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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE
EUROPEAN PARLIAMENT**

**Building an effective partnership with the United Nations in the fields of Development
and Humanitarian Affairs**

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INTRODUCTION

Relations between the United Nations¹ and the European Union have grown over time into a rich and diverse network of co-operation and contacts. Relations are strong and complex and they now cover virtually all areas of EU external relations, spanning the entire scope of the UN Charter from peace, security, human rights to social and economic affairs, including development and humanitarian activities and trade policy.

Improving co-operation with the UN is a major priority to the EU, to its Member States and to the European Commission. The United Nations Millennium Declaration², reaffirmed the UN global role and set out the international community's commitment to make the UN a more effective instrument for pursuing a series of priorities, among which the fight for development. Following the meetings between Secretary-General Annan and President Prodi, the European Commission considers that there is good reason to strengthen further relations with the UN and to improve efficiency and coherence in our co-operation.

The Commission considers that a first step in the direction of a more effective partnership could be taken by enhancing collaboration in the fields of development and humanitarian affairs. Over recent years, a consensus on the fundamental objectives and strategies of development co-operation has emerged on the global scene, allowing the international community to engage actively in the debate over the potential for more coherent action between various organisations and donors. The Commission is convinced that the quality and impact of EC development and humanitarian policies and activities can be improved by better clarifying what the Community's role should be in the UN context and what it suggests to contribute to the multilateral system. That positive impact can however only be achieved if on the other hand the Commission specifies what it expects from the partners in the United Nations system.

The new strategy for improved co-operation with the United Nations relies upon and benefits from the ongoing overhaul of the Commission's system of operations in the field of external activities (strengthening of the programming process, de-concentration and decentralisation, result-based approach). It pre-supposes increased co-ordination between Member States and the Commission, namely in the international fora and within partner countries. Finally, it is based on the concept of increased complementarity both between the Community and its Member States and the Community and the United Nations.

The main goals of the proposed strategy are to strengthen the involvement of the EC in the upstream policy dialogue and to build a more transparent, financially predictable and easier to monitor partnership with chosen UN agencies, funds and programmes. These entities should

¹ For the purpose of this Communication, "United Nations" means the UN bodies listed in Annex I. This definition excludes [the International Monetary Fund](#), [the World Bank](#) and WTO.

² A/res/55/2, 8 September 2000.

be selected on the basis of their ability to match the objectives of the EC and to make a reliable and effective contribution to the provision of emergency relief to the victims of humanitarian crisis as stipulated in the humanitarian aid regulation³ and to the implementation of the EC development priorities set out in the Statement by the Council and the Commission “The European Community’s Development Policy” of 10 November 2000.

This Communication does not address the issues of the security and peace maintenance, in spite of their close connection to development and humanitarian matters. The Commission intends come back to the overall EU/UN relationship and to closer co-operation in the fields of conflict prevention and crisis management in a later Communication, incorporating the conclusions from the current reflection on EC-UN co-operation in the development and humanitarian fields.

1. THE EC/UN RELATIONSHIP: BACKGROUND

The United Nations operates in a large variety of sectors and issues. The recognised UN global role on peace and security matters has led to it being tasked by the international community to take on complex responsibilities: broad mandates like those of the UNMIK in Kosovo and the UNTAET in East Timor integrate humanitarian and security aspects together with rehabilitation and development.

The provision of humanitarian relief to victims of conflicts and natural disasters together with the support to peoples’ efforts to find a path towards sustainable development also lie at the heart of the United Nations’ mandate and activities. Other sectors, equally at the centre of the UN’s activities such as Economic and Social Affairs, Peace and Security and Human Rights as a crosscutting issue have a particular bearing on development policy and humanitarian aid. Over time the United Nations has built an important network of agencies, funds and programmes providing a unique framework to address these global challenges. It has a strong international legitimacy and undeniable, if uneven, operational capabilities.

Underdevelopment and poverty in their multiple aspects are at the root of many conflicts and call for the exercise of global responsibilities. Jointly tackling development shortcomings and humanitarian crises makes it therefore important to improve EC/UN co-operation. These are areas where the activities of the European Community have a long tradition and are well established and where the UN has a specific mandate, important capabilities and potential (skills, know-how, information and data systems) and a high degree of credibility – in particular with developing countries –as a forum for policy discussions and, in a number of areas, as a provider of technical assistance. The potential for important synergies and mutual gains in co-ordination and complementarity has prompted the EC to focus this first communication on EC/UN co-operation on development and humanitarian issues.

The European Community shares with its Member States a responsibility to be actively involved in the work of the UN related to the implementation of the outcome of major international meetings. The major global conferences of the nineties such as Rio (sustainable development), Beijing (role of women), Cairo (population), Copenhagen (social development), Rome (World Food Summit) and Istanbul (HABITAT) have helped to shape a set of international development targets, which have again been emphasised by the Millennium Declaration adopted by the Millennium Summit held in September 2000. The

³ Council Regulation (EC) No 1257/96 of 20 June 1996

“World Summit for Sustainable Development “ to be held in Johannesburg, South Africa in 2002 will be another opportunity to further develop the international development agenda.

In the development and humanitarian fields, the European Community interacts with the UN at two main levels:

- Political/policy-making (the Community’s role in the decision-making organs of UN bodies and in UN normative fora on social, economic, humanitarian and development issues); and
- Operational (the Community’s co-ordination, support and co-operation relating to development and humanitarian projects and activities implemented by a given UN entity at the country or regional level).

At the political/policy making level, four constraints affect the impact, efficiency and visibility of the Community's work:

- The weak status of the Community in most of UN agencies (with the exceptions of FAO, where the EC has the status of full member, and of WFP, where it is a “privileged observer”) which limits the possibilities for the Commission to provide direct policy input to the governing bodies;
- Low-key EU co-ordination on United Nations policy and operational issues in the fields of development and humanitarian issues. This contrasts with the strong EU co-ordination on General Assembly matters;
- The lack of a Community contribution to the general budget of UN entities. This means that the Community normally has a very limited role in the establishment of general policy orientations, work plans and budgets. Despite important EC contributions to projects in many fields and the efforts undertaken with regard to specific issues the Community’s direct impact on the organisational structures and planning is limited;
- The lack of adequate human resources in the Commission to ensure a presence in the UN bodies and the capacity follow-up on the orientations and decisions taken there.

Even if the formal status of the Community as an observer limits the possibilities of having its voice heard, it has to be pointed out that the Community has some room of manoeuvre in that regard. The more operational and concrete the discussion becomes the more likely it is that the Commission could actually play an active role.

Evident human resources constraints and the length and complexity of debates in UN set limits to regular, active involvement in policy formulation from both Commission Headquarters and Delegations. While informal policy dialogue and co-ordination with partners have helped to dilute the effects of existing constraints, this is no substitute for sustained real participation in the more formal fora.

At operational level, the Community is a substantial donor: from 1997 to 1999, EC contributions to activities executed by UN agencies have totalled 1061 millions € (an average of 354 millions € per year). The main beneficiaries are: WFP (578 millions €) UNHCR (197 millions €), UNDP (118 millions €), FAO (55 millions €) and UNICEF (54 millions €). Of this total amount of 1061 millions €, 347 millions were managed by ECHO and the rest by other Commissions services (mainly DG DEV and DG Relex). In 1999, the EC was one of the

major donors to specialised agencies, funds and programs such as WFP (2nd) and UNHCR (3rd).

The EC is working with the United Nations using the existing capacities of the different parts of the UN system for the implementation of projects and programs. Many UN agencies, funds and programs possess reservoirs of professional skills and know-how as well as broad based information and data systems, which Commission services, can use to attain its objectives for development co-operation and humanitarian aid. Contemplating direct support for maintaining, building and/or extending those assets will require the Commission to intensify its co-operation with the United Nations.

The EC's operational co-operation with UN agencies, funds and programs currently translates into the conclusion of a large number of financing agreements on a case by case basis. There have been several obstacles, which until now have hindered the development of programmatic, longer-term co-operation between the Community and the UN and favoured the alternative approach of this *case by case* financing:

- Lack of clear overall approach to co-operation with the United Nations, and of a general evaluation of that co-operation;
- Insufficient analysis on the specific nature and mandate of UN entities, requiring a specific institutional approach;
- Severe constraints imposed by the existing provisions of the financial regulation;
- Difficulty in reaching an agreement on, among others, principles for financial control, audit and procurement. These difficulties stem essentially from procedural incompatibilities arising from different administrative cultures and requirements;
- Complexity and inadequate interagency co-ordination of the United Nations (Secretariat General and agencies, funds and programmes with different degrees of autonomy and overlapping mandates);
- Inadequate reporting by the UN entities on implementation, both in terms of substance and timing;
- Negative perceptions of performance by the UN in a number of instances;
- Identification of certain number of shortcomings related to UN security constraints in the way humanitarian operations have been managed in a number of crises;
- Lack of visibility of Community financing of operations carried out by the UN.

This piece-meal approach to co-operation with the UN has also led to a very sketchy pattern where our contributions to some parts of the United Nations vary widely from year to year. This has precluded a systematic, thematic, predictable and operational stability in EC/UN co-operation. These problems have therefore restrained the Commission to co-operate more systematically with UN funds, programs and agencies in the funding and implementation of projects. This also tends to result in certain discrepancies between policy positions taken by the European Union with regard to the co-operation with the United Nations as such and the realities of the activities of the Commission.

It is clear from this analysis that neither side has been able to draw maximum benefits from the existing co-operation. Insufficient internal co-ordination on both sides, different administrative cultures and institutional as well as regulatory obstacles are among the reasons for this situation.

2. ONGOING EFFORTS TO IMPROVE THE FRAMEWORK FOR EC/UN CO-OPERATION

The Commission is strongly committed to create a better general enabling environment conducive to improved EC/UN co-operation. A similar commitment is of course needed on the UN side if tangible results are to be achieved. For its part, the Commission has already initiated efforts in that respect and is ready to go further provided certain requirements are met. Among the various measures taken to achieve this aim, the following should be underlined:

- Country Strategy Papers are now the main instruments for guiding, managing and reviewing EC assistance programs. These pluriannual instruments will ensure greater predictability and coherence in EC programming. When formulating the Country Strategy Papers, the Commission will identify and explore the relevance of working with UN entities as well as Bretton Woods institutions and other donors. The programming exercise thus becomes the critical process where all possibilities for reinforced co-operation with UN partners are to be taken into consideration to ensure the most effective EC response to identified partner country needs;
- In the context of the ongoing recasting of the Financial Regulation, the proposal of the Commission would allow for more flexibility in terms of the financing of UN activities, including through program funding contributions, where appropriate⁴. In effect, the proposal for the recasting of the Financial Regulation (Art. 53 and 149)⁵ would allow the Commission to recognise – taking into account internationally recognised rules - the equivalence of auditing and accounting procedures as well as of procurement procedures of international organisations with its own rules. The changes would enable the Commission to fund larger programmes defined jointly with a given UN entity, and to co-finance together with other donors such programmes managed by a UN entity;
- An EC/UN Framework Agreement on the principles for financing or co-financing of programs and projects administered by the UN was signed by an exchange of letters concluded in August 1999. The Agreement was completed and updated by a second exchange of letters (October 2000). It provides a pragmatic solution to many of the procedural difficulties between the two systems and is to be reviewed again before August 2001. The Commission has subsequently developed a "standard grant agreement with international organisations" (December 2000) putting into contractual, operational terms the clauses and principles set out in the agreement. This standard grant agreement is now widely used for operations financed by the Community and implemented by UN entities. It has, to the satisfaction of various UN entities, already substantially simplified and accelerated the preparation and conclusion of the specific grant agreements for the operations concerned;

⁴ Program funding in the sense of identifying specific objectives and priorities.

⁵ Proposal for a Council regulation on the financial regulations applicable to the general budget of the European Communities, COM(2000) 461 final of 17.10.2000

- In the context of the renegotiation of the Framework Agreement, the Commission's approach will allow that Community funds can be provided on a global basis to UN agencies, funds and programs and that the EC adopt an approach focussed on results rather than inputs, provided that the UN offer the Commission some form of permanent representation in the programming and administrative organs of its agencies and in their external audit arrangements. This approach was also supported by the European Court of Auditors, which has suggested for the relationship between the EC and the UN to be put on a global basis. This should enable the Commission to achieve a satisfactory oversight of the programs to which it contributes, without infringing on the UN's operational autonomy and multilateral mandate. For its part, in a wider context, the Commission has, in the meantime, already achieved substantial progress by focussing, in co-financing operations, on the results of the operation as a whole, thus abandoning inputbased budgeting of the operations' budgets. However, this should not exclude targeted funding in the sense of identifying specific objectives and priorities to be achieved in a result oriented approach;
- An Agreement on the application of the EC "verification clause" was concluded in December 1994 for a period of one year and extended since then. The verification issue is naturally an important one and could become even more so if the Commission implements the programmatic approach towards financing of UN activities that this communication advocates. Following practical problems, the EC adopted in 1997 a first set of guidelines for application of the clause (no negative reaction by the UN) revised them (1999) and invited the UN to discuss the matter. Although in specific cases (UNHCR, WFP) adequate access to EC controllers has recently been granted, there had been no follow-up on this issue from the UN side from June 2000 to March 2001, when negotiations have resumed. For its part, the Commission looks forward to conclude with the UN an agreement similar to the one, which is being finalised with the World Bank on this matter. At the same time it is made clear to the United Nations that the Commission is prepared to reduce or even suspend its support to UN partners, which fail to perform to an acceptable standard. The European Anti-Fraud Office has had contacts with the anti-fraud investigation services of a number of UN bodies. These contacts, which took place in the context of the second conference of investigators of United Nations and Multilateral Financial Institutions in June 2000, have established a basis for further co-operation in the area of prevention and repression of fraud;

The Commission has already started discussions with the UN Secretariat – as well as with some specialised Agencies of the UN – on the revision of the existing agreements. In the framework of applicable Community rules, the Commission has started and will in the course of the talks – continue:

- To acknowledge the specific nature of the UN and to follow its procedures, which meet the requirements of other donors, provided that they do not contradict the requirements of Community rules such as verification and proper reporting;
- To favour an approach more oriented towards outputs than inputs (such as simplification in terms of definition of eligible costs; explicit provision calling for contracts to aim at well-defined objectives, the attainment of which can be demonstrated by adequate reporting; final payment and financing of new operations dependant on proper performance);

- Under the conditions set up as above, to open the way for the financing on a regular basis of larger programmes defined jointly with a given UN entity. These could cover either a wide geographical area in a given sector, or indeed a whole sector without geographical limitations and could equally involve co-financing together with a variety of donors of large projects/programmes managed by a UN entity.

3. MATCHING KEY CAPACITIES OF UN AGENCIES, FUNDS AND PROGRAMS WITH EC POLICY PRIORITIES

In the November 2000 Statement on “The European Community’s Development Policy”, the Council and the Commission stressed the importance of co-ordination and complementarity in ensuring a more effective and efficient EC development co-operation. On co-ordination, they called for increased co-ordination within the Union with stronger reciprocal information exchanges (point 30) and for an enhanced dialogue with other donors, “in particular the (...) United Nations agencies” (point 32). One other important issue mentioned was the need for more consistency in the Union's statements (“...whenever possible, speak with one voice in international fora, in order to make a case for its development policy and exert a greater influence on the emergence of international consensus in this field”) (point 33). They expressed their conviction that action in this context will enhance the visibility of European aid and contribute to attaining its objectives (point 34). On complementarity, the Council and the Commission reaffirmed the importance of relations with United Nations agencies (and other donors) and called for experience and analyse sharing among fund providers, particularly when implementing sectoral approaches (point 36) as a basis for a “comparative advantage” approach.

The strengthening of co-operation with the United Nations will be guided by two core principles:

- Division of labour among donors and added value/comparative advantage of UN activities; and
- Re-focussing of Community development activities to a number of areas selected on the basis of their linkage to poverty reduction and Community added value.

The Commission is convinced that enhancing the dialogue and building a strategic partnership with selected UN partners will improve the effectiveness of its development and humanitarian assistance as well as the quality of UN delivery measured against agreed objectives. It expects that this will contribute to efficient donor co-ordination, including within the UN Development Group and enhance complementarity with Member States activities. The overall effort to reach the International Development Targets will thereby be strengthened.

The first step for the Commission to create the conditions for a more effective partnership is to launch and share with the Member States an analysis of the mandates and capacities of partners in the United Nations in order to determine how their key capacities match with EC policy priorities. On the basis of that analysis selected partners from the United Nations will be approached for an exploration of thematic program funding by the Community. Other entities will continue to be partners on an ad hoc basis, if and when they are competitive for a specific project.

In this context, clear guidance will have to be provided on the co-operation potential of selected UN partners.

Naturally, as far as areas of activities are concerned, and without prejudging the dynamics of EC/UN co-operation or the development process of the countries concerned, co-operation with the United Nations would tend to occur with partners presenting comparative advantages including in activities in one or more of the six areas highlighted in the abovementioned Statement by the Council and the Commission:

- trade and development,
- regional integration and co-operation;
- macro-economic policies; and social sector support
- transport;
- food security and sustainable rural development
- institutional capacity-building
- together with horizontal (crosscutting) and other aspects.

The choice of possible UN partners should be based on a thorough analysis building *inter alia* on the following criteria:

- The concordance of the specific mandate of the organisation with the objectives and priorities of the Community;
- The coincidence of needs assessments and specific priorities as identified at country level by the EC and the UN entity respectively;
- In-house experience, operational capacity, and record of the UN partners in focusing on its particular comparative advantage;
- Overall management, effectiveness, efficiency and accountability record, including the quality of information provided as to the actual results of its activities.

A preliminary inventory of UN development and humanitarian entities is presented in the matrix attached as Annex II. The information given in Annex II reflects only the issues related to past and current co-operation between the Commission and some UN agencies, programs and funds. It does not adequately reflect the great range of policy discussions in which Commission services take part in UN bodies.

In developing this analysis, we have to recognise that a differentiated approach is necessary, which takes into account the specifics of both development and humanitarian affairs, as well as other issues relevant to the approach to take to a country or region, e.g. potential for co-operation on conflict prevention strategies linking in to development efforts.

In the field of humanitarian assistance, the Commission could gain added value mainly by strengthening its co-operation with certain UN bodies not least at the policy level. In a communication to the Council and the Parliament on “Assessment and future of Community humanitarian activities” (COM (1999) 486 final, 26 November 1999) the Commission stated its intention to “...further build on its partnership with key multilateral agencies such as the UN and the Red Cross by offering those which are interested, in addition to operational funding, programmed support for activities of mutual interest...”.

On the basis of that commitment ECHO initiated in 2000 a Strategic Programming Dialogue with major partners, including at first UNHCR and WFP from the UN family. This dialogue aims at identifying common ground for collaboration where our “geographical” or “thematic” strategies coincide, thus building a more predictable yet also more demanding partnership. This partnership should ensure a measure of financial predictability wished by UN partners, while at the same time helping them to render a better service to those in need and allowing a better monitoring of the use of funds.

Co-ordinating UN Consolidated Appeals (CAPs) with Commission strategies in this way would require much closer inter-institutional consultation than is currently the case, and stepping up communication at all levels from the early stages of strategic programming. In particular, when designing CAPs it would seem necessary to enhance co-ordination at field level, including a deeper involvement of NGOs, to incorporate measures to protect relief workers, to make renewed efforts to close the gap between relief and development and to make attempts to handle crises in a more holistic and strategic manner (with the ultimate ambition that CAPs may lead to genuine joint strategic programming for certain countries)⁶.

The objective should be that ECHO funding of operations carried out by the UN itself should focus on those activities where the UN either has a proven track record or effectively has a comparative advantage in providing a specific humanitarian service.

In the field of development co-operation, the Commission believes that the identification of “strategic UN partners” with mandates matching EC priorities and increased program and pool funding to such partners would lead to a significant improvement in the effectiveness of our co-operation. In these cases, the Commission would aim at real policy-definition and co-programming partnerships. Once the adequate enabling environment has been introduced, the Commission would initiate with the selected UN partners a strategic dialogue aimed at ensuring a sufficient convergence of views on objectives and management practices in order to make predictable EC funding available to them.

The exhaustive analysis to be undertaken by the Commission should allow to determine whether our co-operation could be strengthened both in the policy and operational domain with certain UN entities or whether in other cases, co-operation with UN bodies should focus primarily on the policy domain.

The following examples illustrate – without prejudging any policy choice – possible areas in which strategic partners could be identified. The focus of UNDP on good governance as a policy priority could provide a good basis for a closer programmatic co-operation, matching the EC’s considerable financial resources with UNDP’s expertise and human resources, especially in the field. In the context of our collaboration with IFAD, debt relief programmes, poverty reduction strategies, micro-finance as a tool to support poverty alleviation and development and Household Food Security, as development tools could be further explored. Co-operation with new and innovative structures such as UNAIDS should also be strengthened. Dialogue with mainly normative and policy orientated bodies in the economic and social field, such as UNCTAD, ILO and UNIDO, should focus on the integration of developing countries into the world economy and on labour standards. Co-operation with in particular UNCTAD should aim to complement other policy instruments and be supportive of efforts to mainstream trade into development policy and to provide, as appropriate, trade related technical assistance and capacity development for trade. It should also take account of

⁶ Including, for example, UN Strategic Frameworks.

the development aspects of our multilateral trade policy, including the provision of trade related technical assistance in the WTO and the WTO/UNCTAD co-operation in the ITC. Operational activities should follow closely the guidelines established through the dialogue. In the context of the further work on Regional Economic Partnership Agreements the possible contribution of entities such as UNCTAD, FAO and ILO should be given due consideration. In addition, further opportunities for closer collaboration with other normative and policy orientated bodies, such as ITU, IMO and UNEP, could be explored. Co-operation with these organisations could bring added value in areas related to development such as transport, information society and telecommunication and environment.

Whilst the value of predictable funding to both sides is clear, it must be underlined that predictability of funding cannot imply a guarantee of EC funding at a certain level. Rather, it requires the EC to set out its priorities clearly and to ensure a higher degree of coherence with other Community policies, allowing UN agencies, funds and programs to better take into account EC priorities while devising projects and to know better what to expect in terms of funding. Building on Country Strategy Papers, this includes pursuing a pluriannual approach to programming.

It should also be underlined that the Commission is not, at this stage, suggesting to make core contributions (contributions to the core budget) to activities of UN agencies, programs and funds. In fact, as mentioned above, the EC development policy as set out in the Council and Commission Statement is based on an analysis of EC added-value *vis-à-vis* the Member States. This principle is also valid for EC relations with the UN. The adequate financing of the core budget of these UN agencies remains the responsibility of UN member states and there would be no added value for the EC simply to substitute for this and pass on the resources entrusted to it by Member States to the UN agencies as “core contribution”.

4. RECOMMENDATIONS

In order to implement the changes advocated in this Communication the ongoing reform efforts in EC and UN development co-operation and financial management overall will have to continue. The objective of the present Communication is to ensure a better link between the political commitments taken at the global level, the policy development and the programming and preparation and implementation of project activities. The full support of the Member States is important in this context. The sections below set out the concrete measures that need to be taken by the Commission, by EU member states and by the UN to attain the objectives of this communication

a) Policy – speaking with one voice whenever possible

It is clear from the above that the possibility of the EC to provide a concrete, distinguishable input into policy debates in many of the global fora provided by the United Nations is determined by a co-ordinated and coherent approach by the EU. Such an approach would have to integrate the EC's role in global discussions at the policy level, an increased policy co-ordination and dialogue with relevant parts of the system, and should also result in co-ordinated activities and programs in the field. Our policies and activities should be coherent and our suggestions put forward in the global fora should be backed up by financial flows where appropriate.

Concrete measures to be taken by the Commission include:

- Strengthening efforts to present, explain and project our policy priorities in the UN context;
- Increasing our presence and input into different governing bodies of the UN entities as well as in the political and statutory bodies of the UN and participating more actively in policy debates in these fora;
- Matching the human resource requirements, in particular in EC Delegations in relevant UN sites, resulting from a stronger emphasis on ensuring a full and active participation in the work of UN bodies and on reinforcing co-operation on the ground.

To fully achieve their objectives, these measures need increased co-ordination within the Union and a higher degree of consistency in EC and Member State positions in international fora as foreseen by the EC treaty in Article 180. The present communication constitutes a first step in this context. At the same time it would be important to ensure a better consistency between position established in the capitals, in Brussels and in international fora. Reinforcement of upstream policy co-ordination within the Council and Member State and UN support for strengthening Commission participation in the work of UN bodies are thus essential to greater Union credibility and influence in the development and humanitarian fields.

b) Operational level – matching mandates and defining areas of common interest

The objective would also be to be more proactive vis-à-vis the United Nations. The Commission will shift emphasis from funding on a case by case basis towards programme funding. This could be done either by selecting parts of UN programmes that dovetail with the EC's own intervention strategies and/or by the establishing clear general political guidelines for the co-operation with specific entities. This would need to be done on a sectoral basis.

The Commission will also consider providing funding to the UN funds and programs which should enable them to focus on strengthening and re-asserting those key competencies, which are of particular interest to the EC.

Concrete measures to be taken by the Commission include:

- Analysing the mandates, strengths and weaknesses of partners in the United Nations in order to match their key capacities to EC policy priorities, thereby identifying “strategic UN partners” and therefore considering support for the ‘key’ capabilities of “strategic UN partners” and increasing program funding to these bodies;
- Strengthening the dialogue with “strategic UN partners” on programming and policy-making including in particular by participating in activities of governing bodies as active observers and in relevant donor group meetings);

Ensuring adequate articulation of program funding and pool funding with the strategies set out in the Country Strategy Papers and integrating funding envelopes in multi-annual budgeting processes to guarantee predictability and stability. Integrating the implementation of these guidelines with the process on increased co-ordination and complementarity with EU-MS, other donors and multilateral agencies;

- Establishing clear general policy guidelines for the co-operation with specific UN entities;

- Improving the general operational guidelines contained in the Framework Agreement for the co-operation with UN entities and encouraging all UN entities to adhere to it;
- Supporting the European Anti-Fraud Office in the establishment of closer operational links between it and the UN partners to prevent and detect fraud involving Community funding as well as ensuring an appropriate follow-up to instances of
- Continuing project funding, where appropriate, to UN partners.

Member States' contribution to improved efficiency of EC/UN operational co-operation in development and humanitarian fields is crucial: their support is pivotal to create an adequate legal and financial enabling environment (in particular, through their commitment to create a more flexible Financial Regulation) as is their determination to improve information exchange on policy and implementation within the Union.

Finally, the new approach by the Commission can only succeed if the institution can count upon active collaboration from the United Nations. In fact, improving EC/UN policy and operational co-operation in the development and humanitarian fields is conditional to the UN strengthening in-house co-ordination, focus on its thematic strengths along the lines of its ongoing reform process and pursue in negotiations on the legal and financial co-operation framework. This implies that the United Nations urgently and constructively engage in a dialogue recently resumed with the Commission on a revision of the Framework Agreement, in particular on reporting and on the Verification Clause.

ANNEX 1

1. UN SECRETARIAT AND STATUTORY BODIES

- United Nations Secretariat (UN) - New York, USA
- United Nations General Assembly (UNGA) and Committees – New York, USA
- Economic and Social Council (ECOSOC) – New York, USA and Geneva, Switzerland, and functional Commissions
- United Nations Office at Geneva (UNOG) - Geneva, Switzerland
- United Nations High Commissioner for Human Rights, Office of the (UNHCR) - Geneva, Switzerland
- United Nations Office at Nairobi (UNON) – Nairobi, Kenya
- United Nations Office at Vienna (UNOV) - Vienna, Austria
- Office for Outer Space Affairs (OOSA) - Vienna, Austria
- United Nations Commission on International Trade Law (UNCITRAL) - Vienna, Austria
- United Nations Office for Project Services (UNOPS) - New York, USA
- Economic Commission for Africa (ECA) - Addis Ababa, Ethiopia
- Economic Commission for Europe (ECE) - Geneva, Switzerland
- Economic Commission for Latin America and the Caribbean (ECLAC) - Santiago, Chile
- Economic and Social Commission for Asia and the Pacific (ESCAP) - Bangkok, Thailand
- Economic and Social Commission for Western Asia (ESCWA) - Beirut, Lebanon

2. FUNDS AND PROGRAMMES

- United Nations Children's Fund (UNICEF) - New York, USA
- United Nations Conference on Trade and Development (UNCTAD) - Geneva, Switzerland
- United Nations Development Programme (UNDP) - New York, USA
- United Nations Development Fund for Women (UNIFEM) - New York, USA
- United Nations Volunteers (UNV) - Bonn, Germany

- United Nations Environment Programme (UNEP) - Nairobi, Kenya
- United Nations Population Fund (UNFPA) - New York, USA
- United Nations Drug Control Programme (UNDCP) - Vienna, Austria
- World Food Programme (WFP) - Rome, Italy
- United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) - Gaza, Gaza Strip & Amman, Jordan
- United Nations Centre for Human Settlements (UNCHS (Habitat)) - Nairobi, Kenya
- United Nations High Commissioner for Refugees, Office of the (UNHCR) - Geneva, Switzerland
- United Nations University (UNU) - Tokyo, Japan
- International Research and Training Institute for the Advancement of Women (INSTRAW) - Santo Domingo, Dominican Republic
- United Nations Institute for Disarmament Research (UNIDIR) - Geneva, Switzerland
- United Nations Institute for Training and Research (UNITAR) - Geneva, Switzerland
- International Institute on Ageing (INIA) - Valetta, Malta
- United Nations Research Institute for Social Development (UNRISD) - Geneva, Switzerland
- United Nations Interregional Crime and Justice Research Institute (UNICRI) - Rome, Italy
- International Trade Centre (UNCTAD/WTO) - Geneva, Switzerland

3. SPECIALISED AGENCIES

- International Labour Organization (ILO) - Geneva, Switzerland
- International Training Centre (ILO/ITC) - Turin, Italy
- Food and Agriculture Organization of the United Nations (FAO) - Rome, Italy
- United Nations Educational, Scientific and Cultural Organization (UNESCO) - Paris, France
- International Bureau of Education (IBE) - Geneva, Switzerland
- International Civil Aviation Organization (ICAO) - Montreal, Canada
- World Health Organization (WHO) - Geneva, Switzerland
- Universal Postal Union (UPU) - Bern, Switzerland

- International Telecommunication Union (ITU) - Geneva, Switzerland
- World Meteorological Organization (WMO) - Geneva, Switzerland
- International Maritime Organization (IMO) - London, UK
- World Intellectual Property Organization (WIPO) - Geneva, Switzerland
- International Fund for Agricultural Development (IFAD) - Rome, Italy
- United Nations Industrial Development Organization (UNIDO) - Vienna, Austria
- International Centre for Science and High Technology (ICS) - Trieste, Italy

4. AUTONOMOUS ORGANIZATIONS

- International Atomic Energy Agency (IAEA) - Vienna, Austria
- World Tourism Organization - Madrid, Spain

ANNEX 2: Preliminary inventory of past and current co-operation with UN development and humanitarian entities

UN body or specialized agency	Core mandate	EC policy priority in relation to the UN body		Current funding modalities		Volume in MEURO ⁽¹⁾					EC representation in governing bodies ⁷
		Development	Humanitarian Affairs	Development	Humanitarian Affairs	1992	1994	1997	1998	1999	
UNDP	Promote sustainable human development	good governance, democratization, capacity building, poverty eradication	-	Project-based funding through grants	Project-based funding through grants	0,8 (ECHO : 0,47)	1,1 (ECHO : 0,57)	25,2 (ECHO : 0)	22,4 (ECHO : 0,25)	70,1 (ECHO : 4,9)	Active observer
UNFPA	Assistance to developing countries to address reproductive health and population issues	maternal mortality and family planning	-	Project-based funding through grants	-	-	0,1	4,8	1,5	3,1	Observer

⁷ The mentions in this column do not prejudice the policy choices to be made on the basis of the analysis to be undertaken .
Active observer means: participation in and contribution to the work of governing bodies including contribution to decision-making.
Observer means: participating in meetings and reporting on the proceedings to Headquarters.

UNHCR	Protection and assistance to refugees and research of sustainable solutions	-	Support the protection mandate (2)	Project-based funding through grants	Project-based funding through grants	221 (ECHO : 78,4 DEV: 3,9)	235,5 (ECHO : 177,3 DEV: 6,8)	49,1 (ECHO : 31 DEV: 18,1)	71,5 (ECHO : 51,3 DEV: 20,2)	76 (ECHO : 84,3 DEV: 0)	Observer EU co-ordination for annual Executive Committee meetings (co-ordination on the Presidency and Commission statements. HQ attends ExCom meetings)
OCHA (UNDRO, DHA)	Coordination of humanitarian affairs	-	support OCHA's relief co-ordination role	-	Project-based funding through grants (hampered in the past by OCHA's status as a department of the UN Secretariat)	0,1 UNDR O 0,75 DHA	0,97 DHA	0,1 DHA	0,03 OCHA	0,44 OCHA	Observer

UNICEF	Assistance in the development of permanent child health and welfare	Child health and education	-	Project-based funding through grants	Project-based funding through grants	4,7 (ECHO : 12,3)	11,8 (ECHO : 11)	17 (ECHO : 6,8)	17 (ECHO : 14,8)	20 (ECHO : 15,7)	Observer
WFP	Food aid for emergencies and for development	Emergency food aid	Emergency food aid	Annual and national programmes through grants	Project-based funding through grants	281,4 (ECHO : 37,8)	219,7 (ECHO : 47,2)	237 (ECHO : 24,4)	184 (ECHO : 18,3 DEV: 154,7)	Privileged Observer (the Commission sits at the table of the Executive Board and its participation is deemed necessary for a consensus)	
UNCTAD / ITC	Promote international trade, particularly that of developing countries	Integration of developing countries into the world economy	-	Project-based funding through grants	-	1,6	1,8	3,8	3,5	-	Active observer

UNEP	International cooperation in the field of environment	Implementation of international environmental agreements Specific issue: Globalization and environmental protection	-	-	-	0,1	-	-	2,0 (of which 1,6 for Conventions)	-	Active observer
FAO	Normative work and operational activities on agriculture, food security, fishing, forestry and sust. rural development	Food security, standard setting, sustainable management of natural resources, work on early warning	Work on early warning and emergencies	Annual and national programmes through grants	Project-based funding through grants	3,6	9,1	16	18	21	Member
ITU	International organisation within which governments and the private sector coordinate global	Facilitate telecommunications development worldwide by organising and	capacity building, poverty eradication, good governance	-	-	-	-	-	-	-	Active Observer

	telecom networks and services	coordinating technical cooperation and assistance activities; normative work on telecommunications standards; ensuring efficient use of radiocommunications									
WIPO	Protection of intellectual property	assistance to dev. countries / Help in entering WTO (TRIPS agreements)	-	-	-	-	-	-	-	-	Observer
IMO	Cooperation on technical matters affecting international shipping	-	-	-	-	-	-	-	-	-	Observer

ILO	Promote social justice, elaboration and adoption of international labour conventions and recommendations	core labour standards	-	Project-based funding through grants	-	-	-	5	7,5	7,8	Active Observer
WHO	Attainment by all peoples of the highest possible level of health	Combat communicable and non-communicable diseases, reduction of health inequalities	support vaccination campaigns	-	Project-based funding through grants	- (ECHO : 0,0)	- (ECHO : 1,5)	1,7 (ECHO : 0,38)	4,4 (ECHO : 1,4)	4,5 (ECHO : 6,7)	Active observer
ICAO	Development of international civil aviation	-	-	-	-	-	-	0,1	-	-	Observer

UNESCO	Contribute to peace and security by promoting collaboration among nations through education, science and culture	Education	-	Project-based funding through grants	-	-	-	0	0,003	0	Observer
UNIDO	Promoting and supporting industrial development in developing countries	Standardisation/implementation of Montreal Protocol	-	-	-	0	0	0	0	0	Observer
IFAD	Combat rural hunger and poverty in developing countries	Food security and poverty alleviation	-	In future, E8annual and national programmes through grants	-	0	0	0	0	0	Observer
UNRWA	Relief and works agency for Palestine Refugees	Food security and poverty alleviation	Food aid	Annual programmes through grants	Project-based funding through grants	- (ECHO : 0)	12,6 (ECHO : 0,45)	0,6 (ECHO : 0,6)	1 (ECHO : 1,02)	0 (ECHO : 0)	Observer

UNDCP	Policy making body for issues pertaining to international drug control	Drugs control (Precursors) /Coop. in the fight against drugs/ Alternative develop.	-	Project-based funding through grants	-	-	-	0,37	3,4	1,4	Active observer
(1) - : No data available											