

SEPTEMBER 2-4, 2008 ACCRA GHANA

ACCRA AGENDA FOR ACTION

Ministers of developing and donor countries responsible for promoting development and Heads of multilateral and bilateral development institutions endorsed the following statement in Accra, Ghana, on 4 September 2008 to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness (2 March 2005).

This is a moment of opportunity

- 1. We are committed to eradicating poverty and promoting peace and prosperity by building stronger, more effective partnerships that enable developing countries to realise their development goals.
- 2. There has been progress. Fifteen years ago, two out of five people lived in extreme poverty; today, that figure has been reduced to one in four. However, 1.4 billion people—most of them women and girls—still live in extreme poverty, and access to safe drinking water and health care remains a major issue in many parts of the world. In addition, new global challenges—rising food and fuel prices and climate change—threaten the advances against poverty many countries have made.
- 3. We need to achieve much more if all countries are to meet the Millennium Development Goals (MDGs). Aid is only one part of the development picture. Democracy, economic growth, social progress, and care for the environment are the prime engines of development in all countries. Addressing inequalities of income and opportunity within countries and between states is essential to global progress. Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men, and children. It is vital that all our policies address these issues in a more systematic and coherent way.
- 4. In 2008, three international conferences will help us accelerate the pace of change: the Accra High Level Forum on Aid Effectiveness, the United Nations High Level Event on the MDGs in New York, and the Financing for Development follow-up meeting in Doha. Today at Accra, we are leading the way, united in a common objective: to unlock the full potential of aid in achieving lasting development results.

We are making progress, but not enough

- 5. Learning from our past successes and failures in development co-operation and building on the 2003 Rome Declaration on Harmonisation, in March 2005 we adopted an ambitious set of reforms: the Paris Declaration on Aid Effectiveness. In the Paris Declaration, we agreed to develop a genuine partnership, with developing countries clearly in charge of their own development processes. We also agreed to hold each other accountable for achieving concrete development results. Three and one-half years later, we are reconvening in Accra to review progress and address the challenges that now face us.
- 6. Evidence shows we are making progress, but not enough. A recent evaluation shows that the Paris Declaration has created powerful momentum to change the way developing countries and donors work together on the ground. According to the 2008 Monitoring Survey, a large number of developing countries have improved their management of public funds. Donors, in turn, are increasingly improving their co-ordination at country level. Yet the pace of progress is too slow. Without further reform and faster action we will not meet our 2010 commitments and targets for improving the quality of aid.

We will take action to accelerate progress

- 7. Evidence shows that we will need to address three major challenges to accelerate progress on aid effectiveness:
- 8. Country ownership is key. Developing country governments will take stronger leadership of their own development policies, and will engage with their parliaments and citizens in shaping those policies. Donors will support them by respecting countries' priorities, investing in their human resources and institutions, making greater use of their systems to deliver aid, and increasing the predictability of aid flows.
- 9. Building more effective and inclusive partnerships. In recent years, more development actors—middle-income countries, global funds, the private sector, civil society organisations—have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty.

These figures are based on a recent World Bank study that found the poverty line to be \$1.25 a day in 2005 prices.

- 10. Achieving development results—and openly accounting for them—must be at the heart of all we do. More than ever, citizens and taxpayers of all countries expect to see the tangible results of development efforts. We will demonstrate that our actions translate into positive impacts on people's lives. We will be accountable to each other and to our respective parliaments and governing bodies for these outcomes.
- 11. Without addressing these obstacles to faster progress, we will fall short of our commitments and miss opportunities to improve the livelihoods of the most vulnerable people in the world. Therefore, we are reaffirming the commitments we made in the Paris Declaration and, in this Accra Agenda for Action, are agreeing on concrete and monitorable actions to accelerate progress to meet those commitments by 2010. We commit to continuing efforts in monitoring and evaluation that will assess whether we have achieved the commitments we agreed in the Paris Declaration and the Accra Agenda for Action, and to what extent aid effectiveness is improving and generating greater development impact.

Strengthening Country Ownership over Development

12. Developing countries determine and implement their development policies to achieve their own economic, social and environmental goals. We agreed in the Paris Declaration that this would be our first priority. Today, we are taking additional steps to turn this resolution into a reality.

We will broaden country-level policy dialogue on development

- 13. We will engage in open and inclusive dialogue on development policies. We acknowledge the critical role and responsibility of parliaments in ensuring country ownership of development processes. To further this objective we will take the following actions:
 - a) Developing country governments will work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans. They will also engage with civil society organisations (CSOs).
 - b) Donors will support efforts to increase the capacity of all development actors—parliaments, central and local governments, CSOs, research institutes, media and the private sector—to take an active role in dialogue on development policy and on the role of aid in contributing to countries' development objectives.
 - c) Developing countries and donors will ensure that their respective development policies and programmes are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability.

Developing countries will strengthen their capacity to lead and manage development

- 14. Without robust capacity—strong institutions, systems, and local expertise—developing countries cannot fully own and manage their development processes. We agreed in the Paris Declaration that capacity development is the responsibility of developing countries, with donors playing a supportive role, and that technical co-operation is one means among others to develop capacity. Together, developing countries and donors will take the following actions to strengthen capacity development:
 - a) Developing countries will systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic—and design strategies to address them. Donors will strengthen their own capacity and skills to be more responsive to developing countries' needs.
 - b) Donors' support for capacity development will be demand-driven and designed to support country ownership. To this end, developing countries and donors will i) jointly select and manage technical co-operation, and ii) promote the provision of technical co-operation by local and regional resources, including through South-South co-operation.
 - c) Developing countries and donors will work together at all levels to promote operational changes that make capacity development support more effective.

We will strengthen and use developing country systems to the maximum extent possible

15. Successful development depends to a large extent on a government's capacity to implement its policies and manage public resources through its own institutions and systems. In the Paris Declaration, developing countries

committed to strengthen their systems² and donors committed to use those systems to the maximum extent possible. Evidence shows, however, that developing countries and donors are not on track to meet these commitments. Progress in improving the quality of country systems varies considerably among countries; and even when there are good-quality country systems, donors often do not use them. Yet it is recognised that using country systems promotes their development. To strengthen and increase the use of country systems, we will take the following actions:

- a) Donors agree to use country systems as the first option for aid programmes in support of activities managed by the public sector.
- b) Should donors choose to use another option and rely on aid delivery mechanisms outside country systems (including parallel project implementation units), they will transparently state the rationale for this and will review their positions at regular intervals. Where use of country systems is not feasible, donors will establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures.
- c) Developing countries and donors will jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools. Where country systems require further strengthening, developing countries will lead in defining reform programmes and priorities. Donors will support these reforms and provide capacity development assistance.
- d) Donors will immediately start working on and sharing transparent plans for undertaking their Paris commitments on using country systems in all forms of development assistance; provide staff guidance on how these systems can be used; and ensure that internal incentives encourage their use. They will finalise these plans as a matter of urgency.
- e) Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches.

Building More Effective and Inclusive Partnerships for Development

16. Aid is about building partnerships for development. Such partnerships are most effective when they fully harness the energy, skills and experience of all development actors—bilateral and multilateral donors, global funds, CSOs, and the private sector. To support developing countries' efforts to build for the future, we resolve to create partnerships that will include all these actors.

We will reduce costly fragmentation of aid

- 17. The effectiveness of aid is reduced when there are too many duplicating initiatives, especially at country and sector levels. We will reduce the fragmentation of aid by improving the complementarity of donors' efforts and the division of labour among donors, including through improved allocation of resources within sectors, within countries, and across countries. To this end:
 - a) Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid.
 - b) Donors and developing countries will work together with the Working Party on Aid Effectiveness to complete good practice principles on country-led division of labour. To that end, they will elaborate plans to ensure the maximum coordination of development co-operation. We will evaluate progress in implementation starting in 2009.
 - c) We will start dialogue on international division of labour across countries by June 2009.
 - d) We will work to address the issue of countries that receive insufficient aid.

These include, but are not limited to, systems for public financial management, procurement, audit, monitoring and evaluation, and social and environmental assessment.

We will increase aid's value for money

- 18. Since the Paris Declaration was agreed in 2005, OECD-DAC donors have made progress in untying their aid. A number of donors have already fully untied their aid, and we encourage others to do so. We will pursue, and accelerate, these efforts by taking the following actions:
 - a) OECD-DAC donors will extend coverage of the 2001 DAC Recommendation on Untying Aid to non-LDC HIPCs³ and will improve their reporting on the 2001 DAC Recommendation.
 - b) Donors will elaborate individual plans to further untie their aid to the maximum extent.
 - c) Donors will promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete. We will build on examples of good practice to help improve local firms' capacity to compete successfully for aid-funded procurement.
 - d) We will respect our international agreements on corporate social responsibility.

We welcome and will work with all development actors

- 19. The contributions of all development actors are more effective when developing countries are in a position to manage and co-ordinate them. We welcome the role of new contributors and will improve the way all development actors work together by taking the following actions:
 - a) We encourage all development actors, including those engaged in South-South co-operation, to use the Paris Declaration principles as a point of reference in providing development co-operation.
 - b) We acknowledge the contributions made by all development actors, and in particular the role of middle-income countries as both providers and recipients of aid. We recognise the importance and particularities of South-South cooperation and acknowledge that we can learn from the experience of developing countries. We encourage further development of triangular co-operation.
 - c) Global funds and programmes make an important contribution to development. The programmes they fund are most effective in conjunction with complementary efforts to improve the policy environment and to strengthen the institutions in the sectors in which they operate. We call upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results. As new global challenges emerge, donors will ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level. We encourage developing countries to mobilise, manage and evaluate their international cooperation initiatives for the benefit of other developing countries.
 - d) South-South co-operation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development co-operation and is a valuable complement to North-South co-operation.

We will deepen our engagement with civil society organisations

- 20. We will deepen our engagement with CSOs as independent development actors in their own right whose efforts complement those of governments and the private sector. We share an interest in ensuring that CSO contributions to development reach their full potential. To this end:
 - a) We invite CSOs to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective.
 - b) We welcome the CSOs' proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. As part of that process, we will seek to i) improve co-ordination of CSO efforts with government programmes, ii) enhance CSO accountability for results, and iii) improve information on CSO activities.
 - c) We will work with CSOs to provide an enabling environment that maximises their contributions to development.

The 2001 DAC recommendation on Untying ODA to the Least Developed Countries (LDCs) covers 31 so-called Heavily Indebted Poor Countries (HIPCs). The OECD Development Assistance Committee (DAC) at its 2008 High Level Meeting agreed to extend the 2001 Recommendation to cover the remaining eight countries that are part of the HIPC initiative: Bolivia, Cameroon, Côte d'Ivoire, Ghana, Guyana, Honduras, Nicaragua and Republic of Congo.

We will adapt aid policies for countries in fragile situations

- 21. In the Paris Declaration, we agreed that aid effectiveness principles apply equally to development co-operation in situations of fragility, including countries emerging from conflict, but that these principles need to be adapted to environments of weak ownership or capacity. Since then, Principles for Good International Engagement in Fragile States and Situations have been agreed. To further improve aid effectiveness in these environments, we will take the following actions:
 - a) Donors will conduct joint assessments of governance and capacity and examine the causes of conflict, fragility and insecurity, engaging developing country authorities and other relevant stakeholders to the maximum extent possible.
 - b) At country level, donors and developing countries will work and agree on a set of realistic peace- and statebuilding objectives that address the root causes of conflict and fragility and help ensure the protection and participation of women. This process will be informed by international dialogue between partners and donors on these objectives as prerequisites for development.
 - c) Donors will provide demand-driven, tailored and co-ordinated capacity-development support for core state functions and for early and sustained recovery. They will work with developing countries to design interim measures that are appropriately sequenced and that lead to sustainable local institutions.
 - d) Donors will work on flexible, rapid and long-term funding modalities, on a pooled basis where appropriate, to i) bridge humanitarian, recovery and longer-term development phases, and ii) support stabilisation, inclusive peace building, and the building of capable, accountable and responsive states. In collaboration with developing countries, donors will foster partnerships with the UN System, international financial institutions and other donors.
 - e) At country level and on a voluntary basis, donors and developing countries will monitor implementation of the Principles for Good International Engagement in Fragile States and Situations, and will share results as part of progress reports on implementing the Paris Declaration.

Delivering and Accounting for Development Results

22. We will be judged by the impacts that our collective efforts have on the lives of poor people. We recognise that greater transparency and accountability for the use of development resources—domestic as well as external—are powerful drivers of progress.

We will focus on delivering results

- 23. We will improve our management for results by taking the following actions:
 - a) Developing countries will strengthen the quality of policy design, implementation and assessment by improving information systems, including, as appropriate, disaggregating data by sex, region and socioeconomic status.
 - b) Developing countries and donors will work to develop cost-effective results management instruments to assess the impact of development policies and adjust them as necessary. We will better co-ordinate and link the various sources of information, including national statistical systems, budgeting, planning, monitoring and country-led evaluations of policy performance.
 - c) Donors will align their monitoring with country information systems. They will support, and invest in strengthening, developing countries' national statistical capacity and information systems, including those for managing aid.
 - d) We will strengthen incentives to improve aid effectiveness. We will systematically review and address legal or administrative impediments to implementing international commitments on aid effectiveness. Donors will pay more attention to delegating sufficient authority to country offices and to changing organisational and staff incentives to promote behaviour in line with aid effectiveness principles.

We will be more accountable and transparent to our publics for results

- 24. Transparency and accountability are essential elements for development results. They lie at the heart of the Paris Declaration, in which we agreed that countries and donors would become more accountable to each other and to their citizens. We will pursue these efforts by taking the following actions:
 - a) We will make aid more transparent. Developing countries will facilitate parliamentary oversight by implementing greater transparency in public financial management, including public disclosure of revenues,

budgets, expenditures, procurement and audits. Donors will publicly disclose regular, detailed and timely information on volume, allocation and, when available, results of development expenditure to enable more accurate budget, accounting and audit by developing countries.

- b) We will step up our efforts to ensure that—as agreed in the Paris Declaration—mutual assessment reviews are in place by 2010 in all countries that have endorsed the Declaration. These reviews will be based on country results reporting and information systems complemented with available donor data and credible independent evidence. They will draw on emerging good practice with stronger parliamentary scrutiny and citizen engagement. With them we will hold each other accountable for mutually agreed results in keeping with country development and aid policies.
- c) To complement mutual assessment reviews at country level and drive better performance, developing countries and donors will jointly review and strengthen existing international accountability mechanisms, including peer review with participation of developing countries. We will review proposals for strengthening the mechanisms by end 2009.
- d) Effective and efficient use of development financing requires both donors and partner countries to do their utmost to fight corruption. Donors and developing countries will respect the principles to which they have agreed, including those under the UN Convention against Corruption. Developing countries will address corruption by improving systems of investigation, legal redress, accountability and transparency in the use of public funds. Donors will take steps in their own countries to combat corruption by individuals or corporations and to track, freeze, and recover illegally acquired assets.

We will continue to change the nature of conditionality to support ownership

- 25. To strengthen country ownership and improve the predictability of aid flows, donors agreed in the Paris Declaration that, whenever possible, they would draw their conditions from developing countries' own development policies. We reaffirm our commitment to this principle and will continue to change the nature of conditionality by taking the following actions:
 - a) Donors will work with developing countries to agree on a limited set of mutually agreed conditions based on national development strategies. We will jointly assess donor and developing country performance in meeting commitments.
 - b) Beginning now, donors and developing countries will regularly make public all conditions linked to disbursements.
 - c) Developing countries and donors will work together at the international level to review, document and disseminate good practices on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles by increasing emphasis on harmonised, results-based conditionality. They will be receptive to contributions from civil society.

We will increase the medium-term predictability of aid

- 26. In the Paris Declaration, we agreed that greater predictability in the provision of aid flows is needed to enable developing countries to effectively plan and manage their development programmes over the short and medium term. As a matter of priority, we will take the following actions to improve the predictability of aid:
 - a) Developing countries will strengthen budget planning processes for managing domestic and external resources and will improve the linkages between expenditures and results over the medium term.
 - b) Beginning now, donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems.
 - c) Beginning now, donors will provide developing countries with regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans, with at least indicative resource allocations that developing countries can integrate in their medium-term planning and macroeconomic frameworks. Donors will address any constraints to providing such information.
 - d) Developing countries and donors will work together at the international level on ways of further improving the medium-term predictability of aid, including by developing tools to measure it.

Looking Forward

- 27. The reforms we agree on today in Accra will require continued high level political support, peer pressure, and coordinated action at global, regional, and country levels. To achieve these reforms, we renew our commitment to the principles and targets established in the Paris Declaration, and will continue to assess progress in implementing them.
- 28. The commitments we agree today will need to be adapted to different country circumstances—including in middle-income countries, small states and countries in situations of fragility. To this end, we encourage developing countries to design—with active support from donors—country-based action plans that set out time-bound and monitorable proposals to implement the Paris Declaration and the Accra Agenda for Action.
- 29. We agree that, by 2010, each of us should meet the commitments we made on aid effectiveness in Paris and today in Accra, and to reach beyond these commitments where we can. We agree to reflect and draw upon the many valuable ideas and initiatives that have been presented at this High Level Forum. We agree that challenges such as climate change and rising food and fuel prices underline the importance of applying aid effectiveness principles. In response to the food crisis, we will develop and implement the global partnership on agriculture and food swiftly, efficiently and flexibly.
- 30. We ask the Working Party on Aid Effectiveness to continue monitoring progress on implementing the Paris Declaration and the Accra Agenda for Action and to report back to the Fourth High Level Forum on Aid Effectiveness in 2011. We recognise that additional work will be required to improve the methodology and indicators of progress of aid effectiveness. In 2011, we will undertake the third round of monitoring that will tell us whether we have achieved the targets for 2010 agreed in Paris in 2005. To carry forward this work, we will need to develop institutionalised processes for the joint and equal partnership of developing countries and the engagement of stakeholders.
- 31. We recognise that aid effectiveness is an integral part of the broader financing for development agenda. To achieve development outcomes and the MDGs we need to meet our commitments on both aid quality and aid volumes. We ask the Secretary General of the United Nations to transmit the conclusions of the Third High Level Forum on Aid Effectiveness to the High Level Event on the MDGs in New York later this month and the Financing for Development Review meeting in Doha in November 2008. We welcome the contribution that the ECOSOC Development Co-operation Forum is making to the international dialogue and to mutual accountability on aid issues. We call upon the UN development system to further support the capacities of developing countries for effective management of development assistance.
- 32. Today, more than ever, we resolve to work together to help countries across the world build the successful future all of us want to see—a future based on a shared commitment to overcome poverty, a future in which no countries will depend on aid.

We will have that information available for the Fourth High Level Forum on Aid Effectiveness in 2011, along with comprehensive second phase evaluations of the implementation of the Paris Declaration and the Accra Agenda for Action as of 2010. Attention will also be paid to improving and developing communications on aid effectiveness for long-term development success and broad-based public support.

Joint Progress Toward Enhanced Aid Effectiveness



High Level Forum Paris # February 28 - March 2, 2005

PARIS DECLARATION ON AID EFFECTIVENESS

Ownership, Harmonisation, Alignment, Results and Mutual Accountability

Statement of Resolve

- 1. We, Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions, meeting in Paris on 2 March 2005, resolve to take far-reaching and monitorable actions to reform the ways we deliver and manage aid as we look ahead to the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs) later this year. As in Monterrey, we recognise that while the volumes of aid and other development resources must increase to achieve these goals, aid effectiveness must increase significantly as well to support partner country efforts to strengthen governance and improve development performance. This will be all the more important if existing and new bilateral and multilateral initiatives lead to significant further increases in aid.
- 2. At this High-Level Forum on Aid Effectiveness, we followed up on the Declaration adopted at the High-Level Forum on Harmonisation in Rome (February 2003) and the core principles put forward at the Marrakech Roundtable on Managing for Development Results (February 2004) because we believe they will increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs.

Scale up for more effective aid

- 3. We reaffirm the commitments made at Rome to harmonise and align aid delivery. We are encouraged that many donors and partner countries are making aid effectiveness a high priority, and we reaffirm our commitment to accelerate progress in implementation, especially in the following areas:
 - i. Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
 - ii. Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
 - iii. Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
 - iv. Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
 - v. Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
 - vi. Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.
- 4. We commit ourselves to taking concrete and effective action to address the remaining challenges, including:
 - Weaknesses in partner countries' institutional capacities to develop and implement results-driven national development strategies.

- ii. Failure to provide more predictable and multi-year commitments on aid flows to committed partner countries.
- iii. Insufficient delegation of authority to donors' field staff, and inadequate attention to incentives for effective development partnerships between donors and partner countries.
- iv. Insufficient integration of global programmes and initiatives into partner countries' broader development agendas, including in critical areas such as HIV/AIDS.
- v. Corruption and lack of transparency, which erode public support, impede effective resource mobilisation and allocation and divert resources away from activities that are vital for poverty reduction and sustainable economic development. Where corruption exists, it inhibits donors from relying on partner country systems.
- 5. We acknowledge that enhancing the effectiveness of aid is feasible and necessary across all aid modalities. In determining the most effective modalities of aid delivery, we will be guided by development strategies and priorities established by partner countries. Individually and collectively, we will choose and design appropriate and complementary modalities so as to maximise their combined effectiveness.
- 6. In following up the Declaration, we will intensify our efforts to provide and use development assistance, including the increased flows as promised at Monterrey, in ways that rationalise the often excessive fragmentation of donor activities at the country and sector levels.

Adapt and apply to differing country situations

7. Enhancing the effectiveness of aid is also necessary in challenging and complex situations, such as the tsunami disaster that struck countries of the Indian Ocean rim on 26 December 2004. In such situations, worldwide humanitarian and development assistance must be harmonised within the growth and poverty reduction agendas of partner countries. In fragile states, as we support state-building and delivery of basic services, we will ensure that the principles of harmonisation, alignment and managing for results are adapted to environments of weak governance and capacity. Overall, we will give increased attention to such complex situations as we work toward greater aid effectiveness.

Specify indicators, timetable and targets

- 8. We accept that the reforms suggested in this Declaration will require continued high-level political support, peer pressure and coordinated actions at the global, regional and country levels. We commit to accelerate the pace of change by implementing, in a spirit of mutual accountability, the Partnership Commitments presented in Section II and to measure progress against 12 specific indicators that we have agreed today and that are set out in Section III of this Declaration.
- 9. As a further spur to progress, we will set targets for the year 2010. These targets, which will involve action by both donors and partner countries, are designed to track and encourage progress at the global level among the countries and agencies that have agreed to this Declaration. They are not intended to prejudge or substitute for any targets that individual partner countries may wish to set. We have agreed today to set five preliminary targets against indicators as shown in Section III. We agree to review these preliminary targets and to adopt targets against the remaining indicators as shown in Section III before the UNGA Summit in September 2005; and we ask the partnership of donors and partner countries hosted by the DAC to prepare for this urgently! Meanwhile, we welcome initiatives by partner countries and donors to establish their own targets for

In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

improved aid effectiveness within the framework of the agreed Partnership Commitments and Indicators of Progress. For example, a number of partner countries have presented action plans, and a large number of donors have announced important new commitments. We invite all participants who wish to provide information on such initiatives to submit it by 4 April 2005 for subsequent publication.

Monitor and evaluate implementation

- 10. Because demonstrating real progress at country level is critical, under the leadership of the partner country we will periodically assess, qualitatively as well as quantitatively, our mutual progress at country level in implementing agreed commitments on aid effectiveness. In doing so, we will make use of appropriate country level mechanisms.
- 11. At the international level, we call on the partnership of donors and partner countries hosted by the DAC to broaden partner country participation and, by the end of 2005, to propose arrangements for the medium term monitoring of the commitments in this Declaration. In the meantime, we ask the partnership to co-ordinate the international monitoring of the Indicators of Progress included in Section III; to refine targets as necessary; to provide appropriate guidance to establish baselines; and to enable consistent aggregation of information across a range of countries to be summed up in a periodic report. We will also use existing peer review mechanisms and regional reviews to support progress in this agenda. We will, in addition, explore independent cross-country monitoring and evaluation processes which should be applied without imposing additional burdens on partners to provide a more comprehensive understanding of how increased aid effectiveness contributes to meeting development objectives.
- 12. Consistent with the focus on implementation, we plan to meet again in 2008 in a developing country and conduct two rounds of monitoring before then to review progress in implementing this Declaration.

II. Partnership Commitments

13. Developed in a spirit of mutual accountability, these Partnership Commitments are based on the lessons of experience. We recognise that commitments need to be interpreted in the light of the specific situation of each partner country.

OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

- 14. Partner countries commit to:
 - Exercise leadership in developing and implementing their national development strategies² through broad consultative processes.
 - Translate these national development strategies into prioritised results-oriented operational programmes as expressed in medium-term expenditure frameworks and annual budgets (Indicator 1).
 - Take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector.
- 15. Donors commit to:
 - Respect partner country leadership and help strengthen their capacity to exercise it.

The term `national development strategies' includes poverty reduction and similar overarching strategies as well as sector and thematic strategies.

ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

Donors align with partners' strategies

16. Donors commit to:

- Base their overall support country strategies, policy dialogues and development co-operation
 programmes on partners' national development strategies and periodic reviews of progress in
 implementing these strategies' (Indicator 3).
- Draw conditions, whenever possible, from a partner's national development strategy or its annual review
 of progress in implementing this strategy. Other conditions would be included only when a sound
 justification exists and would be undertaken transparently and in close consultation with other donors
 and stakeholders.
- Link funding to a single framework of conditions and/or a manageable set of indicators derived from the national development strategy. This does not mean that all donors have identical conditions, but that each donor's conditions should be derived from a common streamlined framework aimed at achieving lasting results.

Donors use strengthened country systems

- 17. Using a country's own institutions and systems, where these provide assurance that aid will be used for agreed purposes, increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Country systems and procedures typically include, but are not restricted to, national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring.
- 18. Diagnostic reviews are an important and growing source of information to governments and donors on the state of country systems in partner countries. Partner countries and donors have a shared interest in being able to monitor progress over time in improving country systems. They are assisted by performance assessment frameworks, and an associated set of reform measures, that build on the information set out in diagnostic reviews and related analytical work.

19. Partner countries and donors jointly commit to:

- Work together to establish mutually agreed frameworks that provide reliable assessments of performance, transparency and accountability of country systems (Indicator 2).
- Integrate diagnostic reviews and performance assessment frameworks within country-led strategies for capacity development.

20. Partner countries commit to:

- Carry out diagnostic reviews that provide reliable assessments of country systems and procedures.
- On the basis of such diagnostic reviews, undertake reforms that may be necessary to ensure that national systems, institutions and procedures for managing aid and other development resources are effective, accountable and transparent.
- Undertake reforms, such as public management reform, that may be necessary to launch and fuel sustainable capacity development processes.

21. Donors commit to:

Use country systems and procedures to the maximum extent possible. Where use of country systems is
not feasible, establish additional safeguards and measures in ways that strengthen rather than undermine
country systems and procedures (Indicator 5).

This includes for example the Annual Progress Review of the Poverty Reduction Strategies (APR).

- Avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes (Indicator 6).
- Adopt harmonised performance assessment frameworks for country systems so as to avoid presenting partner countries with an excessive number of potentially conflicting targets.

Partner countries strengthen development capacity with support from donors

22. The capacity to plan, manage, implement, and account for results of policies and programmes, is critical for achieving development objectives — from analysis and dialogue through implementation, monitoring and evaluation. Capacity development is the responsibility of partner countries with donors playing a support role. It needs not only to be based on sound technical analysis, but also to be responsive to the broader social, political and economic environment, including the need to strengthen human resources.

23. Partner countries commit to:

 Integrate specific capacity strengthening objectives in national development strategies and pursue their implementation through country-led capacity development strategies where needed.

24. **Donors** commit to:

 Align their analytic and financial support with partners' capacity development objectives and strategies, make effective use of existing capacities and harmonise support for capacity development accordingly (Indicator 4).

Strengthen public financial management capacity

25. Partner countries commit to:

- Intensify efforts to mobilise domestic resources, strengthen fiscal sustainability, and create an enabling environment for public and private investments.
- Publish timely, transparent and reliable reporting on budget execution.
- Take leadership of the public financial management reform process.

26. Donors commit to:

- Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely
 and predictable fashion according to agreed schedules (Indicator 7).
- Rely to the maximum extent possible on transparent partner government budget and accounting mechanisms (Indicator 5).

27. Partner countries and donors jointly commit to:

 Implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.

Strengthen national procurement systems

28. Partner countries and donors jointly commit to:

- Use mutually agreed standards and processes⁴ to carry out diagnostics, develop sustainable reforms and monitor implementation.
- Commit sufficient resources to support and sustain medium and long-term procurement reforms and capacity development.
- Share feedback at the country level on recommended approaches so they can be improved over time.

Such as the processes developed by the joint OECD-DAC – World Bank Round Table on Strengthening Procurement Capacities in Developing Countries.

- 29. Partner countries commit to take leadership and implement the procurement reform process.
- 30. Donors commit to:
 - Progressively rely on partner country systems for procurement when the country has implemented mutually agreed standards and processes (Indicator 5).
 - Adopt harmonised approaches when national systems do not meet mutually agreed levels of performance or donors do not use them.

Untie aid: getting better value for money

31. Untying aid generally increases aid effectiveness by reducing transaction costs for partner countries and improving country ownership and alignment. **DAC Donors** will continue to make progress on untying as encouraged by the 2001 DAC Recommendation on Untying Official Development Assistance to the Least Developed Countries (Indicator 8).

HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

Donors implement common arrangements and simplify procedures

- 32. Donors commit to:
 - Implement the donor action plans that they have developed as part of the follow-up to the Rome High-Level Forum.
 - Implement, where feasible, common arrangements at country level for planning, funding (e.g. joint financial arrangements), disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programme-based aid modalities can contribute to this effort (Indicator 9).
 - Work together to reduce the number of separate, duplicative, missions to the field and diagnostic reviews (Indicator 10); and promote joint training to share lessons learnt and build a community of practice.

Complementarity: more effective division of labour

- 33. Excessive fragmentation of aid at global, country or sector level impairs aid effectiveness. A pragmatic approach to the division of labour and burden sharing increases complementarity and can reduce transaction costs.
- 34. Partner countries commit to:
 - Provide clear views on donors' comparative advantage and on how to achieve donor complementarity at country or sector level.
- 35. Donors commit to:
 - Make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks.
 - Work together to harmonise separate procedures.

Incentives for collaborative behaviour

- 36. Donors and partner countries jointly commit to:
 - Reform procedures and strengthen incentives—including for recruitment, appraisal and training—for management and staff to work towards harmonisation, alignment and results.

Delivering effective aid in fragile states⁵

37. The long-term vision for international engagement in fragile states is to build legitimate, effective and resilient state and other country institutions. While the guiding principles of effective aid apply equally to fragile states, they need to be adapted to environments of weak ownership and capacity and to immediate needs for basic service delivery.

38. Partner countries commit to:

- Make progress towards building institutions and establishing governance structures that deliver effective governance, public safety, security, and equitable access to basic social services for their citizens.
- Engage in dialogue with donors on developing simple planning tools, such as the transitional results matrix, where national development strategies are not yet in place.
- Encourage broad participation of a range of national actors in setting development priorities.

39. Donors commit to:

- Harmonise their activities. Harmonisation is all the more crucial in the absence of strong government leadership. It should focus on upstream analysis, joint assessments, joint strategies, co-ordination of political engagement; and practical initiatives such as the establishment of joint donor offices.
- Align to the maximum extent possible behind central government-led strategies or, if that is not possible, donors should make maximum use of country, regional, sector or non-government systems.
- Avoid activities that undermine national institution building, such as bypassing national budget processes
 or setting high salaries for local staff.
- Use an appropriate mix of aid instruments, including support for recurrent financing, particularly for countries in promising but high-risk transitions.

Promoting a harmonised approach to environmental assessments

- 40. Donors have achieved considerable progress in harmonisation around environmental impact assessment (EIA) including relevant health and social issues at the project level. This progress needs to be deepened, including on addressing implications of global environmental issues such as climate change, desertification and loss of biodiversity.
- 41. Donors and partner countries jointly commit to:
 - Strengthen the application of EIAs and deepen common procedures for projects, including consultations with stakeholders; and develop and apply common approaches for "strategic environmental assessment" at the sector and national levels.
 - Continue to develop the specialised technical and policy capacity necessary for environmental analysis and for enforcement of legislation.
- 42. Similar harmonisation efforts are also needed on other cross-cutting issues, such as gender equality and other thematic issues including those financed by dedicated funds.

MANAGING FOR RESULTS

Managing resources and improving decision-making for results

43. Managing for results means managing and implementing aid in a way that focuses on the desired results and uses information to improve decision-making.

The following section draws on the draft Principles for Good International Engagement in Fragile States, which emerged from the Senior Level Forum on Development Effectiveness in Fragile States (London, January 2005).

44. Partner countries commit to:

- Strengthen the linkages between national development strategies and annual and multi-annual budget processes.
- Endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available (Indicator 11).

45. Donors commit to:

- Link country programming and resources to results and align them with effective partner country performance assessment frameworks, refraining from requesting the introduction of performance indicators that are not consistent with partners' national development strategies.
- Work with partner countries to rely, as far as possible, on partner countries' results-oriented reporting and monitoring frameworks.
- Harmonise their monitoring and reporting requirements, and, until they can rely more extensively on partner countries' statistical, monitoring and evaluation systems, with partner countries to the maximum extent possible on joint formats for periodic reporting.

46. Partner countries and donors jointly commit to:

 Work together in a participatory approach to strengthen country capacities and demand for results based management.

MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

47. A major priority for partner countries and donors is to enhance mutual accountability and transparency in the use of development resources. This also helps strengthen public support for national policies and development assistance.

48. Partner countries commit to:

- Strengthen as appropriate the parliamentary role in national development strategies and/or budgets.
- Reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.

49. **Donors** commit to:

 Provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens.

50. Partner countries and donors commit to:

Jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the Partnership Commitments. (Indicator 12).

III. Indicators of Progress To be measured nationally and monitored internationally

OWNERSHIP			TARGET FOR 2010	
1	Partners have operational development strategies— Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.	At	least 75% of partner countries have operational development strategies.	
ALIGNMENT		TARGETS FOR 2010		
2	Reliable country systems — Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.	(a) Public financial management — Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/ CPIA (Country Policy and Institutional Assessment) scale of performance.		
		(b) Procurement — One-third of partner countries move up at least one measure (i.e., from D to C, C to B or B to A) on the four-point scale used to assess performance for this indicator.		
3	Aid flows are aligned on national priorities — Percent of aid flows to the government sector that is reported on partners' national budgets.	Halve the gap — halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85% reported on budget).		
4	Strengthen capacity by co-ordinated support — Percent of donor capacity-development support provided through co-ordinated programmes consistent with partners' national development strategies.	50% of technical co-operation flows are implemented through co-ordinated programmes consistent with national development strategies.		
	Use of country public financial management systems— Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.		PERCENT OF DONORS	
		Score*	Target	
		5+	All donors use partner countries' PFM systems.	
		3.5 to 4.5	90% of donors use partner countries' PFM systems.	
5a		-	PERCENT OF AID FLOWS	
		Score*	Target	
indido Montalia de mante que deste elle mana el delegado de la compania del compania de la compania de la compania del compania de la compania del la compania de la compania del la compania de la compania de la compania del la compania de		5+	A two-thirds reduction in the % of aid to the public sector not using partner countries' PFM systems.	
		3.5 to 4.5	A one-third reduction in the % of aid to the public sector not using partner countries' PFM systems.	
	Use of country procurement systems — Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these.		PERCENT OF DONORS	
		Score*	Target	
		A	All donors use partner countries' procurement systems.	
		В	90% of donors use partner countries' procurement systems.	
5b			PERCENT OF AID FLOWS	
		Score*	Target	
		A	A two-thirds reduction in the % of aid to the public sector not using partner countries' procurement systems.	
		В	A one-third reduction in the % of aid to the public sector not using partner countries' procurement systems.	
6	Strengthen capacity by avoiding parallel implementation structures — Number of parallel project implementation units (PIUs) per country.	Reduce by two-thirds the stock of parallel project implementation units (PIUs).		
7	Aid is more predictable—Percent of aid disbursements released according to agreed schedules in annual or multi-year frameworks.	Halve the gap — halve the proportion of aid not disbursed within the fiscal year for which it was scheduled.		
8	Aid is untied — Percent of bilateral aid that is untied.	Continued progress over time.		
			· 😑	

3845845434704	HARMONISATION	TARGETS FOR 2010	
9	Use of common arrangements or procedures — Percent of aid provided as programme-based approaches.	66% of aid flows are provided in the context of programme-based approaches.	
10	Encourage shared analysis — Percent of (a) field missions and/or (b) country analytic work, including diagnostic reviews that are joint.	(a) 40% of donor missions to the field are joint.	
10		(b) 66% of country analytic work is joint.	
hi dan watan dan dan dan dan dan dan dan dan dan d	MANAGING FOR RESULTS	TARGET FOR 2010	
11	Results-oriented frameworks — Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.	Reduce the gap by one-third — Reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.	
Sales and a constant	MUTUAL ACCOUNTABILITY	TARGET FOR 2010	
12	Mutual accountability — Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration.	All partner countries have mutual assessment reviews in place.	

Important Note: In accordance with paragraph 9 of the Declaration, the partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) comprising OECD/DAC members, partner countries and multilateral institutions, met twice, on 30-31 May 2005 and on 7-8 July 2005 to adopt, and review where appropriate, the targets for the twelve Indicators of Progress. At these meetings an agreement was reached on the targets presented under Section III of the present Declaration. This agreement is subject to reservations by one donor on (a) the methodology for assessing the quality of locally-managed procurement systems (relating to targets 2b and 5b) and (b) the acceptable quality of public financial management reform programmes (relating to target 5a.ii). Further discussions are underway to address these issues. The targets, including the reservation, have been notified to the Chairs of the High-level Plenary Meeting of the 59th General Assembly of the United Nations in a letter of 9 September 2005 by Mr. Richard Manning, Chair of the OECD Development Assistance Committee (DAC).

^{*}Note on Indicator 5: Scores for Indicator 5 are determined by the methodology used to measure quality of procurement and public financial management systems under Indicator 2 above.

Appendix A: Methodological Notes on the Indicators of Progress

The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. This framework draws selectively from the Partnership Commitments presented in Section II of this Declaration.

Purpose — The Indicators of Progress provide a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness. They measure principally **collective behaviour at the country level.**

Country level vs. global level — The indicators are to be **measured at** the **country level** in close collaboration between partner countries and donors. Values of country level indicators can then be statistically aggregated at the **regional or global level**. This global aggregation would be done both for the country panel mentioned below, for purposes of statistical comparability, and more broadly for all partner countries for which relevant data are available.

Donor / Partner country performance — The indicators of progress also provide a **benchmark against which individual donor agencies or partner countries can measure their performance** at the country, regional, or global level. In measuring individual donor performance, the indicators should be applied with flexibility in the recognition that donors have different institutional mandates.

Targets — The targets are set at the global level. Progress against these targets is to be measured by aggregating data measured at the country level. In addition to global targets, partner countries and donors in a given country might agree on country-level targets.

Baseline — A baseline will be established for 2005 in a panel of self-selected countries. The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to establish this panel.

Definitions and criteria — The partnership of donors and partner countries hosted by the DAC (Working Party on Aid Effectiveness) is asked to provide specific guidance on definitions, scope of application, criteria and methodologies to assure that results can be aggregated across countries and across time.

Note on Indicator 9 — Programme based approaches are defined in Volume 2 of Harmonising Donor Practices for Effective Aid Delivery (OECD, 2005) in Box 3.1 as a way of engaging in development cooperation based on the principles of co-ordinated support for a locally owned programme of development, such as a national development strategy, a sector programme, a thematic programme or a programme of a specific organisation. Programme based approaches share the following features: (a) leadership by the host country or organisation; (b) a single comprehensive programme and budget framework; (c) a formalised process for donor co-ordination and harmonisation of donor procedures for reporting, budgeting, financial management and procurement; (d) Efforts to increase the use of local systems for programme design and implementation, financial management, monitoring and evaluation. For the purpose of indicator 9 performance will be measured separately across the aid modalities that contribute to programme-based approaches.

APPENDIX B:

List of Participating Countries and Organisations

Participating Countries

Albania Bangladesh Bolivia Burkina Faso Cameroon Congo D.R. Dominican Republic European Commission France Ghana Guinea Indonesia Jamaica Kenva Kyrgyz Republic

Madagascar

Sri Lanka Tajikistan Timor-Leste Uganda Vanuatu

Mali Mongolia Nepal Nicaragua Pakistan Poland Russian Federation Senegal Solomon Islands Zambia

Australia Belgium Botswana Burundi Canada Czech Republic Egypt Fiji Gambia, The Greece Honduras Ireland Japan Korea Lao PDR Malawi Mauritania Morocco Netherlands

Niger Papua New Guinea Portuga! Rwanda

Serbia and Montenegro South Africa Sweden Tanzania Tunisia United Kingdom Vietnam

Austria Renin [Brazil]* Cambodia China Denmark Ethiopia Finland Germany Guatemala Iceland Italy Jordan Kuwait Luxembourg Malaysia Mexico Mozambique New Zealand Norway Philippines Romania

Saudi Arabia Slovak Republic Spain Switzerland Thailand Turkey

United States of America Yemen

* To be confirmed.

More countries than listed here have endorsed the Paris Declaration. For a full and up to date list please consult www.oecd.org/dac/effectiveness/parisdeclaration/members.

Participating Organisations

African Development Bank Asian Development Bank

Consultative Group to Assist the Poorest (CGAP)

Economic Commission for Africa (ECA)

European Bank for Reconstruction and Development (EBRD)

Global Fund to Fight Aids, Tuberculosis and Malaria

Inter-American Development Bank International Monetary Fund (IMF)

Islamic Development Bank

New Partnership for Africa's Development (NEPAD)

Organisation for Economic Co-operation and Development (OECD)

OPEC Fund for International Development United Nations Development Group (UNDG) Arab Bank for Economic Development in Africa

Commonwealth Secretariat

Council of Europe Development Bank (CEB) Education for All Fast Track Initiative (EFA-FTI)

European Investment Bank (EIB)

International Fund for Agricultural Development (IFAD)

International Organisation of the Francophonie

Millennium Campaign Nordic Development Fund

Organisation of Eastern Caribbean States (OECS)

Pacific Islands Forum Secretariat

World Bank

Civil Society Organisations

Africa Humanitarian Action

Bill and Melinda Gates Foundations

Comité Catholique contre la Faim et pour le Développement (CCFD)

Comisión Económica (Nicaragua)

EURODAD

Japan NGO Center for International Cooperation (JANIC) Tanzania Social and Economic Trust (TASOET)

AFRODAD

Canadian Council for International Cooperation (CCIC)

Coopération Internationale pour le Développement et la Solidarité (CIDSE)

ENDA Tiers Monde

International Union for Conservation of Nature and Natural

Resources (IUCN) Reality of Aid Network

UK Aid Network





Countries and Organisations Adhering to the Paris Declaration

Countries adhering to the Paris Declaration

Afghanistan Australia Belgium Botswana Burundi Canada Chad Congo D. R. Denmark

Egypt

Fiii Gabon Ghana Guinea Honduras India Ireland Ivory Coast Jordan

Kuwait Lesotho Malawi Mauritania Mongolia Namibia New Zealand Nigeria

Papua New Guinea Poland

Russian Federation Sao Tomé & Principe Serbia and Montenegro

Slovenia Spain Swaziland Syria Thailand Tonga

Uganda

United States of America

Yemen

Albania Austria Benin Brazil* Cambodia Cape Verde China Cook Islands

Djibouti Estonia* Ethiopia

Finland Gambia, The Greece Guyana Hungary Indonesia Israel Jamaica

Kenya Kyrgyz Republic Luxembourg Malaysia Mexico Morocco Nepal

Nicaragua Norway Peru Portugal Rwanda Saudi Arabia Sierra Leone Solomon Islands

Sri Lanka Sweden Tajikistan Timor-Leste Tunisia

Ukraine Vanuatu Zambia

Argentina Bangladesh Bolivia Burkina Faso Cameroon

Central African Republic Colombia

Czech Republic Dominican Republic

European Commission France

Germany Guatemala Haiti Iceland Iraq Italy Japan Korea Lao PDR Madagascar Mali Moldova Mozambique The Netherlands

Niger Pakistan **Philippines** Romania Samoa Senegal

Slovak Republic South Africa Sudan Switzerland Tanzania Togo

Turkey United Kindgom

Vietnam

International Organisations adhering to the Paris Declaration

^{*} to be confirmed

African Development Bank Asian Development Bank

Consultative Group to Assist the Poorest (CGAP)

Economic Commission for Africa (ECA)

European Bank for Reconstruction and Development (EBRD)

Global Fund to Fight Aids, Tuberculosis and Malaria

Inter-American Development Bank

International Monetary Fund (IMF)

Islamic Development Bank

New Partnership for Africa's Development (NEPAD)

Organisation for Economic Cooperation and

Development (OECD)

OPEC Fund for International Development United Nations Development Group (UNDG)

GAVI Alliance

Arab Bank for Economic Development in Africa

Commonwealth Secretariat

Council of Europe Development Bank (CEB)

Education for All Fast Track Initiative

(EFA-FTI)

European Investment Bank (EIB)

G24

International Fund for Agricultural

Development (IFAD)

International Organisation of the Francophonie

Millennium Campaign Nordic Development Fund

Organisation of Eastern Caribbean States

(OECS)

Pacific Islands Forum Secretariat

World Bank

Civil Society Organisations present at the High Level Forum, Paris

2006

Africa Humanitarian Action

Bill and Melinda Gates Foundation

Comité Catholique contre la Faim et pour

le Développement (CCFD)

Comisión Económica (Nicaragua)

EURODAD

Japan NGO Center for International Cooperation

(JANIC)

Tanzania Social and Economic Trust (TASOET)

AFRODAD

Canadian Council for International Cooperation

(CCIC)

Coopération Internationale pour le Développement et

la Solidarité (CIDSE)

ENDA Tiers Monde

International Union for Conservation of Nature and

Natural Resources (IUCN)

Reality of Aid Network

) UK Aid Network

Also available:

*Pays et organisations qui adhèrent à la Déclaration de Paris (French)

Related documents:

*The Paris Declaration (English)

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COUNCIL OF THE EUROPEAN UNION

Brussels, 15 May 2007

9558/07

DEVGEN 89 ACP 94 RELEX 347

NOTE

11011	
from:	General Secretariat
on:	15 May 2007
No. prev. doc.:	9090/07
Subject:	EU Code of Conduct on Complementarity and Division of Labour in Development Policy
	 Conclusions of the Council and of the Representatives of the Governments of the Member States meeting within the Council

At its meeting on 15 May 2007, the General Affairs and External Relations Council and the Representatives of the Governments of the Member States meeting within the Council, adopted the Conclusions set out in the Annex to this note.

9558/07 JVE/tk 1 DG E II **EN**

CONCLUSIONS OF THE COUNCIL AND OF THE REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES MEETING WITHIN THE COUNCIL ON

EU Code of Conduct on Complementarity and Division of Labour in Development Policy¹

Political Commitment

- 1. The Council recognises that reinforcing the complementarity of donor activities is of paramount importance for increasing aid effectiveness, and thus for a more effective and efficient development assistance. It is one of the necessary conditions for the eradication of poverty in the context of sustainable development, including for timely achievement of the Millennium Development Goals (MDGs).
- 2. The Council underlines that EU initiatives on a better division of labour will aim at reinforcing the objective of strengthening the partner country ownership and capacities to take over responsibility for donor coordination processes.
- 3. The Council agrees that the EU should act as a driving force for complementarity and division of labour within the international harmonisation and alignment process, and that the EU should follow an inclusive approach that is open to all donors, and whenever possible build on existing processes.

In adopting these conclusions, the Council refers to certain previous conclusions and statements (see Annex).

- 4. Therefore, the Member States and the Commission commit themselves to implement the principles set out in the attached EU Code of Conduct on Complementarity and Division of Labour in Development Policy. The Code of Conduct is voluntary and flexible, and should be implemented with a country-based approach, taking into account the specific situation of the partner countries.
 - The Code of Conduct will guide policy and actions of the Member States and the Commission, and is embedded in the principles of ownership, alignment, harmonisation and management for results and mutual accountability of the Paris Declaration on Aid Effectiveness as well as the EU commitments set out in the European Consensus on Development.
 - Member States and the Commission will base their engagement in all developing countries on the principles set out in the Code of Conduct. The primary leadership and ownership in in-country division of labour should first and foremost lie in the partner country government. If such leadership and ownership need strengthening, the EU should promote such a process. In any case, the EU should always play an active role in promoting complementarity and division of labour. All initiatives need to be open for other donors, build on existing processes whenever possible, and be readily transferred to the government whenever appropriate.
- 5. Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission will promote wide discussions with partner countries and other donors on complementarity and division of labour, based on the EU code of Conduct which will be complemented by first experiences in the field. The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008. The Council invites the incoming Presidencies to actively support such a process, in close cooperation with the Member States and the Commission.

6. The division of labour among donors should also enhance the coherence of EU external assistance. In this regard, attention shall be given to the activities of the European Investment Bank and EU Trust Funds.

Implementation

In-country complementarity

- 7. The Member States and the Commission will start to use the Code of Conduct immediately and in all developing countries in a pragmatic way. Specific attention shall be paid to aid orphans and fragile states. The Code of Conduct is applicable to present and future engagements as well as additional development assistance in the context of scaling-up, and will therefore gradually change the current pattern of aid delivery without prejudice to existing obligations. To that effect, the Member States and the Commission will use existing co-ordination mechanisms in the field to render operational implementation of the Code of Conduct, with the primary leadership and ownership lying with the partner country government.
- 8. The Member States and the Commission commit themselves to increase their participation in joint multi-annual programming based on partner countries' development strategies and use the EU joint programming framework gradually and voluntary as a pragmatic tool to advance division of labour. Whenever the development of common strategies is already under way, such as Joint Assistance Strategies or similar processes, EU joint programming should complement, strengthen, and whenever possible be part of these existing processes, in order to avoid unnecessary parallel processes. A medium to long-term perspective is needed including special efforts to synchronise programming schedules with the partner countries' national planning and budget cycles (e.g. PRSs).

Cross-country complementarity

- 9. While acknowledging the Commission's added value provided through its global presence, the Member States and the Commission should address the current imbalance in resources provided to aid "darlings" and "orphans" and avoid the creation of new imbalances. They should assess aid levels using relevant, forward-looking data to establish a basis for well informed and evidence-based decisions. This needs to be done in dialogue with other donors and relevant international bodies. The Council invites the Member States and the Commission to conduct an EU-dialogue about future engagement and on strategic planning concerning their geographic concentration and country priorities, while recognising that Member States decisions on this issue are sovereign national decisions. This dialogue will take place in the framework of the annual Monterrey follow-up debate. In this regard, every Member State has a role to play. This discussion will be prepared by the Presidency in office, based on information compiled by the Commission, and take into account global aid allocations.
- 10. With a view to informing what are, in the case of Member States development assistance, sovereign national decisions, the Council invites the Member States and the Commission to initiate an exchange of information to prepare this dialogue process in 2007, in order to:
 - a. identify countries in which there are substantial overlaps ("darling countries") or gaps ("aid orphans") in terms of donor activity and / or in the level of aid allocations;
 - b. address the issue of aid orphans, and where appropriate aid darlings, and address specific sectoral issues;
 - c. develop specific response strategies for fragile states, which among other things will serve as an input to the ongoing OECD/DAC initiative and initiatives of other international fora;
 - d. examine how all aid, i.e. existing and additional aid ("scaling up") could be allocated in a complementary way.

11. The Council recognises that national decisions on sector and country choices should be based on reliable and forward-looking data, while underscoring the importance of the predictability of aid flows. Therefore the Council calls on the Member States and the Commission to strive for more transparency in their strategic planning and encourages the Member States and the Commission to share forward-looking data on commitments. Those Member States concerned and the Commission should set a good example by providing these data to the OECD/DAC survey on donors forward looking spending plans in a timely manner.

Cross-sector complementarity

12. Concerning the analysis of areas of strength, the Council invites the Member States and the Commission to review the state of the self-assessments of their respective areas of strength, in a first instance before the Accra High Level Forum in 2008, and on a regular basis thereafter. The Council regards the diversity of expertise in the EU as a whole as an added value that should be maintained. The Member States will, within the existing competences and as national decisions, address the issue of improving cross-sector complementarity. The Council fully respects the decision of many Member States that they will not seek to become specialised at headquarters level but work based on the needs of the partner countries. EU Member States that joined the EU in 2004 or in 2007 will undertake work to assess their respective areas of strength at a realistic pace which reflects their own circumstances as emerging donors.

Community assistance

- 13. The Council recalls that Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States.
- 14. The Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including:

- a. consistent implementation of the Code of Conduct in Community aid financed under the EDF and the Community budget, including aid allocation criteria and how the implementation of already finalised country programmes can take into account the principles in the Code of Conduct;
- b. a self-assessment in its potential areas of comparative advantage as referred to in the joint Development Policy Statement (DPS);
- c. status for follow-up on the endorsed recommendation of the Ad Hoc Working Party on Harmonisation regarding decentralisation;
- d. a forward looking analysis on the intended Community aid implementation of the Code of Conduct before the High Level Forum on Aid Effectiveness III in Accra, Ghana.

Follow-up and review

15. The Council will, in the framework of the political dialogue, discuss progress and lessons learned in the implementation process for the Code of Conduct. The Council calls the Commission to facilitate this process by submitting a report, based on information provided by Headquarters and the field in the framework of the OECD/DAC survey and the Monterrey report. This report should also include lessons learned and state of play as regards a limited number of case studies for aid darlings, aid orphans and cross-sectoral issues, joint programming processes wherever they exist, including donor-wide processes, and highlighting cross-country and cross-sectoral complementarity.

- 16. The Council invites the Member States and the Commission to strengthen communication on development co-operation contributions of the EU as a whole for information of their domestic audiences. This will contribute towards legitimising the decisions for individual donors to concentrate further on fewer sectors and countries. The Member States and the Commission will communicate their commitments to division of labour and the Code of Conduct in a coherent manner throughout their organisations. Communication on division of labour shall focus on the value added and results of the initiative. For advancing complementarity and implementation of the Paris Agenda within international fora, EU donors will increasingly use joint statements where appropriate, without prejudice to their bilateral ones.
- 17. The Code of Conduct is a dynamic document that will be reviewed periodically and in any case before 2010, on the basis of lessons learned from its implementation and the monitoring of progress.

<u>In adopting these conclusions, the Council refers to the following conclusions and statements:</u>

- Report of the Ad Hoc Working Party on Harmonisation Advancing Coordination,
 Harmonisation and Alignment: the contribution of the EU. November 2004;
- Paris Declaration on Aid Effectiveness¹ of March 2005:
- Joint Development Policy Statement 'The European Consensus on Development' (DPS),
 2005, paragraphs 30-34, OJ C 46, 24.2.2006, p. 6²;
- 2005 EU Strategy on Africa (The EU and Africa: Towards a Strategic Partnership);³
- Council and Member States Conclusions of April 2006 on Financing for Development and Aid Effectiveness: Delivering more, better and faster;⁴
- Council and Member States Conclusions of October 2006 on Complementarity and Division of Labour: Orientation Debate on Aid Effectiveness;⁵
- Commission Communication on an EU Code of Conduct on Division of labour in Development Policy.⁶

paragraphs 33-35 - http://www.oecd.org/dataoecd/53/38/34579826.pdf.

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doc. 14820/2/05.

doc. 15961/05, paragraph 6(f), p. 4.

doc. 8388/06, paragraphs 55-57, p. 14.

doc. 14029/06.

doc. 7124/07.

EU Code of Conduct on Complementarity and Division of Labour in Development Policy

This Code of Conduct presents operational principles for EU donors regarding complementarity in development cooperation. Their aim is to enhance effectiveness by improving overall development results and impact for poverty reduction and reducing the transaction costs, through a division of labour between donors.

The Code proposes an inclusive approach that is open to all donors.

The Code is embedded in the principles of ownership, alignment, harmonisation and management for results and mutual accountability of the Paris Declaration as well as the additional objectives and values highlighted by the European Consensus.

The Code is voluntary, flexible and self-policing. It is a dynamic document that establishes principles and targets towards which EU donors will strive to work progressively and accordingly.

The partner country should be responsible for coordinating donors. EU Donors will encourage and support the partner country to assume that responsibility while structuring themselves, in an appropriate manner, using – where appropriate – good existing practices as inspiration.

EU donors will base their engagement on the below outlined principles. These principles have to be approached in a pragmatic and flexible manner. It is hoped that other donors will want to commit themselves to abiding by it and are invited to participate and base their activities on similar principles as those outlined in this Code of conduct.

General principles

EU donors (the Member States and the Commission) commit themselves to further progress on complementarity and division of labour, including closer cooperation among them, in line with the following general principles:

- 1. The primary leadership and ownership in in-country division of labour should first and foremost lie in the partner country government. If such leadership and ownership do not exist, the EU should promote such a process. In any case, the EU should always play an active role in promoting complementarity and division of labour. All initiatives need to be open for other donors, build on existing processes whenever possible, and be readily transferred to the government whenever appropriate. The EU should provide capacity building support to the partner countries to enable them to take on this responsibility.
- 2. It is crucial that the division of labour is not implemented at the expense of global aid volumes or predictability of aid flows and is carried out in collaboration with the partner countries.
- 3. Implementation needs to be based on (i) country-level priorities and needs, (ii) a long-term perspective, as well as (iii) a pragmatic and well-sequenced approach.
- 4. It is recognised that the EU donors share common development objectives, vision, values and principles. When limiting the involvement of Member States or the Commission in a partner country or sector, situations where all EU donors are absent from a strategic sector for poverty reduction should be avoided.
- 5. While implementation needs to be based at field-level, political commitment and adequate support and impetus need to be made both in headquarters and in the field. It is also important to improve coordination between the field-level and the headquarters to ensure a coherent approach. This should not, however, undermine the partner country leadership and ownership.

6. Comparative advantage is not primarily based on financial resources available, but also on a wide range of issues such as geographic or thematic expertise. Therefore, each Member State has a role to play.

Guiding Principle 1 – Concentrate on a limited number of sectors in-country

EU donors will aim at focussing their active involvement in a partner country on a maximum of three sectors¹, based on the following criteria:

- Each donor will act ambitiously to reduce transaction costs on partner governments and streamline their sector presence according to their comparative advantage as recognised by the partner country government and other donors.
- The appreciation of what constitutes a sector, being intuitive or informed, should be done in a flexible manner, at partner country level and match the definition of the partner country, that should have identified the sector as a priority in its poverty reduction strategy or equivalent. In agreement with the partner country, the partitioning of sectors should be avoided as much as possible.

In addition to the three sectors, donors can provide general budget support, where conditions permit to do so, support to civil society, and research and education schemes including scholarships. In their selected sectors donors should mainstream crosscutting issues.

A donor's comparative advantage can be determined by, inter alia, any of the following criteria:

- presence in the field,
- experience in the country, sector or context,
- trust and confidence of partner governments and other donors,

In limited cases, where donors face a significant reduction in sector coverage, this target may be increased to engage in more than three sectors, taking full account of partner country views, neglected issues of particular importance and a realistic timeframe to support any change in their country programmes.

- technical expertise and specialization of the donor,
- volume of aid, at country or sector level,
- capacity to enter into new or forward looking policies or sectors,
- capacity to react quickly and/or long term predictability,
- efficiency of working methodologies, procedures, and quality of human resources,
- relatively better performance without necessarily absolute advantage,
- lower cost compared to other donors with adequate standards of quality,
- building new experience and capacities as a emerging donor.

The comparative advantage of a given donor should be self assessed, endorsed by the partner government, and recognized by other donors. The EU encourages partner countries to provide clear views on donors' comparative advantage.

The partner countries will be encouraged to identify the areas for increased or reduced support and to indicate their preferences as to which donors should remain actively involved in each sector. EU donors will work together with the partner country to identify sectors in which to remain, and propose exits from sectors from which they shall withdraw. The creation of orphan sectors should be avoided in this process.

EU donors will aim at a long term engagement in a given sector (i.e. minimum of 5-7 years, or a minimum of one period of a national poverty reduction strategy).

Guiding Principle 2 – Redeployment for other in-country activities

A redeployment process should be based on local negotiations and will very much depend on the situation in the country. It is recommended that headquarters offers field offices/delegations a flexible enough mandate with room for negotiation and capacity to adapt.

EU donors that are active in sectors other than the three concentration sectors should pursue one of the following options:

- stay financially engaged in the sector through the use of delegated cooperation/partnership arrangement,
- redeploy the freed-up resources into general budget support where conditions permit to do
 so while still being engaged in developments in the additional sector through the
 structures, dialogue and capacity building processes surrounding general budget support,
- exit from the sector in a responsible manner while using the freed-up resources in scalingup support for the sectors in which they will remain.

Responsible exit from a sector entails a well planned and managed process with the full participation of the partner country and with the change/redeployment process being well communicated to all stakeholders.

Guiding Principle 3 – Lead donor arrangement

In each priority sector, EU donors will work towards and support the establishment of a lead donor arrangement in charge of all donor coordination in the sector thereby reducing the transaction costs for both partner countries and donors. The lead donor model might differ from one case to another. Burden sharing arrangements, for instance through a team of supporting donors, could be envisaged where relevant. The important objective is to ensure that the partner country is faced with a structured donor set-up.

The lead donor(s) should be given a substantial mandate for specific aspects of sector policy dialogue and have an obligation to regularly consult with other donors in the sector. In order to allow for efficient specialisation and continuity, rotation of lead donor responsibility should be limited (for example sequenced on national planning cycles if applicable).

Guiding Principle 4 – Delegated cooperation/partnership

If a given sector is considered strategic for the partner country or the donor, EU donors may enter into a delegated cooperation/partnership arrangement with another donor, and thereby delegate authority to the other donor to act on its behalf in terms of administration of funds and/or sector policy dialogue with the partner government. Partner governments should be consulted on the donors' delegating agreements. Delegating donors should be enabled to review policies and procedures of the lead donor relevant to their delegating agreements. A delegated cooperation/partnership role in a sector will be considered additional to the maximum of three sectors in which a given donor is engaged.

The delegation of cooperation from the Commission to other donors will follow the provisions of financial and implementation regulations of Community Budget and the EDF.

Guiding Principle 5 – Ensure an adequate donor support

When implementing sector concentration, the EU should ensure that at least one donor with appropriate comparative advantage and sharing similar values and principles, is actively involved in each sector considered relevant for poverty reduction.

EU donors, with full participation and ownership of the partner country, will seek to limit the number of active donors to a maximum of 3-5 per sector, based on their comparative advantage. Other donors can still take part in sector activities by means of delegated cooperation modalities.

Guiding Principle 6 – Replicate practices at regional level

While adhering to the general principles of aid effectiveness also at regional level, EU donors will apply the above principles of in-country division of labour also in their work with partner regional institutions.

Guiding Principle 7 – Establish priority countries

EU donors agree to reinforce the geographical focus of their assistance to avoid spreading their resources too thinly. They will strive to establish a limited number of priority countries.

This process will be informed by a dialogue within the EU, taking into account the broader donor engagement, and be carried out in dialogue with partner countries and with other donors.

Discussions should be based on:

- transparent information on EU donors' activities and plans and, as much as possible, on the activities and plans of other donors;
- self-assessments conducted by each donor;
- regular EU-wide exchange of information when Member States modify their list of priority countries, as well as exchange of information with partner countries and other donors in order to prevent at an early stage the creation of orphan countries.

In non-priority countries, EU donors may provide their support *inter alia* through delegated cooperation arrangements or by redeploying on the basis of responsible exit strategies prepared with the partner country. EU donors will share information on good practices.

The European Consensus recognises its global presence as an added value for the EC.

Guiding Principle 8 – Address the "orphans" gap

Committed to avoiding imbalances, EU donors will address the problem of "orphaned" or neglected countries, based on needs and performances, taking into account all financing flows from ODA and other aid flows. The specificity of those neglected countries calls for a redeployment of resources in their favour.

"Orphaned" or neglected countries countries are often 'fragile states' whose stabilisation would have a positive spill-over effect on the wider region. Addressing this issue should be done amongst other things as an input for the ongoing OECD/DAC initiative and initiatives of other international fora.

Adequate attention and financing need to be given to linking relief and rehabilitation to long term development.

Guiding Principle 9 – Analyse and expand areas of strength

EU donors, taking into account the views of partner countries, will deepen the self-assessment of their comparative advantages as regards sectors and modalities with the aim to identify those in which they would like to expand, as well as those where they might be willing to reduce their own activities.

The Commission will further develop its expertise and capacities in the areas where it has comparative advantages, paying particular attention to building the necessary capacity and expertise at the country level, in line with the deconcentration process and ownership of partner countries.

Guiding Principle 10 – Pursue progress on other dimensions of complementarity

EU donors commit themselves to advancing on the other dimensions of complementarity. On vertical complementarity, primarily in the context of relevant international fora and ongoing discussion on the rationalisation of the international aid architecture, and to further discuss cross-modalities and instruments, in the context of specific partnership and the implementation of joint/coordinated programmes.

Guiding Principle 11 – Deepen the reforms

EU donors recognize that in order to achieve a coherent division of labour between individual donors, strong political commitment and adequate support is needed both in headquarters and in the field, implementation needs to be based at field-level and a close coordination between the headquarter and field level is necessary. Member States may consider in this regard decentralised structures to facilitate complementarity and coordination on the ground, institutional incentives to staff and redeployment of financial and human resources.

Annex 1 Fast track countries - overview

(countries underlined also participate in the fragile states pilot)



	Total	COM	CZ	DE	DK	FR	IE	IT	NL	ES	SI	SE	UK
COUNTRIES	29	6 + 7 = 13	'0 + 2 = 2	4 + 3 = 7	2 + 12 = 14	1 + 7 = 8	0+6=6	1+7=8	3 + 10 = 13	2 + 0 = 2	1+0=1	1+1=2	2 + 5 = 7
Bolivia	2 + 3 = 5	1			1			1	1	1			
Nicaragua	0 + 4 = 4	1			1				1				1
Haiti	1+1=2	1								1?			
<u> </u>	1 . 1 - 2	'								1 :			
Bangladesh	2 + 2 = 4	1			1				1			1	
Cambodia	1 + 3 = 4	1		1	1								1
Laos (LM letter)	0 + 1 =1	1											
Vietnam	1 + 3 = 4	1			1	1	1						
Albania	2 + 0 = 2							1				1	
Kyrgyz Republic	1+0=0							•					1
FYROM	1+0=0										1		
Moldova	0 + 2 = 2		1								·		1
Mongolia	0+1=1		1										
	1												
Benin	1 + 2 = 3	1			1	1			1				
Burkina Faso	1+3=4			1	1	1			1				
Burundi	1+1=2	1							1				
Cameroon	0 + 2 = 2			1		1							
CAR	1+1=1	1				1							
Ethiopia	1 + 3 = 4	1					1	1					1
Ghana	1 + 4 = 5	1		1	1	1			1				
Kenya	1 + 2 = 3				1			1					1
Madagascar	0 + 1 = 1					1							
Malawi (LM letter)	0 + 1 = 1	1											
Mali	2 + 2 = 4	1			1	1			1				
Mozambique	1+5=6	1		1	1	1	1	1	1				
Rwanda	1 + 0 = 0												1
Senegal	0 + 3 = 3					1		1	1				
Sierra Leone	0 + 3 = 3						1	1					1
Tanzania	1 + 4 = 5	1		1	1		1		1				
Uganda	0 + 5 = 5			1	1		1	1	1				
Zambia	1 + 3 = 4	1		1	1				1				

Footnote:

supporting donors marked in yellow means that these will be actively helping out the facilitating donor as all EU donors have adopted the EU Code of Conduct these are all participating in division of labour processes, and are therefore not individually mentioned

BACKGROUND PAPER 3RD HIGH LEVEL FORUM ON AID EFFECTIVENESS

ROUNDTABLE 3: HARMONISATION

DONOR MAPPING – ASSESSMENT OF THE STATUS QUO



BACKGROUND AND OBJECTIVES

The Paris Declaration on Aid Effectiveness (signed in March 2005) commits partner countries and donors to a more effective division of labour and burden sharing among donors in order to overcome excessive fragmentation of aid and overlapping donor activities at global, country or sector level. Despite the fact that the existing DoL processes are very countryspecific and vary to a good extent with regard to the particular process steps taken and instruments applied, the following schematic figure attempts to illustrate some common stages and elements for the elaboration and implementation of DoL agreements.

Most in-country DoL processes have started with an assessment of the actual status quo of donor engagement in the various sectors or thematic areas in the partner country ("Donor Mapping"). A donor mapping exercise can therefore be considered a first step towards an improved division of labour and it is the basis for a transparent and rational DoL process. However, donor mapping also serves as stand-alone approach creating transparency with regard to donor engagement. A considerable number of countries have already gone through mapping exercises as part of their efforts to actively steer donor harmonisation and ultimately take the driver's seat in their development processes. In some cases, donors have initiated the mapping in order to create

transparency and partner countries have joined in at a later stage.

Donor Mapping benefits from a systematic approach to sharing information on aid flows and actors. This is achieved most sustainably through an aid management system, as noted below. For a comparison of aid managements systems and the roles they can play see \rightarrow www.aideffectiveness.org/index.php/AIMS.

Overall, aid management systems provide a reliable basis to improve effective aid management toward better development results.

COMMON STAGES AND ELEMENTS FOR THE DOL PROCESS

1 INITIATION OF DOL PROCESS

Assessments of Status Quo

- Aid flow mapping
- Strategy-based mapping
- DoL mapping

TRANSPARENT STATUS QUO

Elaboration of DoL Improvements

- Comparative advantages: donor self-assessments
- Peer reviews of donor assessments
- Partner country donor preferences
- Renegotiation of donor roles, sector engagement, form of contribution

3 IMPROVEMENTS IN DOL AGREED UPON

Implementation of improved DoL Regime

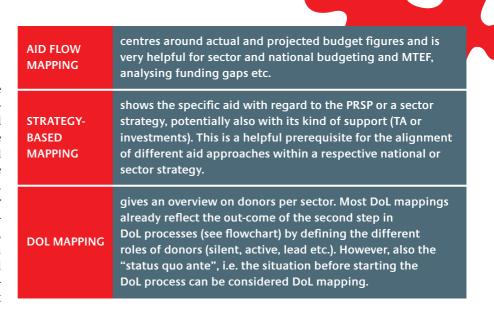
- Reallocation & reprogramming
- Lead donor arrangements
- Delegated cooperation / silent partnerships

ENABLING INITIATIVES AND POLICY FRAMEWORK:

National Development Strategies (e. g. PRS), Joint Assistance Strategies (JAS), National Harmonisation / Alignment Action Plan / Aid Policy

2. EXISTING APPROACHES OF DONOR MAPPING

Once the political decision has been made to undertake a mapping exercise, mapping is basically a process and technical design issue. However, in order to make it a useful and living tool, capacity and resources are required not only for the set-up but maintenance of the database. Existing donor mapping exercises differ in scope (sector-wide, regional or nationwide) and/or type (aid flow mapping, strategy-based mapping). Even though the differentiation between aid-flow and strategy-based mapping as two sub-categories of general donor mapping might be somewhat artificial (as both deal with donors, sectors and figures), it seems useful when deciding on the adequate mapping instrument:



These approaches of donor mapping are not necessarily to be thought of as alternatives. They should rather be used as complementary instruments, reflecting different goals and needs. Whereas for a Ministry of Finance aid flow mapping is of utmost importance for budgeting and setting up MTEF, a Ministry of Education would be interested in coordinating the different inputs into its sector with regard to the national education strategy. Examples for the various mapping exercises are presented in the following:

2.1 WEB-BASED "AID FLOW" MAPPING

MOZAMBIQUE AND NICARAGUA

In January 2005, the EC Delegation in Mozambique hired a consultant in the context of the EU Pilot Initiative on Co-ordina-

tion & Harmonisation in order to establish a common EU Project Database. This database has been created, centralizing and making available information on activities of all EU Member States operating in Mozambique. In a next step of overall donor harmonisation in Mozambique, it was agreed to open up the Database and information system to all donors and UN Agencies active in Mozambique and to hand over ownership of the database to the Directorate of Investment and Cooperation in the Ministry of Planning and Development (MPD).

The database was renamed ODAmoz (Overseas Development Assistance to Mozambique Data Base) and is currently available online at → www.odamoz. org.mz. ODAmoz enables users to run a variety of reports including a full list of development activities, reports by sector, by province, by donor, as well as offering

detailed quarterly disbursement information and forecasts on specific projects themselves, as requested by MPD. Information is being managed by Donors themselves who have designated focal points to overlook their data entry. ODAmoz is supported by a management team for technical responsibility, quality control and support to the donor focal points.

The structure of ODAMoz includes among other the following data series:

1.

Agency / Donor

2.

Project / Programme title

3.

CRS ID number

4.

Project number

5.

Mozambique Budget Project number

6 -8

Project Officer, phone and e-mail

9.

Project Internet Link

10.

Brief Project Description (activities & outputs)

11.

Comments

12.-14.

Duration and status of project

15.

Funding type

16.-21.

Financial Commitments and Quarterly Disbursements incl. forecasts

22.

Implementing / Executing agency

23.

DAC / CRS Sector

24.

Geographic location of the project

25.

MDG Targets and Goals

In Nicaragua a similar process was initiated in 2007 and is now also available online at www.nic.odadata.eu. For the time being it contains the ODA-flow of the 11 EU-member countries including the European Commission. Other donors and UN-Agencies have not yet joined in and the instrument has not yet been handed over to the Nicaraguan government.

DEVELOPMENT ASSISTANCE DATABASE "DAD" – VIETNAM, UZBEKISTAN AND OTHERS

The Development Assistance Database (DAD) is an Aid Information Management System for use in national reconstruction and long term development environments that strengthens the management, coordination, and transparency of international assistance. DAD is a Web-based information collection, tracking, analysis and planning tool for national governments and the broader assistance community, including bilateral donors, international organizations, and NGOs.

- The DAD provides secure access through the Web for data entry and updates of grant programs by donor and recipient agencies. DAD- focal points at all stakeholder institutions are set-up for the decentralized and regular data entry.
- Grant and loan programs are broken down into projects and activities with programmatic and budgetary details, as well as disbursement schedule and execution.
- Users can filter, group and sort all projects by any category or group of categories.
- The DAD system provides users with a wide range of analytical functions, including querying, reporting, charts and Geographic Information System (GIS) functions.
- Various predefined and ad-hoc reports and charts can be produced with a powerful report generator on the Web.
- The integrated GIS allows for plotting projects on the map of the country with zooming and other functions.

The DAD has been implemented in 21 countries. These include Vietnam, Uzbekistan, Lebanon, Zambia, Rwanda, UNDP Regional Center in Bangkok (Tsunami Regional DAD and Private Sector DAD), Pakistan, Indonesia (Recovery Aceh-Nias), UNAIDS Indonesia, Maldives, Thailand, Iraq, Afghanistan, and Sierra Leone, Republic of Macedonia, and Guatemala. Most of these implementations have taken place through a strategic partnership between the software company Synergy International Systems, and the United Nations Development Programme (UNDP).

The DAD Vietnam, for example, was launched through the Ministry of Planning and Investment (MPI) in September 2005 and is now tracking 95% of donor activity with 52 donors entering their data. Several rounds of training have taken place, one for the host unit within MPI, one for administrators and one for the focal points. A DAD-Helpdesk has been established. The DAD Vietnam also includes historical data from the past decade of ODA to facilitate monitoring and evaluation as well as aid tracking. Further information and reports on the process can be found on the DAD website → www. synisys.com/index.jsp?sid=1&id=95& pid=73. A DAD website for Vietnam is not publicly available, but the Uzbekistan website can be explored → www.dad.uz/ en/public/sector/.

AID MANAGEMENT PLATFORM – ETHIOPIA AND OTHERS

The Aid Management Platform (AMP) is a customizable Web-based e-government solution created by the Development Gateway Foundation strengthening aid management capacity and reporting capabilities of developing country governments. AMP provides a virtual workspace for government officials managing aid resources allowing users to organise and share aid information online, from planning through implementation.

The Aid Management Platform was designed for use by both governments and their development partners → http://amp.developmentgateway.org/index.do¹. AMP is used to manage the processes for planning, tracking and reporting on aid flows (including sector/budget support, project support, and other aid modalities). AMP also has tools for monitoring and

evaluation that can help governments keep track of progress toward development objectives such as the Millennium Development Goals and other national priorities. It can process and present data for different financial years and currencies. AMP is based on open source software technology, meaning that governments own the source code and can make changes to it at any time.

The Aid Management Platform is currently operational in Ethiopia, Bolivia, Burkina Faso, Democratic Republic of Congo, and Tanzania.

1) The impetus for the Aid Management Platform came form the 2003 Rome High-Level Forum on Harmonisation, where the Development Gateway Foundation was identified as a provider of ICT tools for aid effectiveness. At the Rome Forum, the government of Ethiopia explained that aid management practices, such as weak coordination among donors, were hindering progress on poverty reduction. In response, the Development Gateway Foundation began to conceptualize and develop the Aid Management Platform, in partnership with the Government of Ethiopia as well as the OECD, UNDP, and the World Bank.

ODA DATABASE - CAMBODIA

Cambodia provides for a good practice example in two ways: Firstly, because it is structured according to the National Strategic Development Plan which provides the overarching framework for implementing development activities and for programming domestic and external resources in Cambodia (instead of only sectors an/or MDG); secondly, because it is entirely managed by a national institution and therefore one step ahead in ownership.

The Cambodia ODA Database is developed and maintained on behalf of the Royal Government by the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC). The ODA Database is an on-line Microsoft Access-based system that has been developed and improved over a number of years by the staff of CRDB / CDC.

The ODA Database includes the following features:

· Details of project and programme

details (objectives, aggregate commitments and disbursements, sector and location details).

- Report and query functions that enable the production of customised reports (exportable to Excel for further analysis).
- Sector profiles providing customised analysis of aid to all sectors (showing the largest donors, the biggest projects, sub-sector breakdowns, historical disbursements and future projections, Paris Declaration sectoral indicators).
- Paris Declaration monitoring is enabled and automated through the production of project-level indicators to monitor progress by donor and by sector.
- Project output features are enabled in sectoral systems that are derived from the main Cambodia ODA Database "hub", thereby allowing full customisation based on sectoral need.
- On-line and off-line data entry is fully supported.

While the ODA Database is Government owned and managed, the primary responsibility for entering data lies with development partners. This decentralises responsibility to those who often have the fullest information regarding planned and ongoing aid-financed activities. Training is provided to development partners and a Manual has been developed to provide additional reference. The Database Administrator then provides on-demand help desk support (via email, telephone or specially arranged meetings). Data entry is required at the time of agreeing a new project. Additional data entry is then required to provide disbursement projections. Data is then validated by CDC staff who are assigned portfolio responsibilities and who work closely with nominated development partner focal points.²

²) The Cambodia ODA Database is designed to be responsive to local needs, cost effective and sustainable. I has been developed over a periods of 6 years, being continually customised and improved as capacity for aid management has developed and aid information needs have become more sophisticated and complex. The ODA Database has its roots in the UNDP DCAS system, which evolved into an Excel-based sys-

tem when it was taken over by Government in 2002. Local experts were then recruited and retained by Government to transfer the datase into Microsoft Access, ensuring that costs of maintenance and improvements are kept to a minimum. The ODA Database is now supported by a small team of officials based at the Council of the Development of Cambodia, the government aid management focal point. It occupies about 50% the time of one IT expert.



2.2 STRATEGY-BASED DONOR MAPPING

PRSP AS A PLATFORM - UGANDA

Based on the successful formulation of the Uganda Joint Assistance Strategy in 2005 and the Uganda Partnership Principles of 2001, the joint GoU/donor Harmonisation Committee, chaired by the Ministry of Finance and Economic Development (MoFPED), initiated the DoL exercise at the beginning of 2006 with funding from DFID and the World Bank.

The DoL process began with the design and implementation of the Aid Information Map (AIM), which provided a baseline for the Division of Labour exercise as a whole. The Aid Information Map had two components: the Development Partner (DP) Questionnaire and the Financial Data Tool (FDT). Additional material, such as the OECD / DAC survey and other recent evaluations, were also used to supplement FDT data and to provide general background information.

- 1. The DP Questionnaire collected information on current and possible future DP activities. Current engagement was mapped onto the Poverty Eradication Action Plan (PEAP) pillars in terms of financial support and dialogue processes. DPs were asked for initial opinions on future plans for engagement and areas in which they would potentially consider taking on leadership functions, devolve dialogue or financial responsibility to another DP or withdraw. Each institution was also asked what characteristics are likely to be important for the different roles DPs can take in a given sector.
- 2. The Financial Data Tool (FDT)
 presented detailed financial information from MoFPED and the Economist
 Group on aid to Uganda and related
 them to PEAP pillars and Uganda
 Budget / MTEF classifications. The
 existing data for each DP (in terms
 of type, alignment, modality, and
 relationship to GoU budget classification) was sent to each DP for verification, correction and completion, in
 the form of a MS Access database.
- **3.** An MTEF-PEAP mapping exercise helped to structure the survey results in relation to resource allocation

mechanisms. Because of the need for comparable and consistent data across all DPs, mapping the PEAP to the MTEF (and thus the Sector Working Groups – SWGs) was an essential process in linking ODA, the GoU's own development recurrent budgets and the long-term poverty reduction goals of the PEAP.

Thus, Uganda combined two steps regarding the elaboration and implementation of DoL agreements in its donor mapping exercise, the mapping itself and a approach for improving the DoL by asking donors for their preferences in the DoL process. The response to the whole mapping exercise was better than the MoFPED had initially expected: From 29 donors that had received questionnaires, 25 answered the questionnaire and 21 responded with FDT data entries. Analysis and information on the Uganda mapping process can be found in the ODI "Interim Report of the Uganda Donor division of Labour Exercises", March 2007, at → www. odi.org.uk.

PRSP BASED - GHANA

In February 2007, the Ghana Joint Assistance Strategy (G-JAS) was signed by 16 Development Partners (DPs). In line with the Paris Declaration on Aid Effectiveness, a commitment has been made that a comprehensive exercise should be carried out that will establish how to be more selective in terms of financial programming, policy dialogue and technical cooperation and how to concentrate efforts in line with each DP's comparative advantages. The G-JAS states explicitly that to reach the full potential of this division of labour exercise, the Government of Ghana (GoG) should get involved and take ownership at the earliest opportunity.

Amongst DPs, the European Commission and the German Embassy have agreed to coordinate and steer this process in Ghana. Meanwhile, a survey among international donors active in Ghana has been conducted. DPs were asked to fill in their present (2007) and planned (2008 onwards) activities within the GPRS II (Ghana Poverty Reduction Strategy) focus areas. They could also specify their aid modalities (Programme Aid, Sector Budget Support, Basket Funding, Silent Partnership with or without financing, Active but no financing or General Budget Support).

Currently, 22 donors (ADB, Canada, Denmark, EC, FAO, France, Germany, IFAD, Japan, NDF, Netherlands, Spain, Switzerland, UNDP, UNFPA, UNICEF, UNIDO, UK, US, WFP, WHO, World Bank) have responded to the survey. Their responses have been merged with the Development Partners Resource Envelope which gives an overview of expected financial disbursements until 2009/10.

2.3 DOL MAPPING

DoL mappings provide a quick overview on donors present in the various sectors. At the beginning of a DoL process the DoL mapping might as well show no division of labour elements yet, but just who is active in a sector. In the process of DoL, the DoL mapping provides a chart that highlights not only sector presence but also the different roles donors take at a given state. So, over time the updates of DoL maps allow to visually follow-up the harmonisation and ODA-streamlining efforts in a partner country.

As the focus of this paper is on the initial assessment phase of the status quo, the next steps in the process are not further discussed here.



GENERIC PHASES OF DONOR MAPPING

As shown by the examples above, donor mapping (reflecting an existing situation of donor presence and aid flows to different sectors) can take a variety of forms which are used by a number of countries in parallel. As a variety of sophisticated systems have already been developed, the process should be started by a review to see whether these systems are able to fulfill the individual needs and can be adopted, instead of going through the complex and time consuming process of developing an own system.

In all cases, whether partner countries or development partners initiated the process, external support was needed to set up an adequate system. **Donor mapping** is not a one-time activity if it is to be an effective tool in donor harmonisation – it requires continuous efforts. Once the system is technically and organizationally set-up, it needs to be managed and regularly updated.

The next step in the stages of a DoL process is the elaboration of DoL improvements on the basis of an analysis of the status quo, the comparative advantage of donors as well as partner countries and donors preferences.

PHASE 1

PREPARATION FOR A MAPPING EXERCISE

Political decision to undertake mapping exercise, invitation to all relevant stakeholders to participate in this exercise (the afore mentioned cases show that it is most effective if the partner countries take the lead, as systems like aid-flow mapping serve much wider purposes than donor coordination e.g. rationalizing budgeting processes). "Relevant stakeholders" such as NGOs, which are particularly relevant in the case of coordination in disaster or conflict areas, should be included in this process .

Decide on **national institution / department** to host and manage the mapping (in many cases this is Ministry of Finance – particularly for the aid-flow mapping – or Ministry of Planning). Sector Ministries might also lead the (sector) mapping process in case of an extensively "overcrowded" sector that calls for urgent action.

Secure funding for the mapping exercise. As the mapping tools, particularly the web-based ones, are sophisticated systems that need a lot of technical and organizational input, external assistance by specialized experts will probably be needed – for the set-up as well as for the management at least in the short run – depending on the capacities of the host organization.

PHASE 2

DECISIONS ON THE MAPPING DESIGN

Design issues

- Which data is considered decisive and how far should date be disaggregated (sub-sectors, regions / districts, program type etc.)?
- Which type of mapping (aid-flow / strategy-based) seems the most adequate and effective one for the country's specific need?
- Which is the national framework to link it to (MDGs, PRSP, sectors, MDTF)?

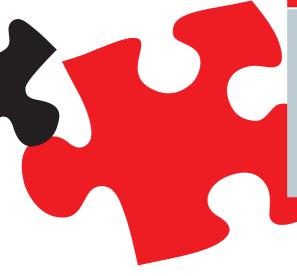
Organisational and technical aspects

- Which capacities and resources are needed for this process (short and medium run)?
- Should an off-the-shelf package be used, or a customised system be developed?
- Which technical platform to be used? (MS Access, MS Excel, web-based?)
- Spread of access to information (restricted to government and donors / publicly open in part or entirely)?
- How should data input be organized to ensure complete and reliable information and its regular update?
- Which should be the frequency of data updates (quarterly, annually?)

PHASE 3

DESIGN OF INFORMATION COLLECTION PROCESS AND MANAGEMENT OF MAP

- Set-up a **mapping management** unit (including the necessary external support)
- Define **focal points at all stakeholders** of the process (Government, donors, NGOs) and assure their training for data entry
- Define information collection process from all relevant stakeholders based on questionnaires and provide for their entry into the mapping system, including control processes and data reliability checks
- Provide an application manual
- Provide for training to map-administrators, focal points and other users from government for data update and management, functions and use of the system



ROUNDTABLE 3: HARMONISATION

LEAD, ACTIVE, SILENT AND BACKGROUND DONORS IN DIVISION OF LABOUR ARRANGEMENTS

CONTEXT AND OBJECTIVE

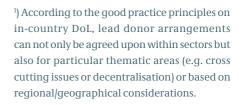
The Paris Declaration (PD) on Aid Effectiveness commits donor and partner country governments to more effective Division of Labour (DoL). Furthermore, the EU Code of Conduct operationalizes Division of Labour principles for EU donors. Expressing the partner county perspective on the issue a group of partner countries used a workshop in Pretoria in early 2008 to develop a number of good practice principles on DoL. In all three documents, the Paris Declaration, the EU CoC and the good practice principles lead donor arrangements are highlighted as one element among others to enhance aid effectiveness by reducing transaction costs and improving coherence, transparency and effectiveness of policy dialogue.

In practice, lead donor arrangements – where an appointed lead donor acts in a given sector¹, or thematic area – have been established in a good number of partner countries. In addition to the role of a lead donor, the terms "active", "passive", "silent" and "background" donors are in use in some partner countries.

This note reviews the current understanding and use of the terms of "lead", "active",

"passive" and "background" donor based on documents from the Division of Labour processes in Zambia², Uganda³, Tanzania⁴ and Kenya⁵. The objective is to contribute to an improved common understanding and – hopefully – to support a more standardized use of these terms. The proposed terms and definitions should be seen as non-binding and flexible guidellines to those partner countries which decide (together with donors) on ways to harmonize aid delivery. They should allow partner countries to develop and articulate their own definitions of DoL.

The review was based on documents from a small number of countries (mostly strategic documents, such as generic TOR or Joint Assistance Strategies). It seems that no broader assessment or analysis has so far been carried out on the topic and that, overall, current practice is inadequately documented. The note's descriptive (instead of prescriptive) nature results from being based on country level documents and experiences. In the following sections, the note discusses country-level experience for the different donor roles, and concludes with some process observations and suggested questions for further research.



- ²) Generic ToR for Lead Cooperating Partners Final Draft for guidance when preparing sector specific ToR, from the JASZ working group, November 05.
- ³) Division of Labour Exercise, Uganda, Overview of Development Partner's current engagement and future plans, updated Aid Information Map.
- ⁴) Joint Assistance Strategy for Tanzania (JAST), November 2006.
- ⁵) Guidance for Terms of Reference for the Lead Donor or the Chair of the Donor Sector Groups, December 2007.
- ⁶) Experience from Asia shows that lead donor arrangements were setup in a similar way as in Africa. Feedback from Bolivia indicates that the idea of lead donorship might currently not be easily transferable to the Latin American context.





2. CURRENT UNDERSTANDING OF TERMS AND SUGGESTED DEFINITIONS

2.1 LEAD DONORS

Overall lead donors can be defined as the development partners who may act on behalf of a broader group of donors as coordination and main focal point for communication with the partner country government. Lead donor arrangements can be, but are not necessarily based on the sector categorizations of the partner country7. Lead donors should contribute a substantial amount of development assistance to the sector. To fulfil their specific role, lead donors should be able to contribute sufficient capacities (human resources, institutional structure on-site), have the trust of other donors, the partner government and commit themselves to be active in the sector throughout the foreseeable future.

Following functions or tasks are commonly attributed to lead donors:

- Acting as the "main liaison" with government in policy dialogue and advocacy
- 2. Sharing relevant information with other donors and assuring the representation of their stated interests in consultations with the government
- **3. Building consensus among donors** and/or reporting divergent positions and views to government
- 4. Coordinating joint analytical

work, reporting, monitoring and evaluation among donors

The following differences and variations were found regarding the extent and form of lead donors' responsibilities:

- 1. Additional functions / tasks: In addition to the functions mentioned above lead donors in Zambia and Uganda are also explicitly responsible for (i) facilitating funding and aid management and (ii) may also perform the management of funds for silent partners8 in the context of delegated cooperations. However, the role of the active partner in a delegated cooperation is not always attributed to the lead donor, but can be performed by other active donors as well. Responsibility for administering or carrying out specific tasks like work on subtopics can, if necessary, be delegated to other active partners in the sector in order to reduce the heavy workload
- 2. Number of lead donors per sector:
 While in some countries the lead role is assigned to one particular donor, in other countries up to 3 donors perform this role at the same time. In addition, arrangements can be found where donors rotate in and out of the lead donor position (e.g. in so-called troika arrangements,

attached to the lead donor role.

where donors are in-coming, "reigning" and outgoing each for six months, while always having 3 donors taking on the lead role at a time9). Some controversy exists regarding the optimal number of lead donors in a given sector; while at country-level arrangements with multiple leads seem appreciated, one reference in the scarce literature points at the need to limit the number of lead donor roles per sector. 10 Generally the decision on the number of lead donors should be driven from the expected workload and the interests and expectations of the partner government and the donors.

- 3. Period of appointment of lead donors: Although only unsystematic information is available on this point, it seems that the period of appointment for lead donors can vary quite considerably between countries. Depending on the need and capacities in a sector the period may extend from one year up to the whole term of a Joint Assistance Strategy (e.g. in Zambia).
- 4. Involvement of partner governments in the selection of lead donors:
 Ideally partner governments should guide these processes and should be in the driver's seat, which is the essence of the Paris Declaration.
 Nevertheless in practice some variations have occured: While the

government of Uganda does not intervene in the lead donor selection, the government of Tanzania is actively involved in considering candidates' suitability. Although this aspect has not been reported systematically, it seems that in many countries the partner government at least has the chance to acknowledge the selection.

5. Contact to the partner government: In some cases it seems unavoidable and more appropriate if bilateral and multilateral agencies contact partner government senior staff individually on certain key issues.

WE PROPOSE THE FOLLOWING DEFINITION FOR LEAD DONORS:

Lead donors may act on behalf of other donors by ensuring internal coordination and continuous communication with the partner government with regard to policy, strategic, budgetary, and operational issues in a sector or thematic area. They are the main focal point for the dialogue between donors and partner government, provide management and organizational support, co-ordinate joint analytical work, missions, reporting, monitoring and evaluation, and circulate "lessons learned".

- 7) Lead donors can also be appointed for thematic areas. On the following pages the term "sector" is used for both, thematic areas like decentralisation and sectors like health and education.
- 8) For the definition of the term "silent partner" please see chapter 2.3
- ⁹)E.g. in Uganda four donors (Austria, AfDB, Denmark and Germany) where interested in taking the lead in the sector "Water and Environment". A rotating Troika turned out to be the most appropriate arrangement to satisfy donors' interest in the sector.
- ¹⁰) E.g. in the study on division of labour by the German Institute for Development Policy (Holger Mürle, 2007: "Towards a Division of Labour in European Development Co-operation: Operational Options." DIE Discussion Paper No. 6/2007, German Development Institute, Bonn 2007, p. 25).

2.2 ACTIVE DONORS

"Active" donors remain operationally visible in a given sector but allow the lead donor to serve as the primary conduit for communication and dialogue between the donor community and the partner government. Although in most cases not directly interacting with the government in the sector dialogue, they are still able to engage and influence sector policies through consultation with other donors and the intermediation of the lead donor.

Each sector has its individual set of characteristics that may demand more or less active donors. The number of active partners should therefore be appropriately adapted to the situation at hand and the needs in a specific area and may vary substantially within a given country. As a norm, active donors who do not have a lead function should aim to be as "silent" as possible with regard to individual strategies and communication with the partner government. However, a special function often attributed to "active" donors is to represent non-active (background, silent) donors in a sector / thematic area and to make sure that positions of non-active donors are "equally heard". They can also provide specific knowledge concerning sub-sectors / cross-cutting issues or aid modalities. In addition they can function as focal points for these specific issues appointed by the donor sector group.

Nevertheless some variations regarding the role and functioning of "active donors" occur:

- In Tanzania, "active" donors can represent interests of background / silent donors in a sub-sector-specific dialogue, while the lead donor remains the main focal point for communication with the government.
- In Kenya, active donors can, besides existing lead donor arrangements, still maintain direct dialogue with the partner country government.

WE PROPOSE THE FOLLOWING DEFINITION FOR ACTIVE DONORS:

Active donors – while maintaining their own operational activities – primarily participate in the sector dialogue through the lead donors and may also channel positions of non-active donors. They support and supervise lead donor activities and limit unilateral consultation with the partner country government.

2.3 BACKGROUND AND SILENT DONORS

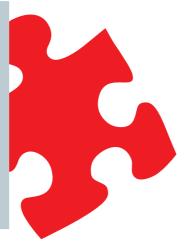
Besides lead and active donors a further distinction is made with regard to so-called non-active donors, being donors that are no longer actively involved in sector dialogue and, at times, in implementing operations. The available documents are much less explicit with regard to definition, roles, obligations of non-active donors. As their involvement in decision making processes can differ remarkably, a distinction is sometimes made between "background" and "silent donors":

- "Background donors" may consciously refrain from participating in sector communication with the partner government, but they are still interested in following progress and participating in sector meetings with an eye on current operations, future assistance or for reporting back to home offices.
- By contrast, "silent donors" no longer maintain own operational activities and choose to delegate their financial engagement to a second party to act on their behalf. They do not engage in the policy or sector dialogue with the partner government and will be represented by donors who are "active", but are still able to provide assistance within a framework of delegated cooperation (Tanzania).



WE PROPOSE THE FOLLOWING DEFINITION FOR BACKGROUND AND SILENT DONORS:

We recommend that the back-ground donor by definition is not "actively engaged" and does not have any representative function but may still observe progress and attend meetings in the sector / thematic area. Silent donors have delegated the responsibility for field operations to other donors and are only indirectly involved into the processes via financial assistance and the voice of their delegated "active" partner.



3. GENERIC TERMS OF REFERENCE FOR LEAD DONOR ARRANGEMENTS IN DIVISION OF LABOUR PROCESSES¹¹

3.1 OBJECTIVE

Increase the quality, effectiveness, and coherence of sector-specific policy dialogue and of donor assistance, and reduce transactions costs to the government of donor assistance.

3.2 BACKGROUND

The model for donor sector work encouraged by the Paris Declaration suggests a lead donor be appointed to manage the day-to-day dialogue between the donor community and the government on sector¹² issues and to assist the government to lead coordination of development partner assistance to the sector. The lead donor actively encourages the other development partners in the sector group to delegate a large part, if not all, of the management to the lead. Several models may be adopted depending on the distinct characteristics of each sector group and the development partners that participate in them. While it is important to continue to strive towards the principles put forth in the Paris Declarations, this guidance note recognizes that a phased approach may be needed for those sector groups that have not yet organized themselves according to the lead donor model. Therefore, the lead role can also be assumed by a team of two or three lead donors or chairs, in the absence of a lead donor.

Similarly, sub-sector responsibilities may be delegated to active donors.

") We gratefully acknowledge that these generic Terms of Reference were developed on the basis of the existing ToR for lead donor arrangements in Kenya.

¹²) Lead donors can also be appointed for thematic areas. On the following pages the term "sector" is used for both, thematic areas like decentralisation and sectors like health and education.

Role and responsibilities of the lead donor, team of lead donors, or the chair

Lead policy dialogue on sector-specific issues

- Call meetings of donor sector group and ensure that agendas and minutes are produced and circulated to its members in a timely manner, and appropriate feedback communication takes place.
- Represent the common position of members of the donor group in meetings with government counterparts, but also incorporate minority positions and diverging interests.
- Coordinate preparation of joint donor position statements to the

government on technical, strategic, and policy issues.

Lead coordination of development partner assistance to the sector

- Lead implementation of the agreements on harmonization of development partner assistance specified in the Joint Assistance Strategy or other relevant country programs.
- Facilitate the planning and coordination of reviews and evaluations by the sector group (including the partner government) and ensure that findings and conclusions are discussed in the sector and policy dialogue with Government (e.g. via a joint government–development partner planning committee).
 Wherever possible, relevant civil society and private sector organizations should be invited to participate in this process.
- With the government, organize and facilitate discussions on sector performance, priorities, policies, aid modalities, and implementation challenges.
- Coordinate joint missions, studies, and strategy development. To eliminate duplication of studies,

encourage group members to share information on planned studies and the terms of reference with group members. Encourage the group to undertake planned studies jointly.

- Ensure that memoranda of understanding, formats, and formal descriptions of joint procedures are available as needed for the sector group (e.g. by posting them on a sector website).
- Assist the government in assessing
 the need for donor support in the
 sector and facilitate the achievement
 of an appropriate division of labor
 among the donors in the sector.
 This includes supporting the
 government in ensuring that the
 work of the donors is aligned with
 the government sector strategy and
 plans and that donors complement
 rather than duplicate each other.
- Together with the government, lead the dialogue with non-state actors on issues related to harmonization, alignment, and coordination of support to the sector.

Provide information and technical advice

- Serve as an information clearing house for the group, ensuring that all relevant information concerning the sector is updated and circulated to members of the group regularly and as requested and is available in a timely manner (e.g. by posting them on a sector website).
- Act as a point of contact for government, development partners, other stakeholders and other donors interested in supporting the sector program.
- Provide technical advice to the government and to other development partners as requested.
- Facilitate exchange of experience and mutual learning among development

Monitor donor and government performance

 Report periodically to the donors and government about the achievements

- of the group in following an aligned and harmonized approach to assistance (including proposals for a revised division of labor) in line with the Joint Assistance Strategy or other relevant strategies.
- Ensure support to capacity development needs for annual work planning and progress reporting, as expressed by the Government.

Role of the non-lead donors

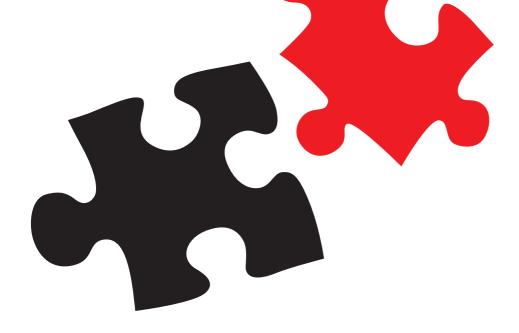
- Participate in the dialogue within the sector group and use their resources to assist and give guidance to the lead donors or chairs.
- To the extent possible, initiate projects and other aid interventions, discussions about sector-related issues, reviews, evaluations, assessments, and other studies only in consultation with the lead donor / sector group.
- Explore options to delegate the management of their aid interventions to the lead donor.
- Maintain dialogue with the government on necessary legal, financial
 and administrative issues in consultation with the lead donor, while
 ensuring that such interaction does
 not present an undue burden to the
 government.

3.3 QUALIFICATIONS OF THE LEAD DONOR

The lead donor in a given sector should be selected along the above mentioned criteria among relevant donors and in consultation with the Government. Lead donors should maintain a comparatively strong engagement in the sector. They should be able to provide the inputs and leadership required for the lead partner role. Comparative advantage is not a permanent condition and can change, for example, with changes in aid priorities of the agency at local, regional, or global levels or with the loss of key staff. Therefore, in determining the capacity to lead a sector group, donors should focus on both their current capabilities and on their willingness to sustain and invest in their own competence in the sector. Although the qualifications and capabilities

required to be a lead donor will vary by sector, they are expected to include:

- Available human resources at the local embassy or agency office, backed by the expertise of international staff, in-depth knowledge of the sector at the local level, negotiation and process management skills, understanding of the aid modalities already in place or to be used in the sector, and experience with joint working relationships. At times, a significant financial contribution may be important in gaining the trust and respect of the government and the other development partners; the group members will assess its importance in the context of the sector. Participation in a joint financing arrangement can, but does not necessarily constitute a criterion for the lead or deputy lead donor role.
- Trust and credibility with key stakeholders, including the government, other cooperating partners, and sector-specific stakeholders.
- Commitment and support of headquarters, including ability to act independently of headquarters to represent the wider sector group if required.
- Ability to make decisions related to sector activities quickly and efficiently, and to the extent possible, from country-based offices.
- Other abilities, including procedural ability and mandate to represent others, and ability to coordinate wider resources.



3.4 GOOD PRACTICE

Based on feedback received in consultation with donor sector group heads, some effective measures have included:

- Having a secretariat to manage the work of the donor group. The members of the group can share the costs of running a secretariat.
- Having a troika system with an incoming lead, a lead, and an outgoing lead serving together for a minimum of one year. Agencies holding the lead or chair would therefore be in a lead position for three years, ensuring continuity and consensus.
- Appointed leads of sub-sector groups will report back to the lead donor of the overarching sector group.

- Implementing activities funded by other donors (delegated cooperation / silent partnerships) and thus limiting the number of donors active in a sector.
- Organizing the appointment of the next lead donor on the basis of consultations with the involved government departments and other participating development partners to achieve consensus.
- Clarifying who is eligible to vote for chair or lead if a consensus on succession cannot be reached.

