductions from other sources. This funding consists entirely of non-core resources and reflects a spectrum from small-scale project funding to the pooled funding approaches outlined earlier in this paper. The EU plays different roles as a funder depending on the country context. In Bosnia and Herzegovina, for example, the EU has been the predominant contributor to UNDP's country programme in recent years, leading to a strong influence on programming choices (UNDP Independent Evaluation Office, 2020a). In neighbouring Serbia, which similarly aspires to EU membership, the EU has not been among the main sources of funding for UNDP's country programme (UNDP Independent Evaluation Office, 2020b), though the EU increased the scale of its involvement in 2020 with significant project funding for the Covid-19 response (see Table 2).

The EU's reliance on non-core funding reflects its distinct status as a contributor in comparison to UN member states. Non-core funding choices can have positive or negative consequences for UN entities. On the one hand, non-core funds have the potential to provide additional resources, serve as a stimulus to enhance organisational effectiveness or promote innovation, and foster engagement and collaboration with contributor bureaucracies. On the other hand, non-core funding practices can create funding competition and hinder cooperation among UN entities, undermine the pursuit of longer-term programmatic objectives and place pressure on staff capacities due to project fragmentation (Weinlich et al., 2020). Increasing the amount of pooled funding and moving towards more predictable, flexible and long-term funding approaches are ways of limiting these negative consequences. In this respect, rising EU support for the pooled funds that UNDP benefits from represents a contribution to addressing UNDP's challenges stemming from its disproportionate reliance on non-core resources.

Although the EU is supportive of ongoing reform processes in the UN development system, its partnerships with UNDP and other UN operational entities face adjustment pressures to reinforce the reform agenda. A central objective of UN development reforms is to adopt more integrated approaches to resource mobilisation and planning in a bid to move away from the fragmentation associated with the proliferation of projects. By strengthening the independence of UN Resident Coordinators, the reforms seek to promote more unified responses from UN country offices and ensure that the most relevant UN entities for accomplishing key objectives are involved in implementation (United Nations General Assembly & Economic and Social Council, 2017). An example of EU support for integrated approaches is the EU and UN collaboration to advance consolidated planning for a broader range of development resources by piloting Integrated National Financing Frameworks in 13 partner countries (UNDP, 2019).

The reform process creates potential challenges in the EU's governance role vis-à-vis UNDP. The traditional project orientation suggests that the accountability relationship between the EU and UNDP has centred on the relationship between EU delegations and UNDP country offices. However, strengthening the linkage between UN headquarters and UN country teams is considered an important element of better integrating UN efforts on the ground. Notwithstanding the EU's governance role with respect to major funds such as the Spotlight Initiative, its distinct status poses a challenge for influencing strategic choices at the headquarters level. Because the EU is not a member state, it is not represented in the Executive Board of UNDP. EU member states are represented within two regional groupings, with the primary contributors clustered in only one. The rebalancing of UN decision-making towards headquarters to facilitate greater coherence across the system could widen a gap between the EU's funding and governance roles.

## 5 Conclusions

This paper has provided an overview of the EU-UNDP partnership, using added value as a concept to situate the partnership within the broader context of EU and UN development cooperation. The term "added value" regularly appears in organisational strategies and reports to highlight justifications for action and to summarise organisational achievements. However, the basis for declaring that an organisation or intervention presents an added value is often not clearly specified. The attractiveness of the term likely lies in its role as a signifier of a justified or effective approach.

The term implies a judgment based on a comparison of alternatives. By examining the EU-UNDP partnership using three lenses, this paper has highlighted different approaches to informing the strategic choices facing EU institutions and member states as they consider how to strengthen collaboration in support of UN development system reforms.

Viewing added value through a lens linked to the division of labour debate focuses attention on how EU-level funding to UNDP can fill a gap or complement funding from member states and highlights the relationships between member state funding approaches. With the current exception of Germany, member states individually provide a significantly lower volume of contributions than the European Commission to UNDP. Although the analysis points to an EU emphasis on funding to Europe and sectoral specialisation related to electoral assistance, distinguishing between EU and member state priorities is challenging.

In some cases, the EU and member states fund the same initiatives. In other cases, varied member state priorities contribute to more dispersed approaches. The analysis reveals notable member state differences in terms of the scope of their relationship with UNDP and their funding priorities. The pursuit of a more collective approach to funding UNDP requires that the European Commission and member states increase their knowledge about their respective contributions and increasingly justify funding choices in relation to the engagement of other European actors.

The second lens for considering added value places EU choices to fund UNDP within a broader context for implementation where a multitude of alternative channels exist. Rationales for selecting UNDP or other UN entities as partners include assets such as convening power, organisational capacities and contributions to development effectiveness. Acknowledging the multiple dimensions of added value can draw attention to the tradeoffs involved in selecting UNDP or other organisations for specific tasks as well as the variations in organisational advantage that may exist in light of differences in country-specific funding needs.

The lens on added value focusing on the EU's qualities as a funder highlights possible advantages in relation to the volume, geographic reach and coordination potential of EU development cooperation. However, EU administrative procedures can be burdensome for partner organisations. The funding that the EU provides to UNDP is welcome in light of its large contribution to sustaining organisational activities. Attention to how the EU's funding choices align with perceived advantages related to scale and flexibility and support the adaptation of UNDP within the UN development system reform process will have continued relevance in understanding how the EU can reinforce multilateralism moving forward.

This paper has examined alternative ways of considering the added value of EU cooperation with UNDP. One implication from the analysis is that transparency about what criteria policymakers consider to be most important is necessary in order to judge the advantages of the partnership in relation to other implementation alternatives. A second implication is that funding decisions can have a more compelling justification if they reflect multiple dimensions of added value at the same time. In line with the dimensions of added value outlined in this paper, future EU funding to UNDP will have a stronger basis if it simultaneously reflects a niche in relation to member state funding, invests in areas of strength for UNDP and exploits the unique capabilities of the EU as a funder. Such a multi-dimensional perspective can underpin EU efforts to pursue a more strategic approach to engagement with multilateral organisations.

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